



Village of Lincolnshire, Illinois

Comprehensive Annual Financial Report

For the Year Ended
December 31, 2009

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2009

Prepared by Finance Department

Stan Roelker
Director of Finance

VILLAGE OF LINCOLNSHIRE, ILLINOIS
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INTRODUCTORY SECTION

VILLAGE OF LISLE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2010

Mayor

Brett Blomberg

Village Board

Elizabeth Brandt
Karen Feldman
Harry Walder, Jr.

David Saltiel
Dan Servi
Tom McDonough

Village Clerk

Barbara Mastandrea

Village Treasurer

Christopher Curtis

* * * * *

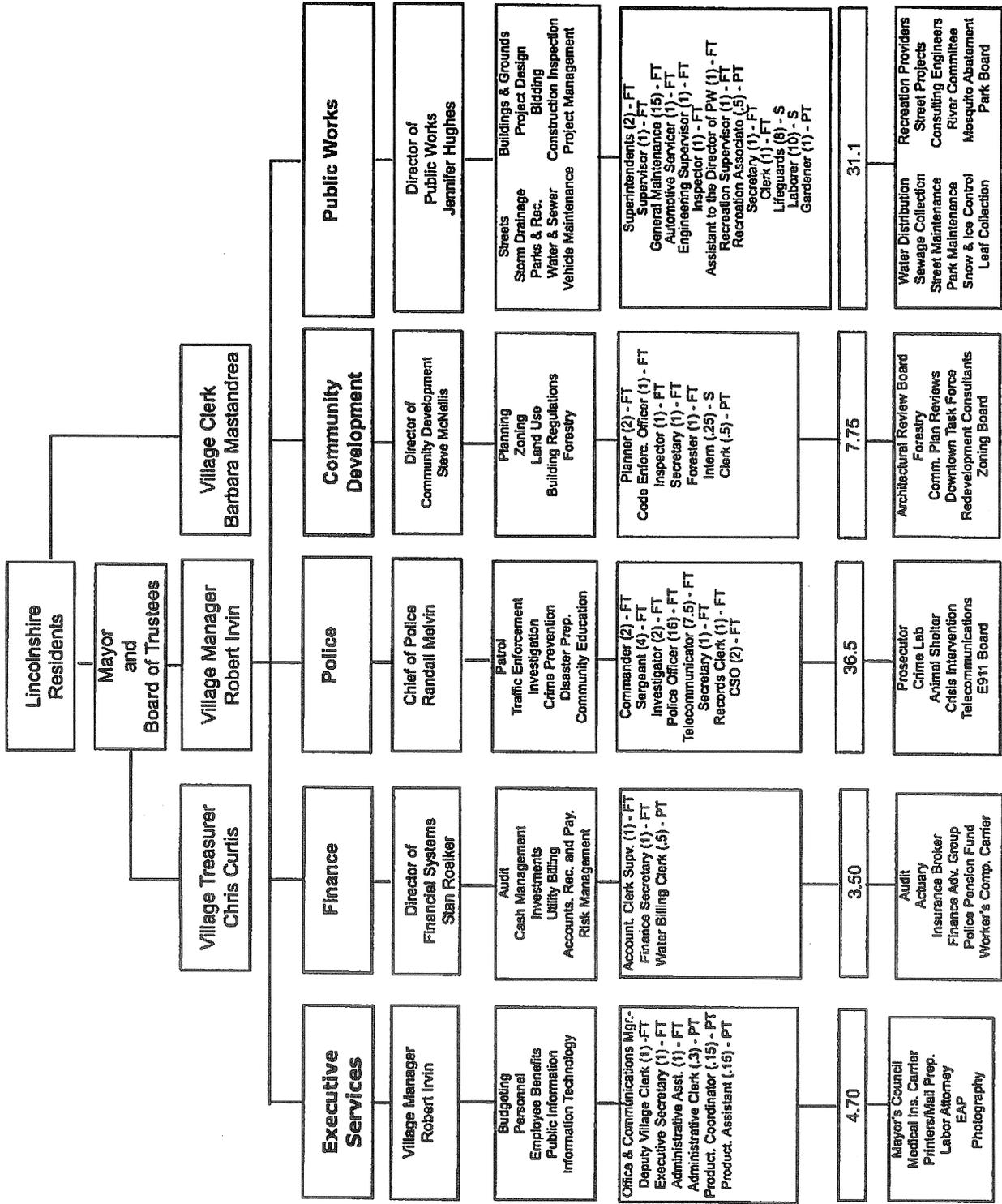
Village Manager

Robert L. Irvin

Director of Financial Systems

Stan Roelker

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



Department:

Department Manager:

Main Departmental Responsibilities:

Departmental Staffing Levels:

*** Full Time Equivalent Employees:**

Department has Oversight of These Areas:

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, 2008

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.

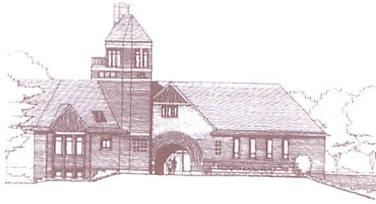


A stylized, handwritten signature in black ink, appearing to read "J.R.E.", with a long horizontal flourish extending to the right.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enos", written in a cursive style.

Executive Director



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



April 26, 2010

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, 2009.

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 the firm of Sikich LLP, licensed certified public accountants. The independent auditor concluded that the Village of Lincolnshire's financial statements for the fiscal year ended December 31, 2009 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles requires 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

Performing a google inquiry for Lincolnshire (IL) will reveal a village that is approximately 40 miles slightly northwest of the third most populous city in the United States, Chicago, Illinois. It is nestled along the northern branch of the Des Plaines River in the mid-southern region of Lake County. The community boasts thousands of native deciduous trees and numerous outlots. Over the last twenty-five years the Village has been a very attractive region for both residents and businesses. This is due to its high quality residential and commercial developments, its strategic location to 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 miles. The most recent census shows the community's population now at 7,038. The Village covers approximately 5 square miles. Its "day-time population" is estimated to be eighteen 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.

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 non-partisan 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 infrastructures. Fire protection is supplied by the local fire district. The Village recently established an environmental services division. It is this division's responsibility to manage the very successful Woodlands program which has been in existence since 2001. The program was developed to protect and preserve the thousands of native trees that have given the community its distinctive bucolic character.

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 only with the approval of the Mayor and Board of Trustees.

Assessment of Economic Condition and Future Outlook

Local Economy

Lincolnshire's reputation as a "North Shore Community" has always been a drawing card for attracting major regional and national corporations to its location. An assembly of well-known hotels, restaurants and variety of upscale retail establishments contribute to Lincolnshire's success. Currently, the Village has six hotels, twenty-two restaurants or eateries, one live and one multi-screen theater. In addition there are three large retail centers that support a variety of businesses including three upscale furniture stores and a Barnes & Noble. The well known and established Marriott Resort complex with golf course and theater was one of the original hotels in the area with a history that goes back over thirty years. This combination of retail, lodging and dining localities was part of a carefully developed strategic plan that would provide a diverse tax base and reliable revenue stream. With this plan the Village would be able to accomplish all its budget objectives. For many years the Village's annual operational costs (including debt service) have been successfully funded by current revenues. Property taxes have only been levied to fund its two pension plans. (Police and Municipal)

Unfortunately, the FY2009 brought the full impact of the national recession to Lincolnshire. Besides falling home values and declining commercial building activity, the Village experienced significant reductions in its major revenue sources. An examination of three financial indicators reveals the severity of the recession on Lincolnshire. For over twenty years, the total assessable value of Village property had consistently increased between 3% to 7% annually. This was the first time in the community's history that its property values declined (down 1.85%). Between fiscal years 2003-04 and FY2007 Lincolnshire's sales tax averaged a 6.8% growth rate. But, FY2008 proved to be the first time in six years that it failed to increase (dropping from \$3.33 to \$2.94 million). The 11.7% decline resulted from the combined impact of the recession and a vendor relocating their point-of-sale location outside the Village. FY2009 saw a continuation in this decline in sales tax revenue, a drop of 24.5%, or \$2.2 million as the recession intensified and that same vendor completed their relocation. Lincolnshire's local room tax also suffered substantially as companies cut back on business travel. It dropped 20% from the previous year.

Key Village Indicators and Fiscal Trends
(dollars in millions)

Fiscal Year	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006⁽¹⁾</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>
AV (million)	\$688	701	682	644	616	586	566	544	508	482
Gen Fund										
Tax Revenue \$	6.7	8.0	8.8	5.9	9.1	7.9	7.1	6.8	6.4	6.9
Gen Fund										
Reserve Ratio	99	108	114	130	159	128	108	109	103	162
(% of annual exp plus debt)										

⁽¹⁾ This was a shortened fiscal year (8 months). The “reserve ratio” was calculated using expenditures that was extrapolated for a 12-month period.

Long-Term Financial Planning

This is the first time in sixteen years (FY1993-94) that the General Fund’s reserves have slipped slightly below the 100% ratio. FY2009 ended with reserves at 99%, the equivalent of nearly 11.9 months of operating and debt expenditures. A conservative FY2009 budget and a mid-year cutback of expenditures mitigated some of the “fiscal stress” the recession was having on the Village. Most revenues, including 4 of the 5 major tax sources, were projected to remain flat or be less than the previous year’s collections. For the single major capital project contained in the budget, the Village took advantage of the current low interest rate environment to arrange for its long-term financing. This relieved tapping reserves. A deepening recession and deteriorating revenue picture necessitated a “mid-year budget correction,” which consisted of further reductions to operating and capital expenditures. The FY2010 budget process began in the midst of one of the worst recessions the country has experienced. With that as the backdrop the Village worked to create a vastly trimmed down budget. Operating/capital expenditures were reduced by more than 15%, or over \$1 million dollars, compared to last year’s budget. The Village also made the difficult, but necessary, decisions to raise the rate on one tax and reduce personnel costs. The telecommunication tax was increased, from 4.5% to 6.0%. To reduce personnel costs all merit increases (non-union) were temporarily frozen, a police officer position was left vacant and layoffs were carried out for a number of full and part time positions. The end of the FY2009 saw the Village moving forward into a new year with adequate reserves and an austere financial plan.

Relevant Financial Policies for this Year

Conservative financial budgeting has always been the hallmark of the Village’s financial planning. That, combined with a carefully managed growth strategy, has consistently produced revenues that would not only cover the current year’s expenditures, but also the debt service. The Village’s policy calls for a reserve that is at a minimum of “75% of one-year’s operational expenditures excluding capital outlay but including annual debt service.” For many years that reserve stood at over one hundred percent. In the expectation of an economic downturn, moderate “belt-tightening” measures were incorporated into the FY2009 budget for both the revenue and expenditures. Significant revenue sources were not anticipated to grow but remain flat. All capital purchases/projects were closely examined and either retained, dropped or deferred depending on how essential they were to operation. In light of the fact the reserve was substantially higher than what was called for by the financial policy, the Village elected to allocate a portion of it (\$1.2 million) to help balance the budget. The Village considered, but rejected, instituting any tax rate increases or new additional taxes for the FY2009 budget.

The recession began having an effect on Village's finances early in the year. Almost all revenues were lower than had been expected. Short falls ranged between 5% and 25%. For the first time a mid-year "budget-correction" was performed to cut additional operating/capital expenditures. By the end of the year the entire nation was mired in a severe recession. The proposed FY2010 budget would require more cost reductions. This would include not only operating and capital items, but also labor costs.

Major Initiatives of the Year

The severe slowdown in the economy-both nationally and regionally-was increasingly beginning to have its impact felt at the local Lake County-Lincolnshire level. Sales of units at the now completed 62-unit luxury condominium complex had slowed to near zero. Major commercial development activity was coming to a halt. The downturn also postponed any expectations that development in the TIF's downtown triangle area would occur. However, the Village continued its TIF site improvements in anticipation of the economy turning favorable at a future date. A major access road into the corporate center which was in dire need of upgrading, was rebuilt. Rate increases from both its wholesale water and sewage treatment providers (i.e., 3% and 20%) required the Village to increase its rates to assure that its water and sanitary sewer costs would be adequately covered.

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 fiscal year ended December 31, 2008. 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-sixth 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.

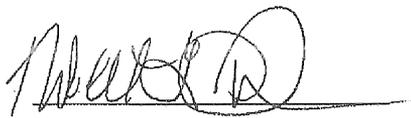
A Certificate of Achievement is valid for only one year. The Village believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements. Therefore, we are submitting it to the GFOA to determine its eligibility for another certificate.

The Village also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning January 1, 2009. This was the twenty-fourth 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 timely preparation of the CAFR was made possible by the dedicated staff of the Finance Department. Their continued year-round efforts which allow for a successful report deserve our sincere appreciation. Mr. Chris Curtis, the Village Treasurer, also deserves our appreciation for his professional oversight in all financial matters. Finally, we wish to express our appreciation to the members of the Village Board for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.

Respectively Submitted,



Robert L. Irvin
Village Manager



Stan R. Roelker
Director of Financial Systems

FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the 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 (the Village), as of and for the year ended December 31, 2009, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows 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 and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

The introductory and statistical information listed in the table of contents was not audited by us, and accordingly, we do not express an opinion thereon.

A handwritten signature in cursive script that reads "Sibich LLP".

Aurora, Illinois
April 26, 2010

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2009

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 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 iv of this report.

FINANCIAL HIGHLIGHTS

The recession took its toll on the Village's finances. Total revenues of the General Fund ended the fiscal year 17.5%, or \$1.77 million under the budgeted forecast. The largest revenue source—taxes—fell 16.3%, or \$1.3 million. Sales tax (down 20.8%) and Rooms & Admissions (down 22.7%) lead the decline. Most, but not all, of the non-tax revenues suffered a similar fate. Licenses & Permits failed to achieve its budget numbers, dropping \$431 thousand (39.8%). The main constituent of this revenue group, building permit fees, reached only 54.7% of budget. Interest earnings were down \$107 thousand (41%). Intergovernmental revenues, chiefly grants, exceeded its budget (6.3%) as did Fines & Forfeitures, up by 3.1%. Forfeiture revenues managed to exceed budget due to successful police investigative work on a number of identity theft and fraud cases.

As a result of its strong reserves, the Village continued to support the Water & Sewer Improvement Fund with the financing of its debt service.

At the end of December 31, 2009 the General Fund reserve stood at \$8.4 million. A mid-year reduction in expenditures, to compensate for the drop in revenues, kept the reserve ratio at close to one hundred percent.

A resurgence in the stock market resulted in positive investment gain (\$1.5 million) for the Police Pension Fund. The previous year the fund had suffered a loss of \$1.7 million.

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. Inter-fund 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 multi-year 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 non-financial 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 employee pension plans, 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 3 - 5 of this report.

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 non-major funds is provided in the form of combining statements in a later section of this report.

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 government-wide financial statements provide a long-term view. Comparisons between the individual governmental fund statements and government wide statement provides 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 basic governmental fund financial statements are presented on pages 6 - 11 of this report.

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 12 - 15 of this report.

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 pages 16 and 17 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 18 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 non-major and internal service fund are presented in a subsequent section of this report beginning on page 57 - 81.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net assets and 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 rose by nearly \$1.8 million over the previous year, going from \$110 million to \$111.8 million.

Table 1

CONDENSED STATEMENT OF NET ASSETS
(In thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$25,868	\$25,448	1,761	\$ 1,754	\$27,629	\$ 27,202
Capital Assets	72,546	68,848	42,293	43,237	114,839	112,085
Total Assets	98,414	94,292	44,054	4,4991	142,468	139,287
Long-Term Liabilities	7,870	21,142	826	1,721	8,696	22,863
Other Liabilities	20,727	5,810	1,263	609	21,990	6,419
Total Liabilities	28,597	26,952	2,089	2,330	30,686	29,282
Net Assets						
Investment in Capital Assets Net of Related Debt	68,808	66,259	40,888	41,517	109,696	107,776
Unrestricted	(7,094)	(1,160)	1,077	1,144	(6,017)	(16)
Restricted	8,103	2,245			8,103	2,246
Total Net Assets	\$69,817	\$67,344	\$41,965	\$42,661	\$111,782	\$110,006

In the face of a severe recession, the combined (government and business) change in the Village's net assets still managed to show growth of \$1.8 million (1.6%) over the previous year. While both "revenues for charges" and "general revenues" (government-side) had significant declines, those declines were more than offset by major reductions on the expense side (government-side) and substantial capital infrastructure contributions as a result of development (government and business).

Government Funds: The total of all funds classified as "Governmental activities" had a combined increase in net assets of nearly \$2.5 million (3.7%) despite the bad economy. The bad economy had its negative impact on the revenue side; "charges for services" and "general revenues," dropped 8.2% and 9.3%, respectively. Although, mitigating the revenue losses were lower expenditures of over a half million dollars (\$546 thousand, 3.9%) and substantial "capital/infrastructure contributions" of \$2.87 million.

Business Funds: The "business-type funds" (Water/Sewer fund) experienced a reduction in its net assets of nearly \$700 thousand (1.6%). Although retail water and sewer sales were up \$228 thousand (6.8%) compared to FY2008, that increase was offset with corresponding increases in the operating costs, up \$242 thousand (7.2%). The costs associated with providing water and treating sewage comprise nearly 65% of all water fund expenses. Consequently, the rate increases passed along to the Village by its water provider and sewage processor (up 3% and 26%, respectively) were the main drivers of increasing operating costs, up \$237 thousand (8.7%). Administrative costs remained flat. To cover its costs, the Village raised its retail rates. A larger than normal number of unseasonably cooler and rainy periods contributed to lower water usage. Actual gallons sold were down 8 million (1.9%) compared to last year.

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>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue:						
Program Revenues:						
Charges for Services	1,630	\$1,775	\$3,825	\$3,398	5,455	\$5,173
Operating Grants & Contr	319	574			319	574
Capital Grants & Contr	2,871	15	605	209	3,476	224
General Revenues:						
Property Taxes	4,394	3,845			4,394	3,845
Other Taxes	6,671	8,001			6,671	8,001
Miscellaneous	157	336	9		166	336
Interest Income	180	388	14	54	194	442
Total Revenues	16,222	14,934	23	3,661	11,425	18,595
Expenses:						
General Government	2,639	2,829			2,639	2,829
Public Safety	3,984	2,775			3,984	2,775
Community Development	1,085	2,276			1,085	2,276
Public Works	2,634	2,905			2,634	2,905
Parks & Recreation	2,015	2,120			2,015	2,120
Interest	1,195	1,193			1,195	1,193
Water and Sewer			5,346	5,290	5,346	5,290
Total Expense	13,552	14,098	5,346	5,290	18,898	19,388
Inc (Dec) in assets before transfers	2,670	836	(893)	(1,629)	1,777	(793)
Transfers	(197)	(347)	197	347		
Inc (Dec) in net assets	2,473	489	(696)	(1,282)	1,777	(793)
Net Assets - Beginning	67,344	66,855	42,662	43,944	110,006	110,799
Net Assets - Ending	\$69,817	\$67,344	\$41,996	\$42,662	\$111,783	\$110,006

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 "government-type" funds reported a combined ending fund balance of nearly \$16.9 million, a drop of \$856 thousand, or 4.8% from the previous year. In the "governmental-type" funds, the General Fund and IMRF Fund experienced decreases in their fund balances. The TIF fund balance increased by nearly 16% while the SSA Debt Service Fund experienced a 1.5% increase in its fund. Three of the funds categorized as "non-major" (Motor Fuel Tax, Enhanced 911 and the Park Development Fund) showed reductions of their fund balances of 64%, 72% and 63%, respectively. There was no activity in the SSA Capital Projects Fund.

Major Government Funds

FY2009 the following funds were classified as "major" governmental-type funds according to the Standards established by the Governmental Accounting Standards Board (GASB): the General Fund, the Tax Incremental Financing Fund (TIF), the Police Pension Contribution Fund, the Special Service Area Debt Service Fund, and the Illinois Municipal Retirement Fund (IMRF).

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 reflected a net decrease of 9.8% (\$913 thousand), for FY2009. One fund, the Water & Sewer Improvement fund, was a beneficiary of a general fund transfer in the amount of \$197 thousand. The General Fund also was the beneficiary of a transfer from the Park Development Fund (\$300 thousand). Eighty-seven percent of the fund balance is classified as "unreserved" indicating its availability for Village service operations. This does not include \$1.1 in internal advances made to other funds. Repayments of those advances increase the "unreserved" balance to 99.9%.

The TIF Fund is totally reliant on the property taxes specifically collected from TIF property. The growth of this tax over the years has come from the appreciated value of property caused by development within the district. Since the inception of the district, development has produced property tax revenues totaling \$11.78 million. Its fund balance increased by \$833 thousand (15.9%) in FY2009 to \$6.06 million. Two million dollars in site improvements was added in FY2009 to land that is presently being held for future development.

The IMRF Fund is dependent on property taxes as its source of revenue. Employee contributions are its second source. The Village drew down a portion of its reserves to reduce the amount of the property tax levy that was to be levied. A nominal fund balance remains in the fund.

Revenues/Expenditures-General Fund

The severe downturn in the economy impacted nearly every business and governmental entity. This was reflected in every one of the Village's major revenue categories. All categories suffered significant drop-offs compared with their FY2009 forecasts. Total tax collections were off over \$1.3 million, or 16.3%. Licenses & Permits and Interest income were down \$431 thousand (39.8%) and \$107 thousand (41.0%), respectively. If not for \$108 thousand in unbudgeted police forfeiture revenues (from solved ID theft and drug related crimes), Fines & Forfeitures would have shown a 17.2% reduction instead of the 3.1% gain.

The recession assured that no revenue source was immune from its impact. Every major tax showed a decrease. The combined “first tier” group of sales, utility, telecommunications and room taxes contributed to over \$1.1 million (87%) to the total tax decline. The only bright spot lay in the positive revenue numbers generated from the Village’s single multiplex movie theater, (up 11%). State income and real estate transfer taxes, the “second tier” of taxes size wise, also failed to meet their budget by a combined total of \$171 thousand, or 18.8%. With commercial building activity at an all-time low, the \$600 thousand budgeted for building permit fees (which is 55% of all License & Permit revenue) was down by 55%.

When it became apparent that General Fund revenues would not meet their budget forecasts by a significant margin, it was necessary to make corresponding reductions in operating/capital expenditures. As a result of mid-year costs reductions, general government costs (executive services, finance, legal and expenditures-in-common) closed the year \$102 thousand (5.1%) under budget. Police Safety costs were \$138 thousand under budget (4.5%), while Community Development (Administration and Forestry) costs ended \$115 thousand (13.6%) below budget. The largest cost area, the Public Works sector trimmed \$1.3 million (21.1%) of expenditures from its budget.

In total, at year end, over \$1.7 million of expenditures had been trimmed from a budget of \$12.2 million. The reduction in expenditures helped mitigate the impact of the 17.5% revenue decline.

The General Fund /Fund Balance

For its purposes, the Village calculates a fund balance ratio that takes into account only the current year’s operating expenditures including debt service, but excludes any expenditures classified as “capital outlay.”

The net change to the General Fund’s fund balance was a decline of \$913 thousand, or 9.8%, from the previous year. Of that year’s end decline, slightly over eighty percent was considered to be part of the planned use of reserves. There were enough reductions in the operating expenditures that the fund balance ratio was able to approach the one hundred percent mark. One hundred ninety-seven thousand was able to be transfer funds to the Water & Sewer Fund to pay its debt service.

GENERAL FUND BALANCE (in thousands)			
FISCAL YEAR	FUND BALANCE	OPERATING EXPENSES (INCL DEBT SVC) (EXCLUD CAPITAL)	FUND BALANCE AS PERCENTAGE OF OPERATING EXPENSES
2005-2006	\$11,686	\$7,335	159%
2006-07 (Dec 31)	\$10,672	\$8,218 ¹	130%
2007	\$ 9,412	\$8,278	114%
2008	\$ 9,351	\$8,662	108%
2009	\$ 8,438	\$8,550	99%

⁽¹⁾ To obtain the “percentage of fund balance to operating expenses” for the shortened (8 month) fiscal year, expenditures were extrapolated for a 12-month period.

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 & Sewer Fund is the only proprietary fund operated by the Village. As part of the FY2009 budget the Board increased water usage fees (2.5%) and sanitary sewer fees (20%). These rates became effective January of 2009.

Historically, rates the Village had for water and sanitary sewage were fairly stable until FY1994-95. At that time the Village was forced to increase its rates 11% in order to absorb rate increases coming from both its suppliers. Its water supplier increased its rate 26% at the same time the sewage processor was increasing its rate 29%. After FY2000-01, rate increases have become a regular occurrence as the two vendors have had to resort to raising their rates due to cost pressures of their own. The cost of purchasing water and processing sewage consumed 65.4% of the total operating expenses in FY2009. In FY2008 that percentage was 62.9%, in FY2007 it was 60.1%.

The FY2009 budget included water and sewer rate increases of 2.5% and 20%, respectively. These increases were in response to the Village's water supplier raising rates, by 3% and the County (sewage) increasing its rates by 26%. Retail water sales are split between the residential and commercial sectors in a ratio of 46%-54%. The residential sector used slightly more (0.6%) than the previous year. The commercial side consumed 4% less water than the previous year.

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

UTILITY OPERATING RESULTS FROM FY2006-07 TO FY2009 (in thousands)				
	<u>2006-07</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
WATER Rate per 1,000 gallons	\$ 3.75	\$ 3.86	\$ 3.98	\$ 4.08
SEWER Rate per 1,000 gallons	\$ 3.23	\$ 3.33	\$ 4.16	\$ 4.99
Operating Revenue	\$2,283	\$3,155	\$3,341	\$3,574
Operating Expenses (excluding depreciation)	\$2,100	\$3,159	\$3,367	\$3,684

General Fund Budgetary Highlights

In a year that experienced a very severe recession, General Fund revenues totaled only \$8.36 million. That was 17.5% under what was forecast for FY2009 and nearly 18% below the previous fiscal year's revenue. With the only exception being the Intergovernmental revenues (6.35% over budget), no other revenue group succeeded in reaching its forecast. Taxes were below its forecast by 16.3%. Licenses & Permits ran under budget by 39.8%. Building permit fees usually comprise over 50% of this category. But the economic downturn ground most building activity to a halt (down 54.7%). Investment income was only at 41%. The only bright spot was in the Fines & Forfeitures category (3.1% over budget). This can be attributed to the (unbudgeted) revenue earned by the police investigation unit. They successfully solved a number of identity theft and fraud cases which earned them a portion of the recovered funds.

For over twenty years, taxes have constituted anywhere between 75% to 85% of all General Fund revenues. In FY2008 it was 79%, this year it is close to 81%. There are four taxes that consistently produce nearly 80-85% of all the tax revenue. This year it was up to 87%. Unfortunately, due to the recession, all four of the Village's major tax sources failed to reach their forecasted targets; Sales (down 20.8%), Utility (down 6.6%), Telecommunications (down 4.2%) and Room & Admission (down 22.7%) all fell below their budgets. The "second tier" of taxes, State Income and Real Estate Transfer taxes also did not fare well; The State income tax and the Transfer tax both were under budget by 20.5% and 13%, respectively.

The significant decline in revenue necessitated that reductions be made on the expenditure side of the operating/capital budget. The Village acted decisively by making cuts in every divisional cost area. The cost reductions resulted in a lower than anticipated drawn down of reserves (budgeted at \$1.2 million). Total expenditures at year end came in under budget by \$1.7 million (14%) under budget.

There were no amendments made during the year to the General Fund budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31st was \$72.5 million. The investment in business-type capital assets, net of accumulated depreciation, as of the fiscal year end was \$42.3 million. In the governmental sector there was one major capital infrastructure project that was completed in FY2009. This was the reconstruction of a major access road into the corporate center at a cost of \$1.5 million. No major projects were begun or completed in the business-type sector. A number of smaller capital upgrades were made to the water and sanitary sewer systems at various Village locations. There were two dedications of capital infrastructure (i.e. - land, right-of-way, roads, and water and sewer lines) to both governmental and business-like funds as a result of accepting two recently completed subdivisions. Detailed information on capital assets can be found in financial statements under footnote Number 4, entitled Capital Assets.

Debt

The Village shows two types of debt on its books; (1) Debt in the form of bank loans that it is has direct responsibility of paying, and (2) Special Service Area (SSA) debt in the form of a municipal bond obligation.

In FY2004-05 the Village issued a \$15 million bond issue that was used to construct public infrastructure for the Sedgebrook retirement community. This debt is not a part of the general Village-wide debt. Financing is done exclusively by property taxes dedicated to the Special Service Area.

At the end of the fiscal year, the Village's debt, both direct and SSA related, amounted to \$23.26 million compared to \$22.83 million last year - an increase of 1.8% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31, 2009 (in millions)						
Type of Debt	Government Activities		Business Activities		Totals	
	2009	2008	2009	2008	2009	2008
Bank Loans-Village	\$ 7.33	\$ 6.36	\$1.41	\$ 1.72	\$8.74	\$ 8.08
Bond Issue-SSA	\$14.52	\$14.77			\$14.52	\$14.77
	\$21.85	\$21.13	\$1.41	\$ 1.72	\$23.26	\$22.85

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 1.3% of its EAV. Detailed information on the Village's long-term debt activity can be found in the Long-Term Debt Section in the footnotes.

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 Village's loans.

Economic Factors

Lincolnshire is fortunate to be located in one of the more desirable counties bordering the City of Chicago. It has favorable property rates and prime real estate locations. Unfortunately, one of the worst economic periods since the Great Depression hit during FY2009. No community, including Lincolnshire, was immune to the economic downturn that impacted nearly every business and governmental entity in some way or another. The collapse of the housing sector, the credit crisis and the turmoil in the financial markets all combined to place stress on the Village's financial condition.

The Village started the new fiscal year in a strong financial position. This accomplishment was only possible because of a steadfast dual strategy of carefully managing growth and financial resources. At the start of FY2009 General Fund reserves equated to one hundred and eight percent of one year's operating expenditures plus debt service. By the end of the year though, reserves had slipped to 99%, equivalent to 11.9 months of operating cash. This is still considered a very healthy reserve compared to other communities of similar size in the region.

The recession's impact made itself felt in Lincolnshire during FY2009. For the first time in over twenty years the Village saw its total of assessable property values decline, by 1.85%. This decline corresponded with a severe drop in resident home sales. Nearly all commercial building activity ground to a halt. Most major Village revenue sources-sales, room, telecommunications, utility and state income taxes-were either flat or exhibited steep declines from their projected forecasts. Similar declines occurred in the other revenue categories (i.e.- licenses/permits, fines and interest income). Both operating and capital expenditure budgets had to be correspondingly downsized to compensate for the loss of these revenues.

As FY2009 came to a close many experts were of the opinion that any economic recovery was still at least twelve months into the future. The Village's budget going into FY2010 was an austere one encompassing more operating and capital cost reductions, including for the first time, personnel costs.

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 <mailto:sroel@village.lincolnshire.ol.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.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,676,555	\$ 977,962	\$ 4,654,517
Investments	8,439,504	661,429	9,100,933
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,776,447	-	2,776,447
Other taxes	1,206,000	-	1,206,000
Accounts	63,025	440,303	503,328
Accrued interest	46,866	1,714	48,580
Other	-	683	683
Prepaid expenses	39	688	727
Due to/from other funds	(6,389)	6,389	-
Advances to/from other funds	327,850	(327,850)	-
Land held for resale	6,308,122	-	6,308,122
Net pension asset	3,029,511	-	3,029,511
Capital assets not being depreciated	27,421,013	36,325	27,457,338
Capital assets (net of accumulated depreciation)	45,125,097	42,256,855	87,381,952
Total assets	98,413,640	44,054,498	142,468,138
LIABILITIES			
Accounts payable	924,389	605,926	1,530,315
Accrued payroll	79,578	6,187	85,765
Deposits payable	2,191,788	-	2,191,788
Accrued interest payable	455,676	28,743	484,419
Unearned revenue	2,781,847	-	2,781,847
Noncurrent liabilities			
Due within one year	1,436,529	184,567	1,621,096
Due in more than one year	20,726,888	1,263,435	21,990,323
Total liabilities	28,596,695	2,088,858	30,685,553
NET ASSETS			
Investment in capital assets, net of related debt	68,808,108	40,888,121	109,696,229
Restricted for			
North Park	5,569	-	5,569
Debt service	1,910,725	-	1,910,725
Maintenance of roadways	31,399	-	31,399
Public safety	56,611	-	56,611
Employee retirement	40,061	-	40,061
Economic development	6,058,631	-	6,058,631
Unrestricted	(7,094,159)	1,077,519	(6,016,640)
TOTAL NET ASSETS	\$ 69,816,945	\$ 41,965,640	\$ 111,782,585

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,639,170	\$ 193,159	\$ -	\$ -
Public safety	3,984,062	979,293	127,950	-
Community development	1,084,935	318,812	-	-
Public works	2,633,796	7,955	183,306	2,870,480
Parks and recreation	2,015,026	130,847	7,840	-
Interest	1,195,047	-	-	-
Total governmental activities	13,552,036	1,630,066	319,096	2,870,480
Business-Type Activities				
Water and sewer	5,345,812	3,825,386	-	605,000
TOTAL PRIMARY GOVERNMENT	\$ 18,897,848	\$ 5,455,452	\$ 319,096	\$ 3,475,480

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (2,446,011)	\$ -	\$ (2,446,011)
	(2,876,819)	-	(2,876,819)
	(766,123)	-	(766,123)
	427,945	-	427,945
	(1,876,339)	-	(1,876,339)
	(1,195,047)	-	(1,195,047)
	(8,732,394)	-	(8,732,394)
	-	(915,426)	(915,426)
	(8,732,394)	(915,426)	(9,647,820)
General Revenues			
Taxes			
Property	4,393,892	-	4,393,892
Sales	2,216,243	-	2,216,243
Income	560,839	-	560,839
Local use	89,914	-	89,914
Utility	1,195,317	-	1,195,317
Telecommunications	958,357	-	958,357
Room and admissions	1,476,402	-	1,476,402
Real estate transfer	174,273	-	174,273
Investment income	179,703	13,880	193,583
Gain on sale of capital assets	86,070	8,835	94,905
Miscellaneous	71,155	-	71,155
Transfers in (out)	(197,000)	197,000	-
Total	11,205,165	219,715	11,424,880
CHANGE IN NET ASSETS	2,472,771	(695,711)	1,777,060
NET ASSETS, JANUARY 1	67,344,174	42,661,351	110,005,525
NET ASSETS, DECEMBER 31	\$ 69,816,945	\$ 41,965,640	\$ 111,782,585

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2009

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
ASSETS							
Cash and cash equivalents	\$ 1,702,463	\$ 711,013	\$ -	\$ 19,454	\$ 1,204,220	\$ 39,405	\$ 3,676,555
Investments	7,078,175	152,089	-	20,612	706,505	482,123	8,439,504
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	-	-	1,013,947	562,500	1,200,000	-	2,776,447
Other taxes	1,148,000	-	-	-	-	58,000	1,206,000
Accounts	63,025	-	-	-	-	-	63,025
Accrued interest	42,160	-	-	-	-	4,706	46,866
Due from other funds	3,019	1,900	-	-	-	-	4,919
Advances to other funds	1,100,000	-	-	-	-	-	1,100,000
Land held for resale	-	6,308,122	-	-	-	-	6,308,122
TOTAL ASSETS	\$ 11,136,842	\$ 7,173,124	\$ 1,013,947	\$ 602,566	\$ 3,110,725	\$ 584,234	\$ 23,621,438

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 392,883	\$ 342,343	\$ -	\$ 5	\$ -	\$ 151,086	\$ 886,317
Accrued payroll	74,674	-	-	-	-	3,417	78,091
Deposits payable	2,191,788	-	-	-	-	-	2,191,788
Due to other funds	39,039	-	-	-	-	-	39,039
Advances from other funds	-	772,150	-	-	-	-	772,150
Deferred revenue	-	-	1,013,947	562,500	1,200,000	5,400	2,781,847
Total liabilities	2,698,384	1,114,493	1,013,947	562,505	1,200,000	159,903	6,749,232
FUND BALANCES							
Reserved for advances	1,100,000	-	-	-	-	-	1,100,000
Reserved for North Park Trust	5,569	-	-	-	-	-	5,569
Reserved for debt service	-	-	-	-	1,910,725	-	1,910,725
Reserved for maintenance of roadways	-	-	-	-	-	31,399	31,399
Reserved for public safety	-	-	-	-	-	56,611	56,611
Reserved for employee retirement	-	-	-	40,061	-	-	40,061
Reserved for land held for resale	-	6,308,122	-	-	-	-	6,308,122
Reserved for economic development	-	-	-	-	-	-	-
Unreserved							
Undesignated - General Fund	7,332,889	-	-	-	-	-	7,332,889
Undesignated - Capital Projects Funds	-	(249,491)	-	-	-	336,321	86,830
Total fund balances	8,438,458	6,058,631	-	40,061	1,910,725	424,331	16,872,206
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,136,842	\$ 7,173,124	\$ 1,013,947	\$ 602,566	\$ 3,110,725	\$ 584,234	\$ 23,621,438

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

December 31, 2009

FUND BALANCES OF GOVERNMENTAL FUNDS		\$ 16,872,206
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	\$ 72,546,110	
Less internal service funds	<u>(4,340)</u>	72,541,770
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Notes payable		(7,328,002)
SSA bonds payable		(14,515,000)
Other postemployment benefit payable		(13,911)
Compensated absences	(306,504)	
Less internal service funds	<u>1,240</u>	(305,264)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets		(455,676)
The net pension assets of the police pension fund are included in the governmental activities in the statement of net assets		3,029,511
The net assets of the internal service fund are included in the governmental activities in the statement of net assets		<u>(8,689)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 69,816,945</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2009

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
REVENUES							
Property taxes	\$ -	\$ 1,511,076	\$ 1,101,333	\$ 504,109	\$ 1,200,573	\$ -	\$ 4,317,091
Other taxes	6,748,146	-	-	-	-	-	6,748,146
Licenses, permits and fees	650,774	-	-	-	-	-	650,774
Fines and forfeitures	549,992	-	-	-	-	-	549,992
Charges for services	-	-	-	-	-	75,923	75,923
Intergovernmental	191,888	-	-	-	-	480,585	672,473
Investment income	153,478	4,922	-	622	4,312	16,369	179,703
Miscellaneous	62,617	5,000	-	-	-	3,538	71,155
Total revenues	8,356,895	1,520,998	1,101,333	504,731	1,204,885	576,415	13,265,257
EXPENDITURES							
Current							
General government	1,902,047	-	-	534,245	-	21,682	2,457,974
Public safety	2,884,766	-	1,101,333	-	-	512,929	4,499,028
Community development	733,343	-	-	-	-	-	733,343
Public works	3,621,871	-	-	-	-	-	3,621,871
Parks and recreation	1,366,078	-	-	-	-	-	1,366,078
Capital outlay	-	327,827	-	-	-	536,476	864,303
Debt service							
Principal retirement	390,881	185,000	-	-	-	250,000	825,881
Interest and fiscal charges	99,742	175,033	-	-	-	906,750	1,181,525
Total expenditures	10,998,728	687,860	1,101,333	534,245	-	2,227,837	15,550,003
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,641,833)	833,138	-	(29,514)	1,204,885	(1,651,422)	(2,284,746)

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
OTHER FINANCING SOURCES (USES)							
Issuance of notes, at par	\$ 1,540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,540,000
Transfers in	300,000	-	-	-	-	1,176,750	1,476,750
Transfers (out)	(197,000)	-	-	-	(1,176,750)	(300,000)	(1,673,750)
Sale of capital assets	86,070	-	-	-	-	-	86,070
Total other financing sources (uses)	1,729,070	-	-	-	(1,176,750)	876,750	1,429,070
NET CHANGE IN FUND BALANCES	(912,763)	833,138	-	(29,514)	28,135	(774,672)	(855,676)
FUND BALANCES, JANUARY 1	9,351,221	5,225,493	-	69,575	1,882,590	1,199,003	17,727,882
FUND BALANCES, DECEMBER 31	<u>\$ 8,438,458</u>	<u>\$ 6,058,631</u>	<u>\$ -</u>	<u>\$ 40,061</u>	<u>\$ 1,910,725</u>	<u>\$ 424,331</u>	<u>\$ 16,872,206</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

NET CHANGE IN FUND BALANCES -		
TOTAL GOVERNMENTAL FUNDS		\$ (855,676)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	\$ 2,443,437	
Less internal service funds	<u>-</u>	2,443,437
Contributions of capital assets are reported as capital grants on the statement of activities		2,870,480
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities		
Notes payable		575,881
SSA bonds		250,000
The issuance of long-term debt is reported as an other financing source on the governmental funds income statement		
Notes issued		(1,540,000)
The increase in interest payable is reported as an increase in expense on the statement of activities		(13,522)
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(1,583,291)	
Less internal service funds	<u>3,593</u>	(1,579,698)
The loss on disposal of capital assets for road reconstruction increases the highways and streets expense on the statement of activities		(32,667)
The increase in compensated absences is reported as a reduction to expense on the statement of activities		(300,012)
The increase in the other postemployment benefit payable is reported as an addition to expense on the statement of activities		(6,275)
The increase in net pension asset is reported as a reduction to expense on the statement of activities		<u>660,823</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 2,472,771</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2009

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CURRENT ASSETS		
Cash and cash equivalents	\$ 977,962	\$ -
Investments	661,429	-
Receivables		
Accounts - billed	337,295	-
Accounts - unbilled	103,008	-
Accrued interest	1,714	-
Other	683	-
Prepaid expenses	688	39
Due from other funds	9,408	37,139
Advances to other funds	22,150	-
	<u>2,114,337</u>	<u>37,178</u>
CAPITAL ASSETS		
Nondepreciable	36,325	-
Depreciable, net of accumulated depreciation	42,256,855	4,340
	<u>42,293,180</u>	<u>4,340</u>
Net capital assets	<u>42,293,180</u>	<u>4,340</u>
	<u>44,407,517</u>	<u>41,518</u>
CURRENT LIABILITIES		
Accounts payable	605,926	38,072
Accrued payroll	6,187	1,487
Accrued interest payable	28,743	-
Due to other funds	3,019	9,408
Advances from other funds	350,000	-
Compensated absences payable	42,943	1,240
Current portion of notes payable	141,624	-
	<u>1,178,442</u>	<u>50,207</u>
LONG-TERM LIABILITIES		
Notes payable	1,263,435	-
	<u>1,263,435</u>	<u>-</u>
Total long-term liabilities	<u>1,263,435</u>	<u>-</u>
Total liabilities	<u>2,441,877</u>	<u>50,207</u>
NET ASSETS		
Invested in capital assets, net of related debt	40,888,121	-
Unrestricted	1,077,519	(8,689)
	<u>41,965,640</u>	<u>(8,689)</u>
TOTAL NET ASSETS	<u>\$ 41,965,640</u>	<u>\$ (8,689)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
OPERATING REVENUES		
Charges for services	\$ 3,569,031	\$ 413,170
Miscellaneous	4,711	45,909
Total operating revenues	<u>3,573,742</u>	<u>459,079</u>
OPERATING EXPENSES		
Administration	640,361	-
Operations	2,969,719	-
Repairs and maintenance	73,976	455,492
Total operating expenses	<u>3,684,056</u>	<u>455,492</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(110,314)	3,587
Depreciation	1,600,343	3,593
OPERATING INCOME (LOSS)	<u>(1,710,657)</u>	<u>(6)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	13,880	-
Interest expense	(61,413)	-
Connection fees	251,644	-
Gain on sale of capital assets	8,835	-
Total nonoperating revenues (expenses)	<u>212,946</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(1,497,711)	(6)
TRANSFERS		
Transfers in	197,000	-
Total transfers	<u>197,000</u>	<u>-</u>
CONTRIBUTIONS	<u>605,000</u>	<u>-</u>
CHANGE IN NET ASSETS	(695,711)	(6)
NET ASSETS (DEFICIT), JANUARY 1	<u>42,661,351</u>	<u>(8,683)</u>
NET ASSETS (DEFICIT), DECEMBER 31	<u>\$ 41,965,640</u>	<u>\$ (8,689)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,736,065	\$ -
Receipts from interfund services	-	537,128
Payments to suppliers	(2,946,339)	(358,672)
Payments to employees	(611,053)	(178,456)
Payments for interfund services	(55,030)	-
Net cash from operating activities	<u>123,643</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	197,000	-
Repayment of interfund balances	(165,688)	-
Receipts from advances to other funds	51,746	-
Payments on advances from other funds	(85,000)	-
Net cash from noncapital financing activities	<u>(1,942)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	8,835	-
Capital assets purchased	(50,989)	-
Note principal payments	(315,056)	-
Note interest payments	(68,875)	-
Net cash from capital and related financing activities	<u>(426,085)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(657,585)	-
Sale of investment securities	1,247,345	-
Interest received	12,471	-
Net cash from investing activities	<u>602,231</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	297,847	-
CASH AND CASH EQUIVALENTS, JANUARY 1	680,115	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 977,962	\$ -

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,710,657)	\$ (6)
Adjustments to reconcile operating income (loss)		
to net cash from operating activities		
Depreciation and amortization	1,600,343	3,593
Connection fees	251,644	-
(Increase) decrease in		
Receivables	(98,729)	-
Interfund receivables	-	(10,902)
Prepaid expense	(468)	(40)
Increase (decrease) in		
Accounts payable	59,717	12,766
Accrued payroll	(20,053)	(6,651)
Compensated absences payable	41,846	1,240
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 123,643</u>	<u>\$ -</u>
NONCASH TRANSACTIONS		
Contributions of capital assets by other funds	<u>\$ 605,000</u>	<u>\$ -</u>
TOTAL NONCASH TRANSACTIONS	<u>\$ 605,000</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
POLICE PENSION TRUST FUND

December 31, 2009

ASSETS	
Cash and cash equivalents	\$ 817
Investments	
U.S. Treasury obligations	1,892,116
U.S. agencies securities	2,102,017
Mutual funds	2,781,646
Money market mutual funds	445,379
Corporate bonds	286,408
Equities	2,805,289
Negotiable certificates of deposit	2,011,695
Receivables	
Accrued interest	48,106
Prepaid expense	<u>3,025</u>
Total assets	<u>12,376,498</u>
LIABILITIES	
Accounts payable	<u>600</u>
Total liabilities	<u>600</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 12,375,898</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
POLICE PENSION TRUST FUND

For the Year Ended December 31, 2009

ADDITIONS	
Contributions - employer	\$ 1,101,333
Contributions - employee	201,169
Other contributions	<u>7</u>
Total contributions	<u>1,302,509</u>
Investment income	
Net appreciation in fair value of investments	1,212,644
Interest earned on investments	<u>345,925</u>
Total investment income	1,558,569
Less investment expense	<u>(38,643)</u>
Net investment income	<u>1,519,926</u>
Total additions	<u>2,822,435</u>
DEDUCTIONS	
Benefits	457,240
Administrative	<u>18,040</u>
Total deductions	<u>475,280</u>
NET INCREASE	2,347,155
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>10,028,743</u>
December 31	<u><u>\$ 12,375,898</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The Village was incorporated on August 5, 1957. The Village operates under a Council-Manager form of government. As required by GAAP, these financial statements present the Village (the primary government) and its component units, entities for which the government is considered to be financially accountable.

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Manager, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund. Separate financial statements are issued and available from the Police Pension Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The Village uses funds to report on its financial position, changes in its financial position and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. A minimum number of funds are maintained consistent with legal and managerial requirements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the Village'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 the 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 some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds). The Village has elected, under the provisions of GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, 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.

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 pension trust fund may be used. The Village has a police pension fund. Agency funds are used to account for funds that the Village holds on behalf of others as their agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. 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. The effect of material interfund activity (except for activities reported in internal service funds) has been eliminated 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program 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 standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General Corporate Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, 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 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 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 Village has elected to report this fund as major.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

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.

Additionally, the Village reports the following proprietary fund:

Internal Service Funds

The Vehicle Maintenance Fund accounts for purchases and maintenance of vehicles and equipment and is funded by various departments according to services rendered.

These funds are reported as governmental activities on the government-wide financial statements.

The Village reports a pension trust fund as a Fiduciary Fund to account for the Police Pension Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. 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 and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred.

Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing the day-to-day enterprise fund services. Incidental revenues/expenses, such as property taxes and investment income, are reported as nonoperating.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period. The Village recognizes property taxes when they become both measurable and available in the period intended to finance, generally within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales tax, telecommunication tax, local use tax and motor fuel tax and fines owed to/collected by the state at year end on behalf of the Village are also recognized as revenue. Permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Village reports unearned/deferred revenue on its financial statements.

Unearned/deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Unearned/deferred revenues also arise when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the Village has a legal claim to the resources, the liability for unearned/deferred revenue is removed from the financial statements and revenue is recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased and nonnegotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of December 31, 2009 for debt and equity securities.

f. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

g. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances between funds in the fund financial statements. The advances are offset equally by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system 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 by the Village as assets with an initial, individual cost in excess of \$200,000 for infrastructure assets, \$100,000 for land and improvements and building and improvements and more than \$5,000 for all other capital asset classifications.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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.

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

	<u>Years</u>
Land improvements	10-20
Buildings and improvements	15-50
Infrastructure*	20-50
Machinery and equipment	5-20

*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:

	<u>Years</u>
Buildings	45
Underground water and sewerage system	10-75
Furniture, machinery and equipment	5-15

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

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.

Vested or accumulated vacation and sick leave of proprietary funds and governmental activities, at the government wide level, is recorded as an expense and liability as the benefits accrue to employees.

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs and gains/losses on refundings, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and gains/losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

l. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. At December 31, 2009, no net asset restrictions were the result of enabling legislation adopted by the Village. Capital assets, net of related debt is the book value of the capital assets less the outstanding principal balance of long-term debt issued to construct or acquire the capital asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

n. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

Permitted Deposits and Investments - The Village's investment policy authorizes the Village to make deposits/invest in accordance with Illinois Compiled Statutes; including investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

The Police Pension Fund also requires investments to be made in accordance with Illinois Compiled Statutes, which allows the fund to invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veterans' loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts, mutual funds and equity securities (not to exceed 45% of the total assets of the Police Pension Fund).

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the Village’s deposits may not be returned to it. The Village’s investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Village’s agent in the Village’s name.

b. Village Investments

The following table presents the Village’s investments in and maturities of debt securities as of December 31, 2009:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
FHLB	\$ 1,181,427	\$ 1,181,427	\$ -	\$ -	\$ -
FNMA	298,980	298,980	-	-	-
Money market mutual funds	1,070,153	1,070,153	-	-	-
IMET	1,307,505	1,307,505	-	-	-
TOTAL	\$ 3,858,065	\$ 3,858,065	\$ -	\$ -	\$ -

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a three-year period. The Investment policy matches the maturities of short-term investments with the following minimum guidelines: 10% under 30 days, 25% under 90 days, 50% under 270 days, 90% under one year and 100% under 18 months. The long-term portfolio should be timed to meet the required future cash flow needs and should not extend beyond the term of any long-term obligations.

The Village limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring annual approval of allowable investments. Additionally, the funds are primarily invested in government securities and other secure investments. The FHLB, FNMA, Money market mutual funds and IMET are rated AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. The Village's investment policy does not address custodial credit risk related to investments. To limit its exposure, the Village processes all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Village's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Village's name.

Concentration of credit risk - The Village's investment policy requires diversification of the portfolio. Diversification by security instrument is as follows: U.S. Treasury Obligations - 100% maximum; U.S. Government Agency Securities and Instruments of Government Sponsored Corporations - 100% maximum; Certificates of Deposit (CDs) Commercial Banks - 33% maximum; except when the CDs are 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. As of December 31, 2009, the Village has greater than 5% of their investments invested in one FHLB security which matures February 9, 2010.

The Village's investment policy does not specifically prohibit the use of or the investment in derivatives.

c. Police Pension Fund's Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police Pension Fund's deposits may not be returned to them. The Police Pension Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Police Pension Fund's deposits with financial institutions.

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2009:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 1,892,116	\$ -	\$ 324,024	\$ 1,155,304	\$ 412,788
FHMLC notes	483,858	-	-	156,561	327,297
FFCB notes	298,042	-	-	-	298,042
FNMA notes	1,320,117	-	117,280	356,530	846,307
Corporate bonds	286,408	-	286,408	-	-
Money market mutual funds	445,379	445,379	-	-	-
Negotiable certificates of deposit	2,011,695	396,231	1,114,524	403,631	97,309
TOTAL	\$ 6,737,615	\$ 841,610	\$ 1,842,236	\$ 2,072,026	\$ 1,981,743

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio into an equity portion and fixed income portion to allow the fund to maximize current returns while allowing stability of the fund and providing for long term return on investment.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring quarterly review of the returns of the equity portion of investments to address any standard deviations and by requiring 55% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The FHMLC, FFCB, FNMA, money market mutual funds and corporate bonds are rated AAA as of December 31, 2009.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Police Pension Fund's policy requires reporting and monitoring of investment managers and custodians. To additionally limit its exposure, the Police Pension Fund prepares all transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third-party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name.

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

Concentration of credit risk - The Police Pension Fund's investment policy provides diversification guidelines on the amount of the portfolio that can be invested in any one investment vehicle. Diversification by security is as follows:

Asset Class	Minimum	Preferred	Maximum
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%

Small and temporary variations from the above are allowed for by the policy.

The Police Pension Fund's investment policy prohibits short selling, securities lending, financial futures, margins, options, nonmarketable securities, commodities, speculative real estate or other specialized derivative investments.

3. RECEIVABLES - TAXES

Property taxes for 2009 attach as an enforceable lien on January 1, 2009 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2010 and August 1, 2010 and are payable in two installments, on or about June 1, 2010 and September 1, 2010. The County collects such taxes and remits them periodically. As the 2009 tax levy is intended to fund expenditures for the 2010 fiscal year, these taxes are deferred as of December 31, 2009.

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Construction in progress	108,301	1,775,376	1,883,677	-
Total capital assets not being depreciated	27,529,314	1,775,376	1,883,677	27,421,013
Capital assets being depreciated				
Land improvements	5,806,164	-	-	5,806,164
Buildings and improvements	8,127,882	11,055	-	8,138,937
Infrastructure	51,418,692	4,977,182	-	56,395,874
Machinery and equipment	3,060,249	433,981	238,043	3,256,187
Total capital assets being depreciated	68,412,987	5,422,218	238,043	73,597,162
Less accumulated depreciation for				
Land improvements	2,023,784	283,058	-	2,306,842
Buildings and improvements	2,770,852	214,569	-	2,985,421
Infrastructure	20,259,243	807,083	-	21,066,326
Machinery and equipment	2,040,271	278,581	205,376	2,113,476
Total accumulated depreciation	27,094,150	1,583,291	205,376	28,472,065
Total capital assets being depreciated, net	41,318,837	3,838,927	32,667	45,125,097
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 68,848,151	\$ 5,614,303	\$ 1,916,344	\$ 72,546,110
BUSINESS-TYPE ACTIVITIES				
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	5,445	-	1,549,620
Underground water and sewerage system	80,744,390	605,000	-	81,349,390
Furniture, machinery, and equipment	1,029,541	45,544	38,680	1,036,405
Total capital assets being depreciated	83,318,106	655,989	38,680	83,935,415
Less accumulated depreciation for				
Buildings	778,241	34,345	-	812,586
Underground water and sewerage system	38,607,735	1,513,580	-	40,121,315
Furniture, machinery, and equipment	730,921	52,418	38,680	744,659
Total accumulated depreciation	40,116,897	1,600,343	38,680	41,678,560
Total capital assets being depreciated, net	43,201,209	(944,354)	-	42,256,855
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 43,237,534	\$ (944,354)	\$ -	\$ 42,293,180

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General government	\$ 396,183
Public safety	976,971
Community development	107,880
Public works	2,046
Parks and recreation	<u>100,211</u>
DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,583,291</u>

5. RISK MANAGEMENT

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

High-Level Excess Liability Pool (HELP)

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

HELP was organized on April 1, 1987. The purpose of HELP is to act as a joint self-insurance pool for the purpose of seeking the prevention or lessening of liability claims for injuries to persons or property or claims for errors and omissions made against the Members and other parties included within the scope of coverage of HELP.

HELP is governed by a Board of Directors, which consists of one appointed representative from each member municipality. Each director has an equal vote. The officers of HELP are appointed by the Board of Directors. The Board of Directors determines the general policy of HELP; makes all appropriations; approves contracts; adopts resolutions providing for the issuance of debt by HELP; adopts bylaws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the bylaws.

Member municipalities' percent share of assets, liabilities and equity ranges from 1.93% to 11.15%. The Village's share at December 31, 2009 is 1.93%.

The Village does not exercise any control over the activities of HELP beyond its representation on the Board of Directors.

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

During the fiscal year, the following changes occurred in long-term liabilities:

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Notes payable	\$ 6,363,883	\$ 1,540,000	\$ 575,881	\$ 7,328,002	\$ 870,025
Special Service Area bonds	14,765,000	-	250,000	14,515,000	260,000
Compensated absences	5,252	305,264	5,252	305,264	305,264
Compensated absences - Internal Service	-	1,240	-	1,240	1,240
Other postemployment benefit	7,636	6,275	-	13,911	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 21,141,771	\$ 1,852,779	\$ 831,133	\$ 22,163,417	\$ 1,436,529
BUSINESS-TYPE ACTIVITIES					
Promissory notes payable	\$ 1,720,115	\$ -	\$ 315,056	\$ 1,405,059	\$ 141,624
Compensated absences	1,097	42,943	1,097	42,943	42,943
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,721,212	\$ 42,943	\$ 316,153	\$ 1,448,002	\$ 184,567

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
TIF note payable - for capital improvements within the TIF district (\$4,000,000 dated April 1, 2001; maturing January 1, 2015; payable in annual installments ranging from \$100,000 to \$675,000; interest rates from 4.10% to 4.95%)	TIF Fund	\$ 3,775,000	\$ -	\$ 185,000	\$ 3,590,000	\$ 420,000
Note payable - for capital park improvements (\$3,300,000 dated December 5, 2005; maturing January 1, 2016, payable in semiannual installments ranging from \$138,857 to \$194,656; interest rate 3.625%)	General Fund	2,588,883	-	302,891	2,285,992	316,666

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Notes Payable (Continued)

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
Note payable - Capital improvements - (\$1,540,000 dated August 10, 2009; maturing January 1, 2019, payable in semiannual installments ranging from \$52,988 to \$90,592; interest rate 3.75%)	General Fund	\$ -	\$ 1,540,000	\$ 87,990	\$ 1,452,010	\$ 133,359
TOTAL		\$ 6,363,883	\$ 1,540,000	\$ 575,881	\$ 7,328,002	\$ 870,025

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
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BUSINESS-TYPE
ACTIVITIES

Promissory note payable - Water and Sanitary Sewer infrastructure improvements - (\$2,200,000 dated January 1, 2003; maturing January 1, 2018; payable in annual installments ranging from \$54,980 to \$96,642; interest rate 4.00%)	Water and Sewer Fund	\$ 1,540,115	\$ -	\$ 135,056	\$ 1,405,059	\$ 141,624
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Promissory note payable - Water and Sanitary Sewer infrastructure improvements - (\$1,800,000 dated February 28, 2003; maturing July 1, 2009, payable in semiannual installments of \$90,000; interest rate 5.05%)	Water and Sewer Fund	180,000	-	180,000	-	-
TOTAL		\$ 1,720,115	\$ -	\$ 315,056	\$ 1,405,059	\$ 141,624

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

b. Notes Payable (Continued)

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year Ending December 31,	Notes payable					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 870,025	\$ 294,588	\$ 1,164,613	\$ 141,624	\$ 55,612	\$ 197,236
2011	971,657	256,997	1,228,654	147,426	49,810	197,236
2012	1,063,902	214,505	1,278,407	153,349	43,887	197,236
2013	1,161,785	167,121	1,328,906	159,747	37,489	197,236
2014	1,270,330	114,391	1,384,721	166,292	30,944	197,236
2015	1,214,560	60,078	1,274,638	173,104	24,132	197,236
2016	370,198	23,431	393,629	180,154	17,082	197,236
2017	172,969	13,594	186,563	187,576	9,660	197,236
2018	179,516	7,045	186,561	95,787	2,831	98,618
2019	53,060	990	54,050	-	-	-
TOTAL	\$ 7,328,002	\$ 1,152,740	\$ 8,480,742	\$ 1,405,059	\$ 271,447	\$ 1,676,506

c. Special Service Area Bonds

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Special Service Area Number 1 Special Tax Bonds, Series 2004 (\$15,000,000 dated November 16, 2004; maturing March 1, 2034; payable in annual installments ranging from \$235,000 to \$1,095,000)	SSA Capital Projects Fund	\$ 14,765,000	\$ -	\$ 250,000	\$ 14,515,000	\$ 260,000
TOTAL		\$ 14,765,000	\$ -	\$ 250,000	\$ 14,515,000	\$ 260,000

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. Special Service Area Bonds (Continued)

Annual debt service requirements to maturity for the Special Service Area Bonds are as follows:

Fiscal Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 260,000	\$ 900,500	\$ 1,160,500
2011	275,000	887,500	1,162,500
2012	290,000	873,750	1,163,750
2013	305,000	855,625	1,160,625
2014	325,000	836,563	1,161,563
2015	345,000	816,250	1,161,250
2016	365,000	794,687	1,159,687
2017	390,000	771,875	1,161,875
2018	415,000	747,500	1,162,500
2019	440,000	721,563	1,161,563
2020	470,000	694,062	1,164,062
2021	495,000	664,688	1,159,688
2022	530,000	633,750	1,163,750
2023	560,000	600,625	1,160,625
2024	595,000	565,625	1,160,625
2025	635,000	528,438	1,163,438
2026	675,000	488,750	1,163,750
2027	715,000	446,562	1,161,562
2028	760,000	401,875	1,161,875
2029	805,000	354,375	1,159,375
2030	860,000	304,063	1,164,063
2031	910,000	250,312	1,160,312
2032	970,000	193,438	1,163,438
2033	1,030,000	132,812	1,162,812
2034	1,095,000	68,438	1,163,438
TOTAL	\$ 14,515,000	\$ 14,533,626	\$ 29,048,626

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

d. Legal 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.

“The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ...indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts.” The Village’s voters approved a referendum to become a home rule community in 1975.

To date, the General Assembly has set no limits for home rule municipalities.

The Village qualifies as a Home Rule Unit under Section 6(a) of Article VII of the 1970 Constitution of Illinois and, under the powers granted by this section, can exercise any power and perform any function pertaining to its government and affairs that is not prohibited by the Illinois Compiled Statutes.

7. INTERFUND ASSETS/LIABILITIES

a. Due From/To Other Funds

Due from/to other funds at December 31, 2009 consisted of the following:

Fund	Due From	Due To
General Corporate Fund		
Water and Sanitary Sewer	\$ 3,019	\$ -
Internal Service Fund	-	37,139
Tax Increment Financing	-	1,900
	3,019	39,039
Tax Increment Financing		
General Corporate Fund	1,900	-
Water and Sanitary Sewer		
General Corporate Fund	-	3,019
Internal Service Fund	9,408	-
	9,408	3,019

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND ASSETS/LIABILITIES (Continued)

a. Due From/To Other Funds (Continued)

Fund	Due From	Due To
Internal Service Fund		
General Corporate Fund	\$ 37,139	\$ -
Water and Sanitary Sewer	-	9,408
	<u>37,139</u>	<u>9,408</u>
 TOTAL	 \$ 51,466	 \$ 51,466

The purpose of the significant due to/from other funds is as follows:

- \$27,636 due from the General Corporate Fund to the Internal Service Fund is for Vehicle Maintenance funding amounts still due to the Internal Service Fund at year end. This amount will be repaid within one year.

b. Advances To/From Other Funds

Advances to/from other funds at December 31, 2009 consisted of the following:

Fund	Advances To	Advances From
General Corporate Fund		
Water and Sanitary Sewer	\$ 350,000	\$ -
Tax Increment Financing	750,000	-
	<u>1,100,000</u>	<u>-</u>
 Tax Increment Financing		
Water and Sanitary Sewer	-	22,150
General Corporate Fund	-	750,000
	<u>-</u>	<u>772,150</u>
 Water and Sanitary Sewer		
General Corporate Fund	-	350,000
Tax Increment Financing	22,150	-
	<u>22,150</u>	<u>350,000</u>
 TOTAL	 \$ 1,122,150	 \$ 1,122,150

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INTERFUND BALANCES AND TRANSFERS (Continued)

b. Advances To/From Other Funds (Continued)

The purpose of the significant advance between funds is as follows:

- \$350,000 Advanced from the General Corporate Fund to the Water and Sanitary Sewer Fund to assist in funding capital expenses related to the operation of the water and sanitary sewer system of the Village. This amount is being repaid.
- \$750,000 Advanced from the General Corporate Fund to the Tax Increment Financing Fund to fund development costs that will be repaid with incremental tax revenue over the next two years.

c. Transfers

Interfund transfers during the year ended December 31, 2009 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Corporate Fund	\$ 300,000	\$ 197,000
Special Service Area Debt Service	-	1,176,750
Total Major Governmental Funds	300,000	1,373,750
Nonmajor Governmental Funds		
Park Development Capital Projects	-	300,000
Special Service Area Capital Projects	1,176,750	-
Total Special Revenue	1,176,750	300,000
Enterprise Funds		
Water and Sanitary Sewer	197,000	-
TOTAL	\$ 2,423,750	\$ 2,423,750

The purpose of significant transfers is as follows:

- \$300,000 Transferred to the General Corporate Fund from the Park Development Capital Projects Fund to fund park improvements. This amount will not be repaid.

7. INTERFUND BALANCES AND TRANSFERS (Continued)

c. Transfers (Continued)

- \$1,176,750 Transferred from the Special Service Area Debt Service Fund to the Special Service Area Capital Projects Fund to transfer the appropriate funding necessary to make the current debt service payments. This amount will not be repaid.
- \$197,000 Transferred from the General Corporate Fund to the Water and Sanitary Sewer Fund to assist in operational costs of the Water and Sanitary Sewer Fund. This amount will not be repaid.

8. CONTINGENT LIABILITIES

a. Litigation

The Village is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

c. High-Level Excess Liability Pool (HELP)

The Village's agreement with HELP provides that each member is liable for its proportionate share of any costs arising from defaults in payment obligations by other members.

d. Economic Incentive Agreement

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 2009, the Village rebated approximately \$164,082 to this company.

9. OTHER POSTEMPLOYMENT BENEFITS

a. 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 Illinois Municipal Retirement Fund (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 the 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.

b. Benefits Provided

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

c. Membership

At December 31, 2008, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>86</u>
 TOTAL	 <u><u>86</u></u>
 Participating employers	 <u>1</u>

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

d. 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 2009 and 2008 the Village did not contribute to the Plan.

e. Annual Other Postemployment Benefits (OPEB) Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of January 1, 2007 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2008. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 was as follows (information for the third preceding year is not available as an actuarial valuation was performed for the first time as of December 31, 2007):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 7,636	\$ -	0.00%	\$ 7,636
December 31, 2009	6,275	-	0.00%	13,911

The net OPEB obligation as of December 31, 2009, was calculated as follows:

Annual required contribution	\$ 8,017
Interest on net OPEB obligation	382
Adjustment to annual required contribution	<u>(2,124)</u>
Annual OPEB cost	6,275
Contributions made	<u>-</u>
Increase in net OPEB obligation	6,275
Net OPEB obligation, beginning of year	<u>7,636</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 13,911</u>

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress: The funded status of the plan as of December 31, 2008, was as follows:

Actuarial accrued liability (AAL)	\$	63,705
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		63,705
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	\$	5,667,785
UAAL as a percentage of covered payroll		1.12%

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. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the January 1, 2008, actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 5.0% and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 8.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advanced funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

10. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions and Provisions

Illinois Municipal Retirement Fund

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois (other than those covered by the Police Pension Plan).

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to $1\frac{2}{3}\%$ of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in the system, using the actuarial basis specified by state statute (entry-age normal). The employer contribution for the calendar year ended December 31, 2009 was 10.77% of covered payroll.

IMRF issues a separate financial report which may be obtained by writing them at IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. This report contains information for IMRF as a whole, but not by individual employer.

Police Pension Plan

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 contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At December 31, 2009, the Police Pension Plan membership consisted of:

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

Retirees and beneficiaries currently receiving benefits	10
Terminated employees entitled to benefits but not yet receiving them	2
Current employees	
Vested	12
Nonvested	12
	<hr/>
TOTAL	<u>36</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 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 pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 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 pension 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% compounded interest annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. The Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. The employer contribution for the fiscal year ended December 31, 2009 was 52.01% of covered payroll.

The Police Pension Plan issues a separate financial report which may be obtained by writing them at the Village of Lincolnshire Village Hall.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

b. 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.

Method Used to Value Investments: Investments are reported at fair value. Investment income is recognized as earned.

Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

Significant Investments: There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan. Information for IMRF is not available.

Related Party Transactions: There were no securities of the employer or any other related parties included in plan assets, including any loans.

Administrative costs for the Police Pension Plan are financed primarily through investment earnings.

c. Annual Pension Cost

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2007	January 1, 2009
Actuarial cost method	Entry-age Normal	Entry-age Normal Level Dollar
Asset valuation method	5 Year Smoothed Market	Actuarial Value
Amortization method	Level Percentage of Payroll	Level Dollar
Amortization period	23 Years, Closed	24 Years, Closed

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

	Illinois Municipal Retirement	Police Pension
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	3.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	0.40% to 10.00%	5.50%
d) Post retirement benefit increases	3.00%	3.00%

Employer annual pension cost (APC) actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2007	\$ 379,211	\$ 454,749
	2008	396,796	486,771
	2009	421,970	440,510
Actual contribution	2007	\$ 379,211	\$ 1,111,733
	2008	396,211	1,063,146
	2009	421,970	1,101,333
Percentage of APC contributed	2007	100.00%	244.47%
	2008	100.00%	218.41%
	2009	100.00%	250.01%
NPO (asset)	2007	\$ -	\$ (1,792,313)
	2008	-	(2,368,688)
	2009	-	(3,029,511)

VILLAGE OF LINCOLNSHIRE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

The Village's annual pension cost and net pension obligation (asset) for the Police Pension Plan for December 31, 2009 are as follows:

Annual required contribution	\$ 454,383
Interest on net pension obligation (asset)	(116,500)
Adjustment to annual required contribution	<u>102,627</u>
Annual pension cost	440,510
Contributions made	<u>(1,101,333)</u>
Increase in net pension obligation	(660,823)
Net pension obligation (asset), beginning of year	<u>(2,368,688)</u>
NET PENSION OBLIGATION (ASSET), END OF YEAR	<u>\$ (3,029,511)</u>

Funded Status and Funding Progress: The funded status of the plans as of December 31, 2009 were as follows. The actuarial assumptions used to determine the funded status of the Police Pension Plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

	Illinois Municipal Retirement	Police Pension
Actuarial accrued liability (AAL)	\$ 11,524,211	\$ 14,971,380
Actuarial value of plan assets	8,369,831	12,608,420
Unfunded actuarial accrued liability (UAAL)	3,154,380	2,362,960
Funded ratio (actuarial value of plan assets/AAL)	72.63%	84.22%
Covered payroll (active plan members)	\$ 3,918,015	\$ 2,029,959
UAAL as a percentage of covered payroll	80.51%	116.40%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Other taxes	\$ 8,065,000	\$ 8,065,000	\$ 6,748,146
Licenses, permits and fees	1,081,900	1,081,900	650,774
Fines and forfeitures	533,500	533,500	549,992
Intergovernmental	180,400	180,400	191,888
Investment income	260,000	260,000	153,478
Miscellaneous	10,000	10,000	62,617
Total revenues	10,130,800	10,130,800	8,356,895
EXPENDITURES			
Current			
General government	2,004,000	2,004,000	1,902,047
Public safety	3,044,100	3,044,100	2,884,766
Community development	847,900	847,900	733,343
Public works	4,578,000	4,578,000	3,621,871
Parks and recreation	1,744,000	1,744,000	1,366,078
Debt service			
Principal retirement	419,000	419,000	390,881
Interest and fiscal charges	100,000	100,000	99,742
Total expenditures	12,737,000	12,737,000	10,998,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,606,200)	(2,606,200)	(2,641,833)
OTHER FINANCING SOURCES (USES)			
Issuance of notes, at par	2,000,000	2,000,000	1,540,000
Transfers in	300,000	300,000	300,000
Transfers (out)	(947,000)	(947,000)	(197,000)
Sale of capital assets	29,000	29,000	86,070
Total other financing sources (uses)	1,382,000	1,382,000	1,729,070
NET CHANGE IN FUND BALANCE	\$ (1,224,200)	\$ (1,224,200)	(912,763)
FUND BALANCE, JANUARY 1			9,351,221
FUND BALANCE, DECEMBER 31			\$ 8,438,458

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2009

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2004	\$ 5,725,873	\$ 6,883,127	83.19%	\$ 1,157,254	\$ 2,889,729	40.05%
2005	6,307,467	7,654,217	82.41%	1,346,750	3,089,701	43.59%
2006	7,244,618	8,555,016	84.68%	1,310,398	3,219,309	40.70%
2007	8,338,527	9,790,245	85.17%	1,451,718	3,495,030	41.54%
2008	7,688,165	10,179,592	75.53%	2,491,427	3,722,294	66.93%
2009	8,369,831	11,524,211	72.63%	3,154,380	3,918,015	80.51%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2009

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
April 30, 2005	\$ 7,384,072	\$ 11,971,109	61.68%	\$ 4,587,037	\$ 1,558,876	294.25%
April 30, 2006	8,299,854	13,163,050	63.05%	4,863,196	1,667,247	291.69%
December 31, 2006	9,204,085	13,839,955	66.50%	4,635,870	1,723,909	268.92%
December 31, 2007	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2008	11,494,881	14,235,399	80.75%	2,740,518	1,945,491	140.87%
December 31, 2009	12,608,420	14,971,380	84.22%	2,362,960	2,029,959	116.40%

N/A - Not applicable

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2009

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 63,705	0.00%	\$ 63,705	\$ 5,667,785	1.12%
2009	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not applicable

Information for prior years is not available as the Village's first actuarial valuation was performed for the year ended December 31, 2008. Information for 2009 is not applicable as a full valuation was not performed and will be done biannually.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2009

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2004	\$ 280,304	\$ 280,304	100.00%
2005	319,784	319,784	100.00%
2006	348,561	348,561	100.00%
2007	379,211	379,211	100.00%
2008	396,796	396,796	100.00%
2009	421,970	421,970	100.00%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 POLICE PENSION FUND

December 31, 2009

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
April 30, 2005	\$ 418,363	\$ 383,116	109.20%
April 30, 2006*	550,323	452,196	121.70%
2006	587,154	321,728	182.50%
2007	1,111,733	483,226	230.06%
2008	1,063,146	497,262	213.80%
2009	1,101,333	454,383	242.38%

* The Village changed from an April 30 year end to a December 31 year end for the eight months ended December 31, 2006.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2009

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2008	\$ -	\$ 7,636	0.00%
2009	-	8,017	0.00%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2009

BUDGETS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental and proprietary funds, with the exception of the Police Pension Contribution Fund, the Special Service Area Capital Projects Fund and the Special Service Area Debt Service Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

In establishing the budget, 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. The Village Board conducts several public budget review meetings to discuss the proposed budget. A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance. The fiscal year appropriation, which is equal to the budgetary limits established by the Board of Trustees, is legally enacted for all applicable funds.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations within a fund may only be made with the approval of the Board of Trustees. Transfers of appropriations between funds require the approval of the Board of Trustees. The legal level of budgetary control is the fund level.

The following funds exceeded total budgeted expenditures as of December 31, 2009:

Fund	Amount in Excess
Park Development Capital Projects Fund	\$ 14,976
Illinois Municipal Retirement Fund	19,145

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OTHER TAXES			
State income	\$ 706,000	\$ 706,000	\$ 560,839
Sales	2,800,000	2,800,000	2,216,243
Utility	1,280,000	1,280,000	1,195,317
Telecommunication	1,000,000	1,000,000	958,357
Room and admissions	1,910,000	1,910,000	1,476,402
Real estate transfer	200,000	200,000	174,273
Road and bridge	75,000	75,000	76,801
State use	94,000	94,000	89,914
	<hr/>		
Total other taxes	8,065,000	8,065,000	6,748,146
<hr/>			
LICENSES AND PERMITS			
Liquor licenses	57,000	57,000	54,335
Beach tags	10,000	10,000	9,231
Park user fees	60,000	60,000	50,414
Recreation programs	125,000	125,000	71,202
Amusement devices	7,400	7,400	10,200
Application fees	15,000	15,000	4,285
Engineering fees	15,000	15,000	7,955
Planner fees	7,000	7,000	4,274
Plan review fees	45,000	45,000	33,552
Building permit fees	600,000	600,000	272,101
Acreage impact fees	13,500	13,500	-
Forester fees	10,000	10,000	4,600
Miscellaneous licenses and fees	5,200	5,200	11,381
Cable TV franchise fees	110,000	110,000	115,994
Waste hauler fees	1,800	1,800	1,250
	<hr/>		
Total licenses and permits	1,081,900	1,081,900	650,774
<hr/>			
FINES AND FORFEITURES			
Court fines	400,000	400,000	331,512
False alarm fines and fees	11,000	11,000	3,625
Administrative tow fees	122,500	122,500	106,750
Police forfeitures	-	-	108,105
	<hr/>		
Total fines and forfeitures	533,500	533,500	549,992

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
 GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
INTERGOVERNMENTAL			
Police grants	\$ -	\$ -	\$ 15,400
Police training reimbursements	-	-	4,445
Police services	15,400	15,400	-
Miscellaneous grants	165,000	165,000	172,043
Total intergovernmental	180,400	180,400	191,888
INVESTMENT INCOME	260,000	260,000	153,478
MISCELLANEOUS			
Miscellaneous income	10,000	10,000	62,617
Total miscellaneous	10,000	10,000	62,617
TOTAL REVENUES	<u>\$ 10,130,800</u>	<u>\$ 10,130,800</u>	<u>\$ 8,356,895</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Executive services			
Personnel services			
Regular salaries	\$ 366,000	\$ 366,000	\$ 366,918
Overtime salaries	2,000	2,000	1,932
Total personnel services	<u>368,000</u>	<u>368,000</u>	<u>368,850</u>
Contractual services			
Printing	8,000	8,000	4,887
Equipment maintenance	300	300	-
Professional services	12,000	12,000	9,032
Outside services	2,300	2,300	2,827
Total contractual services	<u>22,600</u>	<u>22,600</u>	<u>16,746</u>
Other charges			
Memberships	11,000	11,000	9,934
Vehicle expenditures	5,400	5,400	5,400
Professional development	4,000	4,000	3,713
Publications	600	600	985
Classified advertisements	4,000	4,000	3,555
Boards and commissions	3,500	3,500	1,275
Business expenditures	14,800	14,800	11,811
Total other charges	<u>43,300</u>	<u>43,300</u>	<u>36,673</u>
Total executive services	<u>433,900</u>	<u>433,900</u>	<u>422,269</u>
Finance			
Personnel services			
Regular salaries	197,000	197,000	196,870
Overtime salaries	3,000	3,000	1,890
Total personnel services	<u>200,000</u>	<u>200,000</u>	<u>198,760</u>
Contractual services			
Printing	1,000	1,000	970
Equipment maintenance	2,100	2,100	2,150
Professional services	28,000	28,000	27,554
Legal notices	700	700	695
Outside services	800	800	750
Total contractual services	<u>32,600</u>	<u>32,600</u>	<u>32,119</u>
Commodities			
Licensing supplies	600	600	358
Total commodities	<u>600</u>	<u>600</u>	<u>358</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Finance (Continued)			
Other charges			
Memberships	\$ 1,300	\$ 1,300	\$ 811
Professional development	1,000	1,000	953
Publications	500	500	441
Business expenditures	600	600	2,676
Total other charges	3,400	3,400	4,881
Total finance	236,600	236,600	236,118
Legal			
Contractual services			
Legal services	177,000	177,000	123,922
Total legal	177,000	177,000	123,922
Insurance			
Personnel services			
Unemployment claims	1,000	1,000	-
Total personnel services	1,000	1,000	-
Contractual services			
Telephone	55,800	55,800	53,561
Printing	42,800	42,800	39,692
Data systems	60,900	60,900	59,085
Postage	31,500	31,500	25,038
Duplicating	16,200	16,200	15,423
Medical insurance	654,000	654,000	666,338
General insurance	235,100	235,100	220,589
Property deductibles	2,000	2,000	574
Outside services	12,600	12,600	3,713
Total contractual services	1,110,900	1,110,900	1,084,013
Commodities			
Office supplies	16,200	16,200	17,490
Total commodities	16,200	16,200	17,490
Capital outlay			
Office equipment	28,400	28,400	18,235
Total capital outlay	28,400	28,400	18,235
Total insurance	1,156,500	1,156,500	1,119,738
Total general government	2,004,000	2,004,000	1,902,047

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Police			
Personnel services			
Regular salaries	\$ 2,360,000	\$ 2,360,000	\$ 2,307,290
Overtime salaries	90,000	90,000	105,183
Total personnel services	2,450,000	2,450,000	2,412,473
Contractual services			
Printing	4,500	4,500	4,397
Equipment maintenance	55,500	55,500	47,532
Professional services	37,500	37,500	30,464
Data systems	4,000	4,000	260
Total contractual services	101,500	101,500	82,653
Commodities			
Maintenance materials	23,000	23,000	6,469
Total commodities	23,000	23,000	6,469
Other charges			
Memberships	3,000	3,000	1,945
Vehicle expenditures	182,100	182,100	160,605
Professional development	35,500	35,500	29,596
Publications	1,000	1,000	804
Uniforms	28,000	28,000	20,462
Minor equipment	8,000	8,000	2,252
Business expenditures	11,500	11,500	12,978
Total other charges	269,100	269,100	228,642
Capital outlay			
Motor equipment	155,000	155,000	120,365
Other equipment	45,500	45,500	34,164
Total capital outlay	200,500	200,500	154,529
Total public safety	3,044,100	3,044,100	2,884,766
COMMUNITY DEVELOPMENT			
Administration			
Personnel services			
Regular salaries	512,000	512,000	495,842
Overtime salaries	20,000	20,000	7,276
Total personnel services	532,000	532,000	503,118

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
COMMUNITY DEVELOPMENT (Continued)			
Administration (Continued)			
Contractual services			
Professional services	\$ 45,000	\$ 45,000	\$ 6,703
Legal notices	400	400	443
Outside services	13,700	13,700	9,120
Total contractual services	59,100	59,100	16,266
Other charges			
Memberships	15,000	15,000	13,383
Vehicle expenditures	5,200	5,200	5,203
Professional development	7,700	7,700	4,056
Publications	900	900	618
Board and commissions	500	500	-
Business expenditures	5,500	5,500	3,112
Total other charges	34,800	34,800	26,372
Total administration	625,900	625,900	545,756
Forestry			
Personnel services			
Regular salaries	71,000	71,000	66,721
Overtime salaries	2,200	2,200	1,487
Total personnel services	73,200	73,200	68,208
Contractual services			
Professional services	2,500	2,500	2,100
Outside services	139,000	139,000	110,746
Total contractual services	141,500	141,500	112,846
Other charges			
Memberships	500	500	250
Vehicle expenditures	5,200	5,200	5,203
Professional development	1,000	1,000	702
Business expenditures	600	600	378
Total other charges	7,300	7,300	6,533
Total forestry	222,000	222,000	187,587
Total community development	847,900	847,900	733,343

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
PUBLIC WORKS			
Administration			
Personnel services			
Regular salaries	\$ 189,000	\$ 189,000	\$ 170,353
Overtime salaries	12,000	12,000	7,983
Total personnel services	<u>201,000</u>	<u>201,000</u>	<u>178,336</u>
Contractual services			
Equipment maintenance	300	300	300
Professional services	78,000	78,000	66,995
Legal notices	1,500	1,500	1,207
Outside services	500	500	363
Total contractual services	<u>80,300</u>	<u>80,300</u>	<u>68,865</u>
Other charges			
Memberships	1,700	1,700	923
Vehicle expenditures	6,000	6,000	6,000
Professional development	5,000	5,000	1,999
Publications	300	300	236
Business expenditures	3,200	3,200	1,468
Total other charges	<u>16,200</u>	<u>16,200</u>	<u>10,626</u>
Total administration	<u>297,500</u>	<u>297,500</u>	<u>257,827</u>
Streets and storm drainage			
Personnel services			
Regular salaries	340,000	340,000	327,034
Overtime salaries	45,000	45,000	63,232
Total personnel services	<u>385,000</u>	<u>385,000</u>	<u>390,266</u>
Contractual services			
Equipment maintenance	2,000	2,000	1,522
Electric utilities	16,000	16,000	19,524
Outside services	222,000	222,000	199,933
Total contractual services	<u>240,000</u>	<u>240,000</u>	<u>220,979</u>
Commodities			
Maintenance materials	13,000	13,000	8,649
Repair and restoration	17,000	17,000	10,314
Construction materials	3,000	3,000	1,896
Snow and ice control	195,000	195,000	140,339
Total commodities	<u>228,000</u>	<u>228,000</u>	<u>161,198</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Streets and storm drainage (Continued)			
Other charges			
Memberships	\$ 200	\$ 200	\$ 147
Vehicle expenditures	156,100	156,100	137,890
Professional development	2,000	2,000	319
Uniforms	3,500	3,500	2,823
Minor equipment	2,000	2,000	209
Business expenditures	700	700	387
Total other charges	<u>164,500</u>	<u>164,500</u>	<u>141,775</u>
Capital outlay			
Motor equipment	179,000	179,000	163,222
Capital projects	2,601,000	2,601,000	1,918,299
Other equipment	130,000	130,000	75,814
Total capital outlay	<u>2,910,000</u>	<u>2,910,000</u>	<u>2,157,335</u>
Total streets and storm drainage	<u>3,927,500</u>	<u>3,927,500</u>	<u>3,071,553</u>
Buildings			
Personnel services			
Regular salaries	66,000	66,000	65,527
Overtime salaries	5,000	5,000	2,643
Total personnel services	<u>71,000</u>	<u>71,000</u>	<u>68,170</u>
Contractual services			
Equipment maintenance	2,000	2,000	2,619
Outside services	140,000	140,000	151,034
Total contractual services	<u>142,000</u>	<u>142,000</u>	<u>153,653</u>
Commodities			
Maintenance materials	20,000	20,000	16,883
Repair and restoration	2,000	2,000	377
Construction materials	800	800	136
Total commodities	<u>22,800</u>	<u>22,800</u>	<u>17,396</u>
Other charges			
Memberships	100	100	-
Vehicle expenditures	4,400	4,400	5,203
Professional development	300	300	20
Uniforms	700	700	572
Minor equipment	8,500	8,500	5,858
Business expenditures	1,200	1,200	1,474
Total other charges	<u>15,200</u>	<u>15,200</u>	<u>13,127</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Buildings (Continued)			
Capital outlay			
Capital projects	\$ 102,000	\$ 102,000	\$ 40,145
Total capital outlay	102,000	102,000	40,145
Total buildings	353,000	353,000	292,491
Total public works	4,578,000	4,578,000	3,621,871
PARKS AND RECREATION			
Parks and grounds			
Personnel services			
Regular salaries	542,000	542,000	540,959
Overtime salaries	52,000	52,000	29,891
Total personnel services	594,000	594,000	570,850
Contractual services			
Equipment maintenance	1,500	1,500	1,116
Gas utilities	4,500	4,500	2,930
Electric utilities	40,000	40,000	30,512
Outside services	297,000	297,000	219,500
Total contractual services	343,000	343,000	254,058
Commodities			
Maintenance materials	49,000	49,000	20,643
Repair and restoration	6,000	6,000	1,215
Construction materials	5,000	5,000	1,235
Total commodities	60,000	60,000	23,093
Other charges			
Memberships	800	800	818
Vehicle expenditures	114,500	114,500	99,066
Professional development	3,000	3,000	1,623
Publications	200	200	80
Uniforms	5,000	5,000	5,271
Minor equipment	1,500	1,500	1,079
Business expenditures	500	500	580
Total other charges	125,500	125,500	108,517

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
 GENERAL CORPORATE FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
PARKS AND RECREATION (Continued)			
Parks and grounds (Continued)			
Capital outlay			
Capital projects	\$ 134,000	\$ 134,000	\$ 28,398
Other equipment	90,500	90,500	50,526
Total capital outlay	<u>224,500</u>	<u>224,500</u>	<u>78,924</u>
Total parks and grounds	<u>1,347,000</u>	<u>1,347,000</u>	<u>1,035,442</u>
Recreation services			
Personnel services			
Regular salaries	126,000	126,000	116,575
Overtime salaries	7,000	7,000	4,012
Total personnel services	<u>133,000</u>	<u>133,000</u>	<u>120,587</u>
Contractual services			
Printing	14,000	14,000	8,891
Equipment maintenance	1,000	1,000	-
Professional services	74,000	74,000	69,424
Outside services	162,000	162,000	127,308
Total contractual services	<u>251,000</u>	<u>251,000</u>	<u>205,623</u>
Other charges			
Memberships	1,200	1,200	806
Professional development	3,000	3,000	327
Publications	300	300	50
Uniforms	3,000	3,000	943
Minor equipment	2,500	2,500	708
Business expenditures	3,000	3,000	1,592
Total other charges	<u>13,000</u>	<u>13,000</u>	<u>4,426</u>
Total recreation services	<u>397,000</u>	<u>397,000</u>	<u>330,636</u>
Total parks and recreation	<u>1,744,000</u>	<u>1,744,000</u>	<u>1,366,078</u>
TOTAL EXPENDITURES	<u><u>\$ 12,218,000</u></u>	<u><u>\$ 12,218,000</u></u>	<u><u>\$ 10,508,105</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING (TIF) FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 1,597,000	\$ 1,597,000	\$ 1,511,076
Investment income	17,000	17,000	4,922
Miscellaneous	-	-	5,000
Total revenues	<u>1,614,000</u>	<u>1,614,000</u>	<u>1,520,998</u>
EXPENDITURES			
Capital outlay			
Contractual services	185,000	185,000	201,175
Construction	2,520,000	2,520,000	126,652
Debt service			
Principal retirement	237,000	237,000	185,000
Interest and fiscal charges	175,000	175,000	175,033
Total expenditures	<u>3,117,000</u>	<u>3,117,000</u>	<u>687,860</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,503,000)</u>	<u>(1,503,000)</u>	<u>833,138</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	750,000	750,000	-
Total other financing sources (uses)	<u>750,000</u>	<u>750,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (753,000)</u>	<u>\$ (753,000)</u>	833,138
FUND BALANCE, JANUARY 1			<u>5,225,493</u>
FUND BALANCE, DECEMBER 31			<u>\$ 6,058,631</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 501,000	\$ 501,000	\$ 504,109
Investment income	1,000	1,000	622
Total revenues	<u>502,000</u>	<u>502,000</u>	<u>504,731</u>
EXPENDITURES			
General government			
Administrative	718,900	718,900	743,040
Contributions from other funds	(203,800)	(203,800)	(208,795)
Total expenditures	<u>515,100</u>	<u>515,100</u>	<u>534,245</u>
NET CHANGE IN FUND BALANCE	<u>\$ (13,100)</u>	<u>\$ (13,100)</u>	(29,514)
FUND BALANCE, JANUARY 1			<u>69,575</u>
FUND BALANCE, DECEMBER 31			<u>\$ 40,061</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Motor Fuel Tax Fund - to account for the receipt and use of the Village's share of state gasoline taxes. State law requires these gasoline taxes to be used to maintain streets, traffic signals, etc.

Enhanced 911 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.

CAPITAL PROJECTS FUNDS

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 a 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, there are adequate park facilities in the area, or for other reasons 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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2009

	Special Revenue Funds		Capital Projects		Total
	Motor Fuel Tax	Enhanced 911	Park Development Capital Projects	Special Service Area Capital Projects	
ASSETS					
Cash and cash equivalents	\$ 12,784	\$ 15,835	\$ 9,770	\$ 1,016	\$ 39,405
Investments	4,615	7,535	469,973	-	482,123
Receivables					
Other taxes	14,000	44,000	-	-	58,000
Accrued interest	-	-	4,706	-	4,706
TOTAL ASSETS	\$ 31,399	\$ 67,370	\$ 484,449	\$ 1,016	\$ 584,234
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 1,942	\$ 149,144	\$ -	\$ 151,086
Accrued payroll	-	3,417	-	-	3,417
Deferred revenue	-	5,400	-	-	5,400
Total liabilities	-	10,759	149,144	-	159,903
FUND BALANCES					
Reserved for maintenance of roadways	31,399	-	-	-	31,399
Reserved for public safety	-	56,611	-	-	56,611
Unreserved - undesignated	-	-	335,305	1,016	336,321
Total fund balances	31,399	56,611	335,305	1,016	424,331
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,399	\$ 67,370	\$ 484,449	\$ 1,016	\$ 584,234

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2009

	Special Revenue Funds		Capital Projects		Total
	Motor Fuel Tax	Enhanced 911	Park Development Capital Projects	Special Service Area Capital Projects	
REVENUES					
Intergovernmental	\$ 183,306	\$ 289,439	\$ 7,840	\$ -	\$ 480,585
Charges for services	-	75,923	-	-	75,923
Investment income	858	682	14,829	-	16,369
Miscellaneous	-	3,538	-	-	3,538
Total revenues	184,164	369,582	22,669	-	576,415
EXPENDITURES					
Current					
General government	-	-	-	21,682	21,682
Public safety	-	512,929	-	-	512,929
Capital outlay	240,000	-	296,476	-	536,476
Debt service					
Principal retirement	-	-	-	250,000	250,000
Interest and fiscal charges	-	-	-	906,750	906,750
Total expenditures	240,000	512,929	296,476	1,178,432	2,227,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(55,836)	(143,347)	(273,807)	(1,178,432)	(1,651,422)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,176,750	1,176,750
Transfers (out)	-	-	(300,000)	-	(300,000)
Total other financing sources (uses)	-	-	(300,000)	1,176,750	876,750
NET CHANGE IN FUND BALANCES	(55,836)	(143,347)	(573,807)	(1,682)	(774,672)
FUND BALANCES, JANUARY 1	87,235	199,958	909,112	2,698	1,199,003
FUND BALANCES, DECEMBER 31	\$ 31,399	\$ 56,611	\$ 335,305	\$ 1,016	\$ 424,331

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Allotments earned	\$ 191,500	\$ 191,500	\$ 183,306
Investment income	2,000	2,000	858
Total revenues	<u>193,500</u>	<u>193,500</u>	<u>184,164</u>
EXPENDITURES			
Capital outlay	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>
Total expenditures	<u>240,000</u>	<u>240,000</u>	<u>240,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (46,500)</u>	<u>\$ (46,500)</u>	(55,836)
FUND BALANCES, JANUARY 1			<u>87,235</u>
FUND BALANCES, DECEMBER 31			<u>\$ 31,399</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENHANCED 911 FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Other taxes			
E911 surcharges	\$ 346,000	\$ 346,000	\$ 289,439
Telecommunications fees	75,000	75,000	75,923
Investment income	5,000	5,000	682
Miscellaneous	-	-	3,538
	<hr/>		
Total revenues	426,000	426,000	369,582
	<hr/>		
EXPENDITURES			
Public safety			
Personnel services	337,000	337,000	330,336
Contractual services	119,700	119,700	114,991
Commodities	400	400	121
Miscellaneous	68,600	68,600	67,481
	<hr/>		
Total expenditures	525,700	525,700	512,929
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (99,700)</u>	<u>\$ (99,700)</u>	(143,347)
FUND BALANCES, JANUARY 1			<u>199,958</u>
FUND BALANCES, DECEMBER 31			<u><u>\$ 56,611</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PARK DEVELOPMENT CAPITAL PROJECTS FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
REVENUES			
Allotments, grants and reimbursements	\$ 248,000	\$ 248,000	\$ 7,840
Investment income	25,000	25,000	14,829
Total revenues	<u>273,000</u>	<u>273,000</u>	<u>22,669</u>
EXPENDITURES			
Capital outlay	281,500	281,500	296,476
Total expenditures	<u>281,500</u>	<u>281,500</u>	<u>296,476</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,500)</u>	<u>(8,500)</u>	<u>(273,807)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(300,000)	(300,000)	(300,000)
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (308,500)</u>	<u>\$ (308,500)</u>	<u>(573,807)</u>
FUND BALANCES, JANUARY 1			<u>909,112</u>
FUND BALANCES, DECEMBER 31			<u>\$ 335,305</u>

(See independent auditor's report.)

ENTERPRISE FUNDS

Water and Sanitary Sewer Fund - 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 fund, including but not limited to, administration, operations, maintenance, capital improvements, financing and related debt service and billing and collection. These activities are accounted for in the revenue and improvement subfunds.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
WATER AND SANITARY SEWER FUND

December 31, 2009

	Revenue Account	Improvement Account	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 839,221	\$ 138,741	\$ 977,962
Investments	142,966	518,463	661,429
Receivables			
Accounts - billed	337,295	-	337,295
Accounts - unbilled	103,008	-	103,008
Accrued interest	448	1,266	1,714
Other	683	-	683
Prepaid expenses	688	-	688
Due from other funds	9,408	-	9,408
Advances to other funds	-	22,150	22,150
Total current assets	1,433,717	680,620	2,114,337
CAPITAL ASSETS			
Nondepreciable	36,325	-	36,325
Depreciable, net of accumulated depreciation	42,256,855	-	42,256,855
Net capital assets	42,293,180	-	42,293,180
Total assets	43,726,897	680,620	44,407,517
CURRENT LIABILITIES			
Accounts payable	500,139	105,787	605,926
Accrued payroll	6,187	-	6,187
Accrued interest payable	28,743	-	28,743
Due to other funds	3,019	-	3,019
Advances from other funds	-	350,000	350,000
Compensated absences payable	42,943	-	42,943
Current portion of notes payable	141,624	-	141,624
Total current liabilities	722,655	455,787	1,178,442
LONG-TERM LIABILITIES			
Notes payable	1,263,435	-	1,263,435
Total long-term liabilities	1,263,435	-	1,263,435
Total liabilities	1,986,090	455,787	2,441,877
NET ASSETS			
Invested in capital assets, net of related debt	40,888,121	-	40,888,121
Unrestricted	852,686	224,833	1,077,519
TOTAL NET ASSETS	\$ 41,740,807	\$ 224,833	\$ 41,965,640

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
WATER AND SANITARY SEWER FUND

For the Year Ended December 31, 2009

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 3,569,031	\$ -	\$ -	\$ 3,569,031
Miscellaneous	4,711	-	-	4,711
Total operating revenues	3,573,742	-	-	3,573,742
OPERATING EXPENSES				
Administration	640,361	-	-	640,361
Operations	2,969,719	-	-	2,969,719
Capital outlay	-	73,976	-	73,976
Total operating expenses	3,610,080	73,976	-	3,684,056
OPERATING INCOME (LOSS) BEFORE DEPRECIATION				
	(36,338)	(73,976)	-	(110,314)
Depreciation	1,600,343	-	-	1,600,343
OPERATING INCOME (LOSS)				
	(1,636,681)	(73,976)	-	(1,710,657)
NONOPERATING REVENUES (EXPENSES)				
Investment income	11,405	2,475	-	13,880
Interest expense	(61,413)	-	-	(61,413)
Connection fees	-	251,644	-	251,644
Gain on sale of capital assets	8,835	-	-	8,835
Total nonoperating revenues (expenses)	(41,173)	254,119	-	212,946
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS				
	(1,677,854)	180,143	-	(1,497,711)
TRANSFERS				
Transfers in	434,920	897,000	(1,134,920)	197,000
Transfers (out)	(700,000)	(434,920)	1,134,920	-
Total transfers	(265,080)	462,080	-	197,000
CONTRIBUTIONS				
	605,000	-	-	605,000
CHANGE IN NET ASSETS				
	(1,337,934)	642,223	-	(695,711)
NET ASSETS, JANUARY 1				
	43,078,741	(417,390)	-	42,661,351
NET ASSETS, DECEMBER 31				
	\$ 41,740,807	\$ 224,833	\$ -	\$ 41,965,640

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water sales	\$ 3,975,000	\$ 3,975,000	\$ 3,569,031
Miscellaneous			
Other	4,000	4,000	4,711
Total operating revenues	<u>3,979,000</u>	<u>3,979,000</u>	<u>3,573,742</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Administration	677,000	677,000	640,361
Operations	3,320,000	3,320,000	2,969,719
Total operating expenses excluding depreciation	<u>3,997,000</u>	<u>3,997,000</u>	<u>3,610,080</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION			
	(18,000)	(18,000)	(36,338)
Depreciation	-	-	1,600,343
OPERATING INCOME (LOSS)	<u>(18,000)</u>	<u>(18,000)</u>	<u>(1,636,681)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	15,000	15,000	11,405
Interest expense	-	-	(61,413)
Gain on sale of capital assets	23,000	23,000	8,835
Total nonoperating revenues (expenses)	<u>38,000</u>	<u>38,000</u>	<u>(41,173)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS			
	20,000	20,000	(1,677,854)
TRANSFERS			
Transfers in	-	-	434,920
Transfers (out)	(700,000)	(700,000)	(700,000)
Total transfers	<u>(700,000)</u>	<u>(700,000)</u>	<u>(265,080)</u>
CONTRIBUTIONS			
	-	-	605,000
CHANGE IN NET ASSETS			
	<u>\$ (680,000)</u>	<u>\$ (680,000)</u>	<u>(1,337,934)</u>
NET ASSETS, JANUARY 1			<u>43,078,741</u>
NET ASSETS, DECEMBER 31			<u>\$ 41,740,807</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Personnel services			
Corporate salaries	\$ 238,000	\$ 238,000	\$ 242,785
Overtime salaries	1,000	1,000	849
Total personnel services	<u>239,000</u>	<u>239,000</u>	<u>243,634</u>
Contractual services			
Telephone	6,200	6,200	5,951
Printing	6,200	6,200	7,375
Professional services	95,700	95,700	61,039
Data processing	6,800	6,800	6,050
Postage	3,500	3,500	2,813
Duplicating	1,800	1,800	1,831
Medical insurance	92,100	92,100	93,428
General insurance	106,200	106,200	99,529
Outside services	1,800	1,800	678
Total contractual services	<u>320,300</u>	<u>320,300</u>	<u>278,694</u>
Commodities			
Office supplies	1,800	1,800	1,957
Total commodities	<u>1,800</u>	<u>1,800</u>	<u>1,957</u>
Other charges			
Memberships	500	500	618
Vehicle expense	3,000	3,000	3,000
Professional development	500	500	107
Publications	200	200	73
Business expense	111,700	111,700	112,278
Total other charges	<u>115,900</u>	<u>115,900</u>	<u>116,076</u>
Total administration	<u>677,000</u>	<u>677,000</u>	<u>640,361</u>
OPERATIONS			
Personnel services			
Regular salaries	356,000	356,000	362,746
Overtime salaries	29,000	29,000	26,465
Total personnel services	<u>385,000</u>	<u>385,000</u>	<u>389,211</u>

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
 WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Contractual services			
Equipment maintenance	\$ 20,000	\$ 20,000	\$ 18,362
Gas utilities	5,000	5,000	3,010
Electric utilities	88,000	88,000	91,467
Outside services	41,500	41,500	22,592
Water purchases	1,080,000	1,080,000	958,208
Sanitary sewer charges	1,600,000	1,600,000	1,409,712
Sanitary sewer transmission fees	8,000	8,000	7,784
	<u>2,842,500</u>	<u>2,842,500</u>	<u>2,511,135</u>
Commodities			
Maintenance materials	22,000	22,000	16,103
Water meters	10,000	10,000	501
	<u>32,000</u>	<u>32,000</u>	<u>16,604</u>
Other charges			
Memberships	400	400	312
Vehicle expense	52,000	52,000	45,909
Professional development	2,000	2,000	402
Uniforms	3,500	3,500	3,224
Minor equipment	2,000	2,000	1,844
Business expense	600	600	1,078
	<u>60,500</u>	<u>60,500</u>	<u>52,769</u>
Total operations	<u>3,320,000</u>	<u>3,320,000</u>	<u>2,969,719</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 3,997,000</u></u>	<u><u>\$ 3,997,000</u></u>	<u><u>\$ 3,610,080</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
 WATER AND SANITARY SEWER FUND - IMPROVEMENT ACCOUNT

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Capital outlay			
Motor equipment	\$ 54,000	\$ 54,000	\$ 5,769
Office equipment	14,000	14,000	3,536
Other equipment	65,000	65,000	9,490
Capital projects	299,500	299,500	55,181
Loan payments	385,000	385,000	-
	<hr/>		
Total capital outlay	817,500	817,500	73,976
	<hr/>		
TOTAL OPERATING EXPENSES	<u>\$ 817,500</u>	<u>\$ 817,500</u>	<u>\$ 73,976</u>

(See independent auditor's report.)

INTERNAL SERVICE FUND

Vehicle Maintenance and Operations Fund - to account for the costs of operating and maintaining vehicles used by various village departments, with the costs for these functions allocated to the appropriate department.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
VEHICLE MAINTENANCE AND OPERATIONS FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Interfund services			
General Corporate Fund	\$ 468,400	\$ 468,400	\$ 413,170
Water and Sanitary Sewer Fund	52,000	52,000	45,909
Total operating revenues	<u>520,400</u>	<u>520,400</u>	<u>459,079</u>
OPERATING EXPENSES			
Personnel services			
Regular salaries	168,000	168,000	168,066
Overtime salaries	10,000	10,000	4,979
Total personnel services	<u>178,000</u>	<u>178,000</u>	<u>173,045</u>
Professional services			
Equipment maintenance	1,000	1,000	816
Medical insurance	25,100	25,100	25,480
General insurance	22,800	22,800	18,251
Outside services	29,100	29,100	41,728
Total professional services	<u>78,000</u>	<u>78,000</u>	<u>86,275</u>
Commodities			
Maintenance materials	6,500	6,500	6,168
Total commodities	<u>6,500</u>	<u>6,500</u>	<u>6,168</u>
Other charges			
Memberships	500	500	110
Professional development	1,000	1,000	887
Publications	4,500	4,500	3,187
Uniforms	1,900	1,900	1,762
Gasoline, oil, antifreeze	177,000	177,000	106,226
Vehicle maintenance parts	25,000	25,000	28,579
Vehicle tires	17,000	17,000	15,960
Business expense	31,000	31,000	33,293
Total other charges	<u>257,900</u>	<u>257,900</u>	<u>190,004</u>
Depreciation	-	-	3,593
Total operating expenses	<u>520,400</u>	<u>520,400</u>	<u>459,085</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	(6)
NET ASSETS (DEFICIT), JANUARY 1			<u>(8,683)</u>
NET ASSETS (DEFICIT), DECEMBER 31			<u>\$ (8,689)</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF CHANGES IN PLAN NET ASSETS - BUDGET AND ACTUAL
POLICE PENSION FUND

For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions - employer	\$ 1,097,000	\$ 1,097,000	\$ 1,101,333
Contributions - employee	203,000	203,000	201,169
Other contributions	-	-	7
Total contributions	1,300,000	1,300,000	1,302,509
Investment income			
Net appreciation in fair value of investments	-	-	1,212,644
Interest earned on investments	400,000	400,000	345,925
Total investment income	400,000	400,000	1,558,569
Less investment expense	-	-	(38,643)
Net investment income	400,000	400,000	1,519,926
Total additions	1,700,000	1,700,000	2,822,435
DEDUCTIONS			
Benefits	385,000	385,000	457,240
Administrative	1,315,000	1,315,000	18,040
Total deductions	1,700,000	1,700,000	475,280
NET INCREASE	\$ -	\$ -	2,347,155
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1			10,028,743
December 31			<u>\$ 12,375,898</u>

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Village of Lincolnshire, Illinois' 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.

<u>Contents</u>	<u>Page</u>
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.	82-89
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	90-92
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.	93-96
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	97-98
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	99-101

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village of Lincolnshire, Illinois implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NET ASSETS BY COMPONENT

Last Seven Fiscal Years

Fiscal Year	2004	2005	Fiscal Year 2006	2006 (1)	2007	2008	2009
GOVERNMENTAL ACTIVITIES							
Invested in capital assets net of related debt	\$ 51,402,139	\$ 47,869,966	\$ 47,313,273	\$ 68,424,957	\$ 66,725,834	\$ 66,259,268	\$ 68,808,108
Restricted	5,317	2,955,072	2,126,303	1,731,077	2,344,362	2,244,875	2,044,365
Unrestricted	7,248,335	(1,914,930)	2,925,079	(2,526,351)	(2,215,238)	(1,159,963)	(7,094,159)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 58,655,791	\$ 48,910,108	\$ 52,364,655	\$ 67,629,683	\$ 66,854,958	\$ 67,344,180	\$ 63,758,314
BUSINESS-TYPE ACTIVITIES							
Invested in capital assets net of related debt	\$ 38,533,510	\$ 37,573,504	\$ 36,828,116	\$ 38,752,353	\$ 42,314,239	\$ 41,517,419	\$ 40,888,121
Unrestricted	2,100,807	1,837,509	2,288,281	3,766,210	1,629,463	1,143,932	1,077,519
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 40,634,317	\$ 39,411,013	\$ 39,116,397	\$ 42,518,563	\$ 43,943,702	\$ 42,661,351	\$ 41,965,640
PRIMARY GOVERNMENT							
Invested in capital assets net of related debt	\$ 89,935,649	\$ 85,443,470	\$ 84,141,389	\$ 107,177,310	\$ 109,040,073	\$ 107,776,687	\$ 109,696,229
Restricted	5,317	2,955,072	2,126,303	1,731,077	1,927,055	1,888,107	2,044,365
Restricted for enabling legislation	-	-	-	491,640	417,307	356,768	-
Unrestricted	9,349,142	(77,421)	5,213,360	748,219	(585,775)	(16,031)	(6,016,640)
TOTAL PRIMARY GOVERNMENT	\$ 99,290,108	\$ 88,321,121	\$ 91,481,052	\$ 110,148,246	\$ 110,798,660	\$ 110,005,531	\$ 105,723,954

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET ASSETS

Last Seven Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)
EXPENSES				
Governmental activities				
General government	\$ 4,153,400	\$ 2,639,981	\$ 3,902,410	\$ 3,096,531
Public safety	2,311,602	2,331,087	2,685,220	2,293,286
Community development	509,310	515,858	548,118	429,049
Public works	3,201,240	14,430,729	2,923,034	1,998,279
Parks and recreation	1,296,193	1,488,224	1,970,013	1,417,736
Interest	451,971	841,800	1,282,499	841,042
Total governmental activities expenses	<u>11,923,716</u>	<u>22,247,679</u>	<u>13,311,294</u>	<u>10,075,923</u>
Business-type activities				
Water and sewer	4,931,644	4,621,204	4,816,263	3,158,763
Total business-type activities expenses	<u>4,931,644</u>	<u>4,621,204</u>	<u>4,816,263</u>	<u>3,158,763</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 16,855,360</u>	<u>\$ 26,868,883</u>	<u>\$ 18,127,557</u>	<u>\$ 13,234,686</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 744,533	\$ 606,978	\$ 227,240	\$ 169,318
Public safety	137,926	286,678	599,781	559,274
Community development	374,825.00	619,500	833,928	374,803
Public works	12,898.00	57,259	36,334	12,816
Parks and recreation	146,512.00	193,036	285,456	131,600
Operating grants and contributions	329,177	353,618	402,817	499,051
Capital grants and contributions	79,827	14,648	480,979	17,365,707
Total governmental activities program revenues	<u>1,825,698</u>	<u>2,131,717</u>	<u>2,866,535</u>	<u>19,112,569</u>
Business-type activities				
Charges for services				
Water and sewer	2,778,034	3,136,697	4,221,203	2,425,316
Capital grants and contributions	-	-	-	1,224,733
Total business-type activities program revenues	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>	<u>3,650,049</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 4,603,732</u>	<u>\$ 5,268,414</u>	<u>\$ 7,087,738</u>	<u>\$ 22,762,618</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$ (10,098,018)	\$ (20,115,962)	\$ (10,444,759)	\$ 9,036,646
Business-type activities	(2,153,610)	(1,484,507)	(595,060)	491,286
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	<u>\$ (12,251,628)</u>	<u>\$ (21,600,469)</u>	<u>\$ (11,039,819)</u>	<u>\$ 9,527,932</u>

2007	2008	2009
\$ 4,303,055	\$ 2,829,284	\$ 2,639,170
3,383,714	2,775,446	3,984,062
717,748	2,276,158	1,084,935
2,920,066	2,904,543	2,633,796
2,344,980	2,119,915	2,015,026
309,746	1,193,095	1,195,047
13,979,309	14,098,441	13,552,036
5,096,183	5,289,730	5,345,812
5,096,183	5,289,730	5,345,812
\$ 19,075,492	\$ 19,388,171	\$ 18,897,848
\$ 184,410	\$ 252,265	\$ 193,159
713,250	645,929	979,293
529,232	631,173	318,812
65,713	64,735	7,955
131,562	181,221	130,847
604,711	573,931	319,096
208,504	14,988	2,870,480
2,437,382	2,364,242	4,819,642
3,649,917	3,397,643	3,825,386
201,000	209,000	605,000
3,850,917	3,606,643	4,430,386
\$ 6,288,299	\$ 5,970,885	\$ 9,250,028
\$ (11,541,927)	\$ (11,734,199)	\$ (8,732,394)
(1,245,266)	(1,683,087)	(915,426)
\$ (12,787,193)	\$ (13,417,286)	\$ (9,647,820)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Seven Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)
GENERAL REVENUES AND OTHER				
CHANGES IN NET ASSETS				
Governmental activities				
Taxes				
Property	\$ 1,448,205	\$ 1,775,838	\$ 2,333,283	\$ 2,525,276
Intergovernmental	3,444,697	3,784,953	3,787,845	2,568,006
Utility	1,133,855	1,116,426	1,224,971	823,909
Telecommunications	1,145,925	1,066,449	816,150	611,741
Room and admissions	1,366,279	1,594,677	1,690,670	1,343,633
Real estate transfer	342,511	628,323	1,491,390	542,911
Other	-	-	340,638	67,396
Investment income	61,765	144,296	452,253	536,929
Miscellaneous	176,426	456,517	1,959,106	51,768
Gain (loss) on sale of capital assets	-	-	-	(6,187)
Transfers (out)	(159,358)	(197,000)	(197,000)	(2,837,000)
Total governmental activities	8,960,305	10,370,479	13,899,306	6,228,382
Business-type activities				
Investment income	67,825	60,044	87,485	73,880
Miscellaneous	2,758	4,159	15,959	-
Gain (loss) on sale of capital assets	-	-	-	-
Transfers in	159,358	197,000	197,000.00	2,837,000
Total business-type activities	229,941	261,203	300,444	2,910,880
TOTAL PRIMARY GOVERNMENT	\$ 9,190,246	\$ 10,631,682	\$ 14,199,750	\$ 9,139,262
CHANGE IN NET ASSETS				
Governmental activities	\$ (1,137,713)	\$ (9,745,483)	\$ 3,454,547	\$ 15,265,028
Business-type activities	(1,923,669)	(1,223,304)	(294,616)	3,402,166
TOTAL PRIMARY GOVERNMENT	\$ (3,061,382)	\$ (10,968,787)	\$ 3,159,931	\$ 18,667,194

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

2007	2008	2009
\$ 3,664,251	\$ 3,845,433	\$ 4,393,892
3,999,735	3,655,286	2,866,996
1,257,584	1,205,004	1,195,317
982,319	1,030,772	958,357
1,946,854	1,845,849	1,476,402
503,004	189,438	174,273
70,516	74,713	-
566,567	388,314	179,703
273,372	335,612	71,155
-	-	86,070
(2,497,000)	(347,000)	(197,000)
10,767,202	12,223,421	11,205,165
149,892	53,736	13,880
-	-	-
23,513	-	8,835
2,497,000	347,000	197,000
2,670,405	400,736	219,715
\$ 13,437,607	\$ 12,624,157	\$ 11,424,880
\$ (774,725)	\$ 489,222	\$ 2,472,771
1,425,139	(1,282,351)	(695,711)
\$ 650,414	\$ (793,129)	\$ 1,777,060

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004	2005	2006	2006 (1)	2007	2008	2009
GENERAL FUND										
Reserved	\$ 263,576	\$ 355,533	\$ 1,583,377	\$ 1,126,946	\$ 2,416,636	\$ 180,409	\$ 95,453	\$ 345,453	\$ 460,517	\$ 1,105,569
Unreserved	7,850,271	6,535,508	5,543,812	6,211,939	6,419,844	11,505,785	10,576,229	9,066,518	8,890,704	7,332,889
TOTAL GENERAL FUND	\$ 8,113,847	\$ 6,891,041	\$ 7,127,189	\$ 7,338,885	\$ 8,836,480	\$ 11,686,194	\$ 10,671,682	\$ 9,411,971	\$ 9,351,221	\$ 8,438,458
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 1,484,108	\$ 1,484,108	\$ 1,656,108	\$ 2,026,108	\$ 8,043,230	\$ 6,422,115	\$ 4,301,221	\$ 4,301,221	\$ 4,301,221	\$ 8,346,918
Unreserved, reported in										
Special Revenue Funds	(628,477)	(118,920)	(190,073)	(2,128,339)	(2,148,968)	54,824	491,640	417,307	1,281,040	-
Capital Project Funds	1,164,573	640,660	(755,881)	100,634	1,064,854	87,783	1,825,729	2,327,949	911,810	86,830
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 2,020,204	\$ 2,005,848	\$ 710,154	\$ (1,597)	\$ 6,959,116	\$ 6,564,722	\$ 6,618,590	\$ 7,046,477	\$ 6,494,071	\$ 8,433,748

Notes
 (1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2001	2002	2003	2004
REVENUES				
Property taxes	\$ 588,059	\$ 661,408	\$ 940,003	\$ 1,448,205
Other taxes	7,115,357	6,629,333	7,118,377	7,433,267
Licenses and permits	914,823	487,197	590,379	744,533
Fines and penalties	320,318	366,435	383,054	400,041
Charges for services	571,764	300,430	1,401,043	397,833
Intergovernmental	571,096	341,591	170,236	61,765
Investment income	106,713	114,851	120,509	147,241
Miscellaneous	426,624	382,042	625,053	312,689
Total revenues	10,614,754	9,283,287	11,348,654	10,945,574
EXPENDITURES				
General government	1,885,775	2,570,154	2,384,812	4,380,884
Public safety	1,631,852	1,752,192	1,900,863	2,130,504
Community development	351,637	354,688	374,058	435,746
Public works	1,893,681	2,086,750	1,631,380	1,668,192
Parks and recreation	735,824	892,258	1,044,546	985,936
Capital outlay	2,937,390	5,617,285	3,868,580	680,917
Debt service				
Principal	471,411	443,834	495,704	457,554
Interest	790,892	779,833	699,433	549,538
Total expenditures	10,698,462	14,496,994	12,399,376	11,289,271
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(83,708)	(5,213,707)	(1,050,722)	(343,697)
OTHER FINANCING SOURCES (USES)				
Transfers in	190,511	2,873,440	931,588	737,642
Transfers (out)	(122,113)	(2,807,668)	(940,412)	(897,000)
Issuance of notes	-	4,000,000	-	-
Issuance of SSA bonds	-	-	-	-
Gain on sale of land	-	-	-	-
Refunding of bonds	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	68,398	4,065,772	(8,824)	(159,358)
NET CHANGE IN FUND BALANCES	\$ (15,310)	\$ (1,147,935)	\$ (1,059,546)	\$ (503,055)
Debt Service as a Percentage of Noncapital Expenditures	8.7%	16.1%	13.4%	9.2%

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

	2005	2006	2006 (1)	2007	2008	2009
\$	1,775,838	\$ 2,271,319	\$ 2,525,276	\$ 3,664,251	\$ 3,845,433	\$ 4,317,091
	8,190,828	9,413,628	5,957,596	8,760,012	8,001,062	6,748,146
	1,051,526	1,382,958	717,470	868,217	1,085,034	650,774
	425,047	395,938	310,687	530,857	506,275	549,992
	353,110	856,578	1,240,875	995,608	728,573	75,923
	144,296	430,386	536,929	618,968	401,688	672,473
	163,437	167,106	117,963	187,685	202,308	179,703
	3,684,512	530,032	62,984	273,372	335,612	71,155
	15,788,594	15,447,945	11,469,780	15,898,970	15,105,985	13,265,257
	3,825,366	4,254,994	2,550,339	3,748,842	3,425,042	2,457,974
	2,109,484	2,484,277	2,310,605	3,754,819	3,863,789	4,499,028
	434,391	461,100	384,292	619,540	801,403	733,343
	2,069,880	1,930,749	1,195,976	2,030,522	2,067,826	3,621,871
	1,041,158	1,431,206	1,107,299	1,737,321	1,664,338	1,366,078
	11,515,012	515,440	1,035,948	1,451,198	1,724,118	864,303
	696,662	1,282,499	635,540	378,634	653,958	825,881
	438,333	3,765,834	138,525	316,940	1,210,679	1,181,525
	22,130,286	16,126,099	9,358,524	14,037,816	15,411,153	15,550,003
	(6,341,692)	(678,154)	2,111,256	1,861,154	(305,168)	(2,284,746)
	3,771,163	762,550	200,000	1,284,925	1,713,875	1,476,750
	(3,968,163)	(959,550)	(3,037,000)	(3,781,925)	(2,060,875)	(1,673,750)
	-	3,300,000	-	-	-	1,540,000
	15,000,000	-	-	-	-	-
	-	1,559,531	-	-	-	-
	-	(38,333)	-	-	-	-
	-	-	-	-	-	86,070
	14,803,000	4,624,198	(2,837,000)	(2,497,000)	(347,000)	1,429,070
\$	8,461,308	\$ 3,946,044	\$ (725,744)	\$ (635,846)	\$ (652,168)	\$ (855,676)
	5.3%	32.3%	8.4%	5.2%	12.7%	15.32%

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
4 Overlook LLC	\$ 22,453,178	1	3.27%	\$ -		
Lincolnshire Campus, LLC	20,103,653	2	2.92%	-		
Northwestern Mutual Life Insurance Co.	19,668,654	3	2.86%	-		
CRP-2 Holdings Tri-State LLC	19,056,541	4	2.77%	-		
Van Vlissingen & Company	18,669,858	5	2.72%	25,874,273	1	5.68%
Half Day LLC	10,002,199	6	1.45%	-		
Strategic Hotel Capital Inc.	9,183,910	7	1.34%	-		
ECD Company	7,371,225	8	1.07%	-		
Staples, Inc.	7,292,489	9	1.06%	-		
GGP-Lincolnshire LLC	6,141,313	10	0.89%	-		
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 Bk & 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%
	<u>\$ 139,943,020</u>		<u>20.35%</u>	<u>\$ 144,870,706</u>		<u>31.81%</u>

Note:

Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

Data Source

Vernon Township Assessor

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SALES TAX BY CATEGORY
(in thousands of dollars)

Last Ten Calendar Years

Calendar Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	13	-	-	8	17	18	24	26	34	33
Drinking and eating places	348	375	438	476	483	508	590	659	657	574
Apparel	29	30	40	54	64	68	69	80	126	113
Furniture	371	390	382	512	498	530	493	523	439	435
Lumber, building hardware	-	216	267	295	429	475	534	519	135	-
Automobile and filling stations	63	49	42	52	55	58	62	56	60	49
Drugs and miscellaneous retail	1,468	1,277	729	888	788	977	893	935	888	491
Agriculture and all others	490	480	576	584	636	454	748	619	735	626
Manufacturers	30	31	26	23	26	18	19	29	44	57
TOTAL	\$ 2,812	\$ 2,848	\$ 2,500	\$ 2,892	\$ 2,996	\$ 3,106	\$ 3,432	\$ 3,446	\$ 3,118	\$ 2,378
Village direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Village home rule rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Data Source

Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate
2000	0.25%	0.25%	1.00%	5.00%
2001	0.25%	0.25%	1.00%	5.00%
2002	0.25%	0.25%	1.00%	5.00%
2003	0.25%	0.25%	1.00%	5.00%
2004	0.25%	0.25%	1.00%	5.00%
2005	0.25%	0.25%	1.00%	5.00%
2006	0.25%	0.25%	1.00%	5.00%
2007	0.25%	0.25%	1.00%	5.00%
2008	0.25%	0.25%	1.00%	5.00%
2009	0.50%	0.50%	1.00%	5.00%

Data Source

Village and County Records

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita**
	Special Service Area Bonds	North Park Bank Loan	Schelter Road Bank Loan	Tax Increment Financing	SD 125 Loan	Utility Line Bank Loan				
2001	\$ -	\$ 7,013	\$ -	\$ -	\$ 12	\$ 2,748	\$ 9,773	2.66%	\$ 1,600	
2002	-	6,233	-	-	-	2,349	8,582	2.34%	1,405	
2003	-	5,453	-	4,000	-	1,950	11,403	3.11%	1,867	
2004	-	4,754	-	4,000	-	3,790	12,544	3.42%	1,919	
2005	-	4,204	-	4,000	-	3,361	11,565	2.94%	1,769	
2006	15,000	3,766	-	4,000	-	2,928	25,694	6.54%	3,931	
2006*	15,000	3,300	-	4,000	-	2,338	24,638	6.27%	3,769	
2007	15,000	2,882	-	3,900	-	2,029	23,811	6.06%	3,642	
2008	14,765	2,589	-	3,775	-	1,720	22,849	5.81%	3,495	
2009	14,515	2,286	1,452	3,590	-	1,405	23,248	5.49%	3,303	

Note:

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

* The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

** See the schedule of Demographic and Economic Statistics on page 96 for personal income and population data.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
(in thousands of dollars)

Last Ten Fiscal Years

Fiscal Year	(1) General Obligation Bonds	(1) Special Service Area Bonds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2001	\$ -	\$ -	\$ -	0.00%	\$ -
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	15,000	15,000	0.78%	2,295
2006*	-	15,000	15,000	0.78%	2,295
2007	-	15,000	15,000	0.73%	2,295
2008	-	14,765	14,765	0.70%	2,259
2009	-	14,515	14,515	0.70%	2,062

Notes

* The Village changed its fiscal year end from April 30 to December 31 in 2006.

The column labeled 2006(1) is for the eighth month period ending December 31, 2006.

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES
(in thousands of dollars)

December 31, 2009

Governmental Unit	Gross General Obligation Debt	Percentage of Debt Applicable to Government	Village's Share of Debt
Overlapping debt			
Debt repaid with property taxes			
School District No. 102	\$ 5,550	6.81%	\$ 378
School District No. 103	3,225	57.95%	1,869
School District No. 106	-	1.01%	-
School District No. 113	65,570	0.05%	33
School District No. 125	27,240	17.90%	4,876
Community College No. 532	7,000	2.42%	169
Lincolnshire-Riverwoods Fire Protection District	-	48.28%	-
Vernon Area Public Library	-	24.68%	-
Lake County	35,105	2.30%	807
Lake County Forest Preserve	295,310	2.30%	6,792
Total overlapping debt	439,000		14,924
Direct debt			
Village of Lincolnshire	-	100.00%	-
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 439,000		\$ 14,924

Data Source

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

December 31, 2009

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin:

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one per cent: ...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."

The Village's voters approved a referendum to become a home rule community in 1975.

To date, the General Assembly has set no limits for home rule municipalities.

Illustrative Computation of Debt Margin If Government Were Not a Home Rule Municipality

The Village is a home rule municipality and, as such, has no debt limitations. If, however, the Village

EQUALIZED ASSESSED VALUATION - 2008*	\$ 687,583,446
Legal Debt Limit - 8.625%	\$ 59,304,072
Amount of debt applicable to limit: General Obligation Bonds Series 2008	-
LEGAL DEBT MARGIN	\$ 59,304,072

* Most Recent EAV Available

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
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%
2009	7,038	423,089	60,115	9.9%

Data Source

U.S. Census Bureau and U.S. Bureau of Labor Statistics
 Illinois Department of Employment (IDES)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Hewitt	4,373	1	29%	5,500	1	31%
Adlai Stevenson High School	731	2	5%	427	4	2%
Walgreens Co.	720	3	5%			
CVS Caremark, Inc.	513	4	3%			
Hydraforce, Inc.	508	5	3%	285	7	2%
Quill Corporation	491	6	3%	873	2	5%
ACCO Brands	453	7	3%			
W. W. Grainger	400	8	3%	400	5	2%
Marriott's Lincolnshire Resort	391	9	3%	450	3	3%
Klein Tools, Inc.	380	10	2%	285	7	2%
Peerless of America				350	6	2%
Zellweger Analytics				275	8	2%
The Wealshire				150	9	1%
	<u>8,960</u>		<u>59%</u>	<u>8,995</u>		<u>52%</u>
Village population			15,337			18,000

Data Source

Lincolnshire Chamber of Commerce (2009)

Lake County Partners (2000)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL GOVERNMENT										
Executive Services	3.20	3.70	3.70	3.70	4.10	3.90	3.90	3.90	3.90	3.90
Finance	2.10	2.10	2.10	2.10	2.40	2.40	2.40	2.40	2.40	2.40
PUBLIC SAFETY										
Police	27.60	27.90	29.10	29.10	29.10	31.70	31.00	31.00	31.10	31.10
E911	4.80	4.80	5.60	5.60	5.60	5.00	5.00	5.00	5.40	5.40
COMMUNITY DEVELOPMENT										
Development	5.75	5.75	5.25	5.75	5.25	6.25	6.25	6.75	7.00	7.00
Forestry ¹	0.50	0.50	1.00	0.50	1.00	1.00	1.00	1.00	1.00	1.00
PUBLIC WORKS										
Administration	1.80	1.80	1.80	1.80	1.80	2.25	2.50	2.50	2.50	2.50
Streets	4.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Buildings	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water	8.25	8.35	8.35	8.35	8.60	8.15	8.15	8.15	8.15	8.15
Vehicle Maintenance	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry ¹	2.10	1.95	1.95	1.95	1.95	-	-	-	-	-
PARKS AND RECREATION										
Parks	5.35	5.95	6.95	7.95	7.90	9.80	9.80	10.00	10.00	10.00
Recreation	1.85	3.30	3.30	3.30	3.30	3.35	3.35	3.35	3.35	3.35
TOTAL	69.80	74.60	77.60	78.60	79.50	82.30	81.85	82.55	83.30	83.30

¹ Forestry function shared by Public Works and Community Development until fiscal year 06-07.

Data Source

Village finance department

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2001	2002	2003	2004	2005	2006	Eight Months Ended Dec. 31 2006	2007	2008	2009
GENERAL GOVERNMENT										
Residential mailings	15	15	14	13	13	13	9	13	13	14
Taxable property transfers	152	153	206	207	194	176	105	118	98	91
Fine revenues collected (in thousands)	297	342	353	381	403	377	230	295	388	442
POLICE										
Arrest (includes traffic)	7,488	8,535	8,387	9,135	9,235	9,699	9,600	8,503	8,767	9,077
DUI arrests	189	182	149	160	160	135	125	88	74	51
COMMUNITY DEVELOPMENT										
Building permits issued	401	517	431	458	441	469	340	435	300	444
PUBLIC WORKS-GENERAL										
Street resurfacing (miles)	1.91	2.41	2.02	2.22	1.77	3.01	0.98	1.46	1.61	1.42
Project inspections	345	400	500	400	450	472	267	500	245	200
Street cleaned-miles	417	431	381	425	464	597	575	500	327	350
Cubic yards of leaves collected	3,780	4,740	5,340	5,480	4,580	6,420	5,490	5,930	6,110	6,000
PUBLIC WORKS-WATER & SEWER										
Average daily pumpage metered (millions of gallons)	1.228	1.221	1.238	1.300	1.419	1.524	1.387	1.488	1.380	1.310
JULIE utility locates	-	80	94	1,880	2,154	3,217	3,305	2,755	2,674	2,905
PARKS AND RECREATION										
Trees planted	38	36	42	36	50	68	77	87	110	117
Playground inspection hours	147	92	152	176	173	269	194	210	190	235
Special event hours	580	551	843	784	711	484	569	541	595	637
Number of programs	124	137	263	342	438	351	345	194	240	286
Number of participants	1,605	1,710	1,634	1,871	1,475	995	860	560	588	541

Data Source

Various Village departments

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	Eight Months	2007	2008	2009
							Ended Dec. 31 2006			
POLICE										
Patrol units	11	12	13	13	14	14	14	14	14	15
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	33	33	33	33	33	33	33	34	34	
Building facilities maintained	3	6	6	6	6	6	6	6	6	6
PARKS AND RECREATION										
Acreage	188.5	307.0	307.0	307.0	307.0	307.0	307.0	311.0	311.0	311.0
Parks	8	9	9	9	9	9	9	9	9	9
Baseball/softball diamonds	2	6	6	6	6	6	6	6	6	6
WATER-SANITARY SEWER										
Fire hydrants	825	825	831	831	831	831	833	835	835	835
Storage capacity (thousands of gallons)	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Water mains (miles)	58.9	58.9	59.4	59.4	59.4	59.4	59.5	61.0	61.0	67.0
Sanitary sewers (miles)	40.0	41.0	41.0	42.0	42.0	42.0	43.0	43.0	43.0	45.0
Storm sewers (miles)	35.0	35.0	35.0	38.0	38.0	41.4	43.3	43.3	43.3	43.3

Data Source

Various Village departments