



Village of Lincolnshire, Illinois

Comprehensive Annual Financial Report

For the year ended December 31, 2007

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Village of Lincolnshire, Illinois
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2007

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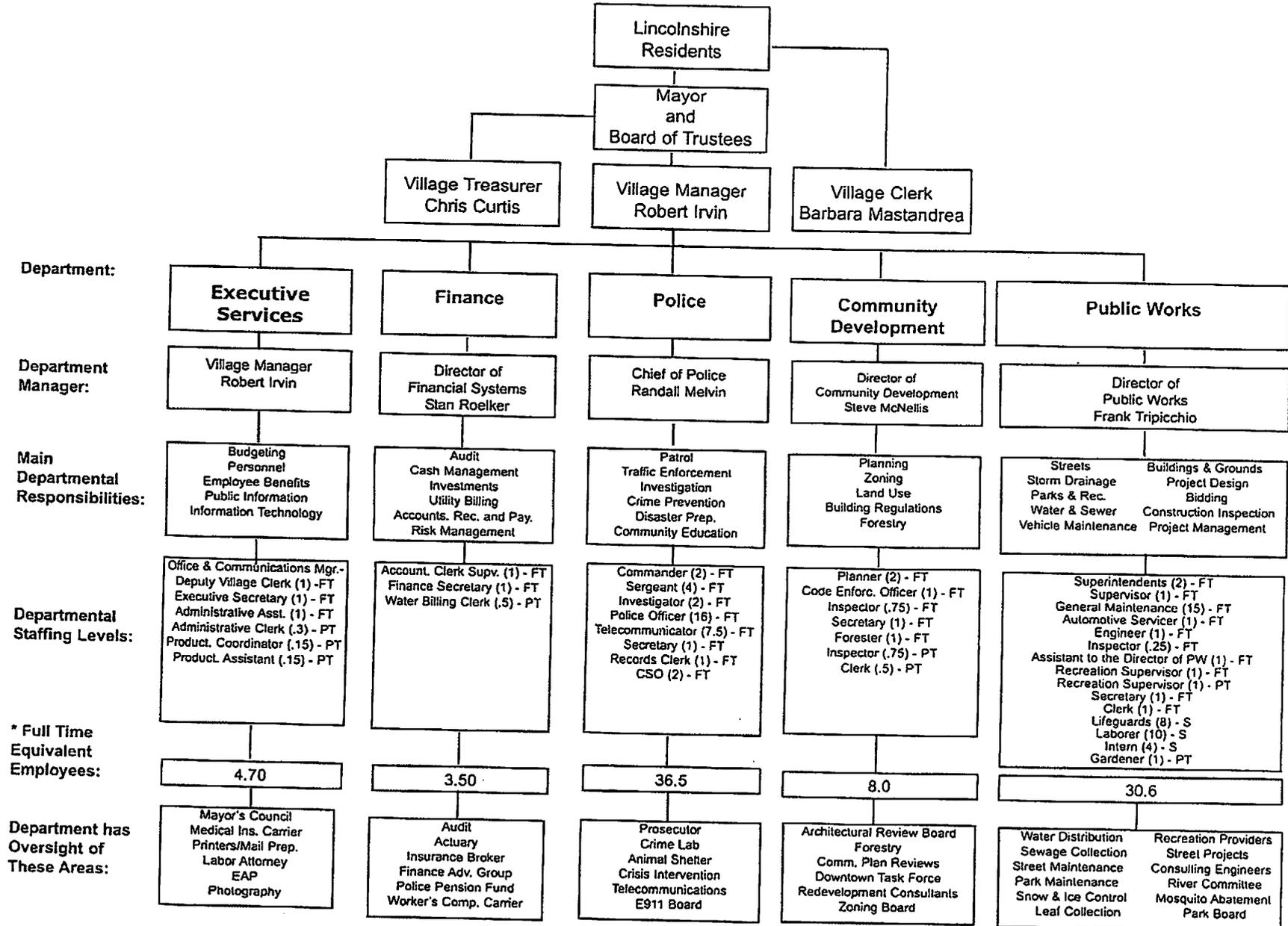
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Village of Lincolnshire, Illinois
Comprehensive Annual Financial Report
Year Ended December 31, 2007

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

INTRODUCTORY SECTION

VILLAGE OF LINCOLNSHIRE
Organizational Chart (2008) - 83.30 FTEs*



Village of Lincolnshire, Illinois
OFFICERS AND OFFICIALS
For the Year Ended December 31, 2007

Mayor

Brett Blomberg

Board of Trustees

Elizabeth Brandt
Gary Walrath
Harry Walder, Jr.

David Saltiel
Dan Servi
Tom McDonough

Village Clerk

Barbara Mastandrea

Village Treasurer

Christopher Curtis

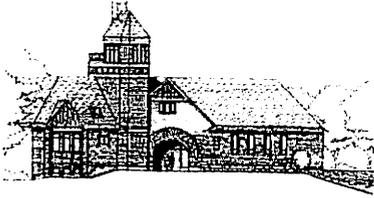
* * * * *

Village Manager

Robert L. Irvin

Director of Financial Systems

Stan Roelker



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

Village of
Lincolnshire

June 25, 2008

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

To the Citizens of the Village of Lincolnshire:

Formal Transmittal

State law requires that all general-purpose local governments publish within six months of the close of each 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 year ended December 31, 2007.

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

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

The Village of Lincolnshire's financial statements have been audited by Miller, Cooper & Co., Ltd., a firm of licensed certified public accountants. The independent auditors concluded that the Village of Lincolnshire's financial statements for the year ended December 31, 2007 are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Village

Basic Information

The Village of Lincolnshire is located 38 miles north of the City of Chicago in the mid-southern portion of the County of Lake. The community covers close to five-square miles in an area that has the good fortune to have the northern branch of the Des Plaines river running through its boundaries. Along with the river, thousands of native deciduous trees and numerous outlots create a bucolic atmosphere that has continued to attract people into the area. The Village was incorporated in 1957, when the population was only 237 and covered only 0.7 square mile. According to a recent special federal census, the community's population is at 6,537. The Village covers 4.5 square miles. Its "day time population" is estimated to increase to twenty-five thousand. Illinois state statute allows the Village to levy a property tax on real property within its boundaries. The Village is also able to expand its corporate boundaries through annexation; this occurs periodically when the governing board sees it is in the best interest of the Village's residents.

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

The Village switched from an April 30 fiscal year-end to a calendar year-end after the period May 1, 2006 through December 31, 2006.

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

Component Units

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

Budget

The annual budget serves as the foundation for the Village of Lincolnshire's financial planning and control. The board is required to adopt a final budget no later than the end of the first quarter of the new year. The budget is prepared by fund and by department.

Assessment of Economic Condition and Future Outlook

Local Economy

The Lincolnshire economy managed to be strong through most of FY2007. Some weakness in the local economy began to appear late in 2007. A significant drop off in the resale of residential single family dwellings was apparent. The corporate park and the adjacent commercial areas have always attracted its share of well-known regional and national corporations for over thirty years. The "north shore" identity with which Lincolnshire is associated has acted as a magnet in attracting an ample number of hotels, restaurants, theaters, and a variety of upscale retail stores. At the close of 2007, there were six hotels, twenty-two restaurants or eateries, one live performing arts theater, and one twenty-one screen multiplex within the Village. The list of retail outlets includes clothing stores, (2) upscale furniture stores, (3) and a stand alone two-story Barnes & Noble bookstore. The Marriott Resort and Theater complex is a continual draw with business groups because of its convenient meeting room facilities, live theater entertainment, and championship golf course. In the final month of the year, Walgreen's, a Fortune 500 company, announced it would relocate a portion of its corporate operations (320,000 square feet) to the Lincolnshire corporate park. The diverse tax base and strong financial position in which the Village currently finds itself is the result of farsighted community planning executed over many years. All operational costs and debt service are funded from annually generated revenues. A property tax is only levied to fund its two pension plans, (i.e., police and municipal).

Over the last five years, property values, through appreciation and new construction, have increased 20.5%. Over ten years, values, on average, have risen a healthy 5.7% per year. The upsurge in assessed value in the current year is principally due to the building activity at the Erickson retirement community and the Weiss condominium project. Eighty-seven percent of added property value (“Added Construction”) is commercially related. Fifty percent of that is the Erickson project. The Village’s largest commercial property owners (top ten) presently contribute nearly 21% to the total property tax base. Lincolnshire’s share of the state’s sales tax has grown an average of 11% over the latest ten-year period, with the exception of fiscal year 2001-02. Over that ten-year span, the Village has seen taxes related to “dining” more than double, while taxes from “furniture” sales have grown from \$94 thousand to \$523 thousand.

Key Village Indicators and Fiscal Trends

(Dollars in millions)

Fiscal Year	2007	2006 ¹	05/06	04/05	03/04	02/03	01/02	00/01	99/00	98/99
EAV	\$682	644	616	586	566	544	508	482	455	422
Added construction	\$89	25	60	37	6	17	6	21	46	46
Top ten property owners (% of total property)	20.5	25.1	25.1	28.1	30.9	30.3	30.4	30.9	31.8	31.4
General Fund tax revenue	\$8.8	5.9	9.1	7.9	7.1	6.8	6.4	6.9	6.1	4.9
General Fund reserve ratio (% of annual expenses plus debt)	112	130	139	128	108	109	103	162	153	149

“Retail drug” sales contribute a respectable 27% to the sales tax base. In looking ahead to 2008, the growth in sales tax is expected to slow. This reflects the general downturn in the both the national and state’s economy. Up to now, healthy tax receipts (i.e. sales, room and admissions, telecommunications, utilities) in concert with fiscally responsible spending practices have enabled the Village build a substantial cash reserve.

¹ The categories “Added Construction” and “General Fund Tax Revenue” in year 2006 reflect a shortened eight month fiscal period. The Village changed to a calendar year after the period May 1, 2006 through December 31, 2006.

Municipal Tax Collections-Comparison to County and Neighboring Communities

(Dollars in millions)

<u>Fiscal year</u>	<u>2007</u>	<u>2006</u>	<u>05/06</u>	<u>04/05</u>	<u>03/04</u>	<u>02/03</u>	<u>01/02</u>	<u>00/01</u>	<u>00/00</u>	<u>98/99</u>
Municipal sales tax	\$3.4	3.4	3.1	3.0	2.9	2.5	2.8	2.8	2.45	1.7
County sales tax	\$107.9	104.8	102.1	97.6	96.0	92.8	93.0	88.5	82.3	74.7

Lincolnshire likes to compare its sales tax growth rate to that of three other governmental units, (i.e. the County and two contiguous municipalities). Over the last ten years, Lincolnshire's growth rate has averaged 11.1% per year. The County's tax growth has been averaging 4.3%, and the two municipalities, combined, have seen a 3.3% growth rate annually.

Long-Term Financial Planning

The Village attributes its financial strength, in part, to the careful attention paid to following the guidelines that are incorporated into its financial planning strategy. Four of the guidelines are: (1) It develops realistic five-year capital spending plans that are reevaluated and updated annually during the budget process. These plans are always open to adjustment if adverse regional/local economic conditions develop; (2) The budget process is used as a means to not only finance the Village's current operating/capital expenditures and debt service, but also as a way to grow its cash reserves. Generating a string of surpluses nearly every year has been accomplished by conservatively projecting revenues, while concurrently developing realistic expenditure estimates. Expenditures are closely examined after each reporting period; (3) Tax and fee revenues are reviewed continuously throughout the year. All primary revenue sources are closely scrutinized for any unusual trends that may signal either a short-term or a long-term impact on the tax base. When necessary, primary or third-party sources are contacted (i.e. call to a specific company or state agency) to verify information on the particular revenue in question. Information is also gathered from news sources (i.e. Chicago-area business publications and governmental cooperatives) that could have a bearing - immediate or future- on the Village's tax base; and (4) With the intent to expand its recreational facilities (i.e. bike paths, ball fields), the Village embarked upon a goal (beginning in FY94-95) to annually set aside reserves in a separate fund (Park Development Fund) that would be used toward the eventual purchase of park lands and the expansion of its current bike path system.

Relevant Financial Policies for this Year

Prudent financial planning, the history of which goes back several decades, has been instrumental in providing the Village with the ability to accumulate more-than-sufficient cash reserves. Its reserve policy calls for maintaining a minimum balance of 75% of one-year's operational expenses plus debt service. A goal has been to have 100% in reserves. Cash reserves beginning in FY2007 were at 130%. With sufficient funds available (plus another year of generated "surplus" anticipated), the Village recognized it had the financial flexibility to address three immediate financial concerns: (1) It concluded paying for one hundred percent of the water transmission main without issuing debt, thereby eliminating ten years of principal and interest payments. This will be a savings amounting to over \$160 thousand dollars annually; (2) It made the first (\$375 thousand) of two supplementary contributions to the police's pension fund. The supplementary contributions are intended to improve the fund's unacceptable funding ratio (i.e. assets to future liabilities); and (3) It helped fund the upgrade to the 9-1-1 emergency phone system costing \$150 thousand dollars.

Major Initiatives of the Year

The Village completed its largest water-related capital project in FY2007. The 30-inch water transmission line will serve as a secondary source of water from its water supplier, the City of Highland Park. The line is also intended to satisfy the Village's ultimate build out requirements. The nearly \$6 million dollar infrastructure project was completely paid for by internal funding. At year's end, Lincolnshire Commons, the Village's newest commercial shopping area, was at ninety percent occupancy. Its assemblage of upscale retail outlets, eight popular eating places, and a major retail bookstore has already been a success in attracting crowds of shoppers and diners. This is a welcome source of additional sales tax dollars. In the TIF District, the Village has continued to pursue a Downtown Redevelopment Plan with the current developer. The Plan has called for some 53 thousand square feet of commercial space which would also serve as the Village's "town center." After some initial delays, significant progress is now being made on the construction of the latest condominium project located inside the TIF area. Occupancy of the 62-luxury unit condominium building is expected to begin in the summer of 2008 and continue through 2010.

Awards and Acknowledgments

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the eight-month fiscal period ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-fourth consecutive year that the Village has received this award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized, Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. This report successfully satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the Village also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the year beginning January 1, 2007. This was the twenty-second consecutive year that the Village has received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Village's Budget document was judged to be proficient as a policy document, financial plan, operations guide, and communication device.

Individuals

The preparation of this CAFR on a timely basis was made possible by the dedicated staff of the Finance Department. For their continued year-round efforts which allowed for a successful report, we express our sincere appreciation. Appreciation is also extended to the Village Treasurer, Chris Curtis, for his professional oversight in all financial matters. Our appreciation also goes to the members of the Village Board for their leadership and support of the Finance Department.

Respectively Submitted,



Robert L. Irvin
Village Manager



Stan R. Roelker
Director of Financial Systems

Certificate of Achievement for Excellence in Financial Reporting

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

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Lincolnshire
Illinois

For its Comprehensive Annual
Financial Report
for the Eight Months Ended
December 31, 2006

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



Oliver S. Cox
President

Jeffrey R. Emery
Executive Director

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FINANCIAL SECTION

MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Mayor and Board of Trustees
Village of Lincolnshire, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 15, the Illinois Municipal Retirement Fund and Police Pension Fund supplementary information, and the budgetary comparison information on pages 66 through 70 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

(Continued)

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

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

MILLER, COOPER & CO., LTD.

Miller Cooper & Co., Ltd.

Certified Public Accountants

Northbrook, Illinois
June 25, 2008

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

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

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

FINANCIAL HIGHLIGHTS

Total General Fund revenues exceeded budgeted forecasts by slightly over 1%, or \$137 thousand dollars. All tax revenues except one exceeded their forecasts by between 1 and 13 percent. The best performing of the tax revenues were the room and admissions tax, up 10%, and the real estate transfer tax, up 13%. The utility tax did not reach its forecast. It was under budget by 7%. Non-tax revenues, in total, underperformed their forecasts by nearly 5%. Two of the largest components (64%) of the license and fees category (i.e. building permits and recreation fees) were down 7%, and 47%, respectively. Investment earnings did not make its budget target (down 9%) as a result of falling interest rates and a transfer of \$2.49 million to the Water Fund.

The Village was in a position to use a portion of its General Fund cash reserves to finance a major water transmission line project and contribute financial assistance to two other operating areas. (i.e. Police pension fund, E911 Fund)

As of December 31, 2007, the General Fund cash reserves were at \$9.4 million. This is 112% of budgeted FY2007 operating expenditures including annual debt service.

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.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

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

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

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state-shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, parks and recreation, a TIF District, and a Special Service Area. Business-type activities include the water and sewer utility. Fiduciary activities, such as 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 16 to 18 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 nonmajor funds is provided in the form of combining statements in a later section of this report.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

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 expendable resources and balances of expendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of expendable 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 statements 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 19 to 24 of this report.

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

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

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

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

The basic fiduciary fund financial statements are presented on pages 29 and 30 of this report.

Notes to the financial statements

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

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for nonmajor and internal service funds are presented in the supplemental section of this report beginning on page 73.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

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

The FY2006-07 amounts reflect activity for an eight-month period while the amounts for FY2007 are for a normal twelve-month period. (During FY2006, the Village Board made the decision to change its fiscal year from an April 30th ending to a December 31st ending. The conversion of fiscal years required that FY2006-07 be shortened to eight months of activity.

The Village's combined net assets rose by nearly \$700 thousand over the previous year, increasing from \$110.1 million to \$110.8 million.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Table 1

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006-07	2007	2006-07	2007	2006-07
Current and Other Assets	\$24,433	\$23,766	\$2,320	\$5,488	\$26,753	\$29,254
Capital Assets	69,609	70,526	44,343	41,090	113,952	111,616
Total Assets	94,042	94,292	46,663	46,578	140,705	140,870
Long-Term Liabilities	21,794	22,170	2,032	2,341	23,826	24,511
Other Liabilities	5,393	4,493	688	1,718	6,081	6,211
Total Liabilities	27,187	26,663	2,720	4,059	29,907	30,722
Net Assets						
Investment in Capital Assets Net of Related Debt	66,726	68,425	42,314	38,753	109,040	107,178
Unrestricted	(2,215)	(3,018)	1,629	3,766	(586)	748
Restricted	2,344	2,222			2,344	2,222
Total Net Assets	\$66,855	\$67,629	\$43,943	\$42,519	\$110,798	\$110,148

This year's comparative analysis between the current year and prior year will be limited because of the difficulty of comparing two fiscal years with substantially different lengths. (FY06-07 was a shortened eight-month period) The Village's combined (government and business) change in net assets amounted to a \$650 thousand increase. If "contributions by developers" are excluded from the revenue category, combined total revenues were 32% higher in FY2007 than in FY06-07 (\$19.7 million versus \$ 14.9 million). Total program costs for the current year, as expected, were higher than the previous eight-month period.

Government Funds: The combined total of all funds classified as "governmental activities" actually experienced an increase in net assets of \$1.86 million, if you exclude the transfer from the General Fund of \$2.497 million to its "business-type activities"(Water and Sewer Fund). Besides the General Fund, four other governmental funds are classified as "major funds" (the Tax Incremental Financing Fund, Illinois Municipal Retirement Fund, Police Pension Contribution Fund, and the Special Service Area Debt Service Fund), while four governmental funds are considered "nonmajor funds" (the Motor Fuel Tax Fund, E911 Fund, Park Development Fund, Special Service Area Construction Fund). The "major funds" added approximately \$700 thousand to net assets. This came primarily from property tax collections in the TIF and SSA Funds. The smaller funds had a negligible effect on "governmental" net assets.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Business Funds: The "business-type activities" saw an increase in its net assets of \$1.4 million. The Water and Sewer Fund received funding assistance from the General Fund of close to \$2.5 million to pay for the construction of the large water transmission line project. Water and sewer rates were increased by 3% to absorb some of the rate increase passed down by its water supplier. The rate increase was also intended to enable revenues to keep pace with normally rising operating costs.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Table 2

A summary of the Village's changes in net assets.

**STATEMENT OF ACTIVITIES
(In thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006-07	2007	2006-07	2007	2006-07
Revenue:						
Program Revenues:						
Charges for Services	\$1,624	\$1,248	\$3,650	\$2,425	\$ -	\$3,673
Operating Grants & Contr	605	499	-	-	605	499
Capital Grants & Contr	209	17,366	201	1,225	410	18,591
General Revenues:						
Property Taxes	3,664	2,525			3,664	2,525
Other Taxes	8,760	5,957			8,760	5,957
Miscellaneous	566	46	23		589	46
Interest Income	273	537	150	74	423	611
Total Revenues	15,701	28,178	4,024	3,724	19,725	31,902
Expenses:						
General Government	4,303	3,097			4,303	3,097
Police	3,384	2,293			3,384	2,293
Community Development	718	347			718	347
Public Works	2,920	2,080			2,920	2,080
Parks & Recreation	2,345	1,418			2,345	1,418
Interest	309	841			309	841
Water and Sewer			5,096	3,159	5,096	3,159
Total Expense	13,979	10,076	5,096	3,159	19,075	13,235
Inc (Dec) in assets before transfers	1,722	18,102	(1,072)	565	650	18,667
Transfers	(2,497)	(2,837)	2,497	2,837		
Inc (Dec) in net assets	(775)	15,265	1,425	3,402	650	18,667
Net Assets - Beginning	67,630	52,365	42,519	39,116	110,149	91,481
Net Assets - Ending	\$66,855	\$67,629	\$43,944	\$42,519	\$110,799	\$110,148

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Financial Analysis of the Village's Funds

Governmental Funds

As previously discussed, governmental funds are reported in the fund statement with its focus on the short-term inflow and outflow of expendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The combination of all "government-type" funds reported a combined ending fund balance of \$18.4 million, down \$636 thousand (3.3%) from the prior year. (Refer to pages 21-23) Excluding the General Fund, the remaining "governmental-type" funds-both "major" and "minor"- had a net positive contribution of \$623 thousand to the ending fund balance. However, this was not enough to sufficiently offset the negative net change of nearly \$1.26 million generated by the General Fund. The resulting current year's deficit was part of a strategic plan to move funds to where they would do the most financial good for the Village.

Major Government Funds

For fiscal year 2007, the General Fund, the Tax Incremental Financing Fund (TIF), the Illinois Municipal Retirement Fund (IMRF), and the Special Service Area (SSA) Debt Service Fund are, according to GASB No. 34 standards, classified as being "major" governmental-type funds.

The General Fund is the Village's primary operating fund and the largest source of day-to-day municipal service delivery. As a result of three significant fund transfers (totaling over \$2.6 million) going to support specific projects in the Water and Sewer Fund, the E911 Fund, and the Police Pension Fund, it saw its fund balance drop from \$10.6 million to \$9.4 million. Without these transfers (revenues at \$11.0 million, expenditures at \$9.8 million) its fund balance would have increased by almost \$1.2 million. Ninety-six percent of the fund balance is classified as "unreserved," indicating its availability for continuing Village service operations.

The TIF Fund relies on the incremental property tax as its main revenue source. This revenue growth is linked directly to the increasing property values associated with developments in the TIF district. TIF development in the last five years has resulted in the continued growth in property tax revenue from \$831 thousand in FY03-04 to \$1.48 million in FY2007. Its fund balance was increased by 12% to \$5.4 million. TIF monies are restricted for approved TIF projects.

The IMRF Fund also relies on property tax as a major revenue source, which represents the employer contribution to the plan. Employee contributions are the second source (nearly 33%) of revenue. Since a modest reserve had been built up from the previous year, the Village was able to reduce this year's property tax levy by over 30%. A small fund balance remains of \$120 thousand.

For the Special Service Area Debt Service Fund, FY2007 was the first year in which a property tax had to be levied to cover the annual debt service obligation (\$1.05 million). The Village had issued \$15 million in SSA bonds in conjunction with building the Sedgebrook Retirement Community development. Funds held in escrow had served to cover the first two years of debt obligations.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Revenues/Expenditures-General Fund

Revenues exceeded the budgeted forecast by a modest 1.3%, or \$137 thousand dollars. A fairly healthy economy, but with signs of gradual weakening, managed to push a couple of the Village's major revenues to significantly exceed their budgeted forecasts. The state income tax and the room and admission tax were well over their budgets. (8% and 10%, respectively) The telecommunications tax was a respectable 3% over budget, but sales tax managed only to climb 1% over its budget. The utility tax reached just 93% of its budget. License and fee revenues ended the year below the budgeted forecast (84%), due chiefly to building permit fees and recreational fees. Building permit fees fell short of their budget by 7%, while nearly half of the recreational fees were lost when a camp program was eliminated due to low enrollment. Interest earnings were off 9% as a result of falling interest rates.

Total General Fund operating expenditures managed to stay nearly 2% below the total budget. Savings were spread throughout all but three of the Fund's twelve departments/divisions.

The General Fund Balance

The General Fund balance reduced its reserves by nearly 12% in FY2007. The Village moved over \$3 million from its General Fund reserves to three other funds, (E911, Police Pension, and Water and Sewer). The funds went toward the construction of a water transmission line (nearly \$2.5 million), toward the upgrade of the E911 telephone system (\$150 thousand), and a \$375 thousand contribution was made to the police pension to help stabilize its funding ratio.

GENERAL FUND BALANCE (In thousands)			
FISCAL YEAR	FUND BALANCE	OPERATING EXPENSES ¹	FUND BALANCE AS PERCENTAGE OF OPERATING EXPENSES
2003-2004	\$7,336	\$6,791	108%
2004-2005	\$8,836	\$6,910	128%
2005-2006	\$11,686	\$8,392	139%
2006 (Dec 31) ²	\$10,672	\$8,218	130%
2007	\$9,412	\$8,377	112%

¹ Includes debt service and excludes capital outlay.

² To arrive at the "percentage of fund balance to operating expenses" for the shortened fiscal period, a 12-month operating expenditure amount was extrapolated from the eight months.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Proprietary Funds

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

Major Proprietary Fund

The Water and Sewer Fund is the only proprietary fund operated by the Village. As part of the FY07 budget, the Board increased rates for both Water and Sewer usage fees (3.0%), effective January 16, 2007, to cover the increase in operating expenses.

Historically, rates the Village had for water and sanitary sewage were fairly stable until FY1994-95. At that time, the Village was forced to increase its rates 11% in order to absorb rate increases being passed down from both its suppliers. Its water supplier increased its rate 26% while its sewage processor increased its rate 29%. The Village was able to successfully avoid raising rates for a period of time as a result of tight fiscal controls and maintaining efficient operating systems. Since FY2000-01, however, rate increases have come on a more frequent basis, as the vendors supplying the water and sewage services have had to raise their rates due to cost pressures. These two expenses currently account for 60% of the total operating budget.

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

UTILITY OPERATING RESULTS FROM FY2004-05 TO FY2007 (In thousands except rates)				
	2004-05	2005-06	2006-07	2007
WATER Rate per 1,000 gallons	\$ 3.50	\$ 3.64	\$ 3.75	\$3.86
SEWER Rate per 1,000 gallons	\$ 3.02	\$ 3.14	\$ 3.23	\$3.33
Operating Revenue	\$2,804	\$3,361	\$2,283	\$3,155
Operating Expenses (excluding depreciation)	\$2,875	\$3,113	\$2,100	\$3,159

In 2007 the Village, once again, was required to absorb a rate increase of 2.7% from its water supplier. Water sales were split between the residential sector (45%) and the commercial sector (55%). Comparisons of "current year-to-prior year" consumption have to be made with FY05-06, the last full 12-month period. That was also an unseasonable dry year. In comparison, total 2007 water consumption was 11% below the FY05-06 usage levels, (residential lower by 16%, commercial, 7%).

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

General Fund Budgetary Highlights

In FY2007, slightly over 79% of the Village's General Fund revenue is derived from taxes and shared revenues. There are mainly four taxes that generate approximately 80% of the tax revenue on a consistent basis. In the current year, that percent reached 85%. All taxes, in total, exceeded the budgeted forecast amount by 2.9%. The "big four" taxes, combined, exceeded their forecasts by a respectable 1.9%. The room and admission and telecommunication taxes were above their forecasts by 9.7% and 3.4%, respectively. Sales tax exceeded its forecast by 1%. Utility taxes were within 93% of the budgeted forecast. Real estate transfer taxes, a "second-tier" revenue, exceeded budget by 13%.

Total General Fund revenues amounted to \$11.0 million. This was just 1.3% (\$137 thousand) over its budgeted forecast. Year-end total revenues came in lower than originally anticipated due in part to falling interest rates (91% of budget) and a drop in license and fee revenues (86% of budget).

General Fund expenditures include personnel costs, operating costs, and capital expenditures in addition to the annual debt service costs. The fiscal year ended with total General Fund expenditures running 1.9% under budget (\$192 thousand). Nine of twelve of the General Fund's divisional cost centers stayed at or below their budgets.

In FY2007, there was one amendment made to the General Fund budget. The purpose of the amendment was two fold: (1) To increase financial support for the Water Fund's 30-inch water transmission line (\$1,219 thousand), and (2) To increase its contribution to the Police Pension Fund (\$375 thousand) with the goal of raising the Pension Fund's funding ratio.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31 was \$66.6 million. The investment in business-type capital assets, net of accumulated depreciation, as of the fiscal year end was \$43.9 million. Major capital asset construction activity took place in both the governmental and business-type sectors. There were two water infrastructure projects. The largest of these projects was the completion of the 30-inch water transmission line (\$6 million dollars). The line is intended to serve two purposes. First, it will serve as a secondary source of water from its water supplier. Second, it was engineered to supply enough capacity for the Village's eventual total build out. The second water project, the relocation of water and sewer lines, was done in conjunction with the state's widening of Route 22, which runs through the Village. In the government sector, over 4 thousand linear feet of paved surface was added to the Village's bike path system in FY2007.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

Debt

At the end of the fiscal year, the Village's debt amounted to \$23.81 million compared to \$24.50 million last year - a decrease of 2.8% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31, 2007 (in millions)						
Type of Debt	Government Activities		Business Activities		Totals	
	<u>2007</u>	<u>2006-07</u>	<u>2007</u>	<u>2006-07</u>	<u>2007</u>	<u>2006-07</u>
Bank Loan	\$6.78	\$7.16	\$2.03	\$2.34	\$8.81	\$ 9.50
Bond Issue	\$15.00	\$15.00			\$15.00	\$15.00
	\$21.78	\$22.16	\$2.03	\$2.34	\$23.81	\$24.50

The bonded debt is a \$15 million Special Service Area bond (issued in FY04-05) to provide infrastructure for the Sedgebrook retirement community project now under construction. The debt is financed exclusively by SSA dedicated property taxes.

The Village is a home-rule community and is, therefore, not limited by state statute pertaining to debt limit. The Village's outstanding debt (excluding the SSA debt) represents 1.3 % of its EAV.

Detailed information on the Village's long-term debt activity can be found in Note G of the footnotes.

Bond Ratings

The Village normally finances its infrastructure with bank-qualified tax exempt bank loans. The Village's credit status is considered to be compatible to a Double A credit rating according to bank loan officials who in the past have bid on the Village's loan requests.

Economic Factors

Lincolnshire is situated in south central Lake County. It is one of the most economically progressive and prosperous of the five counties surrounding the City of Chicago. The county has been successful in attracting both, growing and established businesses and individuals because of its ideal combination of favorable property tax rates, prime real estate locations, and number of topnotch school systems. Moreover, early in 2008, Chicago acquired the unfortunate reputation of becoming the city with the highest sales tax rate in the country (10.25%). Lincolnshire clearly benefits from its desirable location in Lake County. According to Lake County Partners, an economic development group that works to steer businesses to Lake County, there are concerns about how large an impact the downturn in the national/state economy will have on the economic health of this region.

The Village is currently in a strong financial position because of its ability to manage its growth and financial resources. Its cash reserves have reached such a very respectable level that financial lending institutions rate it a Double A or higher credit risk.

**VILLAGE OF LINCOLNSHIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

During the last five-year period, Lincolnshire's property values have increased over 20%; over a ten-year span, values have increased an average of 5.7% a year. Sales tax growth over the latest ten-year period has averaged 11%.

Lincolnshire is not standing still. By the end of FY2007, Lincolnshire Commons, the Village's newest commercial shopping area, was at ninety percent occupancy. The development has already proved to be a success with shoppers and diners. A seventh hotel is being planned at another successful Lincolnshire retail/commercial location known as City Park. There is the potential of a large-scale retail shopping center (165 thousand square feet) immediately adjacent to major traffic routes that pass through the Village. The Sedgebrook retirement community plans on continuing its build out over the next several years. It is estimated that Sedgebrook will add approximately two thousand new residents to the tax rolls. The present population according to the last special U.S. Census taken is 6,537.

Contacting the Village's Financial Management

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations and demonstrate the Village's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Village's Finance Director, One Olde Half Day Road, Lincolnshire, Illinois 60069 or through the Village's website at www.village.lincolnshire.il.us. A copy of this Comprehensive Annual Financial Report (CAFR) can be found on the Village's website.

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BASIC FINANCIAL STATEMENTS

Village of Lincolnshire, Illinois

Statement of Net Assets

December 31, 2007

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,607,646	\$ 796,525	\$ 3,404,171
Investments	11,918,378	1,435,878	13,354,256
Property tax receivable	3,839,149	-	3,839,149
Other taxes receivable	85,000	-	85,000
Customer receivables	-	369,459	369,459
Interest receivable	122,816	5,289	128,105
Other receivables	136,534	-	136,534
Prepaid pension benefits	1,135,289	-	1,135,289
Internal balances	286,987	(286,987)	-
Land held for sale	4,301,221	-	4,301,221
Capital assets not being depreciated	27,480,421	36,325	27,516,746
Capital assets, net of accumulated depreciation	42,128,254	44,306,879	86,435,133
Total assets	<u>94,041,695</u>	<u>46,663,368</u>	<u>140,705,063</u>
LIABILITIES			
Accounts payable	1,034,808	617,572	1,652,380
Salaries and wages payable	199,014	22,148	221,162
Accrued interest payable	454,056	48,233	502,289
Deposits	1,361,935	-	1,361,935
Deferred property taxes	2,343,149	-	2,343,149
Noncurrent liabilities			
Due within one year	665,646	313,272	978,918
Due in more than one year	21,128,129	1,718,441	22,846,570
Total liabilities	<u>27,186,737</u>	<u>2,719,666</u>	<u>29,906,403</u>
NET ASSETS			
Invested in capital assets, net of related debt	66,725,834	42,314,239	109,040,073
Restricted for North Park	5,453	-	5,453
Restricted for Debt Service	1,921,602	-	1,921,602
Restricted for enabling legislation	417,307	-	417,307
Unrestricted	(2,215,238)	1,629,463	(585,775)
Total net assets	<u>\$ 66,854,958</u>	<u>\$ 43,943,702</u>	<u>\$ 110,798,660</u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Statement of Activities

For the Year Ended December 31, 2007

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
General government	\$ 4,303,055	\$ 184,410	\$ -	\$ -
Public safety	3,383,714	713,250	413,180	-
Community development	717,748	529,232	-	-
Public works	2,920,066	65,713	191,531	-
Parks and recreation	2,344,980	131,562	-	208,504
Interest expense	309,746	-	-	-
Total governmental activities	<u>13,979,309</u>	<u>1,624,167</u>	<u>604,711</u>	<u>208,504</u>
Business-type activities				
Water and sewer	5,096,183	3,649,917	-	201,000
Total functions/programs	<u>\$ 19,075,492</u>	<u>\$ 5,274,084</u>	<u>\$ 604,711</u>	<u>\$ 409,504</u>

General revenues

Property taxes

Intergovernmental - unrestricted

Utility taxes

Telecommunication taxes

Room and admissions taxes

Real estate transfer taxes

Other taxes

Gain on sale of capital assets

Miscellaneous

Interest income

Transfers

Total general revenues and
transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (4,118,645)	\$ -	\$ (4,118,645)
(2,257,284)	-	(2,257,284)
(188,516)	-	(188,516)
(2,662,822)	-	(2,662,822)
(2,004,914)	-	(2,004,914)
(309,746)	-	(309,746)
(11,541,927)	-	(11,541,927)
-	(1,245,266)	(1,245,266)
(11,541,927)	(1,245,266)	(12,787,193)
3,664,251	-	3,664,251
3,999,735	-	3,999,735
1,257,584	-	1,257,584
982,319	-	982,319
1,946,854	-	1,946,854
503,004	-	503,004
70,516	-	70,516
-	23,513	23,513
566,567	-	566,567
273,372	149,892	423,264
(2,497,000)	2,497,000	-
10,767,202	2,670,405	13,437,607
(774,725)	1,425,139	650,414
67,629,683	42,518,563	110,148,246
\$ 66,854,958	\$ 43,943,702	\$ 110,798,660

Village of Lincolnshire, Illinois

Governmental Funds

Balance Sheet

December 31, 2007

	<u>General Corporate Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Illinois Municipal Retirement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 1,867,149	\$ 190,448	\$ 117,261
Investments	7,856,040	929,449	2,282
Property taxes receivable	1,496,000	-	452,000
Other taxes receivable	-	-	-
Interest receivable	116,065	-	-
Other receivables	136,534	-	-
Due from other funds	321	162,346	-
Advances to other funds	340,000	-	-
Land held for sale	-	4,301,221	-
Total assets	<u>\$ 11,812,109</u>	<u>\$ 5,583,464</u>	<u>\$ 571,543</u>
LIABILITIES			
Accounts payable	\$ 820,505	\$ 7,861	\$ -
Salaries and wages payable	183,206	-	-
Due to other funds	34,492	-	-
Deposits	1,361,935	-	-
Deferred property taxes	-	-	452,000
Advances from other funds	-	155,058	-
Total liabilities	<u>2,400,138</u>	<u>162,919</u>	<u>452,000</u>
FUND BALANCES			
Reserved for:			
North Park	5,453	-	-
Land held for sale	-	4,301,221	-
Advances to other funds	340,000	-	-
Debt service	-	-	-
Unreserved, reported in:			
General fund	9,066,518	-	-
Special revenue funds	-	-	119,543
Capital projects fund	-	1,119,324	-
Total fund balances	<u>9,411,971</u>	<u>5,420,545</u>	<u>119,543</u>
Total liabilities and fund balances	<u>\$ 11,812,109</u>	<u>\$ 5,583,464</u>	<u>\$ 571,543</u>

The accompanying notes are an integral part of this statement.

Police Pension Contribution Fund	Special Service Area (SSA) Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,479	\$ 430,309	\$ 2,607,646
-	1,919,123	1,211,484	11,918,378
811,149	1,080,000	-	3,839,149
-	-	85,000	85,000
-	-	6,751	122,816
-	-	-	136,534
-	-	-	162,667
-	-	-	340,000
-	-	-	4,301,221
<u>\$ 811,149</u>	<u>\$ 3,001,602</u>	<u>\$ 1,733,544</u>	<u>\$ 23,513,411</u>
\$ -	\$ -	\$ 177,430	\$ 1,005,796
-	-	9,725	192,931
-	-	-	34,492
-	-	-	1,361,935
811,149	1,080,000	-	2,343,149
-	-	40,000	195,058
<u>811,149</u>	<u>1,080,000</u>	<u>227,155</u>	<u>5,133,361</u>
-	-	-	5,453
-	-	-	4,301,221
-	-	-	340,000
-	1,921,602	-	1,921,602
-	-	-	9,066,518
-	-	297,764	417,307
-	-	1,208,625	2,327,949
<u>-</u>	<u>1,921,602</u>	<u>1,506,389</u>	<u>18,380,050</u>
<u>\$ 811,149</u>	<u>\$ 3,001,602</u>	<u>\$ 1,733,544</u>	<u>\$ 23,513,411</u>

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Village of Lincolnshire, Illinois
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
For the Year Ended December 31, 2007

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

Total fund balances - governmental funds	\$ 18,380,050
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	69,608,675
Long-term liabilities, including bonds payable, notes payable, interest payable, and vacation payable, are not due and payable in the current period. Therefore, these liabilities are not reported in the current period and, consequently, are not reported in the governmental funds.	(22,247,831)
The Village's pension expenses are paid before the services have occurred; therefore, this expense is reported as a prepaid pension benefit.	1,135,289
The unrestricted net assets of the internal service fund are included in the governmental activities in the statement of net assets.	<u>(21,225)</u>
Net assets - governmental activities	\$ <u><u>66,854,958</u></u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

	General Corporate Fund	Tax Increment Financing Fund	Illinois Municipal Retirement Fund
Revenues			
Property taxes	\$ -	\$ 1,480,752	\$ 396,726
Other taxes	8,760,012	-	-
Licenses, permits, and fees	868,217	-	-
Fines and forfeitures	530,857	-	-
Allotments, grants, and reimbursements	246,944	-	-
Pension contributions	-	-	187,685
Miscellaneous	204,862	-	-
Interest income	431,258	32,980	3,343
Total revenues	<u>11,042,150</u>	<u>1,513,732</u>	<u>587,754</u>
Expenditures			
General government	2,052,093	559,103	665,402
Public safety	3,018,046	-	-
Community development	619,540	-	-
Public works	2,030,522	-	-
Parks and recreation	1,737,321	-	-
Capital outlay	-	56,204	-
Debt service			
Principal	278,634	100,000	-
Interest and fees	118,705	198,235	-
Total expenditures	<u>9,854,861</u>	<u>913,542</u>	<u>665,402</u>
Excess (deficiency) of revenues over expenditures	<u>1,187,289</u>	<u>600,190</u>	<u>(77,648)</u>
Other financing sources (uses)			
Transfers in	200,000	-	-
Transfers out	(2,647,000)	-	-
Total other financing sources (uses)	<u>(2,447,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,259,711)	600,190	(77,648)
Fund balances			
Beginning of year	<u>10,671,682</u>	<u>4,820,355</u>	<u>197,191</u>
End of year	<u>\$ 9,411,971</u>	<u>\$ 5,420,545</u>	<u>\$ 119,543</u>

The accompanying notes are an integral part of this statement.

Police Pension Contribution Fund	Special Service Area (SSA) Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 736,773	\$ 1,050,000	\$ -	\$ 3,664,251
-	-	-	8,760,012
-	-	-	868,217
-	-	-	530,857
-	-	748,664	995,608
-	-	-	187,685
-	-	68,510	273,372
-	80,903	70,484	618,968
<u>736,773</u>	<u>1,130,903</u>	<u>887,658</u>	<u>15,898,970</u>
-	-	472,244	3,748,842
736,773	-	-	3,754,819
-	-	-	619,540
-	-	-	2,030,522
-	-	-	1,737,321
-	-	1,394,994	1,451,198
-	-	-	378,634
-	-	-	316,940
<u>736,773</u>	<u>-</u>	<u>1,867,238</u>	<u>14,037,816</u>
-	1,130,903	(979,580)	1,861,154
-	-	1,084,925	1,284,925
-	(934,925)	(200,000)	(3,781,925)
-	(934,925)	884,925	(2,497,000)
-	195,978	(94,655)	(635,846)
-	1,725,624	1,601,044	19,015,896
<u>\$ -</u>	<u>\$ 1,921,602</u>	<u>\$ 1,506,389</u>	<u>\$ 18,380,050</u>

Village of Lincolnshire, Illinois

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2007

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

Net change in fund balances - total governmental funds \$ (635,846)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period. (852,329)

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals) is to decrease net assets. (56,846)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. 378,634

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 4,963

Expenditures are recognized at the time of purchase rather than based on consumption and, therefore, prepaids are not reported in the funds.

Prepaid expenses	\$	(4,150)	
Net pension benefit		<u>405,681</u>	401,531

The Vehicle Maintenance Fund, an internal service enterprise fund, is used by management to charge the cost of fleet management to individual funds. The net loss is reported with governmental activities. (14,832)

Change in net assets of governmental activities \$ (774,725)

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Proprietary Funds
Statement of Net Assets
December 31, 2007

	<u>Business-type Activities - Enterprise Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Vehicle Maintenance Operation Fund</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 796,525	\$ -
Investments	1,435,878	-
Customer receivables	369,459	-
Interest receivable	5,289	-
Due from other funds	27,222	13,870
Advance to other funds	155,058	-
Total current assets	<u>2,789,431</u>	<u>13,870</u>
Capital assets		
Land	36,325	-
Capital assets, net of accumulated depreciation	<u>44,306,879</u>	<u>12,543</u>
Total capital assets	<u>44,343,204</u>	<u>12,543</u>
Total assets	<u>47,132,635</u>	<u>26,413</u>
LIABILITIES		
Current liabilities		
Accounts payable	617,572	29,012
Salaries and wages payable	22,148	6,083
Accrued vacation payable	2,748	-
Accrued interest payable	48,233	-
Due to other funds	169,267	-
Advance from other funds	300,000	-
Notes payable - current portion	310,524	-
Total current liabilities	<u>1,470,492</u>	<u>35,095</u>
Notes payable, net of current portion	<u>1,718,441</u>	<u>-</u>
Total liabilities	<u>3,188,933</u>	<u>35,095</u>
NET ASSETS (DEFICIT)		
Invested in capital assets, net of related debt	42,314,239	12,543
Unrestricted net assets (deficit)	<u>1,629,463</u>	<u>(21,225)</u>
Total net assets (deficit)	<u>\$ 43,943,702</u>	<u>\$ (8,682)</u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Vehicle Maintenance Operation Fund
Operating revenues		
Charges for services	\$ 3,645,817	\$ 441,270
Miscellaneous	4,100	-
Total operating revenues	<u>3,649,917</u>	<u>441,270</u>
Operating expenses		
Water and sewer operations	3,421,469	-
Depreciation	1,577,886	7,703
Repairs and maintenance	-	446,404
Capital outlay	-	1,995
Total operating expenses	<u>4,999,355</u>	<u>456,102</u>
Operating loss	<u>(1,349,438)</u>	<u>(14,832)</u>
Nonoperating revenues (expenses)		
Sale of surplus property	23,513	-
Interest income	149,892	-
Interest expense	(96,828)	-
Total nonoperating revenues (expenses)	<u>76,577</u>	<u>-</u>
Net loss before transfers and capital contributions	<u>(1,272,861)</u>	<u>(14,832)</u>
Capital contributions - water system	<u>201,000</u>	<u>-</u>
Transfers		
Transfers in	<u>2,497,000</u>	<u>-</u>
Net transfers	<u>2,497,000</u>	<u>-</u>
Change in net assets	1,425,139	(14,832)
Net assets (deficit)		
Beginning of year	<u>42,518,563</u>	<u>6,150</u>
End of year	<u>\$ 43,943,702</u>	<u>\$ (8,682)</u>

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Proprietary Funds

Statement of Cash Flows

For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Vehicle Maintenance Operation Fund
Cash flows from operating activities		
Cash received from customers	\$ 4,166,729	\$ -
Cash received from other funds	-	441,270
Cash paid to suppliers	(3,791,468)	(446,140)
Cash paid to employees	(657,974)	-
Net cash used by operating activities	(282,713)	(4,870)
Cash flows from noncapital financing activities		
Due from other funds	(14,673)	4,870
Due to other funds	6,921	-
Transfers in	2,497,000	-
Advances to other funds	111,256	-
Advances from other funds	300,000	-
Net cash provided by noncapital financing activities	2,900,504	4,870
Cash flows from capital and related financing activities		
Acquisition of capital assets	(4,629,689)	-
Proceeds from sale of capital assets	23,513	-
Payments on notes payable	(309,084)	-
Interest paid on notes payable	(99,395)	-
Net cash used in capital and related financing activities	(5,014,655)	-
Cash flows from investing activities		
Purchase of investment securities	1,815,767	-
Interest on investments	157,946	-
Net cash used in investing activities	1,973,713	-
Net decrease in cash and cash equivalents	(423,151)	-
Cash and cash equivalents		
Beginning year	1,219,676	-
End of year	\$ 796,525	\$ -

(Continued)

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Proprietary Funds

Statement of Cash Flows (Continued)

For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Vehicle Maintenance Operation Fund
Cash flows from operating activities		
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	\$ (1,349,438)	\$ (14,832)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	1,577,886	7,703
(Increase) decrease in assets		
Customer receivables	516,695	-
Other receivables	117	-
Increase (decrease) in liabilities		
Accounts payable	(1,029,860)	1,732
Salaries and wages payable	2,398	527
Accrued vacation payable	(511)	-
Net cash provided by operating activities	<u>\$ (282,713)</u>	<u>\$ (4,870)</u>
Supplemental schedule of noncash investing activities:		
Capital contributions	<u>\$ 201,000</u>	<u>\$ -</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Police Pension Trust Fund Statement of Fiduciary Plan Net Assets December 31, 2007

ASSETS

Cash and cash equivalents	\$ 59,041
Investments, at fair value	
U.S. Government obligations	10,802,111
Accrued interest	<u>12,991</u>
Total assets	<u>\$ 10,874,143</u>

PLAN NET ASSETS

Assets held in trust for pension benefits	<u>\$ 10,874,143</u>
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A schedule of funding progress for the plan is presented following the notes to the financial statements.

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois
Police Pension Trust Fund
Statement of Changes in Fiduciary Plan Net Assets
For the Year Ended December 31, 2007

ADDITIONS

Contributions

Employer

Required

\$ 736,773

Additional

375,000

Plan members

178,763

Total contributions

1,290,536

Investment income

Net increase in the fair value of investments

47,627

Interest

664,027

Total investment income

711,654

Less investment expense

38,212

Net investment income

673,442

Total additions

1,963,978

DEDUCTIONS

Benefits

416,925

Administration

28,778

Total deductions

445,703

CHANGE IN PLAN NET ASSETS

1,518,275

PLAN NET ASSETS

Beginning of year

9,355,868

End of year

\$ 10,874,143

The accompanying notes are an integral part of this statement.

Village of Lincolnshire, Illinois

Notes to Financial Statements

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December 31, 2007

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Village of Lincolnshire, Illinois

Notes to Financial Statements

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Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. Reporting Entity

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

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

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

2. Government-wide and Fund Financial Statements

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

3. Fund Accounting

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

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

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

The following are the Village's governmental fund types:

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

Governmental Funds (Continued)

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

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

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

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

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

- Park Development Fund
- Special Service Area Capital Project Fund

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

The following are the Village's proprietary fund types:

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fund Accounting (Continued)

The following accounts make up the Enterprise Fund:

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

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

- Vehicle Maintenance and Operation Fund

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

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

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

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

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Property taxes are levied in December 2007 to finance the Village's 2008 calendar year.

The Village reports the following major governmental funds:

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

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

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

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

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

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

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

5. Cash Equivalents

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Investments

Investments are carried at fair value.

7. Receivables

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

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

8. Unbilled Services

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

9. Capital Assets

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

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

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Capital Assets (Continued)

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

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

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

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

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

10. Accrued Vacation and Sick Leave

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

Accumulated unpaid vacation pay is accrued when incurred in the proprietary funds. For governmental funds, the current portion of the liability is reported in the general fund, and, at December 31, 2007, there was no long-term portion.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Use of Estimates

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

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

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

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

Bonds payable	\$	15,000,000
Notes payable		6,782,841
Accrued interest payable		454,056
Accrued vacation payable		<u>10,934</u>

Net adjustment to reduce fund-balance total governmental funds to arrive at net assets – governmental activities.	\$	<u>22,247,831</u>
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2. Explanation of Certain Differences Between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

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

(Continued)

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

The details of this difference are as follows:

Depreciation expense	\$	(1,498,606)
Capital outlay		<u>646,277</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities.	\$	<u>(852,329)</u>

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

Accrued vacation	\$	(2,231)
Accrued interest		<u>7,194</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net assets of governmental activities.	\$	<u>4,963</u>

NOTE C - DEPOSITS AND INVESTMENTS

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

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of banks and savings and loan associations insured up to \$100,000 by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500 million and rated in the highest classification by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

As of December 31, 2007, the Village's cash and investments consisted of the following:

	<u>Government- Wide</u>	<u>Fiduciary</u>	<u>Total</u>
Cash and investments	\$ <u>16,758,427</u>	\$ <u>10,861,152</u>	\$ <u>27,619,579</u>

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

	Total
Cash on hand - Village	\$ 4,550
Cash on hand - Police Pension Fund	27
Deposits with financial institutions - Village	3,399,621
Deposits with financial institutions - Police Pension Fund	59,014
Other investments - Village	13,354,256
Other investments - Police Pension Fund	10,802,111
 Cash and investments	 \$ 27,619,579

As of December 31, 2007, the Village has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)	
		Less than 1	1 - 3
Governmental Cash Investment Fund	\$ 5,599,051	\$ 5,599,051	\$ -
Certificates of Deposit	5,026,798	4,933,302	93,496
Federal National Mortgage Association	1,009,236	1,009,236	-
Federal Home Loan Banks	1,719,171	1,719,171	-
 Investments	 \$ 13,354,256	 \$ 13,260,760	 \$ 93,496

As of December 31, 2007, the Police Pension Fund has the following investments and maturities (also on next page):

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less than 1	1 - 3	3 - 6	Greater than 6
Certificates of Deposit	\$ 1,992,027	\$ 587,169	\$ 303,650	\$ 1,101,208	\$ -
Money Market/Liquid Assets	2,789,394	2,789,394	-	-	-
U.S. Government Treasuries	1,399,839	1,073,179	-	-	326,660
 Investments	 \$ 6,181,260	 \$ 4,449,742	 \$ 303,650	 \$ 1,101,208	 \$ 326,660

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2007, the Police Pension Fund has the following investments and maturities (Continued):

	<u>Fair Value</u>	<u>Equities</u>
Mutual Funds	\$ 1,012,434	\$ 1,012,434
Common Stocks	<u>3,608,417</u>	<u>3,608,417</u>
	<u>4,620,851</u>	<u>\$ 4,620,851</u>
Total	<u>\$ 10,802,111</u>	

1. Interest Rate Risk

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

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

2. Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bonds funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not impose further limits on investment choices. As of December 31, 2007, the Village's investments in Federal National Mortgage Association and Federal Home Loan Bank bonds were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The fair value of the position in the external investment pool is the same as the value of the pool shares and these investments are not subject to risk categorization and conform to the Illinois Public Funds Act. The fund is managed by the financial institution in which it is held. The IMET Convenience Fund (\$1,523,932 of the total balance) is a depository vehicle that is 100 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of the Illinois Metropolitan Investment Fund at the Federal Reserve Bank of New York.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

2. Credit Risk (Continued)

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

3. Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank failure, the Village's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2007, none of the Village's deposits with financial institutions were exposed to custodial credit risk because it was undercollateralized.

In the case of deposits, this is the risk that, in the event of a bank failure, the Police Pension Fund's deposits may not be returned. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Police Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2007, \$5,897,811 of the Police Pension Fund's investments with financial institutions bank balances of \$10,861,125 was exposed to custodial credit risk.

4. Concentration of Credit Risk

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

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE C - DEPOSITS AND INVESTMENTS (Continued)

4. Concentration of Credit Risk (Continued)

Diversification by asset allocation is as follows: Large Cap Growth - 7% minimum, 10% preferred, 13% maximum; Large Cap Value - 17% minimum, 10% preferred, 13% maximum; Small/Midcap Growth - 5% minimum, 7.5% preferred, 10% maximum; Small/Midcap Value - 5% minimum, 7.5% preferred, 10% maximum; International Growth - 1% minimum, 2.5% preferred, 4% maximum; International Value - 1% minimum, 2.5% preferred, 4% maximum; and Fixed Income and Cash - 55% minimum, 60% preferred, 65% maximum.

NOTE D - PROPERTY TAX

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

1. Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 27,431,013	\$ -	\$ 10,000	\$ 27,421,013
Construction in progress	57,715	85,790	84,097	59,408
Total capital assets not being depreciated	27,488,728	85,790	94,097	27,480,421
Capital assets being depreciated				
Land improvements	5,714,758	-	-	5,714,758
Buildings and improvements	8,127,882	-	-	8,127,882
Infrastructure	50,884,916	189,270	-	51,074,186
Machinery and equipment	2,683,732	455,315	206,828	2,932,219
Total capital assets being depreciated	67,411,288	644,585	206,828	67,849,045
Less accumulated depreciation				
Land improvements	1,461,475	278,488	-	1,739,963
Buildings and improvements	2,342,598	213,834	-	2,556,432
Infrastructure	18,752,884	758,573	-	19,511,457
Machinery and equipment	1,817,507	255,414	159,982	1,912,939
Total accumulated depreciation	24,374,464	1,506,309	159,982	25,720,791
Total capital assets being depreciated, net	43,036,824	(861,724)	46,846	42,128,254
Governmental activities capital assets, net	\$ 70,525,552	\$ (775,934)	\$ 140,943	\$ 69,608,675

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE E - CAPITAL ASSETS (Continued)

2. Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 36,325	\$ -	\$ -	\$ 36,325
Construction in progress	2,003,932	4,455,655	6,459,587	-
Total capital assets not being depreciated	2,040,257	4,455,655	6,459,587	36,325
Capital assets being depreciated				
Buildings	1,544,175	-	-	1,544,175
Underground water and sewerage system	73,614,505	6,735,721	-	80,350,226
Furniture, machinery, and equipment	909,163	98,899	69,001	939,061
Total capital assets being depreciated	76,067,843	6,834,620	69,001	82,833,462
Less accumulated depreciation				
Buildings	709,699	34,224	-	743,923
Underground water and sewerage system	35,608,185	1,494,314	-	37,102,499
Furniture, machinery, and equipment	699,814	49,348	69,001	680,161
Total accumulated depreciation	37,017,698	1,577,886	69,001	38,526,583
Total capital assets being depreciated, net	39,050,145	5,256,734	-	44,306,879
Business-type activities capital assets, net	\$ 41,090,402	\$ 9,712,389	\$ 6,459,587	\$ 44,343,204

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE E - CAPITAL ASSETS (Continued)

3. Depreciation

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

Governmental activities	
General government	\$ 110,060
Public safety	89,177
Community development	2,118
Public works	894,088
Parks and recreation	<u>410,866</u>
Total depreciation expense - governmental activities	\$ <u>1,506,309</u>
Business-type activities	
Waterworks and Sewerage	\$ <u>1,577,886</u>

4. Construction Commitments

The Village has certain contracts in various funds for construction projects which were in progress at December 31, 2007. There were no remaining commitments under these contracts.

NOTE F - RISK MANAGEMENT

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

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

Each municipality has one member on the HELP Board of Directors and all budgeting and finance decisions are approved by the Board. Member municipalities' percent share of assets, liabilities, and equity ranges from 1.65% to 11.66%. The Village's share at December 31, 2007 is 1.65%. The Village does not exercise any control over the activities of the HELP beyond its representation on the Board of Directors.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE G - LONG-TERM DEBT

1. Changes in Long-Term Liabilities

The following is a summary of the Village's long-term debt balances and transactions for the year ended December 31, 2007:

	<u>Beginning Balance</u>	<u>Additions/ Issuances</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Notes payable	\$ 7,161,475	\$ -	\$ 378,634	\$ 6,782,841	\$ 419,712
SSA Bond	15,000,000	-	-	15,000,000	235,000
Compensated absences	8,703	10,934	8,703	10,934	10,934
Total long-term liabilities	<u>\$ 22,170,178</u>	<u>\$ 10,934</u>	<u>\$ 387,337</u>	<u>\$ 21,793,775</u>	<u>\$ 665,646</u>
<u>Business-type activities</u>					
Notes payable	\$ 2,338,049	\$ -	\$ 309,084	\$ 2,028,965	\$ 310,524
Compensated absences	3,259	2,748	3,259	2,748	2,748
Total long-term liabilities	<u>\$ 2,341,308</u>	<u>\$ 2,748</u>	<u>\$ 312,343</u>	<u>\$ 2,031,713</u>	<u>\$ 313,272</u>

2. General Long-Term Debt

At December 31, 2007, general long-term debt is comprised of the following:

Notes payable - tax increment financing:

\$4,000,000, due in annual installments of \$100,000, \$125,000, \$185,000, \$420,000, \$505,000, \$580,000, \$660,000, \$750,000, and \$675,000 beginning on January 1, 2007 and concluding on January 1, 2015. Interest is payable on January 1 and July 1 of each year at rates from 4.1% to 4.95%. Funded by the Tax Increment Financing (TIF) Fund. \$ 3,900,000

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE G - LONG-TERM DEBT (Continued)

2. General Long-Term Debt (Continued)

Notes payable:

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

2,882,841

Special Service Area bond:

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

15,000,000

Total general long-term debt

\$ 21,782,841

The annual payments to amortize all general long-term debt outstanding, including current portions, as of December 31, 2007, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 654,712	\$ 1,208,009	\$ 1,862,721
2009	740,492	1,178,876	1,919,368
2010	996,666	1,141,879	2,138,545
2011	1,108,250	1,096,335	2,204,585
2012	1,210,257	1,045,333	2,255,590
2013-2017	5,112,464	4,324,843	9,437,307
2018-2022	2,350,000	3,461,563	5,811,563
2023-2027	3,180,000	2,630,000	5,810,000
2028-2032	4,305,000	1,504,063	5,809,063
2033-2034	<u>2,125,000</u>	<u>201,250</u>	<u>2,326,250</u>
	<u>\$ 21,782,841</u>	<u>\$ 17,792,151</u>	<u>\$ 39,574,992</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE G - LONG-TERM DEBT (Continued)

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

At December 31, 2007, the Water and Sanitary Sewer Fund's promissory notes are comprised of the following:

\$2,200,000, due in semiannual installments ranging from \$54,374 to \$96,642. Principal is payable on January 1 and July 1 of each year beginning on July 1, 2003 and concluding on January 1, 2018. Interest is payable on January 1 and July 1 of each year at a rate of 4.00%. Funded by Water and Sewer Fund revenues.	\$ 1,668,965
\$1,800,000, due in semiannual installments of \$90,000. Principal is payable on January 1 and July 1 of each year beginning on January 1, 2000 and concluding on July 1, 2009. Interest is payable on January 1 and July 1 of each year at a rate of 5.05%. Funded by Water and Sewerage Fund revenues.	<u>360,000</u>
	<u>\$ 2,028,965</u>

The annual payments to amortize the promissory notes, including current portions, as of December 31, 2007, are as follows:

Year ending December 31,	Principal	Interest	Total
2008	\$ 310,524	\$ 83,092	\$ 393,616
2009	316,050	68,206	384,256
2010	141,624	55,612	197,236
2011	147,426	49,811	197,237
2012	153,350	43,887	197,237
2013-2017	866,873	119,307	986,180
2018	<u>93,118</u>	<u>1,932</u>	<u>95,050</u>
	<u>\$ 2,028,965</u>	<u>\$ 421,847</u>	<u>\$ 2,450,812</u>

4. Compensated Absences

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE H - INTERFUND BALANCES AND TRANSFERS

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are intended to be repaid currently from other resources of respective funds. Individual interfund balances at December 31, 2007 are shown as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Corporate Fund		
Water and Sanitary Sewer Fund -		
Water and Sewerage Revenue Account	\$ 321	\$ 4,955
Water and Sewer Improvement Account	-	15,667
Internal Service Fund - Vehicle Maintenance	-	13,870
	<u>321</u>	<u>34,492</u>
Water and Sanitary Sewer Fund -		
Water and Sewerage Revenue Account		
Water and Sanitary Sewer Fund -		
Water and Sewerage Improvement Account	6,600	-
General Corporate Fund	4,955	321
	<u>11,555</u>	<u>321</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account		
Tax Increment Financing Fund	-	162,346
Water and Sanitary Sewer Fund -		
Water and Sewerage Revenue Account	-	6,600
General Corporate Fund	15,667	-
Total Water and Sewer Improvement Account	<u>15,667</u>	<u>168,946</u>
Internal Service Fund - Vehicle Maintenance		
General Corporate Fund	<u>13,870</u>	<u>-</u>
Tax Increment Financing Fund		
Water and Sanitary Sewer Fund		
Water and Sewer Improvement Account	<u>162,346</u>	<u>-</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Total all funds	203,759	203,759
Amounts eliminated during GASB 34 adjustments	<u>(61,714)</u>	<u>(61,714)</u>
Total interfunds	<u>\$ 142,045</u>	<u>\$ 142,045</u>

Individual interfund advances at December 31, 2007 are shown as follows:

<u>Fund</u>	<u>Advance Receivables</u>	<u>Advance Payables</u>
General Corporate Fund		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	\$ 300,000	\$ -
Special Revenue Fund - Motor Fuel Tax Fund	<u>40,000</u>	<u>-</u>
	<u>340,000</u>	<u>-</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account		
Capital Project Fund - Tax Increment Financing Fund	155,058	-
General Corporate Fund	<u>-</u>	<u>300,000</u>
	<u>155,058</u>	<u>300,000</u>
Special Revenue Fund - Motor Fuel Tax Fund		
General Corporate Fund	<u>-</u>	<u>40,000</u>
Capital Project Fund - Tax Increment Financing Fund		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	<u>-</u>	<u>155,058</u>
Total all funds	495,058	495,058
Less amounts eliminated during GASB 34 adjustments	<u>(350,116)</u>	<u>(350,116)</u>
Total advances	<u>\$ 144,942</u>	<u>\$ 144,942</u>
Internal balances		
Total interfunds as shown above	\$ 142,045	\$ 142,045
Total advances as shown above	<u>144,942</u>	<u>144,942</u>
Total internal balances as shown on the statement of net assets	<u>\$ 286,987</u>	<u>\$ 286,987</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund with collection authorization to the capital project fund or enterprise fund as debt service and interest payments become due, or (2) move restricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization. Interfund transfers are recorded for permanent transfers between funds which are not expected to be repaid. Individual interfund transfers during the fiscal year ended December 31, 2007 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Corporate Fund		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	\$ -	\$ 2,497,000
Park Development Capital Project Fund	200,000	-
Special Revenue Fund - E 911 Fund	-	150,000
Total General Corporate Fund	<u>200,000</u>	<u>2,647,000</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account		
Water and Sanitary Sewer Fund -		
Water and Sewer Revenue Account	-	5,038,167
General Corporate Fund	2,497,000	-
	<u>2,497,000</u>	<u>5,038,167</u>
Water and Sanitary Sewer Fund -		
Water and Sewer Revenue Account		
Water and Sanitary Sewer Fund -		
Water and Sewer Improvement Account	<u>5,038,167</u>	<u>-</u>
Capital Projects Fund		
Park Development Capital Project Fund		
General Corporate Fund	<u>-</u>	<u>200,000</u>
Special Revenue Fund - E 911 Fund		
General Corporate Fund	<u>150,000</u>	<u>-</u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE H - INTERFUND BALANCES AND TRANSFERS (Continued)

Special Service Area Debt Service Fund		
Special Service Area Capital Projects Fund	934,925	-
Special Service Area Capital Projects Fund		
Special Service Area Debt Service Fund	-	934,925
Total all funds	8,820,092	8,820,092
Amounts eliminated during GASB 34 adjustments	<u>(6,323,092)</u>	<u>(6,323,092)</u>
Total transfers	<u>\$ 2,497,000</u>	<u>\$ 2,497,000</u>

NOTE I - RESTRICTIONS FOR ENABLING LEGISLATION

The government-wide statement of net assets reports \$417,307 of net assets restricted by enabling legislation which consists of the following:

Retirement payments	\$ 119,543
Roads	98,634
Emergency phone	<u>199,130</u>
	<u>\$ 417,307</u>

NOTE J - DEFERRED COMPENSATION PLAN

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

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE J - DEFERRED COMPENSATION PLAN (Continued)

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

NOTE K - RETIREMENT FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

The Village's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm. or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The Village is required to contribute at an actuarially determined rate. The employer rate for calendar year 2007 was 10.85% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2007 was 25 years.

For December 31, 2007, the Village's annual pension cost of \$379,211 was equal to the Village's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2007 actuarial valuation were based on the 2002-2004 experience study.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE K - RETIREMENT FUND COMMITMENTS (Continued)

1. Illinois Municipal Retirement Fund (Continued)

Ten -Year Trend Information - Illinois Municipal Retirement Fund

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/07	\$ 379,211	100 %	\$ -
12/31/06	348,651	100	-
12/31/05	319,784	100	-
12/31/04	280,304	100	-
12/31/03	205,009	100	-
12/31/02	165,595	100	-
12/31/01	177,485	100	-
12/31/00	161,617	100	-
12/31/99	161,413	100	-
12/31/98	150,070	100	-

2. Police Pension Retirement Fund Commitments

(a) Plan Description

Police-sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. Administrative costs are financed through investment earnings. The Village accounts for the plan as a pension trust fund. The Village's payroll for employees covered by the Police Pension Plan for the year ended December 31, 2007 was \$2,205,335 out of a total payroll of \$4,517,642.

At January 1, 2007, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	10
Current employees (on staff at December 31, 2007):	
Vested	15
Nonvested	9
	9
Total membership	34

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE K - RETIREMENT FUND COMMITMENTS (Continued)

2. Police Pension Retirement Fund Commitments (Continued)

(a) Plan Description (Continued)

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

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

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE K - RETIREMENT FUND COMMITMENTS (Continued)

2. Police Pension Retirement Fund Commitments (Continued)

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

Basis of Accounting

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

Method Used to Value Investments

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

(c) Contributions and Reserves

The Village's annual pension cost and net pension benefit to the Police Pension Funds were obtained from the fund's most recent actuarial valuations (December 2006) and are as follows:

Annual required contribution	\$ (321,728)
Interest on net pension obligation	51,073
Adjustment to annual required contribution	<u>(29,038)</u>
Annual pension cost	(299,693)
Contributions made	<u>587,243</u>
Increase in net pension benefit	287,550
Prepaid pension benefit at May 1, 2006	<u>847,739</u>
Prepaid pension benefit at December 31, 2006	<u><u>\$ 1,135,289</u></u>

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE K - RETIREMENT FUND COMMITMENTS (Continued)

2. Police Pension Retirement Fund Commitments (Continued)

(c) Contributions and Reserves (Continued)

Significant Investments

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

Six-Year Trend Information - Police Pension Trust Fund

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

* Eight-month period

NA - Not available

Actuarial Assumptions and Notes

The actuarial assumptions included (a) 7.00% investment rate of return, (b) projected salary increases of 5.50% a year, and (c) cost of living increases of 3.00% a year. The actuarial notes included (a) valuation date of December 31, 2006, (b) actuarial cost method of entry age normal, (c) amortization method of level percent closed, (d) remaining amortization period of 26 years, 6 months, and (e) asset valuation method of 4-year smoothed market.

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

1. Plan Description

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

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

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

2. Funding Policy

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

3. Annual OPEB Cost and Net OPEB Obligation

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

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

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

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

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

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

4. Funding Policy and Actuarial Assumptions

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

Village of Lincolnshire, Illinois

Notes to Financial Statements

December 31, 2007

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

4. Funding Policy and Actuarial Assumptions (Continued)

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

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

NOTE M - CONTINGENCIES

1. Grants

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

2. Litigation

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

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Village of Lincolnshire, Illinois

Illinois Municipal Retirement Fund

Schedule of Funding Progress

December 31, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/07	\$ 8,338,527	\$ 9,790,245	\$ 1,451,718	85.2 %	\$ 3,495,030	41.5 %
12/31/06	7,244,618	8,555,016	1,310,398	84.7	3,219,309	40.7
12/31/05	6,307,467	7,654,217	1,346,750	82.4	3,089,701	43.6
12/31/04	5,725,873	6,883,127	1,157,254	83.2	2,889,729	40.0
12/31/03	5,131,116	6,008,540	877,424	85.4	2,697,492	32.5
12/31/02	4,655,360	5,144,150	488,790	90.5	2,505,221	19.5
12/31/01	4,654,998	4,422,774	(232,224)	105.3	2,215,789	N/A
12/31/00	4,225,828	3,871,399	(354,429)	109.2	2,093,479	N/A
12/31/99	3,570,193	3,433,807	(136,386)	104.0	1,997,690	N/A
12/31/98	2,969,708	2,839,606	(130,102)	104.6	1,812,439	N/A

On a market value basis, the actuarial value of the assets as of December 31, 2007 is \$8,724,029. On a market basis, the funded ratio would be 89.11%.

Village of Lincolnshire, Illinois
Police Pension Fund
Schedule of Funding Progress
December 31, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Percentage of Covered Payroll ((b-a)/c)
12/31/06	\$ 9,204,085	\$ 13,839,955	\$ 4,635,870	66.5	% \$ 1,723,909	268.9 %
04/30/06	8,299,854	13,163,050	4,863,196	63.1	1,667,247	291.7
04/30/05	7,384,072	11,971,109	4,587,037	61.7	1,558,876	294.3
04/30/04	6,806,084	10,371,706	3,565,622	65.6	1,465,518	243.3
04/30/03	6,443,146	9,679,266	3,236,120	66.6	1,429,399	226.4
04/30/02	6,094,026	8,597,647	2,503,621	70.9	1,221,276	205.0
04/30/01	5,666,257	7,559,896	1,893,639	75.0	1,104,363	171.5
04/30/00	5,111,194	7,043,975	1,932,781	72.6	1,017,704	189.9
04/30/99	4,634,363	6,260,774	1,626,411	74.0	1,007,228	161.5
04/30/98	4,402,769	5,704,878	1,302,109	77.2	912,904	142.6
Fiscal Year Ended	Annual Required Contribution	Percentage Contributed				
12/31/06	\$ 321,728	182.5	%			
04/30/06	452,196	121.7				
04/30/05	383,116	109.2				
04/30/04	353,106	96.6				
04/30/03	275,929	119.6				
04/30/02	232,315	129.6				
04/30/01	225,438	121.5				
04/30/00	204,741	125.3				
04/30/99	168,767	128.3				
04/30/98	151,620	126.3				

Village of Lincolnshire, Illinois

General Corporate Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Other taxes	\$ 8,509,000	\$ 8,509,000	\$ 8,760,012	\$ 251,012
Licenses, permits, and fees	1,031,800	1,031,800	868,217	(163,583)
Fines and forfeitures	560,000	560,000	530,857	(29,143)
Allotments, grants, and reimbursements	283,000	283,000	246,944	(36,056)
Miscellaneous revenue	46,200	46,200	204,862	158,662
Interest income	475,000	475,000	431,258	(43,742)
Total revenues	<u>10,905,000</u>	<u>10,905,000</u>	<u>11,042,150</u>	<u>137,150</u>
Expenditures				
Current				
General government	2,093,200	2,093,200	2,052,093	41,107
Public safety	2,708,900	3,083,900	3,018,046	65,854
Community development	676,400	676,400	619,540	56,860
Public works	2,049,700	2,049,700	2,030,522	19,178
Parks and recreation	1,749,000	1,749,000	1,737,321	11,679
Debt service				
Principal	284,600	284,600	278,634	5,966
Interest expense	107,400	107,400	118,705	(11,305)
Total expenditures	<u>9,669,200</u>	<u>10,044,200</u>	<u>9,854,861</u>	<u>189,339</u>
Excess of revenues over expenditures	<u>1,235,800</u>	<u>860,800</u>	<u>1,187,289</u>	<u>326,489</u>
Other financing sources (uses)				
Transfers in	200,000	200,000	200,000	-
Transfers out	(1,428,000)	(2,647,000)	(2,647,000)	-
Total other financing uses	<u>(1,228,000)</u>	<u>(2,447,000)</u>	<u>(2,447,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 7,800</u>	<u>\$ (1,586,200)</u>	<u>(1,259,711)</u>	<u>\$ 326,489</u>
Fund balance				
Beginning of year			<u>10,671,682</u>	
End of year			<u>\$ 9,411,971</u>	

Village of Lincolnshire, Illinois

Tax Increment Financing (TIF) Fund

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

For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property taxes - TIF increment	\$ 1,514,000	\$ 1,480,752	\$ (33,248)
Grants	82,500	-	(82,500)
Interest income	18,000	32,980	14,980
 Total revenues	 <u>1,614,500</u>	 <u>1,513,732</u>	 <u>(100,768)</u>
Expenditures			
General government	7,550,000	559,103	6,990,897
Capital outlay	1,500,000	56,204	1,443,796
Debt service			
Advance from Water and Sewer Fund	142,716	-	142,716
Principal expense	4,000,000	100,000	3,900,000
Interest expense	91,284	198,235	(106,951)
 Total expenditures	 <u>13,284,000</u>	 <u>913,542</u>	 <u>12,370,458</u>
 Excess (deficiency) of revenues over expenditures	 <u>(11,669,500)</u>	 <u>600,190</u>	 <u>12,269,690</u>
Other financing sources			
Proceeds from debt	7,000,000	-	7,000,000
Gain from sale of land held for sale	4,000,000	-	4,000,000
 Total other financing sources	 <u>11,000,000</u>	 <u>-</u>	 <u>11,000,000</u>
 Net change in fund balance	 <u>\$ (669,500)</u>	 600,190	 <u>\$ 1,269,690</u>
Fund balance			
Beginning of year		<u>4,820,355</u>	
End of year		<u>\$ 5,420,545</u>	

Village of Lincolnshire, Illinois
Illinois Municipal Retirement Fund (IMRF) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Property taxes	\$ 394,100	\$ 396,726	\$ 2,626
Miscellaneous revenue			
Employee contributions	179,200	187,685	8,485
Interest income	<u>3,000</u>	<u>3,343</u>	<u>343</u>
Total revenues	<u>576,300</u>	<u>587,754</u>	<u>11,454</u>
Expenditures			
General government	<u>657,000</u>	<u>665,402</u>	<u>(8,402)</u>
Total expenditures	<u>657,000</u>	<u>665,402</u>	<u>(8,402)</u>
Net change in fund balance	<u>\$ (80,700)</u>	<u>(77,648)</u>	<u>\$ 3,052</u>
Fund balance			
Beginning of year		<u>197,191</u>	
End of year		<u>\$ 119,543</u>	

Village of Lincolnshire, Illinois
Notes to Required Supplementary Information
December 31, 2007

NOTE A - BUDGETS

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

- (a) The Village Manager submits to the Board of Trustees the proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- (b) The Village Board conducts several public budget review meetings to discuss the proposed budget.
- (c) A public hearing is conducted to obtain taxpayer comments on the proposed fiscal year appropriation ordinance.
- (d) The fiscal year appropriation ordinance, which incorporates the budget decisions of the Village Board, is legally enacted for the General Fund, special revenue funds, capital project funds, and proprietary fund types.
- (e) The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. Modifications to the budget can only be made by the Village Board of Trustees. Village management does not have the authority to modify the budget.
- (f) All appropriations lapse at year-end. No supplemental appropriations were made by the Village Board of Trustees during the year ended December 31, 2007.

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

Village of Lincolnshire, Illinois
Notes to Required Supplementary Information
December 31, 2007

NOTE B - ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF FUNDING PROGRESS
DIGEST OF CHANGES

Assumptions:

The actuarial assumptions used to determine the actuarial accrued liability for 2007 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

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

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Illinois Municipal Retirement Fund (IMRF) Fund	\$ 665,402	\$ 657,000	\$ (8,402)
Vehicle Maintenance and Operation Fund	448,399	427,400	(20,999)

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR FUNDS

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

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

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

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

Village of Lincolnshire, Illinois

Nonmajor Governmental Funds

Combining Balance Sheet

December 31, 2007

	<u>Special Revenue</u>		
	<u>Motor Fuel Tax Fund</u>	<u>E 911 Fund</u>	<u>Total Special Revenue Funds</u>
ASSETS			
Cash and cash equivalents	\$ 117,147	\$ 134,475	\$ 251,622
Investments	4,487	119,341	123,828
Other taxes receivable	17,000	68,000	85,000
Interest receivable	-	-	-
Total assets	\$ <u>138,634</u>	\$ <u>321,816</u>	\$ <u>460,450</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ 112,961	\$ 112,961
Salaries and wages payable	-	9,725	9,725
Advances from other funds	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total liabilities	40,000	122,686	162,686
Fund balances			
Unreserved	<u>98,634</u>	<u>199,130</u>	<u>297,764</u>
Total liabilities and Fund balances	\$ <u>138,634</u>	\$ <u>321,816</u>	\$ <u>460,450</u>

Capital Projects Funds

<u>Park Development Capital Projects Fund</u>	<u>Special Service Area Capital Projects Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 176,717	\$ 1,970	\$ 178,687	\$ 430,309
1,087,656	-	1,087,656	1,211,484
-	-	-	85,000
<u>6,751</u>	<u>-</u>	<u>6,751</u>	<u>6,751</u>
<u>\$ 1,271,124</u>	<u>\$ 1,970</u>	<u>\$ 1,273,094</u>	<u>\$ 1,733,544</u>
\$ 64,469	\$ -	\$ 64,469	\$ 177,430
-	-	-	9,725
<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
64,469	-	64,469	227,155
<u>1,206,655</u>	<u>1,970</u>	<u>1,208,625</u>	<u>1,506,389</u>
<u>\$ 1,271,124</u>	<u>\$ 1,970</u>	<u>\$ 1,273,094</u>	<u>\$ 1,733,544</u>

Village of Lincolnshire, Illinois
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2007

	Special Revenue		
	Motor Fuel Tax Fund	E 911 Fund	Total Special Revenue Funds
Revenues			
Allotments, grants, and reimbursements	\$ 191,531	\$ 348,629	\$ 540,160
Interest income	4,237	12,681	16,918
Miscellaneous	-	68,510	68,510
Total revenues	<u>195,768</u>	<u>429,820</u>	<u>625,588</u>
Expenditures			
General government	-	460,056	460,056
Capital outlay	190,000	122,217	312,217
Total expenditures	<u>190,000</u>	<u>582,273</u>	<u>772,273</u>
Excess (deficiency) of revenues over expenditures	<u>5,768</u>	<u>(152,453)</u>	<u>(146,685)</u>
Other financing sources (uses)			
Transfers in	-	150,000	150,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>150,000</u>	<u>150,000</u>
Net change in fund balance	5,768	(2,453)	3,315
Fund balances			
Beginning of year	<u>92,866</u>	<u>201,583</u>	<u>294,449</u>
End of year	<u>\$ 98,634</u>	<u>\$ 199,130</u>	<u>\$ 297,764</u>

Capital Projects Funds

<u>Park Development Capital Projects Fund</u>	<u>Special Service Area Capital Projects Fund</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 208,504	\$ -	\$ 208,504	\$ 748,664
53,566	-	53,566	70,484
<u>-</u>	<u>-</u>	<u>-</u>	<u>68,510</u>
<u>262,070</u>	<u>-</u>	<u>262,070</u>	<u>887,658</u>
-	12,188	12,188	472,244
<u>158,027</u>	<u>924,750</u>	<u>1,082,777</u>	<u>1,394,994</u>
<u>158,027</u>	<u>936,938</u>	<u>1,094,965</u>	<u>1,867,238</u>
<u>104,043</u>	<u>(936,938)</u>	<u>(832,895)</u>	<u>(979,580)</u>
-	934,925	934,925	1,084,925
<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>
<u>(200,000)</u>	<u>934,925</u>	<u>734,925</u>	<u>884,925</u>
(95,957)	(2,013)	(97,970)	(94,655)
<u>1,302,612</u>	<u>3,983</u>	<u>1,306,595</u>	<u>1,601,044</u>
<u>\$ 1,206,655</u>	<u>\$ 1,970</u>	<u>\$ 1,208,625</u>	<u>\$ 1,506,389</u>

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Revenues - Estimated and Actual
For the Year Ended December 31, 2007

	<u>Estimated</u> <u>Revenues</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Other taxes			
State income taxes	\$ 539,000	\$ 583,223	\$ 44,223
Sales taxes	3,300,000	3,331,377	31,377
Utility taxes	1,350,000	1,257,584	(92,416)
Telecommunication taxes	950,000	982,319	32,319
Room and admissions taxes	1,775,000	1,946,854	171,854
Real estate transfer taxes	445,000	503,004	58,004
Road and bridge taxes	67,000	70,516	3,516
State use taxes	83,000	85,135	2,135
Total other taxes	<u>8,509,000</u>	<u>8,760,012</u>	<u>251,012</u>
Licenses, permits, and fees			
Liquor licenses	61,000	61,534	534
Beach tags	8,000	9,943	1,943
Park user fees	42,000	34,160	(7,840)
Recreation programs	160,000	87,458	(72,542)
Amusement devices	7,500	7,750	250
Application fees	15,000	6,346	(8,654)
Engineering fees	30,000	23,013	(6,987)
Planner fees	9,000	2,564	(6,436)
Plan review fees	35,000	41,537	6,537
Annexation fees	11,300	-	(11,300)
Building permit fees	500,000	465,116	(34,884)
Acreage impact fees	46,000	-	(46,000)
Forester fees	12,500	13,669	1,169
Miscellaneous licenses and fees	10,000	11,240	1,240
Cable TV franchise fees	82,000	102,137	20,137
Waste hauler fees	2,500	1,750	(750)
Total licenses and fees	<u>1,031,800</u>	<u>868,217</u>	<u>(163,583)</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Revenues - Estimated and Actual (Continued)
For the Year Ended December 31, 2007

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fines and forfeitures			
Court fines	\$ 405,000	\$ 394,599	\$ (10,401)
False alarm fines and fees	5,000	10,808	5,808
Administrative tow fees	150,000	125,450	(24,550)
Total fines and forfeitures	<u>560,000</u>	<u>530,857</u>	<u>(29,143)</u>
Allotments, grants, and reimbursements			
Police grants	45,600	56,782	11,182
Police training reimbursements	7,500	7,769	269
Miscellaneous grants	79,900	-	(79,900)
Police services	150,000	182,393	32,393
Total allotments, grants, and reimbursements	<u>283,000</u>	<u>246,944</u>	<u>(36,056)</u>
Interest income	<u>475,000</u>	<u>431,258</u>	<u>(43,742)</u>
Miscellaneous revenue			
Sale of surplus equipment	36,200	52,401	16,201
Miscellaneous income	10,000	152,461	142,461
Total miscellaneous revenue	<u>46,200</u>	<u>204,862</u>	<u>158,662</u>
Total revenues	10,905,000	11,042,150	137,150
Other financing sources			
Transfer in from Park Development Fund	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 11,105,000</u>	<u>\$ 11,242,150</u>	<u>\$ 137,150</u>

(Concluded)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
General government			
Executive services			
Personal services			
Regular salaries	\$ 340,000	\$ 339,941	\$ 59
Overtime salaries	1,000	3,526	(2,526)
Total personal services	<u>341,000</u>	<u>343,467</u>	<u>(2,467)</u>
Contractual services			
Printing	11,500	8,866	2,634
Equipment maintenance	200	-	200
Professional services	11,000	9,261	1,739
Outside services	2,100	2,083	17
Total contractual services	<u>24,800</u>	<u>20,210</u>	<u>4,590</u>
Other charges			
Memberships	10,000	10,591	(591)
Vehicle expenditures	4,500	4,500	-
Professional development	4,000	2,815	1,185
Publications	500	652	(152)
Classified advertisements	4,000	4,763	(763)
Boards and commissions	3,500	2,239	1,261
Business expenditures	12,600	12,761	(161)
Total other charges	<u>39,100</u>	<u>38,321</u>	<u>779</u>
Total executive services	<u>404,900</u>	<u>401,998</u>	<u>2,902</u>
Finance			
Personal services			
Regular salaries	180,000	177,315	2,685
Overtime salaries	4,500	2,122	2,378
Total personal services	<u>184,500</u>	<u>179,437</u>	<u>5,063</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
General government (continued)			
Finance (continued)			
Contractual services			
Printing	\$ 1,000	\$ 409	\$ 591
Equipment maintenance	2,800	1,200	1,600
Professional services	23,500	25,898	(2,398)
Legal notices	600	670	(70)
Outside services	800	733	67
Total contractual services	<u>28,700</u>	<u>28,910</u>	<u>(210)</u>
Commodities			
Licensing supplies	<u>200</u>	<u>535</u>	<u>(335)</u>
Other charges			
Memberships	1,300	1,261	39
Professional development	1,400	153	1,247
Minor equipment	800	-	800
Publications	700	395	305
Business expenditures	600	751	(151)
Total other charges	<u>4,800</u>	<u>2,560</u>	<u>2,240</u>
Total finance	<u>218,200</u>	<u>211,442</u>	<u>6,758</u>
Legal			
Contractual services			
Legal services	<u>175,000</u>	<u>143,198</u>	<u>31,802</u>
Total legal	<u>175,000</u>	<u>143,198</u>	<u>31,802</u>
Insurance			
Personal services			
Unemployment claims	<u>1,000</u>	<u>-</u>	<u>1,000</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
General government (continued)			
Insurance (continued)			
Contractual services			
Telephone	\$ 65,700	\$ 55,543	\$ 10,157
Printing	40,000	36,298	3,702
Data systems	54,500	53,728	772
Postage	30,500	27,873	2,627
Duplicating	16,200	20,733	(4,533)
Medical insurance	731,000	757,499	(26,499)
General insurance	278,300	281,230	(2,930)
Property deductibles	2,000	2,500	(500)
Outside services	29,300	12,411	16,889
Total contractual services	<u>1,247,500</u>	<u>1,247,815</u>	<u>(315)</u>
Commodities			
Office supplies	<u>15,300</u>	<u>17,416</u>	<u>(2,116)</u>
Capital outlay			
Office equipment	<u>31,300</u>	<u>30,224</u>	<u>1,076</u>
Total insurance	<u>1,295,100</u>	<u>1,295,455</u>	<u>(355)</u>
Total general government	<u>2,093,200</u>	<u>2,052,093</u>	<u>41,107</u>
Public safety - police			
Personal services			
Regular salaries	2,140,000	2,137,424	2,576
Overtime salaries	80,000	67,911	12,089
Total personal services	<u>2,220,000</u>	<u>2,205,335</u>	<u>14,665</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Public safety - police (continued)			
Contractual services			
Printing	\$ 4,300	\$ 3,450	\$ 850
Equipment maintenance	46,000	41,775	4,225
Professional services	36,000	34,423	1,577
Data systems	7,000	2,343	4,657
Outside services	26,000	20,216	5,784
Total contractual services	<u>119,300</u>	<u>102,207</u>	<u>17,093</u>
Commodities			
Maintenance materials	<u>21,000</u>	<u>19,927</u>	<u>1,073</u>
Other charges			
Police pension contribution	375,000	375,000	-
Memberships	2,600	2,015	585
Vehicle expenditures	149,600	155,180	(5,580)
Professional development	31,000	24,561	6,439
Publications	1,000	545	455
Uniforms	24,000	19,447	4,553
Minor equipment	8,000	6,098	1,902
Business expenditures	9,000	7,657	1,343
Total other charges	<u>600,200</u>	<u>590,503</u>	<u>9,697</u>
Capital outlay			
Motor equipment	78,500	70,337	8,163
Other equipment	44,900	29,737	15,163
Total other charges	<u>123,400</u>	<u>100,074</u>	<u>23,326</u>
Total public safety	<u>3,083,900</u>	<u>3,018,046</u>	<u>65,854</u>
Community development			
Administration			
Personal services			
Regular salaries	455,000	434,262	20,738
Overtime salaries	9,000	26,116	(17,116)
Total personal services	<u>464,000</u>	<u>460,378</u>	<u>3,622</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Community development (continued)			
Administration (continued)			
Contractual services			
Professional services	\$ 2,000	\$ 1,831	\$ 169
Legal notices	400	203	197
Outside services	13,000	12,537	463
Total contractual services	<u>15,400</u>	<u>14,571</u>	<u>829</u>
Other charges			
Memberships	14,500	14,710	(210)
Vehicle expenditures	4,300	4,300	-
Professional development	9,700	2,729	6,971
Publications	3,200	2,005	1,195
Board and commissions	500	-	500
Business expenditures	7,300	3,275	4,025
Total other charges	<u>39,500</u>	<u>27,019</u>	<u>12,481</u>
Capital outlay			
Office equipment	20,000	-	20,000
Total administration	<u>538,900</u>	<u>501,968</u>	<u>36,932</u>
Forestry			
Personal services			
Regular salaries	58,000	58,517	(517)
Overtime salaries	2,500	1,545	955
Total personal services	<u>60,500</u>	<u>60,062</u>	<u>438</u>
Contractual services			
Outside services	70,000	52,311	17,689
Total contractual services	<u>70,000</u>	<u>52,311</u>	<u>17,689</u>

(Continued)

Village of Lincolnshire, Illinois

General Corporate Fund

Schedule of Expenditures - Budget and Actual (Continued)

For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Community development (continued)			
Forestry (continued)			
Other charges			
Memberships	\$ 500	\$ -	\$ 500
Vehicle expenditures	4,300	4,300	-
Professional development	1,400	699	701
Publications	200	-	200
Business expenditures	600	200	400
Total other charges	<u>7,000</u>	<u>5,199</u>	<u>1,801</u>
Total forestry	<u>137,500</u>	<u>117,572</u>	<u>19,928</u>
Total community development	<u>676,400</u>	<u>619,540</u>	<u>56,860</u>
Public works			
Administration			
Personal services			
Regular salaries	182,000	182,695	(695)
Overtime salaries	1,000	732	268
Total personal services	<u>183,000</u>	<u>183,427</u>	<u>(427)</u>
Contractual services			
Equipment maintenance	300	173	127
Professional services	91,000	57,183	33,817
Legal notices	1,000	1,690	(690)
Outside services	500	580	(80)
Total contractual services	<u>92,800</u>	<u>59,626</u>	<u>33,174</u>
Other charges			
Memberships	1,600	1,060	540
Vehicle expenditures	4,800	3,600	1,200
Professional development	4,000	2,786	1,214
Publications	300	103	197
Business expenditures	3,200	2,263	937
Total other charges	<u>13,900</u>	<u>9,812</u>	<u>4,088</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public works (continued)			
Administration (continued)			
Capital outlay			
Capital projects	\$ 215,000	\$ 96,915	\$ 118,085
Total administration	<u>504,700</u>	<u>349,780</u>	<u>154,920</u>
Streets and storm drainage			
Personal services			
Regular salaries	308,000	299,484	8,516
Overtime salaries	35,000	81,871	(46,871)
Total personal services	<u>343,000</u>	<u>381,355</u>	<u>(38,355)</u>
Contractual services			
Equipment maintenance	2,000	2,720	(720)
Electric utilities	18,000	13,219	4,781
Outside services	163,000	186,288	(23,288)
Total contractual services	<u>183,000</u>	<u>202,227</u>	<u>(19,227)</u>
Commodities			
Maintenance materials	13,000	16,227	(3,227)
Repair and restoration	17,000	15,013	1,987
Construction materials	3,000	1,339	1,661
Snow and ice control	45,000	71,409	(26,409)
Total commodities	<u>78,000</u>	<u>103,988</u>	<u>(25,988)</u>
Other charges			
Memberships	100	129	(29)
Vehicle expenditures	128,200	132,983	(4,783)
Professional development	1,000	607	393
Uniforms	3,500	3,336	164
Minor equipment	2,000	2,242	(242)
Business expenditures	700	500	200
Total other charges	<u>135,500</u>	<u>139,797</u>	<u>(4,297)</u>

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Public works (continued)			
Streets and storm drainage (continued)			
Capital outlay			
Motor equipment	\$ 3,000	\$ 3,884	\$ (884)
Capital projects	355,000	311,817	43,183
Other equipment	98,000	96,501	1,499
Total capital outlay	<u>456,000</u>	<u>412,202</u>	<u>43,798</u>
Total streets and storm drainage	<u>1,195,500</u>	<u>1,239,569</u>	<u>(44,069)</u>
Buildings			
Personal services			
Regular salaries	60,000	60,959	(959)
Overtime salaries	5,000	5,995	(995)
Total personal services	<u>65,000</u>	<u>66,954</u>	<u>(1,954)</u>
Contractual services			
Equipment maintenance	3,000	3,322	(322)
Outside services	132,000	166,881	(34,881)
Total contractual services	<u>135,000</u>	<u>170,203</u>	<u>(35,203)</u>
Commodities			
Maintenance materials	18,000	19,768	(1,768)
Repair and restoration	2,000	(1,175)	3,175
Construction materials	800	110	690
Total commodities	<u>20,800</u>	<u>18,703</u>	<u>2,097</u>
Other charges			
Memberships	100	-	100
Vehicle expenditures	4,300	4,300	-
Professional development	300	274	26
Uniforms	800	864	(64)

(Continued)

Village of Lincolnshire, Illinois
General Corporate Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Public works (continued)			
Buildings (continued)			
Other charges (continued)			
Minor equipment	\$ 12,000	\$ 12,861	\$ (861)
Business expenditures	1,200	1,077	123
Total other charges	<u>18,700</u>	<u>19,376</u>	<u>(676)</u>
Capital outlay			
Capital projects	34,000	97,972	(63,972)
Other equipment	76,000	67,965	8,035
Total capital outlay	<u>110,000</u>	<u>165,937</u>	<u>(55,937)</u>
Total buildings	<u>349,500</u>	<u>441,173</u>	<u>(91,673)</u>
Total public works	<u>2,049,700</u>	<u>2,030,522</u>	<u>19,178</u>
Parks and recreation			
Parks and grounds			
Personal services			
Regular salaries	480,000	477,580	2,420
Overtime salaries	42,000	65,130	(23,130)
Total personal services	<u>522,000</u>	<u>542,710</u>	<u>(20,710)</u>
Contractual services			
Equipment maintenance	1,500	293	1,207
Gas utilities	4,000	3,240	760
Electric utilities	45,000	35,423	9,577
Outside services	245,000	259,799	(14,799)
Total contractual services	<u>295,500</u>	<u>298,755</u>	<u>(3,255)</u>
Commodities			
Maintenance materials	49,000	44,408	4,592
Repair and restoration	6,000	3,708	2,292
Construction materials	5,000	3,652	1,348
Total commodities	<u>60,000</u>	<u>51,768</u>	<u>8,232</u>

(Continued)

Village of Lincolnshire, Illinois
 General Corporate Fund
 Schedule of Expenditures - Budget and Actual (Continued)
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Parks and recreation (continued)			
Parks and grounds (continued)			
Other charges			
Memberships	\$ 800	\$ 1,035	\$ (235)
Vehicle expenditures	94,000	97,507	(3,507)
Professional development	3,000	1,426	1,574
Publications	200	153	47
Uniforms	5,000	5,909	(909)
Minor equipment	2,000	1,825	175
Business expenditures	1,000	447	553
Total other charges	<u>106,000</u>	<u>108,302</u>	<u>(2,302)</u>
Capital outlay			
Capital projects	251,000	309,860	(58,860)
Other equipment	86,000	86,715	(715)
Total capital outlay	<u>337,000</u>	<u>396,575</u>	<u>(59,575)</u>
Total parks and grounds	<u>1,320,500</u>	<u>1,398,110</u>	<u>(77,610)</u>
Recreation services			
Personal services			
Regular salaries	120,000	90,628	29,372
Overtime salaries	6,000	3,889	2,111
Total personal services	<u>126,000</u>	<u>94,517</u>	<u>31,483</u>
Contractual services			
Printing	19,000	11,347	7,653
Equipment maintenance	1,000	218	782
Professional services	66,500	66,443	57
Outside services	202,000	156,012	45,988
Total contractual services	<u>288,500</u>	<u>234,020</u>	<u>54,480</u>
Other charges			
Memberships	1,200	953	247
Professional development	3,000	3,837	(837)

(Continued)

Village of Lincolnshire, Illinois
 General Corporate Fund
 Schedule of Expenditures - Budget and Actual (Continued)
 For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Parks and recreation (continued)			
Recreation services (continued)			
Other charges (continued)			
Publications	\$ 300	\$ 444	\$ (144)
Uniforms	3,000	1,728	1,272
Minor equipment	2,500	2,017	483
Business expenditures	4,000	1,695	2,305
Total other charges	<u>14,000</u>	<u>10,674</u>	<u>3,326</u>
Total recreation services	<u>428,500</u>	<u>339,211</u>	<u>89,289</u>
Total parks and recreation	<u>1,749,000</u>	<u>1,737,321</u>	<u>11,679</u>
Debt service			
Principal	284,600	278,634	5,966
Interest	107,400	118,705	(11,305)
Total debt service	<u>392,000</u>	<u>397,339</u>	<u>(5,339)</u>
Total expenditures	<u>10,044,200</u>	<u>9,854,861</u>	<u>189,339</u>
Other financing uses			
Transfers out	2,647,000	2,647,000	-
Total other financing uses	<u>2,647,000</u>	<u>2,647,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 12,691,200</u>	<u>\$ 12,501,861</u>	<u>\$ 189,339</u>

(Concluded)

Village of Lincolnshire, Illinois
Motor Fuel Tax (MFT) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Allotments, grants, and reimbursements	\$ 187,000	\$ 191,531	\$ 4,531
Interest income	<u>3,000</u>	<u>4,237</u>	<u>1,237</u>
Total revenues	<u>190,000</u>	<u>195,768</u>	<u>5,768</u>
Expenditures			
Capital outlay	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	5,768	<u>\$ 5,768</u>
Fund balances			
Beginning of year		<u>92,866</u>	
End of year		<u>\$ 98,634</u>	

Village of Lincolnshire, Illinois

E 911 Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended December 31, 2007

	Original and <u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Allotments - E 911 surcharges	\$ 320,000	\$ 348,629	\$ 28,629
Interest income	5,000	12,681	7,681
Fee for service - telecom	<u>68,000</u>	<u>68,510</u>	<u>510</u>
Total revenues	<u>393,000</u>	<u>429,820</u>	<u>36,820</u>
Expenditures			
General government			
Personal services	284,000	283,236	764
Contractual services	132,000	120,743	11,257
Commodities	300	285	15
Other charges	<u>56,200</u>	<u>55,792</u>	<u>408</u>
Total general government	472,500	460,056	12,444
Capital outlay	<u>150,000</u>	<u>122,217</u>	<u>27,783</u>
Total expenditures	<u>622,500</u>	<u>582,273</u>	<u>40,227</u>
Deficiency of expenditures over revenues	(229,500)	(152,453)	77,047
Other financing sources			
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance	\$ <u>(79,500)</u>	(2,453)	\$ <u>77,047</u>
Fund balance			
Beginning of year		<u>201,583</u>	
End of year		\$ <u>199,130</u>	

Village of Lincolnshire, Illinois
Park Development Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Allotments, grants, and reimbursements	\$ 321,000	\$ 208,504	\$ (112,496)
Interest income	<u>30,000</u>	<u>53,566</u>	<u>23,566</u>
Total revenues	<u>351,000</u>	<u>262,070</u>	<u>(88,930)</u>
Expenditures			
Capital outlay	<u>1,155,000</u>	<u>158,027</u>	<u>996,973</u>
Total expenditures	<u>1,155,000</u>	<u>158,027</u>	<u>996,973</u>
Excess (deficiency) of revenues over expenditures	(804,000)	104,043	908,043
Other financing uses			
Transfer out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,004,000)</u>	(95,957)	<u>\$ 908,043</u>
Fund balance			
Beginning of year		<u>1,302,612</u>	
End of year		<u>\$ 1,206,655</u>	

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ENTERPRISE FUND

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

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

Village of Lincolnshire, Illinois

Water and Sanitary Sewer Fund

Combining Balance Sheet

December 31, 2007

	<u>Revenue Account</u>	<u>Improvement Account</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 585,541	\$ 210,984	\$ 796,525
Investments	1,092,623	343,255	1,435,878
Customer receivables	335,824	33,635	369,459
Interest receivable	2,418	2,871	5,289
Due from other funds	11,555	15,667	27,222
Advances to other funds	-	155,058	155,058
Total current assets	<u>2,027,961</u>	<u>761,470</u>	<u>2,789,431</u>
Capital assets			
Land	36,325	-	36,325
Capital assets, net of accumulated depreciation of \$38,526,583	<u>44,306,879</u>	<u>-</u>	<u>44,306,879</u>
Total capital assets	<u>44,343,204</u>	<u>-</u>	<u>44,343,204</u>
Total assets	<u>\$ 46,371,165</u>	<u>\$ 761,470</u>	<u>\$ 47,132,635</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 435,328	\$ 182,244	\$ 617,572
Salaries and wages payable	22,148	-	22,148
Accrued vacation payable	2,748	-	2,748
Accrued interest payable	48,233	-	48,233
Due to other funds	321	168,946	169,267
Advance from other funds	-	300,000	300,000
Current portion of notes payable	<u>310,524</u>	<u>-</u>	<u>310,524</u>
Total current liabilities	<u>819,302</u>	<u>651,190</u>	<u>1,470,492</u>
Notes payable, net of current portion	<u>1,718,441</u>	<u>-</u>	<u>1,718,441</u>
Total liabilities	<u>2,537,743</u>	<u>651,190</u>	<u>3,188,933</u>
Net assets			
Invested in capital assets, net of related debt	42,314,239	-	42,314,239
Unrestricted	<u>1,519,183</u>	<u>110,280</u>	<u>1,629,463</u>
Total net assets	<u>43,833,422</u>	<u>110,280</u>	<u>43,943,702</u>
Total liabilities and net assets	<u>\$ 46,371,165</u>	<u>\$ 761,470</u>	<u>\$ 47,132,635</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Combining Schedule of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2007

	Waterworks and Sewerage Revenue Account	Water and Sewer Improvement Account	Total Water and Sewer Fund
Operating revenues			
Charges for services	\$ 3,155,242	\$ 490,575	\$ 3,645,817
Miscellaneous	4,100	-	4,100
Total operating revenues	<u>3,159,342</u>	<u>490,575</u>	<u>3,649,917</u>
Operating expenses			
Administration expenses	659,861	-	659,861
Operations expenses	2,498,880	262,728	2,761,608
Total operating expenses	<u>3,158,741</u>	<u>262,728</u>	<u>3,421,469</u>
Depreciation	<u>1,577,886</u>	-	<u>1,577,886</u>
Operating income (loss)	<u>(1,577,285)</u>	<u>227,847</u>	<u>(1,349,438)</u>
Nonoperating revenues (expenses)			
Sale of surplus property	23,513	-	23,513
Interest income	56,072	93,820	149,892
Interest expense	(96,828)	-	(96,828)
Total nonoperating revenues (expenses)	<u>(17,243)</u>	<u>93,820</u>	<u>76,577</u>
Net income (loss) before transfers and capital contributions	<u>(1,594,528)</u>	<u>321,667</u>	<u>(1,272,861)</u>
Capital contributions - water system	<u>201,000</u>	-	<u>201,000</u>
Transfers			
Transfers in	-	2,497,000	2,497,000
Transfers between accounts	5,038,167	(5,038,167)	-
Net transfers	<u>5,038,167</u>	<u>(2,541,167)</u>	<u>2,497,000</u>
Change in net assets	3,644,639	(2,219,500)	1,425,139
Net assets			
Beginning of year	<u>40,188,783</u>	<u>2,329,780</u>	<u>42,518,563</u>
End of year	<u>\$ 43,833,422</u>	<u>\$ 110,280</u>	<u>\$ 43,943,702</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Waterworks and Sewerage Revenue Account
Schedule of Revenues and Comparison with Estimated Revenues
For the Year Ended December 31, 2007

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services	\$ 3,260,000	\$ 3,155,242	\$ (104,758)
Miscellaneous	4,000	4,100	100
Interest income	<u>42,000</u>	<u>56,072</u>	<u>14,072</u>
Total revenues	<u>3,306,000</u>	<u>3,215,414</u>	<u>(90,586)</u>
Other financing sources			
Capital contribution - water system	-	201,000	201,000
Sale of surplus property	7,500	23,513	16,013
Transfer from water and sewer improvement account	<u>-</u>	<u>5,038,167</u>	<u>5,038,167</u>
Total other financing sources	<u>7,500</u>	<u>5,262,680</u>	<u>5,255,180</u>
Total revenues and other financing sources	<u>\$ 3,313,500</u>	<u>\$ 8,478,094</u>	<u>\$ 5,164,594</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Waterworks and Sewerage Revenue Account
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget
For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Administration			
Personal services			
Corporate salaries	\$ 225,000	\$ 210,255	\$ 14,745
Overtime salaries	500	992	(492)
Total personal services	<u>225,500</u>	<u>211,247</u>	<u>14,253</u>
Contractual services			
Telephone	7,300	6,358	942
Printing	7,300	6,214	1,086
Professional services	90,500	74,974	15,526
Data processing	6,000	5,980	20
Postage	3,200	3,410	(210)
Duplicating expense	1,800	2,417	(617)
Medical insurance	115,000	108,087	6,913
General insurance	125,700	128,460	(2,760)
Outside services	3,700	1,379	2,321
Total contractual services	<u>360,500</u>	<u>337,279</u>	<u>23,221</u>
Commodities			
Office supplies	<u>1,700</u>	<u>2,019</u>	<u>(319)</u>
Other charges			
Memberships	500	473	27
Vehicle expense	3,600	3,600	-
Professional development	500	-	500
Publications	200	81	119
Business expense	101,000	105,162	(4,162)
Total other charges	<u>105,800</u>	<u>109,316</u>	<u>(3,516)</u>
Total administration	<u>693,500</u>	<u>659,861</u>	<u>33,639</u>

(Continued)

Village of Lincolnshire, Illinois

Water and Sanitary Sewer Fund

Waterworks and Sewerage Revenue Account

Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget (Continued)

For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operations			
Personal services			
Regular salaries	\$ 320,000	\$ 317,908	\$ 2,092
Overtime salaries	25,000	35,286	(10,286)
Total personal services	<u>345,000</u>	<u>353,194</u>	<u>(8,194)</u>
Contractual services			
Equipment maintenance	18,000	17,801	199
Gas utilities	2,000	2,408	(408)
Electric utilities	85,000	102,091	(17,091)
Outside services	38,000	39,033	(1,033)
Water purchases	1,105,000	1,029,115	75,885
Sanitary sewer charges	923,000	868,815	54,185
Sanitary sewer transmission fee	8,000	7,758	242
Total contractual services	<u>2,179,000</u>	<u>2,067,021</u>	<u>111,979</u>
Commodities			
Maintenance materials	22,000	24,461	(2,461)
Water meters	15,000	3,829	11,171
Total commodities	<u>37,000</u>	<u>28,290</u>	<u>8,710</u>
Other charges			
Memberships	600	310	290
Vehicle expense	42,700	42,700	-
Professional development	1,500	1,003	497
Uniforms	3,800	3,603	197
Minor equipment	2,000	2,030	(30)
Business expenses	600	729	(129)
Total other charges	<u>51,200</u>	<u>50,375</u>	<u>825</u>
Total operations	<u>2,612,200</u>	<u>2,498,880</u>	<u>113,320</u>
Total operating expenses	<u>\$ 3,305,700</u>	<u>\$ 3,158,741</u>	<u>\$ 146,959</u>

(Concluded)

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Water and Sewer Improvement Account
Schedule of Revenues and Comparison with Estimated Revenues
For the Year Ended December 31, 2007

	<u>Estimated Revenues</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Charges for services - connection fees	\$ 1,000,000	\$ 456,940	\$ (543,060)
Watermain revenue	-	33,635	33,635
Interest income	80,000	93,820	13,820
Total revenues	<u>1,080,000</u>	<u>584,395</u>	<u>(495,605)</u>
Other financing sources			
Capital contribution-Village of Bannockburn	545,000	-	(545,000)
Transfer from General Fund	1,278,000	2,497,000	1,219,000
Loan proceeds	1,300,000	-	(1,300,000)
Loan pay by TIF Fund	123,200	-	(123,200)
Total other financing sources	<u>3,246,200</u>	<u>2,497,000</u>	<u>(749,200)</u>
Total revenues and other financing sources	<u>\$ 4,326,200</u>	<u>\$ 3,081,395</u>	<u>\$ (1,244,805)</u>

Village of Lincolnshire, Illinois
Water and Sanitary Sewer Fund
Water and Sewer Improvement Account
Schedule of Expenses, Exclusive of Depreciation, and Comparison with Budget
For the Year Ended December 31, 2007

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Operating expenses			
Capital outlay			
Motor equipment	\$ 58,000	\$ 5,291	\$ 52,709
Office equipment	15,400	12,868	2,532
Other equipment	2,500	3,652	(1,152)
Capital projects	6,417,000	240,917	6,176,083
Loan payments	484,200	-	484,200
	<u>6,977,100</u>	<u>262,728</u>	<u>6,714,372</u>
Operating expenses before capitalization	<u>6,977,100</u>	<u>262,728</u>	<u>6,714,372</u>
Total operating expenses	<u>6,977,100</u>	<u>262,728</u>	<u>6,714,372</u>
Other financing uses			
Transfer to waterworks and sewage revenue account	<u>-</u>	<u>5,038,167</u>	<u>(5,038,167)</u>
Total expenses and other financing uses	<u>\$ 6,977,100</u>	<u>\$ 5,300,895</u>	<u>\$ 1,676,205</u>

INTERNAL SERVICE FUND

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

Village of Lincolnshire, Illinois
Internal Service Fund - Vehicle Maintenance and Operation
Schedule of Operating Revenues and Expenses, Exclusive of Depreciation, and
Comparison with Budget
For the Year Ended December 31, 2007

	Original and Final Budget	Actual	Variance Positive (Negative)
Operating revenues - charges for services			
General Corporate Fund	\$ 384,700	\$ 398,570	\$ 13,870
Water and Sanitary Sewer Fund	42,700	42,700	-
Total operating revenues - charges for services	<u>\$ 427,400</u>	<u>\$ 441,270</u>	<u>\$ 13,870</u>
Operating expenses - repairs and maintenance			
Personal services			
Regular salaries	\$ 152,000	\$ 152,258	\$ (258)
Overtime salaries	9,000	11,791	(2,791)
Total personal services	<u>161,000</u>	<u>164,049</u>	<u>(3,049)</u>
Professional services			
Equipment maintenance	1,000	727	273
Medical insurance	31,500	29,678	1,822
General insurance	26,900	27,524	(624)
Outside services	20,000	36,719	(16,719)
Total professional services	<u>79,400</u>	<u>94,648</u>	<u>(15,248)</u>
Commodities			
Maintenance materials	5,000	7,224	(2,224)
Other charges			
Memberships	500	505	(5)
Professional development	500	423	77
Publications	4,500	3,803	697
Uniforms	1,900	2,210	(310)
Gasoline, oil, antifreeze	105,000	99,045	5,955
Vehicle maintenance parts	24,000	29,839	(5,839)
Vehicle tires	15,000	14,129	871
Business expense	28,100	30,529	(2,429)
Total other charges	<u>179,500</u>	<u>180,483</u>	<u>(983)</u>
Total operating expenses - repairs and maintenance	<u>424,900</u>	<u>446,404</u>	<u>(21,504)</u>
Capital outlay	2,500	1,995	505
Total expenses	<u>\$ 427,400</u>	<u>\$ 448,399</u>	<u>\$ (20,999)</u>

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

Village of Lincolnshire, Illinois
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
For the Year Ended December 31, 2007

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Governmental funds capital assets		
Land	\$ 27,421,013	\$ 27,431,013
Construction in progress	59,408	57,715
Land improvements	5,714,758	5,714,758
Buildings and improvements	8,127,882	8,127,882
Infrastructure	51,074,186	50,884,916
Machinery and equipment	<u>2,810,973</u>	<u>2,562,486</u>
Total governmental funds capital assets	\$ <u>95,208,220</u>	\$ <u>94,778,770</u>
 Investments in governmental funds capital assets by source		
From current revenues	\$ 68,477,680	\$ 68,048,229
Debt issuance	9,086,111	9,086,111
Contribution	16,726,112	16,726,112
Capital projects funds	<u>918,317</u>	<u>918,318</u>
Total governmental funds capital assets	\$ <u>95,208,220</u>	\$ <u>94,778,770</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital asset balances of the internal service funds at December 31, 2007 and 2006 were \$121,246.

Village of Lincolnshire, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2007

FUNCTION AND ACTIVITY	<u>Land</u>	<u>Construction in Progress</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>	<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Total</u>
General							
government	\$ -	\$ 59,408	\$ -	\$ 4,931,363	\$ 51,074,186	\$ 75,956	\$ 56,140,913
Public safety	-	-	-	557,105	-	744,573	1,301,678
Community							
development	-	-	-	-	-	64,010	64,010
Public works	21,901,736	-	145,000	1,562,588	-	1,416,452	25,025,776
Parks and recreation	<u>5,519,277</u>	<u>-</u>	<u>5,569,758</u>	<u>1,076,826</u>	<u>-</u>	<u>509,982</u>	<u>12,675,843</u>
Total capital assets	<u>\$ 27,421,013</u>	<u>\$ 59,408</u>	<u>\$ 5,714,758</u>	<u>\$ 8,127,882</u>	<u>\$ 51,074,186</u>	<u>\$ 2,810,973</u>	<u>\$ 95,208,220</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital asset balances of the internal service funds at December 31, 2007 and 2006 were \$121,246.

Village of Lincolnshire, Illinois
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2007

FUNCTION AND ACTIVITY	<u>Capital Assets</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u> <u>December 31, 2007</u>
General government	\$ 55,940,682	\$ 200,231	\$ -	\$ 56,140,913
Public safety	1,245,809	180,552	124,683	1,301,678
Community development	64,010	-	-	64,010
Public works	24,936,747	174,461	85,432	25,025,776
Parks and recreation	<u>12,591,522</u>	<u>91,034</u>	<u>6,713</u>	<u>12,675,843</u>
 Total capital assets	 <u>\$ 94,778,770</u>	 <u>\$ 646,278</u>	 <u>\$ 216,828</u>	 <u>\$ 95,208,220</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets. Capital asset balances of the internal service funds at December 31, 2007 and 2006 were \$121,246.

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STATISTICAL SECTION
(Unaudited)

Village of Lincolnshire, Illinois

Index to Statistical Section

December 31, 2007

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

Page

Financial Trends

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

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Schedule of Changes in Net Assets, Last Five Fiscal Years	108 - 111
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Revenue Capacity

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

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Sales Tax Information

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Debt Capacity

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Village of Lincolnshire, Illinois

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

(Concluded)

Village of Lincolnshire, Illinois

SCHEDULE OF NET ASSETS

Last Five Fiscal Years

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Eight Months Ended Dec. 31,	
2006	2007
\$ 2,525,276	\$ 3,664,251
2,568,006	3,999,735
823,909	1,257,584
611,741	982,319
1,343,633	1,946,854
542,911	503,004
67,396	70,516
(6,187)	-
536,929	566,567
51,768	273,372
(2,837,000)	(2,497,000)
<u>6,228,382</u>	<u>10,767,202</u>
	23,513
73,880	149,892
2,837,000	2,497,000
-	-
<u>2,910,880</u>	<u>2,670,405</u>
<u>9,139,262</u>	<u>13,437,607</u>
15,265,028	(774,725)
<u>3,402,166</u>	<u>1,425,139</u>
<u>\$ 18,667,194</u>	<u>\$ 650,414</u>

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

Function/Program	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Eight Months Ended Dec 31, 2006</u>	<u>2007</u>
Governmental activities					
General government	\$ 891,773	\$ 770,415	\$ 227,240	\$ 392,576	\$ 184,410
Police	140,730	288,644	599,781	599,846	1,126,430
Community development	374,825	619,500	833,928	374,803	529,232
Public works	418,370	245,474	36,334	16,974,149	257,244
Parks and recreation	-	207,684	285,456	771,195	340,066
Total governmental activities	<u>1,825,698</u>	<u>2,131,717</u>	<u>1,982,739</u>	<u>19,112,569</u>	<u>2,437,382</u>
Business-type activities					
Water and sewer	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>	<u>3,650,049</u>	<u>3,850,917</u>
Total business-type activities	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>	<u>3,650,049</u>	<u>3,850,917</u>
Total primary government	<u><u>\$4,603,732</u></u>	<u><u>\$5,268,414</u></u>	<u><u>\$6,203,942</u></u>	<u><u>\$22,762,618</u></u>	<u><u>\$6,288,299</u></u>

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

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

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

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
General Corporate Fund					
Reserved	\$ 376,479	\$ 453,652	\$ 263,576	\$ 355,533	\$1,583,377
Unreserved	<u>5,939,338</u>	<u>6,553,685</u>	<u>7,850,271</u>	<u>6,535,508</u>	<u>5,543,812</u>
Total general fund	<u>6,315,817</u>	<u>7,007,337</u>	<u>8,113,847</u>	<u>6,891,041</u>	<u>7,127,189</u>
All other governmental funds					
Reserved	1,640,941	1,491,053	1,484,108	1,484,108	1,656,108
Unreserved, reported in:					
Special revenue funds	(423,184)	(660,847)	(628,477)	(118,920)	(190,073)
Capital projects funds	1,183,118	2,311,818	1,164,573	640,660	(755,881)
Debt service funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>2,400,875</u>	<u>3,142,024</u>	<u>2,020,204</u>	<u>2,005,848</u>	<u>710,154</u>
Total fund balances - governmental funds	<u><u>\$8,716,692</u></u>	<u><u>\$10,149,361</u></u>	<u><u>\$10,134,051</u></u>	<u><u>\$8,896,889</u></u>	<u><u>\$7,837,343</u></u>

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

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

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06 (1)</u>	<u>Eight Months Ended Dec 31, 2006</u>	<u>2007</u>
\$ 1,123,946	\$ 2,416,636	\$ 180,409	\$ 95,453	\$ 345,453
<u>6,211,939</u>	<u>6,419,844</u>	<u>11,505,785</u>	<u>10,576,229</u>	<u>9,066,518</u>
<u>7,335,885</u>	<u>8,836,480</u>	<u>11,686,194</u>	<u>10,671,682</u>	<u>9,411,971</u>
2,026,108	8,043,230	6,422,115	4,301,221	4,301,221
(2,128,339)	(2,148,968)	54,824	491,640	417,307
100,634	1,064,854	87,783	1,825,729	2,327,949
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,725,624</u>	<u>1,921,602</u>
<u>(1,597)</u>	<u>6,959,116</u>	<u>6,564,722</u>	<u>8,344,214</u>	<u>8,968,079</u>
<u>\$ 7,334,288</u>	<u>\$ 15,795,596</u>	<u>\$ 18,250,916</u>	<u>\$ 19,015,896</u>	<u>\$ 18,380,050</u>

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

	1998-99	1999-00	2000-01	2001-02
Revenues				
Property taxes	\$ 571,908	\$ 516,823	\$ 588,059	\$ 661,408
Other taxes	5,076,785	6,232,348	7,115,357	6,629,333
Licenses, permits, and fees	862,760	1,094,488	914,823	487,197
Fines and penalties	312,930	315,171	320,318	366,435
Allotments, grants, reimbursements	782,247	352,380	571,764	300,430
Interest income	342,401	430,706	571,096	341,591
Pension contributions	97,387	101,583	106,713	114,851
Contribution of land	-	-	-	-
Miscellaneous	255,795	390,330	426,624	382,042
Total revenues	<u>8,302,213</u>	<u>9,433,829</u>	<u>10,614,754</u>	<u>9,283,287</u>
Expenditures				
General government	1,779,965	1,736,406	1,885,775	2,570,154
Public safety	1,484,795	1,611,113	1,631,852	1,752,192
Community development	305,027	297,042	351,637	354,688
Public works	1,400,781	1,631,835	1,893,681	2,086,750
Parks and recreation	610,984	694,548	735,824	892,258
Capital outlay	1,913,019	6,488,958	2,937,390	5,617,285
Debt service				
Interest	73,243	146,793	471,411	443,834
Principal	377,556	462,078	790,892	779,833
Total expenditures	<u>7,945,370</u>	<u>13,068,773</u>	<u>10,698,462</u>	<u>14,496,994</u>
Excess of revenues over (under) expenditures	<u>356,843</u>	<u>(3,634,944)</u>	<u>(83,708)</u>	<u>(5,213,707)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	950,000	5,150,000	-	4,000,000
Proceeds from refinancing	-	-	-	-
Gain on sale of land	-	-	-	-
Loss on refinancing	-	-	-	-
Transfers in	1,776,204	2,435,327	190,511	2,873,440
Transfers out	(1,621,769)	(2,517,714)	(122,113)	(2,807,668)
Total other financing sources (uses)	<u>1,104,435</u>	<u>5,067,613</u>	<u>68,398</u>	<u>4,065,772</u>
Net change in fund balances	<u>\$ 1,461,278</u>	<u>\$ 1,432,669</u>	<u>\$ (15,310)</u>	<u>\$ (1,147,935)</u>
Debt service as a percent of noncapital expenditures	7.5%	9.3%	16.3%	13.8%

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

2002-03	2003-04	2004-05	2005-06	Eight Months Ended Dec 31, 2006	2007
\$ 940,003	\$ 1,448,205	\$ 1,775,838	\$ 2,271,319	\$ 2,525,276	\$ 3,664,251
7,118,377	7,433,267	8,190,828	9,413,628	5,957,596	8,760,012
590,379	744,533	1,051,526	1,382,958	717,470	868,217
383,054	400,041	425,047	395,938	310,687	530,857
1,401,043	397,833	353,110	856,578	1,240,875	995,608
170,236	61,765	144,296	430,386	536,929	618,968
120,509	147,241	163,437	167,106	117,963	187,685
-	-	3,061,404	-	-	-
625,053	312,689	623,108	530,032	62,984	273,372
<u>11,348,654</u>	<u>10,945,574</u>	<u>15,788,594</u>	<u>15,447,945</u>	<u>11,469,780</u>	<u>15,898,970</u>
2,384,812	4,380,884	3,825,366	4,254,994	2,550,339	3,748,842
1,900,863	2,130,504	2,109,484	2,484,277	2,310,605	3,754,819
374,058	435,746	434,391	461,100	384,292	619,540
1,631,380	1,668,192	2,069,880	1,930,749	1,195,976	2,030,522
1,044,546	985,936	1,041,158	1,431,206	1,107,299	1,737,321
3,868,580	680,917	11,515,012	515,440	1,035,948	1,451,198
495,704	457,554	696,662	1,282,499	635,540	378,634
699,433	549,538	438,333	3,765,834	138,525	316,940
<u>12,399,376</u>	<u>11,289,271</u>	<u>22,130,286</u>	<u>16,126,099</u>	<u>9,358,524</u>	<u>14,037,816</u>
<u>(1,050,722)</u>	<u>(343,697)</u>	<u>(6,341,692)</u>	<u>(678,154)</u>	<u>2,111,256</u>	<u>1,861,154</u>
-	-	15,000,000	-	-	-
-	-	-	3,300,000	-	-
-	-	-	1,559,531	-	-
-	-	-	(38,333)	-	-
931,588	737,642	3,771,163	762,550	200,000	1,284,925
(940,412)	(897,000)	(3,968,163)	(959,550)	(3,037,000)	(3,781,925)
<u>(8,824)</u>	<u>(159,358)</u>	<u>14,803,000</u>	<u>4,624,198</u>	<u>(2,837,000)</u>	<u>(2,497,000)</u>
<u>\$ (1,059,546)</u>	<u>\$ (503,055)</u>	<u>\$ 8,461,308</u>	<u>\$ 3,946,044</u>	<u>\$ (725,744)</u>	<u>\$ (635,846)</u>
14.0%	9.5%	10.7%	32.3%	9.3%	5.5%

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales</u>	<u>Utility</u>	<u>Telecom</u>	<u>Room Admissions</u>
1998-99	\$ 402,975	\$ 1,391,624	\$ 1,199,713	\$ -	\$ 893,511
1999-00	475,876	1,840,295	1,290,956	-	1,054,145
2000-01	506,290	2,460,986	1,565,046	-	1,186,016
2001-02	539,712	3,066,840	1,646,380	-	1,255,910
2002-03	594,568	2,648,721	1,613,147	-	1,397,873
2003-04	617,122	2,691,299	1,460,589	395,673	1,448,742
2004-05	723,892	2,682,021	1,133,855	1,145,925	1,366,279
2005-06	1,013,677	2,915,587	1,116,426	1,066,449	1,594,677
Eight Months Ended Dec 31, 2006	2,525,276	2,568,006	823,909	611,741	1,343,633
2007	3,664,251	3,999,735	1,257,584	982,319	1,946,854

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

Note: The total revenue for the year ending December 31, 2007 would be \$11,441,944 without the telecom revenue. This would be an increase of 235.4% over the tax revenues collected in fiscal year 1998-99.

Percentage of change from April 30, 1999 (or inception for telecom revenue) through December 31, 2007:

1999-2007	909.3%	287.4%	104.8%	248.3%	217.9%
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<u>Real Estate Transfer</u>	<u>Other</u>	<u>Total</u>
\$ 218,256	\$ 755,494	\$ 4,861,573
224,625	805,797	5,691,694
270,349	896,892	6,885,579
369,400	921,050	7,799,292
239,418	925,715	7,419,442
321,162	978,337	7,912,924
342,511	941,809	8,336,292
628,323	1,057,581	9,392,720
542,911	67,396	8,482,872
503,004	70,516	12,424,263
230.5%	9.3%	255.6%

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

(in thousands of dollars)

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Farm Property</u>	<u>Total Taxable Assessed Value (a)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
1997-98	\$247,384	\$133,716	\$ 11,418	\$ 178	\$392,696	5.727	\$392,518
1998-99	257,756	159,498	3,043	283	420,580	5.785	420,297
1999-00	265,140	186,774	3,115	285	455,314	5.738	455,029
2000-01	274,258	204,109	3,181	111	481,659	5.906	481,548
2001-02	296,724	207,661	3,481	116	507,982	5.781	507,866
2002-03	321,495	218,580	3,451	126	543,652	5.689	543,526
2003-04	342,919	219,486	3,311	132	565,848	5.676	565,716
2004-05	361,518	221,063	3,370	135	586,086	5.832	585,951
2005-06	386,017	227,076	3,417	210	616,720	5.823	616,510
Eight Months Ended Dec 31, 2006	407,896	231,762	3,739	211	643,608	6.203	643,397
2007	440,006	237,952	3,461	220	681,639	(b)	681,419

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

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

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

(b) Data not available at this time.

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

(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates (1)	
	Village Basic Rate	General Obligation Debt Service	Total Direct	Stevenson 125 District	School District 103
1997-98	\$ 5.654	-	\$ 5.654	\$ 1.801	\$ 2.094
1998-99	5.745	-	5.745	1.860	2.106
1999-00	5.783	-	5.783	1.859	2.014
2000-01	5.740	-	5.740	1.835	1.993
2001-02	5.888	-	5.888	1.904	2.023
2002-03	5.689	-	5.689	1.890	1.898
2003-04	5.676	-	5.676	1.940	1.860
2004-05	5.832	-	5.832	2.062	1.850
2005-06	5.823	-	5.823	2.112	1.836
Eight Months Ended Dec 31, 2006	6.203	-	6.203	2.134	2.212

Source: Lake County Tax Extension Office.

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

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

Overlapping Rates (1)

College of Lake Co 532 District	Vernon Area Lib District	Lake County	Lincoln- shire Forest Preserve	Lincolnshire Riverwoods Fire District	Vernon Township	Other Minor Vernon Districts
\$ 0.220	\$ 0.284	\$ 0.525	\$ 0.156	\$ 0.350	\$ 0.085	\$ 0.044
0.222	0.285	0.531	0.155	0.352	0.077	0.044
0.221	0.284	0.531	0.157	0.485	0.077	0.044
0.213	0.280	0.521	0.187	0.483	0.071	0.044
0.235	0.275	0.516	0.221	0.490	0.062	0.043
0.208	0.267	0.502	0.232	0.473	0.063	0.042
0.201	0.265	0.490	0.225	0.466	0.060	0.041
0.200	0.264	0.465	0.219	0.504	0.053	0.042
0.197	0.223	0.454	0.210	0.505	0.051	0.042
0.195	0.222	0.450	0.204	0.516	0.051	0.043

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

<u>Taxpayer</u>	<u>At Fiscal Year-End</u> <u>April 30, 1999</u>			<u>At Year-End</u> <u>December 31, 2007</u>		
	<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u>	<u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total City</u>
			<u>Taxable</u> <u>Assessed</u> <u>Value</u>			<u>Taxable</u> <u>Assessed</u> <u>Value</u>
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 Co.				20,326,394	3	2.98%
Van Vlissingen & Co, Suite 100	8,574,975	7	2.18%	17,744,001	4	2.60%
Lincolnshire Campus LLC				15,581,250	5	2.29%
Indian Creek Investments				10,674,578	6	1.57%
Half Day LLC				9,555,918	7	1.40%
Corporate Overlook Campus				7,539,719	8	1.11%
E.C.D. Company				7,185,323	9	1.05%
Staples, Inc.				7,100,000	10	1.04%
Van Vlissingen	24,457,412	1	6.23%	-	-	-
Beacon Properties, L.P.	14,947,110	2	3.81%	-	-	-
Hewitt Holding LLC	12,127,912	3	3.09%	-	-	-
Prudential Realty Group	11,902,266	4	3.03%	-	-	-
American National Bank & Trust (Quill)	9,897,684	5	2.52%	-	-	-
Overlook Associates	8,861,227	6	2.26%	-	-	-
American National Bk & Trust of Chicago	8,384,834	8	2.14%	-	-	-
W. N. Overlook Associates	6,853,742	9	1.75%	-	-	-
Vandelay Industries	2,713,138	10	0.70%	-	-	-
Total	\$ 108,720,300		27.71%	\$ 139,691,754		20.49%
Total assessed valuation	\$ 392,696,000			\$ 616,721,000		

Source: Vernon Township Assessor

Village of Lincolnshire, Illinois

SALES TAX BY CATEGORY

Last Ten Years - July 1 to June 30th

(in thousands of dollars)

State of Illinois Fiscal Year (1)

Vendor Category	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	4	4	13	-	-	8	17	18	24	26
Drink, eat, rooms	317	361	348	375	438	476	483	508	590	659
Apparel	4	14	29	30	40	54	64	68	69	80
Furniture	94	228	371	390	382	512	498	530	493	523
Lumber, hardware	2	-	-	216	267	295	429	475	534	519
Auto and filling stations	41	57	63	49	42	52	55	58	292	56
Drugs, retail	1,055	1,499	1,468	1,277	729	888	788	977	893	935
Agricultural and all others	116	151	490	480	576	584	636	454	518	619
Manufacturing	<u>38</u>	<u>41</u>	<u>30</u>	<u>31</u>	<u>26</u>	<u>23</u>	<u>26</u>	<u>18</u>	<u>19</u>	<u>29</u>
Total	<u>\$1,671</u>	<u>\$2,355</u>	<u>\$2,812</u>	<u>\$2,848</u>	<u>\$2,500</u>	<u>\$2,892</u>	<u>\$2,996</u>	<u>\$3,106</u>	<u>\$3,432</u>	<u>\$3,446</u>
 Village sales tax rate	 1.00%									

Source: Illinois Department of Revenue.

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

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

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

<u>Year</u>	<u>Village Direct Rate</u>	<u>Lake County Overlapping (1)</u>
1998	1.00%	6.50%
1999	1.00	6.50
2000	1.00	6.50
2001	1.00	6.50
2002	1.00	6.50
2003	1.00	6.50
2004	1.00	6.50
2005	1.00	6.50
2006	1.00	6.50
2007	1.00	6.50

Source: Illinois Department of Revenue.

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

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

(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Business - Type Activities		Percentage of Personal Income (1)	Per Capita (1)
	Special Service Area Bonds	Bank Loans Payable	Tax Increment Financing	School Dist 125 Loan	Bank Loans Payable	Total Village		
1998-99	\$ -	\$ 2,169	\$ -	\$ 74	\$ 1,120	\$ 3,363	1.4%	\$ 570
1999-00	-	2,299	-	37	1,257	3,593	1.5%	609
2000-01	-	7,013	-	12	2,748	9,773	2.7%	1,600
2001-02	-	6,233	-	-	2,349	8,582	2.3%	1,405
2002-03	-	5,453	4,000	-	1,950	11,403	3.1%	1,867
2003-04	-	4,754	4,000	-	3,790	12,544	3.4%	2,054
2004-05	-	4,204	4,000	-	3,361	11,565	3.1%	1,893
2005-06	15,000	3,766	4,000	-	2,928	25,694	6.5%	3,931
Eight Months Ended								
Dec 31, 2006	15,000	3,300	4,000	-	2,338	24,638	6.3%	3,792
2007	15,000	2,882	3,900	-	2,029	23,811	6.1%	3,642

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

(1) Additional demographic information is available in the schedule of *Demographic and Economic Statistics*, Table 17.

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

Fiscal Year	General Bonded Debt Outstanding <i>(dollars in thousands, except per capita)</i>			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Special Service Area Bonds	Total		
1998-99	\$ -	\$ -	\$ -	0.00%	\$ -
1999-00	-	-	-	0.00%	-
2000-01	-	-	-	0.00%	-
2001-02	-	-	-	0.00%	-
2002-03	-	-	-	0.00%	-
2003-04	-	-	-	0.00%	-
2004-05	-	-	-	0.00%	-
2005-06	-	15,000	15,000	2.43%	2,295
Eight Months Ended Dec. 31,					
2006	-	15,000	15,000	2.33%	2,295
2007	-	15,000	15,000	2.33%	2,295

Notes:

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

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

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

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

Village of Lincolnshire, Illinois
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2007

(dollars in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping debt			
Debt repaid with property taxes			
School District 102	\$ 7,870	6.76%	\$ 532
School District 103	5,975	58.32%	3,485
School District 106	2,405	1.17%	28
School District 113	92,785	0.06%	56
School District 125	27,825	18.02%	5,014
Community College District 532	9,962	2.44%	243
Lincolnshire-Riverwoods Fire Protection District	-	48.13%	-
Vernon Area Public Library	-	24.87%	-
Lake County	4,735	2.32%	110
Lake County Forest Preserve	285,475	2.32%	6,623
Other debt			
Lake County capital leases	-	2.32%	-
Lake County - other debt	-	2.32%	-
Total overlapping debt			<u>16,091</u>
Village of Lincolnshire direct debt	-	100.00%	<u>6,783</u>
Total direct and overlapping debt			<u><u>\$ 22,874</u></u>

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

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

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

Village of Lincolnshire, Illinois
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Computation of Debt Margin

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

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

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

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1998	5,898	\$ 245,422	\$ 41,611	3.5%
1999	5,898	245,422	41,611	3.2%
2000	6,108	367,182	60,115	3.7%
2001	6,108	367,182	60,115	4.4%
2002	6,108	367,182	60,115	5.4%
2003	6,108	367,182	60,115	5.7%
2004	6,537	392,972	60,115	5.3%
2005	6,537	392,972	60,115	4.7%
2006	6,537	392,972	60,115	4.2%
2007	6,537	392,972	60,115	5.0%

Sources:

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

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

Village of Lincolnshire, Illinois

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

<u>Employer</u>	<u>Fiscal Year 1997-98</u>			<u>Fiscal Year 2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>
Hewitt Associates	4,079	1	33.99%	6,000	1	37.50%
W.W. Grainger	1,100	2	9.17%	-		
Quill Corporation	1,000	3	8.33%	746	2	4.66%
Marriott's Lincolnshire Resort	650	4	5.42%	610	3	3.81%
Adlai Stevenson High School	364	5	3.03%	505	4	3.16%
ACCO Brands	-			450	5	2.81%
Total	<u>7,193</u>		<u>59.94%</u>	<u>8,311</u>		<u>51.94%</u>

Sources:

Village Police Department Survey FY2006-07
 Adlai Stevenson High School Human Resources Department
 Lake County Partners Research Director
 Lincolnshire Chamber of Commerce membership data

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

<u>Function/Program</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government										
Executive Services	3.20	3.20	3.20	3.70	3.70	3.70	4.10	3.90	3.90	3.90
Finance	2.10	2.10	2.10	2.10	2.10	2.10	2.40	2.40	2.40	2.40
Public Safety										
Police	25.90	25.90	27.60	27.90	29.10	29.10	29.10	31.70	31.00	31.00
E 911	4.80	4.80	4.80	4.80	5.60	5.60	5.60	5.00	5.00	5.00
Community Development										
Development	5.00	5.75	5.75	5.75	5.25	5.75	5.25	6.25	6.25	6.75
Forestry ^a	0.50	0.50	0.50	0.50	1.00	0.50	1.00	1.00	1.00	1.00
Public works										
Administration	1.55	1.80	1.80	1.80	1.80	1.80	1.80	2.25	2.50	2.50
Streets	4.00	4.00	4.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Buildings	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water	8.25	8.25	8.25	8.35	8.35	8.35	8.60	8.15	8.15	8.15
Vehicle Maintenance	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry ^a	2.10	2.10	2.10	1.95	1.95	1.95	1.95	-	-	-
Parks and recreation										
Parks	5.85	7.05	5.35	5.95	6.95	7.95	7.90	9.80	9.80	10.00
Recreation	<u>2.45</u>	<u>1.85</u>	<u>1.85</u>	<u>3.30</u>	<u>3.30</u>	<u>3.30</u>	<u>3.30</u>	<u>3.35</u>	<u>3.35</u>	<u>3.35</u>
Total Village	<u>68.20</u>	<u>69.80</u>	<u>69.80</u>	<u>74.60</u>	<u>77.60</u>	<u>78.60</u>	<u>79.50</u>	<u>82.30</u>	<u>81.85</u>	<u>82.55</u>

Source: Village budget.

^aForestry function shared by Public Works and Community Development until FY06-07

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

<u>Function/Program</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
General government				
Resident mailings	14	15	15	15
Taxable property transfers	179	220	152	153
Fine revenues collected (in thousands)	290	293	297	342
Police				
Arrests (includes traffic)	4,790	5,312	7,488	8,535
DUI arrests	147	101	189	182
Community development				
Building permits issued	418	425	401	517
Parkway trees planted	60	36	38	36
Public works-general				
Street resurfacing (miles)	2.42	2	1.91	2.41
Project inspections	286	290	345	400
Street cleaned-miles	215	350	417	431
Cubic yards of leaves collected	3,317	4,000	3,780	4,740
Public works-water/sewer				
Average daily pumpage metered (millions of gallons)	1.176	1.222	1.228	1.221
JULIE utility locates	0	0	0	80
Parks and recreation				
Playground inspection hours	116	141	147	92
Special events hours	695	750	580	551
Number of programs	92	100	124	137
Number of participants	1,197	1,200	1,605	1,710

Sources: Various Village departments.

<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Eight Months Ended Dec. 31, 2006</u>	<u>2007</u>
14	13	13	13	9	13
206	207	194	176	105	118
353	381	403	377	230	395
8,387	9,235	9,235	9,699	9,600	9,832
149	160	160	135	125	102
431	458	441	469	340	400
42	36	50	68	77	85
2.02	2.22	1.77	3.01	0.98	1.46
500	400	450	472	267	500
381	425	464	597	575	500
5,340	5,480	4,580	6,420	5,490	6,500
1,238	1,300	1,419	1,524	1,387	1,500
94	1,880	2,154	3,217	3,305	3,200
152	176	173	269	194	210
843	784	711	484	569	600
263	342	438	351	345	360
1,634	1,871	1,475	995	860	950

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

<u>Function/Program</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
Police				
Patrol units	10	10	11	12
Stations	1	1	1	1
Public works				
Streets (miles)	33.0	33.0	33.0	33.0
Building facilities maintained	3	3	3	6
Parks and recreation				
Acreage	123.8	123.8	188.5	307.0
Parks	8	8	8	9
Baseball/softball diamonds ^a	2	2	2	6
Water-Sanitary Sewer				
Fire hydrants	823	823	825	825
Storage capacity (thousands of gallons)	4,600	4,600	4,600	4,600
Water mains (miles)	58.8	58.8	58.9	58.9
Sanitary sewers (miles)	40.0	40.0	41.0	41.0
Storm sewers (miles)	31.0	31.0	35.0	35.0

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

Sources: Audited financial statements, and various Village departments.

<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>Eight Months Ended Dec. 31, 2006</u>	<u>2007</u>
13	13	14	14	14	14
1	1	1	1	1	1
33.0	33.0	33.0	33.0	33.0	34.0
6	6	6	6	6	6
307.0	307.0	307.0	307.0	307.0	311.0
9	9	9	9	9	9
6	6	6	6	6	6
831	831	831	831	833	835
4,600	4,600	4,600	4,600	4,600	4,600
59.4	59.4	59.4	59.4	59.5	61.0
42.0	42.0	42.0	43.0	43.0	43.0
35.0	38.0	38.0	41.4	43.3	43.3

