



Village of  
**L**incolnshire  
Illinois

Comprehensive Annual Financial Report  
For the Year Ended December 31, 2015

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
December 31, 2015

Prepared by Finance Department

Michael R. Peterson  
Finance Director/Village Treasurer

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## **INTRODUCTORY SECTION**

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**PRINCIPAL OFFICIALS**

December 31, 2015

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Mayor

Elizabeth Brandt

Village Board

Karen Feldman  
Dr. Mara Grujanac  
Mark Hancock

Dan Servi  
Tom McDonough  
Gerard Leider

Village Clerk

Barbara Mastandrea

\* \* \* \* \*

Village Manager

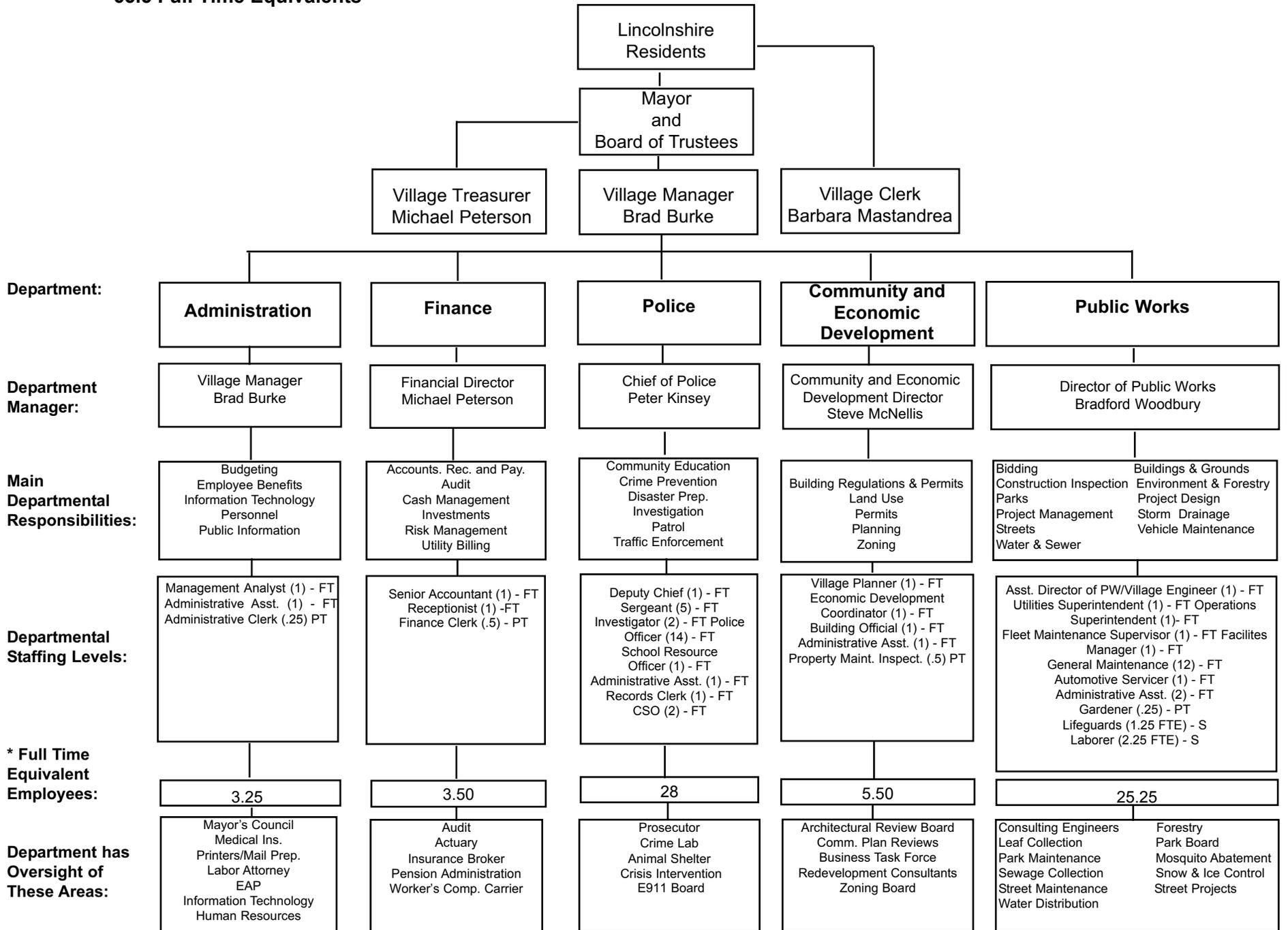
Bradly Burke

Finance Director/Village Treasurer

Michael R. Peterson

**60 Full Time Employees**  
**5.5 Part Time or Seasonal Employees**  
**65.5 Full Time Equivalents**

**VILLAGE OF LINCOLNSHIRE**  
**Organizational Chart**  
**(12/31/2015)**



**Department:**

**Department Manager:**

**Main Departmental Responsibilities:**

**Departmental Staffing Levels:**

**\* Full Time Equivalent Employees:**

**Department has Oversight of These Areas:**



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

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**June 22, 2016**

To the Mayor, Board of Trustees and Citizens of the Village of Lincolnshire:

### **Formal Transmittal**

State law requires 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, 2015.

This report consists of management's representations concerning the finances of the Village. Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Village Management has established a comprehensive internal control framework designed both to protect the Village's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh anticipated benefits, the Village's objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. Management asserts, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Sikich LLP, Independent Certified Public Accountants, have issued an unqualified opinion on the Village's financial statements for the fiscal year ended December 31, 2015. The independent auditor's report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Village**

### **Basic Information**

The Village of Lincolnshire, incorporated in 1957, is located in southern Lake County and is 38 miles north of the City of Chicago. The community covers nearly five-square miles with the northern branch of the Des Plaines River running through its boundaries. Thousands of native deciduous trees and numerous outlots help create a bucolic atmosphere making the Village a very desirable community to locate both businesses and residences. The Village is also home to the nationally recognized Adlai E. Stevenson High School. The Village became home rule by a voter approved referendum in 1975. The most recent federal census recorded 7,275 residents. Its day-time population is estimated at nearly 25,000.

The Village is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits via annexation, which it has done from time to time. As a home-rule entity, the Village has no tax rate limits or debt limits, and is not required to conduct a referendum to authorize the issuance of debt or to increase property taxes.

The Village has operated under the council-manager form of government since its incorporation. Policy-making and legislative authority are vested in a seven-member Board composed of a mayor and six trustees elected on an at-large basis for four year, staggered terms. The Village Board appoints the Village Manager, Treasurer, Village Clerk, and Corporation Counsel. The Village Manager is responsible for carrying out the policies and ordinances of the Village Board; overseeing the day-to-day operation of the Village; and for appointing the heads of the various departments.

The Village provides a full range of services including police protection; community and economic development; construction and maintenance of the Village's streets and other infrastructure. It also is responsible for the operation and maintenance of an extensive water and sanitary sewer distribution and collection system. The Villages Public Works Department oversees maintenance of the Village's park and path system and helps manage a woodlands program which serves to protect and preserve urban forest and open space. Fire protection is provided by the Lincolnshire-Riverwoods Fire Protection District. The Village's annual financial report (CAFR) also includes the activities of the Police Pension Fund; however, control of the police pension fund rests with an independent board.

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit their request for appropriations to the Village Manager as part of the annual budget preparation process. The Village Manager presents the proposed budget to the Village Board for review in October. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than the close of the fiscal year which is December 31. The budget is prepared by fund, function (i.e., public works), and division (i.e., streets). Budgeted transfers must be approved by the Board. Any revisions altering the total expenditures of any department must be approved by the Village Board. Budget-to-actual comparisons are provided in this report for each governmental and proprietary fund for which an appropriated annual budget has been adopted.

## Assessment of Economic Condition and Future Outlook

### *Local Economy*

The Village of Lincolnshire has a strong reputation in Lake County and the north suburbs of Chicago as a premier community. Lincolnshire boasts a variety of housing options, nationally recognized elementary and high school, corporate headquarters and strong restaurant/retail sector, and excellent municipal services.

Annual operational/capital costs and debt service has traditionally been funded with current revenues. In addition, property taxes have historically only been levied exclusively to fund the Village's two pension plans (police and municipal employees). A number of revenues sources have shown slight but steady growth in recent years.

### Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year End	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
EAV (million)	\$586	\$563	\$561	\$562	\$604	\$639	\$688	\$701	\$682
Gen Fund Revenue	\$12.3	\$11.3	\$10.3	\$9.6	\$8.7	\$6.7	\$6.7	\$8.0	\$8.8
Gen Fund Reserve Ratio (% of annual exp plus debt)	147%	157%	140%	150%	128%	105%	92%	104%	105%

The three basic economic indicators listed above serve as benchmarks as to how Lincolnshire finances have been impacted over the years. Prior to FY2008, annually for eleven years, Village real estate values consistently showed, in total, an average increase of 5%. The Village experienced a 18.5% decline in total equalized assessed values from 2009 to 2013. 2014 and 2015 values have increased .3% (\$1.8 million) and 4.0% (\$22.7 million) respectively.

Five types of revenue sources account for 73% of the total projected revenues for the FY16 General Fund. These sources and their respective budget increases over FY15 are as follows: State Sales Tax (4.6%), Home Rule Sales Tax (4.7%), Utility Tax (-4.9%), Telecommunication Tax (-15.6%) and Rooms & Admissions Tax (2.0%). Although revenues are expected to rise in 2016, there are no actual rate increases planned for FY16. The General Capital Projects Fund was created in FY2013 to allocate General Fund reserves to pay for needed infrastructure projects and equipment. It is the Village's policy to maintain a reserve equal to 75% of one year's operating expenses; however, the Village Board as set a target of maintaining at least one full year of operating expenses in reserve. Any reserves in excess of this target are transferred to the General Capital Projects Fund annually. The General Fund FY16 Budget anticipates the transfer of \$2,553,636 to the General Capital Projects Fund.

Major revenue sources and regional/national economic trends continue to be monitored since they normally have the largest impact on the Village's finances. Concurrently, expenditures continue to be examined on a monthly basis.

### Long-Term Financial Planning

The Village's long-term strategy is aimed at preserving the outstanding quality of life enjoyed by its residents and also ensure residents' expectation for excellent service continues to be delivered. The financial stress resulting from the recent recession

required the Village to focus more so on delivering its core services than in the past. Operating and capital expenditure spending levels are forecasted to rise; reversing the recent trend where expenses shrunk to meet the challenge of diminished revenues.

### Relevant Financial Policies for this Year

The cornerstone of the Village's strategic financial planning has always been to conservatively anticipate revenues to be "lower than projected" and to assume expenditures to be "at 100% of budgeted". The combined General Fund unassigned fund balance and General Capital Projects fund balance reserved for capital projects is currently at 147.5% of annualized general fund operating expenditures (excluding Sales Tax Rebate and Police Pension Contribution). This exceeds the Village's policy guideline established for budgetary and planning purposes ("75% of one-year's operational expenditures excluding capital outlay, but includes annual debt service").

The FY16 balanced General Fund budget was prepared without the necessity of drawing on the fund's reserves for General Fund operating expenses. In recent years "belt-tightening" measures were initiated where appropriate for operating and capital expenditures (i.e., joint purchasing agreements, department reorganization and leaving open unfilled positions, project by project evaluation, outsourcing dispatch services). Revenue from natural gas use tax and the home rule sales tax implemented in FY11 have proven to be successful in generating additional tax revenues.

The Village's economic incentive program has been successful in generating significant additional sales tax. Three commercial enterprises were part of the incentive program in 2015.

### Major Initiatives of the Year

As part of the annual budget process, the Board of Trustees developed and prioritized the 2015 strategic goals which provide the foundation to promote the Village Board's vision of providing outstanding public services in a fiscally conservative manner. Work this past year continued efforts to revise the presentation of the Village's budget to increase transparency and improve management's ability to oversee operations. Village staff also completed the second annual update of Lincolnshire's 10-Year Capital Plan and 5-Year Financial Forecast. Both of these documents aid elected officials and management to budget and plan expenditures in an effective and fiscally responsible manner. In addition to ongoing improvements to the budgeting process, in 2015, the Village deployed a new enterprise resources software system. The new software integrates operations in all Village departments and ties activities into accounting and financial management. The new software has improved customer services, increased efficiencies, and assisted in providing enhanced financial reporting and tracking for the Village. Goals for 2015 also included continuing to increase efforts in Community & Economic Development including implementation of the third year of the Economic Development Strategic Plan and increasing the Village's involvement and visibility at community events.

The Village Board, management and staff are pleased to report the primary goal of maintaining high service levels while not increasing the burden to the taxpayers has been substantially achieved even in light of the ongoing depressed economic environment and significant uncertainty regarding the financial position of the State of Illinois. The Village of Lincolnshire continues to levy a property tax only to fund required contributions to both the Police Pension Fund for sworn employees and retirement fund (Illinois Municipal Retirement Fund) for all other Village employees. For the fourth

consecutive year, the Village maintained a stable property tax rate which comprises less than 3% of the total property tax bill paid by residents in the community.

With the slow economic recovery and the current financial crisis for the State of Illinois, the Village's strategy is for the Village Board, management and staff to engage in regular evaluation of all aspects of the Village's operations and capital needs to identify opportunities for cost containment as well as the generation of new revenues.

In terms of the Village's enterprise system, water and sewer rates were increased along with a tiered structure with higher rates for larger users to ensure user fees adequately cover water costs; while sewer fees remained unchanged. A significant commitment was made in 2014 to begin to address water distribution system infrastructure needs as outlined in the 10-Year Capital Plan. Plans were under development in 2014 for a water main replacement project to address failing infrastructure on Westwood, Middlebury, Bedford, and Fox Trail. This project was constructed in 2015, at a total cost of nearly \$1 million, resulting in a new main in an area of the Village with significantly higher than average water main failures.

### **Development Initiatives**

In 2015, several significant projects were approved or constructed resulting in one-time revenues associated with property transfer, building permit fees, as well as long-term revenues via additional property, sales, and utilities taxes for the Village.

- 2015 saw the transfer of ownership of two major retail centers in Lincolnshire.
- After completing major interior renovations; construction of a new 4-story parking structure; and creating connectivity between the 25 and 75 Tri-State International buildings Computer Discount Warehouse's (CDW) took occupancy of the previously vacant 25 and 75 Tri-State International buildings.
- In 2015, the Village received notice Medline Industries was no longer planning to develop the former Hewitt Campus at the northwest corner of Route 22 and I-94. Medline decided not to locate in Lincolnshire and began actively marketing the site for sale
- Village Green Shopping Center- Half Day Brewing Co., a restaurant and brewery, located in the former 14,500-square-foot Flatlander's restaurant building at the Village Green which became vacant in 2012. Center for Ballroom & Dance located in a 3,300-square foot space at 300 Village Green. Starfish Sushi restaurant leased a 5,000 sq.ft. space at 185 Milwaukee Avenue.
- Lincolnshire Commons Shopping Center- North Shore University Health Care leased a 32,000 sq.ft. building formerly occupied by the Barnes & Noble. They obtained Village approvals to amend the Lincolnshire Commons PUD to allow for a non-retail use in that location. North Shore will repurpose the building to accommodate their needs.
- Camberley Club Townhome Development- Pulte Homes received Special Use approvals for an 86-unit townhome development, called the Camberley Club, on a 20-acre property at the southeast corner of Milwaukee Avenue and Riverside Road, north of Sedgebrook. As part of the Pulte development, the adjacent intersection will be realigned and Riverside Road will be improved to Village standards.

## POLICE PENSION CONTRIBUTIONS

Page 59 depicts police pension contribution information formatted to comply with the requirements of GASB statement 67. The Village Board and Lincolnshire Police Pension Board members believe the below Pension Contribution Schedule more accurately represents the Board's funding efforts.

The notable difference is the year in which contributions paid (column C) are recognized. While GASB 67 compares the 2015 Pension Request \$783,607 to the 2014 Property Tax Levy (collected in 2015) \$681,665; the above schedule compares 2015 Pension Request \$783,607 to the 2015 Property Tax Levy (collected in 2016) \$833,555. The above schedule favorably represents the Village Board's intention to contribute \$49,948 (\$833,555- \$783,607) over the Police Pension Boards request; and \$418,839 over the statutory minimum. Contrarily, GASB 67 leads users to wrongfully conclude the Village Board underfunded the Police Pension Boards request by \$101,942.

### EMPLOYER CONTRIBUTIONS TO POLICE PENSION FUND

Tax Year (Calendar)	A Police Pension Board Recommended	B DOI Statutory Minimum	Collection Year Fiscal Year End	C Committed Contribution During FYE	D= C/B Percentage Of Contrib Collected vs Statutory Minimum	E= C-B Difference Committed Contrib vs Statutory Minimum
2015	\$783,607	\$414,716	2016	\$833,555	201.0%	\$418,839
2014	\$692,133	\$391,292	2015	\$618,665	158.1%	\$227,373
2013	\$644,854	\$415,378	2014	\$589,303	141.9%	\$173,925
2012	\$1,056,822	\$422,359	2013	\$1,059,747	250.9%	\$637,388
2011	\$959,202	\$467,346	2012	\$961,521	205.7%	\$494,175
2010	\$1,075,278	\$466,222	2011	\$1,032,840	221.5%	\$566,618
2009	\$1,013,947	\$511,772	2010	\$1,012,592	197.9%	\$500,820
2008	\$1,096,939	\$423,868	2009	\$1,101,333	259.8%	\$677,465
2007	\$805,933	\$459,543	2008	\$1,063,146	231.3%	\$603,603
2006	\$731,366	\$451,121	2007	\$1,111,733	246.4%	\$660,612
<b>Total</b>	<b>\$ 8,860,081</b>	<b>\$ 4,423,617</b>		<b>\$ 9,384,435</b>		

## 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, 2009. 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-seventh 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.

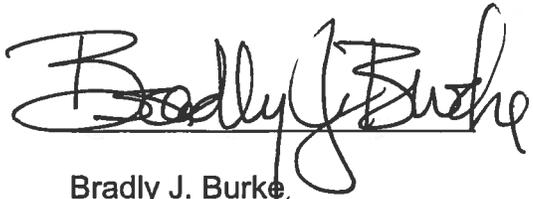
A Certificate of Achievement is valid for only one year. Funding for this award was cut in FY11 by the Village Board as part of budget process. Future funding will be considered annually. The Village believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements.

The Village also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year ending December 31, 2010. This was the twenty-fifth consecutive year that the Village has received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Village's Budget document was judged to be proficient as a policy document, financial plan, operations guide, and communication device.

*Individuals*

The preparation of the CAFR on a timely basis was made possible by the dedicated staff of the Finance Department. In particular, we would like to express our sincere appreciation to Julia Gabbard, Senior Accountant; Candy Normandy, Finance Secretary; and Nancy Panos, Finance Clerk, for their continued efforts throughout the year which allowed for the smooth and timely preparation of this report. 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,



Bradly J. Burke  
Village Manager



Michael R. Peterson  
Finance Director

## **FINANCIAL SECTION**



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## **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, 2015, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 11, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script, appearing to read "S. J. ...".

Naperville, Illinois  
June 2, 2016

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2015**

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As management of the Village of Lincolnshire, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2015 (FY15). Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the Village exceeded its liabilities at the close of fiscal year ending December 31, 2015 by \$101.9 million (net position). Of this amount, -\$5.12 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted balance are primarily related to implementation of Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans.
- The Village's total net position decreased by \$12.73 million during the twelve months ended December 31, 2015. The net position associated with "governmental activities" decreased \$11.18 million, while the "business-type activities" decreased \$1.55 million. The decreases are primarily related to implementation of Statement on Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans.
- At the close of the current fiscal year, the Village's governmental fund's reported combined fund balances of \$16.76 million, an increase of \$.60 million, or 3.7%, in comparison with the prior fiscal period. The components of the combined fund balance amount consist of nine different funds; three of which are considered "major" and six considered "non-major." At 66.1% the General Fund comprises the largest share of the Village's combined ending fund balance; the General Capital Projects is second at 16.2%; and Special Service Area (SSA) Debt Services is the third largest fund at 12.5%. The Village is the conduit to the Special Service Area (Sedgebrook Development) Debt Service. The entire SSA Debt Service Fund Balance is restricted. Of the \$11.08 million held in the General Fund, 87.9% of it is available for spending at the government's discretion (classified as "unrestricted, unassigned").
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund & General Capital Fund was \$12,462,306; or approximately 119.0% of the General Corporate Fund FY2016 annual operating expenditures (excluding capital and transfers to capital, but including debt service). The Village's policy is to maintain a minimum of 75% of equivalent expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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.

This 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 individual fund specific concerns. Readers are encouraged to review the additional information furnished in the transmittal letter starting on page iii of this report.

## GOVERNMENT 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 Position* that presents information about all of the Village's assets and liabilities, with the difference reported as *net position*. Over a multi-year period, an increase or decrease in net position 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 position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. The statement of activities' purpose is to show the financial reliance of the Village's distinct activities or functions on revenue provided by Village taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village principally supported by taxes and intergovernmental revenues (such as state shared revenues) from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety and public services. Public services encompass the repair and maintenance of the streets and storm drainage system along with the care of the parks and grounds areas. The Special Service Areas are also included in the governmental activities. 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 4 - 7 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 8 - 12 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. 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 13 - 17 of this report.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. The Lincolnshire Police Pension plan is reported as a pension trust fund in the financial Statements, but is excluded from the government-wide reporting. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are presented on pages 18 - 19 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 20 of this report.

#### *Other information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to budgetary information and the Village's progress in funding its Illinois Municipal Retirement Fund (IMRF) and Police Pension obligations to provide pension benefits to its employees.

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 63.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted in an earlier statement, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lincolnshire, assets exceeded liabilities by \$99.4 million at the close of the most recent fiscal year.

The largest portion of the Village's net position (91.3%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Village's net position and summary of changes in net position should be viewed in their separate governmental and business-type components.

## CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
Current and Other Assets	\$26,183,937	\$21,924,271	\$2,828,194	\$2,268,301	\$29,012,131	\$24,192,572
Capital Assets	71,403,774	70,533,160	35,665,515	35,417,955	107,069,289	105,951,115
Deferred Outflows of Resources	0	2,220,043	0	314,675	0	2,534,718
<b>Total Assets</b>	<b>\$97,587,711</b>	<b>\$94,677,474</b>	<b>\$38,493,709</b>	<b>\$38,000,931</b>	<b>\$136,081,420</b>	<b>\$132,678,405</b>
Other Liabilities	3,585,698	3,670,752	728,683	1,028,184	4,314,381	4,698,936
Long-Term Liabilities	14,082,279	21,648,527	479,657	1,190,312	14,561,936	22,838,839
Deferred Inflows of Resources	2,517,987	3,136,071	0	49,027	2,517,987	3,185,098
<b>Total Liabilities and Deferred Inflows</b>	<b>\$20,185,964</b>	<b>\$28,455,350</b>	<b>\$1,208,340</b>	<b>\$2,267,523</b>	<b>\$21,394,304</b>	<b>\$30,722,873</b>
Net Position						
Investment in Capital Assets Net of Related Debt	69,798,415	69,382,066	35,045,804	34,970,306	104,350,013	104,352,372
Restricted	2,660,130	2,725,241			2,660,130	2,725,241
Unrestricted	4,943,202	(5,885,183)	2,239,565	763,102	7,182,767	(5,122,081)
<b>Total Net Position</b>	<b>\$77,401,747</b>	<b>\$66,222,124</b>	<b>\$37,285,369</b>	<b>\$35,733,408</b>	<b>\$114,687,116</b>	<b>\$101,955,532</b>

For Fiscal Year ended 2015, the Total Primary Government as well as Governmental Activities reported positive balances in two of the three categories of net position, The negative Unrestricted balance are primarily related to implementation of Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans. Business-type activities reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year. The Village has funded capital improvements to a large extent on a pay-as-you-go basis with few exceptions.

Business-type Activities reported a 4.2% decrease in Net Position primarily as a result of the Village Board's decision to forego the historical General Fund subsidy to Water/Sewer Improvement Fund for FY2015.

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

### STATEMENT OF ACTIVITIES

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
<b>REVENUES:</b>						
Program Revenues:						
Charges for Services	1,614	1,579	4,001	3,841	5,615	5,420
Operating Grants & Contr	362	246	0	0	362	246
Capital Grants & Contr	68	58	474	0	542	58
General Revenue:						
Property Taxes	2,589	2,583			2,589	2,584
Other Taxes	9,354	10,305			9,354	10,306
Miscellaneous	72	94	0	3	72	97
Interest Income	(39)	55	5	4	-33	59
<b>Total Revenues</b>	<b>14,020</b>	<b>14,922</b>	<b>4,480</b>	<b>3,848</b>	<b>18,500</b>	<b>18,770</b>
<b>EXPENSES:</b>						
General Government	2,838	3,261			2,838	3,261
Public Safety	3,922	4,224			3,922	4,224
Comm & Econ Development	562	846			562	846
Public Works	1,913	2,526			1,913	2,526
Parks & Open Spaces	2,001	1,594			2,001	1,594
Interest	890	845			890	845
Water and Sewer			5,501	5,561	5,501	5,561
<b>Total Expense</b>	<b>12,126</b>	<b>13,296</b>	<b>5,501</b>	<b>5,561</b>	<b>17,626</b>	<b>18,857</b>
Inc (Dec) in assets before transfers	1,894	1,626	(1,021)	(1,713)	874	(87)
Transfers	(96)	(906)	96	906	0	0
Inc (Dec) in Net Position	1,798	720	(925)	(807)	874	(87)
Net Position - Beginning	75,603	77,401	38,210	37,285	113,813	114,687
Accounting Principle Change		-11,899		-745		-12,645
Net Position - Ending	\$77,401	\$66,222	\$37,285	\$35,733	\$114,687	\$101,956

## Government Activities

During the current fiscal year, net position for governmental activities increased \$.720 million from the restated Net Position at the start of the fiscal year for an ending balance of \$66,222,124. The increase in overall net position of governmental activities is reflected in the above condensed Statement of Activities.

### Revenue:

The total revenues increased \$.90 million from FY14 \$14.02 million to FY15 \$14.92.

Property taxes represent approximately 17.3% of the Village's Governmental Activities revenue. As the Village is subject to the Tax Cap Limitation Act, the Village's property tax revenue decreased .21% from \$2,589,086 (FY14) to \$2,583,554 (FY15). Like much of Lake County, the Village's equalized assessed valuation remained relatively flat increasing 4.04% from \$563,549,256 to \$586,329,751 for tax years 2014 (actually received 2015) and tax year 2015 (to be received in 2016), respectively. Based on estimates at the time of the audit, Police Pension property taxes are projected to increase 34.7% or \$214,890 as the result of a change in actuarial assumptions. Retirement Fund property tax revenue are projected to decreased 20.6% or \$150,279 from 2014's extension; while Special Service Area property taxes relating to Sedgebrook Developments debt service increased .19% or \$2,158.

The Illinois Department of Revenue reports the Village of Lincolnshire's sales tax revenue during 2015 increased \$157,381. The sales tax categories reporting the largest dollar gains include agriculture, food, and furniture at \$209,600; \$110,800; and \$91,900 respectively. The number one category continues to be "agriculture and all others" at \$2,074,900; followed by \$1,028,860 "drinking and eating places", and \$714,650 furniture category. The food category sales grew 120% over 2014, most likely the result of successful sales at The Fresh Market. Other noteworthy gains include increases in Furniture and Agriculture of 14.8% and 11.2% respectively. Sales tax categories posting declines for 2015 include Drugs (\$285,300); manufactures (\$7,000); and automotive (\$3,770).

Lincolnshire's other tax revenues posting gains for 2015 include: State Income Tax \$85,016 (12.1%), Local Use Tax \$85,248 (70.5%); Room & Admission Tax \$197,950 (11.4%); Real Estate Transfer Tax \$160,711 (48.5%). Declining revenues include: Utility Tax \$14,325 (1.1%); Telecommunication Tax down \$46,855 (-3.84%). The State of Illinois continues to delay payments, and as of December 31, 2015, payments from the State were lagging three to five months from collection to disbursement. Over the past several years, the typical lag has been three-four months, which was a gradual improvement over 2010/2011's lag of six months. Prior to 2010 the State's lag was a short two months.

During FY15 the Lincolnshire Police Department continued to provide one liaison officer to Adlai E. Stevenson High School. Revenue posted to Governmental Activities for FY15 services rendered were \$112,321; down 2.5% or \$2,885 from FY14.

The "second tier" revenue sources were down \$136,913 (11.8%) from FY2014. Specifically, the following revenue realized decline in revenues From FY2014; Licenses & Permits \$11,366 (1.5%); Fines & Forfeitures \$82,778 (24.8%), and Investment earnings down \$21,055 (38.0%) from the previous year. Building permit fees remained virtually unchanged \$286,854 down (.1%) from FY2014. Building permit fees normally account for 25% to 45% of the License & Permits category, for FY2015 these fees represented 38.9% of the total. Residential home

improvements remained level compared to FY14. A noteworthy mention, the FY2015 CDW improvement fees were similar to FY2014 Zebra Corp, resulting in the overall flat revenue stream.

The economy remained flat through 2015; the Federal Reserve Board continues to maintain the Fed Funds rate target 0 -.25% which it has done since January 2009. The Village continued to invest funds not readily needed for operations in the Certificate of Deposit Account Registry Service (CDARS) through Bridgeview Bank, Cole Taylor Bank and FTN Financial Group. FY2015 Investment earnings are up \$850 from FY14 despite the continuation of low certificate of deposit rates ranging from 25 to 85 basis points throughout the year. The Village's Investment Policy requirements did not change in FY15; however, a close monitoring of the performance continues.

### **Expenses:**

The Village's Governmental Activities expenses increased \$1,132,303 from the prior year; \$12.13 million in FY14 compared to \$13.29 million in FY15. Noteworthy additions include first time expense recognition in the General Fund for \$618,665 Police retirement contributions and \$442,410 Economic Development Initiatives. The Village continues to monitor the need for personnel adjustments and other cost containment measures to maintain a healthy financial future.

The Village continued its approach of fully funding pension obligations based on both short-term costs and long-term actuarial analysis. Typically, municipal governments' pension funding levels fluctuate year to year. Investment returns have a huge impact on portfolio values for all pension funds. The Illinois Municipal Retirement Fund (IMRF) actuary utilizes a "smoothing technique" to delay and soften the effect to the employer rate. During a May 2016 IMRF webinar it was reported "The estimated 2015 investment return for IMRF is .44% " This is well below the 7.5% expected return and will have a small impact on employer rate. Lincolnshire's FY14 employer contribution rate of 14.82% increased to 15.44% in FY15. Although Lincolnshire's rate increased by 4.2%; actual expenditures declined 5.6%; largely due to staffing changes.

Annual Police Pension costs, also known as "Recommend Employer Contributions" are actuarially calculated based on Lincolnshire's Police Pension Funding Policy. Assumptions include salary, benefit costs and investment returns. The Village continues to meet the financial obligations as presented by an independent actuary. The Annual "Recommended" Contribution for FY15 is \$803,666; up \$20,059 (2.56%) from FY15 Actual employer contribution. Pension funding specifics can be found in Note 10 on pages 40 - 53.

### **Business-Type Activities**

Business-type activities decreased the Village's net position by \$806,847. The Water & Sewer Fund is the only business-type activity, classified as a proprietary fund operated by the Village. The fund is made up of an "operations" component and a "capital improvement" component. The Fund's operating income before depreciation was -\$213,487 for 2015.

### **Revenues:**

Total revenues declined \$86,958; from \$3.873 million in FY14 compared to \$3.786 million in FY15. Revenues for the Water & Sewer fund are derived largely from water sales. For FY2015 water sales were down largely due to wetter and cooler spring and summer months, resulting in reduced sales when usage typically increases.

With the exception of a couple very small subdivisions under construction, water customer accounts remained largely unchanged throughout most of 2015. Several units were added in 2015, ending the year with 2,489 units; with 2,267 residential and 222 commercial accounts. Lincolnshire's water and sewer rates increased 1.8%.

Continual low interest rates resulted \$3,683 investment income for the current year.

**Expenses:**

Depreciation for the Water & Sewer system declined by \$85,569 (5.2%) to \$1,545,687 for 2015.

The Village reports the Water/Sewer and Internal Service Fund (Governmental Activities) as proprietary funds. The Water/Sewer Fund is considered a "major fund." Water is purchased from the City of Highland Park at a rate of \$3.02 per thousand gallons. Highland Park imposed an increase of 4.1% effective January 1, 2015. Wastewater treatment service is provided under a contractual agreement with Lake County Public Works at a rate of \$4.00 (effective March 1, 2010) per thousand gallons of water usage. The Village charges all municipal customers at a rate of \$9.95 combined water & sewer rate per 1,000 gallons. The spread between the purchase and sale rates is intended to finance the operations of the municipal waterworks and sewage system, including, but not limited to labor costs, supplies and miscellaneous infrastructure repairs. The 2007 sanitary sewer treatment agreement between Lake County and the Village provides for a "summer sewer credit" during the summer period. The premise is that all water used during the summer does not return through the sanitary sewer system. The resident's summer sanitary sewer charge does not exceed 10% above their average non-summer period (September to May).

The proprietary funds' operating expenses increased \$95,315 (2.23%) from the prior year; \$4.281 million in FY14 compared to \$4.377 million in FY15. This increase is largely due to Water & Sewer Fund taking a more aggressive approach to annual system maintenance activities.

The Water and Sewer Fund operating expenses were 7.4% or \$301,592 below final budget; Administration at 31.7% below and Operation expenses 3.7% below final budget. The combined FY15 water purchases and sanitary sewer charges were up 4.69% compared to FY14, weather related.

As noted previously above, business-type activities are intended to be self-sufficient, that is, charges for services should be adequate to cover all operating costs. Comparative operating information for the operations section of the business-type fund for the last four fiscal years ending December 31, are presented below:

UTILITY OPERATING RESULTS FROM FY2012 TO FY2015				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water: Rate per 1,000 gallons	\$4.33	\$4.43	\$4.50	\$4.68
Sewer: Rate per 1,000 gallons	\$5.27	\$5.27	\$5.27	\$5.27
Operating Revenue	\$4,052,808	\$3,844,673	\$3,873,638	\$3,786,680
Operating Expenses (excluding depreciation)	\$3,900,977	\$4,093,392	\$3,850,493	\$4,000,167

As part of the FY2015 budget the Village increased its water usage fees 4.0%, while sanitary sewer fees remained the same. These rates became effective for services provided after January 16, 2015.

Rate increases from the water supplier have become a regular occurrence, while sanitary sewer charges have not increased since 2011. For budget year 2015 a water rate increase was instituted to absorb a proposed rate increase by the Village's water supplier. In FY2015 the cost of water (\$1,174,600) and sanitary sewer treatment (\$1,412,804) was 75.5 % of total operating expenses. The most recent percentages were 79.3% for FY2014 and 78.3% for FY2013.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the Village of Lincolnshire uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### ***Governmental Funds***

The Governmental Accounting Standards Board prepares standards to be followed by units of local government. Standard 54 has significantly changed the reporting of Fund Balance. The Village of Lincolnshire implemented Standard 54 effective FY11.

New definitions were created by Standard 54:

Fund Balance – the difference between assets and liabilities in a Governmental Fund.

Nonspendable Fund Balance – the portion of a Governmental Fund's net position not available to be spent, either short term or long term, in either form (e.g. prepaid assets, inventories, short-term receivables) or through legal restrictions (i.e., principal of an endowment).

Restricted Fund Balance – the portion of a Governmental Fund's fund balance subject to external enforceable legal purpose restrictions as to what the fund balance can be spent on.

Committed Fund Balance – the portion of a Governmental Fund's fund balance limited with self-imposed constraints or limitations that have been placed at the highest level of decision making authority.

Assigned Fund Balance – the portion of a Governmental Fund's fund balance to denote management's intended use of resources.

Unassigned Fund Balance – available expendable financial resources in a governmental fund not the object of tentative management plan (i.e., assigned). Positive unassigned fund balance can only be reported in the General Fund.

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, Unassigned Fund Balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As previously discussed, *governmental funds* are reported in the fund statement with its focus on the near-term inflows, outflows and of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, the "unrestricted" classification of the fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2015 the Village's governmental fund balance reported a combined ending fund balance of \$16.76 million. This was an increase of \$.6 million (3.72%) compared to the prior fiscal year. The largest contributing factor was the Village Board's decision to forego the General Fund transfer to the Water & Sewer Improvement Fund; historically used to support that fund's annual debt service and to pay for capital acquisitions.

The General Fund's 58.1% or \$9.75 million Unassigned Fund Balance is the significant portion of the \$16.7 million governmental fund balance. FY2015 represents the second year the Village restricted Governmental Fund Balance; \$2.71 million or 16.2%, for General Capital Projects. In 2004, the Village agreed to be a "conduit" to the Sedgebrook Special Service Area debt service resulting in the creation of the SSA Debt Service Fund. The \$2.09 million restricted Fund Balance of the SSA Debt Service Fund makes it the second largest portion of the governmental fund balance at 12.5%. The fund balances classified as "non-spendable" and "restricted" are \$1,429,324 and \$2.86 million respectively. These balances are not available for discretionary spending because they have already been spent or are restricted for a variety of purposes.

The General Fund serves as the Village's primary operating fund and the largest source of day-to-day municipal service delivery. The net change to the General Fund's fund balance was an increase of \$468,531, or 4.41%, from the previous year's restated balance. Prior to FY2014, capital projects were paid from the General Fund's unassigned fund balance in excess of the target balance. Beginning FY2014, the General Capital Projects Fund was created via a General Fund transfer of \$4.15 million unassigned fund balance in excess of the General Fund's target balance. In FY15 the General Fund transfer to General Capital Projects Fund was \$1.32 million.

The Village calculates a fund balance ratio taking into account only the current year's operating expenditures including debt service, but excluding expenditures classified as "capital." The target of unassigned fund balance is 100% of the current year's operating expenses. An annual transfer of funds exceeding the target balance will occur in December of each year. In the event the General Fund's estimated year-end target balance falls below 100%, a transfer of General Capital Projects' restricted fund balance will be transferred back to the General Fund. Annually on 1/1 following the close of a fiscal year, the chart below is updated to serve as a financial indicator for Village purposes.

A comparison of the FY2015 budget revenue reveals total General Fund revenues were 13.1% above FY15 Final Budget or \$1,430,541. Total actual expenditures \$9,52 million are 6.1% below \$10.1 million budget or \$579,500.

GENERAL & GENERAL CAPITAL FUND BALANCE					
FISCAL YEAR	FUND BALANCE General Fund Unassigned*	FUND BALANCE Gen Cap Fund Restricted	TOTAL FUND BALANCE	OPERATING EXPENSES (EXCLUDING CAPITAL)	FUND BALANCE AS % OF OPER. EXP.
1/1/2011	\$7,861,442	\$0	\$7,861,442	\$7,455,545	105.4%
1/1/2012	\$9,590,075	\$0	\$9,590,075	\$7,479,223	128.2%
1/1/2013	\$11,612,467	\$0	\$11,612,467	\$7,766,812	149.5%
1/1/2014	\$12,103,725	\$0	\$12,103,725	\$8,653,397	139.9%
1/1/2015	\$10,612,821	\$2,479,985	\$13,092,806	\$8,348,230	156.8%
1/1/2016	\$11,053,038	\$2,436,320	\$13,489,358	\$9,141,152	147.6%

\* Includes Nonspendable Fund Balance, specifically \$1,305,000 Land Held for Resale in FY15 & FY16.

In addition to the General Fund being classified as a “major fund,” the Governmental Accounting Standards Board (“GASB”) guidelines indicate the following funds are also considered “major” funds in fiscal year 2015: the Retirement Fund, and the General Capital Projects Fund.

The Retirement Fund’s fund balance increased 31.2% to \$184,014 from \$140,159. FY15 budget included a one-time additional contribution to IMRF. The intended outcome was to maintain the fund balance level at one month’s expenses, transfer the excess funds to IMRF, and increase Lincolnshire’s IMRF funding level. The conservative estimate of available funds for year-end resulted in fund balance increasing to 3.3 month’s expenses.

The total combined fund balance of the six non-major governmental funds increased from \$132,349 to \$2.78 million. The notable increases include Motor Fuel Tax (\$11,051), Enhanced E911 (\$81,215), and Park Development Capital Fund (\$20,720).

### **Proprietary Funds**

The Village’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net Position of the Water & Sewer Fund decreased \$806,847 (-2.21%) from \$36.54 million for FY14 to \$35.73 million in FY15. The unrestricted net position decreased \$1,476,463 (-65.9%) for FY14 to \$763,102 due to a \$1.1 million water main replacement project. The Village intends to operate the Water/Sewer Operating Fund at a breakeven rate while maintaining a cash reserve equal to three months of operating expenses. Excess revenue will be transferred to Water/ Sewer Improvement Fund for planned infrastructure projects.

### **General Fund Budgetary Highlights**

The following chart reflects the condensed Budgetary Comparison Schedule (in millions):

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Revenues:			
Property Tax	\$0.073	0.694	(0.621)
Other Taxes	9.610	10.306	(0.696)
Licenses and Permits	0.580	0.737	(0.157)
Fines and Forfeitures	0.380	0.250	0.130
Intergovernmental	0.189	0.243	(0.054)
Investment Income	0.022	0.034	(0.012)
Miscellaneous	0.012	0.032	(0.020)
TOTAL REVENUES	\$10.866	12.296	(1.430)
Expenditures:			
Current:			
General Government	\$1.970	1.773	0.197
Public Safety	3.819	3,685	0.134
Comm & Econ Dev.	1.031	0.974	0.057
Public Works	1.420	1.318	0.102
Parks & Open Spaces	1.379	1,289	0.090
Debt Service	0.481	0.481	-
TOTAL EXPENDITURES	\$8.124	\$9.520	\$0.580

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

On February 23, 2015, the Village Board approved the annual appropriations ordinance for the Village of Lincolnshire for Fiscal Year 2015. The annual Appropriation Ordinance provides the formal authority for the expenditure of public funds. Historically, the Village has passed an Appropriation Ordinance where the appropriated line items mirror identically the line items found in the approved budget. The budget document is the spending plan for the Village, and the Appropriation Ordinance provides the formal spending authority. A more formal and legal approach to addressing those expenditures that exceed the original Appropriation Ordinance is for the Village Board to consider and pass a Supplemental Appropriation Ordinance prior to the close of the fiscal Year. On December 14, 2015, the Village Board approved a Supplemental Appropriation ordinance to amend the original Appropriation. The Village's "Level of Budgetary Control Policy" requires an individual expenditure account that exceeds its budget by 10 percent or five thousand dollars be brought to the Village Board for review and approval.

The Village determined that was in the best interests of the Village to appropriate additional funds from reserves for various purposes. The following is an overview of the supplemental appropriation amounts for specific line items:

- **General Fund** – At the auditor’s recommendation, the Police Pension property tax revenue and Police Pension Employer Contribution are now reported in the General Fund. The Transfer Out- General Capital Fund line item was originally planned for January following the fiscal year end; however after further review the decision was made to change the transfer to December, prior to fiscal year end. Transfers originally earmarked for Water/Sewer Operations were reclassified to Water/Sewer Improvement Fund to ready reserves for upcoming capital expenditures.
- **Police Pension Fund** – \$3,000 was reclassified from Contract Service- Investment Advisor to Actuarial Services for related GASB 67/68 reporting.

Since many of the Village’s expenses can be impacted by factors not controllable by the Village, such as the weather and economy, budget line items are best estimates based on past experience. Overall, General Fund expenditures were 0.8% over budget with 72.4% of the individual line items finishing at or below budget estimates. Actual Departmental General Fund expenditures were below the Final Budget amounts.

### **Governmental-Type Activities**

Capital asset events during the current fiscal year included the following:

- Construction in Progress
  - Corridor Enhancement Project
  - Pocket Park
  - North Park- Drainage Improvement
- Per the Village’s replacement schedule the following items were disposed of:
  - 2006 Chevy Impala Unit # 82
  - 2008 Ford Crown Victoria Unit # 90
  - 2005 GMC C8500 5 ton dump truck # 254
  - Asphalt Roller # 402
- Several Items were removed from the fixed asset list as the result of changing the capitalized threshold from \$5,000 to \$10,000 in 2015.
- Items purchased / added included
  - Remodel former Police Department dispatch area for use by Investigations and Interview rooms.
  - New enterprise resource planning software including all financial system components, building permitting and development software, work order management, and citizens request application.
  - 2016 Dump Truck #254
  - Wells Cargo trailer # 266
  - Riding Mower # 703
  - Slit Seeder #711
  - Baseball Netting for 5 fields approximately height is 40 feet.
  - Water Toy Replacement at Spring Lake Park
  - Whytegate Tennis Fence and Court Repair

- No Easements were added in 2015
- No land acquisitions or land donations occurred in 2015
- No new Right of Way granted to the Village
- No new Street dedicated to the Village
- No new Street lights
- Storm sewers restoration for Indian Creek and various locations received storm sewer Lining.
- Bike Paths addition from Port Clinton to Stevenson High School.

### **Business-Type Activities**

The Village's Net Investment in Capital Assets, net of accumulated depreciation, for business-type capital assets, as of the fiscal year end was \$34,970,306.

Capital asset events during the current fiscal year included the following:

- Per the replacement schedule Public Works Utility Division disposed of:
  - Lift station hydro-matic package purchased in 1973, outdated software and GIS system, 2005 GMC one ton truck, cargo trailer, mini excavator, vertical centrifugal water pumps, chlorine SCADA, and various control center components
- Public Works purchased:
  - West side well roof for Londonderry Road facility
  - Financial and Utility Billing Software
  - 2016 Ford one ton truck
- Water mains replacement to the Village
  - Westwood Lane and Riverwood Road
- Sanitary sewer install 8 inch cured in place pipe- 2,075 linear feet

### *Debt*

The Village has two types of debt; (1) Debt in the form of bank loans with direct responsibility for paying, and (2) one municipal bond obligation related to Special Service Area (SSA) project.

In FY2004-05 the Village issued \$15 million in debt for a Special Service Area development project. The funds from this bond were used to construct the infrastructure integral to the Sedebrook retirement community. Financing of this debt is through property taxes dedicated exclusively to the Special Service Area.

At the end of the fiscal year, the Village's debt, both direct and SSA related, amounted to \$14.3 million compared to \$15.3 million last year - a decline of 6.3% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31						
Type of Debt	Government Activities		Business Activities		Totals	
	2014	2015	2014	2015	2014	2015
Bank Loans Village	\$ 1,593,539	\$ 1,151,094	\$619,711	\$447,649	\$2,213,250	\$1,598,743
Bond Issue-SSA	\$13,060,000	\$12,715,000			\$13,060,000	\$12,715,000
	\$14,653,539	\$13,866,094	\$619,711	\$447,649	\$15,273,250	\$14,313,743

In FY2015, three bank loans remain consisting of two General Fund and one Water Fund loan.

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 0.27% 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. Although the Village has not sought a formal credit rating in several years, 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 AND NEXT YEAR'S BUDGET**

Lincolnshire is recognized as a desirable community in the Chicago area for residents and businesses. The Village is home to a number of prominent corporate headquarters, first-class hotels, restaurants, retailers and entertainment venues. Businesses choose to locate in Lincolnshire due, in part, to its close proximity to highways/arterials, O'Hare Airport, relatively low taxes, high daytime population, award-winning public schools and business-friendly and supportive local government. The Lincolnshire Marriott Resort with its meeting facilities, championship golf course, and live theater is a major attraction for the Village. The Village is well-positioned to attract new businesses and diversify its economic base while maintaining its small-town atmosphere and quality of life.

The Village's commercial occupancy rate (cumulative) for its largest retail centers, Village Green, Lincolnshire Commons & City Park, is 87% for the first quarter of 2016 vs. 89% for the same time in 2015. The overall retail occupancy in the Village was 86% in the first quarter of 2016 vs. 70% in the first quarter of 2015.

Lincolnshire office occupancy rate was 84% in the first quarter of 2016, compared to 83% in the first quarter of 2015. Lincolnshire industrial occupancy rate was 97% in the first quarter of 2016, compared to 93% in the first quarter of 2015.

CDW, a Fortune 500 technology company, announced the lease of 209,000 square feet of office space at 25 and 75 Tri-State International, in Lincolnshire's Tri-State International Office Center in early 2015. These two previously vacant buildings began hosting several hundred employees in December 2015 as CDW relocated from Mettawa and Vernon Hills to consolidate operations and improve efficiencies. In November, 2014, the Village approved construction of a new 4-story parking deck to accommodate CDW employees. Interior renovations and parking deck construction began late spring 2015, with occupancy beginning at the end of 2015.

Strategic Hotels, who held the ground lease for the Marriott Resort with a 389-room hotel, sold the property to the Bricton Group in early 2016. The new owners intend to continue extensive interior and exterior improvements of the property. The resort will retain its Marriott brand due to the long-term lease agreement.

### **City Park Shopping Center**

Emporium Arcade & Bar opened in the former 9,800 sq.ft. Champ's restaurant & bar space at CityPark in early 2016. Emporium provides video arcade machines, pinball machines, and table games, along with a bar and live entertainment. The company is locally owned and operated and has two established Chicago locations (Logan Square and Wicker Park). This is their first suburban location.

### **Village Green Shopping Center**

Half Day Brewing Company, restaurant and micro-brewery, opened in the 14,500-square foot vacant commercial building at 200 Village Green, in the Village Green Retail Center in January of 2016. The building was remained vacant since early 2012 when Flatlander's Restaurant & Brewery closed.

### **Lincolnshire Common Shopping Center**

North Shore University Health Care is slated to open its medical offices in the 32,000 sq.ft. Barnes & Noble building at Lincolnshire Commons in the summer of 2016. The health system obtained Village approvals to amend the Lincolnshire Commons PUD to allow for a non-retail use in the former bookstore location. North Shore University Health Care plans extensive renovations to repurpose the building as a medical services facility. Barnes & Noble is scheduled to vacate Lincolnshire Commons early next year which was a corporate decision, as the brand is slowly eliminating stores.

### **Lincolnshire Downtown Triangle Parcel**

The Village continues to work closely with DK Mallon, the Village's preferred developer on the Village Downtown site anchored by The Fresh Market.. DK Mallon has been working to secure a mix of office and commercial tenants to locate on the 7.7.-acre vacant property currently owned by the Village. There is a 5,000 sq.ft. restaurant pad fronting on Route 22, located east of the existing grocery store, and additional development parcels available north and east of the Marathon Gas Station.

The Village is reviewing a proposal for a 116-room Aloft hotel of the Starwood brand on a 1.5-acre property at 20 Westminster Way, immediately south of the existing Homewood Suites Hotel near the Tollway.

### **New Businesses in 2015:**

- ATI Physical Therapy: 900 Milwaukee Avenue (Lincolnshire Commons Center)
- Axiom Properties, a residential property management company: 100 Tri-State International (CDW Center)
- CDW, a provider of technology products and services: 75 & 25 Tri-State International (CDW Center)
- Chunowitz, Teitelbaum & Mandel, a certified public accounting firm: 1 Overlook Point (Lincolnshire Corporate Center)
- Dart Container Corporation: 300 Tri-State International (CDW Center)
- Elevation Point: 625 Heathrow Drive (Lincolnshire Business Park)
- Frank Pension Consultants: 1 Overlook Point (Lincolnshire Corporate Center)
- Menchie's Frozen Yogurt: 950 Milwaukee Avenue (Lincolnshire Commons Center)
- Noah's Event Venue: 200 Barclay Boulevard (Lincolnshire Corporate Center)

- Starfish Sushi Restaurant: 185 Milwaukee Avenue (Village Green Center)
- Two Men and A Truck, a moving company: 175 Olde Half Day Road (Spectrum Office Centre)
- U-Haul Moving & Storage: 200 Industrial Drive

The Village diligently monitors all major tax and non-tax revenues. This includes following legislative briefings reporting the State of Illinois may reduce taxes shared with local governments in an attempt to solve its fiscal problems. Those plans could potentially have a significant impact on the Village's fiscal status.

The Village ended FY2015 in a stronger financial position than the start of the year. The depressed real estate market has improved. Lincolnshire's real estate transfer tax stamp sales increased 17.9% for FY15; from \$364,410 FY14 to \$429,672 FY15. Major sales recorded in FY15 include- Medline Industries, IPT Chicago IC LLC, and Big Box Property Owner Co LLC.

<b>FY 2015</b>	<b>Real Estate Transfer Tax Stamps Sold</b>	<b>Real Estate Transfer Tax Stamp Revenue</b>	<b>Real Estate Sales Value</b>
Single Family	112	\$ 217,105	\$ 72,368,399
Condo Units	22	\$ 30,073	\$ 10,024,300
Townhomes	15	\$ 16,116	\$ 5,372,000
Land	3	\$ 4,725	\$ 1,575,000
Commercial	9	\$ 161,653	\$ 53,884,251
<b>TOTALS</b>	<b>161</b>	<b>\$ 429,672</b>	<b>\$ 143,223,950</b>

- The seasonally adjusted unemployment rate for December 2015 was 5.8% in Metropolitan Division (Chicago- Naperville). The rate in the State of Illinois for the same time period was 6.1% and the U.S. rate was 5.0%.
- The Lincolnshire equalized assessed valuation (EAV) has increased for the second year in a row. The 2015 EAV rose 4% or \$22.8 million compared to 2014. The 2015 EAV (which is used for the property tax collected in Fiscal Year 2016) was \$586,329,751.
- According to GIS Consortium Lincolnshire's 2015 per capita income was \$76,369; and average household income was \$180,843.

## **BUDGET HIGHLIGHTS FOR FISCAL YEAR 2016.**

### ***General Fund***

Five types of revenue sources account for 81.3% of the total projected revenues for the FY16 General Fund. These sources and their respective budget increases over FY15 are as follows: State Sales Tax (4.6%), Home Rule Sales Tax (4.7%), Utility Tax (-4.9%), Telecommunication Tax (-45.6%) and Rooms & Admissions Tax (2.0%). Although overall revenues are expected to rise, there are no actual rate increases planned for FY16. The reduction in Telecommunication Tax is based on an expectation of downward trend as changing technologies, and consolidation of communication services including elimination of "land line" telephones continues.

Excluding transfers and debt service, the General Fund Expense budget has increased \$980,475 (10.9%) from \$9.01 million in FY15 to \$9.9 million in FY16. The major increase component involves the inclusion of Police Pension Contribution (employer share) in the Police Department. The General Fund FY16 budget anticipates the transfer of \$2,553,636 to the General Capital Projects Fund.

## Major Changes in Budget format for 2016

- **Additional Line Items:** The FY2016 Budget reports two new offsetting items- Property Tax Police Pension Revenue and Police Pension Retirement Expense at \$833,550. Prior budgets reported these items in the Police Pension Fund only. For transparency reasons, the revenue and expense have been added to the General Fund- Police Department budget to represent true cost associated with the department. Excluding this expense from the General Fund Expense budget would have resulted in an expense increase of \$146,925 (1.6%).
- The Fiscal Year 2015 Budget contemplates implementation of \$2,651,025 in capital improvement projects. The Village continues to increase its level of capital improvements from recent years; however, levels remain below capital spending from pre-recession years.
- The Village will maintain its long-standing policy of levying a property tax ONLY to fund employee pensions and not for operational purposes.

## Water/Sewer Fund

Effective 1/1/2016 the Village's quarterly utility bill will phased into a monthly utility bill. As part of the FY2016 budget the Village adopted a tiered water rate schedule and increased the average residential water rate 9.6%, while sanitary sewer fees have remained unchanged since January 1, 2011. No further changes have been made to the rate structure; specifically the minimum charges, senior discounts, and the Out of Village rates. At the start of FY16 the Water/Sewer unrestricted Net Position was 16.9% of the FY16 operating budget expenses. The unrestricted Net Position includes Water/ Sewer Operations (Fund 02) and Water/ Sewer Improvements (Fund 07). Water/Sewer Operating expenses have increased 7.65% with no changes to the staffing levels. However, removing the \$453,345 Transfer Out to Water Sewer Improvements, results in a decline in expenses \$132,595 (3.16%). The vast majority of this increase relates to water purchase and contractual service costs.

## Major Changes in Budget format for 2016

**Transfers:** Over the past several years, the General Fund subsidized the Water/Sewer Improvement Fund with an annual permanent transfer. In FY16 in lieu of a General Fund transfer, the Water Sewer Operations will transfer \$453,345 to Water Sewer Improvement Fund.

## 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.

Questions about this report or requests for additional information can be obtained by contacting the Village's Finance Director at [mpeterson@lincolnshireil.gov](mailto:mpeterson@lincolnshireil.gov) or accessing the Village's website at [www.lincolnshireil.gov](http://www.lincolnshireil.gov). A copy of this Comprehensive Annual Financial Report (CAFR) can be found on the website.

PENSION CONTRIBUTION SCHEDULE

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D= C/B</b>	<b>E= C-B</b>	
<b>Tax</b>	<b>Police</b>		<b>Contribution</b>	<b>Percentage Of</b>	<b>Difference</b>	
<b>Year</b>	<b>Pension Board</b>	<b>DOI</b>	<b>Collected</b>	<b>Contrib Collected vs</b>	<b>Contrib Collected vs</b>	
<b>(Calendar)</b>	<b>Recommended</b>	<b>Statutory Minimum</b>	<b>During FYE</b>	<b>Statutory Minimum</b>	<b>Statutory Minimum</b>	
2015	\$ 783,607	\$ 414,716	\$ 833,555	201.0%	\$ 418,839	est.
2014	\$ 692,133	\$ 391,292	\$ 618,665	158.1%	\$ 227,373	
2013	\$ 644,854	\$ 415,378	\$ 589,303	141.9%	\$ 173,925	
2012	\$ 1,056,822	\$ 422,359	\$ 1,059,747	250.9%	\$ 637,388	
2011	\$ 959,202	\$ 467,346	\$ 961,521	205.7%	\$ 494,175	
2010	\$ 1,075,278	\$ 466,222	\$ 1,032,840	221.5%	\$ 566,618	
2009	\$ 1,013,947	\$ 511,772	\$ 1,012,592	197.9%	\$ 500,820	
2008	\$ 1,096,939	\$ 423,868	\$ 1,101,333	259.8%	\$ 677,465	
2007	\$ 805,933	\$ 459,543	\$ 1,063,146	231.3%	\$ 603,603	
2006	\$ 731,366	\$ 451,121	\$ 1,111,733	246.4%	\$ 660,612	
<b>10 Year Total</b>	<b>\$ 8,860,081</b>	<b>\$ 4,423,617</b>	<b>\$ 9,384,435</b>		<i>do not total</i>	

Page 59 depicts pension contribution information formatted to comply with the requirements of GASB statement 67. The Village Board and Lincolnshire Police Pension Board members believe the above Pension Contribution Schedule more accurately represents the Board's funding efforts.

The notable difference is the year in which contributions collected (column C) are recognized. While GASB 67 compares the 2015 Pension Request \$783,607 to the 2014 Property Tax Levy (collected in 2015) \$618,665; the above schedule compares 2015 Pension Request \$783,607 to the 2015 Property Tax Levy (to be collected in 2016) \$833,555. The above schedule represents the Village Board's favorable intention to contribute \$49,948 (\$833,555- \$783,607) more than the Police Pension Boards request; and \$418,839 more than the statutory minimum required contribution. GASB 67 leads users to wrongfully conclude the Village Board underfunded the Police Pension Boards request by \$101,942.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2015

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,492,898	\$ 849,035	\$ 6,341,933
Investments	10,005,103	899,507	10,904,610
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,587,375	-	2,587,375
Other taxes	2,242,526	-	2,242,526
Accounts	123,940	489,588	613,528
Accrued interest	1,131	-	1,131
Other	39,596	20,882	60,478
Due to/from other funds	378	(378)	-
Prepaid expenses	126,324	9,667	135,991
Land held for resale	1,305,000	-	1,305,000
Capital assets not being depreciated	43,515,127	106,833	43,621,960
Capital assets (net of accumulated depreciation)	27,018,033	35,311,122	62,329,155
<b>Total assets</b>	<b>92,457,431</b>	<b>37,686,256</b>	<b>130,143,687</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items - IMRF	996,471	314,675	1,311,146
Pension items - police pension	1,223,572	-	1,223,572
<b>Total deferred outflows of resources</b>	<b>2,220,043</b>	<b>314,675</b>	<b>2,534,718</b>
<b>Total assets and deferred outflows of resources</b>	<b>94,677,474</b>	<b>38,000,931</b>	<b>132,678,405</b>
<b>LIABILITIES</b>			
Accounts payable	894,650	801,936	1,696,586
Accrued payroll	167,415	22,049	189,464
Deposits payable	1,321,526	-	1,321,526
Accrued interest payable	311,337	12,632	323,969
Other payables	66,990	-	66,990
Unearned revenue	23,318	-	23,318
Noncurrent liabilities			
Due within one year	885,516	191,567	1,077,083
Due in more than one year	21,648,527	1,190,312	22,838,839
<b>Total liabilities</b>	<b>25,319,279</b>	<b>2,218,496</b>	<b>27,537,775</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue	2,587,375	-	2,587,375
Pension items - IMRF	155,252	49,027	204,279
Pension items - police pension	393,444	-	393,444
<b>Total deferred inflows of resources</b>	<b>3,136,071</b>	<b>49,027</b>	<b>3,185,098</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>28,455,350</b>	<b>2,267,523</b>	<b>30,722,873</b>

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2015

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	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>NET POSITION</b>			
Net investment in capital assets	\$ 69,382,066	\$ 34,970,306	\$ 104,352,372
Restricted for			
Debt service	2,091,449	-	2,091,449
Maintenance of roadways	207,986	-	207,986
Employee retirement	184,014	-	184,014
Public safety	241,792	-	241,792
Unrestricted	(5,885,183)	763,102	(5,122,081)
<b>TOTAL NET POSITION</b>	<u>\$ 66,222,124</u>	<u>\$ 35,733,408</u>	<u>\$ 101,955,532</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 3,261,101	\$ 316,593	\$ -	\$ -
Public safety	4,224,091	841,785	39,963	-
Community and economic development	846,364	364,724	-	-
Public works	2,525,799	16,489	185,626	57,602
Parks and open spaces	1,594,035	39,668	20,690	-
Interest	844,605	-	-	-
Total governmental activities	13,295,995	1,579,259	246,279	57,602
Business-Type Activities				
Water and sewer	5,561,073	3,840,582	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 18,857,068</b>	<b>\$ 5,419,841</b>	<b>\$ 246,279</b>	<b>\$ 57,602</b>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
	\$ (2,944,508)	\$ -	\$ (2,944,508)
	(3,342,343)	-	(3,342,343)
	(481,640)	-	(481,640)
	(2,266,082)	-	(2,266,082)
	(1,533,677)	-	(1,533,677)
	(844,605)	-	(844,605)
	(11,412,855)	-	(11,412,855)
	-	(1,720,491)	(1,720,491)
	(11,412,855)	(1,720,491)	(13,133,346)
<b>General Revenues</b>			
<b>Taxes</b>			
Property	2,583,554	-	2,583,554
Sales	3,003,789	-	3,003,789
Local use	206,079	-	206,079
Utility	1,304,252	-	1,304,252
Telecommunications	1,172,430	-	1,172,430
Room and admissions	1,931,739	-	1,931,739
Real estate transfer	491,669	-	491,669
Home rule sales tax	1,409,339	-	1,409,339
Income tax	786,574	-	786,574
Investment income	55,477	3,683	59,160
Gain on sale of capital assets	10,235	3,442	13,677
Miscellaneous	84,252	-	84,252
Transfers in (out)	(906,519)	906,519	-
<b>Total</b>	<b>12,132,870</b>	<b>913,644</b>	<b>13,046,514</b>
<b>CHANGE IN NET POSITION</b>	<b>720,015</b>	<b>(806,847)</b>	<b>(86,832)</b>
<b>NET POSITION, JANUARY 1</b>	<b>77,401,747</b>	<b>37,285,369</b>	<b>114,687,116</b>
Change in accounting principle	(11,899,638)	(745,114)	(12,644,752)
<b>NET POSITION, JANUARY 1 (RESTATED)</b>	<b>65,502,109</b>	<b>36,540,255</b>	<b>102,042,364</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 66,222,124</b>	<b>\$ 35,733,408</b>	<b>\$ 101,955,532</b>

See accompanying notes to financial statements.

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2015

	<b>General Corporate</b>	<b>Retirement</b>	<b>General Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,437,328	\$ 184,883	\$ 285,720	\$ 1,475,438	\$ 5,383,369
Investments	6,040,056	-	2,601,387	1,363,660	10,005,103
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	833,550	591,950	-	1,161,875	2,587,375
Other taxes	2,153,594	-	-	88,932	2,242,526
Accounts	119,163	-	-	4,777	123,940
Accrued interest	1,131	-	-	-	1,131
Other	39,596	-	-	-	39,596
Due from other funds	378	-	-	-	378
Prepaid items	29,089	-	-	95,235	124,324
Land held for resale	1,305,000	-	-	-	1,305,000
 <b>TOTAL ASSETS</b>	<b>\$ 13,958,885</b>	<b>\$ 776,833</b>	<b>\$ 2,887,107</b>	<b>\$ 4,189,917</b>	<b>\$ 21,812,742</b>

	<b>General Corporate</b>	<b>Retirement</b>	<b>General Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 468,995	\$ 869	\$ 172,839	\$ 242,527	\$ 885,230
Accrued payroll	162,379	-	-	-	162,379
Deposits payable	1,321,526	-	-	-	1,321,526
Other payables	66,990	-	-	-	66,990
Unearned revenue	23,318	-	-	-	23,318
Total liabilities	2,043,208	869	172,839	242,527	2,459,443
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable tax revenue	833,550	591,950	-	1,161,875	2,587,375
Total liabilities and deferred inflows of resources	2,876,758	592,819	172,839	1,404,402	5,046,818
<b>FUND BALANCES</b>					
Nonspendable in form - prepaid items	29,089	-	-	95,235	124,324
Nonspendable in form - land held for resale	1,305,000	-	-	-	1,305,000
Restricted for debt service	-	-	-	2,091,449	2,091,449
Restricted for maintenance of roadways	-	-	-	207,986	207,986
Restricted for employee retirement	-	184,014	-	-	184,014
Restricted for public safety	-	-	-	241,792	241,792
Unrestricted					
Assigned for capital projects	-	-	2,714,268	149,053	2,863,321
Unassigned - General Fund	9,748,038	-	-	-	9,748,038
Total fund balances	11,082,127	184,014	2,714,268	2,785,515	16,765,924
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
	<u>\$ 13,958,885</u>	<u>\$ 776,833</u>	<u>\$ 2,887,107</u>	<u>\$ 4,189,917</u>	<u>\$ 21,812,742</u>

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 POSITION

December 31, 2015

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>\$ 16,765,924</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	70,533,160
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Notes payable	(1,151,094)
SSA bonds payable	(12,715,000)
Compensated absences	\$ (265,592)
Less internal service funds	<u>17,401</u> (248,191)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(311,337)
The net pension liability of the Police Pension Fund are included in the governmental activities in the statement of net position	(5,633,519)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(2,768,838)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources in the statement of net position	
IMRF	841,219
Police Pension	830,128
The net position of the internal service fund is included in the governmental activities in the statement of net position	<u>79,672</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 66,222,124</u></u></b>

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, 2015

	<b>General Corporate</b>	<b>Retirement</b>	<b>General Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes	\$ 694,059	\$ 729,778	\$ -	\$ 1,159,717	\$ 2,583,554
Other taxes	10,305,871	-	-	-	10,305,871
Licenses, permits and fees	737,474	-	-	-	737,474
Fines and forfeitures	250,543	-	-	-	250,543
Charges for services	-	-	-	12,220	12,220
Intergovernmental	242,713	-	-	561,898	804,611
Investment income	34,415	502	-	20,560	55,477
Donations	-	-	16,520	-	16,520
Miscellaneous	32,416	6,415	86,503	20,690	146,024
<b>Total revenues</b>	<b>12,297,491</b>	<b>736,695</b>	<b>103,023</b>	<b>1,775,085</b>	<b>14,912,294</b>
<b>EXPENDITURES</b>					
Current					
General government	1,773,326	808,200	41,917	5,183	2,628,626
Public safety	3,684,900	-	-	306,985	3,991,885
Community development	974,500	-	-	-	974,500
Public works	1,318,348	-	-	-	1,318,348
Parks and recreation	1,289,239	-	-	-	1,289,239
Capital outlay	-	-	1,423,871	180,099	1,603,970
Debt service					
Principal retirement	442,446	-	-	345,000	787,446
Interest and fiscal charges	39,136	-	-	805,469	844,605
<b>Total expenditures</b>	<b>9,521,895</b>	<b>808,200</b>	<b>1,465,788</b>	<b>1,642,736</b>	<b>13,438,619</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,775,596</b>	<b>(71,505)</b>	<b>(1,362,765)</b>	<b>132,349</b>	<b>1,473,675</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	115,360	1,320,000	-	1,435,360
Transfers (out)	(2,317,300)	-	-	-	(2,317,300)
Sale of capital assets	10,235	-	-	-	10,235
<b>Total other financing sources (uses)</b>	<b>(2,307,065)</b>	<b>115,360</b>	<b>1,320,000</b>	<b>-</b>	<b>(871,705)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>468,531</b>	<b>43,855</b>	<b>(42,765)</b>	<b>132,349</b>	<b>601,970</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>10,613,596</b>	<b>140,159</b>	<b>2,757,033</b>	<b>2,653,166</b>	<b>16,163,954</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 11,082,127</b>	<b>\$ 184,014</b>	<b>\$ 2,714,268</b>	<b>\$ 2,785,515</b>	<b>\$ 16,765,924</b>

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, 2015

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 601,970</b>
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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

Capital assets purchased	766,407
Loss on disposal of capital assets	(17,490)

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	442,445
SSA bonds	345,000
Capital lease	11,820

Governmental funds report capital lease proceeds as an other financing source; however, they are reported as debt on the statement of net position

-

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

(1,619,531)

The change in net position of internal service fund is reported as an increase of expense on the statement of activities

28,373

The change in deferred inflows and outflows or resources for is reported only in the statement of activities

Illinois Municipal Retirement Fund	431,908
Police Pension	(281,030)

The change in certain long-term assets and liabilities does not require the use of current financial resources but is reported as expenses on the statement of activities

Decrease in accrued compensated absences	<u>10,143</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 720,015</u></u></b>
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See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

December 31, 2015

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sanitary Sewer</b>	<b>Internal Service</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 849,035	\$ 109,529
Investments	899,507	-
Receivables		
Accounts - billed	304,278	-
Accounts - unbilled	185,310	-
Other receivables	20,882	-
Prepaid expenses	9,667	2,000
Total current assets	<u>2,268,679</u>	<u>111,529</u>
<b>CAPITAL ASSETS</b>		
Nondepreciable	106,833	-
Depreciable, net of accumulated depreciation	<u>35,311,122</u>	<u>-</u>
Net capital assets	<u>35,417,955</u>	<u>-</u>
Total assets	<u>37,686,634</u>	<u>111,529</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension items - IMRF	<u>314,675</u>	<u>-</u>
Total deferred outflows of resources	<u>314,675</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	801,936	9,420
Accrued payroll	22,049	5,036
Accrued interest payable	12,632	-
Due to other funds	378	-
Compensated absences payable	14,965	4,350
Current portion of notes payable	<u>176,602</u>	<u>-</u>
Total current liabilities	<u>1,028,562</u>	<u>18,806</u>
<b>LONG-TERM LIABILITIES</b>		
Compensated absences payable	44,895	13,051
IMRF net pension liability	874,370	-
Notes payable	<u>271,047</u>	<u>-</u>
Total long-term liabilities	<u>1,190,312</u>	<u>13,051</u>
Total liabilities	<u>2,218,874</u>	<u>31,857</u>

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION (Continued)  
PROPRIETARY FUNDS

December 31, 2015

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	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Sanitary Sewer</u>	<u>Internal Service</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension items - IMRF	\$ 49,027	\$ -
Total deferred inflows of resources	<u>49,027</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	34,970,306	-
Unrestricted	<u>763,102</u>	<u>79,672</u>
<b>TOTAL NET POSITION</b>	<u>\$ 35,733,408</u>	<u>\$ 79,672</u>

See accompanying notes to financial statements.

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

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

For the Year Ended December 31, 2015

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sanitary Sewer</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,769,020	\$ 430,000
Miscellaneous	17,660	-
Total operating revenues	<u>3,786,680</u>	<u>430,000</u>
<b>OPERATING EXPENSES</b>		
Administration	369,709	-
Operations	3,426,199	-
Repairs and maintenance	204,259	377,048
Total operating expenses	<u>4,000,167</u>	<u>377,048</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(213,487)	52,952
Depreciation	<u>1,545,687</u>	-
OPERATING INCOME (LOSS)	<u>(1,759,174)</u>	<u>52,952</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment income	3,683	-
Sale of capital assets	3,442	-
Interest expense	(15,219)	-
Connection fees	53,902	-
Total non-operating revenues (expenses)	<u>45,808</u>	-
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(1,713,366)</u>	<u>52,952</u>
<b>TRANSFERS</b>		
Transfers in	997,300	-
Transfers (out)	(90,781)	(24,579)
Total transfers	<u>906,519</u>	<u>(24,579)</u>
CHANGE IN NET POSITION	<u>(806,847)</u>	<u>28,373</u>
NET POSITION, JANUARY 1	37,285,369	51,299
Change in accounting principal	<u>(745,114)</u>	-
NET POSITION, JANUARY 1 (RESTATED)	<u>36,540,255</u>	<u>51,299</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 35,733,408</u></u>	<u><u>\$ 79,672</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sanitary Sewer</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 3,804,350	\$ -
Receipts from interfund services	-	430,000
Payments to suppliers	(3,354,166)	(240,354)
Payments to employees	(483,881)	(157,181)
Other income	17,660	-
Net cash from operating activities	<u>(16,037)</u>	<u>32,465</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers	906,519	(24,579)
Decrease of interfund balances	(378)	-
Net cash from noncapital financing activities	<u>906,141</u>	<u>(24,579)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital assets purchased	(1,293,929)	-
Connection fees	53,902	-
Note principal payments	(172,062)	-
Note interest payments	(15,220)	-
Net cash from capital and related financing activities	<u>(1,427,309)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(1,157)	-
Interest received	3,683	-
Net cash from investing activities	<u>2,526</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(534,679)	7,886
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,383,714</u>	<u>101,643</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 849,035</u>	<u>\$ 109,529</u>

(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, 2015

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Sanitary Sewer</b>	<b>Internal Service</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,759,174)	\$ 52,952
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,545,687	-
(Increase) decrease in		
Receivables	35,330	-
Prepaid expense	(9,337)	(2,000)
Increase (decrease) in		
Accounts payable	285,629	(18,820)
Accrued payroll	5,037	548
Compensated absences payable	17,183	(215)
Pension items	(136,392)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ (16,037)</b>	<b>\$ 32,465</b>
<b>NONCASH TRANSACTIONS</b>		
Capital asset contributions	\$ -	\$ -

See accompanying notes to financial statements.

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
POLICE PENSION TRUST FUND**

December 31, 2015

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<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,806
Investments	
U.S. Treasury obligations	2,618,955
U.S. agencies securities	728,826
Equity mutual funds	11,472,306
Money market mutual funds	337,359
Corporate bonds	2,725,048
Municipal bonds	302,975
Equities	680,993
Negotiable certificates of deposit	102,883
Receivables	
Accrued interest	42,581
Prepaid expense	6,127
	<hr/>
Total assets	19,029,859
	<hr/>
<b>LIABILITIES</b>	
Accounts payable	10,179
	<hr/>
Total liabilities	10,179
	<hr/>
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 19,019,680</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
POLICE PENSION TRUST FUND**

For the Year Ended December 31, 2015

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**ADDITIONS**

Contributions - employer	\$ 618,665
Contributions - employee	208,270
Other contributions	<u>15</u>
Total contributions	<u>826,950</u>
Investment income	
Net depreciation in fair value of investments	(765,528)
Interest earned on investments	<u>555,946</u>
Total investment income	(209,582)
Less investment expense	<u>(60,769)</u>
Net investment income	<u>(270,351)</u>
Total additions	<u>556,599</u>

**DEDUCTIONS**

Benefits	960,345
Administrative	<u>28,855</u>
Total deductions	<u>989,200</u>

NET INCREASE (DECREASE) (432,601)

**NET POSITION HELD IN TRUST  
FOR PENSION BENEFITS**

January 1	<u>19,452,281</u>
December 31	<u><u>\$ 19,019,680</u></u>

See accompanying notes to financial statements.

# VILLAGE OF LINCOLNSHIRE, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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### 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 Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and 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, 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. PPERS is reported as a pension trust fund. Separate financial statements are not issued by 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 accounting for revenue sources that are legally restricted or committed for specific purposes (special revenue funds), accounting for funds that are restricted, committed or assigned to the acquisition of capital assets or construction of major capital projects not financed by another fund (capital projects funds) and accounting for the servicing of bonded general long-term debt using funds restricted, committed or assigned for debt service (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).

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.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 accounted for in another fund.

The 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 1,000 hours per year. The Village has elected to report this fund as major.

The General Projects Fund is a capital projects fund used to account for the acquisition and construction of the Village's capital projects with funding provided by the grants, donations and transfers.

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the Village reports the following proprietary fund:

Internal Service Funds

The Vehicle Maintenance Fund accounts for 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.

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 non-operating.

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. Sales taxes, telecommunications taxes and use taxes use a 90-day period. 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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Those revenues susceptible to accrual are property taxes, income 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 unavailable/deferred revenue and unearned revenue on its financial statements. Unavailable/deferred revenues arise when a potential revenue does not meet both the measurable and available or earned criteria for recognition in the current period. Unearned revenues 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 deferred inflow for unavailable/deferred revenue or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

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.

f. Investments

Investments with a maturity of less than one year when purchased and non-negotiable 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, 2015 for debt and equity securities.

g. 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."

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

h. 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 nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

i. 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 on the consumption method.

j. Land Held for Resale

Land held for resale is valued at cost. Reported land held for resale is equally offset by a nonspendable fund balance, which indicates that portion of the fund balance is unavailable to the fund.

k. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system, intangible assets 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 \$10,000 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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

k. Capital Assets (Continued)

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 (not depreciated), 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

l. 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.

m. 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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

m. Long-Term Obligations (Continued)

gains/losses on refundings, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The gain/loss on refunding is reported as a deferred inflow/outflow of resources. Bond issuance costs are expensed in the year of issuance.

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.

n. Fund Equity/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not spendable in form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions are ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Mayor by the Village Board of Trustees. Any residual fund balance in the General Fund and deficit fund balances are reported as unassigned.

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

The Village has established fund balance reserve policies for its General Fund. The General Fund targets 75% of one year's operating expenditures. The Special Revenue, Capital Projects and Debt Service Funds do not have established fund balance limits due to the nature of the transactions accounted for in these funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

n. Fund Equity/Net Position (Continued)

In the government-wide financial statements, restricted net position are legally restricted by outside parties for a specific purpose. Net position has not been restricted by enabling legislation adopted by the Village. Net investment in capital assets, represents the book value of capital assets less any long-term debt principal outstanding issued to construct capital assets.

o. 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.

p. 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, 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.

q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. This deferred outflow relates to the implementation of GASB Statement No. 68 and is detailed in Note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

q. Deferred Outflows/Inflows of Resources (Continued)

category. Accordingly, the item, deferred/unavailable revenue, is reported only in the governmental funds balance sheet/statement of net position. The governmental funds report deferred/unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second relates to the implementation of GASB Statement No. 68 and is detailed in Note 10.

**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 (ILCS); 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 Government 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.

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.

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Village Investments

The following table presents the investments and maturities of the Village's investments as of December 31, 2015:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 Year Fund	\$ 2,606,838	\$ -	\$ 2,606,838	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 2,606,838</b>	<b>\$ -</b>	<b>\$ 2,606,838</b>	<b>\$ -</b>	<b>\$ -</b>

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 Illinois Metropolitan Investment Fund (IMET) is rated AAA.

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 IMET - 35%. Diversification by institution is as follows: CDs - no more than 15% of the total portfolio with any one institution.

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

**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Village Investments (Continued)

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

**3. RECEIVABLES - TAXES**

Property taxes for 2015 attach as an enforceable lien on January 1, 2015 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2016 and August 1, 2016 and are payable in two installments, on or about June 1, 2016 and September 1, 2016. The County collects such taxes and remits them periodically. As the 2015 tax levy is intended to fund expenditures for the 2016 fiscal year, these taxes are deferred as of December 31, 2015.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Right of way	15,031,412	-	-	15,031,412
Easements	973,835	-	-	973,835
Construction in progress	8,718	88,867	8,718	88,867
Total capital assets not being depreciated	43,434,978	88,867	8,718	43,515,127
Capital assets being depreciated				
Land improvements	7,624,446	-	-	7,624,446
Buildings and improvements	8,160,022	67,268	-	8,227,290
Infrastructure	44,047,445	57,674	-	44,105,119
Machinery and equipment	3,396,575	561,316	282,679	3,675,212
Total capital assets being depreciated	63,228,488	686,258	282,679	63,632,067
Less accumulated depreciation for				
Land improvements	3,751,347	317,732	-	4,069,078
Buildings and improvements	4,058,864	214,670	-	4,273,534
Infrastructure	25,222,173	826,085	-	26,048,258
Machinery and equipment	2,227,308	261,044	265,189	2,223,163
Total accumulated depreciation	35,259,692	1,619,531	265,189	36,614,034
Total capital assets being depreciated, net	27,968,796	(933,273)	17,490	27,018,033
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 71,403,774</b>	<b>\$ (844,406)</b>	<b>\$ 26,208</b>	<b>\$ 70,533,160</b>

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

**4. CAPITAL ASSETS (Continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 106,833	\$ -	\$ -	\$ 106,833
Construction in progress	54,821	-	54,821	-
Total capital assets not being depreciated	<u>161,654</u>	<u>-</u>	<u>54,821</u>	<u>106,833</u>
Capital assets being depreciated				
Buildings	1,580,063	93,414	14,637	1,658,840
Underground water and sewerage system	82,278,549	1,167,283	-	83,445,832
Furniture, machinery and equipment	1,120,882	101,393	131,982	1,090,293
Total capital assets being depreciated	<u>84,979,494</u>	<u>1,362,090</u>	<u>146,619</u>	<u>86,194,965</u>
Less accumulated depreciation for				
Buildings	985,603	35,792	14,637	1,006,757
Underground water and sewerage system	47,733,962	1,446,906	-	49,180,868
Furniture, machinery and equipment	756,068	62,989	122,840	696,217
Total accumulated depreciation	<u>49,475,633</u>	<u>1,545,687</u>	<u>137,477</u>	<u>50,883,843</u>
Total capital assets being depreciated, net	<u>35,503,861</u>	<u>(183,597)</u>	<u>9,142</u>	<u>35,311,122</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>\$ 35,665,515</u>	<u>\$ (183,597)</u>	<u>\$ 63,963</u>	<u>\$ 35,417,955</u>

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

**GOVERNMENTAL ACTIVITIES**

General government	\$ 847,366
Public safety	86,601
Community development	7,745
Public works	144,897
Parks and recreation	<u>532,922</u>

**DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES** \$ 1,619,531

**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. Insurance other than employee health, is purchased.

The Village participates in the North Suburban Employee's Benefit Cooperative (NSEBC), an agency of municipalities created to finance and administer health and life insurance benefits for its members. Each municipality appoints one representative to serve on the Board of Directors. The Board of Directors determines the general government policies which include approval of the annual budget.

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

**5. RISK MANAGEMENT (Continued)**

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 by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the by-laws.

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

**6. LONG-TERM DEBT**

a. Changes in Long-Term Liabilities

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

	Balances January 1 (Restated)	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
Notes payable	\$ 1,593,539	\$ -	\$ 442,445	\$ 1,151,094	\$ 454,118
Special service area bonds	13,060,000	-	345,000	12,715,000	365,000
Capital lease	11,820	-	11,820	-	-
Net pension liability - IMRF	2,359,527	409,311	-	2,768,838	-
Net pension liability - Police	4,522,361	1,111,158	-	5,633,519	-
Compensated absences*	258,334	55,441	65,584	248,191	62,048
Compensated absences - internal service*	17,616	4,189	4,404	17,401	4,350
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 21,823,197</b>	<b>\$ 1,580,099</b>	<b>\$ 869,253</b>	<b>\$ 22,534,043</b>	<b>\$ 885,516</b>

\* Accrued compensated absences are historically retired by the General Fund.

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

**6. LONG-TERM DEBT (Continued)**

a. Changes in Long-Term Liabilities (Continued)

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

	Balances January 1 (Restated)	Additions	Reductions	Balances December 31	Current Portion
<b>BUSINESS-TYPE ACTIVITIES</b>					
Promissory notes payable	\$ 619,711	\$ -	\$ 172,062	\$ 447,649	\$ 176,602
Net pension liability - IMRF	745,114	129,256	-	874,370	-
Compensated absences	42,677	27,852	10,669	59,860	14,965
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 1,407,502</b>	<b>\$ 157,108</b>	<b>\$ 182,731</b>	<b>\$ 1,381,879</b>	<b>\$ 191,567</b>

The NPL for IMRF and Police are retired by the General and Water Funds.

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
2011A Note Payable - Refunding (\$3,060,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$240,791; interest rate 2.6%).	General Fund	\$ 1,593,539	\$ -	\$ 442,445	\$ 1,151,094	\$ 454,118
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>		<b>\$ 1,593,539</b>	<b>\$ -</b>	<b>\$ 442,445</b>	<b>\$ 1,151,094</b>	<b>\$ 454,118</b>

**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
<b>BUSINESS-TYPE ACTIVITIES</b>						
2011A Note Payable - Refunding (\$1,190,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$90,926; interest rate 2.6%).	Water and Sewer Fund	\$ 619,7111	\$ -	\$ 172,062	\$ 447,649	\$ 176,602
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>		<b>\$ 619,7111</b>	<b>\$ -</b>	<b>\$ 172,062</b>	<b>\$ 447,649</b>	<b>\$ 176,602</b>

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

Year Ending December 31,	Notes Payable					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 454,118	\$ 27,463	\$ 481,581	\$ 176,602	\$ 10,680	\$ 187,282
2017	466,235	15,346	481,581	181,314	5,968	187,282
2018	230,741	3,066	233,807	89,733	1,193	90,926
<b>TOTAL</b>	<b>\$ 1,151,094</b>	<b>\$ 45,875</b>	<b>\$ 1,196,969</b>	<b>\$ 447,649</b>	<b>\$ 17,841</b>	<b>\$ 465,490</b>

c. Special Service Area Bonds

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
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	\$ 13,060,000	\$ -	\$ 345,000	\$ 12,715,000	\$ 365,000
<b>TOTAL</b>		<b>\$ 13,060,000</b>	<b>\$ -</b>	<b>\$ 345,000</b>	<b>\$ 12,715,000</b>	<b>\$ 365,000</b>

**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:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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
<b>TOTAL</b>	<b>\$ 12,715,000</b>	<b>\$ 9,363,438</b>	<b>\$ 22,078,438</b>

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.

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

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**6. LONG-TERM DEBT (Continued)**

d. Legal Debt Margin (Continued)

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 ILCS.

**7. INTERFUND ASSETS/LIABILITIES**

a. Transfers

Interfund transfers during the year ended December 31, 2015 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Corporate Fund	\$ -	\$ 2,317,300
General Capital Fund	1,320,000	-
Retirement Fund	115,360	-
Total Major Governmental Funds	1,435,360	2,317,300
Nonmajor Governmental Funds		
Vehicle Maintenance	-	24,579
Total Nonmajor Governmental Funds	-	24,579
Enterprise Funds		
Water and Sanitary Sewer Revenue	-	90,781
Water and Sanitary Sewer Improvements	997,300	-
Total Enterprise Funds	997,300	90,781
<b>TOTAL</b>	<b>\$ 2,432,660</b>	<b>\$ 2,432,660</b>

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

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**7. INTERFUND ASSETS/LIABILITIES (Continued)**

a. Transfers (Continued)

The purpose of significant transfers is as follows:

- \$1,320,000 transferred from the General Corporate Fund to the General Capital Fund to fund capital improvements. This amount will not be repaid.
- \$997,300 transferred from the General Corporate Fund to the Water and Sanitary Sewer Improvements Fund to assist in operational costs of the Water and Sanitary Sewer Improvements Fund. This amount will not be repaid.
- \$115,360 transferred from the Water and Sewer Revenue Fund (\$90,781) and Vehicle Maintenance Fund (\$24,579) to the IMRF Fund to fund the Village's share of Social Security, Medicare and IMRF costs. These amounts will not be repaid.

b. Due From/To Other Funds

Due from/to other funds at December 31, 2015 consisted of the following:

Fund	Due From	Due To
Major Governmental General Corporate	\$ -	\$ 378
Enterprise Water and Sanitary Sewer Revenue	378	-
Total	<u>\$ 378</u>	<u>\$ 378</u>

**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.

**8. CONTINGENT LIABILITIES (Continued)**

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 May 2010, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of the first \$500,000 of sales tax revenue generated annually by this company and 66.67% of any sales tax revenue generated annually above this amount. During 2015, the Village rebated approximately \$88,029 to this company.

In November 2010, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of any sales tax revenue generated; provided annual sales exceed \$100,000. During 2015, the Village rebated approximately \$253,352 to this company.

In August 2012, the Village entered into a 20-year sales tax rebate program with a company. The Village is required to rebate 40% of any municipal sales tax generated in that quarter; not to exceed \$100,000 per sales tax year. The agreement ends when \$700,000 is rebated or December 31, 2023, whichever comes first. During 2015, the Village rebated approximately \$35,643 to this company.

**9. OTHER POSTEMPLOYMENT BENEFITS**

The Village allows employees, who retire through one of the Village's two pension plans disclosed in Note 10, the option to continue in the Village's health insurance plan as required by ILCS, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the Village's health insurance plan is considered a community rated plan. The Village entered into this plan effective January 1, 2011. In addition, the Village has no explicit subsidy as defined in GASB S-45.

**10. EMPLOYEE RETIREMENT SYSTEMS**

a. Plan Descriptions

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). The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

*Plan Administration*

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	33
Active employees	38
 TOTAL	 105

*Benefits Provided*

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Benefits Provided (Continued)*

to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate 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. These benefit provisions and all other requirements are established by state statute.

*Contributions*

Participating members are required to contribute 4.5% of their annual covered salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended December 31, 2015 was 15.44% of covered payroll.

*Actuarial Assumptions*

The Village's net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Actuarial Assumptions (Continued)*

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.47%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Village's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation municipal bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.47% used to determine the total pension liability.

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

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 18,893,731	\$ 15,789,090	\$ 3,104,641
Changes for the period			
Service cost	313,571	-	313,571
Interest	1,397,410	-	1,397,410
Difference between expected and actual experience	(159,981)	-	(159,981)
Changes in assumptions	-	-	-
Employer contributions	-	596,673	(596,673)
Employee contributions	-	137,799	(137,799)
Net investment income	-	79,064	(79,064)
Benefit payments and refunds	(687,105)	(687,105)	-
Administrative expense	-	-	-
Other (net transfer)	-	198,897	(198,897)
Net changes	863,895	325,328	538,567
BALANCES AT DECEMBER 31, 2015	\$ 19,757,626	\$ 16,114,418	\$ 3,643,208

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended December 31, 2015, the Village recognized pension expense of \$94,353. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 204,279
Changes in assumption	295,294	-
Net difference between projected and actual earnings on pension plan investments	1,015,852	-
Employer contributions after the measurement date	-	-
TOTAL	\$ 1,311,146	\$ 204,279

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending</u> <u>December 31,</u>	
2016	\$ 321,452
2017	321,452
2018	243,903
2019	220,060
2020	-
Thereafter	-
<b>TOTAL</b>	<b><u>\$ 1,106,867</u></b>

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.47% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.47%) or 1 percentage point higher (8.47%) than the current rate:

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Net pension liability	\$ 6,339,712	\$ 3,643,208	\$ 1,431,385

Police Pension Plan

*Plan Administration*

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.

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Plan Administration (Continued)*

The plan is governed by a five-member Board of Trustees. Two members of the Board are appointed by the Village president, one member is elected by pension beneficiaries and two members are elected by active police employees.

*Plan Membership*

At December 31, 2015, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	17
Inactive plan members entitled to benefits but not yet receiving them	-
Active plan members	
Vested	14
Nonvested	9
	<hr/>
TOTAL	<u>40</u>

*Benefits Provided*

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided* (Continued)

last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$111,572 for 2015, plus the amount automatically increases by the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1<sup>st</sup> after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions*

Employees are required by ILCS 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 plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. It is the Village's policy to fund the pension plan to achieve 100% funding by the same date. The employer contribution for the fiscal year ended December 31, 2015 was 29.44% of covered payroll.

The Police Pension Plan does not issue a separate financial report.

*Investment Policy*

The Police Pension Fund (the Fund) also requires investments to be made in accordance with ILCS and the Fund's investment policy, 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 55% of the total assets of the Fund).

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Policy* (Continued)

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in September 2013 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are listed in the table below.

Concentration of credit risk - The 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	Target	Long-Term Expected Real Rate of Return
Large cap U.S. equities	22.00%	6.50%
Mid cap U.S. equities	6.50%	7.50%
Small cap U.S. equities	6.50%	8.25%
International U.S. equities	15.00%	6.50%
Multi class	15.00%	3.70%
Intermediate Term fixed income	32.00%	0.25%
Cash	3.00%	0.00%

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

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

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at December 31 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

*Investment Concentrations*

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of plan net assets for the Police Pension Plan.

At December 31, 2015, the Fund had greater than 5% of its fixed income portfolio invested in obligations of the U.S. Treasury notes (13.81%), Equity Mutual Funds (60.48%) and corporate bonds (14.37%). The investment policy does not include any limitations on how much U.S. Treasury or agency securities can be held in the portfolio.

*Investment Rate of Return*

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.35%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*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 Fund's deposits may not be returned to them. The 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 Fund's deposits with financial institutions.

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

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2015:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 2,618,955	\$ 420,629	\$ 937,125	\$ 726,224	\$ 534,977
FHLMC notes	130,302	-	-	-	130,302
FNMA notes	478,586	-	-	27,666	450,920
GNMA notes	102,189	-	-	-	102,189
SBA	17,749	-	-	-	17,749
Corporate bonds	2,725,048	267,207	445,515	1,164,874	847,452
Municipal bonds	302,975	86,824	133,318	82,833	-
Negotiable certificates of deposit	102,883	-	102,883	-	-
<b>TOTAL</b>	<b>\$ 6,478,687</b>	<b>\$ 774,660</b>	<b>\$ 1,618,841</b>	<b>\$ 2,001,597</b>	<b>\$ 2,083,589</b>

In accordance with its investment policy, the 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.

*Credit Risk*

The 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 35% 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, FNMA, GNMA, FNMA, SBA, money market mutual funds, municipal bonds, corporate bonds and negotiable certificates of deposit range in rating from not rated to AAA as of December 31, 2015. The Fund's investment policy requires corporate and municipal bonds to be rated in one of the three highest classifications.

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund's policy requires reporting and monitoring of investment managers and custodians. To additionally limit its exposure, the 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 Fund's agent separate from where the investment was purchased in the Fund's name.

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal level dollar
Assumptions	
Inflation	2.50%
Salary increases	3.62% to 7.69%
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates were based on the RP-2000 Combined Mortality Table (BCA, +1M, -4F, 2x>105). The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution related and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.5% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate:

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	\$ 9,465,786	\$ 5,633,519	\$ 2,530,954

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

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**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Changes in the Net Pension Liability*

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 23,974,642	\$ 19,452,281	\$ 4,522,361
Changes for the period			
Service cost	535,944	-	535,944
Interest	1,561,977	-	1,561,977
Difference between expected and actual experience	(459,019)	-	(459,019)
Changes in assumptions	-	-	-
Employer contributions	-	618,665	(618,665)
Employee contributions	-	208,270	(208,270)
Net investment income	-	(270,336)	270,336
Benefit payments and refunds	(960,345)	(960,345)	-
Administrative expense	-	(28,855)	28,855
Other (net transfer)	-	-	-
Net changes	678,557	(432,601)	1,111,158
BALANCES AT DECEMBER 31, 2015	\$ 24,653,199	\$ 19,019,680	\$ 5,633,519

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

**10. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended December 31, 2015, the Village recognized pension expense of \$489,300. At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 393,444
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	1,223,572	-
Employer contributions after the measurement date	-	-
<b>TOTAL</b>	<b>\$ 1,223,572</b>	<b>\$ 393,444</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2016	\$ 240,319
2017	240,319
2018	240,319
2019	240,319
2020	(65,574)
Thereafter	(65,574)
<b>TOTAL</b>	<b>\$ 830,128</b>

b. Summary of Significant Accounting Policies and Plan Asset Matters

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.

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

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**11. CHANGES IN ACCOUNTING PRINCIPLE**

With the implementation of GASB Statement No. 68, the Village is required to retroactively record the net pension liability. The Village recorded the following change in accounting principle during the year ended December 31, 2015:

	<u>Increase (Decrease)</u>
<b>CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES</b>	
Change in accounting principle	
To record the IMRF net pension liability	\$ (2,359,527)
To eliminate prior year's net pension asset	(5,017,750)
To record the Police Pension Plan net pension liability	<u>(4,522,361)</u>
<b>TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES</b>	<u>\$ (11,899,638)</u>
	<u>Increase (Decrease)</u>
<b>CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES</b>	
Change in accounting principle	
To record the IMRF net pension liability	<u>\$ (745,114)</u>
<b>TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES</b>	<u>\$ (745,114)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**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, 2015

	<u>Original</u>	<u>Final</u>	<u>Original and</u>	
	<u>Appropriation</u>	<u>Appropriation</u>	<u>Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>				
Property taxes			\$ 73,000	\$ 694,059
Other taxes			9,610,000	10,305,871
Licenses, permits and fees			580,500	737,474
Fines and forfeitures			380,000	250,543
Intergovernmental			189,450	242,713
Investment income			22,000	34,415
Miscellaneous			12,000	32,416
			<hr/>	
Total revenues			10,866,950	12,297,491
			<hr/>	
<b>EXPENDITURES</b>				
Current				
General government	\$ 2,167,000	\$ 2,167,000	1,969,995	1,773,326
Public safety	3,508,400	4,138,400	3,819,450	3,684,900
Community and economic development	1,172,300	1,172,300	1,031,400	974,500
Public works	1,562,100	1,562,100	1,420,125	1,318,348
Parks and open spaces	1,516,800	1,516,800	1,378,875	1,289,239
Debt service				
Principal retirement	481,600	481,600	442,446	442,446
Interest and fiscal charges	-	-	39,136	39,136
			<hr/>	
Total expenditures	\$ 10,408,200	\$ 11,038,200	10,101,427	9,521,895
			<hr/>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			765,523	2,775,596
			<hr/>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	\$ (1,391,200)	\$ (2,598,300)	(2,317,300)	(2,317,300)
Sale of capital assets	-	-	20,000	10,235
			<hr/>	
Total other financing sources (uses)	\$ (1,391,200)	\$ (2,598,300)	(2,297,300)	(2,307,065)
			<hr/>	
<b>NET CHANGE IN FUND BALANCE</b>			<u>\$ (1,531,777)</u>	468,531
<b>FUND BALANCE, JANUARY 1</b>				<u>10,613,596</u>
<b>FUND BALANCE, DECEMBER 31</b>				<u>\$ 11,082,127</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2015

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
<b>REVENUES</b>			
Taxes			
Property		\$ 798,980	\$ 729,778
Investment income		155	502
Miscellaneous			
Other income		-	6,415
		<hr/>	<hr/>
Total revenues		799,135	736,695
		<hr/>	<hr/>
<b>EXPENDITURES</b>			
General government			
Personnel services	\$ 1,009,500	909,005	800,080
Contractual services	-	2,400	2,900
Other charges	-	6,400	5,220
		<hr/>	<hr/>
Total expenditures	<u>\$ 1,009,500</u>	917,805	808,200
		<hr/>	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
		<hr/>	<hr/>
		(118,670)	(71,505)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		<hr/>	<hr/>
		118,670	115,360
		<hr/>	<hr/>
Total other financing sources (uses)		118,670	115,360
		<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>			
		<hr/>	<hr/>
		\$ -	43,855
<b>FUND BALANCE, JANUARY 1</b>			
			<hr/>
			140,159
<b>FUND BALANCE, DECEMBER 31</b>			
			<hr/>
			\$ 184,014
			<hr/>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2015

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	<u>2015</u>
Actuarially determined contribution	\$ 446,674
Contributions in relation to the actuarially determined contribution	<u>596,673</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ (149,999)</u></u>
Covered-employee payroll	\$ 2,892,964
Contributions as a percentage of covered-employee payroll	20.62%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of December 31, 2013. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3% compounded annually.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2015

	<u>2015</u>
<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 313,571
Interest	1,397,410
Changes in benefit terms	-
Differences between expected and actual experience	(159,981)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	<u>(687,105)</u>
Net change in total pension liability	863,895
Total pension liability - beginning	<u>18,893,731</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u><u>\$ 19,757,626</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 596,673
Contributions - member	137,799
Net investment income	79,064
Benefit payments, including refunds of member contributions	(687,105)
Administrative expense	<u>198,897</u>
Net change in plan fiduciary net position	325,328
Plan fiduciary net position - beginning	<u>15,789,090</u>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u><u>\$ 16,114,418</u></u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u><u>\$ 3,643,208</u></u>
Plan fiduciary net position as a percentage of total pension liability	82%
Covered-employee payroll	\$ 2,892,964
Employer's net pension liability as a percentage of covered-employee payroll	126%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

Last Ten Fiscal Years

	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 321,728	\$ 483,226	\$ 497,262	\$ 454,383	\$ 563,551	\$ 514,585	\$ 545,957	\$ 527,434	\$ 553,629	\$ 692,133
Contribution in relation to the actuarially determined contribution	587,154	1,111,733	1,063,146	1,101,333	1,012,592	1,032,840	961,521	1,059,747	589,303	618,665
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<b>\$ (265,426)</b>	<b>\$ (628,507)</b>	<b>\$ (565,884)</b>	<b>\$ (646,950)</b>	<b>\$ (449,041)</b>	<b>\$ (518,255)</b>	<b>\$ (415,564)</b>	<b>\$ (532,313)</b>	<b>\$ (35,674)</b>	<b>\$ 73,468</b>
Covered-employee payroll	\$ 1,723,909	N/A	\$ 1,945,491	\$ 2,029,959	\$ 2,010,449	\$ 1,902,849	\$ 1,923,608	\$ 2,058,866	\$ 2,082,705	\$ 2,101,615
Contributions as a percentage of Covered-employee payroll	34.06%	N/A	54.65%	54.25%	50.37%	54.28%	49.99%	51.47%	28.30%	29.44%

\* The Village changed from a April 30 to a December 31 year end for the fiscal year ended December 31, 2006.

N/A - Information not available.

The information directly above is formatted to comply with the requirements of GASB Statement No. 67.

The information presented was determined as part of the actuarial valuations as of December 31, 2015. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 6.5% annually, projected salary increases assumption of 3.62% to 7.69% compounded annually and postretirement benefit increases of 3% compounded annually.

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND**

December 31, 2015

	<b>2015</b>
<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 535,944
Interest	1,561,977
Changes of benefit terms	-
Differences between expected and actual experience	(459,019)
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(960,345)
Net change in total pension liability	678,557
Total pension liability - beginning	23,974,642
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 24,653,199</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 618,665
Contributions - member	208,270
Contributions - other	15
Net investment income	(270,351)
Benefit payments, including refunds of member contributions	(960,345)
Administrative expense	(28,855)
Net change in plan fiduciary net position	(432,601)
Plan fiduciary net position - beginning	19,452,281
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 19,019,680</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 5,633,519</b>
Plan fiduciary net position as a percentage of the total pension liability	77.15%
Covered-employee payroll	\$ 2,101,615
Employer's net pension liability as a percentage of covered-employee payroll	268.06%

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

December 31, 2015

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	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(1.35%)	2.53%

(See independent auditor's report.)

## VILLAGE OF LINCOLNSHIRE, ILLINOIS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

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#### **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 Fraud, Alcohol and Drug 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.

A supplemental appropriations was passed for the General and Police Pension Funds.

**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, 2015

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>OTHER TAXES</b>		
Property tax - Police Pension Fund	\$ -	\$ 618,665
Road and bridge	73,000	75,394
	<hr/>	<hr/>
Total property taxes	73,000	694,059
<b>OTHER TAXES</b>		
State income	690,000	786,574
Sales	2,925,000	3,003,789
Home rule sales	1,395,000	1,409,339
Utility	1,375,000	1,304,252
Telecommunication	1,185,000	1,172,430
Room and admissions	1,720,000	1,931,739
Real estate transfer	200,000	491,669
State use	120,000	206,079
	<hr/>	<hr/>
Total other taxes	9,610,000	10,305,871
<b>LICENSES AND PERMITS</b>		
SWALCO rebate	10,000	2,597
Liquor licenses	64,000	70,675
Beach tags	5,500	7,872
Park user fees	27,000	31,796
Amusement devices	2,900	3,850
Application fees	7,500	13,925
Engineering fees	12,000	10,280
Planner fees	3,000	10,437
Plan review fees	45,000	53,508
Annexation fees	1,600	-
Building permit fees	200,000	286,854
Fire review and inspection fees	-	25,580
Elevator inspection fees	-	18,950
Engineering review and inspection fees	-	2,443
Acreage impact fees	22,500	-
Forester fees	1,000	-
Miscellaneous licenses and fees	15,000	585
Cable TV franchise fees	145,000	175,358
Yardwaste refuse stickers	1,500	6,209
Taste of Lincolnshire	15,000	15,055
Waste hauler fees	2,000	1,500
	<hr/>	<hr/>
Total licenses and permits	580,500	737,474

(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, 2015

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	<b>Original and Final Budget</b>	<b>Actual</b>
<b>FINES AND FORFEITURES</b>		
Court fines	\$ 300,000	\$ 208,003
False alarm fines and fees	5,000	15,590
Administrative tow fees	75,000	26,950
	<hr/>	<hr/>
Total fines and forfeitures	380,000	250,543
	<hr/>	<hr/>
<b>INTERGOVERNMENTAL</b>		
Police grants	6,500	12,348
Police training reimbursements	-	193
Miscellaneous grants	182,950	230,172
	<hr/>	<hr/>
Total intergovernmental	189,450	242,713
	<hr/>	<hr/>
<b>INVESTMENT INCOME</b>	22,000	34,415
	<hr/>	<hr/>
<b>MISCELLANEOUS</b>		
Miscellaneous income	12,000	32,416
	<hr/>	<hr/>
Total miscellaneous	12,000	32,416
	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>\$ 10,866,950</b>	<b>\$ 12,297,491</b>

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
GENERAL CORPORATE FUND

For the Year Ended December 31, 2015

	<b>Original Appropriation</b>	<b>Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>GENERAL GOVERNMENT</b>				
Administration services				
Personnel services				
Regular salaries	\$ 338,500	\$ 338,500	\$ 242,500	\$ 232,445
Part time wages	-	-	7,800	6,168
Overtime salaries	-	-	2,000	-
Total personnel services	338,500	338,500	252,300	238,613
Contractual services				
Equipment maintenance	-	-	500	-
Professional services	-	-	5,000	-
Total contractual services	-	-	5,500	-
Other charges				
Memberships	-	-	12,000	9,144
Vehicle expenditures	-	-	4,800	4,800
Professional development	-	-	20,000	18,283
Publications	-	-	600	572
Classified advertisements	-	-	2,000	3,581
Boards and commissions	-	-	3,000	1,907
Business expenditures	-	-	7,500	1,773
Total other charges	-	-	49,900	40,060
Total administrative services	338,500	338,500	307,700	278,673
Finance				
Personnel services				
Regular salaries	288,800	288,800	224,200	228,069
Part time wages	-	-	11,750	12,309
Overtime salaries	-	-	500	-
Total personnel services	288,800	288,800	236,450	240,378
Contractual services				
Printing	-	-	825	623
Equipment maintenance	-	-	200	254
Professional services	-	-	18,380	19,494
Legal notices	-	-	900	963
Outside services	-	-	100	81
Total contractual services	-	-	20,405	21,415

(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, 2015

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
<b>GENERAL GOVERNMENT (Continued)</b>				
Finance (Continued)				
Other charges				
Memberships	\$ -	\$ -	\$ 800	\$ 685
Professional development	-	-	4,000	3,160
Publications	-	-	175	36
Minor equipment	-	-	300	-
Business expenditures	-	-	400	398
Total other charges	-	-	5,675	4,279
Total finance	288,800	288,800	262,530	266,072
Insurance and common				
Contractual services				
Telephone	1,539,700	1,539,700	20,680	20,064
Printing	-	-	16,920	14,470
Equipment maintenance	-	-	1,500	1,224
Professional services	-	-	100,800	74,875
Data systems	-	-	22,510	21,335
Postage	-	-	7,000	8,159
Duplicating	-	-	12,460	8,899
Medical insurance	-	-	678,100	621,059
General insurance	-	-	217,090	208,746
Outside services	-	-	198,180	202,282
Total contractual services	1,539,700	1,539,700	1,275,240	1,181,113
Commodities				
Office supplies	-	-	15,840	11,499
Total commodities	-	-	15,840	11,499
Other charges				
Minor equipment	-	-	11,750	11,783
Bad debt provision	-	-	-	49
Total other charges	-	-	11,750	11,832
Capital outlay				
Office equipment	-	-	8,100	-
Computer equipment	-	-	88,835	24,137
Total capital outlay	-	-	96,935	24,137
Total insurance and common	1,539,700	1,539,700	1,399,765	1,228,581
Total general government	2,167,000	2,167,000	1,969,995	1,773,326

(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, 2015

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
<b>PUBLIC SAFETY</b>				
Police				
Personnel services				
Regular salaries	\$ 3,508,400	\$ 3,508,400	\$ 2,530,000	\$ 2,457,705
Overtime salaries	-	-	125,000	175,298
Overtime contract services	-	-	44,000	41,591
Retirement reserves	-	630,000	630,000	618,665
Total personnel services	3,508,400	4,138,400	3,329,000	3,293,259
Contractual services				
Printing	-	-	4,500	3,413
Equipment maintenance	-	-	64,000	53,220
Professional services	-	-	104,700	83,488
Data systems	-	-	12,300	7,882
Total contractual services	-	-	185,500	148,003
Commodities				
Maintenance materials	-	-	18,700	11,594
Total commodities	-	-	18,700	11,594
Other charges				
Memberships	-	-	2,250	2,165
Vehicle expenditures	-	-	194,350	151,113
Professional development	-	-	38,000	26,427
Publications	-	-	750	300
Uniforms	-	-	30,100	34,916
Community programs	-	-	8,500	8,457
Officer testing	-	-	1,000	873
Equipment - furniture	-	-	2,000	683
Minor equipment	-	-	4,800	3,893
Business expenditures	-	-	4,500	3,217
Total other charges	-	-	286,250	232,044
Total public safety	3,508,400	4,138,400	3,819,450	3,684,900
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>				
Administration				
Personnel services				
Regular salaries	1,172,300	1,172,300	420,500	416,797
Part time wages	-	-	35,000	34,430
Overtime salaries	-	-	500	2,000
Total personnel services	1,172,300	1,172,300	456,000	453,227

(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, 2015

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT (Continued)</b>				
Administration (Continued)				
Contractual services				
Printing	\$ -	\$ -	\$ 200	\$ 144
Vehicle expenditures	-	-	5,500	4,300
Professional services	-	-	-	63,714
Data systems	-	-	2,350	-
Legal notices	-	-	300	1,314
Outside services	-	-	2,500	1,784
Total contractual services	-	-	10,850	71,256
Other charges				
Professional development	-	-	6,500	5,710
Publications	-	-	450	79
Board and commissions	-	-	100	-
Business expenditures	-	-	1,000	489
Economic development initiatives	-	-	555,000	442,410
Equipment and clothing	-	-	1,500	1,329
Total other charges	-	-	564,550	450,017
Total community and economic development	1,172,300	1,172,300	1,031,400	974,500
<b>PUBLIC WORKS</b>				
Administration				
Personnel services				
Regular salaries	233,300	233,300	141,100	110,730
Overtime salaries	-	-	2,000	1,299
Total personnel services	233,300	233,300	143,100	112,029
Contractual services				
Professional services	-	-	51,000	63,245
Legal notices	-	-	1,000	847
Outside services	-	-	5,500	4,294
Total contractual services	-	-	57,500	68,386
Other charges				
Memberships	-	-	2,450	2,292
Vehicle expenditures	-	-	4,500	2,644
Professional development	-	-	2,500	4,735
Business expenditures	-	-	1,000	1,029
Total other charges	-	-	10,450	10,700

(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, 2015

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
<b>PUBLIC WORKS (Continued)</b>				
Administration (Continued)				
Capital outlay				
Office charges	\$ -	\$ -	\$ 1,000	\$ 791
Total capital outlay	-	-	1,000	791
Total administration	233,300	233,300	212,050	191,906
Streets				
Personnel services				
Regular salaries	1,171,100	1,171,100	396,150	394,329
Part time salaries	-	-	8,000	16,266
Overtime salaries	-	-	49,000	63,139
Total personnel services	1,171,100	1,171,100	453,150	473,734
Contractual services				
Equipment maintenance	-	-	1,000	-
Electric utilities	-	-	15,000	14,424
Pavement maintenance	-	-	46,800	50,621
Outside services	-	-	257,100	223,639
Total contractual services	-	-	319,900	288,684
Commodities				
Maintenance materials	-	-	15,300	19,908
Repair and restoration	-	-	11,800	13,616
Construction materials	-	-	5,300	4,931
Snow and ice control	-	-	72,600	51,668
Total commodities	-	-	105,000	90,123
Other charges				
Vehicle expenditures	-	-	167,225	130,125
Professional development	-	-	3,500	2,055
Uniforms	-	-	3,300	1,699
Minor equipment	-	-	2,000	1,766
Recycling	-	-	10,000	3,125
Business expenditures	-	-	600	361
Total other charges	-	-	186,625	139,131
Total streets	1,171,100	1,171,100	1,064,675	991,672

(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, 2015

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
<b>PUBLIC WORKS (Continued)</b>				
Buildings and grounds				
Contractual services				
Equipment maintenance	\$ 157,700	\$ 157,700	\$ 1,000	\$ 1,250
Outside services	-	-	109,200	107,980
Total contractual services	157,700	157,700	110,200	109,230
Commodities				
Maintenance materials	-	-	17,600	11,983
Repair and restoration	-	-	1,600	1,498
Construction materials	-	-	2,900	2,150
Total commodities	-	-	22,100	15,631
Other charges				
Minor equipment	-	-	3,500	3,497
Vehicle expenditures	-	-	5,500	4,300
Business expenditures	-	-	2,100	2,112
Total other charges	-	-	11,100	9,909
Total buildings and grounds	157,700	157,700	143,400	134,770
Total public works	1,562,100	1,562,100	1,420,125	1,318,348
<b>PARKS AND OPEN SPACES</b>				
Parks and grounds				
Personnel services				
Regular salaries	1,516,800	1,516,800	396,150	394,329
Part time wages	-	-	79,700	64,809
Overtime salaries	-	-	31,000	27,516
Total personnel services	1,516,800	1,516,800	506,850	486,654
Contractual services				
Equipment maintenance	-	-	2,500	2,008
Professional services	-	-	71,400	71,376
Gas utilities	-	-	3,000	2,176
Electric utilities	-	-	25,000	35,587
Outside services	-	-	76,000	73,659
Lighting maintenance	-	-	5,000	3,290
Landscape maintenance	-	-	382,100	383,144
Wildlife maintenance	-	-	9,000	125
Special events	-	-	90,000	66,968
Total contractual services	-	-	664,000	638,333

(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, 2015

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
<b>PARKS AND OPEN SPACES (Continued)</b>				
Parks and grounds (Continued)				
Commodities				
Maintenance materials	\$ -	\$ -	\$ 44,900	\$ 40,237
Repair and restoration	-	-	3,200	3,803
Construction materials	-	-	7,500	7,521
	<hr/>			
Total commodities	-	-	55,600	51,561
	<hr/>			
Other charges				
Memberships	-	-	1,700	730
Vehicle expenditures	-	-	128,525	100,025
Professional development	-	-	2,500	2,462
Publications	-	-	100	108
Uniforms	-	-	4,800	3,437
Minor equipment	-	-	2,400	2,427
Business expenditures	-	-	2,400	1,180
	<hr/>			
Total other charges	-	-	142,425	110,369
	<hr/>			
Capital outlay				
Bike path repairs	-	-	10,000	2,322
	<hr/>			
Total capital outlay	-	-	10,000	2,322
	<hr/>			
Total parks and open spaces	1,516,800	1,516,800	1,378,875	1,289,239
	<hr/>			
Debt service				
Principal retirement	481,600	481,600	442,446	442,446
Interest and fiscal charges	-	-	39,136	39,136
	<hr/>			
Total debt service	481,600	481,600	481,582	481,582
	<hr/>			
<b>TOTAL EXPENDITURES</b>	<b>\$ 10,408,200</b>	<b>\$ 11,038,200</b>	<b>\$ 10,101,427</b>	<b>\$ 9,521,895</b>
	<hr/>			

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL CAPITAL PROJECTS FUND**

For the Year Ended December 31, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Grants		\$ 422,000	\$ -
Donations		-	16,520
Miscellaneous			
Other income		1,200,000	86,503
		1,622,000	103,023
Total revenues			
<b>EXPENDITURES</b>			
General government			
Contractual services	\$ -	126,870	41,917
Capital outlay	2,827,800	2,690,280	1,423,871
		2,817,150	1,465,788
Total expenditures	\$ 2,827,800	2,817,150	1,465,788
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
		(1,195,150)	(1,362,765)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		393,923	1,320,000
		393,923	1,320,000
Total other financing sources (uses)			
<b>NET CHANGE IN FUND BALANCE</b>		\$ (801,227)	(42,765)
<b>FUND BALANCE, JANUARY 1</b>			2,757,033
<b>FUND BALANCE, DECEMBER 31</b>			\$ 2,714,268

(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 restricts these gasoline taxes to be used to maintain streets, traffic signals, etc.

Fraud, Alcohol and Drug Fund - to account for the receipt and tracking of seized assets related to the police operations of the Village.

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.

### **DEBT SERVICE FUND**

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

### **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 Village 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.

SSA Westminster Signal 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, 2015

	Special Revenue			Total Special Revenue	Debt	Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911		Service Special Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 186,882	\$ 305,709	\$ 63,616	\$ 556,207	\$ 768,938	\$ 135,997	\$ 14,296	\$ 150,293	\$ 1,475,438
Investments	4,562	-	37,111	41,673	1,321,987	-	-	-	1,363,660
Receivables									
Property taxes	-	-	-	-	1,161,875	-	-	-	1,161,875
Other taxes	16,419	-	72,513	88,932	-	-	-	-	88,932
Other receivable	123	-	1,001	1,124	3,653	-	-	-	4,777
Prepaid items	-	1,758	93,477	95,235	-	-	-	-	95,235
<b>TOTAL ASSETS</b>	<b>\$ 207,986</b>	<b>\$ 307,467</b>	<b>\$ 267,718</b>	<b>\$ 783,171</b>	<b>\$ 3,256,453</b>	<b>\$ 135,997</b>	<b>\$ 14,296</b>	<b>\$ 150,293</b>	<b>\$ 4,189,917</b>

	Special Revenue			Debt	Capital Projects			Total	
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ 235,287	\$ 2,871	\$ 238,158	\$ 3,129	\$ 20	\$ 1,220	\$ 1,240	\$ 242,527
Total liabilities	-	235,287	2,871	238,158	3,129	20	1,220	1,240	242,527
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred property taxes	-	-	-	-	1,161,875	-	-	-	1,161,875
Total liabilities and deferred inflows of resources	-	235,287	2,871	238,158	1,165,004	20	1,220	1,240	1,404,402
<b>FUND BALANCES</b>									
Nonspendable in form - prepaid items		1,758	93,477	95,235	-	-	-	-	95,235
Restricted for debt service	-	-	-	-	2,091,449	-	-	-	2,091,449
Restricted for maintenance of roadways	207,986	-	-	207,986	-	-	-	-	207,986
Restricted for public safety	-	70,422	171,370	241,792	-	-	-	-	241,792
Unrestricted									
Assigned for capital projects	-	-	-	-	-	135,977	13,076	149,053	149,053
Total fund balances	207,986	72,180	264,847	545,013	2,091,449	135,977	13,076	149,053	2,785,515
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
	\$ 207,986	\$ 307,467	\$ 267,718	\$ 783,171	\$ 3,256,453	\$ 135,997	\$ 14,296	\$ 150,293	\$ 4,189,917

(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, 2015

	Special Revenue			Debt	Capital Projects			Total	
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Total Special Revenue	Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal		Total Capital Projects
<b>REVENUES</b>									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,159,717	\$ -	\$ -	\$ -	\$ 1,159,717
Intergovernmental	185,626	-	376,272	561,898	-	-	-	-	561,898
Charges for services	-	12,220	-	12,220	-	-	-	-	12,220
Investment income	425	-	301	726	19,567	250	17	267	20,560
Other income	-	-	-	-	-	20,690	-	20,690	20,690
Total revenues	186,051	12,220	376,573	574,844	1,179,284	20,940	17	20,957	1,775,085
<b>EXPENDITURES</b>									
Current									
General government	-	-	-	-	5,183	-	-	-	5,183
Public safety	-	11,627	295,358	306,985	-	-	-	-	306,985
Capital outlay	175,000	-	-	175,000	-	220	4,879	5,099	180,099
Debt service									
Principal retirement	-	-	-	-	345,000	-	-	-	345,000
Interest and fiscal charges	-	-	-	-	805,469	-	-	-	805,469
Total expenditures	175,000	11,627	295,358	481,985	1,155,652	220	4,879	5,099	1,642,736
NET CHANGE IN FUND BALANCES	11,051	593	81,215	92,859	23,632	20,720	(4,862)	15,858	132,349
FUND BALANCES, JANUARY 1	196,935	71,587	183,632	452,154	2,067,817	115,257	17,938	133,195	2,653,166
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 207,986</b>	<b>\$ 72,180</b>	<b>\$ 264,847</b>	<b>\$ 545,013</b>	<b>\$ 2,091,449</b>	<b>\$ 135,977</b>	<b>\$ 13,076</b>	<b>\$ 149,053</b>	<b>\$ 2,785,515</b>

(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, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Allotments earned		\$ 182,000	\$ 185,626
Investment income		200	425
		182,200	186,051
Total revenues			
<b>EXPENDITURES</b>			
Capital outlay	\$ 192,500	175,000	175,000
		175,000	175,000
Total expenditures	\$ 192,500	175,000	175,000
<b>NET CHANGE IN FUND BALANCE</b>		\$ 7,200	11,051
<b>FUND BALANCE, JANUARY 1</b>			196,935
<b>FUND BALANCE, DECEMBER 31</b>			\$ 207,986

(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, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Other taxes			
E911 surcharges		\$ 300,000	\$ 376,272
Investment income		200	301
		<hr/>	<hr/>
Total revenues		300,200	376,573
		<hr/>	<hr/>
<b>EXPENDITURES</b>			
Public safety			
Contractual services	\$ 330,300	300,200	295,358
		<hr/>	<hr/>
Total expenditures	\$ 330,300	300,200	295,358
		<hr/>	<hr/>
NET CHANGE IN FUND BALANCE		<u>\$ -</u>	81,215
FUND BALANCE, JANUARY 1			<hr/> 183,632
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 264,847</u></u>

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL SERVICE AREA DEBT SERVICE FUND**

For the Year Ended December 31, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Property taxes		\$ 1,161,600	\$ 1,159,717
Investment income		18,000	19,567
		<hr/>	<hr/>
Total revenues		1,179,600	1,179,284
		<hr/>	<hr/>
<b>EXPENDITURES</b>			
General government			
Contractual services	\$ 18,350	18,350	5,183
Debt service			
Principal	1,161,250	355,781	345,000
Interest and fiscal charges	-	805,469	805,469
		<hr/>	<hr/>
Total expenditures	\$ 1,179,600	1,179,600	1,155,652
		<hr/>	<hr/>
NET CHANGE IN FUND BALANCE		\$ -	23,632
		<hr/>	<hr/>
FUND BALANCE, JANUARY 1			2,067,817
			<hr/>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 2,091,449</b>
			<hr/>

(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, 2015

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	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income		\$ 100	\$ 250
Park donations		-	20,690
Total revenues		100	20,940
<b>EXPENDITURES</b>			
Capital outlay	\$ 33,000	30,000	220
Total expenditures	\$ 33,000	30,000	220
NET CHANGE IN FUND BALANCE		\$ (29,900)	20,720
FUND BALANCE, JANUARY 1			115,257
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 135,977</b>

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SSA WESTMINSTER SIGNAL FUND**

For the Year Ended December 31, 2015

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	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income		\$ -	\$ 17
Total revenues		-	17
<b>EXPENDITURES</b>			
Contractual services	\$ 9,500	9,500	4,879
Total expenditures	\$ 9,500	9,500	4,879
CHANGE IN NET POSITION		\$ (9,500)	(4,862)
FUND BALANCE, JANUARY 1			17,938
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 13,076</b>

(See independent auditor's report.)

## **ENTERPRISE FUND**

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 SCHEDULE OF NET POSITION  
WATER AND SANITARY SEWER FUND

December 31, 2015

	<u>Revenue</u> <u>Account</u>	<u>Improvement</u> <u>Account</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 575,398	\$ 273,637	\$ 849,035
Investments	593,108	306,399	899,507
Receivables			
Accounts - billed	304,278	-	304,278
Accounts - unbilled	185,310	-	185,310
Other receivables	16,001	4,881	20,882
Prepaid expenses	9,667	-	9,667
	<hr/>	<hr/>	<hr/>
Total current assets	1,683,762	584,917	2,268,679
<b>CAPITAL ASSETS</b>			
Nondepreciable	106,833	-	106,833
Depreciable, net of accumulated depreciation	35,311,122	-	35,311,122
	<hr/>	<hr/>	<hr/>
Net capital assets	35,417,955	-	35,417,955
	<hr/>	<hr/>	<hr/>
Total assets	37,101,717	584,917	37,686,634
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items - IMRF	314,675	-	314,675
	<hr/>	<hr/>	<hr/>
Total deferred outflows of resources	314,675	-	314,675
<b>CURRENT LIABILITIES</b>			
Accounts payable	401,362	400,574	801,936
Accrued payroll	22,049	-	22,049
Accrued interest payable	12,632	-	12,632
Due to other funds	378	-	378
Compensated absences payable	14,965	-	14,965
Current portion of notes payable	176,602	-	176,602
	<hr/>	<hr/>	<hr/>
Total current liabilities	627,988	400,574	1,028,562
<b>LONG-TERM LIABILITIES</b>			
Compensated absences payable	44,895	-	44,895
IMRF net pension liability	874,370	-	874,370
Notes payable	271,047	-	271,047
	<hr/>	<hr/>	<hr/>
Total long-term liabilities	1,190,312	-	1,190,312
	<hr/>	<hr/>	<hr/>
Total liabilities	1,818,300	400,574	2,218,874

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING SCHEDULE OF NET POSITION (Continued)  
WATER AND SANITARY SEWER FUND

December 31, 2015

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	<u>Revenue</u> <u>Account</u>	<u>Improvement</u> <u>Account</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items - IMRF	\$ 49,027	\$ -	\$ 49,027
Total deferred inflows of resources	49,027	-	49,027
<b>NET POSITION</b>			
Net investment in capital assets	34,970,306	-	34,970,306
Unrestricted	578,759	184,343	763,102
<b>TOTAL NET POSITION</b>	<u>\$ 35,549,065</u>	<u>\$ 184,343</u>	<u>\$ 35,733,408</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
WATER AND SANITARY SEWER FUND

For the Year Ended December 31, 2015

	Revenue Account	Improvement Account	Eliminations	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,769,020	\$ -	\$ -	\$ 3,769,020
Miscellaneous	17,660	-	-	17,660
Total operating revenues	3,786,680	-	-	3,786,680
<b>OPERATING EXPENSES</b>				
Administration	369,709	-	-	369,709
Operations	3,426,199	-	-	3,426,199
Capital outlay	-	204,259	-	204,259
Total operating expenses	3,795,908	204,259	-	4,000,167
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(9,228)	(204,259)	-	(213,487)
Depreciation	1,545,687	-	-	1,545,687
OPERATING INCOME (LOSS)	(1,554,915)	(204,259)	-	(1,759,174)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	1,989	1,694	-	3,683
Connection fees	-	53,902	-	53,902
Sale of capital assets	3,442	-	-	3,442
Interest expense	-	(15,219)	-	(15,219)
Total non-operating revenues (expenses)	5,431	40,377	-	45,808
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,549,484)	(163,882)	-	(1,713,366)
<b>CONTRIBUTIONS</b>				
Contributions of capital assets	1,479,332	-	(1,479,332)	-
Total contributions	1,479,332	-	(1,479,332)	-
<b>TRANSFERS</b>				
Transfers in	-	997,300	-	997,300
Transfers (out)	(90,781)	(1,479,332)	1,479,332	(90,781)
Total transfers	(90,781)	(482,032)	1,479,332	906,519
CHANGE IN NET POSITION	(160,933)	(645,914)	-	(806,847)
NET POSITION, JANUARY 1	36,455,112	830,257	-	37,285,369
Change in accounting principal	(745,114)	-	-	(745,114)
NET POSITION, JANUARY 1 (RESTATED)	35,709,998	830,257	-	36,540,255
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 35,549,065</b>	<b>\$ 184,343</b>	<b>-</b>	<b>\$ 35,733,408</b>

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

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

For the Year Ended December 31, 2015

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>			
Charges for services			
Water and sanitary sewer fees		\$ 3,908,000	\$ 3,769,020
Miscellaneous			
Other		6,000	17,660
		<u>3,914,000</u>	<u>3,786,680</u>
Total operating revenues			
<b>OPERATING EXPENSES</b>			
Administration	\$ 699,300	541,450	369,709
Operations	3,911,700	3,556,050	3,426,199
		<u>4,097,500</u>	<u>3,795,908</u>
Total operating expenses excluding depreciation			
OPERATING INCOME (LOSS) BEFORE DEPRECIATION		(183,500)	(9,228)
Depreciation		-	1,545,687
		<u>(183,500)</u>	<u>(1,554,915)</u>
OPERATING INCOME (LOSS)			
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Sale of capital assets		-	3,442
Investment income		2,500	1,989
		<u>2,500</u>	<u>5,431</u>
Total non-operating revenues (expenses)			
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		<u>(181,000)</u>	<u>(1,549,484)</u>
<b>CONTRIBUTIONS</b>			
Contributions of capital assets		-	1,479,332
		<u>-</u>	<u>1,479,332</u>
Total contributions			
<b>TRANSFERS</b>			
Transfers (out)		(94,250)	(90,781)
		<u>(94,250)</u>	<u>(90,781)</u>
Total transfers			
CHANGE IN NET POSITION		<u>\$ (275,250)</u>	<u>(160,933)</u>
NET POSITION, JANUARY 1			36,455,112
Change in accounting principal			<u>(745,114)</u>
NET POSITION, JANUARY 1 (RESTATED)			<u>35,709,998</u>
NET POSITION, DECEMBER 31			<u>\$ 35,549,065</u>

(See independent auditor's report.)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

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

For the Year Ended December 31, 2015

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
<b>OPERATING REVENUES</b>			
None		\$ -	\$ -
Total operating revenues		-	-
<b>OPERATING EXPENSES</b>			
Capital outlay	\$ 2,153,000	1,770,000	204,259
Total operating expenses	<u>\$ 2,153,000</u>	1,770,000	204,259
OPERATING INCOME (LOSS)		<u>(1,770,000)</u>	<u>(204,259)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment income		2,000	1,694
Connection fees		280,000	53,902
Interest expense		<u>(187,300)</u>	<u>(15,219)</u>
Total non-operating revenues (expenses)		<u>94,700</u>	<u>40,377</u>
NET INCOME (LOSS) BEFORE TRANSFERS		<u>(1,675,300)</u>	<u>(163,882)</u>
<b>TRANSFERS</b>			
Transfers in		716,300	997,300
Transfers (out)		-	<u>(1,479,332)</u>
Total transfers		<u>716,300</u>	<u>(482,032)</u>
CHANGE IN NET POSITION		<u>\$ (959,000)</u>	(645,914)
NET POSITION, JANUARY 1			<u>830,257</u>
<b>NET POSITION, DECEMBER 31</b>			<u><u>\$ 184,343</u></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, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>ADMINISTRATION</b>			
Personnel services			
Regular salaries	\$ 699,300	\$ 180,000	\$ 170,976
Part-time wages	-	11,750	11,139
Overtime salaries	-	1,500	1,415
Pension expense	-	-	(136,392)
Total personnel services	<u>699,300</u>	<u>193,250</u>	<u>47,138</u>
Contractual services			
Telephone	-	17,710	18,500
Printing	-	8,380	11,154
Professional services	-	29,300	27,535
Data processing	-	2,500	2,371
Postage	-	7,000	8,159
Duplicating	-	1,380	989
Medical insurance	-	103,400	94,711
General insurance	-	96,860	93,136
Outside services	-	30,060	18,755
Total contractual services	<u>-</u>	<u>296,590</u>	<u>275,310</u>
Commodities			
Office supplies	-	1,760	1,278
Total commodities	<u>-</u>	<u>1,760</u>	<u>1,278</u>
Other charges			
Vehicle expense	-	3,450	2,831
FICA	-	46,400	43,152
Total other charges	<u>-</u>	<u>49,850</u>	<u>45,983</u>
Total administration	<u>699,300</u>	<u>541,450</u>	<u>369,709</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, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>OPERATIONS</b>			
Personnel services			
Regular salaries	\$ 3,911,700	\$ 388,900	\$ 386,675
Overtime salaries	-	40,000	32,785
Total personnel services	<u>3,911,700</u>	<u>428,900</u>	<u>419,460</u>
Contractual services			
Equipment maintenance	-	38,000	36,044
Professional services	-	15,500	752
Gas utilities	-	4,500	3,812
Electric utilities	-	89,000	83,390
Outside services	-	42,900	73,601
System maintenance	-	150,600	116,096
Hydrant replacement	-	27,000	23,538
Water purchases	-	1,190,000	1,174,600
Sanitary sewer charges	-	1,475,000	1,412,804
Sanitary sewer transmission fees	-	8,000	7,784
Total contractual services	<u>-</u>	<u>3,040,500</u>	<u>2,932,421</u>
Commodities			
Maintenance materials	-	19,850	15,074
Water meters	-	4,500	10,043
Total commodities	<u>-</u>	<u>24,350</u>	<u>25,117</u>
Other charges			
Memberships	-	600	672
Professional development	-	500	471
Uniforms	-	2,500	2,395
Vehicle expenditures	-	55,400	43,000
Minor equipment	-	1,300	1,049
Business expense	-	2,000	1,614
Total other charges	<u>-</u>	<u>62,300</u>	<u>49,201</u>
Total operations	<u>3,911,700</u>	<u>3,556,050</u>	<u>3,426,199</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>\$ 4,611,000</u></u>	<u><u>\$ 4,097,500</u></u>	<u><u>\$ 3,795,908</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, 2015

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	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>OPERATING EXPENSES</b>			
Capital outlay			
Meter read system	\$ 2,153,000	\$ 173,000	\$ 173,505
Hydraulic water model	-	10,000	7,650
Watermain replacement construction	-	1,125,000	-
Watermain replacement engineering	-	75,000	-
Sanitary sewer engineering services	-	40,000	-
Inflow and infiltration study	-	56,500	23,104
Roof replacement	-	81,000	-
Utility truck	-	78,000	-
Utility billing software	-	31,500	-
Miscellaneous repairs	-	100,000	-
Total capital outlay	<u>2,153,000</u>	<u>1,770,000</u>	<u>204,259</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 2,153,000</u>	<u>\$ 1,770,000</u>	<u>\$ 204,259</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 POSITION - BUDGET AND ACTUAL  
VEHICLE MAINTENANCE AND OPERATIONS FUND

For the Year Ended December 31, 2015

	<b>Original and Final Appropriation</b>	<b>Original and Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Interfund services			
General Fund		\$ 498,350	\$ 387,000
Water and Sanitary Sewer Fund		55,400	43,000
Total operating revenues		<u>553,750</u>	<u>430,000</u>
<b>OPERATING EXPENSES</b>			
Personnel services			
Regular salaries	\$ 612,100	150,120	146,571
Overtime salaries	-	8,000	10,943
Total personnel services	<u>612,100</u>	<u>158,120</u>	<u>157,514</u>
Professional services			
Equipment maintenance	-	1,800	-
Medical insurance	-	26,700	24,483
General insurance	-	20,050	19,269
Outside services	-	87,600	61,115
Total professional services	<u>-</u>	<u>136,150</u>	<u>104,867</u>
Commodities			
Maintenance materials	-	5,900	4,963
Gasoline	-	102,000	35,792
Diesel	-	48,000	20,391
Oil and antifreeze	-	3,500	2,067
Vehicle tires	-	17,000	9,379
Vehicle maintenance parts	-	39,800	23,622
Total commodities	<u>-</u>	<u>216,200</u>	<u>96,214</u>
Other charges			
Memberships	-	100	30
Professional development	-	1,500	1,206
Publications	-	5,900	4,314
Uniforms	-	1,600	871
FICA	-	12,500	12,032
Total other charges	<u>-</u>	<u>21,600</u>	<u>18,453</u>
Total operating expenses	<u>\$ 612,100</u>	<u>532,070</u>	<u>377,048</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>21,680</u>	<u>52,952</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)		<u>(24,420)</u>	<u>(24,579)</u>
Total other financing sources (uses)		<u>(24,420)</u>	<u>(24,579)</u>
NET CHANGE IN FUND BALANCE		<u>\$ (2,740)</u>	28,373
NET POSITION, JANUARY 1			<u>51,299</u>
NET POSITION, DECEMBER 31			<u>\$ 79,672</u>

(See independent auditor's report.)

**FIDUCIARY FUND**

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

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

For the Year Ended December 31, 2015

	<u>Original</u>	<u>Final</u>	<u>Original</u>	
	<u>Appropriation</u>	<u>Appropriation</u>	<u>and Final</u>	<u>Actual</u>
			<u>Budget</u>	
<b>ADDITIONS</b>				
Contributions - employer			\$ 623,300	\$ 618,665
Contributions - employee			213,600	208,270
Other contributions			-	15
			<hr/>	
Total contributions			836,900	826,950
			<hr/>	
Investment income				
Net appreciation (depreciation) in fair value of investments			-	(765,528)
Interest earned on investments			375,000	555,946
			<hr/>	
Total investment income			375,000	(209,582)
			<hr/>	
Less investment expense			85,000	(60,769)
			<hr/>	
Net investment income			460,000	(270,351)
			<hr/>	
Total additions			1,296,900	556,599
			<hr/>	
<b>DEDUCTIONS</b>				
Benefits	\$ 1,241,800	\$ 1,241,800	1,204,800	960,345
Administrative	91,300	91,300	43,300	28,855
			<hr/>	
Total deductions	\$ 1,333,100	\$ 1,333,100	1,248,100	989,200
			<hr/>	
NET INCREASE (DECREASE)			<u>\$ 48,800</u>	(432,601)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>				
January 1				<hr/> 19,452,281
December 31				<hr/> <u>\$ 19,019,680</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(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	91-100
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	101-103
<b>Debt Capacity</b> 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.	104-107
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	108-109
<b>Operating Information</b> 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.	110-112

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

NET POSITION BY COMPONENT

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2006 *</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 68,424,957	\$ 66,725,834	\$ 66,259,268	\$ 68,808,108
Restricted	1,731,077	2,344,362	2,244,875	2,044,365
Unrestricted	(2,526,351)	(2,215,238)	(1,159,963)	(7,094,159)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 67,629,683</b>	<b>\$ 66,854,958</b>	<b>\$ 67,344,180</b>	<b>\$ 63,758,314</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 38,752,353	\$ 42,314,239	\$ 41,517,419	\$ 40,888,121
Unrestricted	3,766,210	1,629,463	1,143,932	1,077,519
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 42,518,563</b>	<b>\$ 43,943,702</b>	<b>\$ 42,661,351</b>	<b>\$ 41,965,640</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 107,177,310	\$ 109,040,073	\$ 107,776,687	\$ 109,696,229
Restricted	1,731,077	1,927,055	1,888,107	2,044,365
Restricted for enabling legislation	491,640	417,307	356,768	-
Unrestricted	748,219	(585,775)	(16,031)	(6,016,640)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 110,148,246</b>	<b>\$ 110,798,660</b>	<b>\$ 110,005,531</b>	<b>\$ 105,723,954</b>

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

\*\* The Village implemented GASB Statement No. 68 for the fiscal year ended December 31, 2015.

Data Source

Audited Financial Statements

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015 **</b>
\$ 68,687,377	\$ 68,420,057	\$ 70,013,193	\$ 69,304,209	\$ 69,798,415	\$ 69,382,066
8,637,570	9,917,234	9,168,024	2,465,578	2,647,313	2,725,241
(6,201,507)	(3,308,622)	(566,152)	3,318,734	4,589,920	(5,885,183)
<b>\$ 71,123,440</b>	<b>\$ 75,028,669</b>	<b>\$ 78,615,065</b>	<b>\$ 75,088,521</b>	<b>\$ 77,035,648</b>	<b>\$ 66,222,124</b>
\$ 39,673,213	\$ 38,521,272	\$ 37,256,118	\$ 35,948,245	\$ 35,045,804	\$ 34,970,306
1,049,886	1,134,494	1,704,160	2,261,714	2,239,565	763,102
<b>\$ 40,723,099</b>	<b>\$ 39,655,766</b>	<b>\$ 38,960,278</b>	<b>\$ 38,209,959</b>	<b>\$ 37,285,369</b>	<b>\$ 35,733,408</b>
\$ 108,360,590	\$ 106,941,329	\$ 107,269,311	\$ 105,252,454	\$ 104,844,219	\$ 104,352,372
8,637,570	9,917,234	9,168,024	2,465,578	2,647,313	2,725,241
-	-	-	-	-	-
(5,151,621)	(2,174,128)	1,138,008	5,580,448	6,829,485	(5,122,081)
<b>\$ 111,846,539</b>	<b>\$ 114,684,435</b>	<b>\$ 117,575,343</b>	<b>\$ 113,298,480</b>	<b>\$ 114,321,017</b>	<b>\$ 101,955,532</b>

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2006 *</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>EXPENSES</b>				
Governmental Activities				
General government	\$ 3,096,531	\$ 4,303,055	\$ 2,829,284	\$ 2,639,170
Public safety	2,293,286	3,383,714	2,775,446	3,984,062
Community and economic development	429,049	717,748	2,276,158	1,084,935
Public works	1,998,279	2,920,066	2,904,543	2,633,796
Parks and open spaces	1,417,736	2,344,980	2,119,915	2,015,026
Interest	841,042	309,746	1,193,095	1,195,047
Total governmental activities expenses	10,075,923	13,979,309	14,098,441	13,552,036
Business-Type Activities				
Water and sewer	3,158,763	5,096,183	5,289,730	5,345,812
Total business-type activities expenses	3,158,763	5,096,183	5,289,730	5,345,812
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 13,234,686</b>	<b>\$ 19,075,492</b>	<b>\$ 19,388,171</b>	<b>\$ 18,897,848</b>
<b>PROGRAM REVENUES</b>				
Governmental Activities				
Charges for services				
General government	\$ 169,318	\$ 184,410	\$ 252,265	\$ 193,159
Public safety	559,274	713,250	645,929	979,293
Community development	374,803	529,232	631,173	318,812
Public works	12,816	65,713	64,735	7,955
Parks and recreation	131,600	131,562	181,221	130,847
Operating grants and contributions	499,051	604,711	573,931	319,096
Capital grants and contributions	17,365,707	208,504	14,988	2,870,480
Total governmental activities program revenues	19,112,569	2,437,382	2,364,242	4,819,642
Business-Type Activities				
Charges for services				
Water and sewer	2,425,316	3,649,917	3,397,643	3,825,386
Capital grants and contributions	1,224,733	201,000	209,000	605,000
Total business-type activities program revenues	3,650,049	3,850,917	3,606,643	4,430,386
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 22,762,618</b>	<b>\$ 6,288,299</b>	<b>\$ 5,970,885</b>	<b>\$ 9,250,028</b>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$ 9,036,646	\$ (11,541,927)	\$ (11,734,199)	\$ (8,732,394)
Business-type activities	491,286	(1,245,266)	(1,683,087)	(915,426)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ 9,527,932</b>	<b>\$ (12,787,193)</b>	<b>\$ (13,417,286)</b>	<b>\$ (9,647,820)</b>

	2010	2011	2012	2013	2014	2015 **
\$	2,378,638	\$ 2,196,916	\$ 2,055,391	\$ 2,037,465	\$ 3,204,077	\$ 3,261,101
	3,848,717	3,668,986	3,852,925	4,244,795	3,921,903	4,224,091
	647,593	495,050	449,878	82,073	562,297	846,364
	2,969,518	2,962,313	3,115,710	4,551,630	1,912,541	2,525,799
	1,395,391	1,260,614	1,234,268	1,496,702	2,000,840	1,594,035
	1,204,731	1,048,532	983,387	973,071	890,093	844,605
	12,444,588	11,632,411	11,691,559	13,385,736	12,491,751	13,295,995
	5,451,207	5,409,266	5,534,271	5,729,624	5,501,426	5,561,073
	5,451,207	5,409,266	5,534,271	5,729,624	5,501,426	5,561,073
\$	17,895,795	\$ 17,041,677	\$ 17,225,830	\$ 19,115,360	\$ 17,993,177	\$ 18,857,068
\$	201,502	\$ 230,252	\$ 232,775	\$ 239,339	\$ 328,654	\$ 316,593
	1,012,535	1,076,488	1,109,826	981,973	866,101	841,785
	224,543	149,539	271,050	199,557	364,734	364,724
	9,596	13,553	11,885	12,500	17,370	16,489
	114,357	46,981	53,421	58,098	38,082	39,668
	259,611	263,528	241,520	257,382	362,589	246,279
	941,209	806,418	-	-	67,904	57,602
	2,763,353	2,586,759	1,920,477	1,748,849	2,045,434	1,883,140
	3,850,997	3,877,146	4,111,584	3,882,816	4,001,441	3,840,582
	197,679	213,015	36,145	-	473,595	-
	4,048,676	4,090,161	4,147,729	3,882,816	4,475,036	3,840,582
\$	6,812,029	\$ 6,676,920	\$ 6,068,206	\$ 5,631,665	\$ 6,520,470	\$ 5,723,722
\$	(9,681,235)	\$ (9,045,652)	\$ (9,771,082)	\$ (11,636,887)	\$ (10,446,317)	\$ (11,412,855)
	(1,402,531)	(1,319,105)	(1,386,542)	(1,846,808)	(1,026,390)	(1,720,491)
\$	(11,083,766)	\$ (10,364,757)	\$ (11,157,624)	\$ (13,483,695)	\$ (11,472,707)	\$ (13,133,346)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2006*</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities				
Taxes				
Property	\$ 2,525,276	\$ 3,664,251	\$ 3,845,433	\$ 4,393,892
Home rule sales tax	-	-	-	-
Utility	823,909	1,257,584	1,205,004	1,195,317
Telecommunications	611,741	982,319	1,030,772	958,357
Room and admissions	1,343,633	1,946,854	1,845,849	1,476,402
Real estate transfer	542,911	503,004	189,438	174,273
Other	67,396	70,516	74,713	-
Intergovernmental	2,568,006	3,999,735	3,655,286	2,866,996
Investment income	536,929	566,567	388,314	179,703
Miscellaneous	51,768	273,372	335,612	71,155
Gain (loss) on sale of capital assets	(6,187)	-	-	86,070
Transfers in (out)	(2,837,000)	(2,497,000)	(347,000)	(197,000)
Special item - loss on sale of land	-	-	-	-
Total governmental activities	6,228,382	10,767,202	12,223,421	11,205,165
Business-Type Activities				
Investment income	73,880	149,892	53,736	13,880
Miscellaneous	-	-	-	-
Gain (loss) on sale of capital assets	-	23,513	-	8,835
Transfers in	2,837,000	2,497,000	347,000	197,000
Total business-type activities	2,910,880	2,670,405	400,736	219,715
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 9,139,262</b>	<b>\$ 13,437,607</b>	<b>\$ 12,624,157</b>	<b>\$ 11,424,880</b>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ 15,265,028	\$ (774,725)	\$ 489,222	\$ 2,472,771
Business-type activities	3,402,166	1,425,139	(1,282,351)	(695,711)
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ 18,667,194</b>	<b>\$ 650,414</b>	<b>\$ (793,129)</b>	<b>\$ 1,777,060</b>

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

\*\* The Village implemented GASB Statement No. 68 for the fiscal year ended December 31, 2015.

Data Source

Audited Financial Statements

	2010	2011	2012	2013	2014	2015**
\$	4,395,930	\$ 4,430,090	\$ 4,380,298	\$ 4,355,002	\$ 2,589,086	\$ 2,583,554
	-	1,126,189	1,184,487	1,256,668	1,231,097	1,409,339
	1,189,008	1,275,799	1,203,500	1,318,577	1,427,191	1,304,252
	979,003	1,210,032	1,336,167	1,219,285	1,041,159	1,172,430
	1,538,248	1,604,652	1,709,251	1,733,789	1,831,416	1,931,739
	224,958	240,916	921,597	330,958	364,410	491,669
	-	-	-	-	-	-
	2,680,252	3,211,415	3,247,452	3,204,481	3,458,440	3,996,442
	87,199	39,767	45,339	46,530	(38,994)	55,477
	40,133	44,964	13,074	84,015	51,699	84,252
	-	12,057	16,313	47,679	19,665	10,235
	(147,000)	(245,000)	(700,000)	(1,090,400)	(96,297)	(906,519)
	-	-	-	(4,396,241)	-	-
	10,987,731	12,950,881	13,357,478	8,110,343	11,878,872	12,132,870
	11,438	3,218	4,404	4,089	5,503	3,683
	-	-	-	-	-	-
	1,552	3,554	(13,350)	2,000	-	3,442
	147,000	245,000	700,000	1,090,400	96,297	906,519
	159,990	251,772	691,054	1,096,489	101,800	913,644
\$	11,147,721	\$ 13,202,653	\$ 14,048,532	\$ 9,206,832	\$ 11,980,672	\$ 13,046,514
\$	1,306,496	\$ 3,905,229	\$ 3,586,396	\$ (3,526,544)	\$ 1,432,555	\$ 720,015
	(1,242,541)	(1,067,333)	(695,488)	(750,319)	(924,590)	(806,847)
\$	63,955	\$ 2,837,896	\$ 2,890,908	\$ (4,276,863)	\$ 507,965	\$ (86,832)

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2006 *</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved/restricted	95,453	345,453	460,517	1,105,569
Assigned	-	-	-	-
Unreserved/unassigned	10,576,229	9,066,518	8,890,704	7,332,889
<b>TOTAL GENERAL FUND</b>	<b>\$ 10,671,682</b>	<b>\$ 9,411,971</b>	<b>\$ 9,351,221</b>	<b>\$ 8,438,458</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved/restricted	4,301,221	4,301,221	4,301,221	8,346,918
Unreserved/assigned, reported in				
Special Revenue Funds	491,640	417,307	1,281,040	-
Capital Project Funds	1,825,729	2,327,949	911,810	86,830
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 6,618,590</b>	<b>\$ 7,046,477</b>	<b>\$ 6,494,071</b>	<b>\$ 8,433,748</b>

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

\*\* The Village implemented GASB Statement 54 for the year ended December 31, 2011.

Data Source

Audited Financial Statements

<b>2010</b>	<b>2011 **</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$ -	\$ 99,653	\$ 65,294	\$ 9,461	\$ 775	\$ 29,089
288,853	-	-	-	-	-
-	-	-	-	-	-
7,861,442	9,590,075	11,612,467	12,103,725	10,612,821	9,748,038
<u>\$ 8,150,295</u>	<u>\$ 9,689,728</u>	<u>\$ 11,677,761</u>	<u>\$ 12,113,186</u>	<u>\$ 10,613,596</u>	<u>\$ 9,777,127</u>
\$ -	\$ 3,801	\$ 1,903	\$ -	\$ -	\$ 95,235
8,638,063	9,917,234	7,138,131	2,465,578	2,647,313	2,725,241
-	-	-	-	-	-
54,792	27,163	33,815	60,676	2,890,228	2,863,321
<u>\$ 8,692,855</u>	<u>\$ 9,948,198</u>	<u>\$ 7,173,849</u>	<u>\$ 2,526,254</u>	<u>\$ 5,537,541</u>	<u>\$ 5,683,797</u>

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2006 *</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>REVENUES</b>				
Property taxes	\$ 2,525,276	\$ 3,664,251	\$ 3,845,433	\$ 4,317,091
Other taxes	5,957,596	8,760,012	8,001,062	6,748,146
Licenses and permits	717,470	868,217	1,085,034	650,774
Fines and penalties	310,687	530,857	506,275	549,992
Charges for services	1,240,875	995,608	728,573	75,923
Intergovernmental	536,929	618,968	401,688	672,473
Investment income	117,963	187,685	202,308	179,703
Donations	-	-	-	-
Miscellaneous	62,984	273,372	335,612	71,155
<b>Total revenues</b>	<b>11,469,780</b>	<b>15,898,970</b>	<b>15,105,985</b>	<b>13,265,257</b>
<b>EXPENDITURES</b>				
General government	2,550,339	3,748,842	3,425,042	2,457,974
Public safety	2,310,605	3,754,819	3,863,789	4,499,028
Community and economic development	384,292	619,540	801,403	733,343
Public works	1,195,976	2,030,522	2,067,826	3,621,871
Parks and open spaces	1,107,299	1,737,321	1,664,338	1,366,078
Capital outlay	1,035,948	1,451,198	1,724,118	864,303
Debt service				
Principal	635,540	378,634	653,958	825,881
Interest	138,525	316,940	1,210,679	1,181,525
<b>Total expenditures</b>	<b>9,358,524</b>	<b>14,037,816</b>	<b>15,411,153</b>	<b>15,550,003</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,111,256</b>	<b>1,861,154</b>	<b>(305,168)</b>	<b>(2,284,746)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	200,000	1,284,925	1,713,875	1,476,750
Transfers (out)	(3,037,000)	(3,781,925)	(2,060,875)	(1,673,750)
Issuance of notes	-	-	-	1,540,000
Issuance of SSA bonds	-	-	-	-
Gain on sale of land	-	-	-	-
Refunding of bonds	-	-	-	-
Refunding of notes	-	-	-	-
Sale of capital assets	-	-	-	86,070
<b>Total other financing sources (uses)</b>	<b>(2,837,000)</b>	<b>(2,497,000)</b>	<b>(347,000)</b>	<b>1,429,070</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (725,744)</b>	<b>\$ (635,846)</b>	<b>\$ (652,168)</b>	<b>\$ (855,676)</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>8.4%</b>	<b>5.2%</b>	<b>12.7%</b>	<b>15.3%</b>

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

Data Source

Audited Financial Statements

	2010	2011	2012	2013	2014	2015
\$	4,317,252	\$ 4,356,785	\$ 4,308,071	\$ 4,282,221	\$ 2,589,086	\$ 2,583,554
	6,690,147	8,742,307	9,674,681	9,136,539	9,353,713	10,305,871
	549,996	440,325	569,132	509,493	748,840	737,474
	506,933	489,422	492,401	385,465	333,321	250,543
	72,820	98,183	111,791	93,395	21,714	12,220
	692,394	752,412	747,153	760,494	853,432	804,611
	87,199	39,767	45,339	46,530	(38,994)	55,477
	-	-	-	-	20,000	16,520
	40,133	44,964	13,074	84,015	119,826	146,024
	12,956,874	14,964,165	15,961,642	15,298,152	14,000,938	14,912,294
	2,271,606	2,142,444	2,034,704	2,073,589	2,522,842	2,628,626
	4,216,071	4,182,842	4,251,691	4,635,965	3,799,528	3,991,885
	530,073	448,122	450,213	495,107	486,420	974,500
	1,854,289	1,789,093	2,124,293	2,561,912	1,306,404	1,318,348
	879,041	861,796	815,041	1,101,484	1,244,687	1,289,239
	413,807	255,233	2,142,960	1,623,311	1,944,395	1,603,970
	1,129,239	1,486,860	1,210,446	2,602,195	756,009	787,446
	1,230,151	1,104,802	1,005,030	1,007,690	878,273	844,605
	12,524,277	12,271,192	14,034,378	16,101,253	12,938,558	13,438,619
	432,597	2,692,973	1,927,264	(803,101)	1,062,380	1,473,675
	965,250	1,364,479	2,082,482	929,253	4,580,612	1,435,360
	(1,112,250)	(1,609,479)	(2,782,482)	(2,019,653)	(4,652,715)	(2,317,300)
	-	5,735,000	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	(5,716,464)	-	-	-	-
	1,557	12,057	16,313	(4,348,562)	19,665	10,235
	(145,443)	(214,407)	(683,687)	(5,438,962)	(52,438)	(871,705)
\$	287,154	\$ 2,478,566	\$ 1,243,577	\$ (6,242,063)	\$ 1,009,942	\$ 601,970
	18.91%	21.32%	16.27%	24.03%	14.56%	12.88%

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
ARC ACLSH IL001 LLC	\$ 16,098,935	1	2.75%			
Lincolnshire Senior Care LLC	13,712,069	2	2.34%			
GA Tri-State Office Park, LLC	12,829,819	3	2.19%			
Property Tax Unit - N16WC	11,864,733	4	2.02%			
Van Vissingen & Company	11,160,750	5	1.90%	\$ 51,661,763	1	8.38%
LA-RFMBG Lincolnshire, LLC	8,202,808	6	1.40%			
Medline Industries	5,743,609	7	0.98%			
Cole of Lincolnshire IL LLC	5,752,183	8	0.98%			
CFNX Lincolnshire LLC	5,718,426	9	0.98%			
Milbrook, Inc.	4,312,577	10	0.74%	15,237,822	4	2.47%
Hewitt Properties II				26,817,716	2	4.35%
25 TriState (Beacon Properties, L.P.)				18,632,044	3	3.02%
Indian Creek Investments (Strategic Hotel Cap, Inc.)				12,766,276	5	2.07%
ECD Company				9,331,754	6	1.51%
Tunca Properties				7,406,908	7	1.20%
Milbro, Inc.				7,065,960	8	1.15%
Trinent Essential Facilities				2,938,980	9	0.48%
LaSalle Bank/Hawthorn Suites				2,828,132	10	0.46%
<b>TOTAL</b>	<b>\$ 95,395,909</b>		<b>13.53%</b>	<b>\$ 154,687,355</b>		<b>25.09%</b>

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

<b>Calendar Year</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	24	26	34	33	16	7	18	59	92	203
Drinking and eating places	590	659	657	574	539	685	956	974	986	1,029
Apparel	69	80	126	113	111	116	177	159	143	141
Furniture	493	523	439	435	334	406	745	754	623	715
Lumber, building hardware	534	519	135	-	4	23	66	38	41	42
Automobile and filling stations	62	56	60	49	37	70	86	100	80	76
Drugs and miscellaneous retail	893	935	888	491	273	330	431	399	408	122
Agriculture and all others	748	619	735	626	939	1,188	1,818	1,684	1,865	2,075
Manufacturers	19	29	44	57	64	45	47	36	17	10
<b>TOTAL</b>	<b>\$ 3,432</b>	<b>\$ 3,446</b>	<b>\$ 3,118</b>	<b>\$ 2,378</b>	<b>\$ 2,317</b>	<b>\$ 2,870</b>	<b>\$ 4,344</b>	<b>\$ 4,203</b>	<b>\$ 4,255</b>	<b>\$ 4,413</b>
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%	0.50%	0.50%	0.50%	0.50%	0.50%

Data Source

Illinois Department of Revenue

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**DIRECT AND OVERLAPPING SALES TAX RATES**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Lake County Rate</b>	<b>RTA Lake County Rate</b>	<b>Village Direct Rate</b>	<b>State Rate</b>	<b>Village Home Rule Sales Tax<sup>1</sup></b>
2006	0.25%	0.25%	1.00%	5.00%	0.00%
2007	0.25%	0.25%	1.00%	5.00%	0.00%
2008	0.25%	0.25%	1.00%	5.00%	0.00%
2009	0.50%	0.50%	1.00%	5.00%	0.00%
2010	0.50%	0.50%	1.00%	5.00%	0.00%
2011	0.50%	0.50%	1.00%	5.00%	0.00%
2012	0.50%	0.50%	1.00%	5.00%	0.50%
2013	0.50%	0.50%	1.00%	5.00%	0.50%
2014	0.50%	0.50%	1.00%	5.00%	0.50%
2015	0.50%	0.50%	1.00%	5.00%	0.50%

<sup>1</sup> Effective January 1, 2012.

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 (1)	Per Capita (2)
	Special Service Area Bonds	North Park Loan	Schelter Road Loan	Consolidated North Park/Schelter Road Loan	Tax Increment Financing	Utility Line Loan				
2006	\$ 15,000,000	\$ 3,300,000	\$ -	\$ -	\$ 4,000,000	\$ 2,338,000	\$ 24,638,000	6.27%	3,769	
2007	15,000,000	2,882,000	-	-	3,900,000	2,029,000	23,811,000	6.06%	3,383	
2008	14,765,000	2,589,000	-	-	3,775,000	1,720,000	22,849,000	5.40%	3,247	
2009	14,515,000	2,286,000	1,452,000	-	3,590,000	1,405,000	23,248,000	5.49%	3,303	
2010	14,255,000	1,970,000	1,319,000	-	3,170,000	1,263,000	21,977,000	4.35%	3,123	
2011 (2)	13,980,000	-	-	2,853,250	2,419,600	1,109,595	20,362,000	4.52%	2,799	
2012	13,690,000	-	-	2,444,415	1,906,965	951,600	18,991,980	4.22%	2,611	
2013	13,385,000	-	-	2,024,000	-	787,000	16,196,000	3.60%	2,226	
2014	13,060,000	-	-	1,593,539	-	619,711	15,273,250	3.90%	2,099	
2015	12,715,000	-	-	1,151,094	-	447,649	14,313,743	3.18%	1,968	

(1) See the schedule of Demographic and Economic Information on for personal income and population data.

(2) North Park, Schelter Road, Utility Lines and TIF Loan were all refinanced in 2011.

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

Data Source

Audited Financial Statements

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>(1) General Obligation Bonds</b>	<b>(1) Special Service Area Bonds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2006	\$ -	\$ 15,000,000	\$ 15,000,000	0.78%	2,295
2007	-	15,000,000	15,000,000	0.73%	2,295
2008	-	14,765,000	14,765,000	0.70%	2,259
2009	-	14,515,000	14,515,000	0.70%	2,062
2010	-	14,255,000	14,255,000	0.74%	2,025
2011	-	13,980,000	13,980,000	0.76%	1,922
2012	-	13,690,000	13,690,000	0.81%	1,922
2013	-	13,385,000	13,385,000	0.79%	1,840
2014	-	13,060,000	13,060,000	0.77%	1,795
2015	-	12,715,000	12,715,000	72.00%	1,748

Data Source

(1) Audited Financial Statements

**VILLAGE OF LINCOLNSHIRE, ILLINOIS**

**DIRECT AND OVERLAPPING BONDED DEBT -  
GOVERNMENTAL ACTIVITIES**

December 31, 2015

<b>Governmental Unit</b>	<b>Gross General Obligation Debt</b>	<b>Percentage of Debt Applicable to Government</b>	<b>Village's Share of Debt</b>
Overlapping debt			
Debt repaid with property taxes			
College of Lake County No. 532	\$ 72,220,000	2.6%	\$ 1,903,883
Elementary School District No. 102	3,780,000	8.8%	333,721
Elementary School District No. 103	6,535,000	55.7%	3,638,198
Elementary School District No. 106	-	1.1%	-
Deerfield/ Bannockburn Fire District	-	20.0%	-
Long Grove Fire Protection District	-	1.9%	-
Lincolnshire/Riverwoods Fire Protection District	-	48.7%	-
High School District No. 113	79,695,000	0.1%	45,564
High School District No. 125	34,485,000	18.1%	6,257,726
Vernon Area Public Library	-	25.0%	-
Buffalo Grove Park District	15,230,000	0.3%	50,635
Township of Vernon	-	16.7%	-
Township of West Deerfield	-	0.1%	-
Lake County	190,325,000	2.5%	4,761,471
Lake County Forest Preserve	<u>284,615,000</u>	2.5%	<u>7,120,378</u>
 Total overlapping debt	 <u>686,885,000</u>		 <u>24,111,576</u>
Direct debt			
 Village of Lincolnshire	 <u>1,917,183</u>	100.00%	 <u>1,917,183</u>
 <b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	 <u><u>\$ 688,802,183</u></u>		 <u><u>\$ 26,028,759</u></u>

Data Source

Lake County Extension Office



# VILLAGE OF LINCOLNSHIRE, ILLINOIS

## DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
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%
2010	7,038	505,631	71,843	10.6%
2011	7,275	450,403	61,911	9.7%
2012	7,275	450,403	61,911	8.6%
2013	7,275	450,403	61,911	7.9%*
2014	7,275	450,403	61,911	6.6%
2015	7,275	450,403	61,911	5.9%

\*Lake County unemployment rate as of August 2013.

### Data Source

Illinois Department of Employment Security (IDES)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Hewitt	3,877	1	15.5%	4,079	1	20.4%
Zebra Technologies	1,743	2	7.0%			
Adlai Stevenson High School	1,132	3	4.5%	364	5	1.8%
CDW	1,100	4	4.4%			
Walgreens Co.	1,000	5	4.0%			
Hydraforce, Inc.	670	6	2.7%			
W. W. Grainger	503	7	2.0%	1,100	2	5.5%
Quill Corporation	450	8	1.8%	1,000	3	5.0%
Lincolnshire-Prairie View School D103	445	9	1.8%			
Sedgebrook	366	10	1.5%			
<b>TOTAL</b>	<b>11,286</b>		<b>45.2%</b>	<b>6,543</b>		<b>32.7%</b>
Village day time population (est.)			25,000			20,000

Data Sources

Village of Lincolnshire Community Development Department (2014)

Village of Lincolnshire-2006 CAFR

Village of Lincolnshire Community and Economic Development prepares the day time population estimate

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GENERAL GOVERNMENT</b>										
Administration	3.90	3.90	3.90	3.90	4.30	3.50	3.50	3.20	3.25	3.25
Finance	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	3.50	3.50
<b>PUBLIC SAFETY</b>										
Police	31.00	31.00	31.10	31.10	30.00	28.80	28.80	28.00	29.00	29.00
E911	5.00	5.00	5.40	5.40	5.00	4.20	4.20	4.20	-	-
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>										
Development	6.25	6.75	7.00	7.00	7.25	6.75	5.75	5.75	5.75	5.75
Forestry <sup>1</sup>	1.00	1.00	1.00	1.00	-	-	-	-	-	-
<b>PUBLIC WORKS</b>										
Administration	2.50	2.50	2.50	2.50	1.75	1.75	1.75	2.00	1.75	1.75
Streets	5.25	5.25	5.25	5.25	4.25	4.25	4.25	4.25	4.50	4.50
Buildings and grounds	1.00	1.00	1.00	1.00	0.25	0.50	0.50	0.50	-	-
Water	8.15	8.15	8.15	8.15	8.15	8.15	7.75	7.75	6.00	6.00
Vehicle Maintenance	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry <sup>1</sup>	-	-	-	-	2.87	2.87	2.87	-	-	-
<b>PARKS AND OPEN SPACES</b>										
Parks	9.80	10.00	10.00	10.00	7.87	8.13	8.13	8.13	10.75	10.75
Recreation <sup>2</sup>	3.35	3.35	3.35	3.35	2.35	-	-	-	-	-
<b>TOTAL</b>	<b>81.85</b>	<b>82.55</b>	<b>83.30</b>	<b>83.30</b>	<b>78.69</b>	<b>73.55</b>	<b>72.15</b>	<b>68.43</b>	<b>66.75</b>	<b>66.75</b>

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

In FY2010, position was reorganized into Environmental Services

<sup>2</sup> In 2011, the Recreation division was discontinued.

Data Source

Operating Budget-Personnel Summary by Department-FTE

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2006(1)	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>GENERAL GOVERNMENT</b>										
Residential mailings	9	13	13	14	6	5	5	4	4	4
Taxable property transfers	105	118	98	91	110	117	157	165	145	157
Fine revenues collected	230,000	295,000	388,000	442,000	369,000	372,000	406,900	488,200	355,036	262,763
<b>POLICE</b>										
Calls for service	N/A	48,315	46,445	43,003	41,269	33,501	26,797	19,743	14,219	14,023
Total reports	N/A	2,501	2,279	2,002	1,983	1,981	1,766	1,950	1,500	1,453
Arrests (includes traffic)	N/A	577	572	575	534	134	472	429	231	177
DUI arrests	N/A	88	73	49	54	99	93	85	45	35
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>										
Building permits issued	340	435	300	444	301	312	325	356	359	368
<b>PUBLIC WORKS - GENERAL</b>										
Street resurfacing (miles)	0.98	1.46	1.61	1.42	1.31	1.11	1.03	1.05	0.95	0.95
Project inspections	267	500	245	200	200	318	225	251	172	140
Street cleaned - miles	575	500	327	350	314	303	300	340	357	267
Cubic yards of leaves collected	5,490	5,930	6,110	6,000	8,340	7,052	6,500	6,500	6,942	7,064
<b>PUBLIC WORKS - WATER AND SEWER</b>										
Average daily pumpage metered (millions of gallons)	1.387	1.488	1.380	1.310	1.310	1.255	1.402	1.390	1.267	1.286
JULIE utility locates	3,305	2,755	2,674	2,905	1,760	2,133	2,013	2,100	2,300	2,938
<b>PARKS AND OPEN SPACES</b>										
Trees planted	77	87	110	117	110	118	200	205	138	154
Playground inspection hours	194	210	190	235	177	142	26	137	65	84
Special event hours	569	541	595	637	741	727	800	800	840	802
Number of programs	345	194	240	286	389	-	-	-	-	-
Number of participants	860	560	588	541	388	-	-	-	-	-

N/A - Not available

Note: 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 ended December 31, 2006.

Data Source

Various village departments

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>POLICE</b>										
Patrol units	14	14	14	15	14	14	14	15	15	14
Stations	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC WORKS</b>										
Streets (miles)	33	34	34	34	35	40	40	40	35	35
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
<b>PARKS AND RECREATION</b>										
Acreage	307.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0
Parks	9	9	9	9	9	9	9	9	9	9
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
<b>WATER - SANITARY SEWER</b>										
Fire hydrants	833	835	835	835	846	848	856	854	859	859
Storage capacity (millions of gallons)	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water mains (miles)	59.5	61.0	61.0	67.0	59.8	67.0	67.0	62.2	61.0	61.0
Sanitary sewers (miles)	43.0	43.0	43.0	45.0	47.3	50.0	50.0	50.0	45.0	45.0
Storm sewers (miles)	43.3	43.3	43.3	43.3	44.6	105.0	105.0	105.0	101.0	101.0

Data Source

Various village departments