



Village of Lincolnshire, Illinois

Comprehensive Annual Financial Report

For the year ended December 31, 2008

Village of Lincolnshire, Illinois
Comprehensive Annual Financial Report
Year Ended December 31, 2008

Prepared by:
Robert L. Irvin, Village Manager
Stan Roelker, Director of Financial Systems

Village of Lincolnshire, Illinois
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2008

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	i-iii
INTRODUCTORY SECTION	
Organizational Chart	iv
Officers and Officials	v
Transmittal Letter	vi - x
Certificate of Achievement for Excellence in Financial Reporting	xi - xii
FINANCIAL SECTION	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	16
Statement of Activities	17 - 18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19 - 20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22 - 23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Assets - Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27 - 28
Statement of Fiduciary Plan Net Assets - Police Pension Trust Fund	29
Statement of Changes in Fiduciary Plan Net Assets - Police Pension Trust Fund	30
Notes to Financial Statements	
Index	31 - 32
Notes	33 - 67

(Continued)

Village of Lincolnshire, Illinois
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2008

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Required Supplementary Information	
Schedules of Funding Progress	
Illinois Municipal Retirement Fund	68
Police Pension Fund	69
Schedules of Revenues, Expenditures, and Changes in Fund	
Balance - Budget and Actual -	
General Corporate Fund	70
Tax Increment Financing (TIF) Fund	71
Illinois Municipal Retirement (IMRF) Fund	72
Notes to Required Supplementary Information	73
Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds	74 - 75
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Governmental Funds	76 - 77
Schedule of Revenues - Estimated and Actual - General Corporate Fund	78 - 79
Schedule of Expenditures - Budget and Actual - General Corporate Fund	80 - 90
Schedule of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual - Motor Fuel Tax (MFT) Fund	
Motor Fuel Tax (MFT) Fund	91
E 911 Fund	92
Park Development Capital Projects Fund	93
Combining Statement of Net Assets - Water and Sanitary Sewer Fund	94
Combining Schedule of Revenues, Expenses, and Changes in	
Net Assets - Water and Sanitary Sewer Fund	95
Schedule of Revenues and Comparison with Estimated Revenues -	
Water and Sanitary Sewer Fund - Waterworks and Sewerage Revenue Account	96
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget -	
Water and Sanitary Sewer Fund - Waterworks and Sewerage Revenue Account	97 - 98
Schedule of Revenues and Comparison with Estimated Revenues -	
Water and Sanitary Sewer Fund - Water and Sewer Improvement Account	99

(Continued)

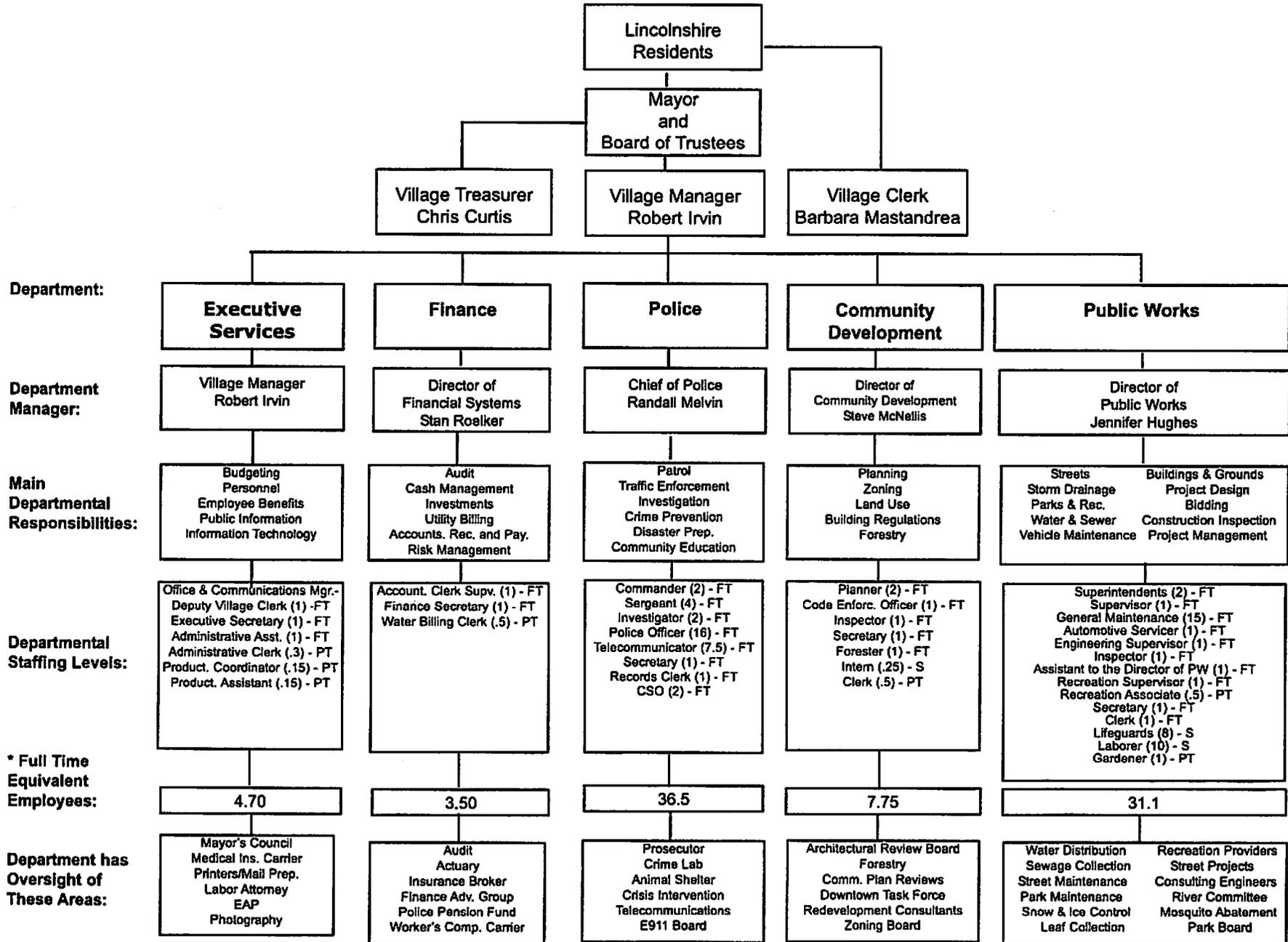
Village of Lincolnshire, Illinois
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2008

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget Water and Sanitary Sewer Fund - Water and Sewer Improvement Account	100
Schedule of Operating Revenues and Expenses, Exclusive of Depreciation, and Comparison with Budget - Internal Service Fund - Vehicle Maintenance and Operation	101
Capital Assets Used in the Operation of Governmental Funds	
Comparative Schedules by Source	102
Schedule by Function and Activity	103
Schedule of Changes by Function and Activity	104
STATISTICAL SECTION (Unaudited)	
Index to Statistical Section	105 - 106
Statistical Tables	
Financial Trends	107 - 118
Revenue Capacity	119 - 127
Debt Capacity	128 - 131
Demographic and Economic Information	132 - 133
Operating Information	134 - 138

INTRODUCTORY SECTION

VILLAGE OF LINCOLNSHIRE
Organizational Chart (2009) - 83.55 FTEs*



01-22

Department:

Department Manager:

Main Departmental Responsibilities:

Departmental Staffing Levels:

* Full Time Equivalent Employees:

Department has Oversight of These Areas:

Village of Lincolnshire, Illinois
OFFICERS AND OFFICIALS
For the Year Ended December 31, 2008

Mayor

Brett Blomberg

Board of Trustees

Elizabeth Brandt
Gary Walrath
Harry Walder, Jr.

David Saltiel
Dan Servi
Tom McDonough

Village Clerk

Barbara Mastandrea

Village Treasurer

Christopher Curtis

* * * * *

Village Manager

Robert L. Irvin

Director of Financial Systems

Stan Roelker



One Olde Half Day Road
Lincolnshire, IL 60069-3035
847•883•8600
847•883•8608 (FAX)

Village of Lincolnshire

June 26, 2009

Mayor and Board of Trustees
Village of Lincolnshire
Lincolnshire, Illinois 60069

To the Citizens of the Village of Lincolnshire:

Formal Transmittal

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Lincolnshire for the fiscal year ended December 31, 2008.

This report consists of management's representations concerning the finances of the Village of Lincolnshire. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

Management of the Village of Lincolnshire has established a comprehensive internal control framework that is designed to compile sufficient reliable information for the preparation of the Village of Lincolnshire's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the Village of Lincolnshire's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Village of Lincolnshire's financial statements have been audited by Miller, Cooper & Co., Ltd., a firm of licensed certified public accountants. The independent auditor concluded that the Village of Lincolnshire's financial statements for the fiscal year ended December 31, 2008 are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, an overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD & A) report. This letter of transmittal is designed to complement the MD & A and should be read in conjunction with it. The Village of Lincolnshire's MD & A can be found in the Financial Section, immediately following the report of the independent auditors.

Profile of the Village

Basic Information

The Village is located approximately 38 miles north of the City of Chicago in the mid-southern portion of the County of Lake. The community covers approximately five-square miles in an area that has the good fortune to have the northern branch of the Des Plaines river running through its boundaries. Thousands of native deciduous trees and numerous outlots create a bucolic atmosphere that the community has promoted and strived to maintain. The Village has become a very attractive region for both residents and businesses due to its high quality residential and commercial developments, its strategic location near the Tri-State Tollway, and being the home to the nationally acclaimed Adlai E. Stevenson High School. The Village was incorporated in 1957, when the population was only 237 and covered only 0.7 square mile. According to the most recent census, the community's population now stands at 7,038. The Village covers 4.5 square miles. Its "day time population" is estimated to be between twenty and twenty-five thousand. Illinois state statute allows the Village to levy a property tax on real property within its boundaries. The Village is also able to expand its corporate boundaries through annexation; this occurs periodically when the Governing Board sees it is in the best interest of the Village's residents.

The Village of Lincolnshire has operated under the council-manager form of government since its incorporation. In 1975, Lincolnshire became a home-rule community by a referendum vote. Policy-making and legislative authority are vested in a Governing Board consisting of the mayor and six trustees. The Governing Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Board is elected on a nonpartisan basis. Board members serve four-year staggered terms, with three board members elected every two years. The mayor is elected to serve a four-year term. The mayor and the board members are elected at-large.

The Village provides a wide range of government services. This includes police protection, the maintenance/upgrade of its streets and storm sewers, along with the operation of a water and sanitary sewer distribution and collection system. The Village also maintains several miles of pedestrian/bike paths, eight parks, and various park infrastructure. Fire protection is supplied by the local fire district. The Village has a forester who is responsible for managing the woodlands program which is intended to protect and preserve the thousands of trees existing within its boundaries.

Component Units

The Village does not have any component units which, although legally operated separately, would still be required to be included in the government's financial statements.

Budget

The annual budget serves as the foundation for the Village of Lincolnshire's financial planning and control. The Board is required to adopt a final budget no later than the end of the first quarter of the new fiscal year. The budget is prepared by fund and by department. Transfers are made at the line-item level and only with the approval of the Mayor and Board of Trustees.

Assessment of Economic Condition and Future Outlook

Local Economy

Lincolnshire has always been able to draw an ample amount of business development to its corporate park and adjacent commercial areas. Its reputation as a “north shore” community with excellent educational facilities has acted as a magnet in attracting major regional and national corporations to the area. An assembly of well-known hotels, restaurants, and variety of upscale retail establishments attest to Lincolnshire’s success. There are six hotels, twenty-two restaurants or eateries, one live-performing arts theater, and one twenty-one screen multiplex movie theater within walking distance of each other. Other commercial establishments in the area include two clothing stores, three upscale furniture stores, and a Barnes & Noble outlet. The Marriott Resort and Theater for over thirty years has always drawn a wide range of business and non-business organizations because of its conveniently located combination of meeting room facilities, live theater entertainment, and professional golf course. The combination of retail, lodging, and dining localities have been assembled with careful planning and has succeeded in providing the Village with a diverse tax base and a steady revenue stream to meet all its budget objectives, while simultaneously accumulating adequate fund reserves. Village operational costs, including debt service, have been funded out of annual revenues for many years. Property taxes are only levied to fund its two pension plans. (i.e., police and municipal)

Lincolnshire’s economy, though, has not been able to avoid the same severe economic downturn that has impacted the rest of the country. Major revenues have experienced a downward trend, building activity has significantly slowed down, and the investment portfolio of the Police Pension Fund has incurred significant losses. The depressed economy is expected to continue into 2009.

The following statistics shed some light on how this current recession is impacting the Village’s financial status. Over the previous five years, property values, through appreciation and new construction, have shown increases from 3.5% to as high as 7.8%. In 2008, the increase in assessed value came to only 2.8%, the lowest it has been in twelve years. For the last six years, Lincolnshire’s sales tax has grown an average of 3.8% each year. But, in 2008, its share of the state’s sales tax showed a drop of 11.7% from the prior year. However, this drop is chiefly attributable to a major producer (15% of total sales tax) relocating outside of the Village. A closer examination of the data reveals a more complex picture. If the sales tax amounts of the relocated company are excluded from both 2007 and 2008 totals, the remaining sales tax reveals a modest increase of 1.9%. Even with losses from two major tax sources (42% of total taxes - furniture and retail drugs dropped 16% and 5%, respectively, or \$130 thousand) - other tax categories (food, apparel, manufacturing, miscellaneous) countered those losses with increases amounting to \$183 thousand over the previous year. In addition, the category of “drink-eat-rooms” (21%) continued to generate revenues on par with the previous year.

Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>05/06</u>	<u>04/05</u>	<u>03/04</u>	<u>02/03</u>	<u>01/02</u>	<u>00/01</u>	<u>99/00</u>
EAV	\$701	682	644	616	586	566	544	508	482	455
Top Ten Property Owners (% of total Property)	20.2	20.5	25.1	25.1	28.1	30.9	30.3	30.4	30.9	31.8
Gen Fund Tax Revenue	\$ 8.0	8.8	5.9	9.1	7.9	7.1	6.8	6.4	6.9	6.1
Gen Fund Reserve Ratio (% of annual exp plus debt)	107	112	130	139	128	108	109	103	162	153

Municipal Tax Collections-Comparison to County and Neighboring Communities
(dollars in millions)

Fiscal year	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>05/06</u>	<u>04/05</u>	<u>03/04</u>	<u>02/03</u>	<u>01/02</u>	<u>00/01</u>	<u>00/00</u>
Lincolnshire sales tax	\$ 3.1	3.4	3.4	3.1	3.0	2.9	2.5	2.8	2.8	2.45
County sales tax	\$105.2	107.9	104.8	102.1	97.6	96.0	92.8	93.0	88.5	82.3
Neighbor communities	\$ 17.3	17.9	17.9	17.8	17.8	17.0	17.4	14.9	15.9	14.8

Lincolnshire benchmarks its sales tax growth to that of three other governmental units (i.e., its home County and two contiguous municipalities) to gauge how its commercial activity compares with its “neighbors.” The Village had an average annual sales tax growth rate of 6.8% over the last five-year period compared to the County’s rate of 3% and the two neighbor communities at 1%. As a consequence of the weakening economy, all three governmental units concluded FY08 with negative sales tax growth rates.

Long-Term Financial Planning

The Village started fiscal year 2008 with two healthy reserve balances. The General Fund’s cash reserve was at one hundred and twelve percent of one year’s operational and debt service expenses. The Park Development Fund, which had been established nearly fifteen years ago to fund park and recreational facilities had a January 1st balance of \$1.2 million. Both of these reserves had been diligently accumulated by the Village’s strict and steadfast adherence to a number of financial planning and budgeting principles. The Village elected to make a second contribution of \$250 thousand to the Police Pension Fund with the goal of strengthening its financial position. Deteriorating economic conditions, first at the national level and then at the regional level, began appearing a third of the way into 2008. The gloomy economic news reinforced the necessity to develop very realistic revenue forecasts for the new upcoming fiscal year. Some key revenues were singled out for only minimal growth, while others were projected to fall below the current year’s collections. Every significant revenue source would be closely scrutinized for any trends that were developing. Potential sources of new revenue were explored, but none were implemented at this time. With revenues anticipated to remain flat or trend slightly downward, the Village took a number of steps to reign in costs for the new budget. The range for merit increases was reduced, while “lower priority” capital purchases were either dropped or deferred.

Relevant Financial Policies for this Year

Conservative financial budgeting combined with a managed growth strategy has allowed the Village to consistently fund current year expenditures (including debt service) with current revenues. It is not unusual to increase the General Fund’s reserve from the surplus remaining at year’s end. The Village’s reserve policy currently calls for a minimum reserve of 75% of one-year’s operational expenditures plus debt service costs. A secondary goal is to reach 100% in reserves, if possible. Cash reserves beginning January 1 were at 112%. With definite signs of a pending economic slowdown on the horizon, the Village continued with strategies that would allow its reserves to remain intact through FY2008. A second supplementary contribution (\$250 thousand) intended to improve the Police Pension funding ratio was made. The Emergency 9-1-1 Fund was also given an injection of funds (\$100 thousand) to help cover its current year’s operating expenditures. Close attention was paid to every source of revenue (i.e., local, state, developers) received during the fiscal year. Due to population growth, funds were used to conduct a special census. This is expected to pay dividends when future state funds in the form of income, use and motor fuel taxes are allocated to the Village.

Major Initiatives of the Year

In the early part of the year, the Village approved the construction of a luxury hotel at the CityPark business center. The hotel, if built, would have added nearly 12% (138 rooms) to its room tax base. The deteriorating economy has put this project on hold. Development in the TIF District proved to be very challenging in 2008. The current developer was unable to produce a plan that met with the Village's expectations and, as a result, its services were terminated. The developer of the 62-unit luxury condominium project encountered construction delays which resulted in missed deadlines and subsequent penalties. Sales of condo units have also slowed, affected by the financial credit crisis. The Village made a second contribution to the Police Pension to help upgrade its financial condition. Unfortunately, the worsening economy resulted in the equity market suffering a major downturn which, in turn, minimized any positive benefit the contribution could have made. In light of rate increases from both its wholesale water and sewage treatment providers (i.e., 2.6% and 52%), the Village was forced to raise its rates in order to sufficiently cover its operating costs.

Awards and Acknowledgments

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the year ended December 31, 2007. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-fifth consecutive year that the Village has received this award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized, Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. This report successfully satisfied both generally accepted accounting principles and applicable legal requirements.

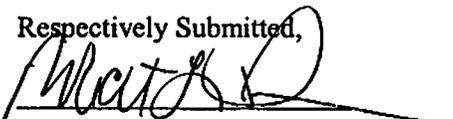
A Certificate of Achievement is valid for only one year. The Village believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements. Therefore, we are submitting it to the GFOA to determine its eligibility for another certificate.

The Village also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning January 1, 2008. This was the twenty-third consecutive year that the Village has received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Village's Budget document was judged to be proficient as a policy document, financial plan, operations guide, and communication device.

Individuals

The preparation of this CAFR on a timely basis could not be possible without the dedicated staff of the Finance Department. Their continued year-round efforts, which allow for a successful report deserve our sincere appreciation. Appreciation is also extended to the Village Treasurer, Chris Curtis, for his professional oversight in all financial matters. Our appreciation also goes to the members of the Village Board for their leadership and support of the Finance Department.

Respectively Submitted,



Robert L. Irvin
Village Manager



Stan R. Roelker
Director of Financial Systems

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers' Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lincolnshire for its comprehensive annual financial report for each of the fiscal years ended April 30, 1984 through April 30, 2006, for the eight-month period ended December 31, 2006 and for the year ended 2007. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for only one year. We believe that our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Lincolnshire
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Mayor and Board of Trustees
Village of Lincolnshire, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 15, the Illinois Municipal Retirement Fund and Police Pension Fund supplementary information, and the budgetary comparison information on pages 68 through 72 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lincolnshire, Illinois' basic financial statements. The combining and individual fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

MILLER, COOPER & CO., LTD.

Miller, Cooper & Co., Ltd.

Certified Public Accountants

Deerfield, Illinois
June 26, 2009

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Governmental Accounting Standards Board (GASB) Statement 34 is designed to provide two perspectives of the Village's financial performance; a focus on the Village as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the Village's financial accountability. This improved accountability is in part achieved by consolidating financial transactions (eliminating activities between certain funds and focusing on major funds), allocating specific revenues that finance operations to those expenditures, and displaying information about long-term financial decisions.

The management discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify the Village's financial position and ability to address future challenges, (4) identify material deviations from budget, and (5) identify concerns specific to individual funds. Readers are encouraged to review the additional information furnished in the transmittal letter that starts on page vi of this report.

FINANCIAL HIGHLIGHTS

Total General Fund revenues failed to meet budgeted forecasts by nearly 6.1%, or \$658 thousand dollars. The largest revenue source, taxes, fell a total of 7.1% below budget (\$609 thousand). While two significant taxes (telecommunications-2.1% and state income tax-4.7%) did exceed their forecasts, the remaining four (sales, utility, room and admissions, and real estate transfer taxes) declined a combined \$671 thousand dollars. Non-tax revenues were a mixed-bag of gains and losses. Licenses, permits, and fees showed strong results, chiefly on the strength of building permits, park user fees, and plan review fees exceeding budget by 15%, 20%, and 37%, respectively. Fines and forfeitures (down 8.5%) and interest earnings (down 26.5%) failed to meet expectations.

Due to strong reserves, the Village had the capability of extending financial support to a number of other funds. The Police Pension Fund received an additional contribution, while the E911 and the Water and Sewer Improvement Funds received funds for operations, capital, and debt service.

At December 31, 2008, the General Fund fund balance stood at \$9.3 million. This would handle approximately 96% of one year's current operating expenditures plus debt service.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

REPORTING THE VILLAGE AS A WHOLE

Government-wide Financial Statements

The Village's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Village's overall financial status. Financial reporting at this level uses accounting similar to full accrual accounting used in the private sector. Interfund activity is eliminated and the cost of assets with a long service life is spread out over future years so that capital expenditures are amortized (through depreciation) when the benefits are realized.

The first government-wide statement is the *Statement of Net Assets* that presents information about all of the Village's assets and liabilities, with the difference reported as *net assets*. Over a multiyear period, an increase or decrease in net assets can detect an improvement or deterioration in the financial position of the Village as a whole. Additionally, one would need to evaluate nonfinancial factors, such as the condition of Village infrastructure, the satisfaction of constituents, and other information beyond the scope of this report, to make a more complete assessment of whether the Village as a whole has improved.

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, parks and recreation, a TIF District, and a Special Service Area. Business-type activities include the water and sewer utility. Fiduciary activities, such as an employee pension plan, are not available to fund Village programs and, therefore, are not included in the government-wide statements.

The Village's financial reporting includes the funds of the Village (primary government). The Village is not accountable for any outside organizations and, therefore, no adjustments were made to blend financial information from other legally separate entities into this report.

The government-wide financial statements are presented on pages 16 through 18 of this report.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village's most significant funds rather than the Village as a whole. Major funds are separately reported, while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The government-wide financial statements provide a long-term view. Comparisons between the individual governmental fund statements and government-wide statements provide information about financing decisions and the amount invested in maintaining and improving infrastructure. These two perspectives can provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances reconcile the differences between these two perspectives. Budgetary comparison statements are included in the basic financial statements for the General Fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Village's budget.

The Village has three types of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

The basic governmental fund financial statements are presented on pages 19 through 24 of this report.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Proprietary funds reported in the fund financial statements are for those services for which the Village charges customers a user fee. There are two kinds of proprietary funds, enterprise and internal service. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Enterprise fund services are primarily provided to customers external to the Village organization, such as those of water and sewer utilities. The internal service fund provides services (repair and maintenance of Village vehicles) and charges user fees to individual departments within the Village organization. Because the internal service fund primarily serves the Village, it is included within the governmental activities of the government-wide financial statements.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements, but with more detail for the major enterprise fund and individual component units. Individual fund information for the internal service fund is found in combining statements in a later section of this report.

The basic proprietary fund financial statements are presented on pages 25 through 28 of this report.

The fiduciary fund reported is the police pension plan. It is reported as a pension trust fund in the financial statements, but is excluded from the government-wide reporting. Fiduciary fund financial statements report similarly to proprietary funds.

The basic fiduciary fund financial statements are presented on page 29 through 30 of this report.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Village's funding of pension benefit obligations to its employees and budget information.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for nonmajor and internal service funds are presented in a subsequent section of this report beginning on page TBD.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net assets and the summary of changes in net assets should be viewed in their separate governmental and business-type components. Our analysis below first focuses on the net assets of each of the components (Table 1). Next, the change in net assets of each unit is examined (Table 2).

The Village's combined net assets declined by nearly \$793 thousand from the previous year, going from \$110.8 million to \$110.0 million.

Table 1

**CONDENSED STATEMENT OF NET ASSETS
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and Other Assets	\$ 25,448	\$ 24,433	\$ 1,754	\$ 2,320	\$ 27,202	\$ 26,753
Capital Assets	68,848	69,609	43,237	44,343	112,085	113,952
Total Assets	94,296	94,042	44,042	46,663	139,287	140,705
Long-Term Liabilities	21,142	21,794	1,721	2,032	22,863	23,826
Other Liabilities	5,810	5,393	609	688	6,419	6,081
Total Liabilities	26,952	27,187	2,330	2,720	29,282	29,907
Net Assets						
Investment in Capital Assets Net of Related Debt	66,259	66,726	41,517	42,314	107,776	109,040
Unrestricted	(1,160)	(2,215)	1,144	1,629	(16)	(586)
Restricted	2,245	2,344	-	-	2,245	2,344
Total Net Assets	\$67,344	\$ 66,855	\$ 42,661	\$ 43,943	\$110,005	\$110,798

The Village's combined (government and business activities) change in net assets resulted in a \$793 thousand decrease from the previous year. A weakening economy had an unfavorable effect on revenues (down 5.7%). Tax revenues were especially hit hard, sliding 8.7%. Total program costs rose 3.8% over the prior year.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

Government Funds: The total of all funds classified as “governmental activities” experienced a combined increase in net assets of \$489 thousand, or 0.7%. If you excluded the transfer made to the “business-type activities,” the increase was actually 1.3%. Besides the General Fund, four other governmental funds were classified as being “major funds”: the Tax Incremental Financing Fund, the Illinois Municipal Retirement Fund, the Police Pension Contribution Fund and the Special Service Area Debt Service Fund. There were four funds considered “nonmajor”. These were: the Motor Fuel Tax Fund, E911 Fund, Park Development Fund, and the Special Service Area Capital Projects Fund.

Business Funds: The “business-type funds” experienced a decrease in net assets of \$1.28 million, or a 2.9% drop. Retail water sales as measured in gallons were down (7.5%) as were interest earnings (\$96 thousand) compared to the previous year. Water and sewer costs increased (3.8%) over the prior year. Chief causes for the increase were the Village’s water supplier raising its rates (2.6%) along with a county rate increase for sewage treatment (52%). To cover its higher operating costs, the Village found it necessary to raise its retail rates.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

The following table provides a summary of the Village's changes in net assets:

**Table 2
STATEMENT OF ACTIVITIES
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue:						
Program Revenues:						
Charges for Services	\$1,775	\$1,624	\$3,398	\$3,650	\$5,173	\$5,274
Operating Grants & Contr	574	605	-	-	574	605
Capital Grants & Contr	15	209	209	201	224	410
General Revenues:						
Property Taxes	3,845	3,664	-	-	3,845	3,664
Other Taxes	8,001	8,760	-	-	8,001	8,760
Miscellaneous	336	566	-	23	336	589
Interest Income	388	273	54	150	442	423
Total Revenues	14,934	15,701	3,661	4,024	18,595	19,725
Expenses:						
General Government	2,829	4,303	-	-	2,829	4,303
Public Safety	2,775	3,384	-	-	2,775	3,384
Community Development	2,276	718	-	-	2,276	718
Public Works	2,857	2,920	-	-	2,857	2,920
Parks and Recreation	2,168	2,345	-	-	2,168	2,345
Interest	1,193	309	-	-	1,193	309
Water and Sewer	-	-	5,290	5,096	5,290	5,096
Total Expense	14,098	13,979	5,290	5,096	19,388	19,075
Inc (Dec) in assets before transfers	836	1,722	(1,629)	(1,072)	(793)	650
Transfers	(347)	(2,497)	347	2,497		
Inc (Dec) in net assets	489	(775)	(1,282)	1,425	(793)	650
Net Assets - Beginning	66,855	67,630	43,944	42,519	110,799	110,149
Net Assets - Ending	\$67,344	\$66,855	\$42,662	\$43,944	\$110,006	\$110,799

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

Governmental Funds

As previously discussed, governmental funds are reported in the fund statement with its focus on the short-term inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The combination of all "governmental-type" funds reported a combined ending fund balance of \$17.7 million, a drop of \$652 thousand (3.5%) from the previous year. (Refer to pages 22-23) All the "governmental-type" funds, both "major" and "non-major", with two exceptions, showed a reduction in their fund balances. Of the "major funds", the largest drop (3.6%) was in the TIF fund. In the "non-major funds", the largest drop (24.7%) occurred in the Park Development Fund.

Major Government Funds

In 2008, GASB No. 34 standards classify the following as "major" governmental-type funds: the General Fund, the Tax Incremental Financing Fund (TIF), the Illinois Municipal Retirement Fund (IMRF) and the Special Service Area (SSA) Debt Service Fund.

The General Fund serves as the Village's primary operating fund and the largest source of day-to-day municipal service delivery. The General Fund's fund balance actually reflected an increase of 4.6% (\$436 thousand) if not for the transfers made to other funds. Three funds, Police Pension Fund, E911 Fund, and Water and Sewer Improvement Fund, were the beneficiaries of General Fund transfers which amounted to \$697 thousand. The General Fund also was the beneficiary of a transfer from the Park Development Fund (\$200 thousand). The net financial result was a less than 1% (0.6%) decrease in its fund balance at the end of the year. Ninety-five percent of the fund balance is classified as "unreserved" indicating its availability for Village service operations.

The TIF Fund is reliant on the incremental property taxes specifically collected from the TIF district. The growth of this property tax comes from the increased property values created from developments inside the district. Development in the last five years has resulted in the growth of property tax revenue from \$1.05 million (FY04-05) to \$1.50 million in 2008. Its fund balance did show a reduction of \$195 thousand (3.6%). This resulted from major infrastructure improvements to Old Half Day Road which are intended to enhance the attractiveness of the property to developers and facilitate traffic flow through the area.

The IMRF Fund also depends on the property tax as its chief source of revenue. Employee contributions are its second source (31%). The Village used a portion of the reserve to reduce the amount requested for the property tax levy. A small fund balance remains of \$70 thousand dollars.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

The SSA Debt Service Fund was established in FY04-05 to finance infrastructure for the Sedgebrook Retirement Community development, for which \$15 million in SSA bonds were issued. Funds initially held in escrow served to cover the first two years of the debt service. Property taxes specific to the SSA District cover the debt service each year. The fund balance stands at nearly \$1.9 million.

Revenues/Expenditures-General Fund

A deteriorating economy did nothing to help the General Fund reach its revenues forecasts. Those revenues fell short by 6.1%, or nearly \$658 thousand dollars. Three of the four major revenue categories ended the year by not meeting their budget forecast. In its most significant category, taxes were under budget by 7.1%, or \$609 thousand dollars. On an individual basis, sales tax was down 6.6%, utility taxes were down 9.1%, room and admissions tax was down 1.5%, and the real estate transfer tax was down 62%, for a combined total of \$671 thousand dollars. Only the income tax, telecommunications tax, and two minor taxes exceeded their budgets (\$58 thousand). Interest earnings were down 26.5%, as were fines and forfeitures, 8.5%. Licenses, permits, and fees was the only significant revenue category that soundly exceeded its budget (11.5%). The most significant revenue in this group, building permits, outperformed its budget by 15%, or almost \$75 thousand dollars.

Total General Fund operating expenditures including debt service ended up 5.1% below the total (amended) budget amount. Savings were spread among all but two of the fund's twelve departments/divisions. The savings helped blunt the 6% drop in revenues.

The General Fund /Fund Balance

The General Fund's fund balance reserves were reduced by 16% in 2008. The Village transferred over \$697 thousand from its General Fund reserves to three other funds (E911, Police Pension, Water and Sewer). The funds were for capital projects (\$150 thousand) and debt service (\$197 thousand), towards supporting current E911 operational expenditures (\$100 thousand), and for a second contribution (\$250 thousand) to the Police Pension to stabilize its financial status.

GENERAL FUND BALANCE (in thousands)			
FISCAL YEAR	FUND BALANCE	OPERATING EXPENSES INCLUDING DEBT SVC	FUND BALANCE AS PERCENTAGE OF OPERATING EXPENSES
2004-2005	\$ 8,836	\$6,910	128%
2005-2006	\$11,686	\$8,392	139%
2006-07 (Dec 31)	\$10,672	\$8,218 (1)	130%
2007	\$ 9,412	\$8,377	112%
2008	\$ 9,351	\$9,709	96%

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

(1) To arrive at the "percentage of fund balance to operating expenses" for the shortened fiscal year, a 12-month operating expenditure amount was extrapolated from the eight months.

Proprietary Funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term financial status information

Major Proprietary Fund

The Water and Sewer Fund is the only proprietary fund operated by the Village. As part of the 2008 budget, the Board increased water usage fees (3.0%) and sanitary sewer fees (25%). These rates became effective in January 2008.

Historically, Village rates had for water and sanitary sewage were fairly stable until FY1994-95. At this time, the Village was forced to increase its rates 11% in order to absorb rate increases being passed down from both its suppliers. Its water supplier increased its rate 26%, while its sewage processor increased its rate 29%. The Village was able to successfully avoid raising rates for a period of time as a result of tight fiscal controls and maintaining efficient operating systems. Since FY2000-01, however, rate increases have come on a more frequent basis as the vendors supplying the water and sewage services have had to raise their rates due to cost pressures. These two expenses currently comprise 63% of the total operating budget.

The 2008 budget included water and sewer rate increases of 3% and 25%, respectively. The raises were largely due to an increase in the wholesale water rate (2.6%) by the Village's water supplier and an increase (52%) in the cost of sewage treatment. The large increase from Lake County for sewage is only their third increase since 1993. Future increases are also expected in upcoming years, according to the County. Retail water sales are split between residential (45%) and commercial (55%). The residential sector used 9% less, while the commercial sector consumed 6% less than the previous year.

Comparative operating information for the operations section of the enterprise fund for the fiscal years ended December 31 are presented below.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

UTILITY OPERATING RESULTS FROM FY2005-06 TO 2008 (in thousands)				
	<u>2005-06</u>	<u>2006-07</u>	<u>2007</u>	<u>2008</u>
WATER Rate per 1,000 gallons	\$ 3.64	\$ 3.75	\$3.86	\$3.98
SEWER Rate per 1,000 gallons	\$ 3.14	\$ 3.23	\$3.33	\$4.16
Operating revenue	\$3,361	\$2,283	\$3,155	\$3,341
Operating expenses (excluding depreciation)	\$3,113	\$2,100	\$3,159	\$3,367

General Fund Budgetary Highlights

For 2008 almost 79% of the Village's General Fund revenue was generated from taxes. In that particular category, there are four taxes that year in and year out produce approximately 80% to 85% of the tax revenue. This current year, the percentage reached 88%. Total taxes, though, felt the effect of a declining economy by falling below the budgeted forecast by 7.1%. The "big four" were responsible for 56% of the overall drop. Utility, sales and room and admissions taxes all failed to reach their forecasted amounts; Utility tax by 9.1%, sales tax by 6.6% and the room and admissions tax by 1.5%. Only the telecommunications tax exceeded budget by 2.1%. The collapse of the housing market left the real estate transfer tax, a "second-tier" tax revenue, severely under budget, by 62%.

Total General Fund revenues totaled \$10.1 million. This was significantly under the budgeted forecast by 6.1%. In addition to taxes, the deteriorating economy reduced interest earnings (26.5%) and fines and forfeitures (8.5%). The only bright spot was in licenses, permits, and fees (11.5% above budget). In that category, building permits exceeded budget by a margin of 15%. Building permit fees usually comprise over 50% of this revenue group.

General Fund expenditures are comprised of personnel costs, operating and capital expenditures, and annual debt service obligations. On a positive note, expenditures in the General Fund finished the year by coming in 4.9% under budget (\$497 thousand). This compensated for over 75% of the "lost" revenues experienced. Ten of the twelve General Fund divisional cost centers managed to stay below their budget targets.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

There were three amendments made during the year to the General Fund budget. The purpose of the amendments were as follows: (1) The unanticipated runup of prices on two essential materials (i.e., gasoline and salt) required additional funding, (2) Additional funds were needed to complete the paving of the Village Hall parking lot, and (3) Additional funds were used for a consultant on the sign code revisions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2008 was \$68.8 million. The investment in business-type capital assets, net of accumulated depreciation, as of December 31, 2008 was \$43.2 million. No major capital infrastructure construction activity took place in either the governmental or business-type sectors. Some small water and sanitary sewer improvements were completed at several specific locations. Capital assets of both the governmental and business-like funds did increase as a result of some dedicated infrastructure (i.e., land, right-of-way, roads, water and sanitary sewer lines) from one subdivision development. Detailed information on the Village's capital assets can be found in Note E of the notes to financial statements.

Debt

At the end of 2008 the Village's debt (excluding compensated absences and other postemployment benefits) amounted to \$22.85 million compared to \$23.81 million last year - a decrease of 4.0% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31, 2008 (in millions)						
Type of Debt	Government Activities		Business Activities		Totals	
	2008	2007	2008	2007	2008	2007
Bank Loan	\$6.36	\$6.78	\$1.72	\$2.03	\$8.08	\$ 8.81
Bond Issue	14.77	15.00	-	-	14.77	15.00
Total	\$21.13	\$21.78	\$1.72	\$2.03	\$22.85	\$23.81

The proceeds of a bond in the amount of \$15 million (issued in FY04-05) were used in constructing infrastructure for the Sedgebrook retirement community. The debt is financed exclusively by Special Service Area (SSA) dedicated property taxes.

**MANAGEMENT'S
DISCUSSION AND ANALYSIS
DECEMBER 31, 2008**

The Village is a home rule community and is, therefore, not limited by state statute pertaining to debt limit. The Village's outstanding debt (excluding the SSA debt) represents 1.2% of its EAV. Detailed information on the Village's long-term debt activity can be found in Note G of the notes to financial statements.

Bond Ratings

The Village normally finances its infrastructure with bank-qualified tax exempt bank loans. The Village's credit status is considered to be comparable to a double A credit rating, according to bank officials who have solicited for the Village's loans.

Economic Factors

Lincolnshire is located in one of the more desirable counties in the Chicago area. Lake County has successfully attracted businesses and individuals because of its favorable property tax rates, prime real estate locations, and a number of topnotch educational school districts. Unfortunately, in 2008, the entire Chicago region has also felt the impact of the current economic downturn.

The Village continues to be in a strong financial position due to its strategy of carefully managing its growth and financial resources. Its cash reserves are at the respectable level that equates to just slightly under one year's operating expenditures and debt service.

Over the last five-year period, Lincolnshire's property values have risen nearly 20%, or an average increase of 4.4% annually. This year's increase, though, was only 2.8%. The Village saw its largest revenue source, sales tax, grow an average of 3.8% annually over the last five-year period. But due to a poor economy, this year's sales tax could only manage to reach 90% of last year's amount.

By the end of 2008, the weakening economy had stopped or slowed nearly all commercial activity in Lincolnshire. A proposed hotel (the Village's seventh) was placed on hold, as was a proposed large scale retail shopping center (165,000 square feet). The center would have been located at the busy crossroads of two heavily trafficked thoroughfares. A crippled housing market has slowed the build out at the Sedgebrook Retirement Community. Sedgebrook's sales rely on the customer's success in selling their homes. Sedgebrook still sees its goal as adding an estimated two-thousand additional residents to the Village's tax rolls. The present official population now stands at 7,038 after a special census was taken during the year.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations, and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's Finance Director at sroelk@village.lincolnshire.il.us or on the Village's website at www.village.lincolnshire.il.us. A copy of this Comprehensive Annual Financial Report (CAFR) can be found on the website.

BASIC FINANCIAL STATEMENTS

Village of Lincolnshire, Illinois

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,964,994	\$ 680,115	\$ 2,645,109
Investments	11,861,017	1,251,188	13,112,205
Property tax receivable	2,802,212	-	2,802,212
Other taxes receivable	1,457,000	-	1,457,000
Customer receivables	-	351,665	351,665
Interest receivable	60,444	306	60,750
Other receivables	102,749	-	102,749
Prepaid expenses	-	220	220
Prepaid pension benefits	2,368,688	-	2,368,688
Internal balances	529,811	(529,811)	-
Land held for sale	4,301,221	-	4,301,221
Capital assets not being depreciated	27,529,314	36,325	27,565,639
Capital assets, net of accumulated depreciation	<u>41,318,837</u>	<u>43,201,209</u>	<u>84,520,046</u>
Total assets	<u>94,296,287</u>	<u>44,991,217</u>	<u>139,287,504</u>
LIABILITIES			
Accounts payable	888,880	546,209	1,435,089
Salaries and wages payable	284,040	26,240	310,280
Accrued interest payable	442,154	36,205	478,359
Deposits	1,393,050	-	1,393,050
Unearned revenue	2,802,212	-	2,802,212
Noncurrent liabilities			
Due within one year	745,744	317,147	1,062,891
Due in more than one year	<u>20,396,027</u>	<u>1,404,065</u>	<u>21,800,092</u>
Total liabilities	<u>26,952,107</u>	<u>2,329,866</u>	<u>29,281,973</u>
NET ASSETS			
Invested in capital assets, net of related debt	66,259,268	41,517,419	107,776,687
Restricted for North Park	5,517	-	5,517
Restricted for debt service	1,882,590	-	1,882,590
Restricted for enabling legislation	356,768	-	356,768
Unrestricted	<u>(1,159,963)</u>	<u>1,143,932</u>	<u>(16,031)</u>
Total net assets	<u>\$ 67,344,180</u>	<u>\$ 42,661,351</u>	<u>\$ 110,005,531</u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Statement of Activities

For the Year Ended December 31, 2008

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 2,829,284	\$ 252,265	\$ -	\$ -
Public safety	2,775,446	645,929	396,917	-
Community development	2,276,158	631,173	-	-
Public works	2,856,637	64,735	177,014	-
Parks and recreation	2,167,821	181,221	-	14,988
Interest expense	1,193,095	-	-	-
Total governmental activities	14,098,441	1,775,323	573,931	14,988
Business-type activities				
Water and sewer	5,289,730	3,397,643	-	209,000
Total functions/programs	\$ 19,388,171	\$ 5,172,966	\$ 573,931	\$ 223,988

General revenues
 Property taxes
 Intergovernmental - unrestricted
 Utility taxes
 Telecommunication taxes
 Room and admissions taxes
 Real estate transfer taxes
 Other taxes
 Miscellaneous
 Interest income
 Transfers

 Total general revenues and transfers

 Change in net assets

 Net assets, beginning of year

 Net assets, end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,577,019)	\$ -	\$ (2,577,019)
(1,732,600)	-	(1,732,600)
(1,644,985)	-	(1,644,985)
(2,614,888)	-	(2,614,888)
(1,971,612)	-	(1,971,612)
(1,193,095)	-	(1,193,095)
<u>(11,734,199)</u>	<u>-</u>	<u>(11,734,199)</u>
-	(1,683,087)	(1,683,087)
<u>(11,734,199)</u>	<u>(1,683,087)</u>	<u>(13,417,286)</u>
3,845,433	-	3,845,433
3,655,286	-	3,655,286
1,205,004	-	1,205,004
1,030,772	-	1,030,772
1,845,849	-	1,845,849
189,438	-	189,438
74,713	-	74,713
335,612	-	335,612
388,314	53,736	442,050
(347,000)	347,000	-
<u>12,223,421</u>	<u>400,736</u>	<u>12,624,157</u>
489,222	(1,282,351)	(793,129)
<u>66,854,958</u>	<u>43,943,702</u>	<u>110,798,660</u>
<u>\$ 67,344,180</u>	<u>\$ 42,661,351</u>	<u>\$ 110,005,531</u>

Village of Lincolnshire, Illinois

Governmental Funds

Balance Sheet

December 31, 2008

	<u>General Corporate Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Illinois Municipal Retirement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,490,852	\$ 288,140	\$ 7,053
Investments	8,039,931	875,420	82,527
Property taxes receivable	-	-	501,000
Other taxes receivable	1,386,000	-	-
Interest receivable	56,500	-	-
Other receivables	102,749	-	-
Due from other funds	17,392	177,431	-
Advances to other funds	455,000	-	-
Land held for sale	-	4,301,221	-
	<u>-</u>	<u>4,301,221</u>	<u>-</u>
Total assets	<u>\$ 11,548,424</u>	<u>\$ 5,642,212</u>	<u>\$ 590,580</u>
LIABILITIES			
Accounts payable	\$ 506,934	\$ 342,823	\$ 5
Salaries and wages payable	258,358	-	-
Due to other funds	38,861	-	-
Deposits	1,393,050	-	-
Deferred property taxes	-	-	501,000
Advances from other funds	-	73,896	20,000
	<u>-</u>	<u>73,896</u>	<u>20,000</u>
Total liabilities	<u>2,197,203</u>	<u>416,719</u>	<u>521,005</u>
FUND BALANCES			
Reserved for:			
North Park	5,517	-	-
Land held for sale	-	4,301,221	-
Advances to other funds	455,000	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	8,890,704	-	-
Special revenue funds	-	924,272	69,575
Capital projects funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>9,351,221</u>	<u>5,225,493</u>	<u>69,575</u>
Total liabilities and fund balances	<u>\$ 11,548,424</u>	<u>\$ 5,642,212</u>	<u>\$ 590,580</u>

The accompanying notes are an integral part of this statement.

<u>Police Pension Contribution Fund</u>	<u>Special Service Area (SSA) Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,566	\$ 176,383	\$ 1,964,994
-	1,880,024	983,115	11,861,017
1,101,212	1,200,000	-	2,802,212
-	-	71,000	1,457,000
-	-	3,944	60,444
-	-	-	102,749
-	-	342	195,165
-	-	-	455,000
-	-	-	4,301,221
<u>\$ 1,101,212</u>	<u>\$ 3,082,590</u>	<u>\$ 1,234,784</u>	<u>\$ 23,199,802</u>
\$ -	\$ -	\$ 13,813	\$ 863,575
-	-	17,544	275,902
-	-	4,424	43,285
-	-	-	1,393,050
1,101,212	1,200,000	-	2,802,212
-	-	-	93,896
<u>1,101,212</u>	<u>1,200,000</u>	<u>35,781</u>	<u>5,471,920</u>
-	-	-	5,517
-	-	-	4,301,221
-	-	-	455,000
-	1,882,590	-	1,882,590
-	-	-	8,890,704
-	-	287,193	1,281,040
-	-	911,810	911,810
<u>-</u>	<u>1,882,590</u>	<u>1,199,003</u>	<u>17,727,882</u>
<u>\$ 1,101,212</u>	<u>\$ 3,082,590</u>	<u>\$ 1,234,784</u>	<u>\$ 23,199,802</u>

Village of Lincolnshire, Illinois
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
December 31, 2008

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds	\$ 17,727,882
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	68,848,151
Long-term liabilities, including bonds payable, notes payable, interest payable, compensated absences, and other postemployment benefits are not due and payable in the current period. Therefore, these liabilities are not reported in the current period and, consequently, are not reported in the governmental funds.	(21,583,925)
The Village's pension expenses are paid before the services have occurred; therefore, this expense is reported as a prepaid pension benefit.	2,368,688
The unrestricted net assets of the internal service fund are included in the governmental activities in the statement of net assets.	<u>(16,616)</u>
Net assets - governmental activities	\$ <u><u>67,344,180</u></u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2008

	General Corporate Fund	Tax Increment Financing Fund	Illinois Municipal Retirement Fund
Revenues			
Property taxes	\$ -	\$ 1,495,602	\$ 455,403
Other taxes	8,001,062	-	-
Licenses, permits, and fees	1,085,034	-	-
Fines and forfeitures	506,275	-	-
Allotments, grants, and reimbursements	177,896	-	-
Pension contributions	-	-	202,308
Miscellaneous	80,501	170,510	-
Interest income	294,381	25,622	1,328
Total revenues	10,145,149	1,691,734	659,039
Expenditures			
General government	1,977,350	182,551	709,007
Public safety	2,800,643	-	-
Community development	801,403	-	-
Public works	2,019,920	-	-
Parks and recreation	1,712,244	-	-
Capital outlay	-	1,390,812	-
Debt service			
Principal	293,958	125,000	-
Interest and fees	103,381	188,423	-
Total expenditures	9,708,899	1,886,786	709,007
Excess (deficiency) of revenues over expenditures	436,250	(195,052)	(49,968)
Other financing sources (uses)			
Transfers in	200,000	-	-
Transfers out	(697,000)	-	-
Total other financing sources (uses)	(497,000)	-	-
Net change in fund balances	(60,750)	(195,052)	(49,968)
Fund balances			
Beginning of year	9,411,971	5,420,545	119,543
End of year	\$ 9,351,221	\$ 5,225,493	\$ 69,575

The accompanying notes are an integral part of this statement.

<u>Police Pension Contribution Fund</u>	<u>Special Service Area (SSA) Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 813,146	\$ 1,081,282	\$ -	\$ 3,845,433
-	-	-	8,001,062
-	-	-	1,085,034
-	-	-	506,275
-	-	550,677	728,573
-	-	-	202,308
-	-	84,601	335,612
-	43,581	36,776	401,688
<u>813,146</u>	<u>1,124,863</u>	<u>672,054</u>	<u>15,105,985</u>
-	-	556,134	3,425,042
1,063,146	-	-	3,863,789
-	-	-	801,403
-	-	-	2,019,920
-	-	-	1,712,244
-	-	333,306	1,724,118
-	-	235,000	653,958
-	-	918,875	1,210,679
<u>1,063,146</u>	<u>-</u>	<u>2,043,315</u>	<u>15,411,153</u>
<u>(250,000)</u>	<u>1,124,863</u>	<u>(1,371,261)</u>	<u>(305,168)</u>
250,000	-	1,263,875	1,713,875
-	(1,163,875)	(200,000)	(2,060,875)
<u>250,000</u>	<u>(1,163,875)</u>	<u>1,063,875</u>	<u>(347,000)</u>
-	(39,012)	(307,386)	(652,168)
-	1,921,602	1,506,389	18,380,050
<u>\$ -</u>	<u>\$ 1,882,590</u>	<u>\$ 1,199,003</u>	<u>\$ 17,727,882</u>

Village of Lincolnshire, Illinois

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

For the Year Ended December 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (652,168)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.	(737,915)
The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets.	(17,999)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds.	653,958
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	9,948
Expenditures are recognized at the time of purchase rather than based on consumption and, therefore, the net pension benefit is not reported in the funds.	1,233,399
The Vehicle Maintenance Fund, an internal service enterprise fund, is used by management to charge the cost of fleet management to individual funds. The net loss is reported with governmental activities.	<u>(1)</u>
Change in net assets of governmental activities	<u>\$ 489,222</u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Proprietary Funds Statement of Net Assets December 31, 2008

	Business-type Activities - Enterprise Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Vehicle Maintenance and Operation Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 680,115	\$ -
Investments	1,251,188	-
Customer receivables	351,665	-
Interest receivable	306	-
Prepaid expenses	220	-
Due from other funds	13,629	16,827
Advance to other funds	73,896	-
Total current assets	2,371,019	16,827
Capital assets		
Land	36,325	-
Capital assets, net of accumulated depreciation	43,201,209	7,933
Total capital assets	43,237,534	7,933
Total assets	45,608,553	24,760
LIABILITIES		
Current liabilities		
Accounts payable	546,209	25,305
Salaries and wages payable	26,240	8,138
Accrued vacation payable	1,097	-
Accrued interest payable	36,205	-
Due to other funds	182,336	-
Advance from other funds	435,000	-
Notes payable - current portion	316,050	-
Total current liabilities	1,543,137	33,443
Notes payable, net of current portion	1,404,065	-
Total liabilities	2,947,202	33,443
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	41,517,419	7,933
Unrestricted net assets (deficit)	1,143,932	(16,616)
Total net assets (deficit)	\$ 42,661,351	\$ (8,683)

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Vehicle Maintenance and Operation Fund
Operating revenues		
Charges for services	\$ 3,386,365	\$ 460,427
Miscellaneous	11,278	-
Total operating revenues	<u>3,397,643</u>	<u>460,427</u>
Operating expenses		
Water and sewer operations	3,627,135	-
Depreciation	1,590,313	4,610
Repairs and maintenance	-	455,818
Total operating expenses	<u>5,217,448</u>	<u>460,428</u>
Operating loss	<u>(1,819,805)</u>	<u>(1)</u>
Nonoperating revenues (expenses)		
Interest income	53,736	-
Interest expense	(72,282)	-
Total nonoperating revenues (expenses)	<u>(18,546)</u>	<u>-</u>
Net loss before transfers and capital contributions	<u>(1,838,351)</u>	<u>(1)</u>
Capital contributions - water system	<u>209,000</u>	<u>-</u>
Transfers		
Transfers in	<u>347,000</u>	<u>-</u>
Change in net assets	(1,282,351)	(1)
Net assets (deficit)		
Beginning of year	<u>43,943,702</u>	<u>\$ (8,682)</u>
End of year	<u>\$ 42,661,351</u>	<u>\$ (8,683)</u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2008

	Business-type Activities - Enterprise Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Vehicle Maintenance and Operation Fund
Cash flows from operating activities		
Cash received from customers	\$ 3,415,437	\$ -
Cash received from other funds	-	460,427
Cash paid to suppliers	(3,064,185)	(457,470)
Cash paid to employees	(632,092)	-
Net cash provided by (used in) by operating activities	<u>(280,840)</u>	<u>2,957</u>
Cash flows from noncapital financing activities		
Due from other funds	13,593	(2,957)
Due to other funds	13,069	-
Transfers in	347,000	-
Advances to other funds	81,162	-
Advances from other funds	135,000	-
Net cash provided by (used in) noncapital financing activities	<u>589,824</u>	<u>(2,957)</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(275,644)	-
Payments on notes payable	(308,850)	-
Interest paid on notes payable	(84,310)	-
Net cash used in capital and related financing activities	<u>(668,804)</u>	<u>-</u>
Cash flows from investing activities		
Purchase of investment securities	184,690	-
Interest on investments	58,720	-
Net cash provided by investing activities	<u>243,410</u>	<u>-</u>
Net decrease in cash and cash equivalents	(116,410)	-
Cash and cash equivalents		
Beginning year	<u>796,525</u>	<u>-</u>
End of year	<u>\$ 680,115</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Proprietary Funds
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2008

	<u>Business-type Activities - Enterprise Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Vehicle Maintenance and Operation Fund</u>
Cash flows from operating activities		
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (1,819,805)	\$ (1)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,590,313	4,610
(Increase) decrease in assets		
Customer receivables	17,794	-
Prepaid expenses	(220)	-
Increase (decrease) in liabilities		
Accounts payable	(71,363)	(3,707)
Salaries and wages payable	4,092	2,055
Accrued vacation payable	(1,651)	-
	<u>(280,840)</u>	<u>2,957</u>
Net cash provided by (used in) operating activities	<u>\$ (280,840)</u>	<u>\$ 2,957</u>
Supplemental schedule of noncash investing activities:		
Capital contributions	<u>\$ 209,000</u>	<u>\$ -</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Police Pension Trust Fund

Statement of Fiduciary Plan Net Assets

December 31, 2008

ASSETS

Cash and cash equivalents	\$	19,666
Investments, at fair value		
U.S. Government obligations		9,971,085
Prepaid expenses		425
Accrued interest		<u>38,067</u>
 Total assets		 10,029,243

LIABILITIES

Accounts payable		<u>500</u>
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PLAN NET ASSETS

Assets held in trust for pension benefits	\$	<u><u>10,028,743</u></u>
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A schedule of funding progress for the plan is presented following the notes to the financial statements.

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Police Pension Trust Fund
Statement of Changes in Fiduciary Plan Net Assets
For the Year Ended December 31, 2008

ADDITIONS	
Contributions	
Employer	
Required	\$ 813,146
Additional	250,000
Plan members	<u>210,578</u>
Total contributions	<u>1,273,724</u>
Investment income	
Net decrease in the fair value of investments	(1,855,054)
Interest	<u>173,927</u>
Total investment loss	(1,681,127)
Less investment expense	<u>47,026</u>
Net investment loss	<u>(1,728,153)</u>
Total additions	<u>(454,429)</u>
DEDUCTIONS	
Benefits	372,246
Administration	<u>18,725</u>
Total deductions	<u>390,971</u>
CHANGE IN PLAN NET ASSETS	(845,400)
PLAN NET ASSETS	
Beginning of year	<u>10,874,143</u>
End of year	<u><u>\$ 10,028,743</u></u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Notes to Financial Statements

INDEX

December 31, 2008

	<u>Page</u>
A. Summary of Significant Accounting Policies	
1. Reporting Entity	33
2. Government-wide and Fund Financial Statements	33 - 34
3. Fund Accounting	34 - 36
4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	36 - 38
5. Cash Equivalents	38
6. Investments	39
7. Receivables	39
8. Unbilled Services	39
9. Capital Assets	39 - 40
10. Accrued Vacation and Sick Leave	40
11. Use of Estimates	41
B. Reconciliation of Government-wide and Fund Financial Statements	
1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets	41
2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities	41 - 42
C. Deposits and Investments	42 - 47
1. Interest Rate Risk	45
2. Credit Risk	45 - 46
3. Custodial Credit Risk	46
4. Concentration of Credit Risk	46 - 47
D. Property Tax	47
E. Capital Assets	
1. Governmental Activities	48
2. Business-type Activities	49
3. Depreciation	50
4. Construction Commitments	50
F. Risk Management	50

(Continued)

Village of Lincolnshire, Illinois

Notes to Financial Statements

INDEX (Continued)

December 31, 2008

	<u>Page</u>
G. Long-Term Debt	
1. Changes in Long-Term Liabilities	51
2. General Long-Term Debt	51 - 52
3. Enterprise Fund - Water and Sanitary Sewer Fund - Promissory Notes	53
4. Compensated Absences	53
H. Interfund Balances and Transfers	54 - 58
I. Restrictions for Enabling Legislation	58
J. Deferred Compensation Plan	58 - 59
K. Pledged Revenue	59
L. Retirement Fund Commitments	
1. Illinois Municipal Retirement Fund	
a) Plan Description	59
b) Funding Policy	59
c) Annual Pension Cost	60
d) Funding Status and Funding Progress	61
2. Police Pension Retirement Fund Commitments	
a) Plan Description	61 - 62
b) Funding Policy	62
c) Funding Status and Funding Progress	62 - 63
d) Summary of Significant Accounting Policies and Plan Asset Matters	63
e) Contributions and Reserves	63 - 64
M. Other Postemployment Benefits (OPEB)	
1. Plan Description	65
2. Funding Policy	65
3. Annual OPEB Cost and Net OPEB Obligation	65 - 66
4. Funding Policy and Actuarial Assumptions	66 - 67
N. Contingencies	
1. Grants	67
2. Litigation	67
O. Subsequent Event	67

(Concluded)

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lincolnshire, Illinois, ("Village") was incorporated on August 5, 1957. The Village operates under a Council-Manager form of government and provides services which include: police, water utility, sanitary sewer utility, storm water management, street maintenance, park maintenance, community development, recreation, and general administrative services.

The financial statements of the Village of Lincolnshire, Illinois, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the Village's more significant accounting policies:

1. Reporting Entity

As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (a) Appointment of a voting majority of the component unit's board, and either (1) the ability to impose will by the primary government, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (b) Fiscal dependency on the primary government.

Based on the above criteria, the Village does not have any component units.

2. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the supplementary information.

3. Fund Accounting

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three broad categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Funds - Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds), the acquisition or construction of capital assets (Capital Projects Funds), and servicing of general long-term debt (Debt Service Funds). The General Fund is used to account for all activities of the general government not accounted for in another fund.

The following are the Village's governmental fund types:

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

Governmental Funds (Continued)

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Village has the following special revenue funds:

- Tax Increment Financing (TIF) Fund - a major fund
- Illinois Municipal Retirement Fund - a major fund
- Motor Fuel Tax Fund
- Police Pension Contribution Fund - a major fund
- E911 Fund

Debt Service Funds are used for the servicing of general long-term debt. The Village has the following debt service fund:

- Special Service Area (SSA) Debt Service Fund - a major fund

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets (other than those financed by proprietary funds).

- Park Development Fund
- Special Service Area Capital Project Fund

Proprietary Funds - Proprietary funds are used to account for activities similar to those found in the private sector. The measurement focus is on the determination of net income. Activities of these funds include services provided to residents of the Village (Enterprise Fund - Water and Sanitary Sewer Fund) and services provided to other funds (Internal Service Fund - Vehicle Maintenance Fund Operation).

The following are the Village's proprietary fund types:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

Proprietary Funds (Continued)

The following accounts make up the Enterprise Fund:

- Waterworks and Sewerage Revenue Account
- Water and Sewer Improvement Account

Internal Service Funds (Vehicle Maintenance and Operation) are used to account for the financing of goods or services provided by one department to other departments of the Village on a cost-reimbursement basis. The Village has one internal service fund:

- Vehicle Maintenance and Operation Fund

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. When these assets are held under the terms of a formal trust agreement, a trust fund is used.

The Police Pension Trust Fund is accounted for and reported as a pension trust fund since capital preservation is critical.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A six-month availability period is used for revenue recognition for all governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Property taxes are levied in December 2008 to finance the Village's 2009 calendar year operations.

The Village reports the following major governmental funds:

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

The Tax Increment Financing Fund is a capital project fund that accounts for financial resources to be used for the acquisition or construction of major capital assets from tax increment financing.

The Illinois Municipal Retirement Fund is a special revenue fund used to disburse the Village's employer contributions to the Illinois Municipal Retirement Fund, which provides pension and disability benefits for civilian Village employees working over 600 hours per year.

The Police Pension Contribution Fund is a special revenue fund used to account for the property taxes receivable and revenue for the Village's Police pension expense.

The Special Service Area Debt Service Fund is a debt service fund used to account for the resources accumulated and payments made for principal and interest on long-term special service area debt.

The Village reports the following major proprietary fund, which is the Village's only enterprise fund:

The Water and Sanitary Sewer Fund, comprised of the Waterworks and Sewerage Revenue Account and Water and Sewer Improvement Account, accounts for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Village has chosen the option to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements, to the enterprise fund activity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenues include all taxes.

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

The Village reports unearned revenues on its financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them, as when monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the Village has a legal claim to the resources, the liability for unearned revenues is removed from the financial statements and revenue is recognized.

5. Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund types consider all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Investments

Investments are carried at fair value.

7. Receivables

The recognition of receivables associated with nonexchange transactions is as follows:

- Derived tax receivables (such as sales, income, and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government-mandated or voluntary nonexchange transaction receivables (such as mandates or grants) are recognized when all eligibility requirements have been met.

8. Unbilled Services

Unbilled water revenue of the Waterworks and Sewerage Revenue Account is recognized, as earned, when the water is consumed.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having an estimated useful life greater than one year with an initial, individual cost of more than \$200,000 for infrastructure assets, \$100,000 for land and improvements and buildings and improvements, and more than \$5,000 for all other capital asset classifications. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Capital Assets (Continued)

Governmental activities' capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	10 - 20 years
Buildings and improvements	15 - 50 years
Infrastructure*	20 - 50 years
Machinery and equipment	5 - 20 years

* Infrastructure includes right-of-way land, roads, curbs, gutters, storm sewers, recreational paths, street lights, field lights, bridges, and traffic control signals.

Business-type activities' capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	45 years
Underground water and sewerage system	10 - 75 years
Furniture, machinery, and equipment	5 - 15 years

10. Accrued Vacation and Sick Leave

In the event of termination, an employee is paid for accumulated vacation days. Employees are not reimbursed for unused sick leave and all vacation time must be used in the current year or shortly thereafter. Accrued vacation is reported in the governmental funds for the amount of vacation for employees that retired or were terminated before fiscal year-end that was not paid out as of fiscal year-end and the amount of vacation for employees that retired or were terminated after year-end or that are expected to retire or be terminated through the end of the subsequent fiscal year.

Accumulated unpaid vacation pay is accrued when incurred in the proprietary funds. For governmental funds, the current portion of the liability is reported in the General Fund, and, at December 31, 2008, there was no long-term portion.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of Certain Differences Between the Governmental Funds Balance Sheet and the Government-wide Statement of Net Assets

The governmental funds balance sheet includes a reconciliation between total fund balances – governmental funds and net assets – governmental activities, as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, notes payable, interest payable, compensated absences, and other postemployment benefits, are not due and payable in the current period. Therefore, these liabilities are not reported in the current period and, consequently, are not reported in the governmental funds.” The details of this difference are as follows:

Bonds payable	\$	14,765,000
Notes payable		6,363,883
Other postemployment benefits		7,636
Accrued interest payable		442,154
Compensated absences		<u>5,252</u>

Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	\$	<u>21,583,925</u>
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2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The government funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

The details of this difference are as follows:

Depreciation expense	\$	(1,499,675)
Capital outlay		<u>761,760</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities.	\$	<u>(737,915)</u>

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this difference are as follows:

Other postemployment benefits	\$	(7,636)
Compensated absences		5,682
Accrued interest		<u>11,902</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities.	\$	<u>9,948</u>

NOTE C - DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by most funds. Each fund type's portion of this pool is displayed on the statement of net assets as "cash and cash equivalents" and "investments." In addition, investments are separately held by several of the Village's funds. The Village's investment policy and state statutes allow the Village to invest in the following:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of banks and savings and loan associations insured up to \$250,000 by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million and rated in the highest classification by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- The Illinois Funds.
- Repurchase agreements which meet instrument transaction requirements of Illinois law.

The deposits and investments of the Police Pension Fund are held separately from those of other Village funds. In addition to the aforementioned investments, the Police Pension Fund is also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, limited to 10% of the Fund's investments.
- Bonds issued by any county, city, township, village, incorporated town, municipal corporation, or school district in Illinois.
- Tax anticipation warrants issued by any city, township, village, incorporated town, or fire protection district in Illinois.
- Equity accounts up to a limit of 45% of the aggregate fair value of the fund's assets.
- Direct obligations of the State of Israel.

In addition, pension funds with net assets of \$2.5 million or more may invest up to 35% of plan net assets in a separate account of life insurance companies and mutual funds. If a pension fund has net assets of at least \$5 million and has an appointed investment advisor, the pension fund may, through that investment advisor, invest up to 35% of the plan's net assets in common and preferred stocks which meet specific restrictions.

As of December 31, 2008, the Village's cash and investments consisted of the following:

	<u>Government- Wide</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>15,757,314</u>	\$ <u>9,990,751</u>	\$ <u>25,748,065</u>

For disclosure purposes, this amount is segregated into three components: 1) cash on hand; 2) deposits with financial institutions, which include amounts held in demand accounts and savings accounts; and 3) other investments, which consist of investments in the Governmental Cash Investment Fund, certificates of deposit, Federal National Mortgage Association, Federal Home Loan Banks, money markets, U.S. Government treasuries, mutual funds, and common stocks as follows:

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

Cash and investments	<u>Total</u>
Cash on hand - Village	\$ 5,550
Cash on hand - Police Pension Fund	27
Deposits with financial institutions - Village	2,639,559
Deposits with financial institutions - Police Pension Fund	19,639
Other investments - Village	13,112,205
Other investments - Police Pension Fund	<u>9,971,085</u>
 Total cash and investments	 <u>\$ 25,748,065</u>

As of December 31, 2008, the Village has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less than 1	1 - 3
Governmental Cash Investment Funds	\$ 5,042,988	\$ 5,042,988	\$ -
Certificates of Deposit	5,207,545	4,491,094	716,451
Federal Home Loan Banks	<u>2,861,673</u>	<u>2,861,673</u>	<u>-</u>
 Investments	 <u>\$ 13,112,205</u>	 <u>\$ 12,395,754</u>	 <u>\$ 716,451</u>

As of December 31, 2008, the Police Pension Fund has the following investments and maturities (also on next page):

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 - 3	3 - 6	Greater than 6
Certificates of Deposit	\$ 3,144,329	\$ 892,943	\$ 1,079,607	\$ 1,171,779	\$ -
Money Market/Liquid Assets	724,636	724,636	-	-	-
U.S. Government Treasuries	<u>1,667,302</u>	<u>-</u>	<u>-</u>	<u>1,276,490</u>	<u>390,812</u>
 Investments	 <u>\$ 5,536,267</u>	 <u>\$ 1,617,579</u>	 <u>\$ 1,079,607</u>	 <u>\$ 2,448,269</u>	 <u>\$ 390,812</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2008, the Police Pension Fund has the following investments and maturities (continued):

	<u>Fair Value</u>	<u>Equities</u>
Mutual Funds	\$ 1,294,030	\$ 1,294,030
Common Stocks	<u>3,140,788</u>	<u>3,140,788</u>
	<u>4,434,818</u>	<u>\$ 4,434,818</u>
 Total	 <u>\$ 9,971,085</u>	

1. Interest Rate Risk

The Village's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of short-term investments shall comply with the following: under 30 days, 10% minimum of total short-term investments; under 90 days, 25% minimum of total short-term investments; under 270 days, 50% minimum of total short-term investments; under 1 year, 90% minimum of total short-term investments percentage of short-term investments; and under 18 months, 100% minimum of total short-term investments. Maturities of long-term investments (those reserved for capital projects) shall be timed according to anticipated need.

The Police Pension Fund's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The objective is the preservation of capital while providing for the long-term growth of principal without undue exposure to risk.

2. Credit Risk

The Village's investment policy mirrors state law. State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2008, the Village's investment in Federal National Mortgage Association was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Governmental Cash Investment Fund's fair value of the position in the external investment pool is the same as the value of the pool shares and these investments are not subject to risk categorization and conform to the Illinois Public Funds Act. The fund is managed by the financial institution in which it is held.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk (Continued)

The Police Pension Fund's investment policy does not impose additional limits on investment choices.

3. Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank failure, the Village's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2008, \$99,283 of the Village's deposits with financial institutions and investments were exposed to custodial credit risk because they were uninsured or undercollateralized and \$352,944 did not meet the Village requirement of being 110% insured or collateralized.

In the case of deposits, this is the risk that, in the event of a bank failure, the Police Pension Fund's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2008, none of the Police Pension Fund's deposits with financial institutions and investments were exposed to custodial credit risk because they were uninsured or undercollateralized.

4. Concentration of Credit Risk

It is the policy of the Village to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer, or class of securities. The Village's investment policy requires the Village to diversify its investments by security instrument and institution. Diversification by security instrument is as follows: U.S. Treasury Obligations - 100% maximum; U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations - 100% maximum; Certificates of Deposit (CD's) Commercial Banks - 33% maximum, the exception would be when the CDs are being invested using the Certificate of Deposit Account Registry Service (CDARS) or similar system; Illinois Governmental Cash Investment Fund - 35% maximum; and Illinois Metropolitan Investment Fund - 35%. Diversification by institution is as follows: CDs - no more than 15% of the total portfolio with any one institution.

It is the policy of the Police Pension Fund to diversify its investment portfolio. Investments shall be diversified to eliminate the risk of loss resulting in overconcentration in a security, maturity, issuer, or class of securities. The Police Pension Fund's investment policy requires the Police Pension Fund to diversify its investments by asset class (equities, bonds, and cash equivalents) and within equities by economic sector, industry, quality, size, investment style, etc.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

4. Concentration of Credit Risk (Continued)

Diversification by asset allocation is as follows:

<u>Asset class</u>	<u>Minimum</u>	<u>Preferred</u>	<u>Maximum</u>
Large cap growth	9.0%	11.5%	14.0%
Large cap value	9.0%	11.5%	14.0%
Small mid cap growth	3.0%	5.0%	7.0%
Small mid cap value	3.0%	5.0%	7.0%
Real estate	0.0%	2.0%	4.0%
International growth	3.0%	5.0%	7.0%
International value	3.0%	5.0%	7.0%
Fixed income and cash	55.0%	55.0%	65.0%

NOTE D - PROPERTY TAX

The Village's property tax is levied in December of each calendar year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on January 1 of the same levy year. Property tax revenues are recognized when they become measurable and available. Tax bills are prepared by the county and issued on or about May 1 and August 1 of the following calendar year, and are payable in two installments on or about June 1 and September 1. The county collects such taxes and remits them periodically. An allowance for uncollectible taxes has been deemed unnecessary based on historical experience. The Village levies for the Tax Increment Financing Area capital projects, pension expense, and a special service area debt service.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Construction in progress	59,408	147,623	98,730	108,301
Total capital assets not being depreciated	27,480,421	147,623	98,730	27,529,314
Capital assets being depreciated				
Land improvements	5,714,758	91,406	-	5,806,164
Buildings and improvements	8,127,882	-	-	8,127,882
Infrastructure	51,074,186	352,738	8,232	51,418,692
Machinery and equipment	2,932,219	268,723	140,693	3,060,249
Total capital assets being depreciated	67,849,045	712,867	148,925	68,412,987
Less accumulated depreciation				
Land improvements	1,739,963	283,821	-	2,023,784
Buildings and improvements	2,556,432	214,420	-	2,770,852
Infrastructure	19,511,457	747,786	-	20,259,243
Machinery and equipment	1,912,939	258,258	130,926	2,040,271
Total accumulated depreciation	25,720,791	1,504,285	130,926	27,094,150
Total capital assets being depreciated, net	42,128,254	(791,418)	17,999	41,318,837
Governmental activities capital assets, net	\$ 69,608,675	\$ (643,795)	\$ 116,729	\$ 68,848,151

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE E - CAPITAL ASSETS (Continued)

2. Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 36,325	\$ -	\$ -	\$ 36,325
Total capital assets not being depreciated	36,325	-	-	36,325
Capital assets being depreciated				
Buildings	1,544,175	-	-	1,544,175
Underground water and sewerage system	80,350,226	394,164	-	80,744,390
Furniture, machinery, and equipment	939,061	90,480	-	1,029,541
Total capital assets being depreciated	82,833,462	484,644	-	83,318,106
Less accumulated depreciation				
Buildings	743,923	34,318	-	778,241
Underground water and sewerage system	37,102,499	1,505,236	-	38,607,735
Furniture, machinery, and equipment	680,161	50,760	-	730,921
Total accumulated depreciation	38,526,583	1,590,314	-	40,116,897
Total capital assets being depreciated, net	44,306,879	(1,105,670)	-	43,201,209
Business-type activities capital assets, net	\$ 44,343,204	\$ (1,105,670)	\$ -	\$ 43,237,534

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE E - CAPITAL ASSETS (Continued)

3. Depreciation

Depreciation expense was charged to functions/programs of the Village as follows:

Governmental activities	
General government	\$ 105,090
Public safety	98,828
Community development	2,046
Public works	881,725
Parks and recreation	<u>416,596</u>
 Total depreciation expense - governmental activities	 \$ <u>1,504,285</u>
 Business-type activities	
Waterworks and Sewerage	\$ <u>1,590,314</u>

4. Construction Commitments

The Village has certain contracts in various funds for construction projects which were in progress at December 31, 2008. There was \$75,331 in remaining commitments under these contracts.

NOTE F - RISK MANAGEMENT

The Village is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and net income losses. The Village carries commercial insurance to cover these exposures. For the past three years, there have been no claims that have exceeded the commercial insurance limits. There were no significant reductions in insurance coverage during the year.

The government participates in the High-Level Excess Liability Pool (HELP). HELP is a pool established by fifteen municipalities in Illinois to provide excess liability coverage (\$11,000,000 of coverage after a \$2,000,000 self-insurance retention). The government's payments to HELP are displayed on the financial statements as expenditures/expenses in the appropriate funds.

Each municipality has one member on the HELP Board of Directors and all budgeting and finance decisions are approved by the Board. Member municipalities' percent share of assets, liabilities, and equity ranges from 1.67% to 11.65%. The Village's share at December 31, 2008 is 1.67%. The Village does not exercise any control over the activities of the HELP beyond its representation on the Board of Directors.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE G - LONG-TERM DEBT

1. Changes in Long-Term Liabilities

The following is a summary of the Village's long-term debt balances and transactions for the year ended December 31, 2008:

	<u>Beginning Balance</u>	<u>Additions/ Issuances</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Notes payable	\$ 6,782,841	\$ -	\$ 418,958	\$ 6,363,883	\$ 490,492
SSA Bond	15,000,000	-	235,000	14,765,000	250,000
Other postemployment benefits	-	7,636	-	7,636	-
Compensated absences	10,934	5,252	10,934	5,252	5,252
Total long-term liabilities	<u>\$ 21,793,775</u>	<u>\$ 12,888</u>	<u>\$ 664,892</u>	<u>\$ 21,141,771</u>	<u>\$ 745,744</u>
<u>Business-type activities</u>					
Notes payable	\$ 2,028,965	\$ -	\$ 308,850	\$ 1,720,115	\$ 316,050
Compensated absences	2,748	1,097	2,748	1,097	1,097
Total long-term liabilities	<u>\$ 2,031,713</u>	<u>\$ 1,097</u>	<u>\$ 311,598</u>	<u>\$ 1,721,212</u>	<u>\$ 317,147</u>

2. General Long-Term Debt

At December 31, 2008, general long-term debt is comprised of the following:

Notes payable - tax increment financing:

\$4,000,000, due in annual installments of \$100,000, \$125,000, \$185,000, \$420,000, \$505,000, \$580,000, \$660,000, \$750,000, and \$675,000 on January 1, from 2008 through January 1, 2015. Interest is payable on January 1 and July 1 of each year at rates from 4.1% to 4.95%. Funded by the Tax Increment Financing (TIF) Fund.

\$ 3,775,000

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE G - LONG-TERM DEBT (Continued)

2. General Long-Term Debt (Continued)

Notes payable:

\$3,300,000, due in semiannual installments ranging from \$138,857 to \$183,757. Principal is payable on January 1 and July 1 of each year beginning on July 1, 2006 and concluding on January 1, 2016. Interest is payable on January 1 and July 1 of each year at a rate of 3.625%. Funded by the General Fund and Park Development Fund. \$ 2,588,883

Special Service Area bond:

\$15,000,000 Special Service Area Number 1 Special Tax Bonds, Series 2004 (Sedgebrook Project), dated September 27, 2004. Principal is payable on March 1 of each year beginning in 2008. Interest is payable on March 1 and September 1 of each year at rates from 5.00% to 6.25%. 14,765,000

Total general long-term debt \$ 21,128,883

The annual payments to amortize all general long-term debt outstanding, including current portions, as of December 31, 2008, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 740,492	\$ 1,178,876	\$ 1,919,368
2010	996,666	1,141,879	2,138,545
2011	1,108,250	1,096,335	2,204,585
2012	1,210,257	1,045,333	2,255,590
2013	1,317,703	985,292	2,302,995
2014-2018	4,210,515	4,087,051	8,297,566
2019-2023	2,495,000	3,314,688	5,809,688
2024-2028	3,380,000	2,431,250	5,811,250
2029-2033	4,575,000	1,235,000	5,810,000
2034	1,095,000	68,438	1,163,438
	<u>\$ 21,128,883</u>	<u>\$ 16,584,142</u>	<u>\$ 37,713,025</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE G - LONG-TERM DEBT (Continued)

3. Enterprise Fund, Water and Sanitary Sewer Fund - Promissory Notes

At December 31, 2008, the Water and Sanitary Sewer Fund's promissory notes are comprised of the following:

\$2,200,000, due in semiannual installments ranging from \$54,374 to \$96,642. Principal is payable on January 1 and July 1 of each year beginning on July 1, 2003 and concluding on January 1, 2018. Interest is payable on January 1 and July 1 of each year at a rate of 4.00%. Funded by Water and Sewer Fund revenues. \$ 1,540,115

\$1,800,000, due in semiannual installments of \$90,000. Principal is payable on January 1 and July 1 of each year beginning on January 1, 2000 and concluding on July 1, 2009. Interest is payable on January 1 and July 1 of each year at a rate of 5.05%. Funded by Water and Sewerage Fund revenues. 180,000

\$ 1,720,115

The annual payments to amortize the promissory notes, including current portions, as of December 31, 2008, are as follows:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 316,050	\$ 68,206	\$ 384,256
2010	141,624	55,612	197,236
2011	147,426	49,811	197,237
2012	153,350	43,887	197,237
2013	159,747	37,489	197,236
2014-2018	<u>801,918</u>	<u>83,794</u>	<u>885,712</u>
	<u>\$ 1,720,115</u>	<u>\$ 338,799</u>	<u>\$ 2,058,914</u>

4. Compensated Absences

The General Fund and E 911 Fund are the governmental funds typically used in prior years to liquidate the liability for compensated absences.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE H - INTERFUND BALANCES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are intended to be repaid currently from other resources of respective funds. Individual interfund balances at December 31, 2008 are shown as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Corporate Fund		
Water and Sanitary Sewer Fund -		
Water and Sewerage Revenue Account	\$ 11,996	\$ 6,607
Water and Sewer Improvement Account	972	-
Internal service fund - Vehicle Maintenance	-	16,827
Capital project fund - Park Development Capital Project Fund	3,835	-
Special revenue fund - E 911 Fund	589	-
Special revenue fund - Motor Fuel Tax Fund	-	342
Special revenue fund - Tax Increment Financing Fund	-	15,085
Total General Corporate Fund	<u>17,392</u>	<u>38,861</u>
Water and Sanitary Sewer Fund -		
Water and Sewerage Revenue Account		
Water and Sanitary Sewer Fund -		
Water and Sewerage Improvement Account	7,022	-
General Corporate Fund	6,607	11,996
Total Water and Sanitary Sewer Fund -	<u>13,629</u>	<u>11,996</u>
Water and Sewerage Revenue Account	<u>13,629</u>	<u>11,996</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account		
Special revenue fund - Tax Increment Financing Fund	-	162,346
Water and Sanitary Sewer Fund -		
Water and Sewerage Revenue Account	-	7,022
General Corporate Fund	-	972
Total Water and Sanitary Sewer Fund -	<u>-</u>	<u>170,340</u>
Water and Sewer Improvement Account	<u>-</u>	<u>170,340</u>

(Continued)

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Special revenue fund - Motor Fuel Tax Fund		
General Corporate Fund	\$ 342	\$ -
Internal service fund - Vehicle Maintenance Fund		
General Corporate Fund	16,827	-
Special revenue fund - Tax Increment Financing Fund		
Water and Sanitary Sewer Fund		
Water and Sewer Improvement Account	162,346	-
General Corporate Fund	15,085	-
Total Tax Increment Financing Fund	177,431	-
Special revenue fund - E 911 Fund		
General Corporate Fund	-	589
Capital project fund - Park Development Capital Project Fund		
General Corporate Fund	-	3,835
Total all funds	225,621	225,621
Amounts eliminated during GASB 34 adjustments	(56,914)	(56,914)
Total interfunds	\$ 168,707	\$ 168,707

Individual interfund advances at December 31, 2008 are shown as follows:

<u>Fund</u>	<u>Advance Receivables</u>	<u>Advance Payables</u>
General Corporate Fund		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	\$ 435,000	\$ -
Special revenue fund - Illinois Municipal Retirement Fund	20,000	-
Total General Corporate Fund	455,000	-

(Continued)

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

<u>Fund</u>	<u>Advance Receivables</u>	<u>Advance Payables</u>
Water and Sanitary Sewer Fund - Water and Sewer Improvement Account		
Special revenue fund - Tax Increment Financing Fund	\$ 73,896	\$ -
General Corporate Fund	-	435,000
Total Water and Sanitary Sewer Fund		
Water and Sewer Improvement Account	<u>73,896</u>	<u>435,000</u>
Special revenue fund - Illinois Municipal Retirement Fund		
General Corporate Fund	<u>-</u>	<u>20,000</u>
Special revenue fund - Tax Increment Financing Fund		
Water and Sanitary Sewer Fund - Water and Sewer Improvement Account	<u>-</u>	<u>73,896</u>
Total all funds	528,896	528,896
Less amounts eliminated during GASB 34 adjustments	<u>(167,792)</u>	<u>(167,792)</u>
Total interfund advances	<u>\$ 361,104</u>	<u>\$ 361,104</u>
Internal balances		
Total interfunds as shown above	\$ 168,707	\$ 168,707
Total advances as shown above	<u>361,104</u>	<u>361,104</u>
Total internal balances as shown on the statement of net assets	<u>\$ 529,811</u>	<u>\$ 529,811</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund with collection authorization to the capital project fund or enterprise fund as debt service and interest payments become due, or (2) move restricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization. Interfund transfers are recorded for permanent transfers between funds which are not expected to be repaid. Individual interfund transfers during the fiscal year ended December 31, 2008 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Corporate Fund		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	\$ -	\$ 347,000
Special revenue fund - Police Pension Contribution Fund	-	250,000
Special Revenue Fund - E 911 Fund	-	100,000
Capital projects fund - Park Development Capital Project Fund	<u>200,000</u>	<u>-</u>
Total General Corporate Fund	<u>200,000</u>	<u>697,000</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account		
Water and Sanitary Sewer Fund -		
Water and Sewer Revenue Account	-	668,803
General Corporate Fund	<u>347,000</u>	<u>-</u>
Total Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	<u>347,000</u>	<u>668,803</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Revenue Account		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	<u>668,803</u>	<u>-</u>
Capital Projects Fund		
Park Development Capital Project Fund		
General Corporate Fund	<u>-</u>	<u>200,000</u>
Special Revenue Fund - E 911 Fund		
General Corporate Fund	<u>100,000</u>	<u>-</u>

(Continued)

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Service Area Debt Service Fund Special Service Area Capital Projects Fund	\$ -	\$ 1,163,875
Special Service Area Capital Projects Fund Special Service Area Debt Service Fund	1,163,875	-
Police Pension Contribution Fund General Corporate Fund	250,000	
Total all funds	2,729,678	2,729,678
Amounts eliminated during GASB 34 adjustments	(2,382,678)	(2,382,678)
Total transfers	\$ 347,000	\$ 347,000

NOTE I - RESTRICTIONS FOR ENABLING LEGISLATION

The government-wide statement of net assets reports net assets restricted by enabling legislation which consists of the following:

Retirement payments	\$ 69,575
Roads	87,235
Emergency phone	199,958
	<u>\$ 356,768</u>

NOTE J - DEFERRED COMPENSATION PLAN

The Village offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is administered by the ICMA Retirement Corporation. The Plan, available to all Village employees, permits them to defer a portion of their current salaries to all future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE J - DEFERRED COMPENSATION PLAN (Continued)

In November 1997, the Village amended the deferred compensation plan. Under the amendment, the assets of the plan are now held in trust (ICMA Retirement Corporation Deferred Compensation Plan and Trust), with the Village serving as a trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets cannot be diverted to any other purpose. The Village's beneficial ownership of plan assets held in the ICMA Retirement Trust is held for the future exclusive benefit of the participants and their beneficiaries.

The Village and its agent have no liability for losses under the plan, but do have the duty of care that would be required of an ordinary prudent investor.

NOTE K - PLEDGED REVENUE

In October 2004, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of future sales tax revenues generated by this company from its rebate development. The Village has no obligation to rebate sales tax when the sales tax revenue generated by this company is less than \$100,000 in any sales tax year. During 2008, the Village rebated approximately \$165,000 to this company.

NOTE L - RETIREMENT FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

(a) Plan Description

The Village's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Village 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.

(b) Funding Policy

As set by state statute, the Village's regular plan members are required to contribute 4.5 percent of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2008 was 10.66 percent of annual covered payroll. The Village 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 state statute.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE L - RETIREMENT FUND COMMITMENTS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

(c) Annual Pension Cost

For 2008, the Village's annual pension cost of \$396,796 for the regular plan was equal to the Village's required and actual contributions.

Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/08 \$	396,796	100% \$	-
12/31/07	379,211	100%	-
12/31/06	348,561	100%	-

The required contribution was determined as part of the December 31, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2006 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 percent to 10 percent per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the Village'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 percent corridor between the actuarial and market value of assets. The Village's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE L - RETIREMENT FUND COMMITMENTS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

(d) Funding Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 75.53 percent funded. The actuarial accrued liability for benefits was \$10,179,592 and the actuarial value of assets was \$7,688,165, resulting in underfunded actuarial accrued liability (UAAL) of \$2,491,427. The covered payroll (annual payroll of active employees covered by the plan) was \$3,722,294 and the ratio of the UAAL to the covered payroll was 67.00 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 liabilities for benefits.

2. Police Pension Retirement Fund Commitments

(a) Plan Description

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. Administrative costs are financed through investment earnings. The Village accounts for the plan as a pension trust fund. The Village's payroll for employees covered by the Police Pension Plan for the year ended December 31, 2008 was \$1,945,491 out of a total payroll of \$4,847,912.

At January 1, 2008, the Police Pension Plan membership consisted of:

	<u>Members</u>
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	9
Current employees (on staff at December 31, 2008):	
Vested	12
Nonvested	14
	<hr/>
Total membership	35
	<hr/> <hr/>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE L - RETIREMENT FUND COMMITMENTS (Continued)

2. Police Pension Retirement Fund Commitments (Continued)

(a) Plan Description (Continued)

The following is a summary of the Police Pension Plan as provided for in the Illinois State Statutes. The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter. Effective January 1, 1993, the second and subsequent pension increases (other than disability pension increases) will be computed on the current pension rather than the original pension.

(b) Funding Policy

State-mandated police employees are required to contribute 9.91% of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the Village's contributions must accumulate to the point where the past service cost for the plan is fully funded. This calculation is based upon a level percent amortization for a closed period.

(c) Funding Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 80.75 percent funded. The actuarial accrued liability for benefits was \$14,235,399, and the actuarial value of assets was \$11,494,881, resulting in underfunded actuarial accrued liability (UAAL) of \$2,740,518. The covered payroll (annual payroll of active employees covered by the plan) was \$1,945,491, and the ratio of the UAAL to the covered payroll was 141 percent.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE L - RETIREMENT FUND COMMITMENTS (Continued)

2. Police Pension Retirement Fund Commitments (Continued)

(c) Funding Status and Funding Progress (Continued)

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 liabilities for benefits.

(d) Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. No stand-alone statements are issued for the defined benefit pension plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

(e) Contributions and Reserves

The Village's annual pension cost and net pension benefit to the Police Pension Funds were obtained from the fund's most recent actuarial valuations (December 2008) and are as follows:

Annual required contribution	\$ (497,262)
Interest on prepaid pension benefit	73,794
Adjustment to annual required contribution	<u>(63,303)</u>
Annual pension cost	(486,771)
Contributions made	<u>1,063,146</u>
Increase in net pension benefit	576,375
Prepaid pension benefit at January 1, 2008	<u>1,792,313</u>
Prepaid pension benefit at December 31, 2008	<u>\$ 2,368,688</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE L - RETIREMENT FUND COMMITMENTS (Continued)

2. Police Pension Retirement Fund Commitments (Continued)

(e) Contributions and Reserves (Continued)

Significant Investments

There are no significant investments (other than U.S. Government-guaranteed obligations) in any one organization that represent 5% or more of net assets available for benefits.

Seven-Year Trend Information - Police Pension Trust Fund

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Benefit)</u>
12/31/08	\$ 486,771	218.41 %	\$ (2,368,688)
12/31/07	454,749	244.47 %	(1,792,313)
12/31/06*	299,693	195.90 %	(1,135,289)
04/30/06	432,296	127.30 %	(847,739)
04/30/05	363,898	115.00 %	(729,608)
04/30/04	333,371	102.40 %	(675,080)
04/30/03	257,712	128.00 %	(667,183)

* Eight-month period

Actuarial Assumptions and Notes

The actuarial assumptions included (a) 6.50% investment rate of return, (b) projected salary increases of 1.12% to 4.86% a year plus a 2.50% inflation rate, and (c) cost of living increases of 3.00% a year. The actuarial notes included (a) valuation date of January 1, 2008, (b) actuarial cost method of entry age normal, (c) amortization method of level percentage of payroll closed, (d) remaining amortization period of 25 years, 6 months, and (e) asset valuation method of smoothed market.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE M - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. Plan Description

The Village's Health Insurance Plan for Retired Employees (the Plan) is a single-employer defined benefit healthcare plan administered by the Village. The Plan provides healthcare coverage at 100% of the active premium rate. The state of Illinois requires IMRF employers who offer health insurance to their active employees to offer the same health insurance to disabled members, retirees, and surviving spouses at the same premium rate for active employees. Therefore, an implicit rate subsidy exists for retirees (that is, the difference between the premium rate charged to retirees for the benefit and the estimated rate that would be applicable to those retirees if that benefit were acquired for them as a separate group) resulting from the participation in postemployment healthcare plans that cover both active employees and retirees. The Plan operates on a pay-as-you-go funding basis. No assets are accumulated or dedicated to funding the retiree health plan benefits.

At December 31, 2007, membership in the Plan consisted of the following:

	<u>Members</u>
Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	
Vested	86
Nonvested	-
	<hr/>
Total membership	<u>86</u>

2. Funding Policy

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The required contribution is based on projected pay-as-you-go financing requirements. For the years ended 2008 and 2007, the Village did not contribute to the Plan.

3. Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities or funding excess over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Village's Health Insurance Plan for Retired Employees.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE M - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

3. Annual OPEB Cost and Net OPEB Obligation (Continued)

Annual Required Contribution (ARC)	\$	7,636
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost		7,636
Contributions made		-
Increase in OPEB obligation		7,636
Net OPEB obligation at January 1, 2007		-
Net OPEB obligation at December 31, 2007	\$	7,636
Service cost	\$	5,250
Amortization		2,022
Interest		364
Annual required contribution	\$	7,636

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2007 is as follows:

Trend Information - Other Postemployment Benefits

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation
12/31/07	\$ 7,636	0.00%	\$ 7,636

4. Funding Policy and Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2008

NOTE M - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

4. Funding Policy and Actuarial Assumptions (Continued)

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

The actuarial assumptions included (a) 5.00% investment rate of return, (b) healthcare inflation rate of 8.00% a year, and (c) cost of living increases of 3.00% a year. Other actuarial information included (a) valuation date of December 31, 2007, (b) entry age actuarial cost method, (c) amortization method of level percent closed, (d) remaining amortization period of 30 years, and (e) asset valuation method of market.

NOTE N - CONTINGENCIES

1. Grants

Amounts received or receivable from grantors are subject to audit and adjustment by the grantors. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. This amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time. The Village believes that there is no liability.

2. Litigation

The Village has several pending legal proceedings that, in the opinion of management, are ordinary routine matters incidental to the normal business conducted by the Village. In the opinion of management, the outcome is neither probable nor estimable, and the ultimate dispositions of such proceedings are not expected to have a material adverse effect on the Village's net assets or activities.

NOTE O - SUBSEQUENT EVENT

On May 26, 2009, the Village approved an Ordinance providing for the issue of a \$1,540,000 Corporate Purpose Promissory Note for the purpose of reconstructing Schelter Road. The interest rate on the note is 3.75% and the maturity date is January 1, 2019. The repayment of the note will be made with semiannual payments on January 1 and July 1 of each year.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Lincolnshire, Illinois
Illinois Municipal Retirement Fund
Schedule of Funding Progress
December 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 7,688,165	\$ 10,179,592	\$ 2,491,427	75.5 %	\$ 3,722,294	66.9 %
12/31/07	8,338,527	9,790,245	1,451,718	85.2	3,495,030	41.5
12/31/06	7,244,618	8,555,016	1,310,398	84.7	3,219,309	40.7

Village of Lincolnshire, Illinois
Police Pension Fund
Schedule of Funding Progress
December 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
12/31/08	\$ 11,494,881	\$ 14,235,399	\$ 2,740,518	80.7	% \$ 1,945,491	140.9 %
12/31/07	N/A	N/A	N/A	N/A	N/A	N/A
12/31/06	9,204,085	13,839,955	4,635,870	66.5	1,723,909	268.9
04/30/06	8,299,854	13,163,050	4,863,196	63.1	1,667,247	291.7
04/30/05	7,384,072	11,971,109	4,587,037	61.7	1,558,876	294.3
04/30/04	6,806,084	10,371,706	3,565,622	65.6	1,465,518	243.3
04/30/03	6,443,146	9,679,266	3,236,120	66.6	1,429,399	226.4
04/30/02	6,094,026	8,597,647	2,503,621	70.9	1,221,276	205.0
04/30/01	5,666,257	7,559,896	1,893,639	75.0	1,104,363	171.5
04/30/00	5,111,194	7,043,975	1,932,781	72.6	1,017,704	189.9
Fiscal Year Ended	Annual Required Contribution	Percentage Contributed				
12/31/08	\$ 497,262	213.8	%			
12/31/07	483,226	230.1				
12/31/06	321,728	182.5				
04/30/06	452,196	121.7				
04/30/05	383,116	109.2				
04/30/04	353,106	96.6				
04/30/03	275,929	119.6				
04/30/02	232,315	129.6				
04/30/01	225,438	121.5				
04/30/00	204,741	125.3				

N/A - Not Available - No actuarial study was performed.

Village of Lincolnshire, Illinois

General Corporate Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2008

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Revenues				
Other taxes	\$ 8,610,000	\$ 8,610,000	\$ 8,001,062	\$ (608,938)
Licenses, permits, and fees	973,300	973,300	1,085,034	111,734
Fines and forfeitures	553,500	553,500	506,275	(47,225)
Allotments, grants, and reimbursements	196,200	196,200	177,896	(18,304)
Miscellaneous revenue	70,000	70,000	80,501	10,501
Interest income	400,000	400,000	294,381	(105,619)
Total revenues	10,803,000	10,803,000	10,145,149	(657,851)
Expenditures				
Current				
General government	2,109,600	2,109,600	1,977,350	132,250
Public safety	2,823,300	2,823,300	2,800,643	22,657
Community development	784,200	824,200	801,403	22,797
Public works	2,181,300	2,193,300	2,019,920	173,380
Parks and recreation	1,858,600	1,858,600	1,712,244	146,356
Debt service				
Principal	293,619	293,619	293,958	(339)
Interest expense	103,381	103,381	103,381	-
Total expenditures	10,154,000	10,206,000	9,708,899	497,101
Excess of revenues over expenditures	649,000	597,000	436,250	(160,750)
Other financing sources (uses)				
Transfers in	200,000	200,000	200,000	-
Transfers out	(697,000)	(758,000)	(697,000)	61,000
Total other financing uses	(497,000)	(558,000)	(497,000)	61,000
Net change in fund balance	\$ 152,000	\$ 39,000	(60,750)	\$ (99,750)
Fund balance				
Beginning of year			9,411,971	
End of year			\$ 9,351,221	

Village of Lincolnshire, Illinois
Tax Increment Financing (TIF) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property taxes - TIF increment	\$ 1,566,000	\$ 1,495,602	\$ (70,398)
Interest income	5,000	25,622	20,622
Miscellaneous income	-	170,510	170,510
Total revenues	<u>1,571,000</u>	<u>1,691,734</u>	<u>120,734</u>
Expenditures			
General government	678,000	182,551	495,449
Capital outlay	1,430,000	1,390,812	39,188
Debt service			
Principal expense	4,000,000	125,000	3,875,000
Interest expense	124,000	188,423	(64,423)
Total expenditures	<u>6,232,000</u>	<u>1,886,786</u>	<u>4,345,214</u>
Deficiency of revenues over expenditures	<u>(4,661,000)</u>	<u>(195,052)</u>	<u>4,465,948</u>
Other financing sources			
Proceeds from debt	4,000,000	-	4,000,000
Total other financing sources	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>
Net change in fund balance	<u>\$ (661,000)</u>	<u>(195,052)</u>	<u>\$ 465,948</u>
Fund balance			
Beginning of year		<u>5,420,545</u>	
End of year		<u>\$ 5,225,493</u>	

Village of Lincolnshire, Illinois
Illinois Municipal Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 452,000	\$ 455,403	\$ 3,403
Pension contributions	191,500	202,308	10,808
Interest income	3,000	1,328	(1,672)
Total revenues	646,500	659,039	12,539
Expenditures			
General government			
Business expense	693,700	709,007	(15,307)
Total expenditures	693,700	709,007	(15,307)
Net change in fund balance	\$ (47,200)	(49,968)	\$ (2,768)
Fund balance			
Beginning of year		119,543	
End of year		\$ 69,575	

Village of Lincolnshire, Illinois
Notes to Required Supplementary Information
December 31, 2008

NOTE A - BUDGETS

All governmental and proprietary fund types have legally adopted annual budgets except for the Police Pension Contribution Fund, the Special Service Area Capital Project Fund, and the Special Service Area Debt Service Fund. The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

- (a) The Village Manager submits to the Board of Trustees the proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (b) The Village Board conducts several public budget review meetings to discuss the proposed budget.
- (c) A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance.
- (d) The fiscal year appropriation ordinance, which incorporates the budget decisions of the Village Board, is legally enacted for the General Fund, special revenue funds, capital project funds, and proprietary fund types.
- (e) The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. Modifications to the budget can only be made by the Village Board of Trustees. Village management does not have the authority to modify the budget.
- (f) All appropriations lapse at year-end. Two supplemental appropriations were made by the Village Board of Trustees during the year ended December 31, 2008.

All governmental fund type budgets are prepared on a modified-accrual basis. Proprietary fund type budgets, which are prepared for management control purposes, are prepared on the accrual basis except that depreciation and amortization are not budgeted. The budgetary authority to spend lapses at December 31 of each year.

NOTE B - ACTUAL EXPENDITURES IN EXCESS OF BUDGET IN INDIVIDUAL FUNDS

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Illinois Municipal Retirement Fund (IMRF) Fund	\$ 709,007	\$ 693,700	\$ (15,307)
E 911 Fund	546,862	516,300	(30,562)

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR FUNDS

Motor Fuel Tax Fund - to track receipts and disbursements of the Village's allocation of Illinois Motor Fuel Tax. By state law, the funds may only be spent on certain improvements to public roads. Along with allocations from the General Fund, motor fuel tax funds are used for various road improvements.

E911 Fund - to account for revenues approved by voters from a surcharge on all local telephone lines. These revenues pay for the design, implementation, upgrade, maintenance, and personnel costs of an enhanced 911 emergency dispatch system.

Park Development Capital Projects Fund - to account for the receipt of park donations from developers. The Village Code requires that all developers make a donation of park land to accommodate the residents of the new development. The Code allows the Village to accept cash in lieu of land when the amount of land required from the developer is too small for a meaningful park, when there are already ample park facilities in the area of the development, or for other reasons the Park Board may recommend and the Village Board may find appropriate.

Special Service Area Capital Projects Fund - to account for the financial resources used for the acquisition or construction of major capital assets in the special service area.

Village of Lincolnshire, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2008

	<u>Special Revenue</u>		
	<u>Motor Fuel Tax Fund</u>	<u>E 911 Fund</u>	<u>Total Special Revenue Funds</u>
ASSETS			
Cash and cash equivalents	\$ 64,290	\$ 94,862	\$ 159,152
Investments	4,603	72,382	76,985
Other taxes receivable	18,000	53,000	71,000
Interest receivable	-	-	-
Due from other funds	<u>342</u>	<u>-</u>	<u>342</u>
Total assets	<u>\$ 87,235</u>	<u>\$ 220,244</u>	<u>\$ 307,479</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 2,153	\$ 2,153
Salaries and wages payable	-	17,544	17,544
Due to other funds	<u>-</u>	<u>589</u>	<u>589</u>
Total liabilities	-	20,286	20,286
Fund balances			
Unreserved	<u>87,235</u>	<u>199,958</u>	<u>287,193</u>
Total liabilities and Fund balances	<u>\$ 87,235</u>	<u>\$ 220,244</u>	<u>\$ 307,479</u>

Capital Projects Funds

<u>Park Development Capital Projects Fund</u>	<u>Special Service Area Capital Projects Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 14,533	\$ 2,698	\$ 17,231	\$ 176,383
906,130	-	906,130	983,115
-	-	-	71,000
3,944	-	3,944	3,944
-	-	-	342
<u>\$ 924,607</u>	<u>\$ 2,698</u>	<u>\$ 927,305</u>	<u>\$ 1,234,784</u>
\$ 11,660	\$ -	\$ 11,660	\$ 13,813
-	-	-	17,544
3,835	-	3,835	4,424
<u>15,495</u>	<u>-</u>	<u>15,495</u>	<u>35,781</u>
<u>909,112</u>	<u>2,698</u>	<u>911,810</u>	<u>1,199,003</u>
<u>\$ 924,607</u>	<u>\$ 2,698</u>	<u>\$ 927,305</u>	<u>\$ 1,234,784</u>

Village of Lincolnshire, Illinois
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2008

	<u>Special Revenue</u>		<u>Total Special Revenue Funds</u>
	<u>Motor Fuel Tax Fund</u>	<u>E 911 Fund</u>	
Revenues			
Allotments, grants, and reimbursements	\$ 177,014	\$ 358,675	\$ 535,689
Interest income	1,587	4,414	6,001
Miscellaneous	-	84,601	84,601
Total revenues	<u>178,601</u>	<u>447,690</u>	<u>626,291</u>
Expenditures			
General government	-	546,862	546,862
Capital outlay	190,000	-	190,000
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Total expenditures	<u>190,000</u>	<u>546,862</u>	<u>736,862</u>
Deficiency of revenues over expenditures	<u>(11,399)</u>	<u>(99,172)</u>	<u>(110,571)</u>
Other financing sources (uses)			
Transfers in	-	100,000	100,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balance	(11,399)	828	(10,571)
Fund balances			
Beginning of year	<u>98,634</u>	<u>199,130</u>	<u>297,764</u>
End of year	<u>\$ 87,235</u>	<u>\$ 199,958</u>	<u>\$ 287,193</u>

Capital Projects Funds

<u>Park Development Capital Projects Fund</u>	<u>Special Service Area Capital Projects Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 14,988	\$ -	\$ 14,988	\$ 550,677
30,775	-	30,775	36,776
-	-	-	84,601
<u>45,763</u>	<u>-</u>	<u>45,763</u>	<u>672,054</u>
-	9,272	9,272	556,134
143,306	-	143,306	333,306
-	235,000	235,000	235,000
-	918,875	918,875	918,875
<u>143,306</u>	<u>1,163,147</u>	<u>1,306,453</u>	<u>2,043,315</u>
<u>(97,543)</u>	<u>(1,163,147)</u>	<u>(1,260,690)</u>	<u>(1,371,261)</u>
-	1,163,875	1,163,875	1,263,875
<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
<u>(200,000)</u>	<u>1,163,875</u>	<u>963,875</u>	<u>1,063,875</u>
(297,543)	728	(296,815)	(307,386)
<u>1,206,655</u>	<u>1,970</u>	<u>1,208,625</u>	<u>1,506,389</u>
<u>\$ 909,112</u>	<u>\$ 2,698</u>	<u>\$ 911,810</u>	<u>\$ 1,199,003</u>

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Revenues - Estimated and Actual
For the Year Ended December 31, 2008

	<u>Estimated</u> <u>Revenues</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Other taxes			
State income taxes	\$ 590,000	\$ 618,439	\$ 28,439
Sales taxes	3,150,000	2,940,815	(209,185)
Utility taxes	1,325,000	1,205,004	(119,996)
Telecommunication taxes	1,010,000	1,030,772	20,772
Room and admissions taxes	1,875,000	1,845,849	(29,151)
Real estate transfer taxes	502,000	189,438	(312,562)
Road and bridge taxes	70,000	74,713	4,713
State use taxes	88,000	96,032	8,032
Total other taxes	<u>8,610,000</u>	<u>8,001,062</u>	<u>(608,938)</u>
Licenses, permits, and fees			
Liquor licenses	61,000	56,960	(4,040)
Beach tags	10,300	9,260	(1,040)
Park user fees	60,000	72,190	12,190
Recreation programs	100,000	99,771	(229)
Amusement devices	7,700	7,400	(300)
Application fees	10,000	21,626	11,626
Engineering fees	25,000	20,375	(4,625)
Planner fees	7,000	5,453	(1,547)
Plan review fees	35,000	48,433	13,433
Building permit fees	512,000	586,858	74,858
Acreage impact fees	30,500	25,095	(5,405)
Forester fees	10,000	8,225	(1,775)
Miscellaneous licenses and fees	7,000	10,995	3,995
Cable TV franchise fees	96,000	110,643	14,643
Waste hauler fees	1,800	1,750	(50)
Total licenses, permits, and fees	<u>973,300</u>	<u>1,085,034</u>	<u>111,734</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Revenues - Estimated and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fines and forfeitures			
Court fines	\$ 405,000	\$ 388,017	\$ (16,983)
False alarm fines and fees	8,500	9,453	953
Administrative tow fees	<u>140,000</u>	<u>108,805</u>	<u>(31,195)</u>
Total fines and forfeitures	<u>553,500</u>	<u>506,275</u>	<u>(47,225)</u>
Allotments, grants, and reimbursements			
Police grants	32,700	33,935	1,235
Police training reimbursements	3,500	4,307	807
Police services	<u>160,000</u>	<u>139,654</u>	<u>(20,346)</u>
Total allotments, grants, and reimbursements	<u>196,200</u>	<u>177,896</u>	<u>(18,304)</u>
Interest income	<u>400,000</u>	<u>294,381</u>	<u>(105,619)</u>
Miscellaneous revenue			
Sale of surplus equipment	60,000	31,374	(28,626)
Miscellaneous income	<u>10,000</u>	<u>49,127</u>	<u>39,127</u>
Total miscellaneous revenue	<u>70,000</u>	<u>80,501</u>	<u>10,501</u>
Total revenues	10,803,000	10,145,149	(657,851)
Other financing sources			
Transfer in from Park Development Fund	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 11,003,000</u>	<u>\$ 10,345,149</u>	<u>\$ (657,851)</u>

(Concluded)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government				
Executive services				
Personal services				
Regular salaries	\$ 355,000	\$ 355,000	\$ 358,694	\$ (3,694)
Overtime salaries	2,200	2,200	2,265	(65)
Total personal services	<u>357,200</u>	<u>357,200</u>	<u>360,959</u>	<u>(3,759)</u>
Contractual services				
Printing	11,500	11,500	6,490	5,010
Equipment maintenance	300	300	-	300
Professional services	11,300	11,300	8,938	2,362
Outside services	2,000	2,000	2,239	(239)
Total contractual services	<u>25,100</u>	<u>25,100</u>	<u>17,667</u>	<u>7,433</u>
Other charges				
Memberships	10,300	10,300	9,897	403
Vehicle expenditures	4,500	4,500	4,725	(225)
Professional development	4,000	4,000	3,578	422
Publications	600	600	401	199
Classified advertisements	4,000	4,000	5,350	(1,350)
Boards and commissions	3,500	3,500	2,048	1,452
Business expenditures	12,100	12,100	12,625	(525)
Total other charges	<u>39,000</u>	<u>39,000</u>	<u>38,624</u>	<u>376</u>
Total executive services	<u>421,300</u>	<u>421,300</u>	<u>417,250</u>	<u>4,050</u>
Finance				
Personal services				
Regular salaries	188,000	188,000	191,595	(3,595)
Overtime salaries	4,000	4,000	949	3,051
Total personal services	<u>192,000</u>	<u>192,000</u>	<u>192,544</u>	<u>(544)</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
General government (continued)				
Finance (continued)				
Contractual services				
Printing	\$ 1,000	\$ 1,000	\$ 611	\$ 389
Equipment maintenance	2,800	2,800	2,108	692
Professional services	26,600	26,600	34,540	(7,940)
Legal notices	600	600	668	(68)
Outside services	800	800	750	50
Total contractual services	<u>31,800</u>	<u>31,800</u>	<u>38,677</u>	<u>(6,877)</u>
Commodities				
Licensing supplies	<u>600</u>	<u>600</u>	<u>358</u>	<u>242</u>
Other charges				
Memberships	1,300	1,300	1,246	54
Professional development	1,200	1,200	729	471
Publications	600	600	456	144
Business expenditures	600	600	1,407	(807)
Office equipment	4,300	4,300	2,833	1,467
Total other charges	<u>8,000</u>	<u>8,000</u>	<u>6,671</u>	<u>1,329</u>
Total finance	<u>232,400</u>	<u>232,400</u>	<u>238,250</u>	<u>(5,850)</u>
Legal				
Contractual services				
Legal services	<u>175,000</u>	<u>175,000</u>	<u>180,734</u>	<u>(5,734)</u>
Total legal	<u>175,000</u>	<u>175,000</u>	<u>180,734</u>	<u>(5,734)</u>
Insurance				
Personal services				
Unemployment claims	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government (continued)				
Insurance (continued)				
Contractual services				
Telephone	\$ 57,600	\$ 57,600	\$ 49,683	\$ 7,917
Printing	40,500	40,500	39,425	1,075
Data systems	60,700	60,700	50,473	10,227
Postage	31,500	31,500	30,133	1,367
Duplicating	16,200	16,200	16,055	145
Medical insurance	750,000	750,000	675,838	74,162
General insurance	260,000	260,000	228,896	31,104
Property deductibles	2,000	2,000	2,954	(954)
Outside services	12,600	12,600	13,330	(730)
Total contractual services	<u>1,231,100</u>	<u>1,231,100</u>	<u>1,106,787</u>	<u>124,313</u>
Commodities				
Office supplies	<u>16,200</u>	<u>16,200</u>	<u>14,440</u>	<u>1,760</u>
Capital outlay				
Office equipment	<u>32,600</u>	<u>32,600</u>	<u>19,889</u>	<u>12,711</u>
Total insurance	<u>1,280,900</u>	<u>1,280,900</u>	<u>1,141,116</u>	<u>139,784</u>
Total general government	<u>2,109,600</u>	<u>2,109,600</u>	<u>1,977,350</u>	<u>132,250</u>
Public safety - police				
Personal services				
Regular salaries	2,235,000	2,235,000	2,226,342	8,658
Overtime salaries	80,000	80,000	118,716	(38,716)
Total personal services	<u>2,315,000</u>	<u>2,315,000</u>	<u>2,345,058</u>	<u>(30,058)</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public safety - police (continued)				
Contractual services				
Printing	\$ 4,500	\$ 4,500	\$ 1,858	\$ 2,642
Equipment maintenance	52,000	52,000	42,416	9,584
Professional services	39,000	39,000	38,156	844
Data systems	3,900	3,900	142	3,758
Outside services	12,000	12,000	5,508	6,492
Total contractual services	<u>111,400</u>	<u>111,400</u>	<u>88,080</u>	<u>23,320</u>
Commodities				
Maintenance materials	22,000	22,000	18,090	3,910
Other charges				
Memberships	2,900	2,900	1,545	1,355
Vehicle expenditures	153,300	153,300	162,030	(8,730)
Professional development	35,000	35,000	29,715	5,285
Publications	1,000	1,000	554	446
Uniforms	27,000	27,000	22,447	4,553
Minor equipment	8,000	8,000	1,949	6,051
Business expenditures	10,500	10,500	9,592	908
Total other charges	<u>237,700</u>	<u>237,700</u>	<u>227,832</u>	<u>9,868</u>
Capital outlay				
Motor equipment	105,000	105,000	102,412	2,588
Other equipment	32,200	32,200	19,171	13,029
Total other charges	<u>137,200</u>	<u>137,200</u>	<u>121,583</u>	<u>15,617</u>
Total public safety	<u>2,823,300</u>	<u>2,823,300</u>	<u>2,800,643</u>	<u>22,657</u>
Community development				
Administration				
Personal services				
Regular salaries	485,000	485,000	480,187	4,813
Overtime salaries	15,000	15,000	21,430	(6,430)
Total personal services	<u>500,000</u>	<u>500,000</u>	<u>501,617</u>	<u>(1,617)</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community development (continued)				
Administration (continued)				
Contractual services				
Professional services	\$ 60,000	\$ 100,000	\$ 87,688	\$ 12,312
Legal notices	400	400	202	198
Outside services	15,000	15,000	11,425	3,575
Total contractual services	<u>75,400</u>	<u>115,400</u>	<u>99,315</u>	<u>16,085</u>
Other charges				
Memberships	15,000	15,000	14,691	309
Vehicle expenditures	4,400	4,400	4,436	(36)
Professional development	7,700	7,700	3,280	4,420
Publications	1,100	1,100	427	673
Board and commissions	500	500	-	500
Business expenditures	6,100	6,100	4,517	1,583
Total other charges	<u>34,800</u>	<u>34,800</u>	<u>27,351</u>	<u>7,449</u>
Capital outlay				
Office equipment	20,000	20,000	20,463	(463)
Total administration	<u>630,200</u>	<u>670,200</u>	<u>648,746</u>	<u>21,454</u>
Forestry				
Personal services				
Regular salaries	62,000	62,000	60,458	1,542
Overtime salaries	2,000	2,000	3,134	(1,134)
Total personal services	<u>64,000</u>	<u>64,000</u>	<u>63,592</u>	<u>408</u>
Contractual services				
Professional services	2,500	2,500	2,100	400
Outside services	81,000	81,000	81,118	(118)
Total contractual services	<u>83,500</u>	<u>83,500</u>	<u>83,218</u>	<u>282</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community development (continued)				
Forestry (continued)				
Other charges				
Memberships	\$ 500	\$ 500	\$ -	\$ 500
Vehicle expenditures	4,400	4,400	4,436	(36)
Professional development	1,000	1,000	978	22
Business expenditures	600	600	433	167
Total other charges	<u>6,500</u>	<u>6,500</u>	<u>5,847</u>	<u>653</u>
Total forestry	<u>154,000</u>	<u>154,000</u>	<u>152,657</u>	<u>1,343</u>
Total community development	<u>784,200</u>	<u>824,200</u>	<u>801,403</u>	<u>22,797</u>
Public works				
Administration				
Personal services				
Regular salaries	195,000	195,000	187,064	7,936
Overtime salaries	1,000	1,000	2,525	(1,525)
Total personal services	<u>196,000</u>	<u>196,000</u>	<u>189,589</u>	<u>6,411</u>
Contractual services				
Equipment maintenance	300	300	-	300
Professional services	100,000	100,000	62,723	37,277
Legal notices	1,500	1,500	1,587	(87)
Outside services	500	500	753	(253)
Total contractual services	<u>102,300</u>	<u>102,300</u>	<u>65,063</u>	<u>37,237</u>
Other charges				
Memberships	1,700	1,700	988	712
Vehicle expenditures	4,800	4,800	3,600	1,200
Professional development	4,000	4,000	2,726	1,274
Publications	300	300	287	13

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
Public works (continued)				
Administration (continued)				
Other charges (continued)				
Business expenditures	\$ 3,200	\$ 3,200	\$ 3,630	\$ (430)
Total other charges	<u>14,000</u>	<u>14,000</u>	<u>11,231</u>	<u>2,769</u>
Total administration	<u>312,300</u>	<u>312,300</u>	<u>265,883</u>	<u>46,417</u>
Streets and storm drainage				
Personal services				
Regular salaries	332,000	332,000	323,363	8,637
Overtime salaries	40,000	40,000	100,631	(60,631)
Total personal services	<u>372,000</u>	<u>372,000</u>	<u>423,994</u>	<u>(51,994)</u>
Contractual services				
Equipment maintenance	2,000	2,000	2,426	(426)
Electric utilities	15,000	15,000	15,004	(4)
Outside services	172,000	172,000	184,929	(12,929)
Total contractual services	<u>189,000</u>	<u>189,000</u>	<u>202,359</u>	<u>(13,359)</u>
Commodities				
Maintenance materials	13,000	13,000	14,662	(1,662)
Repair and restoration	17,000	17,000	17,685	(685)
Construction materials	3,000	3,000	2,808	192
Snow and ice control	47,000	99,000	95,484	3,516
Total commodities	<u>80,000</u>	<u>132,000</u>	<u>130,639</u>	<u>1,361</u>
Other charges				
Memberships	200	200	133	67
Vehicle expenditures	133,100	133,100	138,883	(5,783)
Professional development	2,000	2,000	1,285	715
Uniforms	3,500	3,500	2,354	1,146
Minor equipment	2,000	2,000	5,505	(3,505)
Business expenditures	700	700	746	(46)
Total other charges	<u>141,500</u>	<u>141,500</u>	<u>148,906</u>	<u>(7,406)</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works (continued)				
Streets and storm drainage (continued)				
Capital outlay				
Motor equipment	\$ 233,500	\$ 233,500	\$ 37,714	\$ 195,786
Capital projects	388,000	322,000	382,989	(60,989)
Other equipment	75,000	75,000	58,703	16,297
Total capital outlay	<u>696,500</u>	<u>630,500</u>	<u>479,406</u>	<u>151,094</u>
Total streets and storm drainage	<u>1,479,000</u>	<u>1,465,000</u>	<u>1,385,304</u>	<u>79,696</u>
Buildings				
Personal services				
Regular salaries	63,000	63,000	63,430	(430)
Overtime salaries	5,000	5,000	5,165	(165)
Total personal services	<u>68,000</u>	<u>68,000</u>	<u>68,595</u>	<u>(595)</u>
Contractual services				
Equipment maintenance	2,000	2,000	257	1,743
Outside services	135,000	135,000	142,023	(7,023)
Total contractual services	<u>137,000</u>	<u>137,000</u>	<u>142,280</u>	<u>(5,280)</u>
Commodities				
Maintenance materials	20,000	20,000	17,326	2,674
Repair and restoration	2,000	2,000	1,886	114
Construction materials	800	800	452	348
Total commodities	<u>22,800</u>	<u>22,800</u>	<u>19,664</u>	<u>3,136</u>
Other charges				
Memberships	100	100	-	100
Vehicle expenditures	4,400	4,400	4,436	(36)
Professional development	300	300	-	300
Uniforms	700	700	546	154

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works (continued)				
Buildings (continued)				
Other charges (continued)				
Minor equipment	\$ 19,500	\$ 19,500	\$ 17,313	\$ 2,187
Business expenditures	1,200	1,200	1,616	(416)
Total other charges	<u>26,200</u>	<u>26,200</u>	<u>23,911</u>	<u>2,289</u>
Capital outlay				
Capital projects	<u>136,000</u>	<u>162,000</u>	<u>114,283</u>	<u>47,717</u>
Total buildings	<u>390,000</u>	<u>416,000</u>	<u>368,733</u>	<u>47,267</u>
Total public works	<u>2,181,300</u>	<u>2,193,300</u>	<u>2,019,920</u>	<u>173,380</u>
Parks and recreation				
Parks and grounds				
Personal services				
Regular salaries	520,000	520,000	529,614	(9,614)
Overtime salaries	50,000	50,000	55,442	(5,442)
Total personal services	<u>570,000</u>	<u>570,000</u>	<u>585,056</u>	<u>(15,056)</u>
Contractual services				
Equipment maintenance	1,500	1,500	805	695
Gas utilities	4,000	4,000	3,583	417
Electric utilities	40,000	40,000	32,709	7,291
Outside services	275,000	275,000	276,152	(1,152)
Total contractual services	<u>320,500</u>	<u>320,500</u>	<u>313,249</u>	<u>7,251</u>
Commodities				
Maintenance materials	49,000	49,000	41,971	7,029
Repair and restoration	6,000	6,000	3,123	2,877
Construction materials	5,000	5,000	4,285	715
Total commodities	<u>60,000</u>	<u>60,000</u>	<u>49,379</u>	<u>10,621</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation (continued)				
Parks and grounds (continued)				
Other charges				
Memberships	\$ 800	\$ 800	\$ 760	\$ 40
Vehicle expenditures	97,600	97,600	101,847	(4,247)
Professional development	3,000	3,000	2,171	829
Publications	200	200	162	38
Uniforms	5,000	5,000	3,838	1,162
Minor equipment	2,000	2,000	1,545	455
Business expenditures	500	500	858	(358)
Total other charges	<u>109,100</u>	<u>109,100</u>	<u>111,181</u>	<u>(2,081)</u>
Capital outlay				
Capital projects	364,000	364,000	233,709	130,291
Other equipment	72,000	72,000	54,006	17,994
Total capital outlay	<u>436,000</u>	<u>436,000</u>	<u>287,715</u>	<u>148,285</u>
Total parks and grounds	<u>1,495,600</u>	<u>1,495,600</u>	<u>1,346,580</u>	<u>149,020</u>
Recreation services				
Personal services				
Regular salaries	120,000	120,000	111,742	8,258
Overtime salaries	6,000	6,000	5,166	834
Total personal services	<u>126,000</u>	<u>126,000</u>	<u>116,908</u>	<u>9,092</u>
Contractual services				
Printing	15,000	15,000	10,612	4,388
Equipment maintenance	1,000	1,000	327	673
Professional services	70,000	70,000	68,240	1,760
Outside services	137,000	137,000	160,388	(23,388)
Total contractual services	<u>223,000</u>	<u>223,000</u>	<u>239,567</u>	<u>(16,567)</u>
Other charges				
Memberships	1,200	1,200	1,253	(53)
Professional development	3,000	3,000	2,956	44

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation (continued)				
Recreation services (continued)				
Other charges (continued)				
Publications	\$ 300	\$ 300	\$ 39	\$ 261
Uniforms	3,000	3,000	2,110	890
Minor equipment	2,500	2,500	1,113	1,387
Business expenditures	4,000	4,000	1,718	2,282
Total other charges	<u>14,000</u>	<u>14,000</u>	<u>9,189</u>	<u>4,811</u>
Total recreation services	<u>363,000</u>	<u>363,000</u>	<u>365,664</u>	<u>(2,664)</u>
Total parks and recreation	<u>1,858,600</u>	<u>1,858,600</u>	<u>1,712,244</u>	<u>146,356</u>
Debt service				
Principal	293,619	293,619	293,958	(339)
Interest	103,381	103,381	103,381	-
Total debt service	<u>397,000</u>	<u>397,000</u>	<u>397,339</u>	<u>(339)</u>
Total expenditures	<u>10,154,000</u>	<u>10,206,000</u>	<u>9,708,899</u>	<u>497,101</u>
Other financing uses				
Transfers out	<u>697,000</u>	<u>758,000</u>	<u>697,000</u>	<u>61,000</u>
Total expenditures and other financing uses	<u>\$ 10,851,000</u>	<u>\$ 10,964,000</u>	<u>\$ 10,405,899</u>	<u>\$ 558,101</u>

(Concluded)

Village of Lincolnshire, Illinois
Motor Fuel Tax (MFT) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Allotments, grants, and reimbursements	\$ 187,000	\$ 177,014	\$ (9,986)
Interest income	<u>3,000</u>	<u>1,587</u>	<u>(1,413)</u>
Total revenues	<u>190,000</u>	<u>178,601</u>	<u>(11,399)</u>
Expenditures			
Capital outlay	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	(11,399)	<u>\$ (11,399)</u>
Fund balances			
Beginning of year		<u>98,634</u>	
End of year		<u>\$ 87,235</u>	

Village of Lincolnshire, Illinois
E 911 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Allotments - E 911 surcharges	\$ 340,000	\$ 358,675	\$ 18,675
Interest income	8,000	4,414	(3,586)
Fee for service - telecommunications	<u>70,500</u>	<u>84,601</u>	<u>(3,324)</u>
Total revenues	<u>418,500</u>	<u>447,690</u>	<u>29,190</u>
Expenditures			
General government			
Personal services	321,500	374,684	(53,184)
Contractual services	130,800	104,877	25,923
Commodities	500	125	375
Other charges	<u>63,500</u>	<u>67,176</u>	<u>(3,676)</u>
Total expenditures	<u>516,300</u>	<u>546,862</u>	<u>(30,562)</u>
Deficiency of revenues over expenditures	<u>(97,800)</u>	<u>(99,172)</u>	<u>59,752</u>
Other financing sources			
Transfer in from General Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 2,200</u>	828	<u>\$ (1,372)</u>
Fund balance			
Beginning of year		<u>199,130</u>	
End of year		<u>\$ 199,958</u>	

Village of Lincolnshire, Illinois
Park Development Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Allotments, grants, and reimbursements	\$ 305,400	\$ 14,988	\$ (290,412)
Interest income	<u>40,000</u>	<u>30,775</u>	<u>(9,225)</u>
Total revenues	<u>345,400</u>	<u>45,763</u>	<u>(299,637)</u>
Expenditures			
Capital outlay	<u>525,000</u>	<u>143,306</u>	<u>381,694</u>
Total expenditures	<u>525,000</u>	<u>143,306</u>	<u>381,694</u>
Deficiency of revenues over expenditures	(179,600)	(97,543)	82,057
Other financing uses			
Transfer out to General Fund	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (379,600)</u>	(297,543)	<u>\$ 82,057</u>
Fund balance			
Beginning of year		<u>1,206,655</u>	
End of year		<u>\$ 909,112</u>	

ENTERPRISE FUND

Waterworks and Sewerage Revenue Account - to account for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this account including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water and Sewer Improvement Account - to account for connection fees for tapping into the Village water and sewer system and to provide facilities to meet the needs of the expanding community.

Village of Lincolnshire, Illinois

Water and Sanitary Sewer Fund Combining Statement of Net Assets December 31, 2008

	<u>Revenue Account</u>	<u>Improvement Account</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 467,764	\$ 212,351	\$ 680,115
Investments	1,233,502	17,686	1,251,188
Customer receivables	351,665	-	351,665
Interest receivable	300	6	306
Prepaid expenses	220	-	220
Due from other funds	13,629	-	13,629
Advances to other funds	-	73,896	73,896
Total current assets	<u>2,067,080</u>	<u>303,939</u>	<u>2,371,019</u>
Capital assets			
Land	36,325	-	36,325
Capital assets, net of accumulated depreciation of \$40,116,897	<u>43,201,209</u>	<u>-</u>	<u>43,201,209</u>
Total capital assets	<u>43,237,534</u>	<u>-</u>	<u>43,237,534</u>
Total assets	<u>\$ 45,304,614</u>	<u>\$ 303,939</u>	<u>\$ 45,608,553</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 430,220	\$ 115,989	\$ 546,209
Salaries and wages payable	26,240	-	26,240
Accrued vacation payable	1,097	-	1,097
Accrued interest payable	36,205	-	36,205
Due to other funds	11,996	170,340	182,336
Advance from other funds	-	435,000	435,000
Current portion of notes payable	316,050	-	316,050
Total current liabilities	<u>821,808</u>	<u>721,329</u>	<u>1,543,137</u>
Notes payable, net of current portion	<u>1,404,065</u>	<u>-</u>	<u>1,404,065</u>
Total liabilities	<u>2,225,873</u>	<u>721,329</u>	<u>2,947,202</u>
Net assets (deficit)			
Invested in capital assets, net of related debt	41,517,419	-	41,517,419
Unrestricted	<u>1,561,322</u>	<u>(417,390)</u>	<u>1,143,932</u>
Total net assets (deficit)	<u>43,078,741</u>	<u>(417,390)</u>	<u>42,661,351</u>
Total liabilities and net assets	<u>\$ 45,304,614</u>	<u>\$ 303,939</u>	<u>\$ 45,608,553</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Combining Schedule of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2008

	Waterworks and Sewerage Revenue Account	Water and Sewer Improvement Account	Total Water and Sewer Fund
Operating revenues			
Charges for services	\$ 3,340,831	\$ 45,534	\$ 3,386,365
Miscellaneous	11,278	-	11,278
Total operating revenues	<u>3,352,109</u>	<u>45,534</u>	<u>3,397,643</u>
Operating expenses			
Administration expenses	634,533	-	634,533
Operations expenses	2,732,857	259,745	2,992,602
Total operating expenses	<u>3,367,390</u>	<u>259,745</u>	<u>3,627,135</u>
Depreciation	<u>1,590,313</u>	<u>-</u>	<u>1,590,313</u>
Operating loss	<u>(1,605,594)</u>	<u>(214,211)</u>	<u>(1,819,805)</u>
Nonoperating revenues (expenses)			
Interest income	45,392	8,344	53,736
Interest expense	(72,282)	-	(72,282)
Total nonoperating revenues (expenses)	<u>(26,890)</u>	<u>8,344</u>	<u>(18,546)</u>
Net loss before transfers and capital contributions	<u>(1,632,484)</u>	<u>(205,867)</u>	<u>(1,838,351)</u>
Capital contributions - water system	<u>209,000</u>	<u>-</u>	<u>209,000</u>
Transfers			
Transfers in	-	347,000	347,000
Transfers between accounts	668,803	(668,803)	-
Total transfers	<u>668,803</u>	<u>(321,803)</u>	<u>347,000</u>
Change in net assets	(754,681)	(527,670)	(1,282,351)
Net assets (deficit)			
Beginning of year	<u>43,833,422</u>	<u>110,280</u>	<u>43,943,702</u>
End of year	<u>\$ 43,078,741</u>	<u>\$ (417,390)</u>	<u>\$ 42,661,351</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Waterworks and Sewerage Revenue Account
Schedule of Revenues and Comparison with Estimated Revenues
For the Year Ended December 31, 2008

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 3,740,000	\$ 3,340,831	\$ (399,169)
Miscellaneous	4,000	11,278	7,278
Interest income	<u>56,000</u>	<u>45,392</u>	<u>(10,608)</u>
Total revenues	<u>3,800,000</u>	<u>3,397,501</u>	<u>(402,499)</u>
Other financing sources			
Capital contribution - water system	-	209,000	209,000
Sale of surplus property	4,000	-	(4,000)
Transfer from water and sewer improvement account	<u>-</u>	<u>668,803</u>	<u>668,803</u>
Total other financing sources	<u>4,000</u>	<u>877,803</u>	<u>873,803</u>
Total revenues and other financing sources	<u>\$ 3,804,000</u>	<u>\$ 4,275,304</u>	<u>\$ 471,304</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Waterworks and Sewerage Revenue Account
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget
For the Year Ended December 31, 2008

	Original and Final Budget	Actual	Variance Positive (Negative)
Administration			
Personal services			
Corporate salaries	\$ 233,000	\$ 221,728	\$ 11,272
Overtime salaries	500	1,039	(539)
Total personal services	<u>233,500</u>	<u>222,767</u>	<u>10,733</u>
Contractual services			
Telephone	6,400	8,176	(1,776)
Printing	6,500	6,964	(464)
Professional services	92,100	71,975	20,125
Data processing	6,700	5,674	1,026
Postage	3,600	3,277	323
Duplicating expense	1,800	1,685	115
Medical insurance	118,000	93,662	24,338
General insurance	117,000	103,372	13,628
Outside services	1,800	2,401	(601)
Total contractual services	<u>353,900</u>	<u>297,186</u>	<u>56,714</u>
Commodities			
Office supplies	1,800	1,595	205
Other charges			
Memberships	500	275	225
Vehicle expense	3,600	3,600	-
Professional development	500	65	435
Publications	200	41	159
Business expense	105,000	109,004	(4,004)
Total other charges	<u>109,800</u>	<u>112,985</u>	<u>(3,185)</u>
Total administration	<u>699,000</u>	<u>634,533</u>	<u>64,467</u>

(Continued)

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Waterworks and Sewerage Revenue Account
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget (Continued)
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operations			
Personal services			
Regular salaries	\$ 340,000	\$ 340,508	\$ (508)
Overtime salaries	28,000	33,087	(5,087)
Total personal services	<u>368,000</u>	<u>373,595</u>	<u>(5,595)</u>
Contractual services			
Equipment maintenance	20,000	16,214	3,786
Gas utilities	2,000	3,938	(1,938)
Electric utilities	85,000	96,043	(11,043)
Outside services	38,000	28,590	9,410
Water purchases	1,140,000	935,268	204,732
Sanitary sewer charges	1,345,000	1,181,778	163,222
Sanitary sewer transmission fee	8,000	7,784	216
Total contractual services	<u>2,638,000</u>	<u>2,269,615</u>	<u>368,385</u>
Commodities			
Maintenance materials	22,000	20,694	1,306
Water meters	10,000	16,587	(6,587)
Total commodities	<u>32,000</u>	<u>37,281</u>	<u>(5,281)</u>
Other charges			
Memberships	500	542	(42)
Vehicle expense	44,400	44,360	40
Professional development	2,000	1,699	301
Uniforms	3,500	2,639	861
Minor equipment	2,000	2,229	(229)
Business expenses	600	897	(297)
Total other charges	<u>53,000</u>	<u>52,366</u>	<u>634</u>
Total operations	<u>3,091,000</u>	<u>2,732,857</u>	<u>358,143</u>
Total operating expenses	<u>\$ 3,790,000</u>	<u>\$ 3,367,390</u>	<u>\$ 422,610</u>

(Concluded)

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Water and Sewer Improvement Account
Schedule of Revenues and Comparison with Estimated Revenues
For the Year Ended December 31, 2008

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services - connection fees	\$ 926,000	\$ 45,534	\$ (880,466)
Interest income	<u>20,000</u>	<u>8,344</u>	<u>(11,656)</u>
Total revenues	<u>946,000</u>	<u>53,878</u>	<u>(892,122)</u>
Other financing sources			
Transfer from General Fund	347,000	347,000	-
Loan pay by TIF Fund	<u>87,500</u>	<u>-</u>	<u>(87,500)</u>
Total other financing sources	<u>434,500</u>	<u>347,000</u>	<u>(87,500)</u>
Total revenues and other financing sources	<u>\$ 1,380,500</u>	<u>\$ 400,878</u>	<u>\$ (979,622)</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Water and Sewer Improvement Account
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget
For the Year Ended December 31, 2008

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Operating expenses			
Capital outlay			
Motor equipment	\$ 73,500	\$ 4,409	\$ 69,091
Office equipment	17,000	11,191	5,809
Other equipment	8,500	8,022	478
Capital projects	605,000	236,123	368,877
Loan payments	394,000	-	394,000
	<u>1,098,000</u>	<u>259,745</u>	<u>838,255</u>
Operating expenses	<u>1,098,000</u>	<u>259,745</u>	<u>838,255</u>
Total operating expenses	<u>1,098,000</u>	<u>259,745</u>	<u>838,255</u>
Other financing uses			
Transfer to waterworks and sewage revenue account	-	668,803	(668,803)
	<u>-</u>	<u>668,803</u>	<u>(668,803)</u>
Total expenses and other financing uses	<u>\$ 1,098,000</u>	<u>\$ 928,548</u>	<u>\$ 169,452</u>

INTERNAL SERVICE FUND

Vehicle Maintenance and Operation - to account for the costs of operating and maintaining vehicles used by other Village departments. Such costs are billed to the user departments.

Village of Lincolnshire, Illinois
Internal Service Fund - Vehicle Maintenance and Operation
Schedule of Operating Revenues and Expenses, Exclusive of Depreciation, and
Comparison with Budget
For the Year Ended December 31, 2008

	<u>Budget</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues - charges for services				
General Corporate Fund	\$ 399,400	\$ 399,400	\$ 416,067	\$ 16,667
Water and Sanitary Sewer Fund	44,400	44,400	44,360	(40)
Total operating revenues - charges for services	<u>\$ 443,800</u>	<u>\$ 443,800</u>	<u>\$ 460,427</u>	<u>\$ 16,627</u>
Operating expenses - repairs and maintenance				
Personal services				
Regular salaries	\$ 160,000	\$ 160,000	\$ 159,428	\$ 572
Overtime salaries	9,000	9,000	13,913	(4,913)
Total personal services	<u>169,000</u>	<u>169,000</u>	<u>173,341</u>	<u>(4,341)</u>
Professional services				
Equipment maintenance	1,000	1,000	1,958	(958)
Medical insurance	32,000	32,000	25,544	6,456
General insurance	25,100	25,100	22,151	2,949
Outside services	23,000	23,000	24,784	(1,784)
Total professional services	<u>81,100</u>	<u>81,100</u>	<u>74,437</u>	<u>6,663</u>
Commodities				
Maintenance materials	6,000	6,000	5,762	238
Other charges				
Memberships	500	500	505	(5)
Professional development	500	500	567	(67)
Publications	4,500	4,500	3,390	1,110
Uniforms	1,900	1,900	1,627	273
Gasoline, oil, antifreeze	110,000	171,000	123,506	47,494
Vehicle maintenance parts	25,000	25,000	25,086	(86)
Vehicle tires	15,000	15,000	15,672	(672)
Business expense	30,300	30,300	31,925	(1,625)
Total other charges	<u>187,700</u>	<u>248,700</u>	<u>202,278</u>	<u>46,422</u>
Total operating expenses	<u>\$ 443,800</u>	<u>\$ 504,800</u>	<u>\$ 455,818</u>	<u>\$ 48,982</u>

**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

Village of Lincolnshire, Illinois
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
For the Year Ended December 31, 2008

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Governmental funds capital assets		
Land	\$ 27,421,013	\$ 27,421,013
Construction in progress	108,301	59,408
Land improvements	5,806,164	5,714,758
Buildings and improvements	8,127,882	8,127,882
Infrastructure	51,418,692	51,074,186
Machinery and equipment	<u>2,939,003</u>	<u>2,810,973</u>
 Total governmental funds capital assets	 <u>\$ 95,821,055</u>	 <u>\$ 95,208,220</u>
 Investments in governmental funds capital assets by source		
From current revenues	\$ 68,788,435	\$ 68,477,680
Debt issuance	9,086,111	9,086,111
Contribution	17,028,192	16,726,112
Capital projects funds	<u>918,317</u>	<u>918,317</u>
 Total governmental funds capital assets	 <u>\$ 95,821,055</u>	 <u>\$ 95,208,220</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital asset balances of the internal service fund at December 31, 2008 and 2007 were \$121,246.

Village of Lincolnshire, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2008

	FUNCTION AND ACTIVITY					Total Capital Assets
	General Government	Police	Community Development	Public Works	Parks and Recreation	
Land	\$ -	\$ -	\$ -	\$ 21,901,736	\$ 5,519,277	\$ 27,421,013
Construction in Progress	20,197	-	-	88,104	-	108,301
Land Improvements	-	-	-	145,000	5,661,164	5,806,164
Buildings and Improvements	4,931,363	557,105	-	1,562,588	1,076,826	8,127,882
Infrastructure	51,116,612	-	-	302,080	-	51,418,692
Equipment	<u>75,957</u>	<u>792,517</u>	<u>84,473</u>	<u>1,429,770</u>	<u>556,286</u>	<u>2,939,003</u>
Total	<u>\$ 56,144,129</u>	<u>\$ 1,349,622</u>	<u>\$ 84,473</u>	<u>\$ 25,429,278</u>	<u>\$ 12,813,553</u>	<u>\$ 95,821,055</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital asset balances of the internal service fund at December 31, 2008 and December 31, 2007 were \$121,246.

Village of Lincolnshire, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2008

FUNCTION AND ACTIVITY	Capital Assets January 1, 2008	Additions	Deletions	Capital Assets December 31, 2008
General government	\$ 56,140,913	\$ 3,216	\$ -	\$ 56,144,129
Public safety	1,301,678	94,278	46,334	1,349,622
Community development	64,010	20,463	-	84,473
Public works	25,025,776	497,862	94,360	25,429,278
Parks and recreation	<u>12,675,843</u>	<u>244,671</u>	<u>106,961</u>	<u>12,813,553</u>
 Total capital assets	 <u>\$ 95,208,220</u>	 <u>\$ 860,490</u>	 <u>\$ 247,655</u>	 <u>\$ 95,821,055</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital asset balances of the internal service fund at December 31, 2008 and 2007 were \$121,246.

STATISTICAL SECTION
(Unaudited)

Village of Lincolnshire, Illinois

Index to Statistical Section

December 31, 2008

This part of the Village of Lincolnshire's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village's overall financial health.

Page

Financial Trends

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

Schedule of Net Assets, Last Six Years	107 - 108
Schedule of Changes in Net Assets, Last Six Years	109 - 112
Program Revenues by Function/Program, Last Six Years	113 - 114
Fund Balances - Governmental Funds, Last Ten Years	115 - 116
Changes in Fund Balances - Governmental Funds, Last Ten Years	117 - 118

Revenue Capacity

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

Tax Revenues by Source - Governmental Funds, Last Ten Years	119 - 120
Property Tax Information	
Assessed Value and Actual Value of Taxable Property, Last Ten Years	121
Direct and Overlapping Property Tax Rates, Last Ten Years	122 - 123
Property Tax Collections, Last Ten Levy Years	124
Principal Property Tax Payers, Current Year and Nine Years Ago	125
Sales Tax Information	
Sales Tax by Category, Last Ten Years - July 1 to June 30	126
Direct and Overlapping Sales Tax Rates, Last Ten Years	127

Debt Capacity

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

Ratios of Outstanding Debt by Type, Last Ten Years	128
Ratios of Net General Bonded Debt Outstanding, Last Ten Years	129

(Continued)

Village of Lincolnshire, Illinois

Index to Statistical Section (Continued)

December 31, 2008

	<u>Page</u>
Debt Capacity (Continued)	
Direct and Overlapping Governmental Activities Debt - December 31, 2008	130
Legal Debt Margin Information	131
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.</i>	
Demographic and Economic Statistics - Last Ten Years	132
Principal Employers - Current Year and Nine Years Ago	133
Operating Information	
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.</i>	
Full-time Equivalent Village Employees by Function / Program - Last Ten Calendar Years	134
Operating Indicators by Function / Program - Last Ten Years	135 - 136
Capital Asset Statistics by Function / Program - Last Ten Years	137 - 138

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in FY2003-04; schedules presenting government-wide information include information beginning in that year.

(Concluded)

Village of Lincolnshire, Illinois
SCHEDULE OF NET ASSETS
Last Six Years

	2003-04	2004-05
Governmental activities		
Invested in capital assets, net of related debt	\$ 51,402,139	\$ 47,869,966
Restricted	5,317	2,955,072
Unrestricted	7,248,335	(1,914,930)
Total governmental activities net assets	58,655,791	48,910,108
Business-type activities		
Invested in capital assets, net of related debt	38,533,510	37,573,504
Unrestricted	2,100,807	1,837,509
Total business-type activities net assets	40,634,317	39,411,013
Total government		
Invested in capital assets, net of related debt	89,935,649	85,443,470
Restricted	5,317	2,955,072
Restricted for enabling legislation *	-	-
Unrestricted	9,349,142	(77,421)
Total government net assets	\$ 99,290,108	\$ 88,321,121

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

* GASB No. 46 (effective for periods beginning after June 15, 2005) requires governments to disclose the portion of net assets that is restricted for enabling legislation.

(1) - Fiscal year ends through 2005-06 ended at April 30.

<u>2005-06 (1)</u>	<u>Eight Months Ended Dec. 31, 2006</u>	<u>2007</u>	<u>2008</u>
\$47,313,273	\$ 68,424,957	\$ 66,725,834	\$ 66,259,268
2,126,303	1,731,077	2,344,362	2,244,875
<u>2,925,079</u>	<u>(2,526,351)</u>	<u>(2,215,238)</u>	<u>(1,159,963)</u>
<u>52,364,655</u>	<u>67,629,683</u>	<u>66,854,958</u>	<u>67,344,180</u>
36,828,116	38,752,353	42,314,239	41,517,419
<u>2,288,281</u>	<u>3,766,210</u>	<u>1,629,463</u>	<u>1,143,932</u>
<u>39,116,397</u>	<u>42,518,563</u>	<u>43,943,702</u>	<u>42,661,351</u>
84,141,389	107,177,310	109,040,073	107,776,687
2,126,303	1,731,077	1,927,055	1,888,107
-	491,640	417,307	356,768
<u>5,213,360</u>	<u>748,219</u>	<u>(585,775)</u>	<u>(16,031)</u>
<u>\$91,481,052</u>	<u>\$ 110,148,246</u>	<u>\$ 110,798,660</u>	<u>\$ 110,005,531</u>

Village of Lincolnshire, Illinois
SCHEDULE OF CHANGES IN NET ASSETS
Last Six Years

	<u>2003-04</u>	<u>2004-05</u>
Expenses		
Governmental activities		
General government	\$ 4,153,400	\$ 2,639,981
Public safety	2,311,602	2,331,087
Community development	509,310	515,858
Public works	3,201,240	14,430,729
Parks and recreation	1,296,193	1,488,224
Interest on long-term debt	451,971	841,800
Total governmental activities expenses	<u>11,923,716</u>	<u>22,247,679</u>
Business-type activities		
Water and sewer	<u>4,931,644</u>	<u>4,621,204</u>
Total primary government expenses	<u>16,855,360</u>	<u>26,868,883</u>
Program Revenues		
Governmental activities		
Charges for services		
General government	744,533	606,978
Public safety	137,926	286,678
Community development	374,825	619,500
Public works	12,898	57,259
Parks and recreation	146,512	193,036
Operating grants and contributions	329,177	353,618
Capital grants and contributions	79,827	14,648
Total governmental activities program revenues	<u>1,825,698</u>	<u>2,131,717</u>
Business-type activities		
Charges for services - water and sewer	2,778,034	3,136,697
Operating grants and contributions	-	-
Capital grants and contributions	-	-
Total business-type activities program revenues	<u>2,778,034</u>	<u>3,136,697</u>
Total government program revenues	<u>4,603,732</u>	<u>5,268,414</u>
Net (Expense)/Revenue		
Governmental activities	(10,098,018)	(20,115,962)
Business-type activities	<u>(2,153,610)</u>	<u>(1,484,507)</u>
Total government net expense	<u>(12,251,628)</u>	<u>(21,600,469)</u>

2005-06 (1)	Eight Months Ended Dec. 31, 2006	2007	2008
\$ 3,902,410	\$ 3,096,531	\$ 4,303,055	\$ 2,829,284
2,685,220	2,293,286	3,383,714	2,775,446
548,118	429,049	717,748	2,276,158
2,923,034	1,998,279	2,920,066	2,904,543
1,970,013	1,417,736	2,344,980	2,119,915
1,282,499	841,042	309,746	1,193,095
<u>13,311,294</u>	<u>10,075,923</u>	<u>13,979,309</u>	<u>14,098,441</u>
<u>4,816,263</u>	<u>3,158,763</u>	<u>5,096,183</u>	<u>5,289,730</u>
<u>18,127,557</u>	<u>13,234,686</u>	<u>19,075,492</u>	<u>19,388,171</u>
227,240	169,318	184,410	252,265
599,781	559,274	713,250	645,929
833,928	374,803	529,232	631,173
36,334	12,816	65,713	64,735
285,456	131,600	131,562	181,221
402,817	499,051	604,711	573,931
480,979	17,365,707	208,504	14,988
<u>2,866,535</u>	<u>19,112,569</u>	<u>2,437,382</u>	<u>2,364,242</u>
4,221,203	2,425,316	3,649,917	3,397,643
-	-	-	-
-	1,224,733	201,000	209,000
<u>4,221,203</u>	<u>3,650,049</u>	<u>3,850,917</u>	<u>3,606,643</u>
<u>7,087,738</u>	<u>22,762,618</u>	<u>6,288,299</u>	<u>5,970,885</u>
(10,444,759)	9,036,646	(11,541,927)	(11,734,199)
(595,060)	491,286	(1,245,266)	(1,683,087)
<u>(11,039,819)</u>	<u>9,527,932</u>	<u>(12,787,193)</u>	<u>(13,417,286)</u>

(Continued)

Village of Lincolnshire, Illinois
SCHEDULE OF CHANGES IN NET ASSETS (Continued)
Last Six Years

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
General Revenues and Other Changes in Net Assets			
Governmental activities			
Taxes			
Property taxes	\$ 1,448,205	\$ 1,775,838	\$ 2,333,283
Intergovernmental	3,444,697	3,784,953	3,787,845
Utility tax	1,133,855	1,116,426	1,224,971
Telecommunications tax	1,145,925	1,066,449	816,150
Room and admissions tax	1,366,279	1,594,677	1,690,670
Real estate transfer tax	342,511	628,323	1,491,390
Other taxes	-	-	340,638
Loss on sale of capital assets	-	-	-
Investment earnings	61,765	144,296	452,253
Miscellaneous	176,426	456,517	1,959,106
Transfers	(159,358)	(197,000)	(197,000)
Total governmental activities	<u>8,960,305</u>	<u>10,370,479</u>	<u>13,899,306</u>
Business-type activities			
Gain on sale of capital assets			
Investment earnings	67,825	60,044	87,485
Transfers	159,358	197,000	197,000
Miscellaneous	2,758	4,159	15,959
Total business-type activities	<u>229,941</u>	<u>261,203</u>	<u>300,444</u>
Total primary government	<u>9,190,246</u>	<u>10,631,682</u>	<u>14,199,750</u>
Change in net assets			
Governmental activities	(1,137,713)	(9,745,483)	3,454,547
Business-type activities	(1,923,669)	(1,223,304)	(294,616)
Total primary government change in net assets	<u>\$ (3,061,382)</u>	<u>\$ (10,968,787)</u>	<u>\$ 3,159,931</u>

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

Eight Months Ended Dec. 31, 2006	2007	2008
\$ 2,525,276	\$ 3,664,251	\$ 3,845,433
2,568,006	3,999,735	3,655,286
823,909	1,257,584	1,205,004
611,741	982,319	1,030,772
1,343,633	1,946,854	1,845,849
542,911	503,004	189,438
67,396	70,516	74,713
(6,187)	-	-
536,929	566,567	388,314
51,768	273,372	335,612
(2,837,000)	(2,497,000)	(347,000)
<u>6,228,382</u>	<u>10,767,202</u>	<u>12,223,421</u>
	23,513	-
73,880	149,892	53,736
2,837,000	2,497,000	347,000
-	-	-
<u>2,910,880</u>	<u>2,670,405</u>	<u>400,736</u>
<u>9,139,262</u>	<u>13,437,607</u>	<u>12,624,157</u>
15,265,028	(774,725)	489,222
3,402,166	1,425,139	(1,282,351)
<u>\$ 18,667,194</u>	<u>\$ 650,414</u>	<u>\$ (793,129)</u>

(Concluded)

Village of Lincolnshire, Illinois
PROGRAM REVENUES BY FUNCTION / PROGRAM
Last Six Years

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Function/Program			
Governmental activities			
General government	\$ 891,773	\$ 770,415	\$ 227,240
Police	140,730	288,644	599,781
Community development	374,825	619,500	833,928
Public works	418,370	245,474	36,334
Parks and recreation	-	207,684	285,456
	<u>1,825,698</u>	<u>2,131,717</u>	<u>1,982,739</u>
Total governmental activities			
	<u>1,825,698</u>	<u>2,131,717</u>	<u>1,982,739</u>
Business-type activities			
Water and sewer	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>
	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>
Total business-type activities			
	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>
Total primary government	<u><u>\$4,603,732</u></u>	<u><u>\$5,268,414</u></u>	<u><u>\$6,203,942</u></u>

Note: The Statement of Activities provides a breakdown of charges for services, grants, and contributions.

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

Eight Months
Ended Dec 31,
2006

2007

2008

\$ 392,576	\$ 184,410	\$ 252,265
599,846	1,126,430	1,042,846
374,803	529,232	631,173
16,974,149	257,244	241,749
771,195	340,066	196,209
<u>19,112,569</u>	<u>2,437,382</u>	<u>2,364,242</u>
<u>3,650,049</u>	<u>3,850,917</u>	<u>3,606,643</u>
<u>3,650,049</u>	<u>3,850,917</u>	<u>3,606,643</u>
<u>\$22,762,618</u>	<u>\$6,288,299</u>	<u>\$ 5,970,885</u>

Village of Lincolnshire, Illinois
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Years

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
General Corporate Fund					
Reserved	\$ 453,652	\$ 263,576	\$ 355,533	\$1,583,377	\$1,123,946
Unreserved	<u>6,553,685</u>	<u>7,850,271</u>	<u>6,535,508</u>	<u>5,543,812</u>	<u>6,211,939</u>
Total general fund	<u>7,007,337</u>	<u>8,113,847</u>	<u>6,891,041</u>	<u>7,127,189</u>	<u>7,335,885</u>
All other governmental funds					
Reserved	1,491,053	1,484,108	1,484,108	1,656,108	2,026,108
Unreserved, reported in:					
Special revenue funds	(660,847)	(628,477)	(118,920)	(190,073)	(2,128,339)
Capital projects funds	2,311,818	1,164,573	640,660	(755,881)	100,634
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>3,142,024</u>	<u>2,020,204</u>	<u>2,005,848</u>	<u>710,154</u>	<u>(1,597)</u>
Total fund balances - governmental funds	<u><u>\$10,149,361</u></u>	<u><u>\$10,134,051</u></u>	<u><u>\$ 8,896,889</u></u>	<u><u>\$7,837,343</u></u>	<u><u>\$7,334,288</u></u>

Source: The Village of Lincolnshire's Comprehensive Annual Financial Reports.

(1) Fiscal year-ends through 2005-06 ended at April 30.

<u>2004-05</u>	<u>2005-06 (1)</u>	<u>Eight Months Ended Dec 31, 2006</u>	<u>2007</u>	<u>2008</u>
\$ 2,416,636	\$ 180,409	\$ 95,453	\$ 345,453	\$ 460,517
<u>6,419,844</u>	<u>11,505,785</u>	<u>10,576,229</u>	<u>9,066,518</u>	<u>8,890,704</u>
<u>8,836,480</u>	<u>11,686,194</u>	<u>10,671,682</u>	<u>9,411,971</u>	<u>9,351,221</u>
8,043,230	6,422,115	4,301,221	4,301,221	4,301,221
(2,148,968)	54,824	491,640	417,307	1,281,040
1,064,854	87,783	1,825,729	2,327,949	911,810
-	-	1,725,624	1,921,602	1,882,590
<u>6,959,116</u>	<u>6,564,722</u>	<u>8,344,214</u>	<u>8,968,079</u>	<u>8,376,661</u>
<u>\$ 15,795,596</u>	<u>\$ 18,250,916</u>	<u>\$ 19,015,896</u>	<u>\$ 18,380,050</u>	<u>\$ 17,727,882</u>

Village of Lincolnshire, Illinois
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Years

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Revenues				
Property taxes	\$ 516,823	\$ 588,059	\$ 661,408	\$ 940,003
Other taxes	6,232,348	7,115,357	6,629,333	7,118,377
Licenses, permits, and fees	1,094,488	914,823	487,197	590,379
Fines and penalties	315,171	320,318	366,435	383,054
Allotments, grants, reimbursements	352,380	571,764	300,430	1,401,043
Interest income	430,706	571,096	341,591	170,236
Pension contributions	101,583	106,713	114,851	120,509
Contribution of land	-	-	-	-
Miscellaneous	390,330	426,624	382,042	625,053
Total revenues	<u>9,433,829</u>	<u>10,614,754</u>	<u>9,283,287</u>	<u>11,348,654</u>
Expenditures				
General government	1,736,406	1,885,775	2,570,154	2,384,812
Public safety	1,611,113	1,631,852	1,752,192	1,900,863
Community development	297,042	351,637	354,688	374,058
Public works	1,631,835	1,893,681	2,086,750	1,631,380
Parks and recreation	694,548	735,824	892,258	1,044,546
Capital outlay	6,488,958	2,937,390	5,617,285	3,868,580
Debt service				
Interest	146,793	471,411	443,834	495,704
Principal	462,078	790,892	779,833	699,433
Total expenditures	<u>13,068,773</u>	<u>10,698,462</u>	<u>14,496,994</u>	<u>12,399,376</u>
Excess of revenues				
over (under) expenditures	<u>(3,634,944)</u>	<u>(83,708)</u>	<u>(5,213,707)</u>	<u>(1,050,722)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	5,150,000	-	4,000,000	-
Proceeds from refinancing	-	-	-	-
Gain on sale of land	-	-	-	-
Loss on refinancing	-	-	-	-
Transfers in	2,435,327	190,511	2,873,440	931,588
Transfers out	(2,517,714)	(122,113)	(2,807,668)	(940,412)
Total other financing sources (uses)	<u>5,067,613</u>	<u>68,398</u>	<u>4,065,772</u>	<u>(8,824)</u>
Net change in fund balances	<u>\$ 1,432,669</u>	<u>\$ (15,310)</u>	<u>\$ (1,147,935)</u>	<u>\$ (1,059,546)</u>
Debt service as a percent of				
 noncapital expenditures	8.7%	16.1%	13.4%	13.7%

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

2003-04	2004-05	2005-06	Eight Months Ended Dec 31, 2006	2007	2008
\$ 1,448,205	\$ 1,775,838	\$ 2,271,319	\$ 2,525,276	\$ 3,664,251	\$ 3,845,433
7,433,267	8,190,828	9,413,628	5,957,596	8,760,012	8,001,062
744,533	1,051,526	1,382,958	717,470	868,217	1,085,034
400,041	425,047	395,938	310,687	530,857	506,275
397,833	353,110	856,578	1,240,875	995,608	728,573
61,765	144,296	430,386	536,929	618,968	401,688
147,241	163,437	167,106	117,963	187,685	202,308
-	3,061,404	-	-	-	-
312,689	623,108	530,032	62,984	273,372	335,612
<u>10,945,574</u>	<u>15,788,594</u>	<u>15,447,945</u>	<u>11,469,780</u>	<u>15,898,970</u>	<u>15,105,985</u>
4,380,884	3,825,366	4,254,994	2,550,339	3,748,842	3,425,042
2,130,504	2,109,484	2,484,277	2,310,605	3,754,819	3,863,789
435,746	434,391	461,100	384,292	619,540	801,403
1,668,192	2,069,880	1,930,749	1,195,976	2,030,522	2,067,826
985,936	1,041,158	1,431,206	1,107,299	1,737,321	1,664,338
680,917	11,515,012	515,440	1,035,948	1,451,198	1,724,118
457,554	696,662	1,282,499	635,540	378,634	653,958
549,538	438,333	3,765,834	138,525	316,940	1,210,679
<u>11,289,271</u>	<u>22,130,286</u>	<u>16,126,099</u>	<u>9,358,524</u>	<u>14,037,816</u>	<u>15,411,153</u>
<u>(343,697)</u>	<u>(6,341,692)</u>	<u>(678,154)</u>	<u>2,111,256</u>	<u>1,861,154</u>	<u>(305,168)</u>
-	15,000,000	-	-	-	-
-	-	3,300,000	-	-	-
-	-	1,559,531	-	-	-
-	-	(38,333)	-	-	-
737,642	3,771,163	762,550	200,000	1,284,925	1,713,875
(897,000)	(3,968,163)	(959,550)	(3,037,000)	(3,781,925)	(2,060,875)
<u>(159,358)</u>	<u>14,803,000</u>	<u>4,624,198</u>	<u>(2,837,000)</u>	<u>(2,497,000)</u>	<u>(347,000)</u>
<u>\$ (503,055)</u>	<u>\$ 8,461,308</u>	<u>\$ 3,946,044</u>	<u>\$ (725,744)</u>	<u>\$ (635,846)</u>	<u>\$ (652,168)</u>
9.2%	5.3%	32.3%	8.4%	5.2%	12.7%

Village of Lincolnshire, Illinois
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Years

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Utility</u>	<u>Telecom</u>	<u>Room Admissions</u>
1999-00	\$ 475,876	\$ 1,840,295	\$ 1,290,956	\$ -	\$ 1,054,145
2000-01	506,290	2,460,986	1,565,046	-	1,186,016
2001-02	539,712	3,066,840	1,646,380	-	1,255,910
2002-03	594,568	2,648,721	1,613,147	-	1,397,873
2003-04	617,122	2,691,299	1,460,589	395,673	1,448,742
2004-05	723,892	2,682,021	1,133,855	1,145,925	1,366,279
2005-06	1,013,677	2,915,587	1,116,426	1,066,449	1,594,677
Eight Months Ended					
Dec 31, 2006	2,525,276	2,568,006	823,909	611,741	1,343,633
2007	3,664,251	3,999,735	1,257,584	982,319	1,946,854
2008	3,845,433	2,940,815	1,205,004	1,030,772	1,845,849

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

Note: The total revenue for the year ending December 31, 2008 would be \$10,815,722 without the telecom revenue. This would be an increase of 190.0% over the tax revenues collected in fiscal year 1999-00.

Percentage of change from April 30, 2000 (or inception for telecom revenue) through December 31, 2008:

1999-2008	808.1%	159.8%	93.3%	260.5%	175.1%
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<u>Real Estate Transfer</u>	<u>Other</u>	<u>Total</u>
\$ 224,625	\$ 805,797	\$ 5,691,694
270,349	896,892	6,885,579
369,400	921,050	7,799,292
239,418	925,715	7,419,442
321,162	978,337	7,912,924
342,511	941,809	8,336,292
628,323	1,057,581	9,392,720
542,911	67,396	8,482,872
503,004	70,516	12,424,263
189,438	789,184	11,846,495
84.3%	97.9%	208.1%

Village of Lincolnshire, Illinois
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

<i>(in thousands of dollars)</i>							
<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Farm Property</u>	<u>Total Taxable Assessed Value (a)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
1998-99	\$257,756	\$159,498	\$ 3,043	\$ 283	\$420,580	5.785	\$420,297
1999-00	265,140	186,774	3,115	285	455,314	5.738	455,029
2000-01	274,258	204,109	3,181	111	481,659	5.906	481,548
2001-02	296,724	207,661	3,481	116	507,982	5.781	507,866
2002-03	321,495	218,580	3,451	126	543,652	5.689	543,526
2003-04	342,919	219,486	3,311	132	565,848	5.676	565,716
2004-05	361,518	221,063	3,370	135	586,086	5.832	585,951
2005-06	386,017	227,076	3,417	210	616,720	5.823	616,510
Eight Months Ended Dec 31, 2006	407,896	231,762	3,739	211	643,608	6.203	643,397
2007	440,006	237,952	3,461	220	681,639	6.161	681,419
2008	453,565	243,356	4,252	232	701,409	6.259	701,177

Source: Lake County Tax Extension Office, Report PTAX-251.

Note: Property in the Village of Lincolnshire is reassessed each year. Property is assessed at 33.33% of estimated actual value. Tax rates are per \$100 of equalized assessed value.

(a) County deducts the tax-exempt property from each property category before reporting this data.

Village of Lincolnshire, Illinois
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Years

(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates (1)	
	Village Basic Rate	General Obligation Debt Service	Total Direct	Stevenson 125 District	School District 103
1999-00	\$ 5.783	-	\$ 5.783	\$ 1.859	\$ 2.014
2000-01	5.740	-	5.740	1.835	1.993
2001-02	5.888	-	5.888	1.904	2.023
2002-03	5.689	-	5.689	1.890	1.898
2003-04	5.676	-	5.676	1.940	1.860
2004-05	5.832	-	5.832	2.062	1.850
2005-06	5.823	-	5.823	2.112	1.836
Eight Months Ended Dec 31, 2006	6.203	-	6.203	2.134	2.212
2007	6.161	-	6.161	2.114	2.207
2008	6.259	-	6.259	2.139	2.200

Source: Lake County Tax Extension Office.

Note: The Village's basic property tax may be increased only by a vote of the Village's Board of Trustees. Rates for debt service are set based on each year's requirements.

(1) Overlapping rates are those of local and county governments that apply to property owners within the Village of Lincolnshire.

Overlapping Rates (1)

<u>College of Lake Co 532 District</u>	<u>Vernon Area Library District</u>	<u>Lake County</u>	<u>Lincoln- shire Forest Preserve</u>	<u>Lincolnshire Riverwoods Fire District</u>	<u>Vernon Township</u>	<u>Other Minor Vernon Districts</u>
\$ 0.221	\$ 0.284	\$ 0.531	\$ 0.157	\$ 0.485	\$ 0.077	\$ 0.044
0.213	0.280	0.521	0.187	0.483	0.071	0.044
0.235	0.275	0.516	0.221	0.490	0.062	0.043
0.208	0.267	0.502	0.232	0.473	0.063	0.042
0.201	0.265	0.490	0.225	0.466	0.060	0.041
0.200	0.264	0.465	0.219	0.504	0.053	0.042
0.197	0.223	0.454	0.210	0.505	0.051	0.042
0.195	0.222	0.450	0.204	0.516	0.051	0.043
0.192	0.219	0.444	0.201	0.506	0.050	0.042
0.196	0.222	0.453	0.199	0.529	0.049	0.043

Village of Lincolnshire, Illinois
PROPERTY TAX COLLECTIONS
Last Ten Levy Years

		COLLECTIONS						
Levy Year	Fiscal Year	Total Village Levy	Per Fiscal Year			As of December 31, 2008		
			Amount Collected	As a Percentage of Levy	Amount Collected in Subsequent Years	Total Amount Collected	As a Percentage of Levy	
2007	2008	\$ 1,267,850	\$ 1,268,880	100.1%	\$ 672	\$ 1,269,552	100.1%	
2006	2007	1,125,466	1,129,338	100.3%	1,382	1,130,720	100.5%	
2005	2006	1,190,272	1,177,677	98.9%	7	1,177,684	98.9%	
2004	2005	1,013,928	1,013,678	100.0%	846	1,014,524	100.1%	
2003	2004	724,287	723,892	99.9%	153	724,045	100.0%	
2002	2003	N/A	N/A	N/A	N/A	N/A	N/A	
2001	2002	N/A	N/A	N/A	N/A	N/A	N/A	
2000	2001	N/A	N/A	N/A	N/A	N/A	N/A	
1999	2000	N/A	N/A	N/A	N/A	N/A	N/A	
1998	1999	N/A	N/A	N/A	N/A	N/A	N/A	

Note: Taxes are levied in December of the levy year and are collected and distributed to the Village by the County in the subsequent calendar year. Information on the amounts collected per fiscal year and in subsequent years is not available for years prior to the 2003 levy.

N/A - Not Available

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

Village of Lincolnshire, Illinois
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>At Fiscal Year-End</u> <u>April 30, 2000</u>			<u>At Year-End</u> <u>December 31, 2008</u>		
	<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Percentage</u> <u>of Total City</u>		<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Percentage</u> <u>of Total City</u>	
		<u>Value</u>	<u>Rank</u>		<u>Value</u>	<u>Rank</u>
4 Overlook LLC	\$			\$ 23,512,200	1	3.35%
CRP- 2 Holdings Tri-State LLC				20,548,426	2	2.93%
Van Vlissingen & Co, Suite 100				19,156,433	3	2.73%
Northwestern Mutual Life Insurance Co.				18,391,780	4	2.62%
Lincolnshire Campus LLC				17,671,317	5	2.52%
Strategic Hotel Capital, Inc				10,736,200	6	1.53%
Half Day LLC				10,325,630	7	1.47%
E.C.D. Company				7,262,074	8	1.03%
Staples, Inc.				7,196,062	9	1.03%
Corporate Overlook Campus, LLC				6,823,261	10	0.97%
Van Vlissingen & Company	25,874,273	1	5.68%			
Hewitt Holding LLC	25,827,074	2	5.67%	-		-
Beacon Properties, L.P.	19,499,445	3	4.28%	-		-
American National Bk & Trust of Chicago	15,074,908	4	3.31%	-		-
American National Bank & Trust (Quill)	13,144,693	5	2.89%	-		-
Prudential Realty Group	12,284,083	6	2.70%	-		-
Van Vlissingen & Co, Suite 100	11,710,080	7	2.57%	-		-
Overlook Associates	9,294,390	8	2.04%	-		-
W. N. Overlook Associates	7,046,133	9	1.55%	-		-
Millbrook II LLC	5,115,627	10	1.12%	-		-
Total	\$ 144,870,706		31.82%	\$ 141,623,383		20.18%
Total assessed valuation	\$ 455,314,000			\$ 701,409,000		

Source: Vernon Township Assessor

Village of Lincolnshire, Illinois
SALES TAX BY CATEGORY
Last Ten Years - July 1 to June 30

(in thousands of dollars)

State of Illinois Fiscal Year (1)

<u>Vendor Category</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	4	13	-	-	8	17	18	24	26	34
Drink, eat, rooms	361	348	375	438	476	483	508	590	659	657
Apparel	14	29	30	40	54	64	68	69	80	126
Furniture	228	371	390	382	512	498	530	493	523	439
Lumber, hardware	-	-	216	267	295	429	475	534	519	135
Auto and filling stations	57	63	49	42	52	55	58	292	56	60
Drugs, retail	1,499	1,468	1,277	729	888	788	977	893	935	888
Agricultural and all others	151	490	480	576	584	636	454	518	619	735
Manufacturing	<u>41</u>	<u>30</u>	<u>31</u>	<u>26</u>	<u>23</u>	<u>26</u>	<u>18</u>	<u>19</u>	<u>29</u>	<u>44</u>
Total	<u>\$2,355</u>	<u>\$2,812</u>	<u>\$2,848</u>	<u>\$2,500</u>	<u>\$2,892</u>	<u>\$2,996</u>	<u>\$3,106</u>	<u>\$3,432</u>	<u>\$3,446</u>	<u>\$3,118</u>
Village sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Illinois Department of Revenue.

Notes: Retail sales tax information is not available on a Village fiscal-year basis.

(1) Sales tax is administered by the State of Illinois in accordance with its fiscal year, July 1 through June 30th.

Village of Lincolnshire, Illinois
DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Years

<u>Year</u>	<u>Village Direct Rate</u>	<u>Lake County Overlapping (1)</u>
1999	1.00%	6.50%
2000	1.00	6.50
2001	1.00	6.50
2002	1.00	6.50
2003	1.00	6.50
2004	1.00	6.50
2005	1.00	6.50
2006	1.00	6.50
2007	1.00	6.50
2008	1.00	7.00

Source: Illinois Department of Revenue.

(1) The Lake County overlapping rate includes all other rates.

Village of Lincolnshire, Illinois
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Business - Type Activities		Percentage of Personal Income (1)	Per Capita (1)
	Special Service Area Bonds	Bank Loans Payable	Tax Increment Financing	School Dist 125 Loan	Bank Loans Payable	Total Village		
1999-00	\$ -	\$ 2,299	\$ -	\$ 37	\$ 1,257	\$ 3,593	1.5%	\$ 609
2000-01	-	7,013	-	12	2,748	9,773	2.7%	1,600
2001-02	-	6,233	-	-	2,349	8,582	2.3%	1,405
2002-03	-	5,453	4,000	-	1,950	11,403	3.1%	1,867
2003-04	-	4,754	4,000	-	3,790	12,544	3.4%	2,054
2004-05	-	4,204	4,000	-	3,361	11,565	3.1%	1,893
2005-06	15,000	3,766	4,000	-	2,928	25,694	6.5%	3,931
Eight Months Ended								
Dec 31, 2006	15,000	3,300	4,000	-	2,338	24,638	6.3%	3,792
2007	15,000	2,882	3,900	-	2,029	23,811	6.1%	3,642
2008	14,765	2,589	3,775	-	1,720	22,849	5.8%	3,495

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

(1) Additional demographic information is available in the schedule of *Demographic and Economic Statistics*.

Village of Lincolnshire, Illinois
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Years

Fiscal Year	General Bonded Debt Outstanding <i>(dollars in thousands, except per capita)</i>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Special Service Area Bonds	Total		
1999-00	\$ -	\$ -	\$ -	0.00%	\$ -
2000-01	-	-	-	0.00%	-
2001-02	-	-	-	0.00%	-
2002-03	-	-	-	0.00%	-
2003-04	-	-	-	0.00%	-
2004-05	-	-	-	0.00%	-
2005-06	-	15,000	15,000	2.43%	2,295
Eight Months Ended Dec. 31,					
2006	-	15,000	15,000	2.33%	2,295
2007	-	15,000	15,000	2.33%	2,295
2008	-	14,765	14,765	2.11%	2,259

Notes:

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

Source: The Village of Lincolnshire's Comprehensive Annual Financial Report.

a) See the statistical table on page 119, *Assessed Value and Actual Value of Taxable Property*, for more property value information.

b) Population data can be found in the statistical table, *Demographic and Economic Statistics*, page 129.

Village of Lincolnshire, Illinois
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2008

(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable ^a</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Overlapping debt			
Debt repaid with property taxes			
School District 102	\$ 5,950	6.80%	\$ 405
School District 103	5,095	59.25%	3,019
School District 106	1,995	1.21%	24
School District 113	89,400	0.06%	54
School District 125	27,662	18.39%	5,087
Community College District 532	9,046	2.48%	224
Lincolnshire-Riverwoods Fire Protection District	-	48.89%	-
Vernon Area Public Library	-	25.37%	-
Lake County	4,170	2.30%	96
Lake County Forest Preserve	212,695	2.30%	4,892
Total overlapping debt			<u>13,801</u>
Village of Lincolnshire direct debt	-	100.00%	<u>6,364</u>
Total direct and overlapping debt			<u><u>\$ 20,165</u></u>

^a Sources: Assessed value data used to estimate applicable percentages provided by the Lake County Board of Equalization and Assessment. Debt outstanding data provided by Lake County Tax Extension Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village of Lincolnshire. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lincolnshire. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the Village's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Lake County's capital lease, loan, and other debt.

Village of Lincolnshire, Illinois
LEGAL DEBT MARGIN INFORMATION

Computation of Debt Margin

The Village is a home rule municipality. Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin and reads as follows:

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ...(2) if its population is more than 25,000 and less than 50,000 an aggregate of one percent; ... Indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amount."

To date, the General Assembly has not set debt limits for home rule municipalities.

Village of Lincolnshire, Illinois
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1999	5,898	\$ 245,422	\$ 41,611	3.2%
2000	6,108	367,182	60,115	3.7%
2001	6,108	367,182	60,115	4.4%
2002	6,108	367,182	60,115	5.4%
2003	6,108	367,182	60,115	5.7%
2004	6,537	392,972	60,115	5.3%
2005	6,537	392,972	60,115	4.7%
2006	6,537	392,972	60,115	4.2%
2007	6,537	392,972	60,115	5.0%
2008	6,537	\$ 392,972	\$ 60,115	6.8%

Sources:

Population and per capita information provided by the U.S. Census Bureau

Unemployment data provided by Illinois Department of Employment Security (IDES)

Village of Lincolnshire, Illinois

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>Fiscal Year 1998-99</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>
Hewitt Associates	6,257	1	34.76%	4,654	1	33.24%
W.W. Grainger	1,200	2	6.67%	509	5	3.64%
Quill Corporation	1,100	3	6.11%	625	3	4.46%
Marriott's Lincolnshire Resort	715	4	3.97%	450	6	3.21%
Adlai Stevenson High School	400	5	2.22%	625	4	4.46%
ACCO Brands	-		0.00%	650	2	4.64%
Total	<u><u>9,672</u></u>		<u><u>53.73%</u></u>	<u><u>7,513</u></u>		<u><u>53.65%</u></u>

Sources:

Human Resource departments of each employer listed.
Lincolnshire Chamber of Commerce (ACCO)

Village of Lincolnshire, Illinois
FULL-TIME EQUIVALENT VILLAGE'S EMPLOYEES BY FUNCTION / PROGRAM
Last Ten Years

<u>Function/Program</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Executive Services	3.20	3.20	3.70	3.70	3.70	4.10	3.90	3.90	3.90	3.90
Finance	2.10	2.10	2.10	2.10	2.10	2.40	2.40	2.40	2.40	2.40
Public Safety										
Police	25.90	27.60	27.90	29.10	29.10	29.10	31.70	31.00	31.00	31.10
E 911	4.80	4.80	4.80	5.60	5.60	5.60	5.00	5.00	5.00	5.40
Community Development										
Development	5.75	5.75	5.75	5.25	5.75	5.25	6.25	6.25	6.75	7.00
Forestry *	0.50	0.50	0.50	1.00	0.50	1.00	1.00	1.00	1.00	1.00
Public works										
Administration	1.80	1.80	1.80	1.80	1.80	1.80	2.25	2.50	2.50	2.50
Streets	4.00	4.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Buildings	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water	8.25	8.25	8.35	8.35	8.35	8.60	8.15	8.15	8.15	8.15
Vehicle Maintenance	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry *	2.10	2.10	1.95	1.95	1.95	1.95	-	-	-	-
Parks and recreation										
Parks	7.05	5.35	5.95	6.95	7.95	7.90	9.80	9.80	10.00	10.00
Recreation	<u>1.85</u>	<u>1.85</u>	<u>3.30</u>	<u>3.30</u>	<u>3.30</u>	<u>3.30</u>	<u>3.35</u>	<u>3.35</u>	<u>3.35</u>	<u>3.35</u>
Total Village	<u>69.80</u>	<u>69.80</u>	<u>74.60</u>	<u>77.60</u>	<u>78.60</u>	<u>79.50</u>	<u>82.30</u>	<u>81.85</u>	<u>82.55</u>	<u>83.30</u>

Source: Village budget.

*Forestry function shared by Public Works and Community Development until FY06-07

Village of Lincolnshire, Illinois
OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Ten Years

<u>Function/Program</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
General government				
Resident mailings	15	15	15	14
Taxable property transfers	220	152	153	206
Fine revenues collected (in thousands)	293	297	342	353
Police				
Arrests (includes traffic)	5,312	7,488	8,535	8,387
DUI arrests	101	189	182	149
Community development				
Building permits issued	425	401	517	431
Trees planted	36	38	36	42
Public works-general				
Street resurfacing (miles)	2	1.91	2.41	2.02
Project inspections	290	345	400	500
Street cleaned-miles	350	417	431	381
Cubic yards of leaves collected	4,000	3,780	4,740	5,340
Public works-water/sewer				
Average daily pumpage metered (millions of gallons)	1.222	1.228	1.221	1.238
JULIE utility locates	0	0	80	94
Parks and recreation				
Playground inspection hours	141	147	92	152
Special events hours	750	580	551	843
Number of programs	100	124	137	263
Number of participants	1,200	1,605	1,710	1,634

Sources: Various Village departments.

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Eight Months Ended Dec. 31, 2006</u>	<u>2007</u>	<u>2008</u>
13	13	13	9	13	13
207	194	176	105	118	98
381	403	377	230	395	388
9,235	9,235	9,699	9,600	9,832	9,800
160	160	135	125	102	100
458	441	469	340	400	400
36	50	68	77	87	110
2.22	1.77	3.01	0.98	1.46	1.61
400	450	472	267	500	245
425	464	597	575	500	327
5,480	4,580	6,420	5,490	6,500	6,000
1,300	1,419	1,524	1,387	1,500	1,260
1,880	2,154	3,217	3,305	3,200	2,800
176	173	269	194	210	190
784	711	484	569	600	550
342	438	351	345	360	232
1,871	1,475	995	860	950	650

Village of Lincolnshire, Illinois
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
Last Ten Years

<u>Function/Program</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Police				
Patrol units	10	11	12	13
Stations	1	1	1	1
Public works				
Streets (miles)	33.0	33.0	33.0	33.0
Building facilities maintained	3	3	6	6
Parks and recreation				
Acreage	123.8	188.5	307.0	307.0
Parks	8	8	9	9
Baseball/softball diamonds ^a	2	2	6	6
Water-Sanitary Sewer				
Fire hydrants	823	825	825	831
Storage capacity (thousands of gallons)	4,600	4,600	4,600	4,600
Water mains (miles)	58.8	58.9	58.9	59.4
Sanitary sewers (miles)	40.0	41.0	41.0	42.0
Storm sewers (miles)	31.0	35.0	35.0	35.0

^a In FY 01-02, North Park was constructed with a full range of athletic facilities.

Sources: Audited financial statements, and various Village departments.

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Eight Months Ended Dec. 31, 2006</u>	<u>2007</u>	<u>2008</u>
13	14	14	14	14	14
1	1	1	1	1	1
33.0	33.0	33.0	33.0	34.0	34.0
6	6	6	6	6	6
307.0	307.0	307.0	307.0	311.0	311.0
9	9	9	9	9	9
6	6	6	6	6	6
831	831	831	833	835	835
4,600	4,600	4,600	4,600	4,600	4,600
59.4	59.4	59.4	59.5	61.0	61.0
42.0	42.0	43.0	43.0	43.0	43.0
38.0	38.0	41.4	43.3	43.3	43.3