



Village of  
**P**incolnshire  
Illinois

Comprehensive Annual Financial Report  
For the Year Ended December 31, 2011

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2011

Prepared by Finance Department

Stan Roelker  
Director of Finance

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VILLAGE OF LISLE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2011

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Mayor

Brett Blomberg

Village Board

Elizabeth Brandt  
Karen Feldman  
Mara Grujanac

David Saltiel  
Dan Servi  
Tom McDonough

Village Clerk

Barbara Mastandrea

Village Treasurer

Christopher Curtis

\* \* \* \* \*

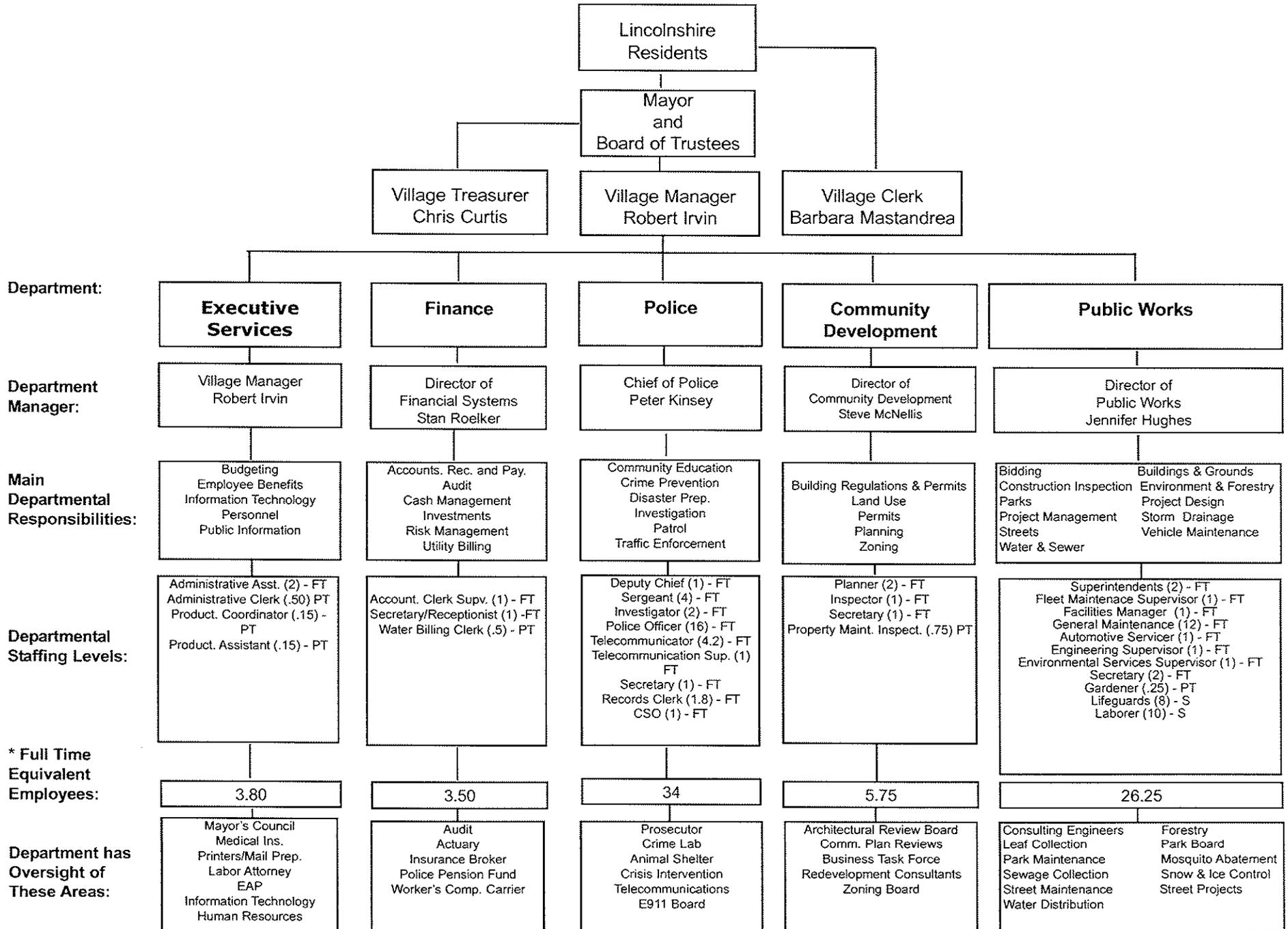
Village Manager

Robert L. Irvin

Director of Financial Systems

Stan Roelker

**VILLAGE OF LINCOLNSHIRE  
Organizational Chart (2012) - 72.3 FTEs\***





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847•883•8608 (FAX)

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## Village of Lincolnshire

**June 16, 2012**

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

### **Formal Transmittal**

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Lincolnshire for the fiscal year ended December 31, 2011.

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 herein. To provide a reasonable basis for making these representations, the Village Management has established a comprehensive internal control framework that is 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 their anticipated benefits, the Village's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Management asserts that, 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, 2011. 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 is located 38 miles north of the City of Chicago in the mid-southern portion of the County of Lake. The community covers nearly five-square miles in area 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 that has made the Village a very desirable community to reside. It is also home to the nationally recognized Adlai E. Stevenson High School. The Village was incorporated in 1957 and 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 over seventeen thousand.

As a home-rule entity, the Village has no tax rate or debt limits, nor is it 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 Council 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 Council, for 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. This includes 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. An environmental services division helps manage the successful Woodlands program that serves to protect and preserve the thousands of native trees that give Lincolnshire its distinctive bucolic character. Fire protection is provided by the local fire district, the Lincolnshire-Riverwoods Fire District. The Village's annual financial report (CAFR) also includes the activities of the Police Pension Fund. Although, 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 so that a budget can be prepared. The Village Manager then presents a proposed budget to the Village Board for review in November. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than December 31, the close of the Village's fiscal year. The budget is prepared by fund, function (i.e., public works), and division (i.e., streets). All budgeted transfers must be approved by the Board. Any revisions that alter 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*

Annual operational/capital costs and debt service has traditionally been funded with current revenues. In addition, property taxes have only been levied exclusively to fund its two pension plans (police and municipal employees). Unfortunately, over the last couple of years the current recession has taken its toll on property values, construction activity and consumer and business spending which in turn has been reflected in the Village's finances. But signs of a recovery are beginning to be seen. Late in 2010 and throughout 2011 significant Village revenues appeared to have stopped their downward slide and have started to move up from their previous lows. While this is a healthy sign it must be noted that commercial building permits of any significance have been negligible.

The Village has consistently tracked three basic economic indicators that served as benchmarks as to how Lincolnshire finances would be impacted. Prior to FY2009, annually for eleven years, Village real estate values consistently showed, in total, an increase of 5%. The year 2009 was the first time Village property values showed a decline (nearly 2%). The year 2010 showed an even greater decline of property values, 7%. Property values continued to drop in FY2011 (5.5%), but the decline was not as large as the previous year. The continued decline in real estate values has forced the majority of taxing bodies within the Village's boundaries to significantly raise their property tax rates. The positive news is that the Village is starting to see positive upward trends in its revenues. Total General Fund revenues saw an increase of 24%. Fourteen percent of that twenty-four percent was attributable to the new half percent home-rule sales tax that began January 1<sup>st</sup>. State-shared sales tax revenue, which is 29% of all general fund revenue, contributed significantly to the increase. State-shared and home-rule sales tax, combined, now contribute 36.8% of all general fund revenue.

Three major pieces of Lincolnshire's sales tax "pie" (78%) are represented by restaurants, furniture and software companies. They experienced a combined increase of 25.8% over the previous year.

By focusing chiefly on retaining core-service personnel and operating expenditures, in addition to deferring non-essential capital expenditures and providing a significant revenue addition, the Village was able to prevent having to tap into its reserves during FY2011.

Major revenue sources and regional/national economic trends will continue to be monitored since they normally have the largest impact on the Village's finances. Concurrently, expenditures will continue to be closely examined and, where appropriate, be reduced and/or deferred. The newly adopted home-rule sales tax (0.5%) has proven to be a valuable addition to the Village's revenue stream.

### Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006<sup>(1)</sup></u>	<u>05/06</u>	<u>04/05</u>	<u>03/04</u>	<u>02/03</u>
EAV (million)	\$604	639	688	701	682	644	616	586	566	544
Gen Fund Tax Revenue	\$ 8.7	6.7	6.7	8.0	8.8	5.9	9.1	7.9	7.1	6.8
Gen Fund Reserve Ratio (% of annual exp plus debt)	122	99	99	108	114	130	159	128	108	109

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

### 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 that their residents’ expectation for excellent service continues to be delivered. The financial stress resulting from the recent recession has required the Village to focus more so on delivering its core services than it has in the past. Operating and capital expenditures shrunk as were personnel costs to meet the challenge of diminished revenues.

The start of fiscal year 2011 saw the commencement of two significant revenue generating taxes; a gas use tax (adopted to capture taxes that had eluded collection as a result of a loophole created when the State deregulated natural gas) and a home-rule sales tax (0.5%) which has exceeded expectations by bringing in \$1.1 million in sales tax. The new sale tax has a two-fold purpose: (1) to fund needed general fund capital items and infrastructure, and (2) to replace the declining water/sewer connection fees that once totally funded utility infrastructure improvements.

The low interest rate environment was taken advantage of with the decision to refinance all outstanding debt.

The newly appointed Police Chief was instrumental in reducing costs with a restructuring of his department’s management hierarchy.

### 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”. This philosophy has produced annual surpluses consistently, the current recession being the exception. The fund balance for the general fund is currently at 122 % of annualized general fund operating expenditures including annual debt service. This exceeds the Village’s policy guideline established for budgetary and planning purposes (“75% of one-year’s operational expenditures excluding capital outlay, but including annual debt service”). The reserve maintained a balance of over one hundred percent until recessionary pressures caused it to drop to 99% for fiscal years 2009 and 2010. The reserve is now backing over 100% (122%, or 14.6 months) after a successful budget year.

A FY2011 balanced General Fund budget was prepared without the necessity of drawing on the fund's reserves. "Belt-tightening" measures continued to be used where appropriate for the operating and capital expenditures (i.e., joint purchasing agreements, leaving open unfilled positions, project by project evaluation). As for revenues, two new taxes-the natural gas use tax and the home rule sales tax were implemented. Both 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. Two commercial enterprises are currently part of the incentive program.

### Major Initiatives of the Year

With the economy recovering only at a very slow pace the Village's strategy was to maintain a modest scaled back capital acquisition and infrastructure program. A number of upgrades and repairs were made to the water and sanitary sewer distribution/collection systems. The largest infrastructure project was the replacement of the SCADA system. The public works staff relies on this system to monitor/control all the meters and pumps that ensure the water/sanitary sewer systems are functioning reliably. Significant downtown site improvements in the TIF district continued. This also included the preparation work for the eventual relocation of the unsightly cell tower structure. It is anticipated that in a recovering economy the downtown site will be a prime area that will attract developers. A number of minor but essential improvements/repairs were made to various parks and the traffic control island (i.e.-roundabout).

A local home-rule 0.5% sales tax and a use tax on natural gas became effective on January 1<sup>st</sup>. Through refinancing, interest costs on all Village debt was reduced.

Water and sewage rates once again were increased to ensure that user fees continued to adequately cover its water and sanitary sewer costs.

### Awards and Acknowledgments

#### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the 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. 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 beginning January 1, 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 Sheri Beck, Account Clerk Supervisor, Candy Normandy, Finance Secretary and Nancy Panos, Utility Billing Clerk, for their continued efforts throughout the year which allowed for the smooth and timely preparation of this report. Appreciation is also extended to the Village Treasurer, Chris Curtis, for his assistance and professional oversight in the performance of the audit. Finally, we wish to express our appreciation to the members of the Village Board for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.

Respectively Submitted,



Robert L. Irvin  
Village Manager



Stan R. Roelker  
Director of Financial Systems

## FINANCIAL SECTION



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended December 31, 2011. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on the any of the Village's governmental funds' assets or liabilities nor was there any effect to the total amount of any of the Village's governmental fund balances as of and for the year ended December 31, 2011.

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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Village of Lincolnshire's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 that reads "Sibich LLP". The signature is written in dark ink and is positioned to the right of the date and location text.

Naperville, Illinois  
April 18, 2012

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2011**

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

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

### **FINANCIAL HIGHLIGHTS**

- The assets of the Village exceed its liabilities at December 31, 2011 by \$114.7 million (net assets).
- The Village's total net assets increased by \$2.84 million during the twelve months that ended December 31, 2011. The net assets associated with "governmental activities" saw an increase of \$3.91 million, while the "business-type activities" had a \$1.1 million decrease. The decrease in the "business-type activities" was primarily due to the depreciation incurred by the assets held in the Water/Sewer Fund. The increase in net assets in the "governmental activities" sector was mainly the result of an increase in the General Fund tax revenues (\$2.10 million), General Fund expenditures coming under budget (by \$794 thousand) and TIF Fund site improvements being capitalized into "land held for resale" to a future developer.
- As of December 31, 2011, the Village's governmental fund's combined ending fund balances totaled \$19.6 million, an increase of \$2.48 million, or 14.4%, when compared with the prior fiscal period. The components of this combined fund balance amount are ten different funds; five of which are considered "major" and five of which are considered "non-major." The three largest funds are the General Fund, Tax Incremental Fund (TIF) Fund and the SSA Debt Service Fund. The General Fund comprises the largest share (49.3%) with the TIF fund being 38.5% of the balance. The SSA Debt Service Fund is 10.2% of the balance. Most of the TIF's fund balance is contained in the value of land being held for resale. The SSA's \$2.01 million is held in reserve for meeting debt obligations. Of the \$9.7 million held in the General Fund, 99% of it is available for spending at the government's discretion (classified as "unrestricted, unassigned").
- At the end of the current fiscal period, the General Fund showed an "unrestricted, unassigned" fund balance of \$9,590,075. This is the equivalent of 122% of the fund's annual operating expenditures, excluding capital, but including debt service. The Village's policy is to maintain a minimum of 75% of equivalent expenditures.

- All outstanding debt (General Fund, Water/Sewer, and TIF) was refinanced to take advantage of the very low market rates available. Loans with interest rates ranging from 4.95% to 3.625% were converted to debt with rates of 2.90% and 2.60%.

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

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

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety 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. A TIF District and a Special Service Area 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 3 - 5 of this report.

## REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

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

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

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

The basic governmental fund financial statements are presented on pages 6 - 11 of this report.

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

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

The basic proprietary fund financial statements are presented on pages 12 - 15 of this report.

*Fiduciary fund* reported is the police pension plan. It is reported as a pension trust fund in the financial Statements, but is excluded from the government-wide reporting. Fiduciary fund financial statements report similarly to proprietary funds. The basic fiduciary fund financial statements are presented on pages 16 - 17 of this report.

#### *Notes to the financial statements*

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

#### *Other information*

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service fund are presented in a subsequent section of this report beginning on page 53.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted in an earlier statement, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$114.7 million at the close of the most recent fiscal year.

The largest portion of the Village's net assets (93.2%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets that is 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 that 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 assets and summary of changes in net assets should be viewed in their separate governmental and business-type components. Our analysis below first focuses on the net assets of each of the components (Table 1). Next, the change in net assets of each unit is examined (Table 2).

Table 1

CONDENSED STATEMENT OF NET ASSETS  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$28,910	\$26,244	\$2,007	\$ 1,818	\$ 30,917	\$ 28,062
Capital Assets	71,274	71,976	39,631	40,937	110,905	112,913
Total Assets	100,184	98,220	41,638	42,755	141,822	140,975
Other Liabilities	5,616	6,000	832	718	6,448	6,718
Long-Term Liabilities	19,539	21,096	1,150	1,314	20,689	22,410
Total Liabilities	25,155	27,096	1,982	2,032	27,137	29,128
Net Assets						
Investment in Capital Assets Net of Related Debt	68,420	68,688	38,522	39,673	106,942	108,361
Unrestricted	(3,308)	(6,202)	1,134	1,050	(2,174)	(5,152)
Restricted	9,917	8,638			9,917	8,638
Total Net Assets	\$75,029	\$71,124	\$39,656	\$40,723	\$114,685	\$111,847

Table 2

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

**STATEMENT OF ACTIVITIES**  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue:						
Program Revenues:						
Charges for Services	1,517	1,563	3,877	3,851	5,394	5,414
Operating Grants & Contr	264	260	213		264	260
Capital Grants & Contr	806	941		198	1,019	1,139
General Revenue						
Property Taxes	4,430	4,396			4,430	4,396
Other Taxes	8,669	6,611			8,669	6,611
Miscellaneous	57	40	4	1	61	41
Interest Income	40	87	3	11	43	98
Total Revenues	15,783	13,898	4,097	4,061	19,880	17,959
Expenses:						
General Government	2,197	2,379			2,197	2,379
Public Safety	3,669	3,849			3,669	3,849
Community Development	495	647			495	647
Public Works	2,962	2,970			2,962	2,970
Parks & Recreation	1,261	1,395			1,261	1,395
Interest	1,048	1,205			1,048	1,205
Water and Sewer			5,409	5,451	5,409	5,451
Total Expense	11,632	12,445	5,409	5,451	17,041	17,898
Inc (Dec) in assets before transfers	4,151	1,453	(1,312)	(1,390)	2,839	63
Transfers	(245)	(147)	245	147		
Inc (Dec) in net assets	3,906	1,306	(1,067)	(1,243)	2,839	63
Net Assets - Beginning	71,123	69,817	40,723	41,966	111,846	111,783
Net Assets - Ending	\$75,029	\$71,123	\$39,656	\$40,723	\$114,685	\$111,846

## Government Activities

Tax revenues produce over 80% of the Village's total revenues. Within this category, state-shared sales tax normally contributes approximately 30%. FY2011 was the first year of the Village's new home-rule sales tax (0.5%). Both sales taxes (state and home rule) made up 42% of the Village's total tax revenues. Sales tax (state-shared only) was 24.8% higher than last year. This reflects a gradual improvement of the economy. Hotel room receipts, the second largest source of taxes, was up 4.4% for a second consecutive year. Revenues coming from real estate transfer taxes were also higher than the previous year (7.3%), chiefly on the strength of several large commercial transactions. Other taxes showed improvement over last year; telecommunication taxes were higher (23.6%), as were the utility tax (7.3%), and the state-shared use tax (21.8%). The state-shared income tax remained flat, (0%). Total tax revenue was 30.7% higher than FY2010. Without the new home rule sales tax, that increase was 13.8%.

The "second tier" revenue sources (Licenses & Permits, Fines & Forfeitures, Investment earnings) were down from the previous year by 20.0%, 3.6% and 59.0%, respectively. Building permit fees which normally accounted for 25% to 45% of the L & P category was 36% lower than the prior year due largely to the non-existence of any significant commercial building activity. Investment earnings were hurt by continued low yields remaining in the half-percent and below range.

General Fund expenditures in FY2011 were 9.0%, or \$794 thousand, below the appropriated budget. Adjustments to personnel staffing and continued cost containment measures kept a tight rein on expenditures. Public Safety (33.6%) and Public Works (33.2%) account for the largest portion of the General Fund expenditures. Both departments showed actual expenditures below their FY2011 budgeted amounts; public safety under by 4.0% and public works under by 15.6%. Capital expenditures in both departments were greater in FY2011 than in FY2010; with public safety increasing from zero to \$57 thousand and public works from \$327 thousand to \$470 thousand.

## Business-Type Activities

Business-type activities decreased the Village's net assets by \$1.07 million. The Water & Sewer Fund is the only proprietary fund operated by the Village. The fund is made up of an "operations" component and a "capital improvement" component. The Fund was able to sufficiently cover its expenses (i.e. - \$148 thousand of revenues over expenses), excluding depreciation. Depreciation of the fund's assets was \$1.6 million.

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 FY2008 TO FY2011 (in thousands)				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
WATER Rate per 1,000 gallons	\$ 3.98	\$ 4.08	\$ 4.12	\$4.24
SEWER Rate per 1,000 gallons	\$ 4.16	\$ 4.99	\$ 5.12	\$5.27
Operating Revenue	\$3,341	\$3,574	\$3,822	\$3,827
Operating Expenses (excluding depreciation)	\$3,367	\$3,684	\$3,800	\$3,685

As part of the FY2011 budget the Village increased both its water usage fees and sanitary sewer fees by 3.0%. These rates became effective January of 2011.

Until FY1994-95 water and sanitary sewage rates had been fairly stable. But significant increases by both its water supplier, Highland Park (26%) and sewage processor, Lake County (29%), have forced the Village to correspondingly increase its rates by 11% in order to absorb these costs increases. Consequently, since FY2000-01, rate increases from both these Village suppliers have become a regular occurrence. In FY2011 the cost of water and processed sewage was 67.4 % of total operating expenses. In FY2010 that percentage was 66.7 %, and in FY2009 it was 65.4 %.

For budget year 2011 water and sewer rate increases were instituted to absorb proposed rate increases by its water supplier and its sewage processor. Retail water sales are split between residential (43.6%) and commercial (56.4%). In FY2010 the split was 43%-57%. Both residential and commercial usage was below the previous year, 2% and 3%, respectively.

### **Financial Analysis of the Village's Funds**

The Village utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

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, 2011 the Village's governmental fund balance reported a combined ending fund balance of \$19.7 million. This was an increase of \$2.5 million compared to the prior fiscal year. The main components comprising that increase were the gain of \$1.5 million in the General Fund and gain of \$694 thousand in the TIF Fund. The General Fund benefitted from increased tax revenues of 8.9% over budget and expenditures of 9.3% under budget. The TIF Fund gain was the result of the capitalization of site improvements into the value of the land being held for future development. Concurrently, costs budgeted to relocate the cell tower went unspent.

The total combined governmental fund balance of \$9.62 million is classified according to the newly implemented GASB standard as an "unrestricted" fund balance. The General Fund holds \$9.59 million of that balance with the Park Development Fund owning the remaining \$27 thousand. These funds are available for spending at the government's discretion. The fund balances classified as "non-spendable" and/or "restricted" total to a combined \$10.0 million. These balances are not available for discretionary spending because they have already been spent or are restricted for a variety of purposes. The TIF fund (\$7.6 million) and the SSA Debt Service fund (\$2.0 million) comprise the majority of the fund balances that are classified in the "restricted" category.

The General Fund serves as the Village's primary operating fund and the largest source of day-to-day municipal service delivery. At the end of the current fiscal year, the *unrestricted, unassigned fund balance* of the General Fund was \$9.59 million. As a measure of the general fund's liquidity, it is useful to compare this unrestricted fund balance to total fund expenditures. As of the end of FY2011 this unrestricted fund balance represents 122% of total general fund FY2012 expenditures (including debt service, but excluding capital expenditures). This is equivalent to 14.6 months.

*The General Fund - Fund Balance*

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

The net change to the General Fund’s fund balance was an increase of \$1.5 million, or 18.9%, from the previous year’s balance. From the revenue side, total General Fund revenues exceeded their conservative projections by 8.9%, or \$847 thousand. Correspondingly, total appropriated expenditures fell below budget by \$794 thousand, or 9.0%. The General Fund was able to continue making a transfer to the Water & Sewer Fund (\$245,000) to support that fund’s annual debt service and to pay for capital acquisitions. An additional transfer of funds was made to the E911 Fund (\$125,000) to supplement revenues.

GENERAL FUND BALANCE (in thousands)			
FISCAL YEAR	FUND BALANCE (Unrestricted)	OPERATING EXPENSES ( INCL DEBT SVC) (EXCLUDING CAPITAL)	FUND BALANCE AS PERCENTAGE OF OPERATING EXPENSES
2007	\$9,412	\$8,278	114%
2008	\$9,351	\$8,662	108%
2009	\$8,438	\$8,550	99%
2010	\$7,861	\$7,973	99%
2011	\$9,596	\$7,856	122%

In addition to the General Fund being classified as a “major fund,” the Governmental Accounting Standards Board (“GASB”) guidelines indicate that the following funds are also considered “major” funds in fiscal year 2011: The Tax Increment Financing (TIF) fund, the Police Pension Contribution fund, the Illinois Municipal Retirement fund (IMRF) and the Special Service Area (SSA) Debt Service fund.

The TIF fund balance increased to \$7.58 million, or 10%. This was chiefly due to two factors; (1) \$115 thousand of site improvements were capitalized, and (2) \$350 thousand budgeted for the relocation of the cell tower did not occur.

The IMRF fund balance increased to \$90 thousand from \$76 thousand. This was due to less IMRF taxes being remitted to the Illinois Municipal Retirement Fund as a result of fewer employees on staff.

The SSA Debt Service fund (Sedgebrook Retirement Community project) saw its fund balance of \$1.9 million increase to \$2.0 million (3.3%). This amount is held in escrow satisfy one year’s debt obligation if the need should arise.

The total combined fund balance of the five non-major governmental funds increased from \$98 thousand to \$266 thousand. The chief reason for the increase was a transfer of funds (\$125 thousand) to the E911 Fund from the General Fund and the establishment of a separate Fraud, Alcohol, and Drug Fund (\$67 thousand).

***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 assets of the water & sewer utility fund total nearly \$39.7 million. The reduction in net assets for this proprietary fund was \$1.0 million. Factors concerning the finances of this fund have been addressed in the discussion of the Village's business-type activities section.

### ***General Fund Budgetary Highlights***

While it was clear that the recession was not over, there were obvious signs that a slow, gradual recovery was starting to take place. It was the first time since 2008 that total General Fund revenues (\$9.96 million) exceeded the previous year's revenues (\$8.02 million). That amounted to a 4.1% increase over the previous year and an 8.9% increase over projected budget estimates. As a comparison, FY2009 and 2008 revenues were \$8.357 million and \$10.15 million, respectively. The most significant increase was in the tax revenue category. That category -excluding the newly adopted home rule sales tax- increased by a healthy 13.8%. Include the new local sales tax and the increase was 30.7% compared with the previous year. All other revenue categories combined (fines & forfeitures, intergovernmental, investment income, licenses & permits) exhibited an 8.5% decline.

Normally, taxes comprise between 75% and 85% of all general fund revenue. With the addition of the new home rule sales tax that percentage has risen to 87.8%. A recovering economy is reflected in a rise in the rooms & admissions tax which was up 4.4% over the prior year. The real estate transfer tax exceeded budget projections by 7.1%. A portion (one third) of that increase was attributable to non-budgeted commercial transactions. The utility and telecommunication taxes exceeded their budgets by 7.3% and 23.6%, respectively. State shared income tax showed no growth.

The Village kept with its strategy of operating under an austere budget for all but the essential capital items that required replacement. The FY2011 budget (operating only) was 7.5% below the 2010 budget. In FY2011 the capital budget was doubled to handle the necessary replacements and upgrades that were needed. The year ended with total actual expenditures (operating and capital) being 9.0% below the appropriated budget. This was a savings of \$794 thousand. There was one budget amendment required for the General Fund totaling \$38 thousand. This involved overtime in the police department and some additional outside service costs in the environmental services division of the public works department.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### ***Capital Assets***

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31<sup>st</sup> stood at \$71.3 million. The investment in business-type capital assets, net of accumulated depreciation, as of the fiscal year end was \$39.6 million. No major infrastructure projects were undertaken during FY2011 due to the recession and concerns of its effect on revenues and reserves. A number of small but essential improvements/repairs were made to equipment and park areas. One significant infrastructure project (telemetry system for the monitoring of water/sewer pumps, gauges) was begun in the business-type sector. Also, a number of minor, but essential, repair and replacement projects were completed in the water and sanitary sewer fund. Capital infrastructure (i.e. - land, right-of-way, roads, and water and sewer lines) in both the governmental and business-type funds was added as a result of one accepted subdivision. Detailed information on capital assets can be found in financial statements under footnote Number 4, entitled Capital Assets.

## Debt

The Village has two types of debt on its books; (1) Debt in the form of bank loans that it has a direct responsibility of 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 that became an integral part of the Sedgebrook retirement community. This obligation is not considered a part of the general Village-wide debt. Financing of this debt is done from 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 \$21.98 million compared to \$23.83 million last year - a decline of 5.5% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31, 2011 (in millions)						
Type of Debt	Government Activities		Business Activities		Totals	
	2011	2010	2011	2010	2011	2010
Bank Loans Village	\$ 5.27	\$ 6.46	\$1.11	\$1.26	\$6.38	\$ 7.72
Bond Issue-SSA	\$13.98	\$14.26			\$13.98	\$14.26
	\$19.25	\$20.72	\$1.11	\$1.26	\$20.36	\$21.98

In FY2011 all four bank loans (two General Fund, one Water Fund and one TIF) were refinanced at significantly lower interest rates.

The Village is a home rule community and is, therefore, not limited by State Statute pertaining to debt limit. The Village's outstanding debt (excluding the SSA debt) represents 1.1% of its EAV. Detailed information on the Village's long-term debt activity can be found in the Long-Term Debt Section in the footnotes.

## Bond Ratings

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

## Economic Factors and Next Year's Budget

Lincolnshire has a reputation of being one of the most desirable communities in which to reside. It is within easy commuting distance of downtown Chicago and it is home to the nationally recognized Adlai Stevenson High School. The four continuous years of recession that has negatively affected the entire country has also created significant challenges for the Village. Despite the difficulties that still lie ahead, the Village's long-term fiscal outlook appears positive. Lincolnshire has always managed to attract its share of respected hotels, restaurants, theaters, along with a variety of upscale retail outlets due to its well-maintained identity as a "near-north shore" community. The Marriott Resort and Live Theater complex with its large group-meetings facilities and championship golf course is one of the chief draws to the Village. Well established regional and national commercial enterprises have decided to situate in this region of Lake County because of the excellent residential and educational opportunities that are available. Favorable lower property tax rates also are a factor in locating in Lake County.

The Village has been able to maintain a strong financial position despite four years of poor economic news which has resulted in declining property values, a drop in revenues and nearly non-existent commercial building activity. As a result, a FY2011 budget was adapted that did not anticipate the need to draw on reserves. In fact, at the conclusion of fiscal year, fund reserves were able to show a significant increase of over \$1.5 million dollars. This raised the fund reserve (“unrestricted”) from its FY2010 level of 99% to nearly 15 months, or 122% (of twelve months of operating expenditures, plus debt service).

State sales tax has for many years been the primary revenue source for the General Fund. The state tax was approximately 25% to 30% of the Village’s total tax revenue. In FY2011, the Village began augmenting the state’s sales tax with its own home-rule sales tax. A slow but steadily improving economy was reflected by an increased state sales tax, up 25% from the previous year. The state and the Village’s own local sales tax now account for 42% of its total tax revenue. Other significant tax revenues also registered increases in FY2011 over the prior year. They included the utility, telecommunications and room & admissions tax. These three, combined, comprised 47% of the total tax revenue collected.

Nevertheless, the Village must be diligent in continually monitoring all its major tax and non-tax revenues for any trends that could indicate a change in the direction the economy is heading. That includes any legislative plans the State of Illinois might develop in an attempt to solve its fiscal problems. Those plans could potentially have a significant impact on the Village’s fiscal status.

Other economic/fiscal factors impacting the Village’s budget are:

1. Room & Admissions taxes - As the economy has begun to revive, the room rental receipts have reversed its downward trend and exceeded the Village’s conservative projections.

2. Home-Rule sales tax - The newly installed local sales tax (0.5%) was expected to conservatively add \$950 thousand of new revenues. At year’s end the actual amount collected was \$1.126 million.

3. Debt refinancing - The Village’s future borrowing costs were significantly reduced as a result of refinancing at favorably lower interest rates.

The Village ended FY2011 in a stronger financial position than when it had begun. All signs indicate the national economy is slowly recovering which bodes well for Lincolnshire’s financial well-being. Even the depressed real estate market is gradually beginning to show signs of life. The Village’s 2012 budget conservatively projects little, if any, increase in tax revenues. There has been an increase in capital expenditures, but only to acquire essential equipment that is in need of replacement. A replenished fund reserve is being tapped to finance these capital needs.

### ***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 [sroelk@village.lincolnshire.il.us](mailto:sroelk@village.lincolnshire.il.us) <mailto:sroelk@village.lincolnshire.il.us> or accessing the Village’s website at [www.village.lincolnshire.il.us](http://www.village.lincolnshire.il.us). A copy of this Comprehensive Annual Financial Report (CAFR) can be found on the website.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,215,568	\$ 669,926	\$ 2,885,494
Investments	11,171,844	947,282	12,119,126
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,595,225	-	2,595,225
Other taxes	2,034,000	-	2,034,000
Accounts	72,251	414,324	486,575
Accrued interest	16,553	766	17,319
Prepaid expenses	13,655	670	14,325
Due to/from other funds	(23,779)	23,779	-
Advances to/from other funds	50,000	(50,000)	-
Land held for resale	6,730,518	-	6,730,518
Net pension asset	4,034,199	-	4,034,199
Capital assets not being depreciated	42,958,660	115,558	43,074,218
Capital assets (net of accumulated depreciation)	28,314,640	39,515,309	67,829,949
<b>Total assets</b>	<b>100,183,334</b>	<b>41,637,614</b>	<b>141,820,948</b>
<b>LIABILITIES</b>			
Accounts payable	798,138	808,782	1,606,920
Accrued payroll	86,150	8,040	94,190
Deposits payable	1,762,518	-	1,762,518
Accrued interest payable	367,599	14,745	382,344
Unearned revenue	2,600,625	-	2,600,625
Noncurrent liabilities			
Due within one year	1,281,400	169,160	1,450,560
Due in more than one year	18,258,235	981,121	19,239,356
<b>Total liabilities</b>	<b>25,154,665</b>	<b>1,981,848</b>	<b>27,136,513</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	68,420,057	38,521,272	106,941,329
Restricted for			
Debt service	2,011,882	-	2,011,882
Maintenance of roadways	71,948	-	71,948
Employee retirement	89,992	-	89,992
Economic development	7,580,497	-	7,580,497
Public safety	162,915	-	162,915
Unrestricted	(3,308,622)	1,134,494	(2,174,128)
<b>TOTAL NET ASSETS</b>	<b>\$ 75,028,669</b>	<b>\$ 39,655,766</b>	<b>\$ 114,684,435</b>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT</b>				
Governmental Activities				
General government	\$ 2,196,916	\$ 230,252	\$ -	\$ -
Public safety	3,668,986	1,076,488	54,729	-
Community development	495,050	149,539	-	-
Public works	2,962,313	13,553	208,799	806,418
Parks and recreation	1,260,614	46,981	-	-
Interest	1,048,532	-	-	-
Total governmental activities	11,632,411	1,516,813	263,528	806,418
Business-Type Activities				
Water and sewer	5,409,266	3,877,146	-	213,015
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 17,041,677</b>	<b>\$ 5,393,959</b>	<b>\$ 263,528</b>	<b>\$ 1,019,433</b>

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (1,966,664)	\$ -	\$ (1,966,664)
	(2,537,769)	-	(2,537,769)
	(345,511)	-	(345,511)
	(1,933,543)	-	(1,933,543)
	(1,213,633)	-	(1,213,633)
	(1,048,532)	-	(1,048,532)
	(9,045,652)	-	(9,045,652)
	-	(1,319,105)	(1,319,105)
	(9,045,652)	(1,319,105)	(10,364,757)
General Revenues			
Taxes			
Property	4,430,090	-	4,430,090
Sales	2,538,283	-	2,538,283
Home rule sales	1,126,189	-	1,126,189
Income	567,125	-	567,125
Local use	106,007	-	106,007
Utility	1,275,799	-	1,275,799
Telecommunications	1,210,032	-	1,210,032
Room and admissions	1,604,652	-	1,604,652
Real estate transfer	240,916	-	240,916
Investment income	39,767	3,218	42,985
Gain on sale of capital assets	12,057	3,554	15,611
Miscellaneous	44,964	-	44,964
Transfers in (out)	(245,000)	245,000	-
Total	12,950,881	251,772	13,202,653
CHANGE IN NET ASSETS	3,905,229	(1,067,333)	2,837,896
NET ASSETS, JANUARY 1	71,123,440	40,723,099	111,846,539
NET ASSETS, DECEMBER 31	\$ 75,028,669	\$ 39,655,766	\$ 114,684,435

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2011

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 1,739,148	\$ 357,698	\$ -	\$ 24,507	\$ 5,218	\$ 88,997	\$ 2,215,568
Investments	8,249,700	642,065	-	90,808	2,006,664	182,607	11,171,844
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	-	-	959,200	475,400	1,160,625	-	2,595,225
Other taxes	1,968,000	-	-	-	-	66,000	2,034,000
Accounts	70,182	-	-	-	-	2,069	72,251
Accrued interest	16,210	-	-	-	-	343	16,553
Due from other funds	-	-	-	-	-	72,172	72,172
Prepaid items	9,653	-	-	-	-	3,801	13,454
Advances to other funds	90,000	-	-	-	-	-	90,000
Land held for resale	-	6,730,518	-	-	-	-	6,730,518
<b>TOTAL ASSETS</b>	<b>\$ 12,142,893</b>	<b>\$ 7,730,281</b>	<b>\$ 959,200</b>	<b>\$ 590,715</b>	<b>\$ 3,172,507</b>	<b>\$ 415,989</b>	<b>\$ 25,011,585</b>

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 492,097	\$ 149,784	\$ -	\$ 323	\$ -	\$ 114,885	\$ 757,089
Accrued payroll	78,904	-	-	-	-	4,556	83,460
Deposits payable	1,752,197	-	-	-	-	10,321	1,762,518
Due to other funds	129,967	-	-	-	-	-	129,967
Advances from other funds	-	-	-	25,000	-	15,000	40,000
Deferred revenue	-	-	959,200	475,400	1,160,625	5,400	2,600,625
<b>Total liabilities</b>	<b>2,453,165</b>	<b>149,784</b>	<b>959,200</b>	<b>500,723</b>	<b>1,160,625</b>	<b>150,162</b>	<b>5,373,659</b>
<b>FUND BALANCES</b>							
Nonspendable in form - advances to other funds	90,000	-	-	-	-	-	90,000
Nonspendable in form - prepaid items	9,653	-	-	-	-	3,801	13,454
Restricted for debt service	-	-	-	-	2,011,882	-	2,011,882
Restricted for maintenance of roadways	-	-	-	-	-	71,948	71,948
Restricted for employee retirement	-	-	-	89,992	-	-	89,992
Restricted for economic development	-	7,580,497	-	-	-	-	7,580,497
Restricted for public safety	-	-	-	-	-	162,915	162,915
Unrestricted							
Assigned for capital projects	-	-	-	-	-	27,163	27,163
Unassigned - General Fund	9,590,075	-	-	-	-	-	9,590,075
<b>Total fund balances</b>	<b>9,689,728</b>	<b>7,580,497</b>	<b>-</b>	<b>89,992</b>	<b>2,011,882</b>	<b>265,827</b>	<b>19,637,926</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,142,893</b>	<b>\$ 7,730,281</b>	<b>\$ 959,200</b>	<b>\$ 590,715</b>	<b>\$ 3,172,507</b>	<b>\$ 415,989</b>	<b>\$ 25,011,585</b>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS		\$ 19,637,926
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	\$ 71,273,300	
Less internal service funds	<u>-</u>	71,273,300
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Notes payable		(5,271,826)
SSA bonds payable		(13,980,000)
Net pension obligation		(3,993)
Compensated absences	(283,816)	
Less internal service funds	<u>240</u>	(283,576)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets		(367,599)
The net pension assets of the police pension fund are included in the governmental activities in the statement of net assets		4,034,199
The net assets of the internal service fund are included in the governmental activities in the statement of net assets		<u>(9,762)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 75,028,669</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
<b>REVENUES</b>							
Property taxes	\$ -	\$ 1,616,172	\$ 1,032,840	\$ 492,773	\$ 1,215,000	\$ -	\$ 4,356,785
Other taxes	8,742,307	-	-	-	-	-	8,742,307
Licenses, permits and fees	440,325	-	-	-	-	-	440,325
Fines and forfeitures	489,422	-	-	-	-	-	489,422
Charges for services	-	-	-	-	-	98,183	98,183
Intergovernmental	210,318	-	-	-	-	542,094	752,412
Investment income	31,486	1,094	-	304	4,949	1,934	39,767
Miscellaneous	43,406	-	-	-	-	1,558	44,964
<b>Total revenues</b>	<b>9,957,264</b>	<b>1,617,266</b>	<b>1,032,840</b>	<b>493,077</b>	<b>1,219,949</b>	<b>643,769</b>	<b>14,964,165</b>
<b>EXPENDITURES</b>							
<b>Current</b>							
General government	1,652,736	-	-	479,649	-	10,059	2,142,444
Public safety	2,684,118	-	1,032,840	-	-	465,884	4,182,842
Community development	448,122	-	-	-	-	-	448,122
Public works	1,789,093	-	-	-	-	-	1,789,093
Parks and recreation	861,796	-	-	-	-	-	861,796
Capital outlay	-	46,127	-	-	-	209,106	255,233
<b>Debt service</b>							
Principal retirement	444,056	767,804	-	-	-	275,000	1,486,860
Interest and fiscal charges	104,649	119,528	-	-	-	880,625	1,104,802
<b>Total expenditures</b>	<b>7,984,570</b>	<b>933,459</b>	<b>1,032,840</b>	<b>479,649</b>	<b>-</b>	<b>1,840,674</b>	<b>12,271,192</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,972,694</b>	<b>683,807</b>	<b>-</b>	<b>13,428</b>	<b>1,219,949</b>	<b>(1,196,905)</b>	<b>2,692,973</b>

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,364,479	\$ 1,364,479
Transfers (out)	(453,854)	-	-	-	(1,155,625)	-	(1,609,479)
Proceeds from the issuance of notes	3,060,000	2,675,000	-	-	-	-	5,735,000
Current refinancing of note	(3,051,464)	(2,665,000)	-	-	-	-	(5,716,464)
Sale of capital assets	12,057	-	-	-	-	-	12,057
Total other financing sources (uses)	(433,261)	10,000	-	-	(1,155,625)	1,364,479	(214,407)
NET CHANGE IN FUND BALANCES	1,539,433	693,807	-	13,428	64,324	167,574	2,478,566
FUND BALANCES, JANUARY 1	8,150,295	6,886,690	-	76,564	1,947,558	98,253	17,159,360
FUND BALANCES, DECEMBER 31	\$ 9,689,728	\$ 7,580,497	\$ -	\$ 89,992	\$ 2,011,882	\$ 265,827	\$ 19,637,926

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, 2011

<hr/>	
NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 2,478,566
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	117,123
Loss on disposal of capital assets	(81,049)
Contributions of capital assets are reported as capital grants on the statement of activities	
	806,418
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	6,921,937
SSA bonds	275,000
The issuance of notes is recorded as an other financing source in governmental funds but as a liability on the statement of net assets	
	(5,735,000)
The increase in interest payable is reported as an increase in expense on the statement of activities	
	62,658
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	
Less internal service funds	\$ (1,545,332)
	<u>1,073</u> (1,544,259)
The change in net assets of internal service fund is reported as an increase of expense on the statement of activities	
	(1,073)
The change in certain long-term assets in liabilities does not require the use of current financial resources but is reported as expenses on the statement of activities	
Increase in accrued compensated absences	57,442
Increase in net other postemployment benefit obligation	22,134
Increase in police pension net pension asset	525,415
Increase in IMRF net pension obligation	<u>(83)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,905,229</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

December 31, 2011

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 669,926	\$ -
Investments	947,282	-
Receivables		
Accounts - billed	300,755	-
Accounts - unbilled	113,569	-
Accrued interest	766	-
Prepaid expenses	670	201
Due from other funds	23,779	57,795
	<u>2,056,747</u>	<u>57,996</u>
Total current assets		
<b>CAPITAL ASSETS</b>		
Nondepreciable	115,558	-
Depreciable, net of accumulated depreciation	39,515,309	-
	<u>39,630,867</u>	<u>-</u>
Net capital assets		
	<u>41,687,614</u>	<u>57,996</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	808,782	41,049
Accrued payroll	8,040	2,690
Accrued interest payable	14,745	-
Due to other funds	-	23,779
Advances from other funds	50,000	-
Compensated absences payable	10,172	60
Current portion of notes payable	158,988	-
	<u>1,050,727</u>	<u>67,578</u>
Total current liabilities		
<b>LONG-TERM LIABILITIES</b>		
Compensated absences payable	30,514	180
Notes payable	950,607	-
	<u>981,121</u>	<u>180</u>
Total long-term liabilities		
	<u>2,031,848</u>	<u>67,758</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	38,521,272	-
Unrestricted	1,134,494	(9,762)
	<u>\$ 39,655,766</u>	<u>\$ (9,762)</u>
<b>TOTAL NET ASSETS</b>		

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
<b>OPERATING REVENUES</b>		
Charges for services	\$ 3,826,786	\$ 449,664
Miscellaneous	12,952	-
Total operating revenues	<u>3,839,738</u>	<u>449,664</u>
<b>OPERATING EXPENSES</b>		
Administration	586,259	-
Operations	3,099,170	-
Repairs and maintenance	95,604	449,664
Total operating expenses	<u>3,781,033</u>	<u>449,664</u>
<b>OPERATING INCOME BEFORE DEPRECIATION</b>		
	58,705	-
Depreciation	<u>1,598,029</u>	<u>1,073</u>
<b>OPERATING INCOME (LOSS)</b>		
	<u>(1,539,324)</u>	<u>(1,073)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	3,218	-
Interest expense	(30,204)	-
Connection fees	37,408	-
Gain on sale of capital assets	3,554	-
Total nonoperating revenues (expenses)	<u>13,976</u>	<u>-</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>		
	<u>(1,525,348)</u>	<u>(1,073)</u>
<b>TRANSFERS</b>		
Transfers in	245,000	-
Transfers (out)	-	-
Total transfers	<u>245,000</u>	<u>-</u>
<b>CONTRIBUTIONS</b>		
	<u>213,015</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>		
	(1,067,333)	(1,073)
<b>NET ASSETS (DEFICIT), JANUARY 1</b>		
	<u>40,723,099</u>	<u>(8,689)</u>
<b>NET ASSETS (DEFICIT), DECEMBER 31</b>		
	<u>\$ 39,655,766</u>	<u>\$ (9,762)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended December 31, 2011

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 3,843,550	\$ -
Receipts from interfund services	-	477,365
Payments to suppliers	(3,169,136)	(329,314)
Payments to employees	(495,515)	(148,051)
Payments for interfund services	-	-
Net cash from operating activities	<u>178,899</u>	<u>-</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers	245,000	-
Repayment of interfund balances	(3,407)	-
Payments to advances from other funds	-	-
Receipts from advances to other funds	25,000	-
Net cash from noncapital financing activities	<u>266,593</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	3,554	-
Capital assets purchased	(79,233)	-
Connection fees	37,408	-
Proceeds from issuance of notes	1,190,000	-
Note principal payments	(1,343,840)	-
Note interest payments	(41,192)	-
Net cash from capital and related financing activities	<u>(233,303)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(606,058)	-
Interest received	2,085	-
Net cash from investing activities	<u>(603,973)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(391,784)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b><u>1,061,710</u></b>	<b><u>-</u></b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b><u>\$ 669,926</u></b>	<b><u>\$ -</u></b>

(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, 2011

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>		
<b>TO NET CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (1,539,324)	\$ (1,073)
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	1,598,029	1,073
(Increase) decrease in		
Receivables	3,812	-
Interfund receivables	-	20,784
Prepaid expense	1,555	(16)
Increase (decrease) in		
Accounts payable	123,780	(12,925)
Accrued payroll	1,050	5
Compensated absences payable	(10,003)	(14,765)
Interfund payables	-	6,917
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 178,899</b>	<b>\$ -</b>
<b>NONCASH TRANSACTIONS</b>		
Contributions of capital assets by other funds	\$ 213,015	\$ -
<b>TOTAL NONCASH TRANSACTIONS</b>	<b>\$ 213,015</b>	<b>\$ -</b>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
POLICE PENSION TRUST FUND

December 31, 2011

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ASSETS	
Cash and cash equivalents	\$ 84,116
Investments	
U.S. Treasury obligations	4,285,604
U.S. agencies securities	1,316,335
Equity mutual funds	4,048,005
Money market mutual funds	389,754
Corporate bonds	284,095
Equities	3,390,383
Negotiable certificates of deposit	1,018,175
Receivables	
Accrued interest	48,549
Prepaid expense	<u>3,185</u>
Total assets	<u>14,868,201</u>
LIABILITIES	
None	<u>-</u>
Total liabilities	<u>-</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 14,868,201</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
POLICE PENSION TRUST FUND

For the Year Ended December 31, 2011

<b>ADDITIONS</b>	
Contributions - employer	\$ 1,032,840
Contributions - employee	191,585
Other contributions	<u>349</u>
Total contributions	<u>1,224,774</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	(232,302)
Interest earned on investments	<u>348,022</u>
Total investment income	115,720
Less investment expense	<u>(62,625)</u>
Net investment income	<u>53,095</u>
Total additions	<u>1,277,869</u>
<b>DEDUCTIONS</b>	
Benefits	733,107
Administrative	<u>20,956</u>
Total deductions	<u>754,063</u>
<b>NET INCREASE</b>	523,806
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	
January 1	<u>14,344,395</u>
December 31	<u><u>\$ 14,868,201</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

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

Governmental funds are used to account for all or most of the Village's general activities, including the 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). The Village has elected, under the provisions of GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. When these assets are held under the terms of a formal trust agreement, a pension trust fund may be used. The Village has a police pension fund. Agency funds are used to account for funds that the Village holds on behalf of others as their agent.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

The Village reports the following major governmental funds:

The General Corporate Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Additionally, the Village reports the following proprietary fund:

Internal Service Funds

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred.

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

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

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

Those revenues susceptible to accrual are property taxes, 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 unearned/deferred revenue on its financial statements.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments with a maturity of less than one year when purchased and nonnegotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of December 31, 2011 for debt and equity securities.

f. Short-Term Interfund Receivables/Payables

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

g. Advances to Other Funds

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

h. Prepaid Items/Expenses

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

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. 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 \$5,000 for all other capital asset classifications.

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

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

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

k. Long-Term Obligations

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

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

l. Fund Equity/Net Assets

In the fund financial statements, governmental funds report 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 include resolutions and ordinances approved by the Board. 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 is reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Equity/Net Assets (Continued)

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.

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

m. Interfund Transactions

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

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

n. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - The Village's investment policy authorizes the Village to make deposits/invest in accordance with Illinois Compiled Statutes (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 or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

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

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.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments

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

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

c. Police Pension Fund's Deposits with Financial Institutions

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

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2011:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 4,285,604	\$ -	\$ 2,560,859	\$ 651,856	\$ 1,072,889
FHLMC notes	319,175	-	160,522	-	158,653
FFCB notes	163,487	-	-	163,487	-
FNMA notes	833,673	10,301	264,899	-	558,473
Corporate bonds	284,095	284,095	-	-	-
Negotiable certificates of deposit	1,018,175	500,384	411,161	106,630	-
<b>TOTAL</b>	<b>\$ 6,904,209</b>	<b>\$ 794,780</b>	<b>\$ 3,397,441</b>	<b>\$ 921,973</b>	<b>\$ 1,790,015</b>

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

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring quarterly review of the returns of the equity portion of investments to address any standard deviations and by requiring 55% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The FHMLC, FFCB, FNMA, money market mutual funds and corporate bonds are rated AAA as of December 31, 2011.

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

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

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

Asset Class	Minimum	Preferred	Maximum
Large cap growth	9.0%	11.5%	14.0%
Large cap value	9.0%	11.5%	14.0%
Small mid cap growth	3.0%	5.0%	7.0%
Small mid cap value	3.0%	5.0%	7.0%
Multi class	0.0%	7.0%	11.0%
International growth	3.0%	5.0%	7.0%
International value	3.0%	5.0%	7.0%
Fixed income and cash	50.0%	50.0%	60.0%

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

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

3. RECEIVABLES - TAXES

Property taxes for 2011 attach as an enforceable lien on January 1, 2011 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2012 and August 1, 2012 and are payable in two installments, on or about June 1, 2012 and September 1, 2012. The County collects such taxes and remits them periodically. As the 2011 tax levy is intended to fund expenditures for the 2012 fiscal year, these taxes are deferred as of December 31, 2011.

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Right of way	14,707,718	137,694	-	14,845,412
Easements	225,675	466,560	-	692,235
Total capital assets not being depreciated	42,354,406	604,254	-	42,958,660
Capital assets being depreciated				
Land improvements	5,806,164	-	-	5,806,164
Buildings and improvements	8,138,937	-	-	8,138,937
Infrastructure	42,435,102	202,164	78,860	42,558,406
Machinery and equipment	3,253,940	117,123	80,096	3,290,967
Total capital assets being depreciated	59,634,143	319,287	158,956	59,794,474
Less accumulated depreciation for				
Land improvements	2,588,746	281,366	-	2,870,112
Buildings and improvements	3,199,992	214,571	-	3,414,563
Infrastructure	21,886,730	823,949	11,818	22,698,861
Machinery and equipment	2,336,941	225,446	66,089	2,496,298
Total accumulated depreciation	30,012,409	1,545,332	77,907	31,479,834
Total capital assets being depreciated, net	29,621,734	(1,226,045)	81,049	28,314,640
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 71,976,140	\$ (621,791)	\$ 81,049	\$ 71,273,300
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 36,325	\$ -	\$ -	\$ 36,325
Construction in progress	-	79,233	-	79,233
Total capital assets not being depreciated	36,325	79,233	-	115,558
Capital assets being depreciated				
Buildings	1,580,063	-	-	1,580,063
Underground water and sewerage system	81,547,069	213,015	-	81,760,084
Furniture, machinery and equipment	1,050,160	-	-	1,050,160
Total capital assets being depreciated	84,177,292	213,015	-	84,390,307
Less accumulated depreciation for				
Buildings	847,606	34,609	-	882,215
Underground water and sewerage system	41,638,870	1,521,816	-	43,160,686
Furniture, machinery and equipment	790,493	41,604	-	832,097
Total accumulated depreciation	43,276,969	1,598,029	-	44,874,998
Total capital assets being depreciated, net	40,900,323	(1,385,014)	-	39,515,309
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>				
	\$ 40,936,648	\$ (1,305,781)	\$ -	\$ 39,630,867

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

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4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General government	\$ 100,481
Public safety	90,750
Community development	2,046
Public works	928,095
Parks and recreation	<u>423,960</u>

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,545,332</u>
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5. RISK MANAGEMENT

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

High-Level Excess Liability Pool (HELP)

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

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

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

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

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

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

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

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>					
Notes payable	\$ 6,458,763	\$ 5,735,000	\$ 6,921,937	\$ 5,271,826	\$ 920,446
Special Service Area bonds	14,255,000	-	275,000	13,980,000	290,000
Compensated absences*	341,018	-	57,442	283,576	70,894
Compensated absences - Internal Service*	15,005	-	14,765	240	60
Net pension obligation**	3,910	83	-	3,993	-
Other postemployment benefit*	22,134	-	22,134	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 21,095,830</b>	<b>\$ 5,735,083</b>	<b>\$ 7,291,278</b>	<b>\$ 19,539,635</b>	<b>\$ 1,281,400</b>

\*Accrued compensated absences and the other postemployment benefit obligation are historically retired by the General Fund.

\*\*The net pension obligation is retired by the IMRF fund.

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>BUSINESS-TYPE ACTIVITIES</b>					
Promissory notes payable	\$ 1,263,435	\$ 1,190,000	\$ 1,343,840	\$ 1,109,595	\$ 158,988
Compensated absences	50,689	-	10,003	40,686	10,172
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 1,314,124</b>	<b>\$ 1,190,000</b>	<b>\$ 1,353,843</b>	<b>\$ 1,150,281</b>	<b>\$ 169,160</b>

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
TIF note payable - for capital improvements within the TIF district (\$4,000,000 dated April 1, 2001; maturing January 1, 2015; payable in annual installments ranging from \$100,000 to \$675,000; interest rates from 4.10% to 4.95%)	TIF Fund	\$ 3,170,000	\$ -	\$ 3,170,000	\$ -	\$ -

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
GOVERNMENTAL ACTIVITIES (Continued)						
Note payable - for capital park improvements (\$3,300,000 dated December 5, 2005; maturing January 1, 2016, payable in semiannual installments ranging from \$138,857 to \$194,656; interest rate 3.625%)	General Fund	\$ 1,969,326	\$ -	\$ 1,969,326	\$ -	\$ -
Note payable - Capital improvements - (\$1,540,000 dated August 10, 2009; maturing January 1, 2019, payable in semiannual installments ranging from \$52,988 to \$90,592; interest rate 3.75%)	General Fund	1,319,437	-	1,319,437	-	-
2011A Note payable - Refunding - (\$3,060,000 dated January 28, 2011; maturing January 1, 2018, payable in semiannual installments of \$240,791; interest rate 2.60%)	General Fund	-	3,060,000	206,757	2,853,243	408,828
2011B Note payable - refunding - (\$2,675,000 dated January 28, 2011; maturing January 1, 2018, payable in semiannual installments of \$289,603; interest rate 2.90%)	TIF Fund	-	2,675,000	256,417	2,418,583	511,618
<b>TOTAL</b>		<b>\$ 6,458,763</b>	<b>\$ 5,735,000</b>	<b>\$ 6,921,937</b>	<b>\$ 5,271,826</b>	<b>\$ 920,446</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>						
Promissory note payable - Water and Sanitary Sewer infrastructure improvements - (\$2,200,000 dated January 1, 2003; maturing January 1, 2018; payable in annual installments ranging from \$54,980 to \$96,642; interest rate 4.00%)	Water and Sewer Fund	\$ 1,263,435	\$ -	\$ 1,263,435	\$ -	\$ -
2011A Note payable - Refunding - (\$1,190,000 dated January 28, 2011; maturing January 1, 2018, payable in semiannual installments of \$90,926; interest rate 2.60%)	Water and Sewer Fund	-	1,190,000	80,405	1,109,595	158,988
<b>TOTAL</b>		<b>\$ 1,263,435</b>	<b>\$ 1,190,000</b>	<b>\$ 1,343,840</b>	<b>\$ 1,109,595</b>	<b>\$ 158,988</b>

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

Fiscal Year Ending December 31,	Notes payable					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 920,446	\$ 140,341	\$ 1,060,787	\$ 158,988	\$ 28,293	\$ 187,281
2013	946,813	113,974	1,060,787	163,282	24,000	187,282
2014	973,562	87,225	1,060,787	167,614	19,667	187,281
2015	1,001,068	59,719	1,060,787	172,062	15,220	187,282
2016	732,961	31,596	764,557	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>\$ 5,271,826</b>	<b>\$ 451,267</b>	<b>\$ 5,723,093</b>	<b>\$ 1,109,595</b>	<b>\$ 105,021</b>	<b>\$ 1,214,616</b>

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

6. LONG-TERM DEBT (Continued)

c. Special Service Area Bonds

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Special Service Area Number 1 Special Tax Bonds, Series 2004 (\$15,000,000 dated November 16, 2004; maturing March 1, 2034; payable in annual installments ranging from \$235,000 to \$1,095,000)	SSA Capital Projects Fund	\$ 14,255,000	\$ -	\$ 275,000	\$ 13,980,000	\$ 290,000
TOTAL		\$ 14,255,000	\$ -	\$ 275,000	\$ 13,980,000	\$ 290,000

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

Fiscal Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 290,000	\$ 873,750	\$ 1,163,750
2013	305,000	855,625	1,160,625
2014	325,000	836,563	1,161,563
2015	345,000	816,250	1,161,250
2016	365,000	794,687	1,159,687
2017	390,000	771,875	1,161,875
2018	415,000	747,500	1,162,500
2019	440,000	721,563	1,161,563
2020	470,000	694,062	1,164,062
2021	495,000	664,688	1,159,688
2022	530,000	633,750	1,163,750
2023	560,000	600,625	1,160,625
2024	595,000	565,625	1,160,625
2025	635,000	528,438	1,163,438
2026	675,000	488,750	1,163,750
2027	715,000	446,562	1,161,562
2028	760,000	401,875	1,161,875
2029	805,000	354,375	1,159,375
2030	860,000	304,063	1,164,063
2031	910,000	250,312	1,160,312
2032	970,000	193,438	1,163,438
2033	1,030,000	132,812	1,162,812
2034	1,095,000	68,438	1,163,438
TOTAL	\$ 13,980,000	\$ 12,745,626	\$ 26,725,626

6. LONG-TERM DEBT (Continued)

d. Refunding Transaction

The Village issued \$4,250,000 Corporate Purpose Promissory Notes Series 2011A and \$2,675,000 Corporate Purpose Promissory Notes Series 2011B on January 28, 2011. The notes were issued to refinance the Corporate Purpose Promissory Notes Series 2002, 2005B, 2009 and Series 2001. Principal and interest on the series 2011A Notes is payable semiannually on July 1 and January 1 of each year beginning July 1, 2011 through January 1, 2018. Principal and interest on the series 2011B Notes is payable semiannually on July 1 and January 1 of each year beginning July 1, 2011 through January 1, 2016. Through the 2011A and 2011B refundings the Village achieved a cash flow savings of \$97,446 and \$335,140 respectively, and an economic gain of \$83,537 and \$290,502, respectively.

e. Legal Debt Margin

The Village is a home rule municipality.

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

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

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

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

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

7. INTERFUND ASSETS/LIABILITIES

a. Due From/To Other Funds

Due from/to other funds at December 31, 2011 consisted of the following:

Fund	Due From	Due To
General Corporate Fund		
Internal Service Fund	\$ -	\$ 57,795
Nonmajor governmental funds	-	72,172
	<u>-</u>	<u>129,967</u>
Water and Sanitary Sewer		
Internal Service Fund	23,779	-
	<u>23,779</u>	<u>-</u>
Internal Service Fund		
General Corporate Fund	57,795	-
Water and Sanitary Sewer	-	23,779
	<u>57,795</u>	<u>23,779</u>
Nonmajor Governmental Funds		
General Corporate Fund	72,172	-
	<u>72,172</u>	<u>-</u>
<b>TOTAL</b>	<u>\$ 153,746</u>	<u>\$ 153,746</u>

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

- \$57,795 due from the General Corporate Fund to the Internal Service Fund is for Vehicle Maintenance funding amounts still due to the Internal Service Fund at year end. This amount will be repaid within one year.
- \$72,172 due from the General Corporate Fund to the nonmajor governmental funds is for amounts to establish the new Fraud, Alcohol and Drug fund. This amount will be paid within one year.

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

7. INTERFUND BALANCES AND TRANSFERS (Continued)

b. Advances To/From Other Funds

Advances to/from other funds at December 31, 2011 consisted of the following:

Fund	Advances To	Advances From
General Corporate Fund		
Water and Sanitary Sewer	\$ 50,000	\$ -
IMRF	25,000	-
Nonmajor Governmental	15,000	-
	<u>90,000</u>	<u>-</u>
Water and Sanitary Sewer		
General Corporate Fund	<u>-</u>	50,000
IMRF		
General Corporate Fund	<u>-</u>	25,000
Nonmajor Governmental		
General Corporate Fund	<u>-</u>	15,000
TOTAL	<u>\$ 90,000</u>	<u>\$ 90,000</u>

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

- \$90,000 Advanced from the General Corporate Fund to the various funds as detailed above. This amount is for operational and capital activities due to cash flow issues in the funds. These amounts will be repaid.

c. Transfers

Interfund transfers during the year ended December 31, 2011 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Corporate Fund	\$ -	\$ 453,854
Special Service Area Debt Service	-	1,155,625
Total Major Governmental Funds	<u>-</u>	<u>1,609,479</u>

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

c. Transfers (Continued)

Fund	Transfers In	Transfers Out
Nonmajor Governmental Funds		
Fraud, Alcohol and Drug	\$ 83,854	\$ -
Enhanced 911	125,000	-
Special Service Area Capital Projects	1,155,625	-
Total Special Revenue	1,364,479	-
Enterprise Funds		
Water and Sanitary Sewer	245,000	-
<b>TOTAL</b>	<b>\$ 1,609,479</b>	<b>\$ 1,609,479</b>

The purpose of significant transfers is as follows:

- \$1,155,625 Transferred from the Special Service Area Debt Service Fund to the Special Service Area Capital Projects Fund to transfer the appropriate funding necessary to make the current debt service payments. This amount will not be repaid.
- \$245,000 Transferred from the General Corporate Fund to the Water and Sanitary Sewer Fund to assist in operational costs of the Water and Sanitary Sewer Fund. This amount will not be repaid.

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

8. CONTINGENT LIABILITIES (Continued)

c. High-Level Excess Liability Pool (HELP)

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

d. Economic Incentive Agreement

In October 2004, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of future sales tax revenues generated by this company from its rebate development. The Village has no obligation to rebate sales tax when the sales tax revenue generated by this company is less than \$100,000 in any sales tax year. During 2011, the Village rebated approximately \$184,731 to this company.

In 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 2011, the Village rebated approximately \$292,188 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 resulting in the prior assumed implicit subsidy of \$22,134 no longer being a liability to the Village. In addition, the Village has no explicit subsidy as defined in GASB Statement No. 45.

10. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions and Provisions

Illinois Municipal Retirement Fund

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

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Illinois Municipal Retirement Fund (Continued)

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. 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 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. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contributions for 2011 was 12.57% of covered payroll, respectively.

IMRF issues a separate financial report which may be obtained on-line at [www.imrf.org](http://www.imrf.org). This report contains information for IMRF as a whole, but not by individual employer.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At December 31, 2011, the Police Pension Plan membership consisted of:

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

Retirees and beneficiaries currently receiving benefits	11
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	15
Nonvested	8
	<hr/>
TOTAL	<u>35</u>

The following is a summary of the Police Pension Plan as provided for in ILCS.

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 one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% 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 3.00% of the original pension and 3.00% 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 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 \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% 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 3.00% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

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. The employer contribution for the fiscal year ended December 31, 2011 was 54.28% of covered payroll.

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

b. Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:** The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

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

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

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

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

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

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

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10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2009	January 1, 2011
Actuarial cost method	Entry-age Normal	Entry-age Normal Level Dollar
Asset valuation method	5 Year Smoothed Market	Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	23 Years, Closed
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	4.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	0.40% to 10.00%	5.50%
d) Post retirement benefit increases	3.00%	3.00%

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

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

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

	For Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2009	\$ 421,970	\$ 440,510
	2010	425,136	533,319
	2011	412,405	507,425
Actual contribution	2009	\$ 421,970	\$ 1,101,333
	2010	421,226	1,012,592
	2011	412,322	1,032,840
Percentage of APC contributed	2009	100.00%	250.01%
	2010	99.08%	189.87%
	2011	99.98%	203.55%
NPO (asset)	2009	\$ -	\$ (3,029,511)
	2010	3,910	(3,508,784)
	2011	3,993	(4,034,199)

The Village's annual pension cost and net pension obligation (asset) for the Police Pension Plan and IMRF for December 31, 2011 are as follows:

	IMRF	Police Pension
Annual required contribution	\$ 412,322	\$ 514,585
Interest on net pension obligation (asset)	293	(196,918)
Adjustment to annual required contribution	(210)	189,758
Annual pension cost	412,405	507,425
Contributions made	(412,322)	(1,032,840)
Increase in net pension obligation	83	(525,415)
Net pension obligation (asset), beginning of year	3,910	(3,508,784)
<b>NET PENSION OBLIGATION (ASSET), END OF YEAR</b>	<b>\$ 3,993</b>	<b>\$ (4,034,199)</b>

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

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10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

Funded Status and Funding Progress: The funded status of the plans as of December 31, 2011 were as follows. The actuarial assumptions used to determine the funded status of the Police Pension Plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

	Illinois Municipal Retirement	Police Pension
Actuarial accrued liability (AAL)	\$ 11,179,561	\$ 17,465,335
Actuarial value of plan assets	8,234,931	14,444,202
Unfunded actuarial accrued liability (UAAL)	2,944,630	3,021,133
Funded ratio (actuarial value of plan assets/AAL)	73.66%	82.70%
Covered payroll (active plan members)	\$ 3,280,203	\$ 1,902,849
UAAL as a percentage of covered payroll	89.77%	158.77%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Other taxes	\$ 7,711,000	\$ 7,711,000	\$ 8,742,307
Licenses, permits and fees	476,200	476,200	440,325
Fines and forfeitures	471,000	471,000	489,422
Intergovernmental	342,000	342,000	210,318
Investment income	60,000	60,000	31,486
Miscellaneous	82,800	82,800	43,406
<b>Total revenues</b>	<b>9,143,000</b>	<b>9,143,000</b>	<b>9,957,264</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	1,729,000	1,729,000	1,652,736
Public safety	2,797,400	2,819,691	2,684,118
Community development	527,800	527,800	448,122
Public works	2,213,600	2,229,113	1,789,093
Parks and recreation	926,700	926,700	861,796
<b>Debt service</b>			
Principal retirement	448,500	448,500	444,056
Interest and fiscal charges	135,000	135,000	104,649
<b>Total expenditures</b>	<b>8,778,000</b>	<b>8,815,804</b>	<b>7,984,570</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>365,000</b>	<b>327,196</b>	<b>1,972,694</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(370,000)	(370,000)	(453,854)
Proceeds from issuance of notes	-	-	3,060,000
Current refinancing of note	-	-	(3,051,464)
Sale of capital assets	8,000	8,000	12,057
<b>Total other financing sources (uses)</b>	<b>(362,000)</b>	<b>(362,000)</b>	<b>(433,261)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 3,000</b>	<b>\$ (34,804)</b>	<b>1,539,433</b>
<b>FUND BALANCE, JANUARY 1</b>			<b>8,150,295</b>
<b>FUND BALANCE, DECEMBER 31</b>			<b>\$ 9,689,728</b>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property	\$ 491,000	\$ 491,000	\$ 492,773
Investment income	400	400	304
Total revenues	<u>491,400</u>	<u>491,400</u>	<u>493,077</u>
<b>EXPENDITURES</b>			
General government			
Administrative	701,000	701,000	687,856
Contributions from other funds	(206,300)	(206,300)	(208,207)
Total expenditures	<u>494,700</u>	<u>494,700</u>	<u>479,649</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,300)</u>	<u>\$ (3,300)</u>	13,428
FUND BALANCE, JANUARY 1			<u>76,564</u>
FUND BALANCE, DECEMBER 31			<u>\$ 89,992</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2006	\$ 7,244,618	\$ 8,555,016	84.68%	\$ 1,310,398	\$ 3,219,309	40.70%
2007	8,338,527	9,790,245	85.17%	1,451,718	3,495,030	41.54%
2008	7,688,165	10,179,592	75.53%	2,491,427	3,722,294	66.93%
2009	8,369,831	11,524,211	72.63%	3,154,380	3,918,015	80.51%
2010	9,265,070	11,982,550	77.32%	2,717,480	3,554,650	76.45%
2011	8,234,931	11,179,561	73.66%	2,944,630	3,280,203	89.77%

Schedule of Employer Contributions

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	\$ 348,561	\$ 348,561	100.00%
2007	379,211	379,211	100.00%
2008	396,796	396,796	100.00%
2009	421,970	421,970	100.00%
2010	421,226	425,136	99.08%
2011	412,322	412,322	100.00%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 POLICE PENSION FUND

December 31, 2011

Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
December 31, 2006	\$ 9,204,085	\$ 13,839,955	66.50%	\$ 4,635,870	\$ 1,723,909	268.92%
December 31, 2007	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2008	11,494,881	14,235,399	80.75%	2,740,518	1,945,491	140.87%
December 31, 2009	12,608,420	14,971,380	84.22%	2,362,960	2,029,959	116.40%
December 31, 2010	14,027,490	16,369,535	85.69%	2,342,045	2,010,449	116.49%
December 31, 2011	14,444,202	17,465,335	82.70%	3,021,133	1,902,849	158.77%

N/A - Not applicable

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2006	\$ 587,154	\$ 321,728	182.50%
2007	1,111,733	483,226	230.06%
2008	1,063,146	497,262	213.80%
2009	1,101,333	454,383	242.38%
2010	1,012,592	563,551	179.68%
2011	1,032,840	514,585	200.71%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2011

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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 Police Pension Contribution Fund, Fraud, Alcohol and Drug Fund, Park Development Capital Projects Fund, the Special Service Area Capital Projects Fund and the Special Service Area Debt Service Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

In establishing the budget, the Village Manager submits to the Board of Trustees the proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The Village Board conducts several public budget review meetings to discuss the proposed budget. A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance. The fiscal year appropriation, which is equal to the budgetary limits established by the Board of Trustees, is legally enacted for all applicable funds.

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

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, 2011

	Original Budget	Final Budget	Actual
<b>OTHER TAXES</b>			
State income	\$ 550,000	\$ 550,000	\$ 567,125
Sales	1,910,000	1,910,000	2,538,283
Home rule sales	950,000	950,000	1,126,189
Utility	1,200,000	1,200,000	1,275,799
Telecommunication	1,275,000	1,275,000	1,210,032
Room and admissions	1,500,000	1,500,000	1,604,652
Real estate transfer	160,000	160,000	240,916
Road and bridge	76,000	76,000	73,304
State use	90,000	90,000	106,007
Total other taxes	7,711,000	7,711,000	8,742,307
<b>LICENSES AND PERMITS</b>			
Liquor licenses	60,000	60,000	62,235
Beach tags	9,000	9,000	7,193
Park user fees	55,000	55,000	39,788
Amusement devices	4,200	4,200	4,550
Application fees	4,300	4,300	7,163
Engineering fees	5,000	5,000	13,553
Planner fees	5,000	5,000	2,891
Plan review fees	28,000	28,000	28,674
Building permit fees	180,000	180,000	109,836
Forester fees	3,000	3,000	975
Miscellaneous licenses and fees	1,000	1,000	22,519
Cable TV franchise fees	120,000	120,000	139,198
Waste hauler fees	1,700	1,700	1,750
Total licenses and permits	476,200	476,200	440,325
<b>FINES AND FORFEITURES</b>			
Court fines	360,000	360,000	371,007
False alarm fines and fees	5,000	5,000	5,000
Administrative tow fees	106,000	106,000	113,415
Total fines and forfeitures	471,000	471,000	489,422

(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, 2011

	Original Budget	Final Budget	Actual
<b>INTERGOVERNMENTAL</b>			
Police grants	\$ -	\$ -	\$ 8,650
Police training reimbursements	-	-	4,659
Miscellaneous grants	342,000	342,000	197,009
Total intergovernmental	342,000	342,000	210,318
<b>INVESTMENT INCOME</b>	60,000	60,000	31,486
<b>MISCELLANEOUS</b>			
Miscellaneous income	82,800	82,800	43,406
Total miscellaneous	82,800	82,800	43,406
<b>TOTAL REVENUES</b>	<b>\$ 9,143,000</b>	<b>\$ 9,143,000</b>	<b>\$ 9,957,264</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, 2011

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT</b>			
Executive services			
Personnel services			
Regular salaries	\$ 348,000	\$ 348,000	\$ 345,575
Overtime salaries	2,000	2,000	1,768
Total personnel services	<u>350,000</u>	<u>350,000</u>	<u>347,343</u>
Contractual services			
Equipment maintenance	200	200	-
Professional services	6,100	6,100	6,983
Total contractual services	<u>6,300</u>	<u>6,300</u>	<u>6,983</u>
Other charges			
Memberships	9,300	9,300	8,720
Vehicle expenditures	5,400	5,400	5,400
Professional development	3,000	3,000	1,788
Publications	600	600	468
Classified advertisements	2,000	2,000	1,875
Boards and commissions	2,000	2,000	1,774
Business expenditures	4,800	4,800	6,115
Total other charges	<u>27,100</u>	<u>27,100</u>	<u>26,140</u>
Total executive services	<u>383,400</u>	<u>383,400</u>	<u>380,466</u>
Finance			
Personnel services			
Regular salaries	197,000	197,000	197,059
Overtime salaries	2,000	2,000	3,162
Total personnel services	<u>199,000</u>	<u>199,000</u>	<u>200,221</u>
Contractual services			
Printing	1,100	1,100	833
Equipment maintenance	2,100	2,100	2,395
Professional services	18,500	18,500	16,480
Legal notices	800	800	697
Outside services	100	100	-
Total contractual services	<u>22,600</u>	<u>22,600</u>	<u>20,405</u>
Commodities			
Licensing supplies	600	600	358
Total commodities	<u>600</u>	<u>600</u>	<u>358</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Finance (Continued)			
Other charges			
Memberships	\$ 1,000	\$ 1,000	\$ 1,215
Professional development	700	700	167
Publications	300	300	374
Business expenditures	500	500	633
Total other charges	2,500	2,500	2,389
Total finance	224,700	224,700	223,373
Legal			
Contractual services			
Legal services	132,000	132,000	126,614
Total legal	132,000	132,000	126,614
Insurance			
Contractual services			
Telephone	34,500	34,500	34,822
Printing	19,500	19,500	16,378
Data systems	59,500	59,500	57,087
Postage	17,100	17,100	8,904
Duplicating	16,200	16,200	12,464
Medical insurance	583,000	583,000	564,898
General insurance	232,000	232,000	206,559
Property deductibles	2,000	2,000	-
Outside services	5,900	5,900	5,900
Total contractual services	969,700	969,700	907,012
Commodities			
Office supplies	16,200	16,200	13,128
Total commodities	16,200	16,200	13,128
Capital outlay			
Office equipment	3,000	3,000	2,143
Total capital outlay	3,000	3,000	2,143
Total insurance	988,900	988,900	922,283
Total general government	1,729,000	1,729,000	1,652,736

(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, 2011

	Original Budget	Final Budget	Actual
<b>PUBLIC SAFETY</b>			
Police			
Personnel services			
Regular salaries	\$ 2,300,000	\$ 2,300,000	\$ 2,219,856
Overtime salaries	92,000	114,291	113,849
Total personnel services	<u>2,392,000</u>	<u>2,414,291</u>	<u>2,333,705</u>
Contractual services			
Printing	3,500	3,500	2,901
Equipment maintenance	62,500	62,500	49,523
Professional services	26,500	26,500	26,643
Data systems	1,000	1,000	600
Total contractual services	<u>93,500</u>	<u>93,500</u>	<u>79,667</u>
Commodities			
Maintenance materials	15,500	15,500	8,628
Total commodities	<u>15,500</u>	<u>15,500</u>	<u>8,628</u>
Other charges			
Memberships	2,000	2,000	1,195
Vehicle expenditures	171,100	171,100	156,909
Professional development	20,500	20,500	17,507
Publications	1,000	1,000	630
Uniforms	20,000	20,000	19,347
Minor equipment	4,000	4,000	3,459
Business expenditures	9,000	9,000	5,919
Total other charges	<u>227,600</u>	<u>227,600</u>	<u>204,966</u>
Capital outlay			
Motor equipment	57,500	57,500	51,992
Other equipment	11,300	11,300	5,160
Total capital outlay	<u>68,800</u>	<u>68,800</u>	<u>57,152</u>
Total public safety	<u>2,797,400</u>	<u>2,819,691</u>	<u>2,684,118</u>
<b>COMMUNITY DEVELOPMENT</b>			
Administration			
Personnel services			
Regular salaries	502,000	502,000	432,370
Overtime salaries	10,000	10,000	4,479
Total personnel services	<u>512,000</u>	<u>512,000</u>	<u>436,849</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>COMMUNITY DEVELOPMENT (Continued)</b>			
Administration (Continued)			
Contractual services			
Legal notices	\$ 500	\$ 500	\$ 98
Outside services	200	200	24
Total contractual services	<u>700</u>	<u>700</u>	<u>122</u>
Other charges			
Memberships	5,500	5,500	4,317
Vehicle expenditures	4,900	4,900	4,889
Professional development	2,000	2,000	745
Publications	400	400	200
Board and commissions	300	300	130
Business expenditures	2,000	2,000	870
Total other charges	<u>15,100</u>	<u>15,100</u>	<u>11,151</u>
Total community development	<u>527,800</u>	<u>527,800</u>	<u>448,122</u>
<b>PUBLIC WORKS</b>			
Administration			
Personnel services			
Regular salaries	135,000	135,000	135,047
Overtime salaries	5,000	5,000	2,192
Total personnel services	<u>140,000</u>	<u>140,000</u>	<u>137,239</u>
Contractual services			
Equipment maintenance	600	600	358
Professional services	47,300	47,300	39,344
Legal notices	1,000	1,000	1,396
Outside services	2,600	2,600	2,286
Total contractual services	<u>51,500</u>	<u>51,500</u>	<u>43,384</u>
Other charges			
Memberships	900	900	659
Vehicle expenditures	6,000	6,000	6,000
Professional development	3,600	3,600	2,148
Publications	200	200	-
Business expenditures	2,000	2,000	1,200
Total other charges	<u>12,700</u>	<u>12,700</u>	<u>10,007</u>
Total administration	<u>204,200</u>	<u>204,200</u>	<u>190,630</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>PUBLIC WORKS (Continued)</b>			
Streets and storm drainage			
Personnel services			
Regular salaries	\$ 343,000	\$ 343,000	\$ 338,880
Overtime salaries	45,000	45,000	29,707
Total personnel services	<u>388,000</u>	<u>388,000</u>	<u>368,587</u>
Contractual services			
Equipment maintenance	1,800	1,800	2,068
Electric utilities	18,500	18,500	13,126
Outside services	204,100	204,100	187,805
Total contractual services	<u>224,400</u>	<u>224,400</u>	<u>202,999</u>
Commodities			
Maintenance materials	8,500	8,500	6,955
Repair and restoration	10,800	10,800	8,757
Construction materials	3,600	3,600	2,189
Snow and ice control	70,700	70,700	39,673
Total commodities	<u>93,600</u>	<u>93,600</u>	<u>57,574</u>
Other charges			
Memberships	200	200	-
Vehicle expenditures	146,700	146,700	134,493
Professional development	1,000	1,000	420
Uniforms	3,400	3,400	2,282
Minor equipment	1,800	1,800	1,649
Business expenditures	700	700	300
Total other charges	<u>153,800</u>	<u>153,800</u>	<u>139,144</u>
Capital outlay			
Motor equipment	46,000	46,000	46,708
Capital projects	340,000	340,000	233,462
Other equipment	2,000	2,000	1,982
Total capital outlay	<u>388,000</u>	<u>388,000</u>	<u>282,152</u>
Total streets and storm drainage	<u>1,247,800</u>	<u>1,247,800</u>	<u>1,050,456</u>
Environmental services			
Personnel services			
Regular salaries	210,000	210,000	180,265
Overtime salaries	2,000	2,000	5,267
Total personnel services	<u>212,000</u>	<u>212,000</u>	<u>185,532</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>PUBLIC WORKS (Continued)</b>			
Environmental services (Continued)			
Contractual services			
Equipment maintenance	\$ 500	\$ 500	\$ 234
Professional services	2,300	2,300	2,100
Outside services	142,500	158,013	175,276
Total contractual services	<u>145,300</u>	<u>160,813</u>	<u>177,610</u>
Commodities			
Maintenance materials	3,000	3,000	1,714
Repair and restoration	700	700	287
Total commodities	<u>3,700</u>	<u>3,700</u>	<u>2,001</u>
Other charges			
Memberships	1,400	1,400	1,055
Vehicle expenditures	7,300	7,300	7,334
Professional development	1,400	1,400	461
Publications	100	100	124
Uniforms	500	500	594
Minor equipment	200	200	199
Business expenditures	100	100	53
Total other charges	<u>11,000</u>	<u>11,000</u>	<u>9,820</u>
Capital outlay			
Capital projects	200,000	200,000	-
Other equipment	3,000	3,000	2,293
Total capital outlay	<u>203,000</u>	<u>203,000</u>	<u>2,293</u>
Total environmental services	<u>575,000</u>	<u>590,513</u>	<u>377,256</u>
Buildings			
Personnel services			
Regular salaries	33,000	33,000	33,026
Overtime salaries	2,000	2,000	1,333
Total personnel services	<u>35,000</u>	<u>35,000</u>	<u>34,359</u>
Contractual services			
Equipment maintenance	2,000	2,000	1,593
Outside services	103,700	103,700	100,641
Total contractual services	<u>105,700</u>	<u>105,700</u>	<u>102,234</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>PUBLIC WORKS (Continued)</b>			
Buildings (Continued)			
Commodities			
Maintenance materials	\$ 17,000	\$ 17,000	\$ 11,782
Repair and restoration	1,800	1,800	1,127
Construction materials	500	500	-
Total commodities	19,300	19,300	12,909
Other charges			
Vehicle expenditures	4,900	4,900	4,889
Professional development	200	200	4
Uniforms	500	500	104
Minor equipment	3,300	3,300	1,624
Business expenditures	2,700	2,700	1,787
Total other charges	11,600	11,600	8,408
Capital outlay			
Capital projects	15,000	15,000	12,841
Total capital outlay	15,000	15,000	12,841
Total buildings	186,600	186,600	170,751
Total public works	2,213,600	2,229,113	1,789,093
<b>PARKS AND RECREATION</b>			
Parks and grounds			
Personnel services			
Regular salaries	345,000	345,000	344,478
Overtime salaries	23,000	23,000	27,597
Total personnel services	368,000	368,000	372,075
Contractual services			
Equipment maintenance	1,500	1,500	1,341
Professional services	72,300	72,300	69,424
Gas utilities	4,600	4,600	1,844
Electric utilities	31,200	31,200	26,110
Outside services	88,600	88,600	94,752
Total contractual services	198,200	198,200	193,471
Commodities			
Maintenance materials	33,700	33,700	17,663
Repair and restoration	2,300	2,300	1,498
Construction materials	2,500	2,500	575
Total commodities	38,500	38,500	19,736

(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, 2011

	Original Budget	Final Budget	Actual
PARKS AND RECREATION (Continued)			
Parks and grounds (Continued)			
Other charges			
Memberships	\$ 700	\$ 700	\$ 489
Vehicle expenditures	106,200	106,200	96,183
Professional development	2,000	2,000	1,259
Publications	100	100	-
Uniforms	5,000	5,000	4,443
Minor equipment	2,000	2,000	1,466
Business expenditures	1,000	1,000	230
Total other charges	117,000	117,000	104,070
Capital outlay			
Capital projects	140,000	140,000	117,234
Other equipment	65,000	65,000	55,210
Total capital outlay	205,000	205,000	172,444
Total parks and recreation	926,700	926,700	861,796
Debt service			
Principal retirement	448,500	448,500	444,056
Interest and fiscal charges	135,000	135,000	104,649
Total debt service	583,500	583,500	548,705
TOTAL EXPENDITURES	<u>\$ 8,778,000</u>	<u>\$ 8,815,804</u>	<u>\$ 7,984,570</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Taxes			
Property	\$ 1,578,000	\$ 1,578,000	\$ 1,616,172
Investment income	-	-	1,094
Total revenues	<u>1,578,000</u>	<u>1,578,000</u>	<u>1,617,266</u>
<b>EXPENDITURES</b>			
Capital outlay			
Contractual services	31,000	39,700	46,127
Construction	500,000	500,000	-
Debt service			
Principal retirement	446,000	686,982	767,804
Interest and fiscal charges	200,000	200,000	119,528
Total expenditures	<u>1,177,000</u>	<u>1,426,682</u>	<u>933,459</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>401,000</u>	<u>151,318</u>	<u>683,807</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of note	-	-	2,675,000
Current refinancing of note	-	-	(2,665,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 401,000</u></u>	<u><u>\$ 151,318</u></u>	693,807
<b>FUND BALANCE, JANUARY 1</b>			<u>6,886,690</u>
<b>FUND BALANCE, DECEMBER 31</b>			<u><u>\$ 7,580,497</u></u>

(See independent auditor's report.)

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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.

### 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.

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

	Special Revenue Funds				Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Total Special Revenue	Park Development Capital Projects	Special Service Area Capital Projects	Total Capital Projects	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 52,314	\$ -	\$ 26,258	\$ 78,572	\$ 8,648	\$ 1,777	\$ 10,425	\$ 88,997
Investments	4,634	-	57,653	62,287	120,320	-	120,320	182,607
Receivables								
Other taxes	15,000	-	51,000	66,000	-	-	-	66,000
Other	-	2,069	-	2,069	-	-	-	2,069
Accrued interest	-	-	-	-	343	-	343	343
Due from other funds	-	72,172	-	72,172	-	-	-	72,172
Prepaid item	-	3,366	435	3,801	-	-	-	3,801
<b>TOTAL ASSETS</b>	<b>\$ 71,948</b>	<b>\$ 77,607</b>	<b>\$ 135,346</b>	<b>\$ 284,901</b>	<b>\$ 129,311</b>	<b>\$ 1,777</b>	<b>\$ 131,088</b>	<b>\$ 415,989</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ 300	\$ 10,660	\$ 10,960	\$ 103,501	\$ 424	\$ 103,925	\$ 114,885
Accrued payroll	-	-	4,556	4,556	-	-	-	4,556
Deposits payable	-	10,321	-	10,321	-	-	-	10,321
Advance from other fund	-	-	15,000	15,000	-	-	-	15,000
Deferred revenue	-	-	5,400	5,400	-	-	-	5,400
<b>Total liabilities</b>	<b>-</b>	<b>10,621</b>	<b>35,616</b>	<b>46,237</b>	<b>103,501</b>	<b>424</b>	<b>103,925</b>	<b>150,162</b>
<b>FUND BALANCES</b>								
Nonspendable in form - prepaid items	-	3,366	435	3,801	-	-	-	3,801
Restricted for maintenance of roadways	71,948	-	-	71,948	-	-	-	71,948
Restricted for public safety	-	63,620	99,295	162,915	-	-	-	162,915
Unrestricted								
Assigned for capital projects	-	-	-	-	25,810	1,353	27,163	27,163
<b>Total fund balances (deficit)</b>	<b>71,948</b>	<b>66,986</b>	<b>99,730</b>	<b>238,664</b>	<b>25,810</b>	<b>1,353</b>	<b>27,163</b>	<b>265,827</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 71,948</b>	<b>\$ 77,607</b>	<b>\$ 135,346</b>	<b>\$ 284,901</b>	<b>\$ 129,311</b>	<b>\$ 1,777</b>	<b>\$ 131,088</b>	<b>\$ 415,989</b>

(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, 2011

	Special Revenue Funds				Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Total Special Revenue	Park Development Capital Projects	Special Service Area Capital Projects	Total Capital Projects	
<b>REVENUES</b>								
Intergovernmental	\$ 208,799	\$ -	\$ 333,295	\$ 542,094	\$ -	\$ -	\$ -	\$ 542,094
Charges for services	-	13,713	84,470	98,183	-	-	-	98,183
Investment income	181	-	244	425	1,509	-	1,509	1,934
Miscellaneous	-	-	1,332	1,332	226	-	226	1,558
<b>Total revenues</b>	<b>208,980</b>	<b>13,713</b>	<b>419,341</b>	<b>642,034</b>	<b>1,735</b>	<b>-</b>	<b>1,735</b>	<b>643,769</b>
<b>EXPENDITURES</b>								
<b>Current</b>								
General government	-	-	-	-	-	10,059	10,059	10,059
Public safety	-	30,581	435,303	465,884	-	-	-	465,884
Capital outlay	180,000	-	-	180,000	29,106	-	29,106	209,106
Debt service								
Principal retirement	-	-	-	-	-	275,000	275,000	275,000
Interest and fiscal charges	-	-	-	-	-	880,625	880,625	880,625
<b>Total expenditures</b>	<b>180,000</b>	<b>30,581</b>	<b>435,303</b>	<b>645,884</b>	<b>29,106</b>	<b>1,165,684</b>	<b>1,194,790</b>	<b>1,840,674</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>28,980</b>	<b>(16,868)</b>	<b>(15,962)</b>	<b>(3,850)</b>	<b>(27,371)</b>	<b>(1,165,684)</b>	<b>(1,193,055)</b>	<b>(1,196,905)</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	83,854	125,000	208,854	-	1,155,625	1,155,625	1,364,479
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>83,854</b>	<b>125,000</b>	<b>208,854</b>	<b>-</b>	<b>1,155,625</b>	<b>1,155,625</b>	<b>1,364,479</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>28,980</b>	<b>66,986</b>	<b>109,038</b>	<b>205,004</b>	<b>(27,371)</b>	<b>(10,059)</b>	<b>(37,430)</b>	<b>167,574</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>42,968</b>	<b>-</b>	<b>(9,308)</b>	<b>33,660</b>	<b>53,181</b>	<b>11,412</b>	<b>64,593</b>	<b>98,253</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 71,948</b>	<b>\$ 66,986</b>	<b>\$ 99,730</b>	<b>\$ 238,664</b>	<b>\$ 25,810</b>	<b>\$ 1,353</b>	<b>\$ 27,163</b>	<b>\$ 265,827</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, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Intergovernmental			
Allotments earned	\$ 173,500	\$ 173,500	\$ 208,799
Investment income	400	400	181
Total revenues	<u>173,900</u>	<u>173,900</u>	<u>208,980</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
Total expenditures	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (6,100)</u>	<u>\$ (6,100)</u>	28,980
<b>FUND BALANCES, JANUARY 1</b>			<u>42,968</u>
<b>FUND BALANCES, DECEMBER 31</b>			<u>\$ 71,948</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Other taxes			
E911 surcharges	\$ 290,000	\$ 290,000	\$ 333,295
Telecommunications fees	77,300	77,300	84,470
Investment income	500	500	244
Miscellaneous	-	-	1,332
	<hr/>		
Total revenues	367,800	367,800	419,341
	<hr/>		
<b>EXPENDITURES</b>			
Public safety			
Personnel services	280,000	280,000	285,529
Contractual services	100,700	100,700	89,966
Commodities	300	300	-
Miscellaneous	58,800	58,800	59,808
	<hr/>		
Total expenditures	439,800	439,800	435,303
	<hr/>		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(72,000)	(72,000)	(15,962)
	<hr/>		
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	125,000	125,000	125,000
	<hr/>		
Total other financing sources (uses)	125,000	125,000	125,000
	<hr/>		
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 53,000</u>	<u>\$ 53,000</u>	109,038
<b>FUND BALANCES, JANUARY 1</b>			<u>(9,308)</u>
<b>FUND BALANCES, DECEMBER 31</b>			<u><u>\$ 99,730</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 1,509
Miscellaneous	-	-	226
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,735</b>
<b>EXPENDITURES</b>			
Capital outlay	-	13,605	29,106
<b>Total expenditures</b>	<b>-</b>	<b>13,605</b>	<b>29,106</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(13,605)</b>	<b>(27,371)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ (13,605)</b>	<b>(27,371)</b>
<b>FUND BALANCES, JANUARY 1</b>			<b>53,181</b>
<b>FUND BALANCES, DECEMBER 31</b>			<b>\$ 25,810</b>

(See independent auditor's report.)

## ENTERPRISE FUNDS

Water and Sanitary Sewer Fund - to account for the provision of water and sewer services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, capital improvements, financing and related debt service and billing and collection. These activities are accounted for in the revenue and improvement subfunds.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS  
WATER AND SANITARY SEWER FUND

December 31, 2011

	Revenue Account	Improvement Account	Total
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 544,959	\$ 124,967	\$ 669,926
Investments	745,342	201,940	947,282
Receivables			
Accounts - billed	300,755	-	300,755
Accounts - unbilled	113,569	-	113,569
Accrued interest	666	100	766
Prepaid expenses	670	-	670
Due from other funds	23,779	-	23,779
 Total current assets	 1,729,740	 327,007	 2,056,747
<b>CAPITAL ASSETS</b>			
Nondepreciable	115,558	-	115,558
Depreciable, net of accumulated depreciation	39,515,309	-	39,515,309
 Net capital assets	 39,630,867	 -	 39,630,867
 Total assets	 41,360,607	 327,007	 41,687,614
<b>CURRENT LIABILITIES</b>			
Accounts payable	564,151	244,631	808,782
Accrued payroll	8,040	-	8,040
Accrued interest payable	14,745	-	14,745
Advances from other funds	-	50,000	50,000
Compensated absences payable	10,172	-	10,172
Current portion of notes payable	158,988	-	158,988
 Total current liabilities	 756,096	 294,631	 1,050,727
<b>LONG-TERM LIABILITIES</b>			
Compensated absences payable	30,514	-	30,514
Notes payable	950,607	-	950,607
 Total long-term liabilities	 981,121	 -	 981,121
 Total liabilities	 1,737,217	 294,631	 2,031,848
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	38,521,272	-	38,521,272
Unrestricted	1,102,118	32,376	1,134,494
 TOTAL NET ASSETS	 \$ 39,623,390	 \$ 32,376	 \$ 39,655,766

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Revenue Account	Improvement Account	Eliminations	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,826,786	\$ -	\$ -	\$ 3,826,786
Miscellaneous	12,952	-	-	12,952
Total operating revenues	3,839,738	-	-	3,839,738
<b>OPERATING EXPENSES</b>				
Administration	586,259	-	-	586,259
Operations	3,099,170	-	-	3,099,170
Capital outlay	-	95,604	-	95,604
Total operating expenses	3,685,429	95,604	-	3,781,033
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>				
	154,309	(95,604)	-	58,705
Depreciation	1,598,029	-	-	1,598,029
<b>OPERATING INCOME (LOSS)</b>				
	(1,443,720)	(95,604)	-	(1,539,324)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	2,529	689	-	3,218
Interest expense	(30,204)	-	-	(30,204)
Connection fees	-	37,408	-	37,408
Gain on sale of capital assets	3,554	-	-	3,554
Total nonoperating revenues (expenses)	(24,121)	38,097	-	13,976
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>				
	(1,467,841)	(57,507)	-	(1,525,348)
<b>TRANSFERS</b>				
Transfers in	274,265	245,000	(274,265)	245,000
Transfers (out)	-	(274,265)	274,265	-
Total transfers	274,265	(29,265)	-	245,000
<b>CONTRIBUTIONS</b>				
	213,015	-	-	213,015
<b>CHANGE IN NET ASSETS</b>				
	(980,561)	(86,772)	-	(1,067,333)
<b>NET ASSETS, JANUARY 1</b>				
	40,603,951	119,148	-	40,723,099
<b>NET ASSETS, DECEMBER 31</b>				
	\$ 39,623,390	\$ 32,376	\$ -	\$ 39,655,766

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Charges for services			
Water sales	\$ 4,040,000	\$ 4,040,000	\$ 3,826,786
Miscellaneous			
Other	10,000	10,000	12,952
Total operating revenues	<u>4,050,000</u>	<u>4,050,000</u>	<u>3,839,738</u>
<b>OPERATING EXPENSES EXCLUDING DEPRECIATION</b>			
Administration	633,200	633,200	586,259
Operations	3,423,000	3,444,800	3,099,170
Total operating expenses excluding depreciation	<u>4,056,200</u>	<u>4,078,000</u>	<u>3,685,429</u>
<b>OPERATING INCOME (LOSS) BEFORE DEPRECIATION</b>	(6,200)	(28,000)	154,309
Depreciation	-	-	1,598,029
<b>OPERATING INCOME (LOSS)</b>	<u>(6,200)</u>	<u>(28,000)</u>	<u>(1,443,720)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	5,600	5,600	2,529
Interest expense	-	-	(30,204)
Gain on sale of capital assets	-	-	3,554
Total nonoperating revenues (expenses)	<u>5,600</u>	<u>5,600</u>	<u>(24,121)</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<u>(600)</u>	<u>(22,400)</u>	<u>(1,467,841)</u>
<b>TRANSFERS</b>			
Transfers in	-	-	274,265
Total transfers	<u>-</u>	<u>-</u>	<u>274,265</u>
<b>CONTRIBUTIONS</b>	<u>-</u>	<u>-</u>	<u>213,015</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ (600)</u>	<u>\$ (22,400)</u>	<u>(980,561)</u>
<b>NET ASSETS, JANUARY 1</b>			<u>40,603,951</u>
<b>NET ASSETS, DECEMBER 31</b>			<u>\$ 39,623,390</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, 2011

	Original Budget	Final Budget	Actual
<b>ADMINISTRATION</b>			
Personnel services			
Corporate salaries	\$ 222,000	\$ 222,000	\$ 207,444
Overtime salaries	500	500	13
Total personnel services	<u>222,500</u>	<u>222,500</u>	<u>207,457</u>
Contractual services			
Telephone	28,500	28,500	28,491
Printing	3,000	3,000	3,344
Professional services	58,000	58,000	44,837
Data processing	6,500	6,500	6,388
Postage	4,000	4,000	3,899
Duplicating	1,800	1,800	1,411
Medical insurance	78,500	78,500	70,440
General insurance	105,000	105,000	93,285
Outside services	1,000	1,000	802
Total contractual services	<u>286,300</u>	<u>286,300</u>	<u>252,897</u>
Commodities			
Office supplies	2,000	2,000	1,459
Total commodities	<u>2,000</u>	<u>2,000</u>	<u>1,459</u>
Other charges			
Memberships	500	500	376
Vehicle expense	3,000	3,000	3,000
Professional development	400	400	6
Publications	100	100	-
Business expense	118,400	118,400	121,064
Total other charges	<u>122,400</u>	<u>122,400</u>	<u>124,446</u>
Total administration	<u>633,200</u>	<u>633,200</u>	<u>586,259</u>
<b>OPERATIONS</b>			
Personnel services			
Regular salaries	363,000	363,000	356,069
Overtime salaries	28,000	28,000	23,036
Total personnel services	<u>391,000</u>	<u>391,000</u>	<u>379,105</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, 2011

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Contractual services			
Equipment maintenance	\$ 20,700	\$ 42,500	\$ 42,617
Gas utilities	4,000	4,000	3,004
Electric utilities	94,400	94,400	83,193
Outside services	36,900	36,900	31,454
Water purchases	1,115,000	1,115,000	1,029,218
Sanitary sewer charges	1,670,000	1,670,000	1,453,460
Sanitary sewer transmission fees	8,000	8,000	7,784
Total contractual services	<u>2,949,000</u>	<u>2,970,800</u>	<u>2,650,730</u>
Commodities			
Maintenance materials	19,700	19,700	14,116
Water meters	9,000	9,000	4,420
Total commodities	<u>28,700</u>	<u>28,700</u>	<u>18,536</u>
Other charges			
Memberships	400	400	534
Vehicle expense	48,900	48,900	44,967
Professional development	800	800	565
Uniforms	1,900	1,900	2,534
Minor equipment	1,300	1,300	1,340
Business expense	1,000	1,000	859
Total other charges	<u>54,300</u>	<u>54,300</u>	<u>50,799</u>
Total operations	<u>3,423,000</u>	<u>3,444,800</u>	<u>3,099,170</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,056,200</u>	<u>\$ 4,078,000</u>	<u>\$ 3,685,429</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, 2011

	Original Budget	Final Budget	Actual
<b>OPERATING EXPENSES</b>			
Capital outlay			
Motor equipment	\$ 6,000	\$ 6,000	\$ 6,369
Office equipment	1,500	1,500	1,055
Capital projects	170,000	170,000	88,180
Loan payments	197,200	197,200	-
	<hr/>		
Total capital outlay	374,700	374,700	95,604
	<hr/>		
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 374,700</b>	<b>\$ 374,700</b>	<b>\$ 95,604</b>
	<hr/> <hr/>		

(See independent auditor's report.)

## INTERNAL SERVICE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Interfund services			
General Corporate Fund	\$ 440,000	\$ 440,000	\$ 404,697
Water and Sanitary Sewer Fund	48,900	48,900	44,967
Total operating revenues	<u>488,900</u>	<u>488,900</u>	<u>449,664</u>
<b>OPERATING EXPENSES</b>			
Personnel services			
Regular salaries	168,000	168,000	128,836
Overtime salaries	5,000	5,000	4,455
Total personnel services	<u>173,000</u>	<u>173,000</u>	<u>133,291</u>
Professional services			
Equipment maintenance	1,800	8,283	8,283
Medical insurance	23,500	23,500	21,113
General insurance	22,500	22,500	16,888
Outside services	47,300	58,001	57,613
Total professional services	<u>95,100</u>	<u>112,284</u>	<u>103,897</u>
Commodities			
Maintenance materials	6,700	6,700	4,956
Total commodities	<u>6,700</u>	<u>6,700</u>	<u>4,956</u>
Other charges			
Memberships	500	500	30
Professional development	500	500	115
Publications	5,600	5,600	3,579
Uniforms	1,500	1,500	1,399
Gasoline, oil, antifreeze	119,000	119,000	121,518
Vehicle maintenance parts	36,000	36,000	34,253
Vehicle tires	17,000	17,000	16,690
Business expense	34,000	34,000	29,936
Total other charges	<u>214,100</u>	<u>214,100</u>	<u>207,520</u>
Depreciation	-	-	1,073
Total operating expenses	<u>488,900</u>	<u>506,084</u>	<u>450,737</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ (17,184)</u>	(1,073)
NET ASSETS (DEFICIT), JANUARY 1			<u>(8,689)</u>
NET ASSETS (DEFICIT), DECEMBER 31			<u>\$ (9,762)</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual
<b>ADDITIONS</b>			
Contributions - employer	\$ 1,030,000	\$ 1,030,000	\$ 1,032,840
Contributions - employee	200,000	200,000	191,585
Other contributions	-	-	349
<b>Total contributions</b>	<b>1,230,000</b>	<b>1,230,000</b>	<b>1,224,774</b>
<b>Investment income</b>			
Net appreciation (depreciation) in fair value of investments	-	-	(232,302)
Interest earned on investments	843,000	843,000	348,022
<b>Total investment income</b>	<b>843,000</b>	<b>843,000</b>	<b>115,720</b>
Less investment expense	(84,000)	(84,000)	(62,625)
<b>Net investment income</b>	<b>759,000</b>	<b>759,000</b>	<b>53,095</b>
<b>Total additions</b>	<b>1,989,000</b>	<b>1,989,000</b>	<b>1,277,869</b>
<b>DEDUCTIONS</b>			
Benefits	1,965,500	1,965,500	733,107
Administrative	23,500	23,500	20,956
<b>Total deductions</b>	<b>1,989,000</b>	<b>1,989,000</b>	<b>754,063</b>
<b>NET INCREASE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>523,806</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1			<u>14,344,395</u>
December 31			<u><u>\$ 14,868,201</u></u>

(See independent auditor's report.)

## STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<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.	76-83
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	84-86
<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.	87-90
<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.	91-92
<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.	93-95

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NET ASSETS BY COMPONENT

Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)	2007	2008	2009	2010	2011
<b>GOVERNMENTAL ACTIVITIES</b>									
Invested in capital assets net of related debt	\$ 51,402,139	\$ 47,869,966	\$ 47,313,273	\$ 68,424,957	\$ 66,725,834	\$ 66,259,268	\$ 68,808,108	\$ 68,687,377	\$ 68,420,057
Restricted	5,317	2,955,072	2,126,303	1,731,077	2,344,362	2,244,875	2,044,365	8,637,570	9,917,234
Unrestricted	7,248,335	(1,914,930)	2,925,079	(2,526,351)	(2,215,238)	(1,159,963)	(7,094,159)	(6,201,507)	(3,308,622)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 58,655,791</b>	<b>\$ 48,910,108</b>	<b>\$ 52,364,655</b>	<b>\$ 67,629,683</b>	<b>\$ 66,854,958</b>	<b>\$ 67,344,180</b>	<b>\$ 63,758,314</b>	<b>\$ 71,123,440</b>	<b>\$ 75,028,669</b>
<b>BUSINESS-TYPE ACTIVITIES</b>									
Invested in capital assets net of related debt	\$ 38,533,510	\$ 37,573,504	\$ 36,828,116	\$ 38,752,353	\$ 42,314,239	\$ 41,517,419	\$ 40,888,121	\$ 39,673,213	\$ 38,521,272
Unrestricted	2,100,807	1,837,509	2,288,281	3,766,210	1,629,463	1,143,932	1,077,519	1,049,886	1,134,494
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 40,634,317</b>	<b>\$ 39,411,013</b>	<b>\$ 39,116,397</b>	<b>\$ 42,518,563</b>	<b>\$ 43,943,702</b>	<b>\$ 42,661,351</b>	<b>\$ 41,965,640</b>	<b>\$ 40,723,099</b>	<b>\$ 39,655,766</b>
<b>PRIMARY GOVERNMENT</b>									
Invested in capital assets net of related debt	\$ 89,935,649	\$ 85,443,470	\$ 84,141,389	\$ 107,177,310	\$ 109,040,073	\$ 107,776,687	\$ 109,696,229	\$ 108,360,590	\$ 106,941,329
Restricted	5,317	2,955,072	2,126,303	1,731,077	1,927,055	1,888,107	2,044,365	8,637,570	9,917,234
Restricted for enabling legislation	-	-	-	491,640	417,307	356,768	-	-	-
Unrestricted	9,349,142	(77,421)	5,213,360	748,219	(585,775)	(16,031)	(6,016,640)	(5,151,621)	(2,174,128)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 99,290,108</b>	<b>\$ 88,321,121</b>	<b>\$ 91,481,052</b>	<b>\$ 110,148,246</b>	<b>\$ 110,798,660</b>	<b>\$ 110,005,531</b>	<b>\$ 105,723,954</b>	<b>\$ 111,846,539</b>	<b>\$ 114,684,435</b>

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is as of December 31, 2006.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET ASSETS

Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 4,153,400	\$ 2,639,981	\$ 3,902,410	\$ 3,096,531
Public safety	2,311,602	2,331,087	2,685,220	2,293,286
Community development	509,310	515,858	548,118	429,049
Public works	3,201,240	14,430,729	2,923,034	1,998,279
Parks and recreation	1,296,193	1,488,224	1,970,013	1,417,736
Interest	451,971	841,800	1,282,499	841,042
Total governmental activities expenses	<u>11,923,716</u>	<u>22,247,679</u>	<u>13,311,294</u>	<u>10,075,923</u>
Business-type activities				
Water and sewer	<u>4,931,644</u>	<u>4,621,204</u>	<u>4,816,263</u>	<u>3,158,763</u>
Total business-type activities expenses	<u>4,931,644</u>	<u>4,621,204</u>	<u>4,816,263</u>	<u>3,158,763</u>
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<u>\$ 16,855,360</u>	<u>\$ 26,868,883</u>	<u>\$ 18,127,557</u>	<u>\$ 13,234,686</u>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 744,533	\$ 606,978	\$ 227,240	\$ 169,318
Public safety	137,926	286,678	599,781	559,274
Community development	374,825	619,500	833,928	374,803
Public works	12,898	57,259	36,334	12,816
Parks and recreation	146,512	193,036	285,456	131,600
Operating grants and contributions	329,177	353,618	402,817	499,051
Capital grants and contributions	79,827	14,648	480,979	17,365,707
Total governmental activities program revenues	<u>1,825,698</u>	<u>2,131,717</u>	<u>2,866,535</u>	<u>19,112,569</u>
Business-type activities				
Charges for services				
Water and sewer	2,778,034	3,136,697	4,221,203	2,425,316
Capital grants and contributions	-	-	-	1,224,733
Total business-type activities program revenues	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>	<u>3,650,049</u>
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<u>\$ 4,603,732</u>	<u>\$ 5,268,414</u>	<u>\$ 7,087,738</u>	<u>\$ 22,762,618</u>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$ (10,098,018)	\$ (20,115,962)	\$ (10,444,759)	\$ 9,036,646
Business-type activities	<u>(2,153,610)</u>	<u>(1,484,507)</u>	<u>(595,060)</u>	<u>491,286</u>
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<u>\$ (12,251,628)</u>	<u>\$ (21,600,469)</u>	<u>\$ (11,039,819)</u>	<u>\$ 9,527,932</u>

2007	2008	2009	2010	2011
\$ 4,303,055	\$ 2,829,284	\$ 2,639,170	\$ 2,378,638	\$ 2,196,916
3,383,714	2,775,446	3,984,062	3,848,717	3,668,986
717,748	2,276,158	1,084,935	647,593	495,050
2,920,066	2,904,543	2,633,796	2,969,518	2,962,313
2,344,980	2,119,915	2,015,026	1,395,391	1,260,614
309,746	1,193,095	1,195,047	1,204,731	1,048,532
13,979,309	14,098,441	13,552,036	12,444,588	11,632,411
5,096,183	5,289,730	5,345,812	5,451,207	5,409,266
5,096,183	5,289,730	5,345,812	5,451,207	5,409,266
\$ 19,075,492	\$ 19,388,171	\$ 18,897,848	\$ 17,895,795	\$ 17,041,677
\$ 184,410	\$ 252,265	\$ 193,159	\$ 201,502	\$ 230,252
713,250	645,929	979,293	1,012,535	1,076,488
529,232	631,173	318,812	224,543	149,539
65,713	64,735	7,955	9,596	13,553
131,562	181,221	130,847	114,357	46,981
604,711	573,931	319,096	259,611	263,528
208,504	14,988	2,870,480	941,209	806,418
2,437,382	2,364,242	4,819,642	2,763,353	2,586,759
3,649,917	3,397,643	3,825,386	3,850,997	3,877,146
201,000	209,000	605,000	197,679	213,015
3,850,917	3,606,643	4,430,386	4,048,676	4,090,161
\$ 6,288,299	\$ 5,970,885	\$ 9,250,028	\$ 6,812,029	\$ 6,676,920
\$ (11,541,927)	\$ (11,734,199)	\$ (8,732,394)	\$ (9,681,235)	\$ (9,045,652)
(1,245,266)	(1,683,087)	(915,426)	(1,402,531)	(1,319,105)
\$ (12,787,193)	\$ (13,417,286)	\$ (9,647,820)	\$ (11,083,766)	\$ (10,364,757)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Nine Fiscal Years

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

Notes

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

Data Source

Audited Financial Statements

2007	2008	2009	2010	2011
\$ 3,664,251	\$ 3,845,433	\$ 4,393,892	\$ 4,395,930	\$ 4,430,090
3,999,735	3,655,286	2,866,996	2,680,252	3,211,415
-	-	-	-	1,126,189
1,257,584	1,205,004	1,195,317	1,189,008	1,275,799
982,319	1,030,772	958,357	979,003	1,210,032
1,946,854	1,845,849	1,476,402	1,538,248	1,604,652
503,004	189,438	174,273	224,958	240,916
70,516	74,713	-	-	-
566,567	388,314	179,703	87,199	39,767
273,372	335,612	71,155	40,133	44,964
-	-	86,070	-	12,057
(2,497,000)	(347,000)	(197,000)	(147,000)	(245,000)
10,767,202	12,223,421	11,205,165	10,987,731	12,950,881
149,892	53,736	13,880	11,438	3,218
-	-	-	-	-
23,513	-	8,835	1,552	3,554
2,497,000	347,000	197,000	147,000	245,000
2,670,405	400,736	219,715	159,990	251,772
\$ 13,437,607	\$ 12,624,157	\$ 11,424,880	\$ 11,147,721	\$ 13,202,653
\$ (774,725)	\$ 489,222	\$ 2,472,771	\$ 1,306,496	\$ 3,905,229
1,425,139	(1,282,351)	(695,711)	(1,242,541)	(1,067,333)
\$ 650,414	\$ (793,129)	\$ 1,777,060	\$ 63,955	\$ 2,837,896

VILLAGE OF LINCOLNSHIRE, ILLINOIS  
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2006 (1)	2007	2008	2009	2010	2011 (2)
<b>GENERAL FUND</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,653
Reserved/restricted	1,583,377	1,126,946	2,416,636	180,409	95,453	345,453	460,517	1,105,569	288,853	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unreserved/unassigned	5,543,812	6,211,939	6,419,844	11,505,785	10,576,229	9,066,518	8,890,704	7,332,889	7,861,442	9,590,075
<b>TOTAL GENERAL FUND</b>	<b>\$ 7,127,189</b>	<b>\$ 7,338,885</b>	<b>\$ 8,836,480</b>	<b>\$ 11,686,194</b>	<b>\$ 10,671,682</b>	<b>\$ 9,411,971</b>	<b>\$ 9,351,221</b>	<b>\$ 8,438,458</b>	<b>\$ 8,150,295</b>	<b>\$ 9,689,728</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,801
Reserved/restricted	1,656,108	2,026,108	8,043,230	6,422,115	4,301,221	4,301,221	4,301,221	8,346,918	8,638,063	9,917,234
Unreserved/assigned, reported in										
Special Revenue Funds	(190,073)	(2,128,339)	(2,148,968)	54,824	491,640	417,307	1,281,040	-	-	-
Capital Project Funds	(755,881)	100,634	1,064,854	87,783	1,825,729	2,327,949	911,810	86,830	54,792	27,163
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 710,154</b>	<b>\$ (1,597)</b>	<b>\$ 6,959,116</b>	<b>\$ 6,564,722</b>	<b>\$ 6,618,590</b>	<b>\$ 7,046,477</b>	<b>\$ 6,494,071</b>	<b>\$ 8,433,748</b>	<b>\$ 8,692,855</b>	<b>\$ 9,948,198</b>

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is as of December 31, 2006.

(2) The Village implemented GASB Statement 54 for the year ended December 31, 2011.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005
<b>REVENUES</b>			
Property taxes	\$ 940,003	\$ 1,448,205	\$ 1,775,838
Other taxes	7,118,377	7,433,267	8,190,828
Licenses and permits	590,379	744,533	1,051,526
Fines and penalties	383,054	400,041	425,047
Charges for services	1,401,043	397,833	353,110
Intergovernmental	170,236	61,765	144,296
Investment income	120,509	147,241	163,437
Miscellaneous	625,053	312,689	3,684,512
Total revenues	11,348,654	10,945,574	15,788,594
<b>EXPENDITURES</b>			
General government	2,384,812	4,380,884	3,825,366
Public safety	1,900,863	2,130,504	2,109,484
Community development	374,058	435,746	434,391
Public works	1,631,380	1,668,192	2,069,880
Parks and recreation	1,044,546	985,936	1,041,158
Capital outlay	3,868,580	680,917	11,515,012
Debt service			
Principal	495,704	457,554	696,662
Interest	699,433	549,538	438,333
Total expenditures	12,399,376	11,289,271	22,130,286
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,050,722)</b>	<b>(343,697)</b>	<b>(6,341,692)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	931,588	737,642	3,771,163
Transfers (out)	(940,412)	(897,000)	(3,968,163)
Issuance of notes	-	-	-
Issuance of SSA bonds	-	-	15,000,000
Gain on sale of land	-	-	-
Refunding of bonds	-	-	-
Refunding of notes	-	-	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	(8,824)	(159,358)	14,803,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (1,059,546)</b>	<b>\$ (503,055)</b>	<b>\$ 8,461,308</b>
Debt Service as a Percentage of Noncapital Expenditures	13.4%	9.2%	5.3%

Notes

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

Data Source

Audited Financial Statements

	2006	2006 (1)	2007	2008	2009	2010	2011
\$	2,271,319	\$ 2,525,276	\$ 3,664,251	\$ 3,845,433	\$ 4,317,091	\$ 4,317,252	\$ 4,356,785
	9,413,628	5,957,596	8,760,012	8,001,062	6,748,146	6,690,147	8,742,307
	1,382,958	717,470	868,217	1,085,034	650,774	549,996	440,325
	395,938	310,687	530,857	506,275	549,992	506,933	489,422
	856,578	1,240,875	995,608	728,573	75,923	72,820	98,183
	430,386	536,929	618,968	401,688	672,473	692,394	752,412
	167,106	117,963	187,685	202,308	179,703	87,199	39,767
	530,032	62,984	273,372	335,612	71,155	40,133	44,964
	15,447,945	11,469,780	15,898,970	15,105,985	13,265,257	12,956,874	14,964,165
	4,254,994	2,550,339	3,748,842	3,425,042	2,457,974	2,271,606	2,142,444
	2,484,277	2,310,605	3,754,819	3,863,789	4,499,028	4,216,071	4,182,842
	461,100	384,292	619,540	801,403	733,343	530,073	448,122
	1,930,749	1,195,976	2,030,522	2,067,826	3,621,871	1,854,289	1,789,093
	1,431,206	1,107,299	1,737,321	1,664,338	1,366,078	879,041	861,796
	515,440	1,035,948	1,451,198	1,724,118	864,303	413,807	255,233
	1,282,499	635,540	378,634	653,958	825,881	1,129,239	1,486,860
	3,765,834	138,525	316,940	1,210,679	1,181,525	1,230,151	1,104,802
	16,126,099	9,358,524	14,037,816	15,411,153	15,550,003	12,524,277	12,271,192
	(678,154)	2,111,256	1,861,154	(305,168)	(2,284,746)	432,597	2,692,973
	762,550	200,000	1,284,925	1,713,875	1,476,750	965,250	1,364,479
	(959,550)	(3,037,000)	(3,781,925)	(2,060,875)	(1,673,750)	(1,112,250)	(1,609,479)
	3,300,000	-	-	-	1,540,000	-	5,735,000
	-	-	-	-	-	-	-
	1,559,531	-	-	-	-	-	-
	(38,333)	-	-	-	-	-	-
	-	-	-	-	-	-	(5,716,464)
	-	-	-	-	86,070	1,557	12,057
	4,624,198	(2,837,000)	(2,497,000)	(347,000)	1,429,070	(145,443)	(214,407)
\$	3,946,044	\$ (725,744)	\$ (635,846)	\$ (652,168)	\$ (855,676)	\$ 287,154	\$ 2,478,566
	32.3%	8.4%	5.2%	12.7%	15.3%	18.91%	21.32%

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Van Vlissingen & Company	\$ 17,818,637	1	2.95%	\$ 58,974,104	1	10.85%
CRP-2 Holdings Tri-State LLC	17,760,663	2	2.94%	-		
4 Overlook LLC	16,315,020	3	2.70%	-		
Lincolnshire Campus, LLC	14,998,499	4	2.48%	-		
Northwestern Mutual Life Insurance Co.	13,609,735	5	2.25%	-		
Strategic Hotel Capital Inc.	8,656,396	6	1.43%	-		
Half Day LLC	7,217,102	7	1.19%	-		
ECD Company	6,985,995	8	1.16%	-		
GGP-Lincolnshire LLC	5,848,520	9	0.97%	-		
Lincolnshire Center LLC	5,574,563	10	0.92%	-		
Hewitt Properties II	-			36,267,146	2	7.04%
Beacon Properties, L.P.	-			19,591,754	3	3.60%
Milbrook, Inc.	-			12,158,939	4	2.24%
Indian Creek Investments (Strategic Hotel Cap, Inc.)	-			10,529,389	5	1.94%
Staybridge Hotel	-			8,698,859	6	1.60%
Millbrook, LLC	-			7,313,598	7	1.35%
Courtyards Assoc.	-			3,111,438	8	0.57%
LaSalle Bank/Hawthorn Suites	-			2,921,237	9	0.54%
Trinent Essential Facilities	-			2,821,921	10	0.52%
	<u>\$ 114,785,130</u>		<u>18.99%</u>	<u>\$ 162,388,385</u>		<u>30.25%</u>

Note:

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

Data Source

Vernon Township Assessor

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SALES TAX BY CATEGORY  
(in thousands of dollars)

Last Ten Calendar Years

Calendar Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	-	8	17	18	24	26	34	33	16	7
Drinking and eating places	438	476	483	508	590	659	657	574	539	685
Apparel	40	54	64	68	69	80	126	113	111	116
Furniture	382	512	498	530	493	523	439	435	334	406
Lumber, building hardware	267	295	429	475	534	519	135	-	4	23
Automobile and filling stations	42	52	55	58	62	56	60	49	37	70
Drugs and miscellaneous retail	729	888	788	977	893	935	888	491	273	330
Agriculture and all others	576	584	636	454	748	619	735	626	939	1,188
Manufacturers	26	23	26	18	19	29	44	57	64	45
<b>TOTAL</b>	<b>\$ 2,500</b>	<b>\$ 2,892</b>	<b>\$ 2,996</b>	<b>\$ 3,106</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>
Village direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Village home rule rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%

Data Source

Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate	Village Home Rule Sales Tax <sup>1</sup>
2003	0.25%	0.25%	1.00%	5.00%	0.00%
2004	0.25%	0.25%	1.00%	5.00%	0.00%
2005	0.25%	0.25%	1.00%	5.00%	0.00%
2006	0.25%	0.25%	1.00%	5.00%	0.00%
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%	0.50%

Notes

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

<sup>1</sup> Effective January 1, 2011.

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 <sup>2</sup>	Per Capita <sup>2</sup>
	Special Service Area Bonds	North Park Loan	Schelter Road Loan	Consolidated North Park/ Schelter Road Loan	Tax Increment Financing	Utility Line Loan				
2003	\$ -	\$ 5,453	\$ -	\$ -	\$ 4,000	\$ 1,950	\$ 11,403	3.11%	\$ 1,744	
2004	-	4,754	-	-	4,000	3,790	12,544	3.19%	1,919	
2005	-	4,204	-	-	4,000	3,361	11,565	2.94%	1,769	
2006	15,000	3,766	-	-	4,000	2,928	25,694	6.54%	3,931	
2006 <sup>1</sup>	15,000	3,300	-	-	4,000	2,338	24,638	6.27%	3,769	
2007	15,000	2,882	-	-	3,900	2,029	23,811	6.06%	3,383	
2008	14,765	2,589	-	-	3,775	1,720	22,849	5.40%	3,247	
2009	14,515	2,286	1,452	-	3,590	1,405	23,248	5.49%	3,303	
2010	14,255	1,970	1,319	-	3,170	1,263	21,977	4.35%	3,123	
2011 <sup>3</sup>	13,980	(3)	(3)	2,853	2,419	1,110	20,362	4.52%	2,799	

Note:

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

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

<sup>2</sup> See the schedule of Demographic and Economic Statistics on page 91 for personal income and population data.

<sup>3</sup> North Park, Schelter Road, Utility Lines and TIF Loan were all refinanced in 2011.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

Last Ten Fiscal Years

Fiscal Year	(1) General Obligation Bonds	(1) Special Service Area Bonds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2003	\$ -	\$ -	\$ -	0.00%	\$ -
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	15,000	15,000	0.78%	2,295
2006*	-	15,000	15,000	0.78%	2,295
2007	-	15,000	15,000	0.73%	2,295
2008	-	14,765	14,765	0.70%	2,259
2009	-	14,515	14,515	0.70%	2,062
2010	-	14,255	14,255	0.74%	2,025
2011	-	13,980	13,980	0.76%	1,922

Note:

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

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

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2011

Governmental Unit	Gross General Obligation Debt	Percentage of Debt Applicable to Government	Village's Share of Debt
Overlapping debt			
Debt repaid with property taxes			
School District No. 102	\$ 5,625	7.27%	\$ 409
School District No. 103	2,840	52.99%	1,505
School District No. 106	-	0.52%	-
School District No. 113	37,895	0.03%	11
School District No. 125	23,680	16.82%	3,984
Community College No. 532	21,870	2.28%	498
Lincolnshire-Riverwoods Fire Protection District	-	45.25%	-
Vernon Area Public Library	-	23.02%	-
Lake County	82,955	2.26%	1,875
Lake County Forest Preserve	280,420	2.26%	6,337
Total overlapping debt	455,285		14,619
Direct debt			
Village of Lincolnshire	-	100.00%	-
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 455,285</b>		<b>\$ 14,619</b>

Data Source

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

December 31, 2011

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The Village is a home rule municipality.

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

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

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

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

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

The Village is a home rule municipality and, as such, has no debt limitations. If, however, the Village were a nonhome rule municipality, its available debt limit would be as follows:

EQUALIZED ASSESSED VALUATION - 2011*	\$ 604,496,224
Legal Debt Limit - 8.625%	\$ 52,137,800
Amount of debt applicable to limit: General Obligation Bonds Series 2009	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 52,137,800</u>

\* Most Recent EAV Available

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2003	6,108	\$ 367,182	\$ 60,115	5.7%
2004	6,537	392,972	60,115	5.3%
2005	6,537	392,972	60,115	4.7%
2006	6,537	392,972	60,115	4.2%
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%

Note:

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

Data Source

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Hewitt (Est)	5,244	1	30%	6,500	1	33%
Hydraforce, Inc.	600	2	3%	285	6	1%
Walgreens Co. (Est)	660	3	4%			
Adlai Stevenson High School	600	4	3%	450	3	2%
CVS Caremark, Inc.	480	5	3%			
W. W. Grainger (Est)	498	6	3%			
Quill Corporation	475	7	3%	1,000	2	5%
Marriott's Lincolnshire Resort	499	8	3%	450	4	2%
ACCO Brands	458	9	3%			
Klein Tools, Inc.						
Peerless of America				350	5	2%
Zellweger Analytics				275	7	1%
Fluid Power Systems				250	8	1%
Wealshire				150	9	1%
Vance Publishing				150	10	1%
Success National Bank				120	11	1%
	<u>9,514</u>		<u>55%</u>	<u>9,980</u>		<u>50%</u>
Village day time population (est)			17,600			20,000

Data Source

Village of Lincolnshire Police day time population survey  
 Estimates from Lake County Partners (2002) Director of Marketing and Research

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	Eight Months	2007	2008	2009	2010	2011
					Ended December 31, 2006					
<b>GENERAL GOVERNMENT</b>										
Executive Services	3.70	4.10	3.90	3.90	3.90	3.90	3.90	3.90	4.30	3.50
Finance	2.10	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
<b>PUBLIC SAFETY</b>										
Police	29.10	29.10	31.70	31.00	31.00	31.00	31.10	31.10	30.00	28.80
E911	5.60	5.60	5.00	5.00	5.00	5.00	5.40	5.40	5.00	4.20
<b>COMMUNITY DEVELOPMENT</b>										
Development	5.75	5.25	6.25	6.25	6.25	6.75	7.00	7.00	7.25	6.75
Forestry <sup>1</sup>	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
<b>PUBLIC WORKS</b>										
Administration	1.80	1.80	2.25	2.50	2.50	2.50	2.50	2.50	1.75	1.75
Streets	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	4.25	4.25
Buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.25	0.50
Water	8.35	8.60	8.15	8.15	8.15	8.15	8.15	8.15	8.15	8.15
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>	1.95	1.95	-	-	-	-	-	-	2.87	2.87
<b>PARKS AND RECREATION</b>										
Parks	7.95	7.90	9.80	9.80	9.80	10.00	10.00	10.00	7.87	8.13
Recreation <sup>2</sup>	3.30	3.30	3.35	3.35	3.35	3.35	3.35	3.35	2.35	-
<b>TOTAL</b>	<b>78.60</b>	<b>79.50</b>	<b>82.30</b>	<b>81.85</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>

<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

Village finance department

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2003	2004	2005	2006	Eight Months Ended December 31, 2006	2007	2008	2009	2010	2011
<b>GENERAL GOVERNMENT</b>										
Residential mailings	14	13	13	13	9	13	13	14	6	5
Taxable property transfers	206	207	194	176	105	118	98	91	110	117
Fine revenues collected (in thousands)	353	381	403	377	230	295	388	442	369	360
<b>POLICE</b>										
Arrest (includes traffic)	8,387	9,135	9,235	9,699	9,600	8,503	8,767	9,077	9,387	8,074
DUI arrests	149	160	160	135	125	88	74	51	55	99
<b>COMMUNITY DEVELOPMENT</b>										
Building permits issued	431	458	441	469	340	435	300	444	301	567
<b>PUBLIC WORKS-GENERAL</b>										
Street resurfacing (miles)	2.02	2.22	1.77	3.01	0.98	1.46	1.61	1.42	1.31	1.11
Project inspections	500	400	450	472	267	500	245	200	200	318
Street cleaned-miles	381	425	464	597	575	500	327	350	314	303
Cubic yards of leaves collected	5,340	5,480	4,580	6,420	5,490	5,930	6,110	6,000	8,340	7,052
<b>PUBLIC WORKS-WATER AND SEWER</b>										
Average daily pumpage metered (millions of gallons)	1.238	1.300	1.419	1.524	1.387	1.488	1.380	1.310	1.310	1.255
JULIE utility locates	94	1,880	2,154	3,217	3,305	2,755	2,674	2,905	1,760	2,133
<b>PARKS AND RECREATION</b>										
Trees planted	42	36	50	68	77	87	110	117	110	118
Playground inspection hours	152	176	173	269	194	210	190	235	177	142
Special event hours	843	784	711	484	569	541	595	637	741	727
Number of programs	263	342	438	351	345	194	240	286	389	-
Number of participants	1,634	1,871	1,475	995	860	560	588	541	388	-

Data Source

Various village departments

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	Eight Months Ended December 31, 2006	2007	2008	2009	2010	2011
<b>POLICE</b>										
Patrol units	13	13	14	14	14	14	14	15	14	14
Stations	1	1	1	1	1	1	1	1	1	1
<b>PUBLIC WORKS</b>										
Streets (miles)	33	33	33	33	33	34	34		35	40
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
<b>PARKS AND RECREATION</b>										
Acreage	307.0	307.0	307.0	307.0	307.0	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	831	831	831	831	833	835	835	835	846	848
Storage capacity (thousands of gallons)	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Water mains (miles)	59.4	59.4	59.4	59.4	59.5	61.0	61.0	67.0	59.8	67.0
Sanitary sewers (miles)	41.0	42.0	42.0	42.0	43.0	43.0	43.0	45.0	47.3	50.0
Storm sewers (miles)	35.0	38.0	38.0	41.4	43.3	43.3	43.3	43.3	44.6	105.0

Data Source

Various village departments