



AGENDA
REGULAR VILLAGE BOARD MEETING
Village Hall – Board Room
Monday, June 12, 2017– 7:00 p.m.

Reasonable accommodations/auxiliary aids will be provided to enable persons with disabilities to effectively participate in any public meetings of the Board. Please contact the Village Administrative Office (847.883.8600) 48 hours in advance if you need special accommodations to attend. Regular Village Board Meetings will not proceed past 10:30 p.m. unless there is a consensus of the majority of the Trustees to do so.

CALL TO ORDER

1.0 ROLL CALL

2.0 APPROVAL OF MINUTES

2.1 Approval of the May 22, 2017 Regular Village Board Meeting Minutes

3.0 REPORTS OF OFFICERS

3.1 Mayor's Report

3.11 Administration of Oath to New Police Officer Pablo Pesa

3.2 Village Clerk's Report

3.3 Village Treasurer's Report

3.4 Village Manager's Report

4.0 PAYMENT OF BILLS

4.1 Bills Presented for Payment on June 12, 2017 in the amount of \$974,724.04

5.0 CITIZENS WISHING TO ADDRESS THE BOARD (on agenda items only)

6.0 PETITIONS AND COMMUNICATIONS

7.0 CONSENT AGENDA

Items on the Consent Agenda will be approved by one motion. If a Trustee wishes to discuss any item, it will be pulled from the Consent Agenda and discussed under "Unfinished Business".

7.1 Approval of an Ordinance Amending a Special Use for a Planned Unit Development for an Attached Single-Family Residential Townhome Community (Ordinance No. 16-3391-118) (Pulte Homes – Revised Development Plans and Plat and Revised Unit Mix)

7.2 Ratification of Contract with Constellation Energy Services, Inc. for the Village's Non-Franchise Electricity Accounts (Village of Lincolnshire)

7.3 Approval of Village of Lincolnshire and Lincolnshire Sports Association Request to Use Village Streets for Annual Fourth of July Parade and Race and Granting a Waiver of the Village Street Usage Policy Cash Bond Requirement (Village of Lincolnshire / Lincolnshire Sports Association)

8.0 ITEMS OF GENERAL BUSINESS

8.1 Planning, Zoning & Land Use

8.2 Finance and Administration

8.21 Receipt and Presentation of 2016 Village of Lincolnshire Comprehensive Annual Financial Report (Audit) (Village of Lincolnshire)

8.3 Public Works

8.31 Consideration and Approval of Proposed Corporate Center Tree Removal Project (Village of Lincolnshire)

8.4 Police

8.41 Consideration of an Ordinance Amending Section 11-12-7 and 11-12-8 of Title 11, Chapter 12, of the Village of Lincolnshire Village Code (Modify Minimum age for Sale or Purchase of Tobacco From 18 to 21 Years Old) (Lake County Health Department)

8.5 Parks and Recreation

8.6 Judiciary and Personnel

9.0 REPORTS OF SPECIAL COMMITTEES

10.0 UNFINISHED BUSINESS

11.0 NEW BUSINESS

12.0 ADJOURNMENT



MINUTES
REGULAR VILLAGE BOARD MEETING
Monday, May 22, 2017

Present:

Mayor Brandt

Trustee Grujanac

Trustee McDonough

~~Trustee Leider~~

Village Attorney Simon

Chief of Police Leonas

~~Village Treasurer/Finance Director Peterson~~

Assistant Public Works Director/Village
Engineer Dittrich

~~Trustee Feldman~~

~~Trustee Hancock~~

Trustee Servi

Village Clerk Mastandrea

Village Manager Burke

Public Works Director Woodbury

Assistant Village Manager/Community &

Economic Development Director Letendre

ROLL CALL

Mayor Brandt called the meeting to order at 7:00 p.m., and Village Clerk Mastandrea called the Roll.

2.1 Approval of the May 22, 2017 Regular Village Board Meeting Minutes

Trustee McDonough moved and Trustee Servi seconded the motion to approve the minutes of the Regular Village Board Meeting of May 22, 2017 with the following corrections: Item 6.1, paragraph 13 should be changed from "Trustees Servi and Grujanac stated they are in favor of the proposed ordinance pertaining to increasing the age for possession." to "Trustees Servi and Grujanac stated they are in favor of the proposed ordinance pertaining to increasing the **age to 21 for sale.**" The roll call vote was as follows: AYES: Trustees Grujanac, Servi, McDonough, and Mayor Brandt. NAYS: None. ABSENT: Trustees Leider, Feldman and Hancock. ABSTAIN: None. Mayor Brandt declared the motion carried.

3.0 REPORTS OF OFFICERS

3.1 Mayor's Report

3.11 Proclamation Recognizing National Public Works Week (May 22 – 27, 2017) in the Village of Lincolnshire

Mayor Brandt noted the Proclamation recognizing May 22 – 27, 2017 as National Public Works Week in the Village of Lincolnshire. Mayor Brandt stated the Board values all Public Works does for the community with their role in maintaining all the parks; open space; taking care of snow removal; all the special events; and specifically, North Park.

Trustee Grujanac noted the Park Board took a tour of the northern parks over the past week and stated it was outstanding to see how well all the parks are maintained.

3.12 Stevenson High School Athletics and Awards

Mayor Brandt noted Stevenson has received state championships in girls Badminton, individual girls Badminton, girls water polo, and boys water polo. Additionally, Stevenson was named #1 public high school by Niche in the United States and #1 High School in Illinois for athletics.

3.13 Lake County Partners Meeting Update

Mayor Brandt informed the Board that she, Village Manager Burke, Assistant Village Manager/Community & Economic Development (AVM/CED) Letendre, and Economic Development Coordinator Zozulya met with Lake County Partners to discuss developing a partnership. Mayor Brandt stated one of the key ideas from the meeting was to think outside of the box regarding transportation issues to attract more business to the Corporate Center.

3.2 Village Clerk's Report - None

3.3 Village Treasurer's Report

3.31 Revenues and Expenditures Summary for the Month of April, 2017

Village Manager Burke noted the Revenue and Expenditure Summary is included in the Board packet; and all revenues and expenditures have been properly recorded for the month of April 2017.

3.4 Village Manager's Report - None

4.0 PAYMENT OF BILLS

4.1 Bills Presented for Payment on May 22, 2017 in the amount of \$187,166.23

Village Manager Burke provided a summary of the May 22, 2017 bills prelist presented for payment with the total being \$187,166.23. The total amount is based on \$59,580.06 for General Fund; \$108,476.91 for Water & Sewer Fund; \$17,190.77 for Water & Sewer Improvement Fund; \$80 for Fraud, Alcohol, Drug Enforcement Fund; \$1,800 for Vehicle Maintenance; and \$37.50 for Sedgebrook SSA.

Trustee McDonough moved and Trustee Servi seconded the motion to approve the bills prelist dated May 22, 2017 as presented. The roll call vote was as follows:
AYES: Trustees McDonough, Servi, Grujanac, and Mayor Brandt. NAYS: None.
ABSENT: Trustees Hancock, Feldman and Leider. ABSTAIN: None. Mayor Brandt declared the motion carried.

5.0 CITIZENS WISHING TO ADDRESS THE BOARD (on agenda items only)

6.0 PETITIONS AND COMMUNICATIONS

7.0 CONSENT AGENDA

7.1 Approval of a Village Permit Fee Waiver per Section 5-3-2(A) of the Lincolnshire Village Code (Ascension of Our Lord Greek Orthodox Church)

- 7.2 Approval of a Professional Engineering Services Contract with Ciorba Group, Inc. at a cost not to Exceed \$36,650 to Evaluate Alternate Water Supply Options (Village of Lincolnshire)**
- 7.3 Approval of a Contract for the Replacement of the Westside Reservoir Emergency Generator with Patten Power Systems, Elmhurst, IL in an Amount not to Exceed \$165,000 (Village of Lincolnshire)**

Trustee McDonough moved and Trustee Grujanac seconded the motion to approve the Consent Agenda. The roll call vote was as follows: AYES: Trustees Grujanac, Servi, McDonough, and Mayor Brandt. NAYS: None. ABSENT: Trustees Hancock, Feldman and Leider. ABSTAIN: None. The Mayor declared the motion carried.

8.0 ITEMS OF GENERAL BUSINESS

- 8.1 Planning, Zoning & Land Use
- 8.2 Finance and Administration
- 8.3 Public Works
- 8.4 Police

8.41 Consideration of an Ordinance Amending Section 11-12-7 and 11-12-8 of Title 11, Chapter 12, of the Village of Lincolnshire Village Code (Modify Minimum age for sale or purchase of tobacco from 18 to 21 years old) (Lake County Health Department)

Village Manager Burke introduced the proposed ordinance amending Section 11-12-7 and 11-12-8 of Title 11, Chapter 12, of the Village Code to modify minimum age for sale or purchase of tobacco from age 18 to 21. Village Manager Burke provided information gathered by staff regarding the financial impact this may have on the Village noting approximately \$230 per year would be lost as the result of approving this Ordinance.

Trustee Servi asked how the Board proposes enforcing this change noting he would hate to pass it and start issuing fines to the retail businesses and suggested issuing warnings the first few times. Chief of Police Leonas noted that typically, when an ordinance is changed, there is an education campaign first. Village Attorney Simon stated the retail businesses would need to obtain new signage once the education goes out. Mayor Brandt asked if Deerfield or Highland Park had a grace period once their code changed. Village Manager Burke stated he was not aware of a grace period but they would do the same thing as when the liquor code changes were recently approved and send out a copy of the ordinance to the retailers noting the change and what was expected.

Trustee McDonough noted at the last meeting it was discussed the Village would be addressing the sale only and not possession and it appears the Ordinance on the agenda addresses changing the age for sale and possession. Village Attorney Simon stated the proposed Ordinance clarifies sale and possession separately.

Trustee McDonough stated his opinion is that he is not in favor of going at this at the municipality level giving the example of the Walgreen's in Lincolnshire not being able to sell and a Walgreen's a few miles away with the ability to sell. Trustee McDonough stated he would like to see this being approved first at a county or state level to provide consistency in the region.

Mayor Brandt asked Village Attorney Simon how many votes were needed to pass. Village Attorney Simon stated this would need four votes. Mayor Brandt asked if this should be brought back when there are more Trustees in attendance to vote on the proposed ordinance. Trustee Grujanac stated she would prefer to wait and vote when there were more Trustees.

It was the consensus of the Board to put this under Items of General Business on the June 12, 2017 Regular Village Board Agenda.

- 8.5 Parks and Recreation
- 8.6 Judiciary and Personnel

9.0 REPORTS OF SPECIAL COMMITTEES

10.0 UNFINISHED BUSINESS

11.0 NEW BUSINESS

12.0 EXECUTIVE SESSION

13.0 ADJOURNMENT

Trustee McDonough moved and Trustee Servi seconded the motion to adjourn. The voice vote was unanimous and Mayor Brandt declared the meeting adjourned at 7:13 p.m.

Respectfully submitted,
VILLAGE OF LINCOLNSHIRE

Barbara Mastandrea
Village Clerk



**Agenda Item
4.1**

VILLAGE OF LINCOLNSHIRE

BILLS PRESENTED FOR PAYMENT

06/12/2017

General Fund	\$	226,884.01
Water & Sewer Fund	\$	169,476.65
Motor Fuel Tax		
Water & Sewer Improvement Fund	\$	505,660.92
Fraud, Alcohol, Drug Enforcement		
Vehicle Maintenance Fund	\$	20,360.52
E 911 Fund	\$	24,797.50
Park Development Fund		
Sedgebrook SSA		
SSA Traffic Signal		
General Capital Fund	\$	27,544.44
GRAND TOTAL	\$	974,724.04

Brad Burke, Village Manager

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
INVOICE DUE DATES 05/23/2017 - 06/12/2017
JOURNALIZED
BOTH OPEN AND PAID

INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: A T & T		
148060081-05/17	04/12 - 05/11/17 NP Internet Svc	36.00
TOTAL VENDOR A T & T		36.00
VENDOR NAME: ALPHA BUILDING MAINT. SERVICE INC.		
17871 VL	Janitorial services June 2017	2,084.57
TOTAL VENDOR ALPHA BUILDING MAINT. SERVICE IN		2,084.57
VENDOR NAME: AMERICAN UNDERGROUND INC.		
8421	Clean, CCTV inspect, and root-cut san sewer lines	30,541.93
TOTAL VENDOR AMERICAN UNDERGROUND INC.		30,541.93
VENDOR NAME: ANCEL GLINK DIAMOND BUSH		
56733-1	April 2017 Legal Fees	6,952.50
56733a	BD Escrow Attorney Fee: Camberley Club 901 Milw	562.50
56733c	BD Escrow Attorney Fee: Stevenson High School A	731.25
56733d	BD Escrow Attorney Fee: 404 Social-300 Parkway	337.50
56733e	BD Escrow Attorney Fee: Manors of Whytegate: 17	112.50
56733f	BD Escrow for Attorney Fee: KZF Stack Lincolnshir	675.00
56733b	BD Escrow Attorney Fees: UHaul-200 Industrial Driv	112.50
TOTAL VENDOR ANCEL GLINK DIAMOND BUSH		9,483.75
VENDOR NAME: ARAMARK		
2081067301	Weekly uniform rental for PW	83.67
2081057890	Weekly uniform rental for PW	83.67
2081076789	Weekly uniform rental for PW	76.63
2081086252	Weekly uniform rental	76.63
TOTAL VENDOR ARAMARK		320.60
VENDOR NAME: ARLINGTON HEIGHTS FORD		
798784	Floor carpet for #102	527.17
798768	Parts for squad #105	91.10
798921	Plugs for #102	7.20
798782	Squad car parts	162.86
TOTAL VENDOR ARLINGTON HEIGHTS FORD		788.33
VENDOR NAME: B & F CONSTRUCTION CODE SERVICES		
46564	Plan Review ICE Mobility-610 Schelter Rd P17-006	1,232.33
46609	April 2017 Inspections	4,735.81
46528	Plan Review-430 Milwaukee Suite CC:Joli Nails P1	895.50
TOTAL VENDOR B & F CONSTRUCTION CODE SERVIC		6,863.64
VENDOR NAME: BEHM ENTERPRISES, IN		
2079	Water main repairs at 4 Overlook	4,795.00
TOTAL VENDOR BEHM ENTERPRISES, IN		4,795.00
VENDOR NAME: BLUE TARP FINANCIAL, INC		
37865882	Transfer tank for truck #247	1,009.00
37832512	Transfer pump kit for truck #247	399.99
TOTAL VENDOR BLUE TARP FINANCIAL, INC		1,408.99
VENDOR NAME: BOLDER CONTRACTORS		
2	Pembroke Dr contract work thru 5-25-17	300,899.25
TOTAL VENDOR BOLDER CONTRACTORS		300,899.25
VENDOR NAME: BOLLINGER, LACH & ASSOC		
18450-2	Pembroke road & watermain resident engineer thru	21,518.36
TOTAL VENDOR BOLLINGER, LACH & ASSOC		21,518.36
VENDOR NAME: BOUNCE HOUSES R US		
5738 Deposit	NNO Inflatables and Games Deposit	575.00
TOTAL VENDOR BOUNCE HOUSES R US		575.00

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
INVOICE DUE DATES 05/23/2017 - 06/12/2017
JOURNALIZED
BOTH OPEN AND PAID

INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: BURKE, CHRISTOPHER		
136422	Topographic, utility survey & coordination thru 5/27/	15,276.31
TOTAL VENDOR BURKE, CHRISTOPHER		15,276.31
VENDOR NAME: CL GRAPHICS		
66008	Print and deliver letterhead window envelopes	272.53
TOTAL VENDOR CL GRAPHICS		272.53
VENDOR NAME: CLARKE ENVIRONMENTAL		
6361310	Payment 1 of4 Mosquito management service agre	17,215.00
6361541	Payment 2 of4 Mosquito management service agre	17,215.00
TOTAL VENDOR CLARKE ENVIRONMENTAL		34,430.00
VENDOR NAME: CLESEN, INC.		
323940	Seed and top soil	368.07
TOTAL VENDOR CLESEN, INC.		368.07
VENDOR NAME: COMED		
5760114015-05-17	Util. pumping electric service 4-3 to 5-2-17	107.09
3168065033-05-17	Util. electric service 4-4 to 5-3-17	66.39
7299013001-05-17	Util pumping elec service 4-4 to 5-3-17	123.30
6520050011-05-17	Util elec service 4-4 to 5-3-17	123.03
5225087020-05-17	RNC electric service 4-4 to 5-2-17	161.55
3038275001-05-17	Whytegate Pk electric service 4-4 to 5-3-17	31.93
0268410000-05-17	Util pumping 4-4 to 5-3-17	57.76
7128083006-05-17	Util. pumping elec service 4-4 to 5-2-17	95.32
1475038068-05-17	Streetlight on Riverside Dr 4-6 to 5-5-17	30.97
0995113016-05-17	Entryway sign Milw@OHD 4-4 to 5-3-17	48.47
0777044014-05-17	Uril liftstation 4-4 to 5-3-17	88.17
0339014158-05-17	Brookwood light 4-4 to 5-3-17	5.25
6123019023-05-17	Streetlighting Rt 25 4-7 to 5-8-17	213.56
3427049011-05-17	Streetlighting master act Rate 23 4-24 to 5-23	826.60
3038188003-05-17	Util electric service 4-4 to 5-3-17	25.83
5225087020-04-17	RNC electric heat 3-3 to 4-4-17	311.06
TOTAL VENDOR COMED		2,316.28
VENDOR NAME: CONRAD POLYGRAPH, INC		
2527	Polygraph Exam (Davies, Johnston)	320.00
TOTAL VENDOR CONRAD POLYGRAPH, INC		320.00
VENDOR NAME: CONSERV FS, INC.		
65034009	Infield mix	245.80
TOTAL VENDOR CONSERV FS, INC.		245.80
VENDOR NAME: CONSTELLATION ENERGY		
78743027	Electric supply utilities pumping 4/3 to 5/4/17	2,501.91
78601126	Electric supply SLP 4/4 to 5/2/17	185.95
79030243	Electric supply utilities pumping 4-3 to 5-3-17	3,452.22
TOTAL VENDOR CONSTELLATION ENERGY		6,140.08
VENDOR NAME: CONSTRUCTION & GEOTECHNICAL MATERIAL		
4106	Materials testing for Rt22 bike path-Apr	947.00
TOTAL VENDOR CONSTRUCTION & GEOTECHNICAL M		947.00
VENDOR NAME: CROWTHER ROOFING AND SHEET METAL IN		
7863	PWF roof replacement work thru 5/8/17	160,677.00
TOTAL VENDOR CROWTHER ROOFING AND SHEET M		160,677.00
VENDOR NAME: DAVEY TREE EXPERT		
911308845	47 Half Day dead tree removal	2,325.00
911183731	Whytegate, 45 Londonderry dead tree remova	5,175.00
911183724	Stump grinding at multiple removal locations	1,725.00
911282419	Whytegate stump grinding, 73, 71 Cumb. 2 Brittany	1,837.50
911223082	Remove hazard trees Spring Lk 5-8-17	3,500.00
911294057	9 Cornell storm damage, 302 Surrey ash removals	2,025.00

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: DAVEY TREE EXPERT		
	TOTAL VENDOR DAVEY TREE EXPERT	16,587.50
VENDOR NAME: DEERFIELD LOCKSMITH CO INC		
033579	Removal of pay phone	185.00
	TOTAL VENDOR DEERFIELD LOCKSMITH CO INC	185.00
VENDOR NAME: DES PLAINES RIVER WATERSHED WORKGRP		
C28-2017	PW membership dues	1,847.00
	TOTAL VENDOR DES PLAINES RIVER WATERSHED WO	1,847.00
VENDOR NAME: DOOR SYSTEMS		
838839	Supply/deliver 25 garage door openers for PWF	550.00
838511	Annual PM and maintenance of all VOL overhead d	2,476.14
839568	Supply&install repl. overhead door & operator-Salt	8,320.50
839569	Supply, install overhead PWF door south #3	8,320.50
	TOTAL VENDOR DOOR SYSTEMS	19,667.14
VENDOR NAME: DOTGOV		
2044943	Renew lincolnshire.gov	400.00
	TOTAL VENDOR DOTGOV	400.00
VENDOR NAME: DROPBOX		
2017-05	May 2017 Dropbox fees	9.99
	TOTAL VENDOR DROPBOX	9.99
VENDOR NAME: DUSTCATCHERS & A LOGO MAT INC		
33624	Floor mat rental service for Public Works building	36.52
33623	Floor mat rental service for the Village Hal	20.00
34277	Floor mat rental service for Village Hal	20.00
34278	Floor mat rental service for Public Works building	36.52
	TOTAL VENDOR DUSTCATCHERS & A LOGO MAT INC	113.04
VENDOR NAME: ELEVATOR INSPECTION SERVICES		
68565	April 2017 Elevator Inspections	3,002.00
68599	May 2017 Elevator Reinspections 17@\$15 per insp	225.00
68909	May 2017 Inspections: 17@\$19 each and Reinspe	353.00
68561	Permit Inspections-100 Village Green P17-0031E	80.00
	TOTAL VENDOR ELEVATOR INSPECTION SERVICES	3,660.00
VENDOR NAME: EXTRA SPACE STORAGE		
042917	Storage unit #538 May 2017 rental charge for Villag	276.00
	TOTAL VENDOR EXTRA SPACE STORAGE	276.00
VENDOR NAME: FEDEX		
5-812-08850	Overnight MFT audit documents to IDOT	26.62
5-797-00837	Overnight ship test results to IEPA 5-3 and 5-4-17	58.83
	TOTAL VENDOR FEDEX	85.45
VENDOR NAME: FIRST CHOICE COFFEE SERVICES		
453360	Coffee supply, Village Hall	294.46
	TOTAL VENDOR FIRST CHOICE COFFEE SERVICES	294.46
VENDOR NAME: FRESH MARKET, THE		
820686	Refreshments for Joint Training Session with ARB-	77.98
	TOTAL VENDOR FRESH MARKET, THE	77.98
VENDOR NAME: GALLS/QUARTERMASTER		
007563166	Form and Citation Holders for new officers and cso	156.96
	TOTAL VENDOR GALLS/QUARTERMASTER	156.96
VENDOR NAME: GARVEY'S OFFICE PRODUCTS		
PINV1347051	Folders, binders, p-tape, mouse	163.80

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: GARVEY'S OFFICE PRODUCTS		
	TOTAL VENDOR GARVEY'S OFFICE PRODUCTS	163.80
VENDOR NAME: GAS DEPOT OIL COMPANY		
43235	Diesel fuel	1,885.94
	TOTAL VENDOR GAS DEPOT OIL COMPANY	1,885.94
VENDOR NAME: GEWALT HAMILTON ASSOCIATES		
3794.545-9	Culvert repair NPDES insp. thru 4-23-17	456.00
	TOTAL VENDOR GEWALT HAMILTON ASSOCIATES	456.00
VENDOR NAME: GREEN ACRES LANDSCAPING		
201-3878	Landscape maintenance	2,800.00
2017-3879	Brick driveway repairs t0-28 Melrose and 4 Pheasa	630.00
	TOTAL VENDOR GREEN ACRES LANDSCAPING	3,430.00
VENDOR NAME: GUSTAVO CAMPOS		
05082017	Resident's contractor repair of damage, 13 Exmoor	450.00
	TOTAL VENDOR GUSTAVO CAMPOS	450.00
VENDOR NAME: HAMPTON, LENZINI AND RENWICK, INC.		
000020170864	DPRT pedestrian bridge repairs through 4-30-17	2,244.50
	TOTAL VENDOR HAMPTON, LENZINI AND RENWICK, IN	2,244.50
VENDOR NAME: HBK WATER METER SERVICE		
170338	300 Pkwy large meter test and repair	320.25
	TOTAL VENDOR HBK WATER METER SERVICE	320.25
VENDOR NAME: HR DIRECT		
5216006	1 Year Poster Guard	74.99
	TOTAL VENDOR HR DIRECT	74.99
VENDOR NAME: HYDROAIRE SERVICE, INC		
8226	Pump repair at Old Mill Woods lift station	817.50
	TOTAL VENDOR HYDROAIRE SERVICE, INC	817.50
VENDOR NAME: ICE SNOW REMOVAL & LANDSCAPE		
s5-614	Fertilizer applied to 20 acres - North Park	1,000.00
	TOTAL VENDOR ICE SNOW REMOVAL & LANDSCAPE	1,000.00
VENDOR NAME: ICMA MEMBERSHIP RENEWALS		
05222017	A. Letendre Membership 2017 through 2018	224.00
	TOTAL VENDOR ICMA MEMBERSHIP RENEWALS	224.00
VENDOR NAME: ILCMA		
2017-BB	Brad Burke 2017 Membership Dues	410.25
	TOTAL VENDOR ILCMA	410.25
VENDOR NAME: ILLINOIS DEPARTMENT		
Linden-2017	Pesticide license fee for Steve Linden	15.00
	TOTAL VENDOR ILLINOIS DEPARTMENT	15.00
VENDOR NAME: ILLINOIS MUNICIPAL LEAGUE		
2017	2017 Membership Dues	825.00
	TOTAL VENDOR ILLINOIS MUNICIPAL LEAGUE	825.00
VENDOR NAME: ILLINOIS PARK & RESTORATION ASSOC		
On line	Add for Fleet Maintenance Foreman	220.00
	TOTAL VENDOR ILLINOIS PARK & RESTORATION ASS	220.00

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: ILLINOIS ROOF CONSULTING ASSOC INC.		
23567	PWF roof compliance insp. final inv	7,290.00
TOTAL VENDOR ILLINOIS ROOF CONSULTING ASSOC I		7,290.00
VENDOR NAME: ILLINOIS STATE POLICE - B OF I		
IL049290L-04302017	Fingerprint Liquor License (Marriott, Half Day, Court	270.00
TOTAL VENDOR ILLINOIS STATE POLICE - B OF I		270.00
VENDOR NAME: IMRF		
52740	05 2017 Member & Employer Contributions	40,427.80
TOTAL VENDOR IMRF		40,427.80
VENDOR NAME: IMS INFRASTRUCTURE MGMT SVCS		
10717-1	Pavement management program work thru 5-15-17	12,528.70
TOTAL VENDOR IMS INFRASTRUCTURE MGMT SVCS		12,528.70
VENDOR NAME: INTERDEV, LLC		
MSP-1011688-c	InterDev May 2017 IT Services	5,252.83
MSP-1011688-1	PSA Technician & Device	208.00
TOTAL VENDOR INTERDEV, LLC		5,460.83
VENDOR NAME: INTERSTATE ALL BATTERY CENTER		
1903901013821-A	UPS Batteries	101.20
TOTAL VENDOR INTERSTATE ALL BATTERY CENTER		101.20
VENDOR NAME: IPASS		
2017-05	April/May 2017 Ipass replenish	80.00
TOTAL VENDOR IPASS		80.00
VENDOR NAME: IPRF		
40582	Workers Comp and Admin Fee- July	13,154.00
TOTAL VENDOR IPRF		13,154.00
VENDOR NAME: IRC RETAIL CENTERS		
0022679494	CAM Estimated Escrow Lease #29513-June 2017 P	2,426.52
TOTAL VENDOR IRC RETAIL CENTERS		2,426.52
VENDOR NAME: J. G. UNIFORMS, INC.		
20486	Ballistic Vest Cover - Revoy	149.06
18604	Vest Cover - Coakley	162.00
TOTAL VENDOR J. G. UNIFORMS, INC.		311.06
VENDOR NAME: JC LICHT, LLC		
59014672	Paint and paint brush	53.74
62014347	Paint and supplies	221.15
62014117	Paint	290.40
April 2017 statement	Credit on statement from returns made	(50.13)
TOTAL VENDOR JC LICHT, LLC		515.16
VENDOR NAME: JOOS JANE		
Reimburse05172017	Reimb. for cash drawer, guard training supplies	100.87
TOTAL VENDOR JOOS JANE		100.87
VENDOR NAME: KIRSCHHOFFER TRUCK SERVICE, INC.		
1599-7L 17021	Ca6 gravel	1,695.20
TOTAL VENDOR KIRSCHHOFFER TRUCK SERVICE, INC		1,695.20
VENDOR NAME: LAKE COUNTY DIV OF TRANSPORATION		
430022482	2nd Qtr Traffic signal, lighting maintenance	1,826.59
TOTAL VENDOR LAKE COUNTY DIV OF TRANSPORATI		1,826.59

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: LAKE COUNTY GRADING CO, LLC		
30137	Sand	550.00
TOTAL VENDOR LAKE COUNTY GRADING CO, LLC		550.00
VENDOR NAME: LAKE COUNTY PUBLIC WORKS		
LCPW-05312017	Sanitary sewer treatment bill 4/16/17 to 5/15/17	101,496.00
P17-0024B	Swr Cnt at 15-22-101-020, Com, 250 Barclay Blvd	11,944.80
TOTAL VENDOR LAKE COUNTY PUBLIC WORKS		113,440.80
VENDOR NAME: LAKE COUNTY RECORDER OF DEEDS		
2017-00023178	BD Escrow: Lake County Recorder Fees: 404 Socia	167.00
TOTAL VENDOR LAKE COUNTY RECORDER OF DEEDS		167.00
VENDOR NAME: LAKE FOREST POST OFFICE		
18499	Q2 2017 Newsletter Postage	57.88
TOTAL VENDOR LAKE FOREST POST OFFICE		57.88
VENDOR NAME: LALUZERNE & SMITH, LTD.		
April 2017	Legal Services	3,785.00
TOTAL VENDOR LALUZERNE & SMITH, LTD.		3,785.00
VENDOR NAME: LAW ENFORCEMENT TRAINING LLC		
1561718	Annual Subscription to CourtSmart Training through	1,250.00
TOTAL VENDOR LAW ENFORCEMENT TRAINING LLC		1,250.00
VENDOR NAME: LIFEGUARD STORE,		
INV546912	Lifeguard suits, t-shirts, shorts, equipt.-see note	930.95
535106	Lifeguard supplies	327.67
TOTAL VENDOR LIFEGUARD STORE,		1,258.62
VENDOR NAME: LINCOLNSHIRE POSTMASTER		
18499	Q2 2017 Newsletter Postage	568.15
TOTAL VENDOR LINCOLNSHIRE POSTMASTER		568.15
VENDOR NAME: LINCOLNSHIRE RIVERWOODS FPD		
3624	Plan Review Joli Nails-430 Milwaukee Unit CC: P17	319.00
3622	Plan Review Hedeker Law-1 Overlook Pt Suite 610:	319.00
TOTAL VENDOR LINCOLNSHIRE RIVERWOODS FPD		638.00
VENDOR NAME: LINCOLNSHIRE VILLAGE-PETTY CASH		
06122017	06/12/17 Petty Cash Reimbursements	423.52
TOTAL VENDOR LINCOLNSHIRE VILLAGE-PETTY CASH		423.52
VENDOR NAME: LOU LOIBEN'S PERSONALITIES, INC		
17-0703-200723B	2017 Red White Boom-DJ, MC, Outdoor Sound, Lic	1,700.00
TOTAL VENDOR LOU LOIBEN'S PERSONALITIES, INC		1,700.00
VENDOR NAME: M&M CYCLERY		
BUF00000956	Bike Patrol Unit Helmets	209.96
TOTAL VENDOR M&M CYCLERY		209.96
VENDOR NAME: MADISON NATIONAL LIFE INS CO, INC.		
1255364	06 2017 Life Insurance Premiums	1,356.05
TOTAL VENDOR MADISON NATIONAL LIFE INS CO, INC		1,356.05
VENDOR NAME: MICHAEL MERANDA JR.		
172605	5/22/17 RVB/COW Meeting	120.00
TOTAL VENDOR MICHAEL MERANDA JR.		120.00
VENDOR NAME: MID AMERICAN TECHNOLOGY		
11932	Transmitter clamp	355.00

CUSTOM INVOICE REPORT FOR VILLAGE OF LINCOLNSHIRE
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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: MID AMERICAN TECHNOLOGY		
TOTAL VENDOR MID AMERICAN TECHNOLOGY		355.00
VENDOR NAME: MIDWEST METER INC.		
85480-IN	ReadCenter mobile software maint agreement	939.00
88014-IN	18 M25 meter bases and remotes	3,960.50
88488-IN	Pit meter	96.96
86852-CM	Credit for returned pit meter	(267.00)
84573-CM	Credit-returned 3" meter	(2,574.00)
TOTAL VENDOR MIDWEST METER INC.		2,155.46
VENDOR NAME: MOTOROLA SOLUTIONS - STARCOM21		
291543312017	Starcom Monthly Use Rate May 2017	884.00
TOTAL VENDOR MOTOROLA SOLUTIONS - STARCOM2		884.00
VENDOR NAME: MUELLERMIST IRRIGATION CO		
13-6325	Irrigation system PM and maint	326.13
72597	Irrigation system PM and maint	310.00
TOTAL VENDOR MUELLERMIST IRRIGATION CO		636.13
VENDOR NAME: MUNICIPAL GIS PARTNERS, INC.		
3614	GIS staffing and services-May 2017	5,011.68
TOTAL VENDOR MUNICIPAL GIS PARTNERS, INC.		5,011.68
VENDOR NAME: NAPA-SHERIDAN AUTO PARTS		
941590	Small water wagon wiring parts	47.47
940291	Chasis grease and brushes	34.12
941591	Oil for small engines	47.88
TOTAL VENDOR NAPA-SHERIDAN AUTO PARTS		129.47
VENDOR NAME: NATIONAL ASSOCIATION		
NNO5785	NNO Shirts for Manager, Mayor and Board	170.53
TOTAL VENDOR NATIONAL ASSOCIATION		170.53
VENDOR NAME: NORB & SONS ELECTRIC		
16717-2	Furnish and installatio of exit/emergency light fixture	320.00
TOTAL VENDOR NORB & SONS ELECTRIC		320.00
VENDOR NAME: NORTH SHORE GAS		
604290016-4-05-17	Utilities gas service	39.67
604290016-2-05-17	Utilities gas service	35.67
0606253075-1-05-17	Utility gas service Well-3	93.94
606017125-01-05-17	Utilities gas service	36.80
0604290016-5-05-17	Utilities gas service 4-11 to 5-11	19.31
603028481-1-05-17	NP Maint Bldg gas service	86.87
604290016-03-05-17	Utilities gas service	35.53
603028481-2-05-17	NP Concession gas utility	78.24
TOTAL VENDOR NORTH SHORE GAS		426.03
VENDOR NAME: NORTH SUBURBAN EMPLOYEE BENEFIT COO		
2017-06	June 2017 Dental	5,946.00
TOTAL VENDOR NORTH SUBURBAN EMPLOYEE BENE		5,946.00
VENDOR NAME: NORTHWEST ELECTRICAL SUPPLY		
17325019	Lighting	39.96
TOTAL VENDOR NORTHWEST ELECTRICAL SUPPLY		39.96
VENDOR NAME: O'HERRON CO INC		
1729907-IN	Uniform Shirts & Pants Kantner	296.69
1731098-IN	Uniform Shirts and Pants - Pesa	524.85
TOTAL VENDOR O'HERRON CO INC		821.54
VENDOR NAME: PARTY TIME		
041557	1/2 deposit for National Night Out event tent rental.	465.00

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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: PARTY TIME		
041189	1/2 deposit for July 4th event tent-manual check	3,488.00
TOTAL VENDOR PARTY TIME		3,953.00
VENDOR NAME: PATCH 22		
03212017	2017 Red White Boom-Pony Ride and Petting Farr	1,200.00
TOTAL VENDOR PATCH 22		1,200.00
VENDOR NAME: PATTEN INDUSTRIES INC.		
PM600264551	Generator maintenance-101 Westminster	1,627.35
PM600264454	Generator maintenance-430 Farringtor	1,240.00
PM600264292	Generator maintenance-Westwood and Middleberry	1,240.00
PM600264363	Generator maintenance-100 Fallstone	1,240.00
PM600264374	Generator maintenance-400 Old Mill Circle	1,240.00
PM600264453	Generator maintenance-Village Hal	1,240.00
PM600264291	Generator maintenance-203 Northampton	1,240.00
PM600264552	Generator maintenance-205 Schelter Rd	1,565.00
PM600264293	Generator maintenance-207 Northampton	1,492.82
TOTAL VENDOR PATTEN INDUSTRIES INC.		12,125.17
VENDOR NAME: PAYLOCITY		
103026531	05/26/17 Pay Services	563.47
103056288	06/09/17 Pay Services & Prior Qtr Adjustment	1,078.94
TOTAL VENDOR PAYLOCITY		1,642.41
VENDOR NAME: PBA, INC./FLEXIBLE BENEFITS		
129805	June 2017 Flex Record Keeping Fees	200.00
TOTAL VENDOR PBA, INC./FLEXIBLE BENEFITS		200.00
VENDOR NAME: PITNEY BOWES, INC.		
3101269192	3/20-6/19/17 Postg Mtr Rntl #13018776	306.00
TOTAL VENDOR PITNEY BOWES, INC.		306.00
VENDOR NAME: POMP'S TIRE SERVICE INC.		
290100038	Squad car tires	593.24
TOTAL VENDOR POMP'S TIRE SERVICE INC.		593.24
VENDOR NAME: PRF GRAPHICS		
325420	4000 AP Laser Checks	410.30
TOTAL VENDOR PRF GRAPHICS		410.30
VENDOR NAME: PSN, INC.		
153263	05 2017 Lockbox Services	685.90
TOTAL VENDOR PSN, INC.		685.90
VENDOR NAME: R. C. TOPSOIL		
1700194	Pulverized soil	466.00
TOTAL VENDOR R. C. TOPSOIL		466.00
VENDOR NAME: RUSSO POWER EQUIPMENT		
4113549	Hose, spark plug, trigger unit	96.90
4113569	Tension spring	66.97
TOTAL VENDOR RUSSO POWER EQUIPMENT		163.87
VENDOR NAME: SCHROEDER & SCHROEDER INC.		
5409A	2017 Curb replacement program work thru 5-4-17	7,344.00
TOTAL VENDOR SCHROEDER & SCHROEDER INC.		7,344.00
VENDOR NAME: SIKICH, LLP		
298065	Services through 4/30/2017	16,100.00
TOTAL VENDOR SIKICH, LLP		16,100.00

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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: SIPOS CHRIS		
05112017	2017 Friday Food Truck Entertainment for 5/19/20	200.00
TOTAL VENDOR SIPOS CHRIS		200.00
VENDOR NAME: SMARTSIGN		
MSS-135614	12 "keep off fields" signs for North Pk	343.08
TOTAL VENDOR SMARTSIGN		343.08
VENDOR NAME: SMITHEREEN PEST MGMT		
1547353	Pest control services RNC	53.00
1547354	Pest control services Village Hall	65.00
1549260	Pest control services at PWF	93.00
TOTAL VENDOR SMITHEREEN PEST MGMT		211.00
VENDOR NAME: STREAMLINE SAFETY		
120	Life guard review for 4 people	600.00
TOTAL VENDOR STREAMLINE SAFETY		600.00
VENDOR NAME: STREICHER'S, INC.		
11262187	Bike Patrol Unit Shirts	324.94
11264171	Ballistic Vest - Brown	850.00
11264172	Ballistic Vest - T. Gloede	850.00
11264173	Ballistic Vest - Ulanowski	850.00
11262872	Uniform Hat - Carstensen	39.95
11261786	Uniform Shirt - Carstensen	45.00
11265077	Rain Hat Cover - Pesa	9.00
11262407	Bike Patrol Unit Holsters (Brown, Revoy. Leonas)	158.93
11265361	Garrison Belt - Kantner	20.00
11264555	Uniform Shirt and Pants - Pieper	106.97
11265076	Rain Hat Cover - Kantner	9.00
11265062	Garrison Belt - Pesa	37.95
TOTAL VENDOR STREICHER'S, INC.		3,301.74
VENDOR NAME: SUSTAINABLE SUPPLY COMPANY		
Online purchase	Replacement garbage can for Spring Lake Park bal	172.16
TOTAL VENDOR SUSTAINABLE SUPPLY COMPANY		172.16
VENDOR NAME: TRAFFIC CONTROL & PROTECTION INC.		
89763	Barricade type III	84.00
89753	4" yellow foil tape	99.45
TOTAL VENDOR TRAFFIC CONTROL & PROTECTION IN		183.45
VENDOR NAME: TWIN OAKS LANDSCAPING		
MR750219-0001	Parks mowing services	1,532.00
TOTAL VENDOR TWIN OAKS LANDSCAPING		1,532.00
VENDOR NAME: VALLEY FIRE PROTECTI		
139524	Add fire sprinkler to new conf. room	1,290.00
TOTAL VENDOR VALLEY FIRE PROTECTI		1,290.00
VENDOR NAME: VERIZON WIRELESS		
9786691654	05 2017 Cell Phone Svc & Squad Laptops	1,859.41
9785629772	04/13 - 05/12/17 SCADA Data Plan Util	237.30
TOTAL VENDOR VERIZON WIRELESS		2,096.71
VENDOR NAME: VERNON HILLS VILLAGE		
DSP-JUN17	June 2017 Monthly Dispatch Services	24,797.50
TOTAL VENDOR VERNON HILLS VILLAGE		24,797.50
VENDOR NAME: VIMEO PLUS		
2017-05-03	Vimeo Plus - Upload for Board Videos	59.95
TOTAL VENDOR VIMEO PLUS		59.95

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INVOICE NUMBER	DESCRIPTION	AMOUNT
VENDOR NAME: W. W. GRAINGER, INC.		
9449623942	Tags and quickchange disc's	294.39
9443056594	Safety vests	78.90
9445247092	Swivel hose for truck #247	59.93
TOTAL VENDOR W. W. GRAINGER, INC.		433.22
VENDOR NAME: WASTE MANAGEMENT		
2047984-1985-7	See notes**Brush disposal**-see notes	1,919.26
TOTAL VENDOR WASTE MANAGEMENT		1,919.26
VENDOR NAME: WATER PRODUCTS CO.		
0273475	10" Omega coupling-water main clamps for Farringl	680.00
0273045	Hydrant extension	420.00
TOTAL VENDOR WATER PRODUCTS CO.		1,100.00
VENDOR NAME: WATSON JAMIE		
06022017	Reimburse for Patch Design/Samples	230.00
TOTAL VENDOR WATSON JAMIE		230.00
VENDOR NAME: WBK ENGINEERING LLC		
17814	Linc Creek drainage impr. study thru 4-29-17	590.07
TOTAL VENDOR WBK ENGINEERING LLC		590.07
VENDOR NAME: WE FIX-IT TIRE REPAIR		
03	Loader #303 tire repairs	100.00
TOTAL VENDOR WE FIX-IT TIRE REPAIR		100.00
VENDOR NAME: WESTERN REMAC INC.		
52416	U channel lengths, screws, washers and locknuts	820.62
TOTAL VENDOR WESTERN REMAC INC.		820.62
VENDOR NAME: WHOLESALE DIRECT, INC.		
00227797	Light bar for new loader	253.05
000227784	Replacement flashlights for PW trucks	495.70
TOTAL VENDOR WHOLESALE DIRECT, INC.		748.75
VENDOR NAME: WRISTBANDEXPRESS		
On line order	Wrist bands for SLP beach	66.94
TOTAL VENDOR WRISTBANDEXPRESS		66.94
VENDOR NAME: XEROX CORPORATION		
089310445	Copier Nemo 4-22 to 5-21-17	57.00
089310447	Copier Meme 4-22 to 5-21-17	337.00
089310448	Copier Coco base charge 4-22 to 5-21-17	178.00
089310446	Police Copier May 2017	85.00
089310448-coverage	Copier Coco billable prints 4-22 to 5-21-17	267.92
TOTAL VENDOR XEROX CORPORATION		924.92
VENDOR NAME: YESCO CHICAGO/OMEGA SIGN & LIGHTING		
13802	Park lighting maintenance at North Park	2,354.84
TOTAL VENDOR YESCO CHICAGO/OMEGA SIGN & LIG		2,354.84
VENDOR NAME: ZIZZO AUTO BODY		
2014 For Explr.	Repairs for the Police Department 2014 Ford Explor	642.99
TOTAL VENDOR ZIZZO AUTO BODY		642.99
GRAND TOTAL:		974,724.04

**VILLAGE OF LINCOLNSHIRE
LAKE COUNTY, ILLINOIS**

ORDINANCE NO. 17-_____

**AN ORDINANCE AMENDING A SPECIAL USE
FOR A PLANNED UNIT DEVELOPMENT FOR AN
ATTACHED SINGLE-FAMILY RESIDENTIAL TOWNHOME COMMUNITY
AND APPROVING A REVISED PLAT OF SUBDIVISION
(ORDINANCE NO. 16-3391-118)**

WHEREAS, the Village, Lincolnshire Campus, LLC and the then title holder of record of certain real property (the "Subject Property") entered into that certain Annexation Agreement dated August 25, 2003 and recorded as Exhibit A to Village Ordinance No. 03-1861-38 under document number 5434455 in the Office of the Lake County Recorder of Deeds (the "Original Annexation Agreement"); and

WHEREAS, Lincolnshire Campus, LLC subsequently acquired all interest in the Subject Property; and

WHEREAS, the Village subsequently adopted Ordinance No. 03-1864-41, as amended by Ordinance No. 04-1899-15 and Ordinance No. 04-1905-21, which ordinances collectively granted for the Subject Property a special use for a planned unit development for a continuing care retirement campus and the final planned unit development plan therefor in the R-4 Single-Family Attached Residential Zoning District (the "Sedgebrook PUD"); and

WHEREAS, subsequent to the Village's adoption of Ordinance No. 03-1864-41, Ordinance No. 04-1899-15 and Ordinance No. 04-1905-21, Lincolnshire Senior Care, LLC, a Delaware limited liability company (the "LSC") acquired all interest in the Subject Property and remains the title holder of Lot 1; and

WHEREAS, the Village and LSC entered into an amendment to the Original Annexation Agreement, which amendment is dated March 10, 2014 and recorded as Exhibit B to Village Ordinance No. 14-3321-47 under document number 7120708 in the Office of the Lake County Recorder of Deeds (the "First Amendment" and together with the Original Annexation Agreement, the "Amended Annexation Agreement"); and

WHEREAS, in conjunction with the Village's approval of the First Amendment, the Village adopted Ordinance No. 14-3322-48, which granted a further amendment to the Sedgebrook PUD (the "Fully Amended Sedgebrook PUD"); and

WHEREAS, in conjunction with its entry into the First Amendment, LSC resubdivided the Subject Property into Lot 1 and Lot 2 of the Sedgebrook Resubdivision, as illustrated and depicted on the Final Plat of Sedgebrook Resubdivision ("Lot 1" and "Lot 2," respectively); and

WHEREAS, Pulte is the owner of Lot 2, as more specifically described in **Exhibit A** to this Ordinance, upon which it has been granted a special use for a planned unit development for an 86-unit townhome development pursuant to Ordinance 15-3378-105;

WHEREAS, the Village granted approval for the final PUD plan and final plat of subdivision for the Camberley Club PUD by Ordinance 16-3391-118 (the "Camberley Club PUD Ordinance");

WHEREAS, pursuant to the provisions of Title 6 of the Village Code, Pulte submitted to the Village an application for Village Board consideration seeking a major amendment to the Camberley Club PUD Ordinance to revise more than 10% of the unit mix approved by the Village (the "PUD Application") and make conforming changes to the plat of subdivision; and

WHEREAS, the Corporate Authorities conducted a public hearing on April 12, 2017, regarding the PUD Application; and

WHEREAS, the aforesaid hearing on the PUD Application was held pursuant to notice thereof delivered via certified mail return receipt requested and published on March 25, 2017, in the *Daily Herald*, a newspaper of general circulation within the Village, as provided by law; and

WHEREAS, the Corporate Authorities conclude the proposed development of Lot 2 in accordance with the PUD Application will be beneficial to the Village, will not be detrimental to the Village's Comprehensive Plan or the spirit and intent of the Lincolnshire Zoning Code (the "Zoning Code") or the Lincolnshire Subdivision Code (the "Subdivision Code") and will otherwise enhance and promote the general welfare of the Village and the health, safety and welfare of the residents of the Village.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Trustees of the Village of Lincolnshire, in exercise of its home rule authority, as follows:

Section 1. Recitals.

A. The Corporate Authorities hereby confirm the truth and validity of the representations and recitations set forth in the foregoing recitals and do further acknowledge that they are material to this Ordinance. Such recitals are hereby incorporated into and made a part of this Ordinance as though they were fully set forth herein. The Corporate Authorities further intend that this Ordinance shall be liberally construed so that the purpose and intent represented by the recitals shall be accomplished to the greatest extent permitted by law.

B. The findings of fact of the Applicant, attached hereto as **Exhibit B**, are herein incorporated by reference as the findings of this Board to the same effect as if fully recited herein at length. All references in the findings are made the references of the Mayor and Board of Trustees of the Village of Lincolnshire.

Section 2. Amendment to the Camberley Club PUD Ordinance. Ordinance No. 16-3391-118 is hereby amended as follows:

A. The unit mix approved for Lot 2, as more fully depicted on the sheet titled, "Lot Development Plan, dated September 8, 2015, of the Camberley Club PUD Ordinance, is hereby replaced with a new unit mix, as more fully depicted on **Exhibit C** of this ordinance, attached hereto and incorporated as though full set forth herein. The result of this amendment is to permit 63 Villas units and 22 Terraces units (a total of 85 units after one unit reduction).

B. No units for which a building permit is issued after the effective date of this Ordinance shall be constructed with greater than three (3) bedrooms.

C. All of the remaining conditions, limitations and provisions of the planned unit development contained in Ordinance No. 16-3391-118 shall remain in full force and effect.

Section 3. Amendment to Final Plat of Subdivision. The final plat of subdivision for the Subject Property, approved by Ordinance No. 16-3391-118 ("***Final Plat***"), shall be, and is hereby, amended by making changes conforming to the revised final plan for Camberley Club, all as more specifically depicted in **Exhibit D**, and the

appropriate officials are hereby authorized to sign the revised Final Plat in the manner required by law and cause it to be recorded.

Section 4. Consents. By signing the acknowledgement and accepting the terms and conditions of this Ordinance, Pulte knowingly and voluntarily waives, for itself and its successors and assigns, any and all claims against the Village, its elected and appointed officers, employees and agents, of whatever kind, nature and amount, resulting from the limitations on the development of Lot 2 applied by this Ordinance. Notwithstanding the foregoing, nothing in this Ordinance shall be deemed to waive the ability for Pulte, or its successors and assigns, to petition the Village, from time to time, for other and further zoning and subdivision approvals.

Section 5. Superseding Effect. The specific terms and conditions of this Ordinance shall prevail against other existing ordinances of the Village to the extent of any conflicts. Except for the foregoing limitation and subject to the terms of the Second Amendment, the development of Lot 2 remains subject to all terms and conditions of Applicable Codes and Ordinances of the Village of Lincolnshire including, without limitation, zoning ordinances, building codes, subdivision regulations and regulations concerning the construction and design of public improvements.

Section 6. Penalties. Any person violating the terms and conditions of this Ordinance shall be subject to a penalty not exceeding Five Hundred Dollars (\$500.00) with each and every day that the violation of the Ordinance is allowed to remain in effect being deemed a complete and separate offense. In addition, the appropriate authorities of the Village may take such other action as they deem proper to enforce the terms and conditions of this Ordinance, including, without limitation, an action in equity to compel compliance with its terms. Any person violating the terms of this Ordinance shall be subject, in addition to the foregoing penalties, to the payment of court costs and reasonable attorneys' fees. This section shall not apply to the Village of Lincolnshire, its officials, agents or employees.

Section 7. Enforcement. Lot 2 shall be made available for inspection by any department of the Village at all reasonable times for compliance with this Ordinance and any other applicable laws or regulations.

Section 8. Effective Date; Assent. This Ordinance shall be in full force and effect from and after its passage, approval and publication in pamphlet form as provided by law, provided, however, that this Ordinance shall not take effect until a true and correct copy of this Ordinance is executed by Pulte, or such other parties in interest as the Village may reasonably identify, consenting to and agreeing to be bound by the terms and conditions of this Ordinance. Delivery to the Village of a copy of this Ordinance, as so executed, shall take place not later than sixty (60) days after the passage and approval of this Ordinance by the Corporate Authorities or within such extension of time as may be granted by the Corporate Authorities by motion.

PASSED this ____th day of _____, 2017, by the Corporate Authorities of the Village of Lincolnshire on a roll call vote as follows:

AYES:

NAYS:

ABSTAIN:

ABSENT:

APPROVED this ____th day of _____, 2017.

-

Elizabeth J. Brandt, Mayor

ATTEST:

Barbara Mastandrea, Village Clerk

Published by me in pamphlet form
this ____ day of _____, 2015.

ACKNOWLEDGED and ACCEPTED
this ____ day of _____, 2015.

PULTE HOME CORPORATION

By: _____
Curt Van Hyfte, Division President

Date: _____

EXHIBIT A

LEGAL DESCRIPTION OF LOT 2

EXHIBIT B
FINDINGS OF FACT

EXHIBIT C

REVISED UNIT MIX MAP AND TABLE

EXHIBIT D
AMENDED PLAT OF SUBDIVISION

4826-9658-5798, v. 3

**REQUEST FOR BOARD ACTION
COMMITTEE OF THE WHOLE MEETING**

Subject: Contract with Constellation Energy Services, Inc. for the Village's Non-Franchise Electricity Accounts (Village of Lincolnshire)

Action Requested: Ratification of Contract with Constellation Energy Services, Inc. for the Village of Lincolnshire's Non-Franchise Accounts

Originated By/Contact: Village Manager

Referred To: Village Board

Summary / Background:

The Village's current electricity contract for various non-franchise electricity accounts with Constellation Energy Services, Inc. expires at the end of this year. Staff has been working with Satori Energy (formerly Energy Choices), a Metropolitan Mayor's Caucus vendor, to secure pricing for non-franchise electricity accounts. The Village has worked with Satori Energy (Energy Choices) since 2006 to solicit bids and seek the best electricity rates for its non-franchise accounts.

At the May 22, 2017 Village Board meeting, the Village Board authorized the Village Manager to execute documentation to secure pricing for final electricity rate for various non-franchise accounts. The Village Manager worked with Satori Energy in late May to solicit pricing and lock in rates with Constellation Energy Services, Inc. for a recommended 36-month term. The Constellation contract is expected to save the Village approximately \$4,000 annually in electricity charges compared to the average annual electrical costs for the last three years.

Budget Impact: Saving of approximately \$4,000 annually beginning in Fiscal Year 2018.

Service Delivery Impact: None.

Recommendation: Receipt of Report Regarding Contract with Integrys Energy Services, Inc. for the Village's non-franchise electrical accounts.

Reports and Documents Attached:

- Satori Energy Pricing Results Exhibit
- Constellation Energy Services, Inc. Contract.

Meeting History	
Initial Referral to Village Board (COW):	05/22/2017
Regular Village Board Meeting:	06/12/2017

Village of Lincolnshire

Electric Supply Pricing Proposal

QUOTE DATE:
5/24/2017

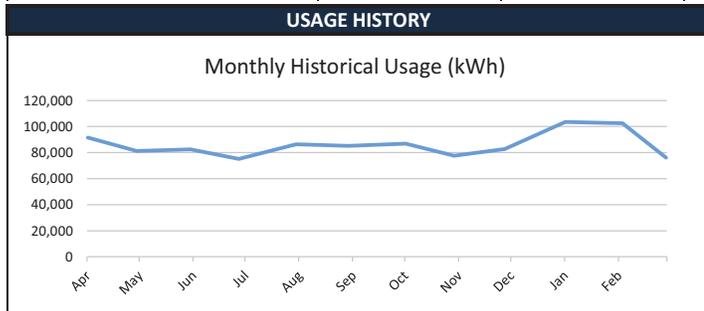


QUOTE INFORMATION	
Projected Start Date:	December 2017
Utility:	ComEd - IL
Number of Accounts:	5
Annual kWh:	1,031,576
Product Quoted:	Fixed

CURRENT PROVIDER INFORMATION	
Supply Provider:	Constellation
Electric Rate (\$/kWh):	\$0.05635
Annual Supply Cost:	\$58,129
Product:	Fixed
Contract End Date:	December 2017

MOST COMPETITIVE SUPPLY QUOTES						
Term Length	Rate (\$/kWh)	Supplier	Annual Contract Expense	Annual Impact (\$)	Annual Impact (%)	Total Contract Impact (\$)
12 Months	\$0.05177	Source Power & Gas	\$53,405	↓ \$4,725	↓ 8.1%	↓ \$4,725
18 Months	\$0.05276	Source Power & Gas	\$54,426	↓ \$3,703	↓ 6.4%	↓ \$5,555
24 Months	\$0.05170	Source Power & Gas	\$53,332	↓ \$4,797	↓ 8.3%	↓ \$9,594
36 Months	\$0.05125	Constellation	\$52,868	↓ \$5,261	↓ 9.1%	↓ \$15,783

QUOTE PRESENTATION						
Supplier	12 Months	18 Months	24 Months	36 Months	Credit Status	Bandwidth
Constellation	\$0.05218	\$0.05278	\$0.05199	\$0.05125	Approved	100%
Mint Energy	\$0.06313	\$0.06420	\$0.06335	\$0.06312	2 Invoices Required	100%
Entrust Energy	\$0.05572	\$0.05608	\$0.05524	\$0.05472	Pending Approval	100%
Dynegy Energy Services	\$0.05613	\$0.05769	\$0.05645	\$0.05639	Approved	100%
Ambit Energy	\$0.05983	\$0.06009	\$0.05955	\$0.05922	Approved	100%
Hudson Energy	\$0.05582	\$0.05618	\$0.05534	\$0.05532	Approved	100%
Nordic Energy	\$0.05454	\$0.05491	\$0.05393	\$0.05383	Pending Approval	100%
mc2 Energy Services	\$0.05385	\$0.05436	\$0.05371	-	Approved	100%
MP2 Energy	\$0.05281	\$0.05368	\$0.05242	-	Approved	100%
Champion Energy	\$0.05503	\$0.05538	\$0.05458	\$0.05428	Pending Approval	100%
Engie Resources	\$0.05649	\$0.05666	\$0.05573	\$0.05531	Approved	100%
Source Power & Gas	\$0.05177	\$0.05276	\$0.05170	\$0.05129	Approved	100%
Direct Energy	\$0.05239	\$0.05292	\$0.05203	\$0.05154	Approved	100%



ACCOUNT INFORMATION			
Account Number	Service Address	Annual kWh	Usage %
4107087029	One Olde Half Day Rd., Lincolnshire, IL 60069	498,789	48.4%
1864074001	1 W. Oxford NS, Lincolnshire, IL 60069	20,051	1.9%
9047167009	45 Londonderry Ln, Lincolnshire, IL 60069	54,045	5.2%
2747085009	0 E Riverwoods Rd., Lincolnshire, IL 60069	186,681	18.1%
7869160008	205 Schelter Rd., Lincolnshire, IL 60069	272,010	26.4%

CAPACITY INFORMATION		
The electricity quotes shown above are comprised of six major components: energy, capacity, transmission, ancillary costs, line losses, and Renewable Portfolio Standard (RPS) costs. Capacity itself is a regulated cost, meaning that the cost will be the same regardless of which supplier you choose to purchase your energy from. The table to the right shows the fluctuating costs of capacity over the next several years.	Planning Year	Est. Cost (\$/kWh)
	June 2015 - May 2016	\$0.01415
	June 2016 - May 2017	\$0.01059
	June 2017 - May 2018	\$0.01600
	June 2018 - May 2019	\$0.02180
June 2019 - May 2020	\$0.02079	

NOTES AND DISCLAIMERS

- Pricing as quoted is valid until 5PM CST of the Quote Date.
- This offer is presented on behalf of the named providers and is to the best knowledge of Satori Energy.
- Satori Energy is not responsible for any changes relative to this offer that are unknown to us.
- Historical annual kWh is determined by calculating the last 12 months of usage as provided from the local utility.
- This proposal incorporates all costs except meter rentals, facility costs, delivery costs, and any city, county, or state sales tax and gross receipts tax (which are not subject to deregulation).
- This analysis is only for the named client's review and the client agrees not to share this proprietary information with any third parties unless required by law. Either party breaking this covenant will be liable for damages.
- All suppliers retain the ability to adjust prices due to a change in law imposed by a Governmental Authority or the regional Independent System Operator ("ISO").
- All savings and expense impact figures displayed in the above proposal are estimates based on historical usage.



**Agreement is Not
Valid Unless
Executed by Seller**

**Constellation Energy Services, Inc.
Electricity Supply Agreement – Fixed Price Solutions**

VILLAGE OF LINCOLNSHIRE ("Customer") AND Constellation Energy Services, Inc. ("Seller") AGREE AS FOLLOWS:

Defined Terms. Capitalized terms have the meanings set out in this Electricity Supply Agreement, including the attached General Terms and Conditions ("Agreement"); generally the words "you" and "your" refer to the Customer listed above and the words "we" and "us" refer to Seller, unless the context clearly requires otherwise.

Purchase and Sale of Electricity. You will purchase and receive, and we will sell and supply all of your electricity requirements at the prices set forth below for each account identified in the Account Schedule below ("Account"). By signing this Agreement, you authorize us to enroll each Account with your UDC so that we can supply those Account(s). You will take such actions as we request to allow us to enroll each Account in a timely manner. You agree that we may select such sources of energy as we deem appropriate to meet our obligations under the Agreement. We will enroll each Account with the applicable UDC as being supplied by us and will take such other actions with the applicable UDC and ISO necessary for us to meet our obligations under the Agreement.

The specific prices for each Account are set forth in the Account Schedule, below. You are also responsible to pay (1) Taxes - which we will pass through to you on your bill or as part of the price of electricity, as may be required by law, rule or regulation and (2) UDC charges for delivery/distribution services if we provide you a single bill that includes UDC charges. Your prices are fixed for the existing term of this Agreement and only subject to change if there is a change in law, as described in Section 5 of the General Terms and Conditions below. The UDC charges (if any) and Taxes are charged to you as a "pass-through," which means they will change during the existing term of this Agreement if and as the related charges assessed or charged vary for any reason, including but not limited to the types of changes described above.

Cost Components. For each of the items listed as "Fixed" below, this means the item is included in your contract prices as set forth in the Account Schedule. For each of the items listed as "Passed Through" below, this means that you will be charged the costs associated with the line item in accordance with the definitions of each item in Section 1 Definitions of the General Terms and Conditions.

Energy Costs	Fixed
Ancillary Services And Other ISO Costs	Fixed
Auction Revenue Rights Credits	Fixed
Capacity Costs	Fixed
Transmission Costs	Fixed
Transmission Loss Credits	Fixed
Line Loss Costs	Fixed
FERC Order 745 Costs	Passed Through
Balancing Congestion Costs	Fixed

The contract prices contained in the Account Schedule include credit costs and margin but does not include any Renewable Portfolio Standards Costs as such costs will be separately stated on Customer's monthly invoice. Any applicable RMR Costs will be passed through to you. Except in the case of Transmission Costs, all other costs listed above as "Fixed" may be subject to change if there is a change in law, as described in Section 5 of the General Terms and Conditions below.

Retail Trade Transactions. At any time during the term of this Agreement, you may request the purchase of renewable energy certificates in an amount equal to a prescribed percentage of your load volume by entering into one or more Retail Trade Transactions ("RTTs") between us. If we both agree to the pricing and terms of the renewable energy certificates purchase, a separate RTT Confirmation signed by both of us will document each such purchase and be incorporated herein.

Term. This Agreement will become effective and binding after you have signed the Agreement and we have counter-signed. Subject to successful enrollment of your Account(s), this Agreement shall commence on or about the date set forth under "Start Date", and end on or about the date set forth under "End Date",

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unless extended on a holdover basis as described in this Agreement. The actual Start Date is dependent on the UDC successfully enrolling the Account(s) and furnishing us with all necessary information regarding the Account(s) meter read cycle and meter read date(s). The dates set forth in the Account Schedule below reflect UDC information available at that time or as otherwise estimated by us. The actual meter read dates may occur on or about the dates set forth herein. We will use commercially reasonable efforts to begin service to each Account(s) on the actual meter read date on or about the Start Date set forth herein. If we are unable to timely enroll an Account, the Start Date will commence on the next regularly scheduled UDC meter read cycle date following successful enrollment. The End Date will remain the same unless extended for a holdover term. We shall not be liable for any failure to enroll or drop an Account by the Start and End Date due to circumstances beyond our control. We will not be responsible for any gaps in service that may occur between the termination of your service from a prior supplier and the commencement of supply from us.

Nothing in this Agreement shall be deemed to require or otherwise obligate us to offer to extend the term of this Agreement. If following termination or expiration of this Agreement (whether in whole or in part), for any reason, some or all of the Accounts remain designated by the UDC as being supplied by us, we may continue to serve such Account(s) on a month-to-month holdover basis. During such holdover term, we will calculate your invoice as follows: (Each Account's metered usage, as adjusted by the applicable line loss factor) times (the ISO-published Day Ahead Locational Based Marginal Price for the applicable residual zone ("LMP") + \$.008250/kWh) + (a pass through of all costs and charges incurred for the retail delivery of energy to you) + Taxes. This Agreement will continue to govern the service of such Accounts during such holdover term. Either party may terminate the holdover term at any time within its discretion at which time we will drop each Account as of the next possible meter read date to the then applicable tariff service, whether default service or otherwise.

Your Invoice. Your invoice will contain all charges applicable to your electricity usage, including Taxes (which are passed through to you). If you have elected to receive a single bill from us for one or more of the Account(s) served hereunder, we will invoice you for all UDC Charges and related Taxes for those Account(s) ("Seller Consolidated Billing"). If you have elected to receive a single bill from the UDC for one or more of the Account(s) served hereunder, the UDC will invoice you for all of our charges and all UDC Charges and related Taxes for those Account(s) ("UDC Consolidated Billing"). Otherwise, we will invoice you for all our charges and the UDC will invoice you for all UDC Charges and related Taxes for those Account(s) which we refer to as "Dual Billing." Initially all your Account(s) will be billed as follows, which may change based on your Account(s) eligibility: Dual Billing. All amounts charged are due in full within twenty (20) days of the invoice date, and we reserve the right to adjust amounts previously invoiced based upon supplemental or additional data we may receive from your UDC. Your invoices will be based on actual data provided by the UDC, provided that if we do not receive actual data in a timely manner, we will make a good faith estimate using your historical usage data and other information. Once we receive actual data we will reconcile the estimated charges and adjust them as needed in subsequent invoices. If you fail to make payment by the due date, interest will accrue daily on outstanding amounts from the due date until the bill is paid in full at a rate of 1.50% per month, or the highest rate permitted by law, whichever is less; and we may withhold any payments due to the UDC until we receive such payments.

Certain Warranties. You warrant and represent that for Account(s) located in the State of Illinois, your aggregate consumption and usage during any 12 month period is greater than 15,000 kilowatt-hours and that the electricity supplied under this Agreement is not for use at a residence.

Notices. All notices will be in writing and delivered by hand, certified mail, return receipt requested, or by first class mail, or by express carrier to our respective business addresses. Our business address is 1221 Lamar St. Suite 750, Houston, TX 77010, Attn: Contracts Administration. Either of us can change our address by notice to the other pursuant to this paragraph.

Customer Service. For questions about your invoice or our services, contact us at our Customer Service Department by calling toll-free 646-779-2953, or by e-mail at CustomerCare@Constellation.com. Your prior authorization of us to your UDC as recipient of your current and historical energy billing and usage data will remain in effect during the entire term of this Agreement, including any renewal, unless you rescind the authorization upon written notice to us or by calling us at 646-779-2953. We reserve the right to cancel this Agreement in the event you rescind the authorization.

IN THE EVENT OF AN EMERGENCY, POWER OUTAGE OR WIRES AND EQUIPMENT SERVICE NEEDS, CONTACT YOUR APPLICABLE UDC AT:

UDC Name	UDC Abbreviation	Contact Numbers
Commonwealth Edison	COMED	1-800-334-7661

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Each party has caused this Agreement to be executed by its authorized representative on the respective dates written below.

Constellation Energy Services, Inc.

Customer: Village of Lincolnshire

Signature: David T. Donat 2017-05-24
David T. Donat 12:47-05:00

Printed Name: Vice President
Title:

Address: 1221 Lamar St. Suite 750
Houston, TX 77010
Attn: Contracts Administration

Fax: 888-829-8738
Phone: 646-779-2953

Signature: Bradley J. Burke

Printed Name: BRADLY J. BURKE
Title: VILLAGE MANAGER
Date: 5/24/2017

Address: 1 OLDE HALF DAY RD
LINCOLNSHIRE, IL 600693053

Fax: 847-883-8608
Phone: 847-883-8600
Email: bburke@lincolnshireil.gov

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General Terms and Conditions

1. Definitions.

"Ancillary Services And Other ISO Costs" means for any billing period the applicable charges regarding ancillary services as set forth in the applicable ISO Open Access Transmission Tariff ("OATT") and for other ISO costs not otherwise included in any of the defined cost components in this Agreement. We will reasonably determine your Account's monthly Ancillary Services And Other ISO Costs based on the Account's \$/kWh share of costs for Ancillary Services And Other ISO Costs or otherwise reasonable allocation method as we may determine from time to time based on how Ancillary Services And Other ISO Costs are assessed by the ISO.

"Auction Revenue Rights Credits" means revenue credits resulting from the annual financial transmission rights auction conducted by the ISO that are applicable with respect to transmission peak load contribution. If Auction Revenue Rights Credits are "Passed Through", such credits shall be reasonably calculated by us as the monthly product of the (i) total Auction Revenue Rights Credits expressed in dollars per planning year for the applicable zone, as published by the ISO; divided by (ii) the total Network Service Peak Load for such zone, as published by the ISO; divided by (iii) the number of days in the applicable planning year; multiplied by (iv) by an Account's applicable Network Service Peak Load; multiplied by (v) the number of days in the billing period or such other reasonable calculation method applied by us.

"Balancing Congestion Costs" means any costs or charges imposed by the ISO in complying with the Federal Energy Regulatory Commission's Order on Rehearing and Compliance regarding Docket Nos. EL16-6-002, EL16-6-003 and ER16-121-001 (January 31, 2017).

"Capacity Costs" means a charge for fulfilling the capacity requirements for the Account(s) imposed by the ISO or otherwise. Capacity Costs includes, but is not limited to, the cost for procuring Capacity Performance resources (as currently required and defined by the ISO) in accordance with the provisions of Federal Energy Regulatory Commission Order on Proposed Tariff Revisions (Docket No. ER15-623-000, et al, issued June 9, 2015).

"Energy Costs" means a charge for the cost items included in the Locational Marginal Price for the ISO residual zone identified in the Account Schedule.

"FERC Order 745 Costs" means any costs or charges imposed by the ISO in accordance with complying with the provisions of Federal Energy Regulatory Commission ("FERC") in Order No. 745 18 CFR Part 35 (March 15, 2011). Any modifications or conditions to the treatment of FERC Order 745 Costs under the ISO tariff or otherwise shall be deemed a change in law pursuant to Section 5 of the General Terms and Conditions of this Agreement.

"ISO" means the independent system operator or regional transmission organization responsible for the service territory governing an Account, or any successor or replacement entity.

"Line Loss Costs" means the costs (to the extent not already captured in the applicable Energy Costs) applicable to each Account based on the kWh difference between the UDC metered usage and the ISO settlement volumes. If Line Loss Costs are "Fixed," the Line Loss Costs are included in the Energy Costs and will not be invoiced as a separate line item. If Line Loss Costs are "Passed Through," the Line Loss Costs will be invoiced as a separate line item and calculated based on the applicable fixed price or locational marginal price for the corresponding usage.

"Non Time Of Use" or "NTOU" means all hours of each day.

"Off Peak" means all hours other than Peak hours.

"Peak" means the hours designated as peak from time to time by the UDC.

"Renewable Portfolio Standards Costs" means the costs associated with meeting renewable portfolio standards costs at the levels required by currently applicable Law. If Renewable Portfolio Standards Costs are not included in the contract price, such costs for a particular month will be the product of (i) the Monthly RPS Price; and (ii) an Account's monthly kWh usage. The Monthly RPS Price is the price of renewable portfolio standards compliance for the Account, for a particular month, fixed by reference to the renewable portfolio standards forward price curve for the state where the Account is located.

"RMR Costs" or "Reliability-Must-Run Costs" means the generation deactivation charges and other such charges, if any, imposed by the ISO on load served in a particular load zone to recover the cost for any generation units that plan to retire but are required by the ISO to run for reliability purposes beyond their intended retirement date, in accordance with the applicable ISO rules and OATT provisions.

"Taxes" means all federal, state, municipal and local taxes, duties, fees, levies, premiums or other charges imposed by any governmental authority, directly or indirectly, on or with respect to the electricity and related products and services provided under this Agreement, including any taxes enacted after the date we entered into this Agreement.

"Transmission Costs" means the charge for Network Transmission Service and Transmission Cost Enhancement Charges, each as identified in the applicable OATT Tariff for the provision of transmission service by the ISO within the UDC's service territory.

"Transmission Loss Credits" means the credit amounts applicable to the Accounts under the ISO's marginal loss construct

"UDC" means your local electric distribution utility owning and/or controlling and maintaining the distribution system required for delivery of electricity to the Accounts.

"UDC Charges" means all UDC costs, charges, and fees, due under UDC's delivery services rates associated with your use of UDC's distribution network, all as defined by the UDC tariffs, and any similar or related charges the UDC may impose from time to time.

2. Cash deposit and other security. At any time, we may require that you provide information to us so that we may evaluate your creditworthiness. We reserve the right to require that you make a cash deposit or provide other security acceptable to us if your financial obligations to us increase under this Agreement, or if, in our opinion, your credit, payment history, or ability to pay your bills as they come due becomes a concern. You will deliver any required cash deposit or other required security (or any increase therein) within three (3) business days of our request.

3. Default under this Agreement. You will be in default under this Agreement if you fail to: pay your bills on time and in full; provide cash deposits or other security as required by Section 2 above; or perform all material obligations under this Agreement and you do not cure such default within 5 days of written notice from us; or if you declare or file for bankruptcy or otherwise become insolvent or unable to pay your debts as they come due. We will be in default under this Agreement if we fail to perform all material obligations under this Agreement and do not cure such default within 5 days written notice from you, or if we declare or file for bankruptcy or otherwise become insolvent or unable to pay our debts as they come due.

4. Remedies upon default. If you are in default under this Agreement, in addition to any other remedies available to us, we may terminate this

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Agreement entirely, or solely with respect to those Accounts adversely affected by such default, and switch your Account(s) back to UDC service (consistent with applicable regulations and UDC practices); and/or require that you compensate us for all losses we sustain due to your default, including the following:

- payment of all amounts you owe us for electricity provided to you;
- when the Agreement is terminated early (entirely or as to certain Accounts), payment of an amount (that we will calculate using our reasonable judgment) equal to the positive difference between (A) the dollar amount you would have paid to us under this Agreement had it not been terminated early and (B) the dollar amount we could resell such electricity for to a third party under then-current market conditions; and
- all costs (including attorneys' fees, expenses and court costs) we incur in collecting amounts you owe us under this Agreement.

The parties agree that any early termination payment determined in accordance with this Section is a reasonable approximation of harm or loss, and is not a penalty or punitive in any respect, and that neither party will be required to enter into a replacement transaction in order to determine or be entitled to a termination payment.

5. Changes in law. We may pass through or allocate, as the case may be, to you any increase or decrease in our costs related to the electricity and related products and services sold to you that results from the implementation of new, or changes (including changes to formula rate calculations) to existing, Laws, or other requirements or changes in administration or interpretation of Laws or other requirements. "Law" means any law, rule, regulation, ordinance, statute, judicial decision, administrative order, ISO business practices or protocol, UDC or ISO tariff, rule of any commission or agency with jurisdiction in the state in which the Accounts are located. Such additional amounts will be included in subsequent invoices to you. The changes described in this Section may change any or all of the charges described in this Agreement, whether described as "fixed," "variable," "pass-through" or otherwise. Your first bill reflecting increased costs will include a bill insert describing the increase in costs in reasonable detail.

6. Events beyond either of our reasonable control. If something happens that is beyond either of our reasonable control that prevents either of us from performing our respective obligations under this Agreement, then whichever one of us cannot perform will be relieved from performance until the situation is resolved. Examples of such events include: acts of God, fire, flood, hurricane, war, terrorism; declaration of emergency by a governmental entity, the ISO or the UDC; curtailment, disruption or interruption of electricity transmission, distribution or supply; regulatory, administrative, or legislative action, or action or restraint by court order or other governmental entity; actions taken by third parties not under your or our control, such as the ISO or a UDC. Such events shall not excuse failure to make payments due in a timely manner for electricity supplied to you prior to such event. Further, if such an event prevents or makes it impossible or impracticable for the claiming party to carry out any obligation under this Agreement due to the events beyond either of our reasonable control for more than 30 days, then whichever one of us whose performance was **not** prevented by such events shall have the right to terminate the Agreement without penalty upon 30 days' written notice to the other.

7. UDC or ISO obligations. We will have no liability or responsibility for matters within the control of the UDC or the ISO-controlled grid, which include

maintenance of electric lines and systems, service interruptions, loss or termination of service, deterioration of electric services, or meter readings. .

8. Limitation on Liability. IN NO EVENT WILL EITHER PARTY OR ANY OF ITS RESPECTIVE AFFILIATED COMPANIES BE LIABLE FOR ANY CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST OPPORTUNITIES OR LOST PROFITS. Each party's total liability related to this Agreement, whether arising under breach of contract, tort, strict liability or otherwise, will be limited to direct, actual damages. Direct, actual damages payable to us will reflect the early termination payment calculation in Section 4. Each party agrees to use commercially reasonable efforts to mitigate damages it may incur. NO WARRANTY, DUTY, OR REMEDY, WHETHER EXPRESSED, IMPLIED OR STATUTORY, ON OUR PART IS GIVEN OR INTENDED TO ARISE OUT OF THIS AGREEMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE.

9. DISPUTE RESOLUTION. THIS AGREEMENT WILL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH ANY ACCOUNT IS LOCATED, WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PROVISIONS, AND ANY CONTROVERSY OR CLAIM ARISING FROM OR RELATING TO THIS AGREEMENT WILL BE SETTLED IN ACCORDANCE WITH THE EXPRESS TERMS OF THIS AGREEMENT BY A COURT LOCATED IN SUCH STATE. IF THE MATTER AT ISSUE INVOLVES ACCOUNTS OR MATTERS IN MORE THAN ONE STATE, THE GOVERNING JURISDICTION AND VENUE SHALL BE DEEMED TO BE NEW YORK. TO THE EXTENT ALLOWED BY APPLICABLE LAW, WE ALSO BOTH AGREE IRREVOCABLY AND UNCONDITIONALLY TO WAIVE ANY RIGHT TO A TRIAL BY JURY OR TO INITIATE OR BECOME A PARTY TO ANY CLASS ACTION CLAIMS WITH RESPECT TO ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

10. Relationship of Parties. We are an independent contractor, and nothing in this Agreement establishes a joint venture, fiduciary relationship, partnership or other joint undertaking. We are not acting as your consultant or advisor, and you will not rely on us in evaluating the advantages or disadvantages of any specific product or service, predictions about future energy prices, or any other matter. Your decision to enter into this Agreement and any other decisions or actions you may take is and will be based solely upon your own analysis (or that of your advisors) and not on information or statements from us.

11. Confidentiality. Consistent with applicable regulatory requirements, we will hold in confidence all information obtained by us from you related to the provision of services under this Agreement and which concern your energy characteristics and use patterns, except that we may, consistent with applicable law and regulation, disclose such information to our affiliates and such affiliates' employees, agents, advisors, and independent contractors. Except as otherwise required by law, you will agree to keep confidential the terms of our Agreement, including price.

12. Miscellaneous Provisions. If in any circumstance we do not provide notice of, or object to, any default on your part, such situation will not

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constitute a waiver of any future default of any kind. If any of this Agreement is held legally invalid, the remainder will not be affected and will be valid and enforced to the fullest extent permitted by law and equity, and there will be deemed substituted for the invalid provisions such provisions as will most nearly carry out our mutual intent as expressed in this Agreement. You may not assign or otherwise transfer any of your rights or obligations under this Agreement without our prior written consent. Any such attempted transfer will be void. We may assign our rights and obligations under this Agreement. This Agreement contains the entire agreement between both of us, supersedes any other agreements, discussions or understandings (whether written or oral) regarding the subject matter of this Agreement, and may not be contradicted by any prior or contemporaneous oral or written agreement. A facsimile or e-mailed copy with your signature will be considered an original for all purposes, and you will provide original signed copies upon request. Each party authorizes the other party to affix an ink or digital stamp of its signature to this Agreement, and agrees to be bound by a document executed in such a manner. The parties acknowledge that any document generated by the parties with respect to this Agreement, including this Agreement, may be imaged and stored electronically and such imaged documents may be introduced as evidence in any proceeding as if such were original business records and neither party shall contest their admissibility as evidence in any proceeding. Except as otherwise explicitly provided in this Agreement, no amendment (including in form of a purchase order you send us) to this Agreement will be valid or given any effect unless signed by both of us. Applicable provisions of this Agreement will continue in effect after termination or expiration of this Agreement to the extent necessary, including those for billing adjustments and payments, indemnification, limitations of liability, and dispute resolution. This Agreement is a "forward contract" and we are a "forward contract merchant" under the U.S. Bankruptcy Code, as amended. Further, we are not providing advice regarding "commodity interests", including futures contracts and commodity options or any other matter, which would cause us to be a commodity trading advisor under the U.S. Commodity Exchange Act, as amended.

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ACCOUNT SCHEDULE:

For: Village of Lincolnshire

The Pricing set forth below is only valid until 5:00 PM Central Prevailing Time on May 24, 2017

We shall have no obligation to enroll or supply electricity to any account(s) that are not identified on the Account Schedule below.

Please verify that your specific information is COMPLETE and ACCURATE.

Your review and acceptance of this information will help ensure accurate future invoices

Notes: Accounts or Service Addresses listed in the Account(s) Schedule may be updated or replaced with a new account number issued by the UDC, ISO or other entity.

No. of Service Accounts: 5

UDC	UDC Account Number	Service Address	Start Date	End Date	Energy Price Non TOU (\$/kWh)
COMED	1864074001	1 W. Oxford Ns, Lincolnshire, IL 60069	12/03/17	12/02/20	\$0.05125
COMED	2747085009	0 E Riverwoods Rd., Village Of Lincolnshire, IL 60069	12/03/17	12/03/20	\$0.05125
COMED	4107087029	One Olde Half Day Rd., Lincolnshire, IL 600693053	12/03/17	12/02/20	\$0.05125
COMED	7869160008	205 Schelter Rd., Village Of Lincolnshire, IL 600693605	12/05/17	12/02/20	\$0.05125
COMED	9047167009	45 Londonderry Ln, Lincolnshire, IL 600693902	12/03/17	12/02/20	\$0.05125

TO ACCEPT THE PRICING ABOVE, PLEASE FAX A SIGNED COPY OF THIS AGREEMENT TO US AT 888-829-8738.

Payments to Certain Third-Parties: You acknowledge and understand that:

- We are making a payment to Satori Enterprises LLC in connection with its efforts to facilitate our entering into this Agreement; and
- Your price reflects the fee we are paying to Satori Enterprises LLC
- Satori Enterprises LLC is acting on your behalf as your representative and is not a representative or agent of ours.
- You should direct any questions regarding such fee to Satori Enterprises LLC.

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**REQUEST FOR BOARD ACTION
June 12, 2017**

Subject: Receipt and Presentation of 2016 Village of Lincolnshire Comprehensive Annual Financial Report (CAFR) (Village of Lincolnshire)

Action Requested: Review and Acceptance of CAFR

Originated

By/Contact: Michael Peterson, Finance Director/ Treasurer

Referred To: Mayor and Village Board of Trustees

Summary / Background: On June 8, 2017, staff provided Village Board members an electronic copy of the *Village of Lincolnshire Comprehensive Annual Financial Report (CAFR), Auditor's Communication to the Village Board, and Management Letter*. As part of the audit process Sikich is required to have certain communications with those charged with governance at the conclusion of the audit. Village Auditor Dan Berg, Partner with Sikich LLP and Finance Director Michael Peterson will be in attendance at Monday's meeting to provide an overview and take questions related to the audit process, reports, and the financial position of the Village. The CAFR will be posted in PDF format on the Village's website on June 13, 2017 at

<http://village.lincolnshire.il.us/departments/finance-department/audit>

The Independent Auditor's Report prepared by Sikich, can be found on pages 1-3 of the CAFR. It is Sikich's opinion, "*the financial statements present fairly, in all material respects, the financial position of the Village of Lincolnshire as of 12/31/2016.*"

The Village had a successful audit and Finance Director Peterson wishes to extend his thanks to all the support provided by other departments and Finance Department staff.

Budgetary Impact: n/a

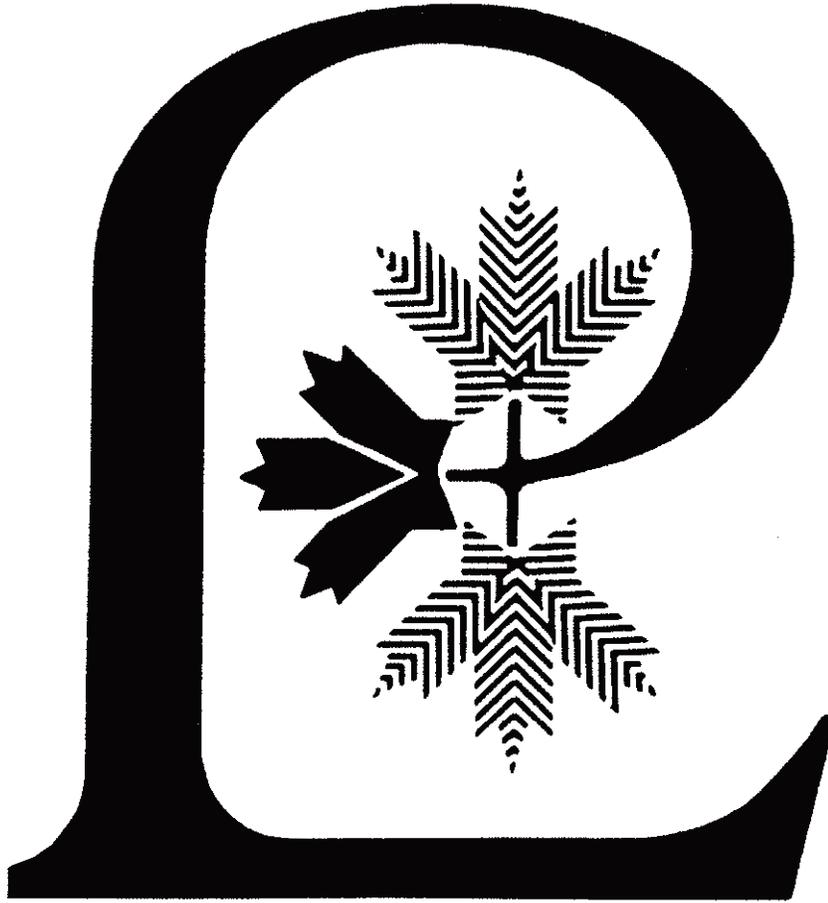
Recommendation:

Staff recommends the Village receive the CAFR.

Reports and Documents Attached:

- CAFR (Comprehensive Annual Financial Report)
- Auditor's Communication to the Village Board
- Management Letter

Meeting History	
Village Board Meeting	June 12, 2017



Village of
Lincolnshire
Illinois

Comprehensive Annual Financial Report
For the Year Ended December 31, 2016

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2016

Prepared by Finance Department

Michael R. Peterson
Finance Director/Village Treasurer

VILLAGE OF LINCOLNSHIRE, ILLINOIS
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INTRODUCTORY SECTION

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2016

Mayor

Elizabeth Brandt

Village Board

Karen Feldman
Dr. Mara Grujanac
Mark Hancock

Dan Servi
Tom McDonough
Gerard Leider

Village Clerk

Barbara Mastandrea

* * * * *

Village Manager

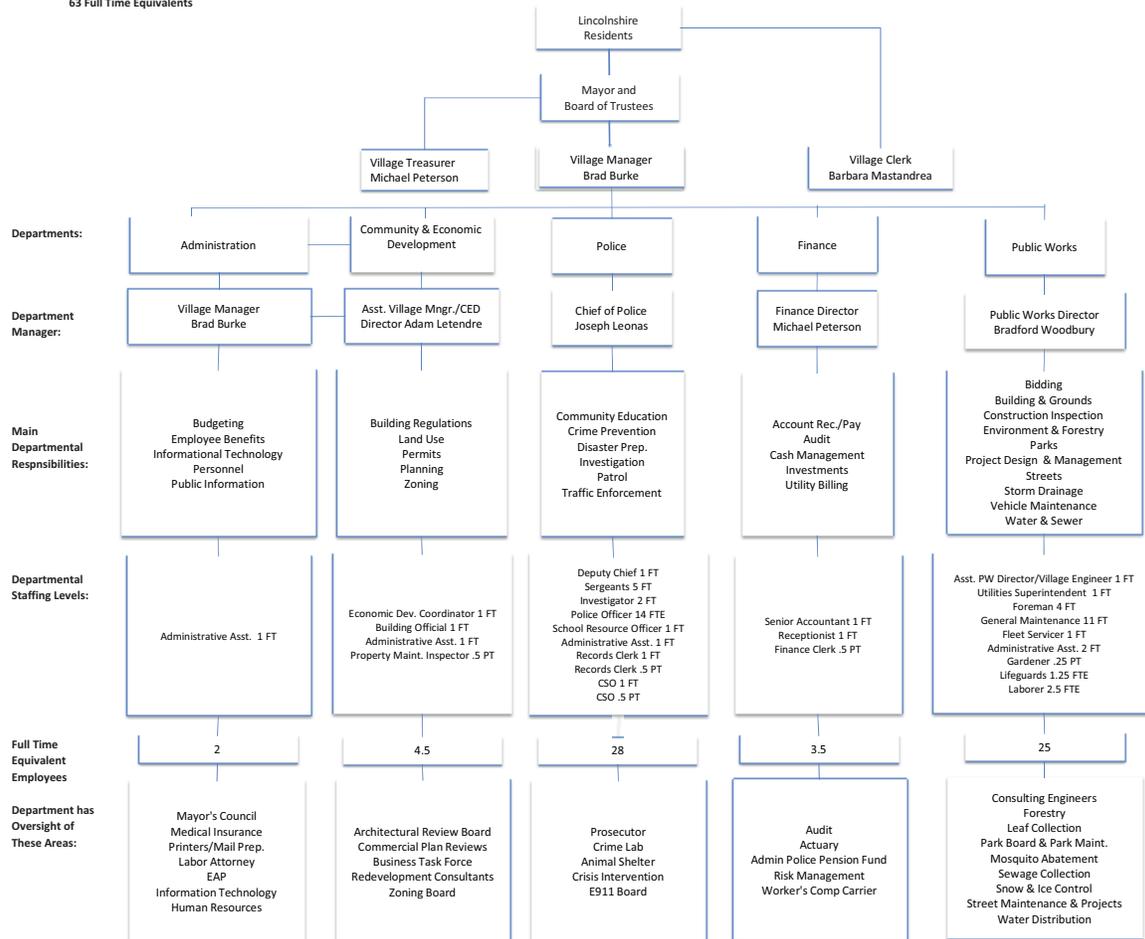
Bradly Burke

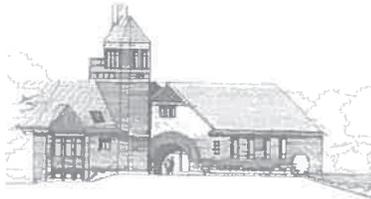
Finance Director/Village Treasurer

Michael R. Peterson

58 Full Time Employees
 5 Part Time or Seasonal Employees
 63 Full Time Equivalents

Village of Lincolnshire
 Organizational Chart
 12/31/2016





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



May 27, 2017

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

Formal Transmittal

State law requires all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Lincolnshire for the fiscal year ended December 31, 2016

This report consists of management's representations concerning the finances of the Village. Management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the Village Management has established a comprehensive internal control framework designed both to protect the Village's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh anticipated benefits, the Village's objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. As Management, we assert, 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 unmodified opinion on the Village's financial statements for the fiscal year ended December 31, 2016. The independent auditor's report is presented at the front of the financial section of this report.

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

Profile of the Village

Basic Information

The Village of Lincolnshire, incorporated in 1957, is located in southern Lake County and is 38 miles north of the City of Chicago. The community covers nearly five-square miles with the northern branch of the Des Plaines River running through its boundaries. Thousands of native deciduous trees and significant open space help create a bucolic atmosphere making the Village a very desirable community to locate both businesses and residences. The Village is also home to the nationally recognized Adlai E. Stevenson High School and Lincolnshire Prairie View School District serving preschool through 8th grade. The Village became home rule by a voter approved referendum in 1975. The most recent federal census recorded 7,275 residents, and Lincolnshire's day-time population is estimated at nearly 25,000.

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

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

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

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

Assessment of Economic Condition and Future Outlook

Local Economy

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

Annual operational cost and debt service has traditionally been funded with current revenues. Capital Expenses are typically funded via accumulated reserves designated for such use. This strategy is anticipated through the foreseeable fiscal year 2020. Prior to tax year 2016, property taxes have historically only been levied exclusively to fund the Village's two pension plans (police and municipal employees). Beginning with tax year 2016, property taxes are only levied for Police Protection expenses. A number of revenues sources have shown slight but steady growth in recent years.

Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year End	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
EAV (million)	\$625	\$586	\$563	\$561	\$562	\$604	\$639	\$688	\$701
Gen Fund Revenue	\$11.6	\$12.3	\$11.3	\$10.3	\$9.6	\$8.7	\$6.7	\$6.7	\$8.0
Gen Fund Reserve Ratio (% of annual exp plus debt)	81%	110%	112%	140%	124%	116%	105%	92%	104%

The three basic economic indicators listed above serve as benchmarks as to how Lincolnshire finances have been impacted over the years. Prior to FY2008, annually for eleven years, Village real estate values consistently showed, in total, an average increase of 5%. The Village experienced a 18.5% decline in total equalized assessed values from 2009 to 2013. 2014, 2015 and 2016 values have increased .3% (\$1.8 million); 4.0% (\$22.7 million); and 6.7% (\$39.3 million) respectively.

Five types of revenue sources account for 77.7% of the total projected revenues for the FY17 General Fund. These sources and their respective budget increases/ -decreases over FY16 are as follows: Sales Tax (-36.3%), Utility Tax (-0.2%), Telecommunication Tax (0.0%) Rooms & Admissions Tax (2.6%), and Property Tax (*new item*).

Anticipating the decline in 2017 revenues, the Village Board has tentatively agreed to levy a Property Tax for Police Protection Services in lieu of a tax for retirement benefits, increase the Home Rules Sales Tax rate to 1%, and implement a 1% Food & Beverage for FY17. The General Capital Projects Fund was created in FY2013 to allocate General Fund reserves to pay for needed infrastructure projects and equipment. It is the Village's policy to maintain a reserve equal to 75% of one year's operating expenses. Any reserves in excess of this policy are transferred to the General Capital Projects Fund annually. Any shortfalls in the General Funds reserve will be replenished from a General Capital Projects Fund transfer. The General Fund FY17 Budget anticipates the transfer of \$1,100,000 from the General Capital Projects Fund to the General Fund related to the loss of two major sales tax producers.

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

Long-Term Financial Planning

The Village's long-term strategy is aimed at preserving the outstanding quality of life enjoyed by its residents and also ensure residents' expectation for excellent service continues to be delivered. The financial stress resulting from the recent recession required the Village to focus more so on increasing efficiencies and delivering its core services than in the past. Operating and capital expenditure spending levels are forecasted to rise; reversing the recent trend where expenses shrunk to meet the challenge of diminished revenues.

Relevant Financial Policies for this Year

The cornerstone of the Village's strategic financial planning has always been to conservatively anticipate revenues to be "lower than projected" and to assume expenditures to be "at 100% of budgeted". The General Fund unassigned fund balance is currently at 81.0% of annualized general fund operating expenditures (excluding Sales Tax Rebate and Police Pension Contribution). This exceeds the Village's policy guideline established for budgetary and planning purposes ("75% of one-year's operational expenditures excluding capital outlay, but includes annual debt service"). Additionally, the General Capital Projects Fund has a \$2.71 million reserve.

The FY17 balanced General Fund budget was prepared without the necessity of drawing on the fund's reserves for General Fund operating expenses. In recent years "belt-tightening" measures were initiated, where appropriate, for operating and capital expenditures (i.e., joint purchasing agreements, department reorganization and leaving open unfilled positions, project by project evaluation, outsourcing dispatch services). Revenue from natural gas use tax and the home rule sales tax implemented in FY11 have proven to be successful in generating additional tax revenues.

The Village's economic incentive program has been successful in generating significant additional sales tax. Three commercial enterprises were part of the incentive program in start of 2016; however, as a result of business relocation the year ended with two.

Major Initiatives of the Year

As part of the annual budget process, the Board of Trustees developed and prioritized the 2016 strategic goals to promote the Village Board's vision of providing outstanding public services in a fiscally conservative manner. Work this past year continued efforts to revise the presentation of the Village's budget to increase transparency and improve management's ability to oversee operations. Village staff also completed the third annual update of Lincolnshire's 10-Year Capital Plan and 5-Year Financial Forecast. Both of these documents aid elected officials, and management, to budget and plan expenditures in an effective and fiscally responsible manner. In addition to ongoing improvements to the budgeting process, in late 2015, the Village deployed a new enterprise resources software system. The new software integrates operations in all Village departments and ties activities into accounting and financial management. The new software has improved customer services, increased efficiencies, and assisted in providing enhanced financial reporting and tracking for the Village. Goals for 2016 also included continuing to increase efforts in Community & Economic Development including implementation of the fourth year of the Economic Development Strategic Plan and increasing the Village's involvement and visibility at community events. Other priorities included long-range flood mitigation planning for the Lincolnshire Drive area; succession planning; and development of an updated pedestrian path plan.

The Village Board, management and staff are pleased to report the primary goal of maintaining high service levels while not increasing the burden to the taxpayers has been substantially achieved even in light of the ongoing depressed economic environment, major changes in leadership in the Police Department and CED Department, and significant uncertainty regarding the financial position of the State of Illinois. The Village of Lincolnshire ended the practice to levy a property tax to fund required contributions to both the Police Pension Fund for sworn employees and retirement fund (Illinois Municipal Retirement Fund) for all other Village employees. Instead, the Village will pay contributions from Village revenue, and levy a property tax for Police Protection Services only. For the fourth consecutive year, the Village maintained a stable property tax rate which comprises less than 3% of the total property tax bill paid by residents in the community.

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

In terms of the Village's enterprise system, water and sewer rates were increased 5.0%. A significant commitment was made in 2014 to begin to address water distribution system infrastructure needs as outlined in the 10-Year Capital Plan. In 2016 plans were developed, and in 2017 the Village is scheduled to replace a water main in the Pembroke neighborhood at a total cost of nearly \$1 million. This project will minimize the ongoing water main breaks that have occurred in this area.

Development Initiatives

In 2016, several significant projects were approved or constructed resulting in one-time revenues associated with property transfer, building permit fees, as well as long-term revenues via additional property, sales, and utilities taxes for the Village.

- Lincolnshire's Regal Cinemas and IMAX, located at CityPark Center, 300 Parkway Drive (southwest corner of Milwaukee Avenue and Aptakisic Road), completed extensive renovations as part of a major 20-acre redevelopment spearheaded by Lincolnshire-based ECD Company. All theater auditoriums have been retrofitted with new reclining seats. The theater parking lot has been recently redesigned in advance of construction of a 302-unit luxury apartment complex, known as *444 Social*, south of the movie theater slated for 2017 and 2018.
- The Village granted zoning approvals for a number of major commercial and institutional projects. Culver's plans to construct a new 4,000-square-foot restaurant building north of The Fresh Market grocery store in the Village's downtown area. Loft 21 Banquet Hall will operate in a vacant 31,000-square-foot building at 1501 Milwaukee Avenue following significant building upgrades. The Gardner School plans to construct a 16,000-square-foot daycare center on a vacant parcel at 250 Barclay Boulevard. In addition, the Village approved building expansions for two elementary schools operated by the Lincolnshire-Prairie View School District 103 to better serve the needs of school children residing in the district.
- The CityPark retail center, located at the southwest corner of Milwaukee Avenue and Aptakisic Road, changed ownership in 2016. The new owners plan

comprehensive parking, signage and landscaping improvements to fill vacancies and make the center more attractive to prospective businesses.

- The Village and Medline Industries, owner of a 40-acre site at the northwest corner of Route 22 and I-94, continued marketing this high-profile, “gateway” property for a new mixed-use development. The site represents a unique development opportunity, coupled with an adjacent Florsheim 100-acre estate immediately west.
- Village Green Shopping Center- Half Day Brewing Co., opened a restaurant and brewery, located in the former 14,500-square-foot Flatlander’s restaurant building which became vacant in 2012. .
- Lincolnshire Commons Shopping Center- North Shore University Health Care leased a 33,000 sq.ft. building formerly occupied by the Barnes & Noble. After obtaining Village approvals to amend the Lincolnshire Commons PUD to allow for a non-retail use in that location. North Shore completed major interior renovations for physicians’ offices and will begin operations in early 2017.
- Camberley Club Townhome Development - Pulte Homes broke ground on an 86-unit townhome development, called the Camberley Club. It is located on a 20-acre property at the southeast corner of Milwaukee Avenue and Riverside Road, north of Sedgebrook Retirement Community. As part of the Pulte development, the adjacent intersection will be realigned and Riverside Road will be improved to Village standards.
- Lincolnshire Trails Townhome Development – The developer KZF Stack received preliminary approvals to construct 42 townhome units on a 20-acre property located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club.
- Lincolnshire added 11 new commercial businesses in 2016.

POLICE PENSION CONTRIBUTIONS

Page 57 depicts police pension contribution information formatted to comply with the requirements of GASB statement 67. However, the Village Board and Lincolnshire Police Pension Board members believe the below Pension Contribution Schedule more accurately represents the Board’s funding efforts.

The notable difference is the year in which contributions paid (column C) are recognized. While GASB 67 compares the 2015 Pension Request \$783,607 to the 2014 Property Tax Levy (collected in 2015) \$618,665 the following schedule compares 2015 Pension Request \$783,607 to the 2015 Property Tax Levy (collected in 2016) \$833,555. The below schedule favorably represents the Village Board’s intention to contribute \$49,948 (\$833,555- \$783,607) over the Police Pension Boards request; and \$418,839 over the statutory minimum. Contrarily, GASB 67 leads users to wrongfully conclude the Village Board underfunded the Police Pension Boards request by \$164,942 and denotes a “Contribution Deficiency”.

EMPLOYER CONTRIBUTIONS TO POLICE PENSION FUND

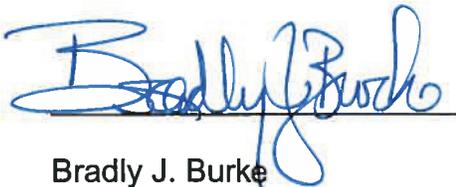
	A	B		C	D= C/B	E= C-B
Tax Year (Calendar)	Police Pension Board Recommended	DOI Statutory Minimum	Collection Year Fiscal Year End	Committed Contribution During FYE	Percentage Of Contrib Collected vs Statutory Minimum	Difference Committed Contrib vs Statutory Minimum
2016	\$ 803,666	\$ 436,920	2017	\$ 803,700	183.9%	\$ 366,780
2015	\$ 783,607	\$ 414,716	2016	\$ 833,555	201.0%	\$ 418,839
2014	\$ 692,133	\$ 391,292	2015	\$ 618,665	158.1%	\$ 227,373
2013	\$ 644,854	\$ 415,378	2014	\$ 589,303	141.9%	\$ 173,925
2012	\$ 1,056,822	\$ 422,359	2013	\$ 1,059,747	250.9%	\$ 637,388
2011	\$ 959,202	\$ 467,346	2012	\$ 961,521	205.7%	\$ 494,175
2010	\$ 1,075,278	\$ 466,222	2011	\$ 1,032,840	221.5%	\$ 566,618
2009	\$ 1,013,947	\$ 511,772	2010	\$ 1,012,592	197.9%	\$ 500,820
2008	\$ 1,096,939	\$ 423,868	2009	\$ 1,101,333	259.8%	\$ 677,465
2007	\$ 805,933	\$ 459,543	2008	\$ 1,063,146	231.3%	\$ 603,603
Totals	\$ 8,128,715	\$ 3,972,496		\$ 8,272,702		

Acknowledgments

Individuals

The preparation of the CAFR on a timely basis was made possible by the dedicated staff of the Finance Department. In particular, we would like to express our sincere appreciation to Julia Gabbard, Senior Accountant; Candy Normandy, Finance Secretary; and Nancy Panos, Finance Clerk, for their continued efforts throughout the year which allowed for the smooth and timely preparation of this report. Finally, we wish to express our appreciation to the members of the Village Board for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.

Respectively Submitted,



Bradly J. Burke
Village Manager



Michael R. Peterson
Finance Director/ Treasurer

FINANCIAL SECTION



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

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Board of Trustees
Village of Lincolnshire, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois (the Village), as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Village adopted GASB Statement No. 72 *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The statement modifies certain disclosures in the notes to financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Sikich LLP

Naperville, Illinois

May 24, 2017

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF LINCOLNSHIRE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

As management of the Village of Lincolnshire, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2016 (FY16). Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village exceeded its liabilities at the close of fiscal year ending December 31, 2016 by \$101.8 million (net position). Of this amount, -\$4.34 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted balance are primarily related to implementation of Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans.
- The Village's total net position decreased by \$109,656 during the twelve months ended December 31, 2016. The net position associated with "governmental activities" increased \$783,247, while the "business-type activities" decreased \$892,903. The decreases are primarily related to implementation of Statement on Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans.
- At the close of the current fiscal year, the Village's governmental fund's reported combined fund balances of \$16.82 million, an increase of \$52,029, or .36%, in comparison with the prior fiscal period. The components of the combined fund balance consist of eight different funds; two of which are considered "major" and six considered "non-major." At 42.8%, the General Capital Projects Fund comprises the largest share of the Village's combined ending fund balance; the General Fund is second at 41.0%; and Special Service Area (SSA) Debt Services is the third largest fund at 12.6%. The Village is the conduit to the Special Service Area (Sedgebrook Development) Debt Service. The entire SSA Debt Service Fund Balance is restricted. Of the \$6.9 million held in the General Fund, 77.3% of it is available for spending at the government's discretion (classified as "unrestricted, unassigned").
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund \$5,341,222; or approximately 77.3% of the General Corporate Fund FY2017 annual operating expenditures (excluding capital and transfers to capital, but including debt service). The Village's policy is to maintain a minimum of 75% of equivalent expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GOVERNMENT REPORTING THE VILLAGE AS A WHOLE

Government-wide Financial Statements

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

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

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

Both government-wide financial statements distinguish governmental activities of the Village, principally supported by taxes and intergovernmental revenues (such as state shared revenues), from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety and public services. Public services encompass the repair and maintenance of the streets and storm drainage system along with the care of the parks and grounds areas. The Special Service Areas are also included in the governmental activities. Business-type activities include the water and sewer utility. Fiduciary activities, such as employee pension plans, are not available to fund Village programs and therefore are not included in the government-wide statements.

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

The government-wide financial statements are presented on pages 4-7 of this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

The basic governmental fund financial statements are presented on pages 8 - 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Internal service fund provides services (repair and maintenance of Village vehicles) and charges user fees to individual departments within the Village organization. Because the internal service fund primarily serves the Village, it is included within the governmental activities of the government-wide financial statements.

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

The basic proprietary fund financial statements are presented on pages 12 - 16 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Lincolnshire Police Pension plan is reported as a pension trust fund in the financial Statements, but is excluded from the government-wide reporting. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are presented on pages 17 - 18 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 19 of this report.

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service fund are presented in a subsequent section of this report beginning on page 61.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted in an earlier statement, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lincolnshire, assets exceeded liabilities by \$101.8 million at the close of the most recent fiscal year.

The largest portion of the Village's net position (97.2%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Current and Other Assets	\$21,924,271	\$22,002,444	\$2,268,301	\$2,071,515	\$24,192,572	\$24,073,959
Capital Assets	70,533,160	69,977,569	35,417,955	34,029,430	105,951,115	104,006,999
Deferred Outflows of Resources	2,220,043	2,497,806	314,675	421,815	2,534,718	2,919,621
Total Assets and Deferred Outflows	\$94,677,474	\$94,477,819	\$38,000,931	\$36,522,760	\$132,678,405	\$131,000,579
Other Liabilities	3,670,752	3,285,349	1,028,184	618,533	4,698,936	3,903,882
Long-Term Liabilities	21,648,527	21,030,810	1,190,312	1,014,695	22,838,839	22,045,505
Deferred Inflows of Resources	3,136,071	3,156,289	49,027	49,027	3,185,098	3,205,316
Total Liabilities and Deferred Inflows	\$28,455,350	\$27,472,448	\$2,267,523	\$1,682,255	\$30,722,873	\$29,154,703
Net Position						
Investment in Capital Assets Net of Related Debt	69,382,066	69,513,712	34,970,306	33,849,040	104,352,372	103,362,752
Restricted	2,725,241	2,820,674			2,725,241	2,820,674
Unrestricted	(5,885,183)	(5,329,015)	763,102	991,465	(5,122,081)	(4,337,550)
Total Net Position	\$66,222,124	\$67,005,371	\$35,733,408	\$34,840,505	\$101,955,532	\$101,845,876

For Fiscal Year ended 2016, the Total Primary Government as well as Governmental Activities reported positive balances in two of the three categories of net position, The negative Unrestricted balance are primarily related to implementation of Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans. Business-type activities reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year. The Village has funded capital improvements to a large extent on a pay-as-you-go basis with few exceptions.

Business-type Activities reported a 2.5% decrease in Net Position primarily as a result of the Village Board's decision to reduce the historical General Fund subsidy to Water/Sewer Operations and W/S Improvement Fund.

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

STATEMENT OF ACTIVITIES

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
REVENUES:						
Program Revenues:						
Charges for Services	1,579	1,496	3,841	4,984	5,420	6,480
Operating Grants & Contr	246	231	0	0	246	231
Capital Grants & Contr	58	179	0	0	58	179
General Revenue:						
Property Taxes	2,583	2,649			2,584	2,649
Other Taxes	10,305	9,286			10,306	9,286
Miscellaneous	94	195	3	10	97	205
Interest Income	55	76	4	4	59	80
Total Revenues	14,922	14,112	3,848	4,998	18,770	19,110
EXPENSES:						
General Government	3,261	3,070			3,261	3,070
Public Safety	4,224	4,593			4,224	4,593
Comm & Econ Development	846	843			846	843
Public Works	2,526	2,684			2,526	2,684
Parks & Open Spaces	1,594	1,851			1,594	1,851
Interest	845	764			845	764
Water and Sewer			5,561	5,917	5,561	5,917
Total Expense	13,296	13,805	5,561	5,917	18,857	19,722
Inc (Dec) in assets before transfers	1,626	307	(1,713)	(919)	(87)	(612)
Transfers	(906)	94	906	(94)	0	0
Inc (Dec) in Net Position	720	401	(807)	(1,013)	(87)	(612)
Net Position - Beginning	77,401	66,222	37,285	35,733	114,687	101,955
Accounting Principle Change	(11,899)	382	(745)	120	(12,645)	502
Net Position - Ending	\$66,222	\$67,005	\$35,733	\$34,840	\$101,956	\$101,845

Government Activities

During the current fiscal year, net position for governmental activities increased \$.783 million from the restated Net Position at the start of the fiscal year for an ending balance of \$67,005,371. The increase in overall net position of governmental activities is reflected in the above condensed Statement of Activities.

Revenue:

The total revenues decreased \$810,000 from FY15 \$14.922 million to FY16 \$14.112.

Property taxes represent approximately 18.8% of the Village's Governmental Activities revenue. As the Village is subject to the Tax Cap Limitation Act, the Village's property tax revenue increased 2.5% from \$2,583,554 (FY15) to \$2,649,278 (FY16). The Village's equalized assessed valuation increased 6.71% from \$586,329,751 to \$625,649,053 for tax years 2015 (actually received 2016) and tax year 2016 (to be received in 2017), respectively.

The Illinois Department of Revenue reports the Village of Lincolnshire's sales tax revenue during 2016 decreased \$796,619. The sales tax categories reporting the largest dollar gains include lumber and manufactures at \$21,345 and \$13,692 respectively. 2016 Sales Tax Revenue reported significant losses resulting from the departure of Grainger, Forsythe Solutions and Barnes & Noble. The number one declining category being "agriculture and all others" dropping \$809,459; followed by \$77,747 decrease to the "furniture" category. The "drugs and miscellaneous" category sales grew \$100,123 (81.9%) over 2015. Other noteworthy increases include lumber \$21,345 (51.4%) and manufactures \$13,692 (131.2%).

Lincolnshire's other tax revenues posting decreases for 2016 include: State Income Tax -\$87,659 (-11.1%), Local Use Tax -\$29,381 (-14.2%); Utility Tax -\$66,058 (-5.1%) Room & Admission Tax -\$57,892 (-3.0%); Real Estate Transfer Tax \$25,718 (-5.2%). The only improved revenue source is Telecommunication Tax up \$43,086 (3.67%). The State of Illinois continues to delay payments, and as of December 31, 2016, payments from the State were lagging three months from collection to disbursement. Over the past several years, the typical lag has been three- four months, which was a gradual improvement over 2010/2011's lag of six months. Prior to 2010 the State's lag was a short two months.

During FY16 the Lincolnshire Police Department continued to provide one liaison officer to Adlai E. Stevenson High School. Revenue posted to Governmental Activities for FY16 services rendered were \$123,754; up 10.2% or \$11,433 from FY15. The service contract is based on actual officer salaries. In 2016, a 20+ year veteran police officer was assigned as School Resource Officer.

The "second tier" revenue sources were up \$49,000 (4.8%) from FY2015. Specifically, the following revenue improved from FY2015; Licenses & Permits up \$19,006 (2.6%); Fines & Forfeitures \$8,540 (3.4%), and Investment earnings up \$21,454 (62.3%) from the previous year. The Building permit fees declined \$83,928 (29.3%). However, if we remove the \$88,700 building permit fee for #3 Overlook occurring in 2015 from the equation, building permits would have been up \$4,072 from FY2015. Building permit fees normally account for 25% to 45% of the License & Permits category, for FY2016 these fees represented 26.8% of the total. Residential home improvements remained level compared to FY15.

The economy got off to a disappointingly slow start at the beginning of 2016 and despite an impressive third-quarter performance, the economy grew at a mediocre pace of about 1.7 percent. On a positive note, the unemployment rate was down 4.6 percent, a 9-year low. During 2016, the Federal Reserve Board raised the Fed Funds rate from a target 0 -.25% to .25 - .50% for the first time since January 2009. The Village continued to invest funds not readily needed for operations in the Certificate of Deposit Account Registry Service (CDARS) through Bridgeview Bank, and FTN Financial Group. FY2016 Investment earnings are up \$21,454 from FY15 as the result of the Federal Funds rate doubling. The Village's Investment Policy requirements did not change in FY16; however, a close monitoring of the performance continues.

Expenses:

The Village's Governmental Activities expenses increased \$509,596 from the prior year; \$13.29 million in FY15 compared to \$13.80 million in FY16. Noteworthy item includes recognition of a \$240,790 increase in debt service. In an effort to meet the 1/1/2017 loan due date, the Finance Department submitted a timely payment in December 2016 resulting in the recognition of a 2016 expenditure. The Village continues to monitor the need for personnel adjustments and other cost containment measures to maintain a healthy financial future.

The Village continued its approach of fully funding pension obligations based on both short-term costs and long-term actuarial analysis. Typically, municipal governments' pension funding levels fluctuate year to year. Investment returns have a huge impact on portfolio values for all pension funds. The Illinois Municipal Retirement Fund (IMRF) actuary utilizes a "smoothing technique" to delay and soften the effect to the employer rate. During a May 2017 IMRF webinar it was reported "IMRF's investment portfolio realized an impressive gain of 7.71 percent, net of fees, during 2016. The 2016 investment return increased IMRF's funded status on a market basis from 87.4 percent on December 31, 2015, to 89.3 percent on December 31, 2016. Additionally, average employer IMRF contribution rates will decline from 11.34 percent of payroll in 2017 to 11.24 percent of payroll in 2018."

Lincolnshire's FY15 employer contribution rate of 15.44% increased to 15.53% in FY16. Although Lincolnshire's rate increased by .6%; actual expenditures declined 25.2%; largely due to a one-time \$100,000 additional contribution made in FY2015.

Annual Police Pension costs, also known as "Employer Contributions" are actuarially calculated based on Lincolnshire's Police Pension Funding Policy. Assumptions include salary, benefit costs and investment returns. The Village continues to meet the financial obligations as presented by an independent actuary. The 1/1/2016 Actuarial Valuation reported the Employer Contribution to be \$803,666. The Village levied this amount in December 2015, collected it in 2016 and direct deposited into the Police Pension Fund. The Contribution collected in FY16 is up \$20,059 (2.5%) from FY15 Actual employer contribution.

Pension funding specifics can be found in Note 11 on pages 39-52.

Business-Type Activities

Business-type activities decreased the Village's net position by \$1,013,459. The Water & Sewer Fund is the only business-type activity, classified as a proprietary fund operated by the Village. The fund is made up of an "operations" component and a "capital improvement" component. The Fund's operating income before depreciation was \$213,923 for 2016.

Revenues:

Total revenues increased \$766,118; from \$3.786 million in FY15 compared to \$4.553 million in FY16. Revenues for the Water & Sewer fund are derived largely from water sales. For FY2016 water sales were up largely due to implementing a tiered rate structure designed to cover the operational as well as a portion of capital expenditures.

With the exception of a couple very small subdivisions under construction, water customer accounts remained largely unchanged throughout most of 2016. Several units were added in 2016, ending the year with 2,495 units; with 2,251 residential and 244 commercial accounts. Lincolnshire's water and sewer rates increased 9.5%.

Continual low interest rates and declining reserve balances resulted in \$4,339 investment income for the current year.

Expenses:

Depreciation for the Water & Sewer system increased by \$31,893 (2.1%) to \$1,577,580 for 2016.

The Village reports the Water/Sewer and Internal Service Fund (Governmental Activities) as proprietary funds. The Water/Sewer Fund is considered a "major fund." Water is purchased from the City of Highland Park at a rate of \$3.32 per thousand gallons. Highland Park imposed an increase of 9.7% effective January 1, 2016. Wastewater treatment service is provided under a contractual agreement with Lake County Public Works at a rate of \$4.00 (effective March 1, 2010) per thousand gallons of water usage. The Village charges all municipal customers based on tiered structure; a higher usage will result in a higher rate. The minimum rate of \$10.90 combined water & sewer rate per 1,000 gallons increases to \$13.82 combined rate per 1,000 gallons for the consumer using 1.1 million gallons or more per month. The spread between the purchase and sale rates is intended to finance the operations of the municipal waterworks and sewage system, including, but not limited to labor costs, supplies and miscellaneous infrastructure repairs. The 2007 sanitary sewer treatment agreement between Lake County and the Village provides for a "summer sewer credit" during the summer period. The premise is that all water used during the summer does not return through the sanitary sewer system. The resident's summer sanitary sewer charge does not exceed 10% above their average non-summer period (September to May).

The proprietary funds' operating expenses increased \$335,921 (7.67%) from the prior year; \$4.377 million in FY15 compared to \$4.713 million in FY16. This increase is largely due to Water & Sewer Fund taking a more aggressive approach to annual system maintenance activities.

The Water and Sewer Fund operating expenses were .8% or \$31,398 below final budget; Administration at 3.6% below and Operation expenses .3% below final budget. The combined FY16 water purchases and sanitary sewer charges were up 2.32% compared to FY15.

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 FY2013 TO FY2016				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Water: Rate per 1,000 gallons	\$4.43	\$4.50	\$4.68	\$5.13
Sewer: Rate per 1,000 gallons	\$5.27	\$5.27	\$5.27	\$5.77
Operating Revenue	\$3,844,673	\$3,873,638	\$3,786,680	\$4,552,798
Operating Expenses (excluding depreciation)	\$4,093,392	\$3,850,493	\$4,000,167	\$4,333,875

As part of the FY2016 budget the Village increased its water usage fees 9.6% and sanitary sewer fees 9.5%. These rates became effective for services provided after November 15, 2015 (January 1, 2016 billing date).

Rate increases from the water supplier have become a regular occurrence, while sanitary sewer charges increased for the first time since 2011. For budget year 2016 a water rate increase was instituted to absorb a proposed rate increase by the Village's water supplier and minimize the General Fund subsidy for Water Sewer Operations and Water Sewer Improvements. In FY2016 the cost of water (\$1,236,345) and sanitary sewer treatment (\$1,411,216) was 78.2 % of total operating expenses. The most recent percentages were 75.5% for FY2015 and 79.3% for FY2014.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

New definitions were created by Standard 54:

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

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

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

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

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

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

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

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

As of December 31, 2016 the Village’s governmental fund balance reported a combined ending fund balance of \$16.82 million. This was an increase of \$52,029 (.31%) compared to the prior fiscal year. The largest contributing factor was the Village Board’s decision to reduce the General Fund transfer to the Water & Sewer Operations and W/S Improvement Funds; historically used to support that fund’s annual debt service and to pay for capital acquisitions.

The General Fund’s 31.2% or \$5.3 million Unassigned Fund Balance is a modest portion of the \$16.8 million governmental fund balance. FY2016 represents the third year the Village restricted Governmental Fund Balance; \$7.19 million or 42.75%, for General Capital Projects. In 2004, the Village agreed to be a “conduit” to the Sedgebrook Special Service Area debt service resulting in the creation of the SSA Debt Service Fund. The \$2.11 million restricted Fund Balance of the SSA Debt Service Fund makes it the second largest portion of the governmental fund balance at 12.6%. The fund balances classified as “non-spendable” and “restricted” are \$1,334,267 and \$2.82 million respectively. These balances are not available for discretionary spending because they have already been spent or are restricted for a variety of purposes.

The General Fund serves as the Village’s primary operating fund and the largest source of day-to-day municipal service delivery. The net change to the General Fund’s fund balance was a decrease of \$4,173,901, or 37.66%, from the previous year. Prior to FY2014, capital projects were paid from the General Fund’s unassigned fund balance in excess of the target balance. Beginning FY2014, the General Capital Projects Fund was created, via a General Fund transfer. In FY16, the General Fund transfer to General Capital Projects Fund was \$6 million.

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

A comparison of the FY2016 budget revenue reveals total General Fund revenues were .7% above FY16 Final Budget or \$85,472. Total actual expenditures \$10.1 million are 3.99% below \$10.5 million budget or \$401,927.

GENERAL OPERATING FUND BALANCE			
FISCAL YEAR	TOTAL FUND BALANCE	OPERATING EXPENSES (EXCLUDING CAPITAL)	FUND BALANCE AS % OF OPER. EXP.
1/1/2012	\$9,590,075	\$7,479,223	116.3%
1/1/2013	\$11,612,467	\$7,766,812	123.8%
1/1/2014	\$12,103,725	\$8,653,397	139.8%
1/1/2015*	\$10,612,821	\$8,348,230	111.5%
1/1/2016*	\$11,053,038	\$9,141,152	109.7%
1/1/2017*	\$6,878,959	\$8,488,842	81.0%

* Includes Non-spendable Fund Balance, specifically \$1,305,000 Land Held for Resale.

In addition to the General Fund being classified as a “major fund,” the Governmental Accounting Standards Board (“GASB”) guidelines indicate the following funds are also considered “major” funds in fiscal year 2016: the Retirement Fund, and the General Capital Projects Fund.

The Retirement Fund’s fund balance ended the year at \$0, following the transfer out of \$232,736 to the General Fund. The Retirement Fund was dissolved as of 12/31/2016 after the Village Board determined it was no longer in the Village’s best interest to levy a property tax solely for retirement purposes.

The total combined fund balance of the six non-major governmental funds decreased \$249,510 from \$2.97 million to \$2.72 million. Notable decreases include Enhanced E911 (\$9,477), Park Development Capital Fund (\$12,316), and Retirement Fund (\$184,014) as noted above.

Proprietary Funds

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

Net Position of the Water & Sewer Fund decreased \$1,013,459 (-2.83%) from \$35.85 million for FY15 to \$34.84 million in FY16. The unrestricted net position increased \$107,807 (12.2%) for FY16. The Village intends to operate the Water/Sewer Operating Fund at a breakeven rate while maintaining a cash reserve equal to three months of operating expenses. Excess revenue will be transferred to Water/ Sewer Improvement Fund for planned infrastructure projects.

General Fund Budgetary Highlights

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Revenues:			
Property Tax	\$0.907	0.908	(0.001)
Other Taxes	9.643	9.286	0.357
Licenses and Permits	0.652	0.756	(0.104)
Fines and Forfeitures	0.285	0.259	0.026
Intergovernmental	0.207	0.220	(0.013)
Investment Income	0.022	0.056	(0.034)
Miscellaneous	0.014	0.159	(0.145)
TOTAL REVENUES	\$11.730	11.644	(0.086)
Expenditures:			
Current:			
General Government	\$1.971	1.807	0.164
Public Safety	4.005	3,914	0.091
Comm & Econ Dev.	1.197	0.835	0.362
Public Works	1.425	1.456	(0.031)
Parks & Open Spaces	1.394	1,338	0.056
Debt Service	0.482	0.722	(0.240)
TOTAL EXPENDITURES	\$10.474	\$10.072	\$0.402

The Village Board, as part of the 2016 budget process, determined it was in the best interests of the Village to appropriate a portion of Police Protection Services separate from the General Fund Police Department. This was necessary to provide the opportunity to levy a property tax for police protection in lieu of levying a property tax for Police Pension, Social Security, IMRF expenditures and General Fund expenditures. The following is an overview of the supplemental appropriation reclassifying amounts for specific line items:

- **General Fund: Police Department** – Regular Salaries from \$4,406,308 (original) to \$1,642,080 (revised) a reduction of \$2,764,300.
- **Police Protection Services** – Regular Salaries from \$0 (original) to \$2,764,300 (revised).

Overall, General Fund expenditures were below the Appropriated amounts (legal spending authority) with one exception. Debt Service included a loan due on 1/1/2017, a banking holiday. The Village intended to hand deliver the timely payment to the bank prior to year end and anticipated the check to clear on January 2nd. Unfortunately the check was released and the check cleared in December. For accounting purposes, the payment is recognized as a December 2016 versus the intended January 2017 expenditure; thus the overage.

Since many of the Village's expenses can be impacted by factors not controllable by the Village, such as the weather and economy, budget line items are best estimates based on past experience. Although actual expenditures were \$.402 million below budget, the Public Works Department exceeded the budget by 2.2% (\$30,805). The overage related to several items discussed at the Board level prior to preparation of the Appropriation Ordinance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On February 22, 2016, the Village Board approved the annual appropriations ordinance for the Village of Lincolnshire for Fiscal Year 2016. The annual Appropriation Ordinance provides the formal authority for the expenditure of public funds. Historically, the Village has passed an Appropriation Ordinance where the appropriated line items mirror identically the line items found in the approved budget. The budget document is the spending plan for the Village, and the Appropriation Ordinance provides the formal spending authority. A more formal and legal approach to addressing those expenditures that exceed the original Appropriation Ordinance is for the Village Board to consider and pass a Supplemental Appropriation Ordinance prior to the close of the fiscal Year. On December 12, 2016, the Village Board approved a Supplemental Appropriation ordinance to amend the original Appropriation. The Village's "Level of Budgetary Control Policy" requires an individual expenditure account that exceeds its budget by 10 percent or five thousand dollars be brought to the Village Board for review and approval.

Governmental-Type Activities

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

- Construction in Progress
 - Lincolnshire Creek storm sewer at Coventry Lane

- Per the Village's replacement schedule the following items were disposed of:
 - 2008 Chevy Tahoe unit # 89
 - 2009 Crown Victoria unit # 93
 - 2001 Chevy ¾ ton truck unit # 243
 - 2006 GMC 1 ton truck unit # 249
 - Trailer mounted Sewer Flusher 502a
 - Dynaweld flatbed trailer 263
 - Toro Workman ZTR 7200 unit 703
 - 2001 Mohawk TP15 Post Lift/ Truck hoist
 - Building Software
 - Financial Software

- Items purchased / added included
 - Public Works Roof and Overhead Garage Door System
 - 2016 Chevy Tahoe- Police
 - 2016 Ford F350 ¾ ton unit 243
 - 2016 Ford F550 unit 249
 - Trailer mounted Sewer Flusher 502
 - Hydraulic Truck Lift
 - Toro Workman MDX Utility Cart unit 715

- No Easements were added in 2016

- No land acquisitions or land donations occurred in 2016

- No new Right of Way granted to the Village

- No new Street dedicated to the Village

- Storm sewers restoration for North Park drainage culvert and storm sewer lining for Melrose Lane, Cedar Lane, Plymouth Court, Sheffield Court, and Oxford Drive.
- No new Bike Paths
- No new Street lights

Business-Type Activities

The Village's Net Investment in Capital Assets, net of accumulated depreciation, for business-type capital assets, as of the fiscal year end was \$33,890,040.

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

- Per the replacement schedule Public Works Utility Division disposed of:
2007 Chevy 1 ton truck unit # 241
- Public Works purchased:
2016 Ford F350 1 ton truck unit # 241
- No new Water mains replaced
- Storm sewers restoration for North Park drainage culvert and storm sewer lining for Melrose Lane, Cedar Lane, Plymouth Court, Sheffield Court, and Oxford Drive.
- Construction in Progress
Pembroke Water Main Replacement

Debt

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

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

At the end of the fiscal year, the Village's debt, both direct and SSA related, amounted to \$12.9 million compared to \$14.3 million last year - a decline of 9.2% - as shown in the following table.

OUTSTANDING DEBT AT YEAR END DECEMBER 31						
Type of Debt	Government Activities		Business Activities		Totals	
	2015	2016	2015	2016	2015	2016
Bank Loans Village	\$ 1,151,094	\$ 463,858	\$447,649	\$180,390	\$1,598,743	\$644,248
Bond Issue-SSA	\$12,715,000	\$12,350,000			\$12,715,000	\$12,350,000
	\$13,866,094	\$12,813,858	\$447,649	\$180,390	\$14,313,743	\$12,994,248

In FY2016, three bank loans remain consisting of two General Fund and one Water Fund loan.

The Village is a home rule community and is; therefore, not limited by State Statute pertaining to debt limit. The Village's outstanding debt (excluding the SSA debt) represents 0.15% of its EAV. Detailed information on the Village's long-term debt activity can be found in the Long-Term Debt Section in the footnotes.

Bond Ratings

The Village normally finances its infrastructure with bank-qualified tax-exempt bank loans. Although the Village has not sought a formal credit rating in several years, the Village's credit status is considered to be comparable to a double A credit rating according to bank officials who have solicited for Village's loans.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Lincolnshire is recognized as a desirable community in the Chicago area for residents and businesses. The Village is home to a number of prominent corporate headquarters, first-class hotels, restaurants, retailers and entertainment venues. Businesses choose to locate in Lincolnshire due, in part, to its close proximity to highways/arterials, O'Hare Airport, relatively low taxes, high daytime population, award-winning public schools and business-friendly and supportive local government. The Lincolnshire Marriott Resort, with its meeting facilities, championship golf course, and live theater, is a major attraction for the Village and is currently undergoing a \$25 million renovation. The Village is well-positioned to attract new businesses and diversify its economic base while maintaining its small-town atmosphere and exceptional quality of life.

The Village's commercial occupancy rate (cumulative) for its largest retail centers, Village Green, Lincolnshire Commons & City Park, was 46% for the first quarter of 2017 vs. 87% for the same time in 2016. The overall retail occupancy in the Village was 77% in the first quarter of 2017 vs. 86% in the first quarter of 2016.

Lincolnshire office occupancy rate was 71% in the first quarter of 2017, compared to 84% in the first quarter of 2016. Lincolnshire industrial occupancy rate was 97% in the first quarter of 2017 which is the same as that in the first quarter of 2016.

In 2016, CDW, a Fortune 500 technology company, located in a 209,000-square-foot office space at 25 and 75 Tri-State International, in Lincolnshire's Tri-State International Office Center.

Strategic Hotels, who held the ground lease for the Marriott Resort with a 389-room hotel, sold the property to the Bricton Group in early 2016. The new owners began \$25 million interior and exterior improvements, including renovations of guest rooms and common areas and the hotel building entrance redesign. The resort will retain its Marriott brand due to the long-term lease agreement.

City Park Shopping Center

California Coastal Properties, a California-based company, acquired the multi-tenant portion of the City Park Center in September 2016 for \$6.4 million. The new owners plan parking lot reconfiguration, signage and landscaping improvements to make the Center more attractive to current and prospective tenants and reduce vacancies.

Village Green Shopping Center

Half Day Brewing Company, restaurant and micro-brewery, opened in the 14,500-square foot vacant commercial building at 200 Village Green, in the Village Green Retail Center in early

2016. The building had remained vacant since early 2012 when Flatlander's Restaurant & Brewery closed.

Lincolnshire Common Shopping Center

North Shore University Health Care opened its medical offices in the 32,000-square-foot former Barnes & Noble building at Lincolnshire Commons in early 2017. The health system obtained Village approvals to amend the Lincolnshire Commons PUD to allow for a non-retail use in the former 32,900 square foot bookstore location. North Shore University Health Care plans extensive renovations to repurpose the building as a medical services facility. Barnes & Noble vacated Lincolnshire Commons in early 2016.

Lincolnshire Downtown Triangle Parcel

The Village continues to work closely with DK Mallon, the Village's preferred developer on the Village Downtown site anchored by The Fresh Market. DK Mallon has been working to secure a mix of office and commercial tenants to locate on the 7.7.-acre vacant property currently owned by the Village. In 2016, DK Mallon obtained Village approvals for a 4,300-square-foot Culver's Restaurant north of the Marathon Gas Station as well as center-wide ground sign improvements. The Village expects to transfer ownership of the property to DK Mallon in the summer of 2017.

Lincolnshire's Regal Cinemas and IMAX & 444 Social Luxury Apartments

Regal Cinemas, located at CityPark Center, 300 Parkway Drive (southwest corner of Milwaukee Avenue and Aptakisic Road), completed extensive renovations and "right-sized" its footprint from 21 to 15 screens as part of a major 20-acre redevelopment spearheaded by Lincolnshire-based ECD Company. All theater auditoriums have been retrofitted with new reclining seats. The theater parking redesigned in advance of construction of a 302-unit luxury apartment complex, known as 444 Social. The new apartment development will be constructed south of the movie theater slated in 2017 and 2018.

Camberley Club Townhome Development

Pulte Homes broke ground on an 86-unit townhome development, called the Camberley Club. It is located on a 20-acre property at the southeast corner of Milwaukee Avenue and Riverside Road, north of Sedgebrook Retirement Community. As part of the Pulte development, the adjacent intersection will be realigned and Riverside Road will be improved to Village standards.

Lincolnshire Trails Townhome Development

The developer KZF Stack received preliminary approvals to construct 44 townhome units on a 20-acre property located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club. The developer expects to receive final approvals in the summer of 2017.

Manors of Whytegate Single-Family Development

Arthur J. Greene obtained rezoning and preliminary development approvals in 2016 for a 15-lot single-family subdivision located on a 14.5-acre property on the west side of Riverwoods Road, north of Rte 22. They expect to receive final approvals in the summer of 2017.

The Gardner School Daycare Center

The Village granted approvals for a 16,000-square-foot daycare center on a 2.5-acre property at 250 Barclay Blvd, south of Noah's Events Venue, Lincolnshire Corporate Center. The Tennessee-based daycare center is scheduled to open in late 2017-early 2018 serving over 200 children ages 6 months to 5 years old.

Medline Property

The Village and Medline Industries, the owner of a 40-acre site at the northwest corner of Route 22 and I-94, continued marketing this high-profile, “gateway” property for a new mixed-use development. The site represents a unique development opportunity, coupled with an adjacent Florsheim 100-acre estate⁴ immediately west.

New Businesses Opened in 2016 (11 total):

- Ahn Orthodontics, 430 Milwaukee Avenue (Oak Tree Corners Center)
- Athletico, 430 Milwaukee Avenue (Oak Tree Corners Center)
- Experient, 1 Overlook Point (Lincolnshire Corporate Center)
- Exume-Bitoy Insurance Agency, 101 Schelster Road
- Fleur De Lys Spa, 430 Milwaukee Avenue (Oak Tree Corners Center)
- Future Diagnostics, 430 Milwaukee Avenue (Oak Tree Corners Center)
- Half Day Brewing Company, 200 Village Green Drive (Village Green Center)
- Pachter Gregory & Raffaldini, 100 Village Green (Village Green Center)
- Sport Clips, 900 Milwaukee Avenue (Lincolnshire Commons Center)
- Strawberry Field Café, 410 Milwaukee Avenue (Oak Tree Corners Center)
- The Center for Ballroom and Dance, 300 Village Green (Village Green Center)

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

According to the Village’s Fund Balance, the Village ended FY2016 in the same financial position as it did at the start of the year. The depressed real estate market has continued. Lincolnshire’s real estate sales volume declined -7.5%, and real estate transfer tax stamp revenue increased 23.4%; from \$429,672 FY15 to \$530,021 FY16. Major sales recorded in FY16 include- Griffin Asset REIT (3 Overlook Pt), La-RFMBG (10 Marriott Dr), Pulte Homes (901 Milwaukee Ave), Marine Avenue Investments (255, 275 & 295 Parkway Dr), and Inland TFM Lincolnshire (475 Milwaukee Ave).

FY 2016	Real Estate Transfer Tax Stamps Sold	Real Estate Transfer Tax Stamp Revenue	Real Estate Sales Value
Single Family	105	\$ 172,318	\$ 57,439,219
Condo Units	12	\$ 11,621	\$ 3,873,500
Townhomes	20	\$ 25,562	\$ 8,520,583
Land	5	\$ 28,967	\$ 9,655,579
Commercial	7	\$ 291,554	\$ 97,184,833
TOTALS	149	\$ 530,021	\$ 176,673,714

- The unemployment rate (not seasonally adjusted) for February 2017 was 5.2% in Lake County. The rate in the State of Illinois for the same time period was 4.4% and the U.S. rate was 4.7% (seasonally adjusted).
- The Lincolnshire equalized assessed valuation (EAV) increased for the third year in a row. The 2016 EAV rose 6.7% or \$39.3 million compared to 2015. The 2016 EAV (which is used for the property tax collected in Fiscal Year 2017) was \$625,649,053. The last 10 years of

- EAV growth can be found on page v.
- According to GIS Consortium Lincolnshire's 2016 per capita income was \$78,682; and average household income was \$183,380.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2017.

General Fund

Five types of revenue sources account for 69.4% of the total projected revenues for the FY17 General Fund. These sources and their respective budget increases/ -decreases over FY16 are as follows: State Sales Tax (-36.3%), Utility Tax (-0.2%), Telecommunication Tax (0.0%), Rooms & Admissions Tax (2.6%), and Property Tax for Police Protection Services (new). Anticipating overall declines in revenue, the Village Board has tentatively agreed to raising the Home Rule Sales Tax rate to 1.0%, and implement a 1.0% Food & Beverage Tax during for FY17. The projected \$0 increase in Telecommunication Tax is based on an expectation of downward trend as changing technologies, and consolidation of communication services including elimination of "land line" telephones continues.

Excluding transfers and debt service, the General Fund Expense budget increased \$152,894 (1.5%) from \$9.9 million in FY16 to \$10.1 million in FY17. The notable increase to Public Works Streets relates to the addition of in-house Leaf Collection service \$90,000 while the largest projected decrease involves the reduction of \$150,000 in Economic Development Incentives found in the Community & Economic Development department. The General Fund FY17 budget anticipates the transfer in of \$1,100,000 from the General Capital Projects Fund.

Major Changes in Budget format for 2017

- The Fiscal Year 2017 Budget contemplates implementation of \$2,118,900 in capital improvement projects. The Village continues to increase its level of capital improvements from recent years; however, levels remain below capital spending from pre-recession years.
- The Village Board has ended its long-standing policy to levy a property tax for employee pensions and beginning with Tax Year 2016 (payable in 2017) levies a tax for Police Protection Services.
- The Retirement Fund was dissolved, therefore applicable charges for IMRF Expenses and Social Security appear within each departments expenditures.

Water/Sewer Fund

Effective 1/1/2017 the Village increased the average residential water and sewer rates 5.0%. No further changes have been made to the rate structure; specifically the minimum charges, senior discounts, and the Out of Village rates. At the start of FY17 the Water/Sewer unrestricted Net Position was 21.8% of the FY17 operating budget expenses. The unrestricted Net Position includes Water/ Sewer Operations (Fund 02) and Water/ Sewer Improvements (Fund 07). Water/Sewer Operating expenses increased .67% with no changes to the staffing levels. The vast majority of this increase relates to water purchase and contractual service costs. An interesting item of note, is that removing the \$400,000 Transfer Out to Water Sewer Improvements, results in an 8.2% decline in expenses.

Major Changes in Budget format for 2017

Transfers: The Water Sewer Improvement Fund will receive transfers in from the General Fund \$1,027,475 and Water Sewer Operation Fund \$400,000.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations and demonstrate the Village's commitment to public accountability.

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,770,607	\$ 1,078,312	\$ 6,848,919
Investments	10,310,177	603,093	10,913,270
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,673,167	-	2,673,167
Other taxes	1,571,717	-	1,571,717
Accounts	214,410	450,671	665,081
Accrued interest	1,276	-	1,276
Other	39,596	20,882	60,478
Due to/from other funds	86,298	(86,298)	-
Prepaid expenses	30,196	4,855	35,051
Land held for resale	1,305,000	-	1,305,000
Capital assets not being depreciated	43,454,847	164,833	43,619,680
Capital assets (net of accumulated depreciation)	26,522,722	33,864,597	60,387,319
Total assets	91,980,013	36,100,945	128,080,958
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	1,335,748	421,815	1,757,563
Pension items - Police Pension	1,162,058	-	1,162,058
Total deferred outflows of resources	2,497,806	421,815	2,919,621
Total assets and deferred outflows of resources	94,477,819	36,522,760	131,000,579
LIABILITIES			
Accounts payable	888,262	489,306	1,377,568
Accrued payroll	177,312	21,706	199,018
Deposits payable	1,258,531	-	1,258,531
Accrued interest payable	257,292	-	257,292
Unearned revenue	5,821	-	5,821
Noncurrent liabilities			
Due within one year	698,131	107,521	805,652
Due in more than one year	21,030,810	1,014,695	22,045,505
Total liabilities	24,316,159	1,633,228	25,949,387
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	2,673,167	-	2,673,167
Pension items - IMRF	155,252	49,027	204,279
Pension items - Police Pension	327,870	-	327,870
Total deferred inflows of resources	3,156,289	49,027	3,205,316
Total liabilities and deferred inflows of resources	27,472,448	1,682,255	29,154,703

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
NET POSITION			
Net investment in capital assets	\$ 69,513,712	\$ 33,849,040	\$ 103,362,752
Restricted for			
Debt service	2,116,871	-	2,116,871
Maintenance of roadways	226,447	-	226,447
Public safety	244,619	-	244,619
Retirement	232,737	-	232,737
Unrestricted (deficit)	(5,329,015)	991,465	(4,337,550)
TOTAL NET POSITION	<u>\$ 67,005,371</u>	<u>\$ 34,840,505</u>	<u>\$ 101,845,876</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 3,070,618	\$ 360,272	\$ -	\$ -
Public safety	4,592,881	739,850	37,853	-
Community and economic development	843,023	320,000	-	-
Public works	2,684,373	35,999	193,007	179,635
Parks and open spaces	1,850,099	40,212	-	-
Interest	764,597	-	-	-
Total governmental activities	13,805,591	1,496,333	230,860	179,635
Business-Type Activities				
Water and sewer	5,917,486	4,983,740	-	-
TOTAL PRIMARY GOVERNMENT	\$ 19,723,077	\$ 6,480,073	\$ 230,860	\$ 179,635

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (2,710,346)	\$ -	\$ (2,710,346)
	(3,815,178)	-	(3,815,178)
	(523,023)	-	(523,023)
	(2,275,732)	-	(2,275,732)
	(1,809,887)	-	(1,809,887)
	(764,597)	-	(764,597)
	<u>(11,898,763)</u>	-	<u>(11,898,763)</u>
	-	(933,746)	(933,746)
	<u>(11,898,763)</u>	<u>(933,746)</u>	<u>(12,832,509)</u>
General Revenues			
Taxes			
Property	2,649,278	-	2,649,278
Sales	2,469,364	-	2,469,364
Local use	176,698	-	176,698
Utility	1,238,194	-	1,238,194
Telecommunications	1,215,516	-	1,215,516
Room and admissions	1,873,847	-	1,873,847
Real estate transfer	465,951	-	465,951
Home rule sales tax	1,147,067	-	1,147,067
Income tax	698,915	-	698,915
Investment income	76,024	4,339	80,363
Gain on sale of capital assets	14,959	10,365	25,324
Miscellaneous	180,018	-	180,018
Transfers in (out)	94,417	(94,417)	-
Total	<u>12,300,248</u>	<u>(79,713)</u>	<u>12,220,535</u>
CHANGE IN NET POSITION	<u>401,485</u>	<u>(1,013,459)</u>	<u>(611,974)</u>
NET POSITION, JANUARY 1	66,222,124	35,733,408	101,955,532
Change in accounting principle	<u>381,762</u>	<u>120,556</u>	<u>502,318</u>
NET POSITION, JANUARY 1, RESTATED	<u>66,603,886</u>	<u>35,853,964</u>	<u>102,457,850</u>
NET POSITION, DECEMBER 31	<u>\$ 67,005,371</u>	<u>\$ 34,840,505</u>	<u>\$ 101,845,876</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2016

	General Corporate	General Capital Projects	Nonmajor Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 1,558,163	\$ 2,497,951	\$ 1,507,233	\$ 5,563,347
Investments	4,385,151	4,585,387	1,339,639	10,310,177
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	1,510,667	-	1,162,500	2,673,167
Other taxes	1,463,292	-	108,425	1,571,717
Accounts	29,648	179,635	5,127	214,410
Accrued interest	1,276	-	-	1,276
Other	39,596	-	-	39,596
Due from other funds	96,663	-	47,385	144,048
Prepaid items	29,267	-	-	29,267
Land held for resale	1,305,000	-	-	1,305,000
TOTAL ASSETS	\$ 10,418,723	\$ 7,262,973	\$ 4,170,309	\$ 21,852,005
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 505,609	\$ 73,265	\$ 287,790	\$ 866,664
Accrued payroll	171,854	-	-	171,854
Deposits payable	1,258,531	-	-	1,258,531
Due to other funds	58,015	-	-	58,015
Unearned revenue	5,821	-	-	5,821
Total liabilities	1,999,830	73,265	287,790	2,360,885
DEFERRED INFLOWS OF RESOURCES				
Unavailable tax revenue	1,510,667	-	1,162,500	2,673,167
Total liabilities and deferred inflows of resources	3,510,497	73,265	1,450,290	5,034,052
FUND BALANCES				
Nonspendable in form - prepaid items	29,267	-	-	29,267
Nonspendable in form - land held for resale	1,305,000	-	-	1,305,000
Restricted for debt service	-	-	2,116,871	2,116,871
Restricted for maintenance of roadways	-	-	226,447	226,447
Restricted for public safety	-	-	244,619	244,619
Restricted for retirement	232,737	-	-	232,737
Unrestricted				
Assigned for capital projects	-	7,189,708	132,082	7,321,790
Unassigned - General Fund	5,341,222	-	-	5,341,222
Total fund balances	6,908,226	7,189,708	2,720,019	16,817,953
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,418,723	\$ 7,262,973	\$ 4,170,309	\$ 21,852,005

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2016

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 16,817,953
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	69,977,569
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Notes payable	(463,858)
SSA bonds payable	(12,350,000)
Compensated absences	\$ (300,054)
Less internal service funds	<u>4,418</u> (295,636)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(257,292)
The net pension liability of the Police Pension Fund are included in the governmental activities in the statement of net position	(5,846,191)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(2,768,838)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources in the statement of net position	
IMRF	1,180,496
Police Pension	834,188
The net position of the internal service fund is included in the governmental activities in the statement of net position	<u>176,980</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 67,005,371</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, 2016

	General Corporate	General Capital Projects	Nonmajor Governmental	Total
REVENUES				
Property taxes	\$ 908,164	\$ -	\$ 1,741,115	\$ 2,649,279
Other taxes	9,285,552	-	-	9,285,552
Licenses, permits and fees	756,480	-	-	756,480
Fines and forfeitures	259,083	-	-	259,083
Charges for services	-	-	8,286	8,286
Intergovernmental	220,379	179,635	482,964	882,978
Investment income	55,869	-	20,155	76,024
Miscellaneous	159,011	21,007	-	180,018
Total revenues	11,644,538	200,642	2,252,520	14,097,700
EXPENDITURES				
Current				
General government	1,807,544	49,897	650,870	2,508,311
Public safety	3,913,546	-	390,881	4,304,427
Community development	835,438	-	-	835,438
Public works	1,455,855	-	-	1,455,855
Parks and recreation	1,338,020	-	-	1,338,020
Capital outlay	-	1,675,305	192,254	1,867,559
Debt service				
Principal retirement	687,236	-	365,000	1,052,236
Interest and fiscal charges	35,136	-	783,506	818,642
Total expenditures	10,072,775	1,725,202	2,382,511	14,180,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,571,763	(1,524,560)	(129,991)	(82,788)
OTHER FINANCING SOURCES (USES)				
Transfers in	232,737	6,000,000	113,218	6,345,955
Transfers (out)	(6,000,000)	-	(232,737)	(6,232,737)
Sale of capital assets	21,599	-	-	21,599
Total other financing sources (uses)	(5,745,664)	6,000,000	(119,519)	134,817
NET CHANGE IN FUND BALANCES	(4,173,901)	4,475,440	(249,510)	52,029
FUND BALANCES, JANUARY 1	11,082,127	2,714,268	2,969,529	16,765,924
FUND BALANCES, DECEMBER 31	\$ 6,908,226	\$ 7,189,708	\$ 2,720,019	\$ 16,817,953

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, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	52,029
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		1,161,808
Loss on disposal of capital assets		(6,640)
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		687,236
SSA bonds		365,000
The change in interest payable is reported as an expense on the statement of activities		
		54,045
Some expenses in the statement of activities (e.g., depreciation) does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
		(1,710,759)
The change in net position of internal service fund is reported as an increase of expense on the statement of activities		
		97,308
The change in net pension liabilities are reported only on the statement of activities		
Illinois Municipal Retirement Fund		(409,311)
Police Pension		(212,672)
The change in deferred inflows and outflows or resources for is reported only in the statement of activities		
Illinois Municipal Retirement Fund		366,826
Police Pension		4,060
The change in certain long-term assets and liabilities does not require the use of current financial resources but is reported as expenses on the statement of activities		
Decrease in accrued compensated absences		(47,445)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	401,485

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

December 31, 2016

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,078,312	\$ 207,260
Investments	603,093	-
Receivables		
Accounts - billed	285,319	-
Accounts - unbilled	165,352	-
Other receivables	20,882	-
Due from other funds	10,365	265
Prepaid expenses	4,855	929
	<hr/>	<hr/>
Total current assets	2,168,178	208,454
CAPITAL ASSETS		
Nondepreciable	164,833	-
Depreciable (net of accumulated depreciation)	33,864,597	-
	<hr/>	<hr/>
Net capital assets	34,029,430	-
	<hr/>	<hr/>
Total assets	36,197,608	208,454
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF	421,815	-
	<hr/>	<hr/>
Total deferred outflows of resources	421,815	-
CURRENT LIABILITIES		
Accounts payable	489,306	21,598
Accrued payroll	21,706	5,458
Due to other funds	96,663	-
Compensated absences payable	16,864	1,105
Current portion of notes payable	90,657	-
	<hr/>	<hr/>
Total current liabilities	715,196	28,161
LONG-TERM LIABILITIES		
Compensated absences payable	50,592	3,313
Net pension liability - IMRF	874,370	-
Notes payable	89,733	-
	<hr/>	<hr/>
Total long-term liabilities	1,014,695	3,313
	<hr/>	<hr/>
Total liabilities	1,729,891	31,474

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS

December 31, 2016

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
DEFERRED INFLOWS OF RESOURCES		
Pension items - IMRF	\$ 49,027	\$ -
Total deferred inflows of resources	49,027	-
NET POSITION		
Net investment in capital assets	33,849,040	-
Unrestricted	991,465	176,980
TOTAL NET POSITION	\$ 34,840,505	\$ 176,980

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
OPERATING REVENUES		
Charges for services	\$ 4,536,947	\$ 490,370
Miscellaneous	15,851	-
Total operating revenues	<u>4,552,798</u>	<u>490,370</u>
OPERATING EXPENSES		
Administration	545,354	-
Operations	3,394,833	-
Repairs and maintenance	398,688	374,261
Total operating expenses	<u>4,338,875</u>	<u>374,261</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	213,923	116,109
Depreciation	<u>1,577,580</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(1,363,657)</u>	<u>116,109</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	4,339	-
Sale of capital assets	10,365	-
Interest expense	(1,031)	-
Connection fees	430,942	-
Total non-operating revenues (expenses)	<u>444,615</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(919,042)</u>	<u>116,109</u>
TRANSFERS		
Transfers (out)	<u>(94,417)</u>	<u>(18,801)</u>
Total transfers	<u>(94,417)</u>	<u>(18,801)</u>
CHANGE IN NET POSITION	<u>(1,013,459)</u>	<u>97,308</u>
NET POSITION, JANUARY 1	35,733,408	79,672
Change in accounting principal	<u>120,556</u>	<u>-</u>
NET POSITION, JANUARY 1 (RESTATED)	<u>35,853,964</u>	<u>79,672</u>
NET POSITION, DECEMBER 31	<u><u>\$ 34,840,505</u></u>	<u><u>\$ 176,980</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,575,865	\$ -
Receipts from interfund services	-	490,370
Payments to suppliers	(4,052,338)	(222,892)
Payments to employees	(310,405)	(150,681)
Payments to other funds	(49,000)	-
Other income	15,851	-
	<u>179,973</u>	<u>116,797</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	(94,417)	(18,801)
Connection fees	430,942	-
Change in interfund balances	85,920	(265)
	<u>422,445</u>	<u>(19,066)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(398,688)	-
Note principal payments	(267,259)	-
Note interest payments	(7,947)	-
	<u>(673,894)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	296,414	-
Interest received	4,339	-
	<u>300,753</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	229,277	97,731
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>849,035</u>	<u>109,529</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 1,078,312</u></u>	<u><u>\$ 207,260</u></u>

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2016

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,363,657)	\$ 116,109
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,577,580	-
(Increase) decrease in		
Receivables	38,918	-
Prepaid expense	4,812	1,071
Increase (decrease) in		
Accounts payable	(312,629)	12,177
Accrued payroll	(343)	422
Compensated absences payable	7,596	(12,982)
Pension items	227,696	-
NET CASH FROM OPERATING ACTIVITIES	\$ 179,973	\$ 116,797

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND

December 31, 2016

ASSETS	
Cash and cash equivalents	\$ 7,926
Investments	
U.S. Treasury obligations	1,963,656
U.S. agencies securities	862,624
Equity mutual funds	12,732,068
Money market mutual funds	543,485
Corporate bonds	2,687,032
Municipal bonds	214,571
Equities	740,980
Negotiable certificates of deposit	579,766
Receivables	
Accrued interest	40,916
Prepaid expense	<u>2,732</u>
 Total assets	 <u>20,375,756</u>
 LIABILITIES	
Accounts payable	<u>13,696</u>
 Total liabilities	 <u>13,696</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u><u>\$ 20,362,060</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND

For the Year Ended December 31, 2016

ADDITIONS	
Contributions - employer	\$ 833,131
Contributions - employee	210,892
Other contributions	<u>23</u>
Total contributions	<u>1,044,046</u>
Investment income	
Net appreciation in fair value of investments	810,819
Interest earned on investments	<u>547,687</u>
Total investment income	1,358,506
Less investment expense	<u>(51,649)</u>
Net investment income	<u>1,306,857</u>
Total additions	<u>2,350,903</u>
DEDUCTIONS	
Benefits	980,658
Administrative	<u>27,865</u>
Total deductions	<u>1,008,523</u>
NET INCREASE	1,342,380
NET POSITION RESTRICTED FOR PENSIONS	
January 1	<u>19,019,680</u>
December 31	<u><u>\$ 20,362,060</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. Separate financial statements are not issued by the Police Pension Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

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

Governmental funds are used to account for all or most of the Village's general activities, including the accounting for revenue sources that are legally restricted or committed for specific purposes (special revenue funds), accounting for funds that are restricted, committed or assigned to the acquisition of capital assets or construction of major capital projects not financed by another fund (capital projects funds) and accounting for the servicing of bonded general long-term debt using funds restricted, committed or assigned for debt service (debt service funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

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

c. Government-Wide and Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the Village reports the following proprietary fund:

Internal Service Funds

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing the day-to-day enterprise fund services. Incidental revenues/expenses, such as property taxes and investment income, are reported as non-operating.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. The Village recognizes property taxes when they become both measurable and available in the period intended to finance, generally within 60 days of year end. Sales taxes, telecommunications taxes and use taxes use a 90-day period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

e. Cash and Investments

Cash and Cash Equivalents

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

f. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Short-Term Interfund Receivables/Payables

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

h. Advances to Other Funds

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

i. Prepaid Items/Expenses

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

j. Land Held for Resale

Land held for resale is valued at fair value. Fair value of land held for resale is determined by an independent appraisal of the parcel (Level 3 input). Reported land held for resale is equally offset by a nonspendable fund balance, which indicates that portion of the fund balance is unavailable to the fund.

k. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system, intangible assets and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$200,000 for infrastructure assets, \$100,000 for land and improvements and building and improvements and more than \$10,000 for all other capital asset classifications.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

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

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

*Infrastructure includes right-of-way land (not depreciated), roads, curbs, gutters, storm sewers, recreational paths, street lights, field lights, bridges and traffic control signals.

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

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

l. Compensated Absences

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

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

m. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Long-Term Obligations (Continued)

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

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

n. Fund Equity/Net Position

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Equity/Net Position (Continued)

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

o. Interfund Transactions

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

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

p. Accounting Estimates

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

q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Deferred Outflows/Inflows of Resources (Continued)

category. Accordingly, the item, deferred/unavailable revenue, is reported only in the governmental funds balance sheet/statement of net position. The governmental funds report deferred/unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second relates to the pension plans of the Village, which have both deferred outflows and inflows of resources.

2. DEPOSITS AND INVESTMENTS

The Village and pension funds categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

a. Village

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

Permitted Deposits and Investments - The Village's investment policy authorizes the Village to make deposits/invest in accordance with Illinois Compiled Statutes (ILCS); including investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value which is equal to the participants fair value) and the Illinois Metropolitan Investment Fund (IMET), a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

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

b. 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.

c. Village Investments

The following table presents the investments and maturities of the Village’s investments as of December 31, 2016:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 Year Fund	\$ 2,621,387	\$ -	\$ 2,621,387	\$ -	\$ -
TOTAL	\$ 2,621,387	\$ -	\$ 2,621,387	\$ -	\$ -

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 has the following recurring fair value measurements as of December 31, 2016, The IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

2. DEPOSITS AND INVESTMENTS (Continued)

c. Village Investments (Continued)

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. IMET is rated AAA.

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

Concentration of credit risk - The Village's investment policy requires diversification of the portfolio. Diversification by security instrument is as follows: U.S. Treasury obligations - 100% maximum; U.S. Government agency securities and instruments of government sponsored corporations - 100% maximum; certificates of deposit (CDs) commercial banks - 33% maximum; except when the CDs are invested using the Certificate of Deposit Account Registry Service (CDARS) or similar system; Illinois Governmental Cash Investment Fund - 35% maximum; and IMET - 35%. Diversification by institution is as follows: CDs - no more than 15% of the total portfolio with any one institution.

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

3. RECEIVABLES - TAXES

Property taxes for 2016 attach as an enforceable lien on January 1, 2016 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2017 and August 1, 2017 and are payable in two installments, on or about June 1, 2017 and September 1, 2017. The County collects such taxes and remits them periodically. As the 2016 tax levy is intended to fund expenditures for the 2017 fiscal year, these taxes are deferred as of December 31, 2016.

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Right of way	15,031,412	-	-	15,031,412
Easements	973,835	-	-	973,835
Construction in progress	88,867	28,587	88,867	28,587
Total capital assets not being depreciated	43,515,127	28,587	88,867	43,454,847
Capital assets being depreciated				
Land improvements	7,624,446	-	-	7,624,446
Buildings and improvements	8,227,290	588,748	-	8,816,038
Infrastructure	44,105,119	155,021	-	44,260,140
Machinery and equipment	3,675,212	478,319	276,055	3,877,476
Total capital assets being depreciated	63,632,067	1,222,088	276,055	64,578,100
Less accumulated depreciation for				
Land improvements	4,069,079	318,604	-	4,387,683
Buildings and improvements	4,273,534	220,797	-	4,494,331
Infrastructure	26,048,258	805,428	-	26,853,686
Machinery and equipment	2,223,163	365,930	269,415	2,319,678
Total accumulated depreciation	36,614,034	1,710,759	269,415	38,055,378
Total capital assets being depreciated, net	27,018,033	(488,671)	6,640	26,522,722
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 70,533,160	\$ (460,084)	\$ 95,507	\$ 69,977,569
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 106,833	\$ -	\$ -	\$ 106,833
Construction in progress	-	58,000	-	58,000
Total capital assets not being depreciated	106,833	58,000	-	164,833
Capital assets being depreciated				
Buildings	1,658,840	-	-	1,658,840
Underground water and sewerage system	83,445,832	76,340	-	83,522,172
Furniture, machinery and equipment	1,090,293	54,715	80,905	1,064,103
Total capital assets being depreciated	86,194,965	131,055	80,905	86,245,115
Less accumulated depreciation for				
Buildings	1,006,757	37,973	-	1,044,730
Underground water and sewerage system	49,180,868	1,471,945	-	50,652,813
Furniture, machinery and equipment	696,217	67,663	80,905	682,975
Total accumulated depreciation	50,883,842	1,577,581	80,905	52,380,518
Total capital assets being depreciated, net	35,311,123	(1,446,526)	-	33,864,597
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 35,417,956	\$ (1,388,526)	\$ -	\$ 34,029,430

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

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 849,338
Public safety	89,600
Community development	-
Public works	228,434
Parks and recreation	<u>543,387</u>
DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,710,759</u>

5. RISK MANAGEMENT

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

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

High-Level Excess Liability Pool

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

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

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

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

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 governmental activities long-term liabilities:

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Notes payable	\$ 1,151,094	\$ -	\$ 687,236	\$ 463,858	\$ 233,117
Special service area bonds	12,715,000	-	365,000	12,350,000	390,000
Net pension liability - IMRF	2,359,527	409,311	-	2,768,838	-
Net pension liability - Police Pension	5,633,519	212,672	-	5,846,191	-
Compensated absences*	248,191	109,493	62,048	295,636	73,909
Compensated absences - internal service*	17,401	-	12,983	4,418	1,105
TOTAL GOVERNMENTAL ACTIVITIES	\$ 22,124,732	\$ 731,476	\$ 1,127,267	\$ 21,728,941	\$ 698,131

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

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

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
Promissory notes payable	\$ 447,649	\$ -	\$ 267,259	\$ 180,390	\$ 90,657
Net pension liability - IMRF	745,114	129,256	-	874,370	-
Compensated absences	59,860	22,561	14,965	67,456	16,864
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,252,623	\$ 151,817	\$ 282,224	\$ 1,122,216	\$ 107,521

The net pension liability for the Illinois Municipal Retirement Fund (IMRF) and Police Pension are retired by the General and Water Funds.

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

6. LONG-TERM DEBT (Continued)

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
2011A Note Payable - Refunding (\$3,060,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$240,791; interest rate 2.6%).	General Fund	\$ 1,151,094	\$ -	\$ 687,236	\$ 463,858	\$ 233,117
TOTAL GOVERNMENTAL ACTIVITIES		\$ 1,151,094	\$ -	\$ 687,236	\$ 463,858	\$ 233,117
BUSINESS-TYPE ACTIVITIES						
2011A Note Payable - Refunding (\$1,190,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$90,926; interest rate 2.6%).	Water and Sewer Fund	\$ 447,649	\$ -	\$ 267,259	\$ 180,390	\$ 90,657
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 447,649	\$ -	\$ 267,259	\$ 180,390	\$ 90,657

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

Year Ending December 31,	Notes Payable					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 233,117	\$ 7,673	\$ 240,790	\$ 90,657	\$ 2,984	\$ 93,641
2018	230,741	3,066	233,807	89,733	1,193	90,926
TOTAL	\$ 463,858	\$ 10,739	\$ 474,597	\$ 180,390	\$ 4,177	\$ 184,567

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	\$ 12,715,000	\$ -	\$ 365,000	\$ 12,350,000	\$ 390,000
TOTAL		\$ 12,715,000	\$ -	\$ 365,000	\$ 12,350,000	\$ 390,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
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	\$ 12,350,000	\$ 8,568,751	\$ 20,918,751

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

6. LONG-TERM DEBT (Continued)

d. Legal Debt Margin

The Village is a home rule municipality.

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

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

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

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

7. INTERFUND ASSETS/LIABILITIES

a. Transfers In/Out

Interfund transfers during the year ended December 31, 2016 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental		
General Corporate	\$ 232,737	\$ 6,000,000
General Capital	6,000,000	-
Total Major Governmental	6,232,737	6,000,000
Nonmajor Governmental		
Retirement	94,417	232,737
Total Nonmajor Governmental	94,417	232,737

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

a. Transfers In/Out (Continued)

Fund	Transfers In	Transfers Out
Enterprise		
Water and Sanitary Sewer Revenue	\$ -	\$ 94,417
Total Enterprise	-	94,417
TOTAL	\$ 6,327,154	\$ 6,327,154

The purpose of significant transfers is as follows:

- \$6,000,000 transferred from the General Corporate Fund to the General Capital Fund to fund capital improvements. This amount will not be repaid.
- \$94,417 transferred from the Water and Sanitary Sewer Revenue Fund to the IMRF Fund to fund IMRF costs. This amount will not be repaid.
- \$232,737 transferred from the IMRF Fund to the General Corporate Fund to fund the Village's share of IMRF costs. These amounts will not be repaid.

b. Due From/To Other Funds

Due from/to other funds at December 31, 2016 consisted of the following:

Fund	Due From	Due To
Major Governmental		
General Corporate	\$ 96,663	\$ 58,015
Total Major Governmental	96,663	58,015
Nonmajor Governmental		
Retirement	47,385	-
Vehicle Maintenance	265	-
Total Nonmajor Governmental	47,650	-

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

b. Due From/To Other Funds (Continued)

Fund	Due From	Due To
Enterprise		
Water and Sanitary Sewer Revenue	\$ 10,365	\$ 3,022
Water and Sanitary Sewer Improvements	-	93,641
	<hr/>	<hr/>
Total Enterprise	10,365	96,663
	<hr/>	<hr/>
TOTAL	<u>\$ 154,678</u>	<u>\$ 154,678</u>

- The above due from/due to amounts outstanding primarily relate to the allocation of health, dental and workers' compensation insurance expenses, capital projects expenses, and other expenses. These amounts will be repaid within one year.

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

c. High-Level Excess Liability Pool

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.

9. TAX ABATEMENTS

The Village rebates certain taxes to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the businesses concerned.

In November 2010, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of any home-rule sales tax revenue generated; provided annual sales exceed \$100,000. At December 31, 2016, the Village has accrued an estimated rebate liability of \$24,783 for amounts collected by the state through December 31, 2016 but not yet paid to the company. To date, the Village has rebated approximately \$502,393 of home-rule sales tax to this company.

In August 2012, the Village entered into a 20-year sales tax rebate program with a company. The Village is required to rebate 40% of any municipal sales tax generated in that quarter; not to exceed \$100,000 per sales tax year. The agreement ends when \$700,000 is rebated or December 31, 2023, whichever comes first. At December 31, 2016, the Village has accrued an estimated home-rule sales tax rebate liability of \$2,896 for amounts collected by the state through December 31, 2016 but not yet paid to the company. To date, the Village has rebated approximately \$41,496 of home-rule sales tax to this company.

In 2016, the Village entered into a three-year home-rule sales tax rebate program with a company. The agreement ends when \$185,000 is rebated. To date, the Village has rebated approximately \$61,667 to this company.

10. OTHER POSTEMPLOYMENT BENEFITS

The Village allows employees, who retire through one of the Village's two pension plans disclosed in Note 11, the option to continue in the Village's health insurance plan as required by ILCS, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the Village's health insurance plan is considered a community rated plan. The Village entered into this plan effective January 1, 2011. In addition, the Village has no explicit subsidy as defined in GASB S-45.

11. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois (other than those covered by the Police Pension Plan). The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

Plan Membership

At December 31, 2015, (most recent available) IMRF membership consisted of:

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

Benefits Provided

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.5% of their annual covered salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended December 31, 2016 was 15.71% of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

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

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

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

Change in the Net Pension Liability

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Change in the Net Pension Liability (Continued)

There was a change in assumption relating to the municipal bond rate made since the prior measurement date. The bond rate used in the current actuarial valuation, dated December 31, 2015, is 3.57%. The municipal bond rate used in the prior actuarial valuation, dated December 31, 2014, was 3.56%.

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

For the year ended December 31, 2016, the Village recognized pension expense of \$502,319. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 204,279
Changes in assumption	295,294	-
Net difference between projected and actual earnings on pension plan investments	1,015,852	-
Employer contributions after the measurement date	446,418	-
TOTAL	\$ 1,757,564	\$ 204,279

\$446,418 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting period ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

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

Police Pension Plan

Plan Administration

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

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

Plan Membership

At December 31, 2016, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	16
Inactive plan members entitled to benefits but not yet receiving them	-
Active plan members	
Vested	22
Nonvested	2
	<hr/>
TOTAL	<hr/> <hr/> 40

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$111,572 for 2015, plus the amount automatically increases by the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. It is the Village's policy to fund the pension plan to achieve 100% funding by the same date. The employer contribution for the fiscal year ended December 31, 2016 was 38.75% of covered payroll.

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

Investment Policy

The Police Pension Fund (the Fund) also requires investments to be made in accordance with ILCS and the Fund's investment policy, which allows the Fund to invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veterans' loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts, mutual funds and equity securities (not to exceed 55% of the total assets of the Fund).

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in August 2016 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are listed in the table below.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Large cap U.S. equities	22.00%	6.50%
Mid cap U.S. equities	6.50%	7.50%
Small cap U.S. equities	6.50%	8.30%
International U.S. equities	15.00%	6.40%
Multi class	15.00%	4.20%
Intermediate Term fixed income	32.00%	0.70%
Cash	3.00%	0.00%

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

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

Investment Valuations

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

Investment Concentrations

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Concentrations (Continued)

At December 31, 2016, the Fund had greater than 5% of its fixed income portfolio invested in obligations of the U.S. Treasury notes (9.66%), Equity Mutual Funds (62.64%) and corporate bonds (13.22%). The investment policy does not include any limitations on how much U.S. Treasury or U.S. agency securities can be held in the portfolio.

Investment Rate of Return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

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

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2016:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 1,963,656	\$ 60,056	\$ 351,519	\$ 915,008	\$ 637,073
FHLMC notes	259,949	137,270	-	20,328	102,351
FNMA notes	472,446	-	-	68,056	404,390
GNMA notes	115,121	-	-	-	115,121
SBA	15,108	-	-	-	15,108
Corporate bonds	2,687,032	189,179	543,567	1,286,813	667,473
Municipal bonds	214,571	75,630	82,296	56,645	-
Negotiable CDs	579,765	239,738	340,027	-	-
TOTAL	\$ 6,307,648	\$ 701,873	\$ 1,317,409	\$ 2,346,850	\$ 1,941,516

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk (Continued)

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

The Fund has the following recurring fair value measurements as of December 31, 2016, equities and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, the US Treasury obligations, the corporate bonds, and negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs).

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring quarterly review of the returns of the equity portion of investments to address any standard deviations and by requiring 35% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The FHMLC, FNMA, GNMA, FNMA, SBA, money market mutual funds, municipal bonds, corporate bonds and negotiable certificates of deposit range in rating from not rated to Aaa as of December 31, 2016.

The Fund's investment policy requires corporate and municipal bonds to be rated in one of the three highest classifications.

Custodial Credit Risk

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2016 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal level dollar
Assumptions	
Inflation	2.50%
Salary increases	3.62% to 7.69%
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates were based on the RP-2000 Combined Mortality Table (BCA, +1M, -4F, 2x>105). The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

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

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	\$ 9,885,850	\$ 5,846,191	\$ 2,570,033

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 24,653,199	\$ 19,019,680	\$ 5,633,519
Changes for the period			
Service cost	568,266	-	568,266
Interest	1,607,524	-	1,607,524
Difference between expected and actual experience	359,920	-	359,920
Employer contributions	-	833,131	(833,131)
Employee contributions	-	210,892	(210,892)
Net investment income	-	1,306,880	(1,306,880)
Benefit payments and refunds	(980,658)	(980,658)	-
Administrative expense	-	(27,865)	27,865
Other (net transfer)	-	-	-
Net changes	1,555,052	1,342,380	212,672
BALANCES AT DECEMBER 31, 2016	\$ 26,208,251	\$ 20,362,060	\$ 5,846,191

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended December 31, 2016, the Village recognized pension expense of \$1,041,745. At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 299,935	\$ 327,870
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	862,123	-
Employer contributions after the measurement date	-	-
TOTAL	<u>\$ 1,162,058</u>	<u>\$ 327,870</u>

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

<u>Year Ending December 31,</u>	
2017	\$ 286,417
2018	286,417
2019	286,417
2020	(19,476)
2021	(5,587)
Thereafter	-
TOTAL	<u>\$ 834,188</u>

b. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

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

12. CHANGES IN ACCOUNTING PRINCIPLE

In 2015, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*.

The new standards required the Village to recognize a net pension liability and related deferred outflows and deferred inflows in its government-wide financial statements for the net pension liability associated with its pension plan.

In 2016, the Village made a determination to report information from the December 31, 2015 actuarial evaluation from IMRF in order to continue its dedication to timely financial reporting. Therefore, the related accounts were restated for the prior year to reflect the net pension liabilities, deferred outflows and deferred inflows from December 31, 2014.

The beginning net position reported in the government-wide financial statements has been restated to reflect the new guidance as follows:

	<u>Governmental Activities</u>
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	\$ 66,222,124
Net pension liability - IMRF	409,311
Deferred outflows of resources - IMRF	(543,809)
Deferred inflows of resources - IMRF	62,789
Contributions subsequent to the measurement date - deferred outflows of resources	<u>453,471</u>
 BEGINNING NET POSITION, AS RESTATED	 <u>\$ 66,603,886</u>
	<u>Business-Type Activities</u>
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	\$ 35,733,408
Net pension liability - IMRF	129,256
Deferred outflows of resources - IMRF	(171,729)
Deferred inflows of resources - IMRF	19,828
Contributions subsequent to the measurement date - deferred outflows of resources	<u>143,201</u>
 BEGINNING NET POSITION, AS RESTATED	 <u>\$ 35,853,964</u>

The Village also implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, in 2016, which resulted in \$453,471 and \$143,201 of the governmental activities and business-type activities restatements above, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
REVENUES				
Property taxes			\$ 906,550	\$ 908,164
Other taxes			9,643,000	9,285,552
Licenses, permits and fees			652,400	756,480
Fines and forfeitures			285,000	259,083
Intergovernmental			207,060	220,379
Investment income			22,000	55,869
Miscellaneous			14,000	159,011
			11,730,010	11,644,538
Total revenues			11,730,010	11,644,538
EXPENDITURES				
Current				
General government	\$ 2,168,540	\$ 2,168,540	1,971,395	1,807,544
Public safety	4,406,380	4,406,380	4,005,800	3,913,546
Community and economic development	1,317,090	1,317,090	1,197,350	835,438
Public works	1,567,560	1,567,560	1,425,050	1,455,855
Parks and open spaces	1,532,880	1,532,880	1,393,525	1,338,020
Debt service				
Principal retirement	481,600	481,600	446,446	687,236
Interest and fiscal charges	-	-	35,136	35,136
			10,474,702	10,072,775
Total expenditures	\$ 11,474,050	\$ 11,474,050	10,474,702	10,072,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			1,255,308	1,571,763
OTHER FINANCING SOURCES (USES)				
Transfer in	\$ -	\$ -	-	232,737
Transfers (out)	(2,808,980)	(2,808,980)	(2,553,636)	(6,000,000)
Sale of capital assets	-	-	10,000	21,599
			(2,543,636)	(5,745,664)
Total other financing sources (uses)	\$ (2,808,980)	\$ (2,808,980)	(2,543,636)	(5,745,664)
NET CHANGE IN FUND BALANCE			\$ (1,288,328)	(4,173,901)
FUND BALANCE, JANUARY 1				11,082,127
FUND BALANCE, DECEMBER 31				\$ 6,908,226

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Two Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016
Actuarially determined contribution	\$ 446,674	\$ 438,803
Contributions in relation to the actuarially determined contribution	<u>596,673</u>	<u>446,418</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ (149,999)</u>	<u>\$ (7,615)</u>
Covered-employee payroll	\$ 2,892,964	\$ 2,841,986
Contributions as a percentage of covered-employee payroll	20.62%	15.71%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 28 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 4.4% to 16.0% compounded annually and postretirement benefit increases of 3.0% compounded annually.

The Village made additional voluntary contributions for the fiscal year ended December 31, 2015.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

Last Two Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015
TOTAL PENSION LIABILITY		
Service cost	\$ 341,442	\$ 313,571
Interest	1,300,553	1,397,410
Changes in benefit terms	-	-
Differences between expected and actual experience	(159,731)	(159,981)
Changes of assumptions	564,270	-
Benefit payments, including refunds of member contributions	(691,886)	(687,105)
Net change in total pension liability	1,354,648	863,895
Total pension liability - beginning	17,539,083	18,893,731
TOTAL PENSION LIABILITY - ENDING	\$ 18,893,731	\$ 19,757,626
PLAN FIDUCIARY NET POSITION		
Contributions - employer	\$ 614,250	\$ 596,673
Contributions - member	145,229	137,799
Net investment income	907,263	79,064
Benefit payments, including refunds of member contributions	(691,886)	(687,105)
Administrative expense	(25,139)	198,897
Net change in plan fiduciary net position	949,717	325,328
Plan fiduciary net position - beginning	14,839,373	15,789,090
PLAN FIDUCIARY NET POSITION - ENDING	\$ 15,789,090	\$ 16,114,418
EMPLOYER'S NET PENSION LIABILITY	\$ 3,104,641	\$ 3,643,208
Plan fiduciary net position as a percentage of total pension liability	84%	82%
Covered-employee payroll	\$ 2,841,986	\$ 2,892,964
Employer's net pension liability as a percentage of covered-employee payroll	109%	126%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

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

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ 483,226	\$ 497,262	\$ 454,383	\$ 563,551	\$ 514,585	\$ 545,957	\$ 527,434	\$ 692,133	\$ 783,607	\$ 803,666
Contribution in relation to the actuarially determined contribution	1,111,733	1,063,146	1,101,333	1,012,592	1,032,840	961,521	1,059,747	589,303	618,665	833,131
CONTRIBUTION DEFICIENCY (Excess)	\$ (628,507)	\$ (565,884)	\$ (646,950)	\$ (449,041)	\$ (518,255)	\$ (415,564)	\$ (532,313)	\$ 102,830	\$ 164,942	\$ (29,465)
Covered-employee payroll	N/A	\$ 1,945,491	\$ 2,029,959	\$ 2,010,449	\$ 1,902,849	\$ 1,923,608	\$ 2,058,866	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195
Contributions as a percentage of Covered-employee payroll	N/A	54.65%	54.25%	50.37%	54.28%	49.99%	51.47%	28.30%	29.44%	38.75%

N/A - Information not available.

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

The information presented was determined as part of the actuarial valuations as of December 31, 2016. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 25 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 6.50% annually, projected salary increases assumption of 3.62% to 7.69% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016
TOTAL PENSION LIABILITY			
Service cost	\$ 543,025	\$ 535,944	\$ 568,266
Interest	1,466,549	1,561,977	1,607,524
Changes of benefit terms	-	-	-
Differences between expected and actual experience	434,345	(459,019)	359,920
Changes of assumptions	-	-	-
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)
Net change in total pension liability	1,466,841	678,557	1,555,052
Total pension liability - beginning	22,507,801	23,974,642	24,653,199
TOTAL PENSION LIABILITY - ENDING	\$ 23,974,642	\$ 24,653,199	\$ 26,208,251
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 589,303	\$ 618,665	\$ 833,131
Contributions - member	232,179	208,270	210,892
Contributions - other	10	15	23
Net investment income	469,087	(270,351)	1,306,857
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)
Administrative expense	(22,328)	(28,855)	(27,865)
Net change in plan fiduciary net position	291,173	(432,601)	1,342,380
Plan fiduciary net position - beginning	19,161,108	19,452,281	19,019,680
PLAN FIDUCIARY NET POSITION - ENDING	\$ 19,452,281	\$ 19,019,680	\$ 20,362,060
EMPLOYER'S NET PENSION LIABILITY	\$ 4,522,361	\$ 5,633,519	\$ 5,846,191
Plan fiduciary net position as a percentage of the total pension liability	81.14%	77.15%	77.69%
Covered-employee payroll	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195
Employer's net pension liability as a percentage of covered-employee payroll	217.14%	268.06%	271.89%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND

Last Three Fiscal Years

FISCAL YEAR ENDED, DECEMBER 31	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	6.87%	(1.35%)	2.53%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2016

BUDGETS

Annual budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for all governmental and proprietary funds, with the exception of the Fraud, Alcohol and Drug Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

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

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

A supplemental appropriation was passed for the General Fund.

**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, 2016

	Original and Final Budget	Actual
PROPERTY TAXES		
Property tax - Police Pension Fund	\$ 833,550	\$ 833,131
Road and bridge	73,000	75,033
	<hr/>	<hr/>
Total property taxes	906,550	908,164
OTHER TAXES		
State income	720,000	698,915
Sales	3,060,000	2,469,364
Home rule sales	1,460,000	1,147,067
Utility	1,308,000	1,238,194
Telecommunication	1,000,000	1,215,516
Room and admissions	1,754,000	1,873,847
Real estate transfer	200,000	465,951
State use	141,000	176,698
	<hr/>	<hr/>
Total other taxes	9,643,000	9,285,552
LICENSES AND PERMITS		
SWALCO rebate	5,000	1,348
Liquor licenses	67,000	70,100
Beach tags	6,200	8,840
Park user fees	25,000	31,373
Amusement devices	2,900	4,850
Application fees	7,500	2,300
Engineering fees	12,000	27,937
Planner fees	1,200	15,301
Plan review fees	45,000	89,619
Annexation fees	1,000	9,853.50
Building permit fees	210,000	202,926
Fire review and inspection fees	59,000.00	56,966
Elevator inspection fees	23,000.00	28,038
Engineering review and inspection fees	21,000.00	9,835
Acreage impact fees	5,000	-
Forester fees	1,000	-
Miscellaneous licenses and fees	1,000	575
Cable TV franchise fees	140,000	181,057
Yardwaste refuse stickers	4,600	8,061
Taste of Lincolnshire	13,500	6,500
Waste hauler fees	1,500	1,000
	<hr/>	<hr/>
Total licenses and permits	652,400	756,480

(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, 2016

	Original and Final Budget	Actual
FINES AND FORFEITURES		
Court fines	\$ 250,000	\$ 215,533
False alarm fines and fees	5,000	7,370
Administrative tow fees	30,000	36,180
	<hr/>	<hr/>
Total fines and forfeitures	285,000	259,083
	<hr/>	<hr/>
INTERGOVERNMENTAL		
Police grants	21,000	21,600
Police training reimbursements	-	193
Miscellaneous grants	186,060	198,586
	<hr/>	<hr/>
Total intergovernmental	207,060	220,379
	<hr/>	<hr/>
INVESTMENT INCOME	22,000	55,869
	<hr/>	<hr/>
MISCELLANEOUS		
Miscellaneous income	14,000	159,011
	<hr/>	<hr/>
Total miscellaneous	14,000	159,011
	<hr/>	<hr/>
TOTAL REVENUES	\$ 11,730,010	\$ 11,644,538

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
GENERAL GOVERNMENT				
Administration services				
Personnel services				
Regular salaries	\$ 331,540	\$ 331,540	\$ 253,000	\$ 228,037
Part time wages	-	-	6,200	6,231
Overtime salaries	-	-	800	7,892
Total personnel services	331,540	331,540	260,000	242,160
Contractual services				
Equipment maintenance	-	-	500	-
Professional services	-	-	5,000	5,000
Total contractual services	-	-	5,500	5,000
Other charges				
Memberships	-	-	11,000	12,407
Vehicle expenditures	-	-	4,800	4,800
Professional development	-	-	6,500	4,605
Publications	-	-	600	524
Classified advertisements	-	-	2,500	295
Boards and commissions	-	-	3,000	717
Business expenditures	-	-	7,500	6,138
Total other charges	-	-	35,900	29,486
Total administrative services	331,540	331,540	301,400	276,646
Finance				
Personnel services				
Regular salaries	299,540	299,540	233,000	231,190
Part time wages	-	-	12,200	12,769
Overtime salaries	-	-	500	442
Total personnel services	299,540	299,540	245,700	244,401
Contractual services				
Printing	-	-	300	205
Equipment maintenance	-	-	200	23
Professional services	-	-	19,580	20,034
Legal notices	-	-	1,000	895
Outside services	-	-	100	22
Total contractual services	-	-	21,180	21,179

(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, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
GENERAL GOVERNMENT (Continued)				
Finance (Continued)				
Other charges				
Memberships	\$ -	\$ -	\$ 800	\$ 685
Professional development	-	-	3,750	1,606
Publications	-	-	175	149
Minor equipment	-	-	300	-
Business expenditures	-	-	400	36
Total other charges	-	-	5,425	2,476
Total finance	299,540	299,540	272,305	268,056
Insurance and common				
Contractual services				
Telephone	1,537,460	1,537,460	19,860	14,744
Printing	-	-	16,920	15,388
Equipment maintenance	-	-	1,500	1,224
Professional services	-	-	93,600	51,677
Data systems	-	-	25,530	27,009
Postage	-	-	8,000	8,443
Duplicating	-	-	8,640	9,117
Medical insurance	-	-	695,000	652,138
General insurance	-	-	225,950	223,459
Outside services	-	-	188,590	183,449
Total contractual services	1,537,460	1,537,460	1,283,590	1,186,648
Commodities				
Office supplies	-	-	15,840	13,914
Total commodities	-	-	15,840	13,914
Other charges				
Minor equipment	-	-	16,060	16,990
Senior citizen tax relief	-	-	6,400	5,385
Bad debt provision	-	-	-	271
Total other charges	-	-	22,460	22,646
Capital outlay				
Office equipment	-	-	5,000	46
Computer equipment	-	-	70,800	39,588
Total capital outlay	-	-	75,800	39,634
Total insurance and common	1,537,460	1,537,460	1,397,690	1,262,842
Total general government	2,168,540	2,168,540	1,971,395	1,807,544

(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, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
PUBLIC SAFETY				
Police				
Personnel services				
Regular salaries	\$ 4,406,380	\$ 2,764,300	\$ 2,513,000	\$ 2,493,883
Overtime salaries	-	-	148,000	144,227
Overtime contract services	-	-	40,000	43,655
Retirement reserves	-	1,642,080	833,550	833,131
Total personnel services	4,406,380	4,406,380	3,534,550	3,514,896
Contractual services				
Printing	-	-	4,500	3,205
Equipment maintenance	-	-	48,000	37,372
Professional services	-	-	121,400	86,662
Data systems	-	-	12,530	8,980
Total contractual services	-	-	186,430	136,219
Commodities				
Maintenance materials	-	-	17,200	14,088
Total commodities	-	-	17,200	14,088
Other charges				
Memberships	-	-	2,500	2,150
Vehicle expenditures	-	-	172,170	172,309
Professional development	-	-	38,000	32,936
Publications	-	-	750	954
Uniforms	-	-	34,400	25,598
Community programs	-	-	8,500	5,991
Officer testing	-	-	1,000	1,138
Equipment - furniture	-	-	2,000	1,005
Minor equipment	-	-	3,800	2,523
Business expenditures	-	-	4,500	3,739
Total other charges	-	-	267,620	248,343
Total public safety	4,406,380	4,406,380	4,005,800	3,913,546
COMMUNITY AND ECONOMIC DEVELOPMENT				
Administration				
Personnel services				
Regular salaries	1,317,090	1,317,090	435,000	303,350
Part time wages	-	-	35,500	35,521
Overtime salaries	-	-	500	3,916
Total personnel services	1,317,090	1,317,090	471,000	342,787

(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, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
COMMUNITY AND ECONOMIC DEVELOPMENT (Continued)				
Administration (Continued)				
Contractual services				
Printing	\$ -	\$ -	\$ 350	\$ -
Vehicle expenditures	-	-	4,900	4,900
Professional services	-	-	103,000	121,250
Legal notices	-	-	350	-
Outside services	-	-	67,500	14,264
Total contractual services	-	-	176,100	140,414
Other charges				
Professional development	-	-	8,200	3,241
Publications	-	-	350	-
Board and commissions	-	-	100	-
Business expenditures	-	-	800	1,564
Economic development initiatives	-	-	539,100	347,276
Equipment and clothing	-	-	1,700	156
Total other charges	-	-	550,250	352,237
Total community and economic development	1,317,090	1,317,090	1,197,350	835,438
PUBLIC WORKS				
Administration				
Personnel services				
Regular salaries	226,300	226,300	151,000	154,189
Overtime salaries	-	-	1,000	503
Total personnel services	226,300	226,300	152,000	154,692
Contractual services				
Professional services	-	-	41,000	50,174
Legal notices	-	-	800	901
Outside services	-	-	4,000	6,414
Total contractual services	-	-	45,800	57,489
Other charges				
Memberships	-	-	2,800	2,582
Vehicle expenditures	-	-	1,125	1,125
Professional development	-	-	2,500	1,232
Business expenditures	-	-	500	626
Total other charges	-	-	6,925	5,565

(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, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
PUBLIC WORKS (Continued)				
Administration (Continued)				
Capital outlay				
Office charges	\$ -	\$ -	\$ 1,000	\$ 978
Total capital outlay	-	-	1,000	978
Total administration	226,300	226,300	205,725	218,724
Streets				
Personnel services				
Regular salaries	1,187,920	1,187,920	406,000	400,297
Part time salaries	-	-	8,000	13,032
Overtime salaries	-	-	49,000	49,000
Total personnel services	1,187,920	1,187,920	463,000	462,329
Contractual services				
Equipment maintenance	-	-	500	428
Electric utilities	-	-	15,000	13,290
Pavement maintenance	-	-	49,000	56,837
Outside services	-	-	280,400	330,306
Total contractual services	-	-	344,900	400,861
Commodities				
Maintenance materials	-	-	12,400	16,908
Repair and restoration	-	-	13,000	11,272
Construction materials	-	-	10,900	4,567
Snow and ice control	-	-	73,100	61,197
Total commodities	-	-	109,400	93,944
Other charges				
Vehicle expenditures	-	-	148,225	148,225
Professional development	-	-	3,500	3,473
Uniforms	-	-	3,300	3,448
Minor equipment	-	-	2,000	2,415
Recycling	-	-	5,000	3,125
Business expenditures	-	-	600	651
Total other charges	-	-	162,625	161,337
Total streets	1,187,920	1,187,920	1,079,925	1,118,471

(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, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
PUBLIC WORKS (Continued)				
Buildings and grounds				
Contractual services				
Equipment maintenance	\$ 153,340	\$ 153,340	\$ 1,000	\$ 968
Outside services	-	-	109,500	94,655
Total contractual services	153,340	153,340	110,500	95,623
Commodities				
Maintenance materials	-	-	16,000	11,605
Repair and restoration	-	-	1,500	1,499
Construction materials	-	-	2,000	1,761
Total commodities	-	-	19,500	14,865
Other charges				
Minor equipment	-	-	2,500	1,733
Vehicle expenditures	-	-	4,900	4,900
Business expenditures	-	-	2,000	1,539
Total other charges	-	-	9,400	8,172
Total buildings and grounds	153,340	153,340	139,400	118,660
Total public works	1,567,560	1,567,560	1,425,050	1,455,855
PARKS AND OPEN SPACES				
Parks and grounds				
Personnel services				
Regular salaries	1,532,880	1,532,880	406,000	400,296
Part time wages	-	-	79,700	66,434
Overtime salaries	-	-	31,000	22,765
Total personnel services	1,532,880	1,532,880	516,700	489,495
Contractual services				
Equipment maintenance	-	-	1,000	1,018
Professional services	-	-	71,400	71,376
Gas utilities	-	-	3,000	1,768
Electric utilities	-	-	31,500	19,126
Outside services	-	-	90,000	80,215
Lighting maintenance	-	-	4,500	4,198
Landscape maintenance	-	-	387,800	374,937
Wildlife maintenance	-	-	3,000	705
Special events	-	-	94,000	118,750
Total contractual services	-	-	686,200	672,093

(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, 2016

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
PARKS AND OPEN SPACES (Continued)				
Parks and grounds (Continued)				
Commodities				
Maintenance materials	\$ -	\$ -	\$ 46,400	\$ 40,833
Repair and restoration	-	-	3,200	3,728
Construction materials	-	-	5,000	4,900
Total commodities	-	-	54,600	49,461
Other charges				
Memberships	-	-	1,500	1,370
Vehicle expenditures	-	-	113,925	113,925
Professional development	-	-	2,500	2,994
Publications	-	-	100	98
Uniforms	-	-	4,000	4,529
Minor equipment	-	-	2,500	3,133
Business expenditures	-	-	1,500	922
Total other charges	-	-	126,025	126,971
Capital outlay				
Bike path repairs	-	-	10,000	-
Total capital outlay	-	-	10,000	-
Total parks and open spaces	1,532,880	1,532,880	1,393,525	1,338,020
Debt service				
Principal retirement	481,600	481,600	446,446	687,236
Interest and fiscal charges	-	-	35,136	35,136
Total debt service	481,600	481,600	481,582	722,372
TOTAL EXPENDITURES	\$ 11,474,050	\$ 11,474,050	\$ 10,474,702	\$ 10,072,775

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Intergovernmental			
Grants		\$ 422,000	\$ 179,635
Donations		8,000	-
Miscellaneous			
Other income		1,200,000	21,007
Total revenues		1,630,000	200,642
EXPENDITURES			
General government			
Contractual services	\$ -	72,000	49,897
Capital outlay	2,683,025	2,579,025	1,675,305
Total expenditures	\$ 2,683,025	2,651,025	1,725,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(1,021,025)	(1,524,560)
OTHER FINANCING SOURCES (USES)			
Transfers in		2,553,636	6,000,000
Total other financing sources (uses)		2,553,636	6,000,000
NET CHANGE IN FUND BALANCE		\$ 1,532,611	4,475,440
FUND BALANCE, JANUARY 1			2,714,268
FUND BALANCE, DECEMBER 31			\$ 7,189,708

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

Retirement Fund - to account for revenues derived from a specific annual property tax levy and expenditures of these monies for funding the employer's contribution to IMRF.

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

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

SSA Westminster Signal Fund - to account for the financial resources used for the acquisition or construction of major capital assets in the special service area.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2016

	Special Revenue				Total Special Revenue	Debt Service	Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Retirement		Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects	
ASSETS										
Cash and cash equivalents	\$ 209,066	\$ 311,186	\$ 76,202	\$ -	\$ 596,454	\$ 777,527	\$ 123,661	\$ 9,591	\$ 133,252	\$ 1,507,233
Investments	-	-	-	-	-	1,339,639	-	-	-	1,339,639
Receivables										
Property taxes	-	-	-	-	-	1,162,500	-	-	-	1,162,500
Other taxes	17,258	-	91,167	-	108,425	-	-	-	-	108,425
Other receivable	123	350	1,001	-	1,474	3,653	-	-	-	5,127
Due from other funds	-	-	-	47,385	47,385	-	-	-	-	47,385
TOTAL ASSETS	\$ 226,447	\$ 311,536	\$ 168,370	\$ 47,385	\$ 753,738	\$ 3,283,319	\$ 123,661	\$ 9,591	\$ 133,252	\$ 4,170,309

	Special Revenue				Total Special Revenue	Debt	Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Retirement		Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ -	\$ 235,287	\$ -	\$ 47,385	\$ 282,672	\$ 3,948	\$ -	\$ 1,170	\$ 1,170	\$ 287,790
Total liabilities	-	235,287	-	47,385	282,672	3,948	-	1,170	1,170	287,790
DEFERRED INFLOWS OF RESOURCES										
Deferred property taxes	-	-	-	-	-	1,162,500	-	-	-	1,162,500
Total deferred inflows of resources	-	-	-	-	-	1,162,500	-	-	-	1,162,500
Total liabilities and deferred inflows of resources	-	235,287	-	47,385	282,672	1,166,448	-	1,170	1,170	1,450,290
FUND BALANCES										
Restricted for debt service	-	-	-	-	-	2,116,871	-	-	-	2,116,871
Restricted for maintenance of roadways	226,447	-	-	-	226,447	-	-	-	-	226,447
Restricted for public safety	-	76,249	168,370	-	244,619	-	-	-	-	244,619
Unrestricted	-	-	-	-	-	-	123,661	8,421	132,082	132,082
Assigned for capital projects	-	-	-	-	-	-	123,661	8,421	132,082	132,082
Total fund balances	226,447	76,249	168,370	-	471,066	2,116,871	123,661	8,421	132,082	2,720,019
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
	\$ 226,447	\$ 311,536	\$ 168,370	\$ 47,385	\$ 753,738	\$ 3,283,319	\$ 123,661	\$ 9,591	\$ 133,252	\$ 4,170,309

(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, 2016

	Special Revenue				Total Special Revenue	Debt Service	Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Retirement		Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects	
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ 579,210	\$ 579,210	\$ 1,161,905	\$ -	\$ -	\$ -	\$ 1,741,115
Intergovernmental	193,007	-	289,957	-	482,964	-	-	-	-	482,964
Charges for services	-	8,286	-	-	8,286	-	-	-	-	8,286
Investment income	454	-	230	447	1,131	18,741	258	25	283	20,155
Total revenues	193,461	8,286	290,187	579,657	1,071,591	1,180,646	258	25	283	2,252,520
EXPENDITURES										
Current										
General government	-	-	-	644,152	644,152	6,718	-	-	-	650,870
Public safety	-	4,217	386,664	-	390,881	-	-	-	-	390,881
Capital outlay	175,000	-	-	-	175,000	-	12,574	4,680	17,254	192,254
Debt service										
Principal retirement	-	-	-	-	-	365,000	-	-	-	365,000
Interest and fiscal charges	-	-	-	-	-	783,506	-	-	-	783,506
Total expenditures	175,000	4,217	386,664	644,152	1,210,033	1,155,224	12,574	4,680	17,254	2,382,511
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,461	4,069	(96,477)	(64,495)	(138,442)	25,422	(12,316)	(4,655)	(16,971)	(129,991)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	113,218	113,218	-	-	-	-	113,218
Transfers (out)	-	-	-	(232,737)	(232,737)	-	-	-	-	(232,737)
Total other financing sources (uses)	-	-	-	(119,519)	(119,519)	-	-	-	-	(119,519)
NET CHANGE IN FUND BALANCE	18,461	4,069	(96,477)	(184,014)	(257,961)	25,422	(12,316)	(4,655)	(16,971)	(249,510)
FUND BALANCES, JANUARY 1	207,986	72,180	264,847	184,014	729,027	2,091,449	135,977	13,076	149,053	2,969,529
FUND BALANCES, DECEMBER 31	\$ 226,447	\$ 76,249	\$ 168,370	\$ -	\$ 471,066	\$ 2,116,871	\$ 123,661	\$ 8,421	\$ 132,082	\$ 2,720,019

(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, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Intergovernmental			
Allotments earned		\$ 173,000	\$ 193,007
Investment income		200	454
		<hr/>	<hr/>
Total revenues		173,200	193,461
		<hr/>	<hr/>
EXPENDITURES			
Capital outlay	\$ 192,500	175,000	175,000
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 192,500	175,000	175,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE		\$ (1,800)	18,461
		<hr/>	<hr/>
FUND BALANCE, JANUARY 1			207,986
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 226,447
			<hr/>

(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, 2016

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Other taxes			
E911 surcharges		\$ 375,000	\$ 289,957
Investment income		200	230
		<hr/>	<hr/>
Total revenues		375,200	290,187
		<hr/>	<hr/>
EXPENDITURES			
Public safety			
Contractual services	\$ 508,090	310,900	292,949
Other charges	-	151,000	93,715
		<hr/>	<hr/>
Total expenditures	\$ 508,090	461,900	386,664
		<hr/>	<hr/>
NET CHANGE IN FUND BALANCE		<u>\$ (86,700)</u>	(96,477)
FUND BALANCE, JANUARY 1			<hr/> 264,847
FUND BALANCE, DECEMBER 31			<hr/> <u>\$ 168,370</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Taxes			
Property		\$ 591,950	\$ 579,210
Investment income		400	447
Miscellaneous			
Other income		-	-
		592,350	579,657
Total revenues			
EXPENDITURES			
General government			
Personnel services	\$ 782,130	711,030	644,152
Contractual services	-	-	-
Other charges	-	-	-
		711,030	644,152
Total expenditures	\$ 782,130	711,030	644,152
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(118,680)	(64,495)
OTHER FINANCING SOURCES (USES)			
Transfers in		118,680	113,218
Transfers (out)		-	(232,737)
		118,680	(119,519)
Total other financing sources (uses)			
NET CHANGE IN FUND BALANCE		\$ -	(184,014)
FUND BALANCE, JANUARY 1			184,014
FUND BALANCE, DECEMBER 31			\$ -

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Property taxes		\$ 1,159,700	\$ 1,161,905
Investment income		15,000	18,741
Total revenues		1,174,700	1,180,646
EXPENDITURES			
General government			
Contractual services	\$ 16,500	15,000	6,718
Debt service			
Principal	1,275,670	376,419	365,000
Interest and fiscal charges	-	783,281	783,506
Total expenditures	\$ 1,292,170	1,174,700	1,155,224
NET CHANGE IN FUND BALANCE		\$ -	25,422
FUND BALANCE, JANUARY 1			2,091,449
FUND BALANCE, DECEMBER 31			\$ 2,116,871

(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, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Investment income		\$ 100	\$ 258
Park donations		236,000	-
Total revenues		<u>236,100</u>	<u>258</u>
EXPENDITURES			
Capital outlay	<u>\$ 207,350</u>	<u>188,500</u>	<u>12,574</u>
Total expenditures	<u>\$ 207,350</u>	<u>188,500</u>	<u>12,574</u>
NET CHANGE IN FUND BALANCE		<u>\$ 47,600</u>	(12,316)
FUND BALANCE, JANUARY 1			<u>135,977</u>
FUND BALANCE, DECEMBER 31			<u>\$ 123,661</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Investment income		\$ -	\$ 25
Total revenues		-	25
EXPENDITURES			
Contractual services	\$ 5,370	4,880	4,680
Total expenditures	<u>\$ 5,370</u>	<u>4,880</u>	<u>4,680</u>
CHANGE IN NET POSITION		<u>\$ (4,880)</u>	(4,655)
FUND BALANCE, JANUARY 1			<u>13,076</u>
FUND BALANCE, DECEMBER 31			<u>\$ 8,421</u>

(See independent auditor's report.)

ENTERPRISE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING SCHEDULE OF NET POSITION
WATER AND SANITARY SEWER FUND

December 31, 2016

	Revenue Account	Improvement Account	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 963,568	\$ 114,744	\$ 1,078,312
Investments	395,211	207,882	603,093
Receivables			
Accounts - billed	285,319	-	285,319
Accounts - unbilled	165,352	-	165,352
Other receivables	16,001	4,881	20,882
Due from other funds	10,365	-	10,365
Prepaid expenses	4,855	-	4,855
Total current assets	1,840,671	327,507	2,168,178
CAPITAL ASSETS			
Nondepreciable	164,833	-	164,833
Depreciable (net of accumulated depreciation)	33,864,597	-	33,864,597
Net capital assets	34,029,430	-	34,029,430
Total assets	35,870,101	327,507	36,197,608
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	421,815	-	421,815
Total deferred outflows of resources	421,815	-	421,815
CURRENT LIABILITIES			
Accounts payable	448,426	40,880	489,306
Accrued payroll	21,706	-	21,706
Due to other funds	3,022	93,641	96,663
Compensated absences payable	16,864	-	16,864
Current portion of notes payable	90,657	-	90,657
Total current liabilities	580,675	134,521	715,196
LONG-TERM LIABILITIES			
Compensated absences payable	50,592	-	50,592
IMRF net pension liability	874,370	-	874,370
Notes payable	89,733	-	89,733
Total long-term liabilities	1,014,695	-	1,014,695
Total liabilities	1,595,370	134,521	1,729,891

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2016

	Revenue Account	Improvement Account	Total
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	\$ 49,027	\$ -	\$ 49,027
Total deferred inflows of resources	49,027	-	49,027
NET POSITION			
Net investment in capital assets	33,849,040	-	33,849,040
Unrestricted	798,479	192,986	991,465
TOTAL NET POSITION	\$ 34,647,519	\$ 192,986	\$ 34,840,505

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 4,536,947	\$ -	\$ -	\$ 4,536,947
Miscellaneous	15,851	-	-	15,851
Total operating revenues	4,552,798	-	-	4,552,798
OPERATING EXPENSES				
Administration	545,354	-	-	545,354
Operations	3,386,083	8,750	-	3,394,833
Capital outlay	-	398,688	-	398,688
Total operating expenses	3,931,437	407,438	-	4,338,875
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	621,361	(407,438)	-	213,923
Depreciation	1,577,580	-	-	1,577,580
OPERATING INCOME (LOSS)	(956,219)	(407,438)	-	(1,363,657)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,568	1,771	-	4,339
Connection fees	-	430,942	-	430,942
Sale of capital assets	10,365	-	-	10,365
Interest expense	-	(1,031)	-	(1,031)
Total non-operating revenues (expenses)	12,933	431,682	-	444,615
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(943,286)	24,244	-	(919,042)
CONTRIBUTIONS				
Contributions of capital assets	468,946	-	(468,946)	-
Total contributions	468,946	-	(468,946)	-
TRANSFERS				
Transfers in	-	453,345	(453,345)	-
Transfers (out)	(547,762)	(468,946)	922,291	(94,417)
Total transfers	(547,762)	(15,601)	468,946	(94,417)
CHANGE IN NET POSITION	(1,022,102)	8,643	-	(1,013,459)
NET POSITION, JANUARY 1	35,549,065	184,343	-	35,733,408
Change in accounting principal	120,556	-	-	120,556
NET POSITION, JANUARY 1, RESTATED	35,669,621	184,343	-	35,853,964
NET POSITION, DECEMBER 31	\$ 34,647,519	\$ 192,986	\$ -	\$ 34,840,505

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water and sanitary sewer fees		\$ 4,505,000	\$ 4,536,947
Miscellaneous			
Other		6,000	15,851
Total operating revenues		4,511,000	4,552,798
OPERATING EXPENSES			
Administration	\$ 1,226,880	565,685	545,354
Operations	3,736,870	3,397,150	3,386,083
Total operating expenses excluding depreciation	\$ 4,963,750	3,962,835	3,931,437
OPERATING INCOME (LOSS) BEFORE DEPRECIATION		548,165	621,361
Depreciation		-	1,577,580
OPERATING INCOME (LOSS)		548,165	(956,219)
NON-OPERATING REVENUES (EXPENSES)			
Sale of capital assets		-	10,365
Investment income		1,500	2,568
Total non-operating revenues (expenses)		1,500	12,933
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		549,665	(943,286)
CONTRIBUTIONS			
Contributions of capital assets		-	468,946
Total contributions		-	468,946
TRANSFERS			
Transfers (out)		(549,665)	(547,762)
Total transfers		(549,665)	(547,762)
CHANGE IN NET POSITION		\$ -	(1,022,102)
NET POSITION, JANUARY 1			35,549,065
Change in accounting principal			120,556
NET POSITION, JANUARY 1, RESTATED			35,669,621
NET POSITION, DECEMBER 31			\$ 34,647,519

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
None		\$ -	\$ -
Total operating revenues		-	-
OPERATING EXPENSES			
Operations		20,000	8,750
Capital outlay	\$ 1,233,980	914,500	398,688
Total operating expenses	\$ 1,233,980	934,500	407,438
OPERATING INCOME (LOSS)		(934,500)	(407,438)
NON-OPERATING REVENUES (EXPENSES)			
Investment income		2,000	1,771
Connection fees		100,000	430,942
Interest expense		(187,300)	(1,031)
Total non-operating revenues (expenses)		(85,300)	431,682
NET INCOME (LOSS) BEFORE TRANSFERS		(1,019,800)	24,244
TRANSFERS			
Transfers in		453,345	453,345
Transfers (out)		-	(468,946)
Total transfers		453,345	(15,601)
CHANGE IN NET POSITION		\$ (566,455)	8,643
NET POSITION, JANUARY 1			184,343
NET POSITION, DECEMBER 31			\$ 192,986

(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, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
ADMINISTRATION			
Personnel services			
Regular salaries	\$ 1,226,880	\$ 188,000	\$ 187,064
Part-time wages	-	12,200	11,004
Overtime salaries	-	1,200	2,253
Pension expense	-	-	13,416
Total personnel services	<u>1,226,880</u>	<u>201,400</u>	<u>213,737</u>
Contractual services			
Telephone	-	22,925	20,186
Printing	-	11,880	8,958
Professional services	-	29,940	22,157
Data processing	-	3,085	3,050
Postage	-	8,000	8,443
Duplicating	-	960	1,013
Medical insurance	-	106,100	98,618
General insurance	-	100,820	99,697
Outside services	-	29,050	21,243
Total contractual services	<u>-</u>	<u>312,760</u>	<u>283,365</u>
Commodities			
Office supplies	-	1,760	1,546
Total commodities	<u>-</u>	<u>1,760</u>	<u>1,546</u>
Other charges			
Vehicle expense	-	2,325	2,325
FICA	-	47,440	44,381
Total other charges	<u>-</u>	<u>49,765</u>	<u>46,706</u>
Total administration	<u>1,226,880</u>	<u>565,685</u>	<u>545,354</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, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATIONS			
Personnel services			
Regular salaries	\$ 3,736,870	\$ 393,000	\$ 393,460
Overtime salaries	-	40,000	13,178
Total personnel services	<u>3,736,870</u>	<u>433,000</u>	<u>406,638</u>
Contractual services			
Equipment maintenance	-	25,500	27,191
Professional services	-	10,000	360
Gas utilities	-	4,500	3,744
Electric utilities	-	84,000	75,268
Outside services	-	49,400	29,801
System maintenance	-	142,800	104,334
Hydrant replacement	-	27,000	-
Water purchases	-	1,230,000	1,236,345
Sanitary sewer charges	-	1,300,000	1,411,216
Sanitary sewer transmission fees	-	8,000	7,784
Total contractual services	<u>-</u>	<u>2,881,200</u>	<u>2,896,043</u>
Commodities			
Maintenance materials	-	22,150	15,537
Water meters	-	5,000	12,823
Total commodities	<u>-</u>	<u>27,150</u>	<u>28,360</u>
Other charges			
Memberships	-	600	695
Professional development	-	500	278
Uniforms	-	2,500	2,970
Vehicle expenditures	-	49,000	49,000
Minor equipment	-	1,200	998
Business expense	-	2,000	1,101
Total other charges	<u>-</u>	<u>55,800</u>	<u>55,042</u>
Total operations	<u>3,736,870</u>	<u>3,397,150</u>	<u>3,386,083</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 4,963,750</u></u>	<u><u>\$ 3,962,835</u></u>	<u><u>\$ 3,931,437</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING EXPENSES			
Capital outlay			
Meter read system	\$ 1,233,980	\$ 360,000	\$ 304,102
Watermain replacement construction	-	-	50,000
Watermain replacement engineering	-	-	4,423
Jamestown Loop construction	-	149,000	-
Pembroke water main replacement	-	58,000	-
Sanitary sewer engineering services	-	27,500	40,163
Sanitary sewer lining repairs	-	79,500	-
Inflow and infiltration study	-	50,000	-
Utility truck	-	70,000	-
Miscellaneous repairs	-	120,500	-
	<hr/>	<hr/>	<hr/>
Total capital outlay	1,233,980	914,500	398,688
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$ 1,233,980	\$ 914,500	\$ 398,688

(See independent auditor's report.)

INTERNAL SERVICE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Interfund services			
General Fund		\$ 441,370	\$ 441,370
Water and Sanitary Sewer Fund		49,000	49,000
Total operating revenues		<u>490,370</u>	<u>490,370</u>
OPERATING EXPENSES			
Personnel services			
Regular salaries	\$ 536,610	136,000	132,071
Overtime salaries	-	8,000	6,050
Total personnel services	<u>536,610</u>	<u>144,000</u>	<u>138,121</u>
Professional services			
Equipment maintenance	-	1,500	504
Medical insurance	-	27,300	25,407
General insurance	-	20,860	20,627
Outside services	-	75,400	71,864
Total professional services	<u>-</u>	<u>125,060</u>	<u>118,402</u>
Commodities			
Maintenance materials	-	5,300	5,279
Gasoline	-	80,000	41,583
Diesel	-	40,000	11,615
Oil and antifreeze	-	3,500	3,445
Vehicle tires	-	10,000	4,423
Vehicle maintenance parts	-	37,000	32,239
Total commodities	<u>-</u>	<u>175,800</u>	<u>98,584</u>
Other charges			
Memberships	-	100	30
Professional development	-	2,000	2,195
Publications	-	5,900	4,873
Uniforms	-	1,600	1,722
FICA	-	11,010	10,334
Total other charges	<u>-</u>	<u>20,610</u>	<u>19,154</u>
Total operating expenses	<u>\$ 536,610</u>	<u>465,470</u>	<u>374,261</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		<u>24,900</u>	<u>116,109</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)		<u>(22,360)</u>	<u>(18,801)</u>
Total other financing sources (uses)		<u>(22,360)</u>	<u>(18,801)</u>
NET CHANGE IN FUND BALANCE		<u>\$ 2,540</u>	97,308
NET POSITION, JANUARY 1			<u>79,672</u>
NET POSITION, DECEMBER 31			<u>\$ 176,980</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2016

	Original and Final Appropriation	Original and Final Budget	Actual
ADDITIONS			
Contributions - employer		\$ 833,550	\$ 833,131
Contributions - employee		216,700	210,892
Other contributions		-	23
		1,050,250	1,044,046
Investment income			
Net appreciation (depreciation) in fair value of investments		-	810,819
Interest earned on investments		105,450	547,687
		105,450	1,358,506
Less investment expense		-	(51,649)
		105,450	1,306,857
		1,155,700	2,350,903
DEDUCTIONS			
Benefits	\$ 1,142,460	1,038,600	980,658
Administrative	128,810	117,100	27,865
	\$ 1,271,270	1,155,700	1,008,523
NET INCREASE		\$ -	1,342,380
NET POSITION RESTRICTED FOR PENSIONS			
January 1			19,019,680
December 31			\$ 20,362,060

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	90-99
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	101-102
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	103-106
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	107-108
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	109-111

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 66,725,834	\$ 66,259,268	\$ 68,808,108	\$ 68,687,377
Restricted	2,344,362	2,244,875	2,044,365	8,637,570
Unrestricted	(2,215,238)	(1,159,963)	(7,094,159)	(6,201,507)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 66,854,958	\$ 67,344,180	\$ 63,758,314	\$ 71,123,440
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 42,314,239	\$ 41,517,419	\$ 40,888,121	\$ 39,673,213
Unrestricted	1,629,463	1,143,932	1,077,519	1,049,886
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 43,943,702	\$ 42,661,351	\$ 41,965,640	\$ 40,723,099
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 109,040,073	\$ 107,776,687	\$ 109,696,229	\$ 108,360,590
Restricted	1,927,055	1,888,107	2,044,365	8,637,570
Restricted for enabling legislation	417,307	356,768	-	-
Unrestricted	(585,775)	(16,031)	(6,016,640)	(5,151,621)
TOTAL PRIMARY GOVERNMENT	\$ 110,798,660	\$ 110,005,531	\$ 105,723,954	\$ 111,846,539

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

Data Source

Audited Financial Statements

2011	2012	2013	2014	2015 *	2016
\$ 68,420,057	\$ 70,013,193	\$ 69,304,209	\$ 69,798,415	\$ 69,382,066	\$ 69,513,712
9,917,234	9,168,024	2,465,578	2,647,313	2,725,241	2,820,674
(3,308,622)	(566,152)	3,318,734	4,589,920	(5,885,183)	(5,329,015)
\$ 75,028,669	\$ 78,615,065	\$ 75,088,521	\$ 77,035,648	\$ 66,222,124	\$ 67,005,371
\$ 38,521,272	\$ 37,256,118	\$ 35,948,245	\$ 35,045,804	\$ 34,970,306	\$ 33,849,040
1,134,494	1,704,160	2,261,714	2,239,565	763,102	991,465
\$ 39,655,766	\$ 38,960,278	\$ 38,209,959	\$ 37,285,369	\$ 35,733,408	\$ 34,840,505
\$ 106,941,329	\$ 107,269,311	\$ 105,252,454	\$ 104,844,219	\$ 104,352,372	\$ 103,362,752
9,917,234	9,168,024	2,465,578	2,647,313	2,725,241	2,820,674
-	-	-	-	-	-
(2,174,128)	1,138,008	5,580,448	6,829,485	(5,122,081)	(4,337,550)
\$ 114,684,435	\$ 117,575,343	\$ 113,298,480	\$ 114,321,017	\$ 101,955,532	\$ 101,845,876

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
EXPENSES				
Governmental Activities				
General government	\$ 4,303,055	\$ 2,829,284	\$ 2,639,170	\$ 2,378,638
Public safety	3,383,714	2,775,446	3,984,062	3,848,717
Community and economic development	717,748	2,276,158	1,084,935	647,593
Public works	2,920,066	2,904,543	2,633,796	2,969,518
Parks and open spaces	2,344,980	2,119,915	2,015,026	1,395,391
Interest	309,746	1,193,095	1,195,047	1,204,731
Total governmental activities expenses	13,979,309	14,098,441	13,552,036	12,444,588
Business-Type Activities				
Water and sewer	5,096,183	5,289,730	5,345,812	5,451,207
Total business-type activities expenses	5,096,183	5,289,730	5,345,812	5,451,207
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 19,075,492	\$ 19,388,171	\$ 18,897,848	\$ 17,895,795
PROGRAM REVENUES				
Governmental Activities				
Charges for services				
General government	\$ 184,410	\$ 252,265	\$ 193,159	\$ 201,502
Public safety	713,250	645,929	979,293	1,012,535
Community development	529,232	631,173	318,812	224,543
Public works	65,713	64,735	7,955	9,596
Parks and recreation	131,562	181,221	130,847	114,357
Operating grants and contributions	604,711	573,931	319,096	259,611
Capital grants and contributions	208,504	14,988	2,870,480	941,209
Total governmental activities program revenues	2,437,382	2,364,242	4,819,642	2,763,353
Business-Type Activities				
Charges for services				
Water and sewer	3,649,917	3,397,643	3,825,386	3,850,997
Capital grants and contributions	201,000	209,000	605,000	197,679
Total business-type activities program revenues	3,850,917	3,606,643	4,430,386	4,048,676
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 6,288,299	\$ 5,970,885	\$ 9,250,028	\$ 6,812,029
NET (EXPENSE) REVENUE				
Governmental activities	\$ (11,541,927)	\$ (11,734,199)	\$ (8,732,394)	\$ (9,681,235)
Business-type activities	(1,245,266)	(1,683,087)	(915,426)	(1,402,531)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (12,787,193)	\$ (13,417,286)	\$ (9,647,820)	\$ (11,083,766)

	2011	2012	2013	2014	2015 *	2016
\$	2,196,916	\$ 2,055,391	\$ 2,037,465	\$ 3,204,077	\$ 3,261,101	\$ 3,070,618
	3,668,986	3,852,925	4,244,795	3,921,903	4,224,091	4,592,881
	495,050	449,878	82,073	562,297	846,364	843,023
	2,962,313	3,115,710	4,551,630	1,912,541	2,525,799	2,684,373
	1,260,614	1,234,268	1,496,702	2,000,840	1,594,035	1,850,099
	1,048,532	983,387	973,071	890,093	844,605	764,597
	11,632,411	11,691,559	13,385,736	12,491,751	13,295,995	13,805,591
	5,409,266	5,534,271	5,729,624	5,501,426	5,561,073	5,917,486
	5,409,266	5,534,271	5,729,624	5,501,426	5,561,073	5,917,486
\$	17,041,677	\$ 17,225,830	\$ 19,115,360	\$ 17,993,177	\$ 18,857,068	\$ 19,723,077
\$	230,252	\$ 232,775	\$ 239,339	\$ 328,654	\$ 316,593	\$ 360,272
	1,076,488	1,109,826	981,973	866,101	841,785	739,850
	149,539	271,050	199,557	364,734	364,724	320,000
	13,553	11,885	12,500	17,370	16,489	35,999
	46,981	53,421	58,098	38,082	39,668	40,212
	263,528	241,520	257,382	362,589	246,279	230,860
	806,418	-	-	67,904	57,602	179,635
	2,586,759	1,920,477	1,748,849	2,045,434	1,883,140	1,906,828
	3,877,146	4,111,584	3,882,816	4,001,441	3,840,582	4,983,740
	213,015	36,145	-	473,595	-	-
	4,090,161	4,147,729	3,882,816	4,475,036	3,840,582	4,983,740
\$	6,676,920	\$ 6,068,206	\$ 5,631,665	\$ 6,520,470	\$ 5,723,722	\$ 6,890,568
\$	(9,045,652)	\$ (9,771,082)	\$ (11,636,887)	\$ (10,446,317)	\$ (11,412,855)	\$ (11,898,763)
	(1,319,105)	(1,386,542)	(1,846,808)	(1,026,390)	(1,720,491)	(933,746)
\$	(10,364,757)	\$ (11,157,624)	\$ (13,483,695)	\$ (11,472,707)	\$ (13,133,346)	\$ (12,832,509)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GENERAL REVENUES AND OTHER				
CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Property	\$ 3,664,251	\$ 3,845,433	\$ 4,393,892	\$ 4,395,930
Home rule sales tax	-	-	-	-
Utility	1,257,584	1,205,004	1,195,317	1,189,008
Telecommunications	982,319	1,030,772	958,357	979,003
Room and admissions	1,946,854	1,845,849	1,476,402	1,538,248
Real estate transfer	503,004	189,438	174,273	224,958
Other	70,516	74,713	-	-
Intergovernmental	3,999,735	3,655,286	2,866,996	2,680,252
Investment income	566,567	388,314	179,703	87,199
Miscellaneous	273,372	335,612	71,155	40,133
Gain (loss) on sale of capital assets	-	-	86,070	-
Transfers in (out)	(2,497,000)	(347,000)	(197,000)	(147,000)
Special item - loss on sale of land	-	-	-	-
Total governmental activities	10,767,202	12,223,421	11,205,165	10,987,731
Business-Type Activities				
Investment income	149,892	53,736	13,880	11,438
Miscellaneous	-	-	-	-
Gain (loss) on sale of capital assets	23,513	-	8,835	1,552
Transfers in	2,497,000	347,000	197,000	147,000
Total business-type activities	2,670,405	400,736	219,715	159,990
TOTAL PRIMARY GOVERNMENT	\$ 13,437,607	\$ 12,624,157	\$ 11,424,880	\$ 11,147,721
CHANGE IN NET POSITION				
Governmental activities	\$ (774,725)	\$ 489,222	\$ 2,472,771	\$ 1,306,496
Business-type activities	1,425,139	(1,282,351)	(695,711)	(1,242,541)
TOTAL PRIMARY GOVERNMENT	\$ 650,414	\$ (793,129)	\$ 1,777,060	\$ 63,955

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

Data Source

Audited Financial Statements

	2011	2012	2013	2014	2015**	2016
\$	4,430,090	\$ 4,380,298	\$ 4,355,002	\$ 2,589,086	\$ 2,583,554	\$ 2,649,278
	1,126,189	1,184,487	1,256,668	1,231,097	1,409,339	1,147,067
	1,275,799	1,203,500	1,318,577	1,427,191	1,304,252	1,238,194
	1,210,032	1,336,167	1,219,285	1,041,159	1,172,430	1,215,516
	1,604,652	1,709,251	1,733,789	1,831,416	1,931,739	1,873,847
	240,916	921,597	330,958	364,410	491,669	465,951
	-	-	-	-	-	-
	3,211,415	3,247,452	3,204,481	3,458,440	3,996,442	3,344,977
	39,767	45,339	46,530	(38,994)	55,477	76,024
	44,964	13,074	84,015	51,699	84,252	180,018
	12,057	16,313	47,679	19,665	10,235	14,959
	(245,000)	(700,000)	(1,090,400)	(96,297)	(906,519)	94,417
	-	-	(4,396,241)	-	-	-
	12,950,881	13,357,478	8,110,343	11,878,872	12,132,870	12,300,248
	3,218	4,404	4,089	5,503	3,683	4,339
	-	-	-	-	-	-
	3,554	(13,350)	2,000	-	3,442	10,365
	245,000	700,000	1,090,400	96,297	906,519	(94,417)
	251,772	691,054	1,096,489	101,800	913,644	(79,713)
\$	13,202,653	\$ 14,048,532	\$ 9,206,832	\$ 11,980,672	\$ 13,046,514	\$ 12,220,535
\$	3,905,229	\$ 3,586,396	\$ (3,526,544)	\$ 1,432,555	\$ 720,015	\$ 401,485
	(1,067,333)	(695,488)	(750,319)	(924,590)	(806,847)	(1,013,459)
\$	2,837,896	\$ 2,890,908	\$ (4,276,863)	\$ 507,965	\$ (86,832)	\$ (611,974)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved/restricted	345,453	460,517	1,105,569	288,853
Unreserved/unassigned	9,066,518	8,890,704	7,332,889	7,861,442
TOTAL GENERAL FUND	\$ 9,411,971	\$ 9,351,221	\$ 8,438,458	\$ 8,150,295
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved/restricted	4,301,221	4,301,221	8,346,918	8,638,063
Unreserved/assigned, reported in				
Special Revenue Funds	417,307	1,281,040	-	-
Capital Project Funds	2,327,949	911,810	86,830	54,792
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 7,046,477	\$ 6,494,071	\$ 8,433,748	\$ 8,692,855

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

Data Source

Audited Financial Statements

2011 *	2012	2013	2014	2015	2016
\$ 99,653	\$ 65,294	\$ 9,461	\$ 775	\$ 1,334,089	\$ 1,334,267
-	-	-	-	-	232,737
9,590,075	11,612,467	12,103,725	10,612,821	9,748,038	5,341,222
\$ 9,689,728	\$ 11,677,761	\$ 12,113,186	\$ 10,613,596	\$ 11,082,127	\$ 6,908,226
\$ 3,801	\$ 1,903	\$ -	\$ -	\$ 95,235	\$ -
9,917,234	7,138,131	2,465,578	2,647,313	2,725,241	2,587,937
-	-	-	-	-	-
27,163	33,815	60,676	2,890,228	2,863,321	7,321,790
\$ 9,948,198	\$ 7,173,849	\$ 2,526,254	\$ 5,537,541	\$ 5,683,797	\$ 9,909,727

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2007	2008	2009	2010
REVENUES				
Property taxes	\$ 3,664,251	\$ 3,845,433	\$ 4,317,091	\$ 4,317,252
Other taxes	8,760,012	8,001,062	6,748,146	6,690,147
Licenses and permits	868,217	1,085,034	650,774	549,996
Fines and penalties	530,857	506,275	549,992	506,933
Charges for services	995,608	728,573	75,923	72,820
Intergovernmental	618,968	401,688	672,473	692,394
Investment income	187,685	202,308	179,703	87,199
Donations	-	-	-	-
Miscellaneous	273,372	335,612	71,155	40,133
Total revenues	15,898,970	15,105,985	13,265,257	12,956,874
EXPENDITURES				
General government	3,748,842	3,425,042	2,457,974	2,271,606
Public safety	3,754,819	3,863,789	4,499,028	4,216,071
Community and economic development	619,540	801,403	733,343	530,073
Public works	2,030,522	2,067,826	3,621,871	1,854,289
Parks and open spaces	1,737,321	1,664,338	1,366,078	879,041
Capital outlay	1,451,198	1,724,118	864,303	413,807
Debt service				
Principal	378,634	653,958	825,881	1,129,239
Interest	316,940	1,210,679	1,181,525	1,230,151
Total expenditures	14,037,816	15,411,153	15,550,003	12,524,277
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,861,154	(305,168)	(2,284,746)	432,597
OTHER FINANCING SOURCES (USES)				
Transfers in	1,284,925	1,713,875	1,476,750	965,250
Transfers (out)	(3,781,925)	(2,060,875)	(1,673,750)	(1,112,250)
Issuance of notes	-	-	1,540,000	-
Refunding of notes	-	-	-	-
Sale of capital assets	-	-	86,070	1,557
Total other financing sources (uses)	(2,497,000)	(347,000)	1,429,070	(145,443)
NET CHANGE IN FUND BALANCES	\$ (635,846)	\$ (652,168)	\$ (855,676)	\$ 287,154
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	5.2%	12.7%	15.3%	18.91%

Data Source

Audited Financial Statements

	2011	2012	2013	2014	2015	2016
\$	4,356,785	\$ 4,308,071	\$ 4,282,221	\$ 2,589,086	\$ 2,583,554	\$ 2,649,279
	8,742,307	9,674,681	9,136,539	9,353,713	10,305,871	9,285,552
	440,325	569,132	509,493	748,840	737,474	756,480
	489,422	492,401	385,465	333,321	250,543	259,083
	98,183	111,791	93,395	21,714	12,220	8,286
	752,412	747,153	760,494	853,432	804,611	882,978
	39,767	45,339	46,530	(38,994)	55,477	76,024
	-	-	-	20,000	16,520	-
	44,964	13,074	84,015	119,826	146,024	180,018
	14,964,165	15,961,642	15,298,152	14,000,938	14,912,294	14,097,700
	2,142,444	2,034,704	2,073,589	2,522,842	2,628,626	2,508,311
	4,182,842	4,251,691	4,635,965	3,799,528	3,991,885	4,304,427
	448,122	450,213	495,107	486,420	974,500	835,438
	1,789,093	2,124,293	2,561,912	1,306,404	1,318,348	1,455,855
	861,796	815,041	1,101,484	1,244,687	1,289,239	1,338,020
	255,233	2,142,960	1,623,311	1,944,395	1,603,970	1,867,559
	1,486,860	1,210,446	2,602,195	756,009	787,446	1,052,236
	1,104,802	1,005,030	1,007,690	878,273	844,605	818,642
	12,271,192	14,034,378	16,101,253	12,938,558	13,438,619	14,180,488
	2,692,973	1,927,264	(803,101)	1,062,380	1,473,675	(82,788)
	1,364,479	2,082,482	929,253	4,580,612	1,435,360	6,345,955
	(1,609,479)	(2,782,482)	(2,019,653)	(4,652,715)	(2,317,300)	(6,232,737)
	5,735,000	-	-	-	-	-
	(5,716,464)	-	-	-	-	-
	12,057	16,313	(4,348,562)	19,665	10,235	21,599
	(214,407)	(683,687)	(5,438,962)	(52,438)	(871,705)	134,817
\$	2,478,566	\$ 1,243,577	\$ (6,242,063)	\$ 1,009,942	\$ 601,970	\$ 52,029
	21.32%	16.27%	24.03%	14.56%	12.88%	14.37%

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
ARC ACLSH IL001 LLC	\$ 17,214,592	1	2.75%			
GA Tri-State Office Park, LLC	15,231,063	2	2.43%			
Lincolnshire Senior Care LLC	14,712,946	3	2.35%			
Van Vlissingen & Company	11,191,379	4	1.79%	17,744,001	4	2.60%
Property Tax Unit- N16WC	6,638,883	5	1.06%			
Cole of Lincolnshire IL LLC	6,150,809	6	0.98%			
Griffin Lincolnshire Essential	6,048,077	7	0.97%			
Medline Industries	5,743,609	8	0.92%			
CFNX Lincolnshire LLC	5,475,834	9	0.88%			
LA-RFMBG Lincolnshire, LLC	5,133,679	10	0.82%			
4 Overlook LLC				23,395,341	1	3.43%
CRP- 2 Holdings Tri State LLC				20,589,230	2	3.02%
Northwestern Mutual Life Insurance				20,326,394	3	2.98%
Lincolnshire Campus LLC				15,581,250	5	2.29%
Indian Creek Investments (Strategic Hotel Cap, Inc.)				10,674,578	6	1.57%
Half Day LLC				9,555,918	7	1.40%
Corporate Overlook Campus				7,539,719	8	1.11%
ECD Company				7,185,323	9	1.05%
Staples				7,100,000	10	1.04%
TOTAL	<u>\$ 93,540,871</u>		<u>12.20%</u>	<u>\$ 139,691,754</u>		<u>20.49%</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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	26	34	33	16	7	18	59	92	203	194
Drinking and eating places	659	657	574	539	685	956	974	986	1,029	1,013
Apparel	80	126	113	111	116	177	159	143	141	133
Furniture	523	439	435	334	406	745	754	623	715	637
Lumber, building hardware	519	135	-	4	23	66	38	41	42	63
Automobile and filling stations	56	60	49	37	70	86	100	80	76	64
Drugs and miscellaneous retail	935	888	491	273	330	431	399	408	122	222
Agriculture and all others	619	735	626	939	1,188	1,818	1,684	1,865	2,075	1,265
Manufacturers	29	44	57	64	45	47	36	17	10	24
TOTAL	\$ 3,446	\$ 3,118	\$ 2,378	\$ 2,317	\$ 2,870	\$ 4,344	\$ 4,203	\$ 4,255	\$ 4,413	\$ 3,615
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%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Data Source

Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate	Village Home Rule Sales Tax¹
2007	0.25%	0.25%	1.00%	5.00%	0.00%
2008	0.25%	0.25%	1.00%	5.00%	0.00%
2009	0.50%	0.50%	1.00%	5.00%	0.00%
2010	0.50%	0.50%	1.00%	5.00%	0.00%
2011	0.50%	0.50%	1.00%	5.00%	0.00%
2012	0.50%	0.50%	1.00%	5.00%	0.50%
2013	0.50%	0.50%	1.00%	5.00%	0.50%
2014	0.50%	0.50%	1.00%	5.00%	0.50%
2015	0.50%	0.50%	1.00%	5.00%	0.50%
2016	0.50%	0.50%	1.00%	5.00%	0.50%

¹ Effective January 1, 2012.

Data Source

Village and County Records

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	Special Service Area Bonds	North Park Loan	Schelter Road Loan	Consolidated North Park/Schelter Road Loan	Tax Increment Financing	Utility Line Loan			
2007	\$ 15,000,000	\$ 2,882,000	\$ -	\$ -	\$ 3,900,000	\$ 2,029,000	\$ 23,811,000	6.06%	\$ 3,383
2008	14,765,000	2,589,000	-	-	3,775,000	1,720,000	22,849,000	5.40%	3,247
2009	14,515,000	2,286,000	1,452,000	-	3,590,000	1,405,000	23,248,000	5.49%	3,303
2010	14,255,000	1,970,000	1,319,000	-	3,170,000	1,263,000	21,977,000	4.35%	3,123
2011 (2)	13,980,000	-	-	2,853,250	2,419,600	1,109,595	20,362,000	4.52%	2,799
2012	13,690,000	-	-	2,444,415	1,906,965	951,600	18,991,980	4.22%	2,611
2013	13,385,000	-	-	2,024,000	-	787,000	16,196,000	3.60%	2,226
2014	13,060,000	-	-	1,593,539	-	619,711	15,273,250	3.90%	2,099
2015	12,715,000	-	-	1,151,094	-	447,649	14,313,743	3.18%	1,968
2016	12,350,000	-	-	696,976	-	271,047	13,318,023	2.60%	1,831

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

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

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

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	(1) General Obligation Bonds	(1) Special Service Area Bonds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2007	\$ -	\$ 15,000,000	\$ 15,000,000	0.73%	\$ 2,295
2008	-	14,765,000	14,765,000	0.70%	2,259
2009	-	14,515,000	14,515,000	0.70%	2,062
2010	-	14,255,000	14,255,000	0.74%	2,025
2011	-	13,980,000	13,980,000	0.76%	1,922
2012	-	13,690,000	13,690,000	0.81%	1,922
2013	-	13,385,000	13,385,000	0.79%	1,840
2014	-	13,060,000	13,060,000	0.77%	1,795
2015	-	12,715,000	12,715,000	0.72%	1,748
2016	-	12,350,000	12,350,000	0.66%	1,698

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2016

Governmental Unit	Gross General Obligation Debt	Percentage of Debt Applicable to Government	Village's Share of Debt
Overlapping debt			
Debt repaid with property taxes			
College of Lake County No. 532	\$ 67,415,000	2.8%	\$ 1,896,393
Elementary School District No. 102	3,385,000	9.0%	303,543
Elementary School District No. 103	6,270,000	55.4%	3,472,922
Elementary School District No. 106	-	1.2%	-
Deerfield/ Bannockburn Fire District	-	0.2%	-
Long Grove Fire Protection District	-	1.9%	-
Lincolnshire/Riverwoods Fire Protection District	-	48.7%	-
High School District No. 113	79,695,000	0.1%	45,818
High School District No. 125	33,420,000	18.2%	6,069,785
Vernon Area Public Library	-	25.1%	-
Buffalo Grove Park District	14,420,000	0.3%	47,958
Township of Vernon	-	16.7%	-
Township of West Deerfield	-	0.1%	-
Lake County	186,350,000	2.5%	4,681,978
Lake County Forest Preserve	<u>270,760,000</u>	2.5%	<u>6,802,749</u>
 Total overlapping debt	 <u>661,715,000</u>		 <u>23,321,146</u>
Direct debt			
Village of Lincolnshire	<u>1,294,783</u>	100.00%	<u>1,294,783</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u><u>\$ 663,009,783</u></u>		 <u><u>\$ 24,615,929</u></u>

Data Source

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

December 31, 2016

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 non-home rule municipality, its available debt limit would be as follows:

EQUALIZED ASSESSED VALUATION - 2016*	<u>\$ 625,649,053</u>
Legal debt limit - 8.625%	\$ 53,962,231
Amount of debt applicable to limit:	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 53,962,231</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
2007	6,537	\$ 392,972	\$ 60,115	5.0%
2008	6,537	392,972	60,115	6.8%
2009	7,038	423,089	60,115	9.9%
2010	7,038	505,631	71,843	10.6%
2011	7,275	450,403	61,911	9.7%
2012	7,275	450,403	61,911	8.6%
2013	7,275	450,403	61,911	7.9%*
2014	7,275	450,403	61,911	6.6%
2015	7,275	450,403	61,911	5.9%
2016	7,275	512,356	70,427	6.9%

*Lake County unemployment rate as of August 2013.

Data Source

Illinois Department of Employment Security (IDES)
Unemployment Rate by Bureau of Labor Statistics
City-Data.com

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Hewitt	3,864	1	18.2%	6,000	1	30.0%
Zebra Technologies	1,743	2	8.2%			
CDW	1,250	3	5.9%			
Adlai Stevenson High School	1,108	4	5.2%	505	4	2.5%
Hydraforce, Inc.	670	5	3.2%			
Quill Corporation	425	6	2.0%	746	2	3.7%
Sedgebrook	376	7	1.8%			
Lincolnshire- Prairie View School D103	373	8	1.8%			
Marriott Resort	312	9	1.5%	610	3	3.1%
Systemex	281	10	1.3%			
ACCO Brands				450	5	2.3%
TOTAL	10,402		49.1%	8,311		39.3%
Village day time population (est.)			25,000			20,000

Data Sources

Village of Lincolnshire Community Development Department (2017)

Village of Lincolnshire-2007 CAFR

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT										
Administration	3.90	3.90	3.90	4.30	3.50	3.50	3.20	3.25	3.25	2.35
Finance	2.40	2.40	2.40	2.40	2.40	2.40	2.40	3.50	3.50	2.90
PUBLIC SAFETY										
Police	31.00	31.10	31.10	30.00	28.80	28.80	28.00	29.00	29.00	28.00
E911	5.00	5.40	5.40	5.00	4.20	4.20	4.20	-	-	-
COMMUNITY AND ECONOMIC DEVELOPMENT										
Development	6.75	7.00	7.00	7.25	6.75	5.75	5.75	5.75	5.75	4.00
Forestry ¹	1.00	1.00	1.00	-	-	-	-	-	-	-
PUBLIC WORKS										
Administration	2.50	2.50	2.50	1.75	1.75	1.75	2.00	1.75	1.75	1.75
Streets	5.25	5.25	5.25	4.25	4.25	4.25	4.25	4.50	4.50	4.25
Buildings and grounds	1.00	1.00	1.00	0.25	0.50	0.50	0.50	-	-	-
Water	8.15	8.15	8.15	8.15	8.15	7.75	7.75	6.00	6.00	7.45
Vehicle Maintenance	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry ¹	-	-	-	2.87	2.87	2.87	-	-	-	-
PARKS AND OPEN SPACES										
Parks	10.00	10.00	10.00	7.87	8.13	8.13	8.13	10.75	10.75	10.63
Recreation ²	3.35	3.35	3.35	2.35	-	-	-	-	-	-
TOTAL	82.55	83.30	83.30	78.69	73.55	72.15	68.43	66.75	66.75	63.58

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

In FY2010, position was reorganized into Environmental Services

² In 2011, the Recreation division was discontinued.

Data Source

Operating Budget-Personnel Summary by Department-FTE

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	<i>est.</i> 2016
GENERAL GOVERNMENT										
Residential mailings	13	13	14	6	5	5	4	4	4	4
Taxable property transfers	118	98	91	110	117	157	165	145	157	147
Fine revenues collected	295,000	388,000	442,000	369,000	372,000	406,900	488,200	355,036	262,763	264,420
POLICE										
Calls for service	48,315	46,445	43,003	41,269	33,501	26,797	19,743	14,219	14,023	24,781
Total reports	2,501	2,279	2,002	1,983	1,981	1,766	1,950	1,500	1,453	839*
Arrests (includes traffic)	577	572	575	534	134	472	429	231	177	309
DUI arrests	88	73	49	54	99	93	85	45	35	28
COMMUNITY AND ECONOMIC DEVELOPMENT										
Building permits issued	435	300	444	301	312	325	356	359	368	1,037
PUBLIC WORKS - GENERAL										
Street resurfacing (miles)	1.46	1.61	1.42	1.31	1.11	1.03	1.05	0.95	0.95	0.67
Project inspections	500	245	200	200	318	225	251	172	140	229
Street cleaned - miles	500	327	350	314	303	300	340	357	267	240
Cubic yards of leaves collected	5,930	6,110	6,000	8,340	7,052	6,500	6,500	6,942	7,064	6,495
PUBLIC WORKS - WATER AND SEWER										
Average daily pumpage metered (millions of gallons)	1.488	1.380	1.310	1.310	1.255	1.402	1.390	1.267	1.286	1.312
JULIE utility locates	2,755	2,674	2,905	1,760	2,133	2,013	2,100	2,300	2,938	2,700
PARKS AND OPEN SPACES										
Trees planted	87	110	117	110	118	200	205	138	154	97
Playground inspection hours	210	190	235	177	142	26	137	65	84	91
Special event hours	541	595	637	741	727	800	800	840	802	1,200
Number of programs	194	240	286	389	-	-	-	-	-	-
Number of participants	560	588	541	388	-	-	-	-	-	-

N/A - Not available

Data Source

Various village departments

*Police: Total Reports- 2014 and prior includes case & incident reports; 2015 & 2016 includes case reports only

VILLAGE OF LINCOLNSHIRE, ILLINOIS

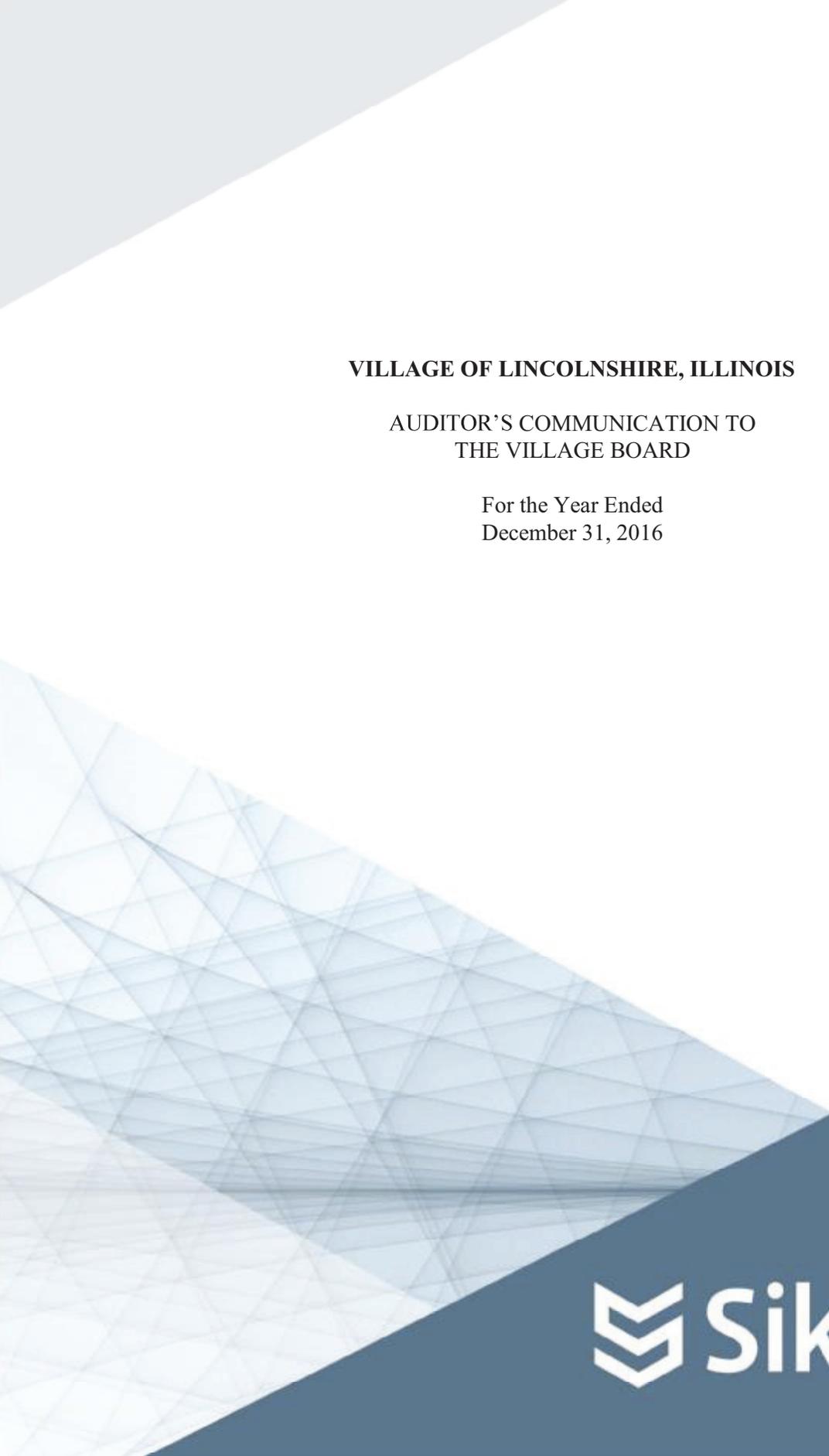
CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
POLICE										
Patrol units	14	14	15	14	14	14	15	15	14	16
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	34	34	34	35	40	40	40	35	35	41
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
PARKS AND RECREATION										
Acreage	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0
Parks	9	9	9	9	9	9	9	9	9	9
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
WATER - SANITARY SEWER										
Fire hydrants	835	835	835	846	848	856	854	859	859	869
Storage capacity (millions of gallons)	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water mains (miles)	61.0	61.0	67.0	59.8	67.0	67.0	62.2	61.0	61.0	64.4
Sanitary sewers (miles)	43.0	43.0	45.0	47.3	50.0	50.0	50.0	45.0	45.0	47.5
Storm sewers (miles)	43.3	43.3	43.3	44.6	105.0	105.0	105.0	101.0	101.0	101.0

Data Source

Various village departments



VILLAGE OF LINCOLNSHIRE, ILLINOIS

**AUDITOR'S COMMUNICATION TO
THE VILLAGE BOARD**

For the Year Ended
December 31, 2016



VILLAGE OF LINCOLNSHIRE, ILLINOIS
AUDITOR'S COMMUNICATION TO THE VILLAGE BOARD
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630.566.8400 // www.sikich.com

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

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

May 24, 2017

The Honorable Mayor
Members of the Board of Trustees
Village of Lincolnshire
One Olde Half Day Road
Lincolnshire, Illinois 60069-3035

Ladies and Gentlemen:

As part of our audit process we are required to have certain communications with those charged with governance at the beginning of our audit process and at the conclusion of the audit. Those communications include information related to the planned scope and timing of our audit, as well as other information required by audit standards. Our communication at the beginning of our audit process along with our questionnaire regarding consideration of fraud in a financial statement audit was sent to you on December 31, 2016.

In addition, auditing standards require the communication of internal control related matters to those charged with governance. Our management letter, as well as a listing of future pronouncements that may affect the Village, are enclosed within this document.

This information is intended solely for the use of the Mayor, Village Board and management of the Village of Lincolnshire and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Sikich LLP

Sikich LLP

By: Daniel A. Berg, CPA

Partner



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

630.566.8400 // www.sikich.com

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

May 24, 2017

The Honorable Mayor
Members of the Board of Trustees
Village of Lincolnshire, Illinois

Ladies and Gentlemen:

We have audited the 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) for the year ended December 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 26, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2016, except for the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinions were not modified with respect to this matter. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no particularly sensitive estimates made by management during our audit of the financial statements, except for the actuarial assumptions used to calculate the total pension liability. We evaluated the key factors and assumptions used in management's estimates contained in the Illinois Municipal Retirement Fund and Police Pension Fund defined benefit pension plan actuarial valuations in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We noted no particularly sensitive financial statement disclosures made by management during our audit of the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedules summarize corrected and uncorrected misstatements of the financial statements. Management has determined that effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as whole with the exception of Adjusting Journal Entry No. AJE01, AJE03, AJE05 and AJE06 as displayed in the next section of this packet.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 24, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompanies the financial statements but is not RSI. With respect to the combining and individual fund financial statements and schedules, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the combining and individual fund financial statements and schedules to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction of Use

This information is intended solely for the use of the Mayor, Board of Trustees and management of the Village of Lincolnshire and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the courtesies extended to us by the Village. If you have any questions regarding the purpose of this letter or the requirement mentioned, please contact us.

Sincerely,

Sikich LLP

Sikich LLP

By: Daniel A. Berg, CPA

Partner

Village of Lincolnshire
Year End: December 31, 2016
Adjusting Journal Entries
Date: 1/1/2016 To 12/31/2016
Account No: AJE01 To AJE07

Number	Date	Name	Account No	Amount
AJE01	12/31/2016	Deferred Outflow- BT	02-00-38-1020 WSO-02	(314,675.00)
AJE01	12/31/2016	Deferred Outflow- BT	02-00-38-1020 WSO-02	142,945.95
AJE01	12/31/2016	Deferred Outflow- BT	02-00-38-1020 WSO-02	143,201.45
AJE01	12/31/2016	Deferred Outflow- BT	02-00-38-1020 WSO-02	28,527.60
AJE01	12/31/2016	Deferred Outflow- BT	02-00-38-1020 WSO-02	107,140.34
AJE01	12/31/2016	Pension Expense - BT	02-00-60-6055 WSO-02	120,556.75
AJE01	12/31/2016	Pension Expense - BT	02-00-60-6055 WSO-02	(107,140.34)
AJE01	12/31/2016	Deferred Inflow- BT	02-00-63-2020 WSO-02	49,027.00
AJE01	12/31/2016	Deferred Inflow- BT	02-00-63-2020 WSO-02	(29,199.00)
AJE01	12/31/2016	Deferred Inflow- BT	02-00-63-2020 WSO-02	(19,828.35)
AJE01	12/31/2016	Net Pension Liability- BT	02-00-64-1020 WSO-02	874,370.00
AJE01	12/31/2016	Net Pension Liability- BT	02-00-64-1020 WSO-02	(745,114.00)
AJE01	12/31/2016	Net Pension Liability- BT	02-00-64-1020 WSO-02	(129,256.00)
AJE01	12/31/2016	Net Position- Unrestricted	02-00-65-2997 WSO-02	(874,370.00)
AJE01	12/31/2016	Net Position- Unrestricted	02-00-65-2997 WSO-02	314,675.00
AJE01	12/31/2016	Net Position- Unrestricted	02-00-65-2997 WSO-02	(49,027.00)
AJE01	12/31/2016	Net Position- Unrestricted	02-00-65-2997 WSO-02	745,114.00
AJE01	12/31/2016	Net Position- Unrestricted	02-00-65-2997 WSO-02	(286,147.40)
AJE01	12/31/2016	Net Position- Unrestricted	02-00-65-2997 WSO-02	29,199.00
AJE01	12/31/2016	Deferred Outflow- GG	14-00-38-1010 G-14	(996,471.00)
AJE01	12/31/2016	Deferred Outflow- GG	14-00-38-1010 G-14	452,662.05
AJE01	12/31/2016	Deferred Outflow- GG	14-00-38-1010 G-14	453,471.11
AJE01	12/31/2016	Deferred Outflow- GG	14-00-38-1010 G-14	90,337.84
AJE01	12/31/2016	Deferred Outflow- GG	14-00-38-1010 G-14	339,277.65
AJE01	12/31/2016	Pension Expense - GG	14-00-60-6055 G-14	381,762.81
AJE01	12/31/2016	Pension Expense - GG	14-00-60-6055 G-14	(339,277.65)
AJE01	12/31/2016	Deferred Inflow- GG	14-00-63-2010 G-14	155,252.00
AJE01	12/31/2016	Deferred Inflow- GG	14-00-63-2010 G-14	(92,462.00)
AJE01	12/31/2016	Deferred Inflow- GG	14-00-63-2010 G-14	(62,789.65)
AJE01	12/31/2016	Net Pension Liability- GG	14-00-64-1010 G-14	2,768,838.00
AJE01	12/31/2016	Net Pension Liability- GG	14-00-64-1010 G-14	(2,359,527.00)
AJE01	12/31/2016	Net Pension Liability- GG	14-00-64-1010 G-14	(409,311.00)
AJE01	12/31/2016	Unappropriated Prior Year	14-00-65-2980 VOL	996,471.00
AJE01	12/31/2016	Unappropriated Prior Year	14-00-65-2980 G-14	(2,768,838.00)
AJE01	12/31/2016	Unappropriated Prior Year	14-00-65-2980 G-14	(155,252.00)
AJE01	12/31/2016	Unappropriated Prior Year	14-00-65-2980 G-14	2,359,527.00

Number	Date	Name	Account No	Amount
AJE01	12/31/2016	Unappropriated Prior Year	14-00-65-2980 G-14	(906,133.16)
AJE01	12/31/2016	Unappropriated Prior Year	14-00-65-2980 G-14	92,462.00

To record IMRF NPL - fallback to 2015 report.

AJE02	12/31/2016	Ck: BF- General Disburse 000	01-00-05-1030 GF-01	47,384.89
AJE02	12/31/2016	Ck: BF- General Disburse 000	01-00-05-1030 GF-01	689.45
AJE02	12/31/2016	Due From Water & Sewer Fund	01-00-35-0200 GF-01	(689.45)
AJE02	12/31/2016	DUE TO MFT	01-00-55-2715 GF-01	(47,384.89)
AJE02	12/31/2016	AP Accrual	02-00-40-2010 WSO-02	(689.45)
AJE02	12/31/2016	Due To General Fund	02-00-55-0100 WSO-02	689.45
AJE02	12/31/2016	AP Accrual	06-00-40-2010 IMR-06	(47,384.89)
AJE02	12/31/2016	Due To General Fund	06-00-55-0100 IMR-06	47,384.89

To increase cash account related to cash withdrawls in January,
improperly recorded in December.

AJE03	12/31/2016	Taxes Receivable	01-00-20-1310 GF-01	178,800.45
AJE03	12/31/2016	Taxes Receivable	01-00-20-1310 GF-01	39,042.82
AJE03	12/31/2016	State Income Tax	01-00-70-4010 GF-01	(113,468.98)
AJE03	12/31/2016	Sales Tax	01-00-70-4020 GF-01	144,057.40
AJE03	12/31/2016	Local Home Rule Sales Tax	01-00-70-4021 GF-01	83,892.92
AJE03	12/31/2016	Utility Tax	01-00-70-4030 GF-01	(4,379.54)
AJE03	12/31/2016	Telecommunications Tax	01-00-70-4032 GF-01	(234,376.98)
AJE03	12/31/2016	Room And Admission Tax	01-00-70-4040 GF-01	51,791.63
AJE03	12/31/2016	State Use Tax	01-00-70-4091 GF-01	(106,316.90)
AJE03	12/31/2016	Cable TV Franchise	01-00-75-4190 GF-01	(39,042.82)

To adjust tax revenues and receivables to actual

AJE04	12/31/2016	Taxes Receivable	17-00-20-1310 911-17	11,677.15
AJE04	12/31/2016	E911 Landline Surcharge	17-00-70-4076 911-17	(7,356.60)
AJE04	12/31/2016	E911 Wireless Surcharge	17-00-70-4077 911-17	(4,320.55)

To adjust E911 Surcharge Revenue and AR

AJE05	12/31/2016	Prepaid Expenses	01-00-25-1420 GF-01	(240,791.00)
AJE05	12/31/2016	Loan Payments	01-26-64-7101 GF-01	240,791.00
AJE05	12/31/2016	Accrued Int Payable	02-00-45-2431 WSO-02	12,632.00
AJE05	12/31/2016	Rt 22 Water Utility Line	02-00-50-2438 WSO-02	90,656.66
AJE05	12/31/2016	Transfer In- Ws Improv- Debt	02-00-98-0700 WSO-02	(12,632.00)
AJE05	12/31/2016	Transfer In- Ws Improv- Debt	02-00-98-0700 WSO-02	(90,656.66)
AJE05	12/31/2016	Prepaid Expenses	07-00-25-1420 WSI-07	(2,984.00)
AJE05	12/31/2016	Prepaid Expenses	07-00-25-1420 WSI-07	(90,656.66)
AJE05	12/31/2016	Loan Payments	07-01-80-9900 WSI-07	(12,632.00)

Number	Date	Name	Account No	Amount
AJE05	12/31/2016	Loan Payments	07-01-80-9900 WSI-07	2,984.00
AJE05	12/31/2016	Transfers Out - WS Operations	07-01-96-0200 WSI-07	12,632.00
AJE05	12/31/2016	Transfers Out - WS Operations	07-01-96-0200 WSI-07	90,656.66
AJE05	12/31/2016	Amt Tbp Schelter Rd	14-00-20-1346 G-14	(233,117.50)
AJE05	12/31/2016	North Park Loan Pay	14-00-50-2438 G-14	233,117.50

To reclass principal/interest payments on 2011A loan made
in 2016 from prepaid to expense

AJE06	12/31/2016	ACCOUNTS RECEIVABLE	51-00-15-1210 GCF-51	179,635.03
AJE06	12/31/2016	Grant Revenue - ITEP	51-00-85-4353 GCF-51	(179,635.03)

To record ITEP revenue and
receivable

AJE07	12/31/2016	Deferred Revenue	01-00-50-2410 GF-01	23,318.40
AJE07	12/31/2016	Deferred Revenue	01-00-50-2410 GF-01	(5,821.00)
AJE07	12/31/2016	Other Income	01-00-90-4430 GF-01	(23,318.40)
AJE07	12/31/2016	Medical Premiums- Health	01-12-61-8701 GF-01	5,821.00

Adjuste deferred revenue related to Reitree Health
Insurance contributions received early.

PASSED ADJUSTMENTS

VILLAGE OF LINCOLNSHIRE **GENERAL FUND AND**
GOVERNMENTAL ACTIVITIES,
For the Year Ended 12/31/2016 **(OPINION UNIT)**

All entries posted as Debit (Credit)

Description	Assets	(Liabilities)	(Net Position/Fund Balance)	(Profit) Loss
GENERAL FUND				
Current effect of prior period passed AJE's that have carried forward to current period				
None	\$ -	\$ -	\$ -	\$ -
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TIF FUND				
Current effect of prior period passed AJE's that have carried forward to current period				
None	\$ -	\$ -	\$ -	\$ -
Total TIF Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NONMAJOR GOVERNMENTAL FUNDS				
Current effect of prior period passed AJE's that have carried forward to current period presentation of State Use Tax on accrual basis				
	\$ -	\$ -	\$ 7,476	\$ (7,476)
Total Nonmajor Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,476</u>	<u>\$ (7,476)</u>
GOVERNMENTAL ACTIVITIES				
Current effect of prior period passed AJE's that have carried forward to Current Period				
Local tax receivable not recorded, revenue recognition and raudited vs. actuarial plan net position difference	\$ -	\$ -	\$ 23,281	\$ (23,281)
Total Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,281</u>	<u>\$ (23,281)</u>
WATER & SEWER FUND				
Current effect of prior period passed AJE's that have carried forward to Current Period				
Effect of plan net position difference - Audited report vs. actuary report	\$ -	\$ -	\$ 4,991	\$ (4,991)
Total Water & Sewer Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,991</u>	<u>\$ (4,991)</u>
BUSINESS TYPE ACTIVITIES				
Current effect of prior period passed AJE's that have carried forward to Current Period			-	-
Effect of plan net position difference - Audited report vs. actuary report	\$ -	\$ -	\$ 4,991	\$ (4,991)
Total Business Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,991</u>	<u>\$ (4,991)</u>

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**COMMUNICATION OF DEFICIENCIES
IN INTERNAL CONTROL AND
OTHER COMMENTS TO MANAGEMENT**

December 31, 2016





630.566.8400 // www.sikich.com

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

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

COMMUNICATION OF DEFICIENCIES IN INTERNAL CONTROL AND OTHER COMMENTS TO MANAGEMENT

Mr. Bradley Burke, Village Administrator
Mr. Michael R. Peterson, Finance Director
Village of Lincolnshire, Illinois

As part of the annual audit, we are required to communicate internal control matters that we classify as significant deficiencies and material weaknesses to those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. In addition, we reviewed the status of the comments from the December 31, 2015 audit. The status of these comments is included in Appendix A. This letter does not affect our report dated May 24, 2017, on the financial statements of the Village.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with Finance Director Michael Peterson, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sikich LLP
Naperville, Illinois
May 24, 2017

SIGNIFICANT DEFICIENCY

Police Department Cash Receipts

During our review of the Police department cash receipt process, we noted the procedures for recording, controlling, processing and collecting parking ticket payments is outdated and lacks oversight. We recommend the Police implement daily and weekly reporting for tickets to ensure an adequate audit trail, and reconcile reports to deposits to improve tracking of cash receipts.

OTHER COMMENTS

Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a number of pronouncements that may impact the Village in the future.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The provisions in Statement No. 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after December 31, 2017.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for periods beginning after December 31, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 75 are effective for fiscal years beginning after December 31, 2018.

OTHER COMMENTS (Continued)

GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement are effective for the fiscal year ending December 31, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of a split-interest agreement. The requirements of this statement are effective for the fiscal year ending December 31, 2017.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this standard are effective for the fiscal year ending December 31, 2017. Earlier application is encouraged.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for the fiscal year ending December 31, 2019.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The requirements of this standard are effective for the fiscal year ending December 31, 2019.

GASB Statement No 85, *Omnibus 2017*, addresses a number of issues across a spectrum of topics including issues related to blending component units where the primary government is a business type activity that reports basic financial statements in a single column, accounting for goodwill, fair value measurement and application related to real estate held by insurance activities and measuring certain investments at cost or amortized cost, and various issues related to accounting and reporting for postemployment benefits (pensions and other postemployment benefits [OPEB]). Statement No 85 is effective for the fiscal year ending December 31, 2018.

APPENDIX A
STATUS OF COMMENTS FROM DECEMBER 31, 2015

DEFICIENCIES

1. Cash and Accounts Receivable

During our review of bank reconciliations, we noted reconciling items that adjusted the reconciled book balance to the balance recorded on the trial balance. Upon further review, Sikich noted that these items related to accounts receivable items received after December 31, 2015, but were recorded as cash at December 31, 2015, rather than being shown as accounts receivable. Reconciling items on bank reconciliations should only relate to checks issued but not yet cleared as of the bank statement date, or deposits in transit. We recommend the Village perform a more thorough review of items presented as reconciling items on bank reconciliations. Sikich also recommend the Village compare its Accounts Receivable accrual schedules to the amount recorded on the trial balance, to ensure AR items are properly recorded as such.

Status: Comment implemented at December 31, 2016.

2. Accounts Payable and Prepaid Items

During our testing of various accounts payable balances, we noted differences between the schedules provided and the amounts recorded on the trial balance. Upon further review, it was noted that the differences related to prepaid items recorded as accounts payable at December 31, 2015. This resulted in Assets being understated by about \$114,710, and liabilities being overstated by that amount. Adjusting journal entry AJE04 was recommended to properly record the prepaid items. We recommend the Village review the schedules, particularly at year end, to ensure proper classification of accrued items.

Status: Comment implemented at December 31, 2016.

Sikich Snapshot

Organization

Sikich LLP, a leading professional services firm specializing in accounting, technology, investment banking* and advisory services**, has more than 750 employees throughout the country. Founded in 1982, Sikich now ranks as one of the country's Top 35 Certified Public Accounting firms and is among the top 10 of all enterprise resource planning solution partners in the country. From corporations and not-for-profits to state and local governments, Sikich clients can use a broad spectrum of services and products that help them reach long-term, strategic goals.

Industries

Sikich provides services and solutions to a wide range of industries. We have devoted substantial resources to develop a significant base of expertise and experience in:

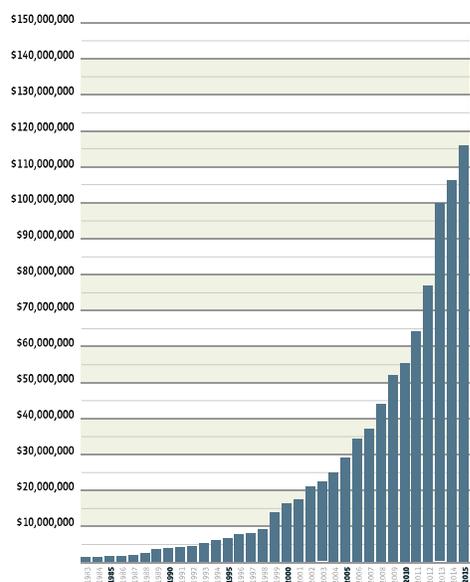
- Agriculture
- Construction & Real Estate
- Energy
- Government
- Manufacturing & Distribution
- Not-for-Profit

Statistics

2016 Revenues	\$146.4M
Total Partners	107
Total Employees	689
Total Personnel	796

Personnel count as of January 19, 2017

Sikich Total Revenues



SERVICES

- Accounting, Audit, Assurance & Tax
- Business Valuation
- Dispute Advisory
- ERP & CRM Software
- Human Resources Consulting
- Insurance Services
- Investment Banking & Corporate Finance
- IT Services
- Marketing & Public Relations
- Retirement Planning
- Supply Chain
- Wealth Management

Awards

- Vault Accounting Top Ranked 2017
- *Accounting Today* Top 100 Firms: ranked 31st nationally, 2016
- *Accounting Today* Regional Leaders – Top Firms: Great Lakes: ranked 4th, 2016
- *Milwaukee Business Journal* Largest Management Consulting Firms: ranked 10th, 2016
- *Milwaukee Business Journal* Largest Milwaukee-Area Accounting Firms: ranked 11th, 2016
- *INSIDE Public Accounting* Top 50 Largest Accounting Firms: ranked 31st nationally, 2016
- When Work Works Award, 2016
- *WorldatWork* Work-Life 2016 Seal of Distinction
- Best Places to Work in Illinois, 2016
- Best Places to Work in Indiana, 2016
- Chicago's 101 Best and Brightest Companies to Work For®, 2016
- Milwaukee's 101 Best and Brightest Companies to Work For®, 2016
- WICPA Excellence Award - Public Service Award (Firm), 2016
- *Accounting Today* Top 100 Value Added Reseller: ranked 7th, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 9th, 2016
- US SMB Champions Club Heartland Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- 2016 US SMB Champions Club Heartland Influencer Partner of the Year, Microsoft's US Small and Mid-sized Business (SMB) Champions Club, 2016
- *Inc. 5000*: ranked #4613, 2016
- *Crain's List* Chicago's Largest Privately Held Companies: ranked #249, 2016
- Bob Scott's Top 100 Value Added Reseller: ranked 7th, 2016
- National Best & Brightest Companies to Work For®, 2015
- Chicago's 101 Best and Brightest Companies to Work For®, 2015
- National Best & Brightest in Wellness, 2015
- *Chicago Tribune's* Top Workplaces, 2015
- Edge Award - 2015 Community Service
- Microsoft Dynamics Inner Circle and President's Club, 2014



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Sikich Snapshot

Certifications

All professional accounting staff with more than one year of experience have earned or are working toward earning the Certified Public Accountant designation. Sikich is a member of the American Institute of Certified Public Accountants' Governmental Audit Quality Center and the Employee Benefit Plan Audit Quality Center. We adhere to the strict requirements of membership which assure we meet the highest standards of audit quality. In 2014, Sikich LLP received its 9th consecutive unmodified ("pass") peer review report, the highest level of recognition conferred upon a public accounting firm for its quality control systems.

Gold

Microsoft Partner



Microsoft Partner

Sikich has earned a Microsoft ERP Gold competency; ranked among the top 1 percent of all Microsoft Dynamics partners worldwide; and carries the following certifications:

- Microsoft Small Business Specialist
- MCP (Microsoft Certified Professional)
- MCSE (Microsoft Certified System Engineer)
- CCNA (Cisco Certified Network Associate)
- CCDA (Certified Cisco Design Associate)
- CCEA (Citrix Certified Enterprise Administrator)
- MRMS (Microsoft Retail Management Systems)
- CISA (Certified Information Systems Auditor)
- CNE (Certified Novell Engineer)
- MS CSM (Microsoft Customer Service Manager)
- MS CAE (Microsoft Certified Account Executive)
- MCDBA (Microsoft Certified Database Admin.)
- Certified for Microsoft Dynamics (NAV)



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The Leading Edge Alliance (LEA) is the second largest international association of independent accounting firms.* The LEA is an international professional association of independently-owned accounting and consulting firms. Members are top quality firms who share an entrepreneurial spirit and a drive to be the premier provider of professional services in their chosen markets. The Alliance provides Sikich with an unbeatable combination: the comprehensive size and scope of a large multinational company while offering their clients the continuity, consistency, and quality service of a local firm.

**International Accounting Bulletin, 2011*



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*** Investment advisory services offered through Sikich Financial, a Registered Investment Advisor. Securities offered through Triad Advisors, Member FINRA and SIPC. Triad Advisors and Sikich Financial are not affiliated.*

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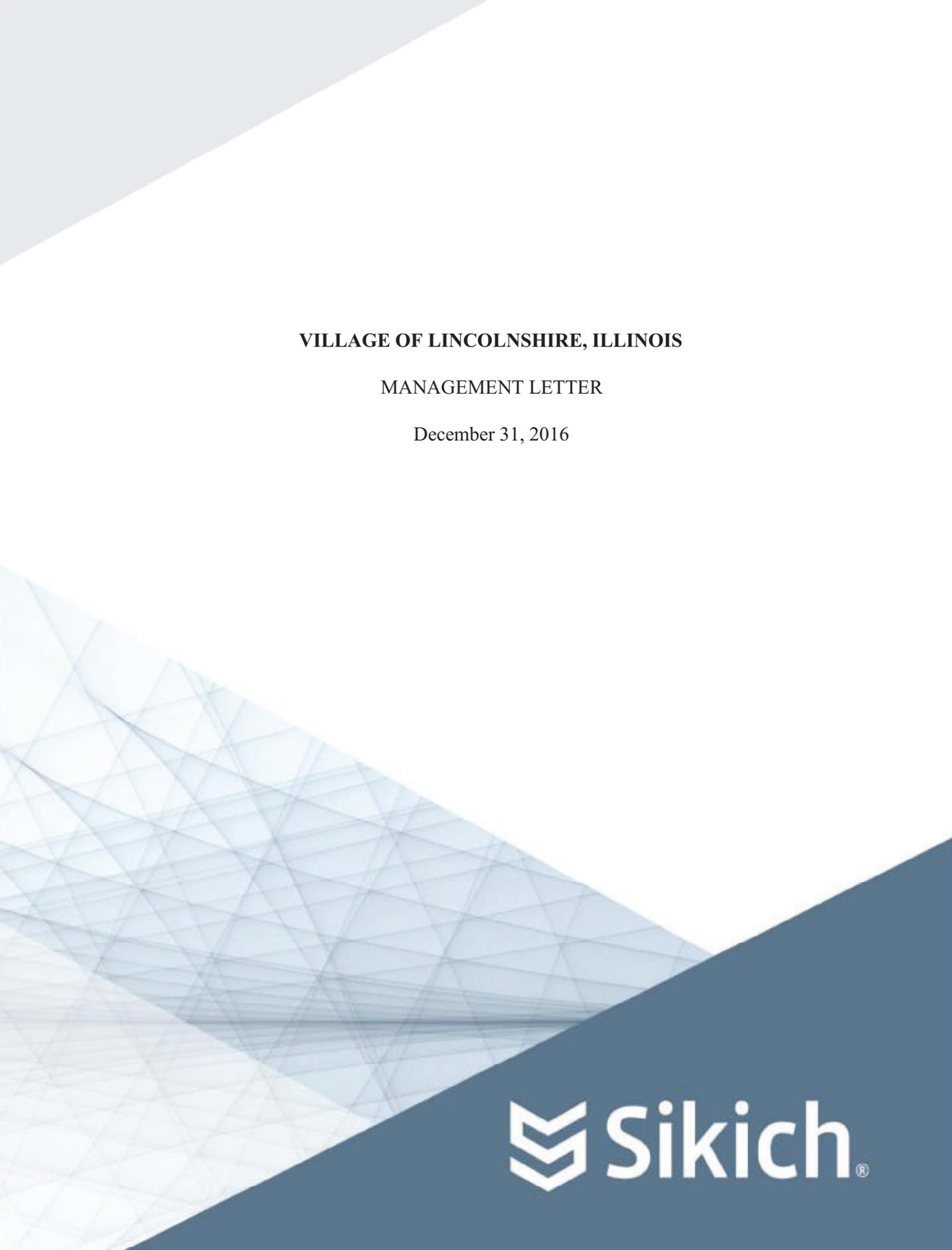
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VILLAGE OF LINCOLNSHIRE, ILLINOIS

MANAGEMENT LETTER

December 31, 2016





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

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

The Honorable Village Mayor
Members of the Board of Trustees
Village of Lincolnshire, Illinois

In planning and performing our audit of the 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, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Naperville, Illinois
May 24, 2017

SIGNIFICANT DEFICIENCY

Police Department Cash Receipts

During our review of the Police department cash receipt process, we noted the procedures for recording, controlling, processing and collecting parking ticket payments is outdated and lacks oversight. We recommend the Police implement daily and weekly reporting for tickets to ensure an adequate audit trail, and reconcile reports to deposits to improve tracking of cash receipts.

**REQUEST FOR BOARD ACTION
Regular Village Board Meeting
June 12, 2017**

Subject: Corporate Center Tree Removal Project

Action Requested: Consideration, Discussion and Approval of Proposed Program

Originated By/Contact: Bradford H. Woodbury, Public Works Director

Referred To: Mayor and Board of Trustees

Summary / Background:

At the May 22, 2017 Committee of the Whole meeting, Staff presented the Village Board with three (3) different options with regards to a Corporate Center Tree Removal Project within the Village's corporate center. The Village Board had previously directed Staff to identify ten (10) priority areas in the Village's corporate center and bring them back to the Board for further consideration. Staff has since contacted Van Vlissingen & Co. regarding the corporate center removals and plans to work directly with Van Vlissingen & Co. and any other owners to coordinate removals at the priority addresses identified within the Village's corporate center. Staff intends to work with each of the identified properties outlined within this memo and plans to utilize Village Tree Bank funds as follows:

Corporate Center – Dead/Hazardous Tree Removal Project

Address	No. of Trees	Species	Est. Village Contribution
300 Knightsbridge Pkwy	36	Austrian Pine, Ash	\$8,200.00
450 Barclay Blvd	33	Ash, Austrian Pine	\$3,550.00
350 Barclay Blvd	29	Ash, Austrian Pine,	\$3,550.00
550 Barclay Blvd	23	Ash, Austrian Pine	\$3,350.00
3 Overlook Point	22	Ash, Austrian Pine	\$2,900.00
500 Barclay Blvd	20	Austrian Pine	\$2,000.00
333 Knightsbridge Pkwy	20	Austrian Pine	\$2,000.00
4 Tower Pkwy	20	Austrian Pine	\$2,000.00
111 Barclay Blvd	19	Ash, Austrian Pine	\$4,000.00
595 Bond St	16	Ash, Austrian Pine	\$1,200.00
300 Marriott Dr	13	Ash	\$1,000.00
400 Knightsbridge Pkwy	6	Ash, Crab, Pear	\$1,000.00
Total	257	Various	\$34,750.00

- Estimated Cost based off an estimate of \$450.00 per tree
- Current Balance in Village Tree Bank - \$277,048.43

Included with this packet is a draft letter which would be sent to each of the corporate residents. On-site meetings would be set-up with the property owner/manager and Village staff to tag and/or mark trees for removal, and identify a time frame for removals. Staff would also work with each corporate resident to identify requirements related to the replacement of the removed trees. Staff has taken into consideration comments and direction from the May 22, 2017 Committee of the Whole Meeting and is planning to proceed with the following plan at the direction of the Village Board:

The Village would offer a “Cost Share” program to assist commercial properties with tree removals. The Village would pay for a pre-determined number of removals (up to a maximum amount per property as detailed in the table above) once we receive a commitment from the property owner to pay for an agreed upon number of replacement trees at each address. The Village would work exclusively with each corporate property utilizing the Village’s contracted tree removal company. Village Staff would prioritize each project with a goal of staying close to \$30,000 for the year in total. This amount has been what the Village has traditionally allocated towards the Spring Tree Adoption program on an annual basis. There would be no reimbursement to the property owner/manager as the Village would be billed directly by its tree removal contractor. The Village would work with each property to finalize a commitment to replant a number of trees to be determined by the Village’s certified arborists on a case-by-case basis in accordance with good forestry practices.

Budget Impact:

Currently the Village Tree Bank contains \$277,048.43. Removing the estimated number of trees as presented above on an annual basis would cost the Village an estimated \$30,000-\$35,000 per year and would spend down the Village’s tree bank within a 9-10 year period.

Service Delivery Impact:

Working with Corporate Center residents will improve relations between the Village and businesses in Lincolnshire and also significantly improve the aesthetic features of the Corporate Center which could ultimately attract future tenants. Additionally, working with the corporate residents on removals will guarantee new plantings in lieu of dead, diseased and hazardous trees that exist today.

Recommendation:

Staff is seeks Village Board approval to begin working with the Corporate Center property owners/managers as outlined in the memo to remove trees on the identified properties in conjunction with a commitment to new plantings. Staff would like to begin working with each property owner immediately in order to coordinate removals while also identifying a feasible tree replacement plan for each property.

Reports and Documents Attached:

- Draft letter to Corporate Center businesses outlined in this memo
- Property Access Agreement Form
- May 22, 2017, Tree Removal Project Memorandum

Meeting History	
Initial Referral to Village Board (COW):	May 22, 2017
Regular Village Board Meeting (RVB):	June 12, 2017



One Olde Half Day Road, Lincolnshire, IL 60069
Ph: 847.883.8600 | Fax: 847.883.8608 | www.lincolnshireil.gov

2017 Corporate Center – Tree Removal Project

June 12, 2017

Dear Corporate Resident:

The Village has identified several hazardous/diseased and/or dead trees located on your property. The purpose of this letter is to reach out to you to assist in the removal of many of these trees. This year, Village staff has amended the tree preservation ordinance, and as a result the Village is authorized to utilize tree bank funds (forfeited tree deposit's) towards tree removals in addition to tree plantings. The Village Board has directed Staff to identify ten (10) locations within the Village to assist with removals and your address was identified.

Additionally, the Village has identified the following trees on your property:

Address	No. of Trees	Species
300 Knightsbridge Pkwy	36	Austrian Pine, Ash

The Village would like to offer to assistance with regards to the removal of a portion of these trees and has identified funds to assist with these removals. As a condition of assisting with the removals, the Village would require you install a number of Appendix A trees (in an amount to be determined by Village Staff) anywhere on your property.

The Village of Lincolnshire is committed to working with corporate residents to ensure hazardous and diseased tree issues are addressed. Please contact me directly at 847.913.2381 or by email at bwoodbury@lincolnshireil.gov to set-up a meeting with one of our certified arborists to identify a tree removal/planting plan for your property.

Sincerely,
The Village of Lincolnshire

Bradford H. Woodbury
Public Works Director.

PROPERTY ACCESS AGREEMENT FORM

I, _____, agree to allow _____ to access my property
Name of Property owner *Name of Individual/contractor*

listed under "Site Address Where Access is Given" for a tree removal project occurring at

Address of Tree Removal Project

The above named individual or group has access to my property between the hours of _____ am/pm and _____ am/pm on the date or dates indicated under "Access Dates" below.

I understand that this is a voluntary and non-binding agreement, and that I am responsible for any damages that occur during the tree removal project. I reserve my right as the legal owner/manager of the property to revoke this agreement at any time. I also understand that the Village and/or Village's contractor listed below is not responsible for repairing any damage that occur on my property as a result of the tree removal project. Further, it is understood that the individual or contractor contact listed below is responsible for notifying me at least 24 hours prior to accessing the property.

Name of Property Owner

Name of Individual/Contractor

Signature *Date*

Signature *Date*

Address

Address

Address

Address

Phone Number

Phone Number

Access Dates

Site Address Where Access is Given (address, zip code)

Address of Tree Removal Project (address, zip code)

**REQUEST FOR BOARD ACTION
Committee of the Whole
May 22, 2017**

Subject: Consideration and Discussion of a Corporate Center Tree Removal Project

Action Requested: Consideration, Discussion and Recommendation

Originated By/Contact: Bradford H. Woodbury, Public Works Director

Referred To: Mayor and Board of Trustees

Summary / Background:

At the February 27, 2017 Regular Village Board meeting, The Village Board directed Staff to identify ten (10) priority areas in the Village's business parks and bring them back to the Board for further consideration as part of a possible program to incentivize tree removal in the Village's corporate center. Staff intends to work with each of the identified properties outline within this memo and plans to utilize Village Tree Bank funds to assist in addressing issues regarding the identified hazardous/dead tree removals. Staff has identified the following as critical addresses within the corporate center that are in need of tree removals:

- 300 Knightsbridge Pkwy
- 450 Barclay Blvd
- 350 Barclay Blvd
- 550 Barclay Blvd
- 3 Overlook Point
- 500 Barclay Blvd
- 333 Knightsbridge Pkwy
- 4 Tower Pkwy
- 111 Barclay Blvd
- 595 Bond St
- 300 Marriott Dry
- 400 Knightsbridge Pkwy

Staff has also included a draft letter which would be sent to each of the corporate residents. Meetings would be set-up with Village staff to meet on-site, tag and/or mark trees for removal, and identify a time frame for removals. Staff would also work with each corporate resident to identify requirements related to the replacement of the removed trees. Below are photos of some of the locations identified by Village Staff:





Staff has taken into consideration comments and direction from the Village Board at past meetings and recommends the Village Board consider offering the following options:

Option 1:

Each commercial property would be eligible for reimbursement up to 50% of the cost of removals with a maximum of \$5,000.00 per applicant. Each property would be responsible for contracting the removals with their own company, but be eligible for re-imbusement. Each business would be eligible for no more than \$5,000.00 annually. Each commercial applicant would then provide the Village receipts for removals. The Village would verify the removals and would reimburse up to 50% of the total cost of removals at a maximum of \$5,000.00 per applicant. If all 10 property owners participate, this would incur a total cost to the Tree Bank funds in the amount of \$50,000.

Option 2:

The Village would work exclusively with each corporate property but would instead utilize the Village's contracted tree removal company. Staff would carefully prioritize the removals at each property taking into consideration issues including safety, health, size and location. Village Staff would prioritize each project with a goal of staying within \$30,000 for the year in total. This amount has been what the Village has traditionally allocated towards the Spring Tree Adoption program on an annual basis. Each property could be different in the amount allocated based on the amount of removals needed at each location. There would be no re-imbusement as the Village would be billed directly by its tree removal contractor. The Village would work with each property to finalize a commitment to re-plant a number of trees to be determined by the Village's certified arborists on a case-by-case basis in accordance with good forestry practices.

Option 3:

The Village would work exclusively with each corporate property but would utilize the Village's contracted tree removal company to remove all dead/dying trees on all private properties identified within this memorandum. This option could cost an estimated \$115,000.00 in the first year of the program to address the ten identified properties. If additional properties are identified in future years and a similar amount of tree removal is needed as what would be completed in the first year, the Village's Tree Bank would be spent down within 2-3 years. Again, there would be no re-imbusement as the Village would be billed directly by its tree removal contractor.

Below is a table which illustrates the differences between the different options presented above:

Option	Cost Share Y/N	Village Contractor	Reimbursement Y/N	Total Annual Cost	No. of Years to Expend Tree Bank Funds
1	Yes	No	Y	\$50,000	6 Years
2	No	Yes	N	\$30,000	10 Years
3	No	Yes	N	\$115,000	3 Years

Budget Impact:

Currently the Village Tree Bank contains \$277,048.43. Removing all of the trees identified by Staff would cost an estimated \$115,650.00. Village Staff would like direction from the Village Board as to how much funding they would like to dedicate toward tree removal in the corporate center area of the Village.

Service Delivery Impact:

Working with Corporate Center tenants will improve relations between the Village and businesses in Lincolnshire and also significantly improve the aesthetic features of the Corporate Center which could ultimately attract future tenants.

Recommendation:

Staff recommends “Option 2” as this would be the option Staff feels strikes a good balance with removals and a commitment towards re-planting. Staff is seeking a recommendation to allow Staff to work with the Corporate Center clients outlined in the memo to remove trees on the identified properties. Staff would give each property owner a deadline of July 30th to respond back to the Village with regards to the removal assistance. Finally, Staff would like to know which of the options presented is the preferred option of the Village Board.

Reports and Documents Attached:

- List of tree removal projects within the Corporate Center
- Draft letter to Corporate Center businesses outlined in this memo

Meeting History	
Initial Referral to Village Board (COW):	May 22, 2017

**REQUEST FOR BOARD ACTION
Regular Village Board Meeting
June 12, 2017**

Subject: Lake County Health Department & Tobacco Free Lake County
Presentation

Action Requested: Consideration and Approval

**Originated
By/Contact:** Lake County Health Department – Tobacco Free Lake County

Referred To: Village Board

Summary / Background:

At the May 8, 2017 Regular Village Board meeting, representatives from the Lake County Department of Health provided a presentation regarding sale and possession of tobacco products by minors. As part of the presentation, the Lake County Health Department recommended the Village consider raising the minimum age to purchase and possess tobacco products from 18 to 21 years old. Department of Health studies have shown that people who begin smoking at a younger age are more likely to develop a severe addiction to nicotine than those who start at a later age and that 95% of all adult smokers started smoking before they turned 21 years old. According to the Department of Health, rates of tobacco and e-cigarette use have significantly decreased in jurisdictions that have increased the minimum age for purchase and possession of tobacco products.

After a discussion regarding the presentation, it was the consensus of the Village Board to direct staff to prepare an ordinance amending the Lincolnshire Village Code to increase the age for local retail establishments to sell tobacco and tobacco products from 18 to 21. At the time, the Village Board was not in support of raising the age for possession. Attached is a proposed ordinance amending the Village Code increasing the minimum age for sale of tobacco products to twenty-one.

Illinois jurisdictions that have recently raised the minimum sales age for tobacco include: Chicago, Deerfield, Evanston, Highland Park, Naperville and Oak Park.

At the May 22, 2017 Regular Village Board meeting, the proposed amendment was discussed and was requested to be placed on the June 12, 2017 agenda under items of general business for consideration and possible vote.

Budget Impact:
None

Service Delivery Impact:
Not Applicable.

Recommendation:
Lake County Department of Health requests consideration of a recommendation to raise the minimum age for sale of tobacco and tobacco accessories.

Reports and Documents Attached:

- An Ordinance Amending Sections 11-12-7 and 11-12-8 of Title 11, Chapter 12 of the Lincolnshire Village Code

Meeting History	
Initial Referral to Village Board (COW):	May 8, 2017
Regular Village Board Meeting:	May 22, 2017
Regular Village Board Meeting:	June 12, 2017

ORDINANCE NO. 17-

**AN ORDINANCE AMENDING SECTION 11-12-7 AND 11-12-8
OF TITLE 11, CHAPTER 12, OF THE VILLAGE OF LINCOLNSHIRE VILLAGE CODE
(Modify minimum age for sale or purchase of tobacco from 18 to 21
years old)**

WHEREAS, the Village of Lincolnshire (hereinafter, the “Village”); is an Illinois home rule municipal corporation organized and operating pursuant to Article VII of the Illinois Constitution of 1970; and

WHEREAS, the Village regulates the retail sale of tobacco products, accessories and electronic smoking devices to persons under eighteen (18) years of age pursuant to Sections 11-12-7 and 11-12-8 of the Village of Lincolnshire Village Code; and

WHEREAS, recent studies indicate that 95 percent of all adult smokers started smoking before they turned 21 years old; and

WHEREAS, studies also indicate that people who begin smoking at an early age are more likely to develop a severe addiction to nicotine than those who start at a later age; and

WHEREAS, rates of tobacco and e-cigarette use have decreased significantly in jurisdictions for which the minimum sales age for tobacco products has been increased to 21 years; and

WHEREAS, the Village Board has determined that it will serve and advance the public’s health, safety and welfare, and be in the best interest of the Village and its residents, to amend the Village Code to increase the minimum age for the purchase of tobacco products and electronic smoking devices to 21 years of age.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND BOARD OF TRUSTEES OF THE VILLAGE OF LINCOLNSHIRE, LAKE COUNTY, ILLINOIS, IN THE EXERCISE OF THEIR HOME RULE POWERS, AS FOLLOWS:

SECTION ONE: The foregoing recitals are incorporated into this Ordinance as findings of the Mayor and Board of Trustees.

SECTION TWO: Section 11-12-7-2 and 11-12-8-2 of the Village Code of the Village of Lincolnshire shall be modified as follows [deleted text ~~struck through~~ added text **bolded and underlined**]:

11-12-7-2: PROHIBITIONS:

- A. No minor under ~~eighteen (18)~~ **twenty-one (21)** years of age shall buy or possess any cigar, cigarette, pipe, smokeless tobacco or tobacco in any of its forms, any product containing nicotine, or an electronic smoking device (as defined in section 4-4-2 of this Code) within the corporate limits of the village.
- B. **No minor under eighteen (18) years of age shall possess any cigar, cigarette, pipe, smokeless tobacco or tobacco in any of its forms, any product containing nicotine, or an electronic smoking device (as defined in section 4-4-2 of this Code) within the corporate limits of the village.**
- C. No person shall sell, buy for, distribute samples of or furnish any cigar, cigarette, pipe, smokeless tobacco or tobacco in any of its forms, any product containing nicotine, or an electronic smoking device (as defined in Section 4-4-2 of this Code), to any minor under ~~eighteen (18)~~ **twenty-one (21)** years of age within the corporate limits of the village.
- D. The foregoing prohibition shall not apply when a person under ~~eighteen (18)~~ **twenty-one (21)** years of age is directed to use, under the supervision of a doctor, any product approved by the United States Food and Drug Administration as a nontobacco product used for medicinal purposes and is being marketed and sold solely for that approved purpose.

(Amd. Ord. 16-3404-131, eff. 07/01/16)

11-12-8-2: PROHIBITIONS:

- A. Sale to Minors/Possession by Minors: No person shall knowingly sell, barter, exchange, deliver or give away or cause or permit or procure to be sold, barter, exchanged, delivered or given away any product containing nicotine, an electronic smoking device (as defined in Section 4-4-2 of this Code), tobacco accessories or smoking herbs to any person under ~~eighteen (18)~~ **twenty-one (21)** years of age. No person under eighteen (18) years of age shall possess any product containing nicotine, an electronic smoking device (as defined in Section 4-4-2 of this Code), tobacco accessories or smoking herbs within the corporate limits of the Village.
- B. Sale of Cigarette Paper: No person shall knowingly offer, sell, barter, exchange, deliver or give away cigarette paper or cause, permit, or procure cigarette paper to be sold, offered, bartered, exchanged, delivered, or given away to any person under ~~eighteen (18)~~ **twenty-one (21)** years of age.

- C. Sales From Vending Machine: No person shall knowingly offer, sell, barter, exchange, deliver or give away cigarette paper or any product capable of being used by an electronic smoking device (as defined in Section 4-4-2 of the Code) or cause, permit, or procure cigarette paper or any product capable of being used by an electronic smoking device (as defined in Section 4-4-2 of the Code) to be sold, offered, bartered, exchanged, delivered, or given away by use of a vending or coin-operated machine or device to any person under ~~eighteen (18)~~ **twenty-one (21)** years of age.
- D. Use of Identification Card: No person under ~~the age of eighteen (18)~~ **twenty-one (21)** years of age, in furtherance or facilitation of obtaining a product containing nicotine, an electronic smoking device (as defined in Section 4-4-2 of this Code), smoking accessories and smoking herbs, shall display or use a false or forged identification card or transfer, alter or deface an identification card.
- E. Warning to Minors: Any person, firm, partnership, company or corporation operating a place of business where a product containing nicotine, an electronic smoking device (as defined in Section 4-4-2 of this Code), tobacco accessories and smoking herbs are sold or offered for sale shall post in a conspicuous place upon the premises a sign upon which there shall be imprinted the following statement: "SALE OF ELECTRONIC SMOKING DEVICES, TOBACCO ACCESSORIES AND SMOKING HERBS TO PERSONS UNDER EIGHTEEN **TWENTY-ONE** YEARS OF AGE OR THE MISREPRESENTATION OF AGE TO PROCURE SUCH A SALE IS PROHIBITED BY LAW". The sign shall be printed on a white card in red letters at least one-half inch in height.

SECTION THREE: This Ordinance shall be in full force and effect from and after its adoption, approval and publication in pamphlet form as provided by law. In the event any provision or application of this Ordinance is found unenforceable, such provision or application shall be deemed severable and such finding shall not affect the validity and enforceability of the remaining provisions and applications thereof to the fullest extent permitted by law. The Village Clerk is hereby directed to publish this Ordinance in pamphlet form.

PASSED this ___ day of _____, 2017, by the Corporate Authorities of the village of Lincolnshire, on a roll call vote as follows:

AYES:

NAYS:

ABSENT:

APPROVED this ___ day of _____, 2017

Elizabeth J. Brandt, Mayor

ATTEST:

Barbara Mastandrea
Village Clerk