



Village of
Lincolnshire
Illinois

Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2017

Prepared by Finance Department

Michael R. Peterson
Finance Director/Village Treasurer

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INTRODUCTORY SECTION

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2017

Mayor

Elizabeth Brandt

Village Board

Karen Feldman
Dr. Mara Grujanac
Mark Hancock

Dan Servi
Tom McDonough
Gerard Leider

Village Clerk

Barbara Mastandrea

* * * * *

Village Manager

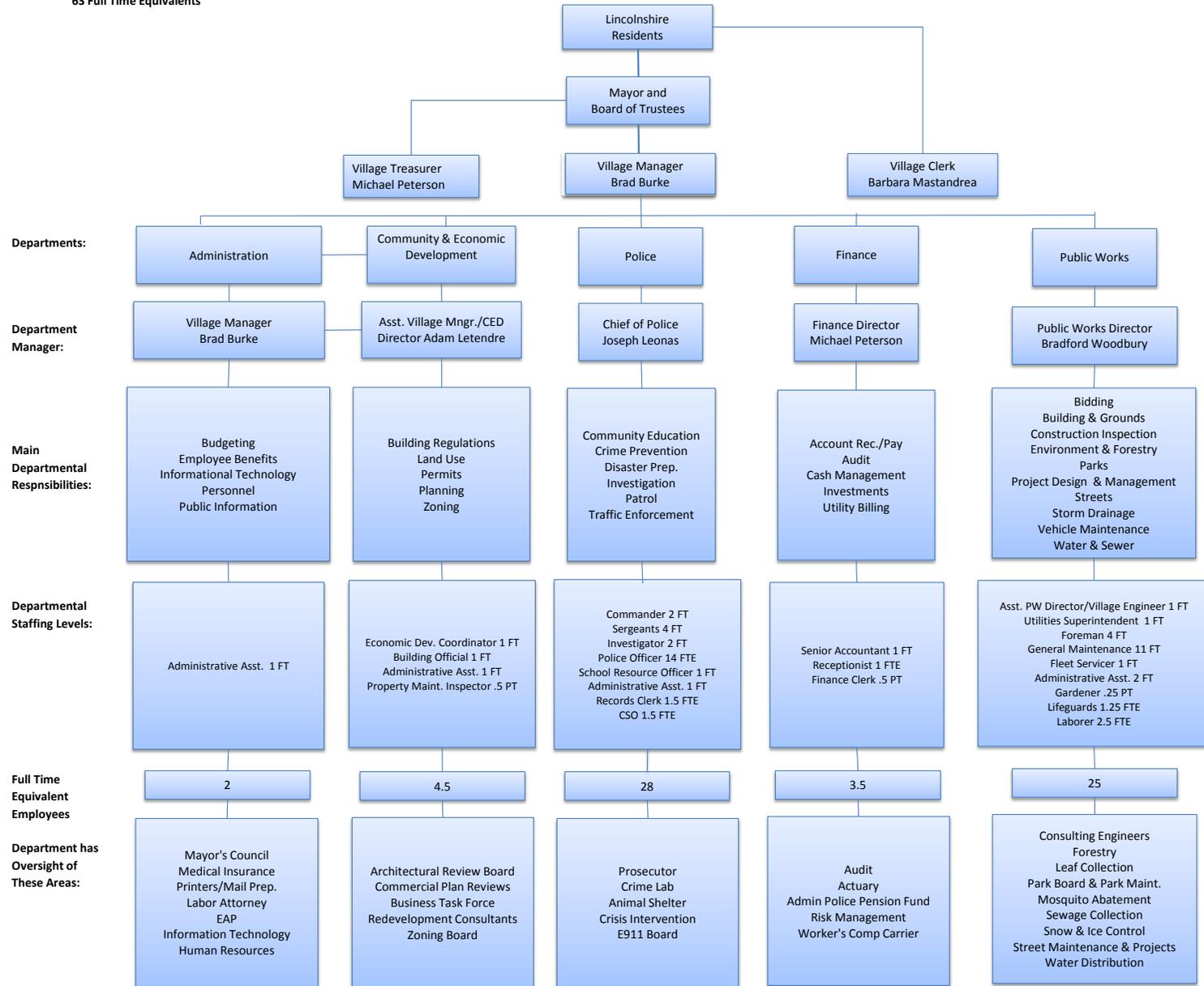
Bradly Burke

Finance Director/Village Treasurer

Michael R. Peterson

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

Village of Lincolnshire
 Organizational Chart
 12/31/2017





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May 21, 2018

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

Formal Transmittal

State law requires all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Village of Lincolnshire for the fiscal year ended December 31, 2017

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

Sikich LLP, Independent Certified Public Accountants, have issued an unmodified opinion on the Village's financial statements for the fiscal year ended December 31, 2017. The independent auditor's report is presented at the front of the financial section of this report.

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

Profile of the Village

Basic Information

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

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

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

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

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit their request for appropriations to the Village Manager as part of the annual budget process. The Village Manager presents the proposed budget to the Village Board for review in October. The Village Board adopts a final budget no later than the close of the fiscal year which is December 31. The budget is prepared by fund, function (i.e., public works), and division

(i.e., streets). Budgeted transfers must be approved by the Board. Any revisions altering the total expenditures of any department must be approved by the Village Board. Budget-to-actual comparisons are provided in this report for each governmental and proprietary fund for which an appropriated annual budget has been adopted.

Assessment of Economic Condition and Future Outlook

Local Economy

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

Annual operational cost and debt service has traditionally been funded with current revenues. Capital Expenses are typically funded via accumulated reserves designated for such use. This strategy is anticipated through the foreseeable fiscal year 2022. Prior to tax year 2016, property taxes have historically only been levied exclusively to fund the Village's two pension plans (police and non-sworn municipal employees). Tax year 2016, property taxes were only levied for Police Protection services. Beginning in tax year 2017, the Village has levied for police protection services, pensions and social security. For the past couple of years, the State of Illinois legislators have proposed property tax "freezes" with a various exceptions for police protection and pension. For this reason, Lincolnshire has levied taxes intending to keep options open for tax increases if needed.

The Village continues its long-standing practice to budget revenues conservatively, while assuming that 100% of the expense budget will be spent. This prudent practice has led to a healthy General Fund *Fund Balance* which is in compliance with the Village's fund balance policy.

Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year End	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
EAV (million)	\$644	\$625	\$586	\$563	\$561	\$562	\$604	\$639	\$688
Gen Fund Revenue	\$12.2	\$11.6	\$12.3	\$11.3	\$10.3	\$11.0	\$9.9	\$8.0	\$8.3
Gen Fund Reserve Ratio (% of annual expense plus debt)	75%	74%	124%	125%	145%	124%	116%	105%	92%

The three basic economic indicators listed above serve as benchmarks as to how Lincolnshire finances have been impacted over the years. Prior to FY2008, annually for eleven years, Village real estate values consistently showed, in total, an average increase of 5%. The Village experienced an 18.5% decline in total equalized assessed values from 2009 to 2013. From the 2013 low (\$561 million) to 2017 (\$644.3 million) values increased 14.9% (\$83.3 million).

Five types of revenue sources account for 75.5% of the total projected revenues for the FY18 General Fund. These sources and their respective budget increases/ -decreases over FY17 are as follows: Sales Tax (62.3%), Utility Tax (-0.4%), Telecommunication Tax (20.0%) Rooms & Admissions Tax (0%), and Property Tax (4.6%). Anticipating a moderate increase in 2018 revenues, the Village Board has tentatively agreed to maintain the current tax percentages. The General Capital Projects Fund was created in FY2013 to allocate General Fund reserves to pay for needed infrastructure projects and equipment. It is the Village's policy to maintain a reserve equal to 75% of one year's operating expenses. Reserves in excess of this policy are transferred to the General Capital Projects Fund annually. Any shortfalls in the General Funds reserve will be replenished from a General Capital Projects Fund transfer. The General Fund FY18 Budget anticipates a transfer of \$800,000 from the General Fund to the General Capital Projects Fund.

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

Long-Term Financial Planning

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

Relevant Financial Policies for this Year

The cornerstone of the Village's strategic financial planning has always been to conservatively anticipate revenues to be "lower than projected" and to assume expenditures to be "at 100% of budgeted". The General Fund unassigned fund balance is currently at 74.6% of annualized general fund operating expenditures (excluding Sales Tax Rebate and Police Pension Contribution). This is \$33,000 below the Village's policy guideline established for budgetary and planning purposes ("75% of one-year's operational expenditures excluding capital outlay, but includes annual debt service"). Additionally, the General Capital Projects Fund has a \$6.8 million balance reserved for capital.

The FY18 balanced General Fund budget was prepared without the necessity of drawing on the fund's reserves for General Fund operating expenses. In recent years "belt-tightening" measures were initiated, where appropriate, for operating and capital expenditures (i.e., joint purchasing agreements, department reorganization and leaving open unfilled positions, project by project evaluation, outsourcing dispatch services). Revenue from additional Home Rules Sales Tax (from 0.5% to 1.0%) and Food and

Beverage Tax (1.0%) have proven to be successful in generating additional tax revenues.

Major Initiatives of the Year

As part of the annual budget process, the Board of Trustees developed and prioritized the 2017 strategic goals to promote the Village Board's vision of providing outstanding public services in a fiscally conservative manner. Village staff also completed the fourth annual update of Lincolnshire's 10-Year Capital Plan and 5-Year Financial Forecast. Both of these documents aid elected officials, and management, to budget and plan expenditures in an effective and fiscally responsible manner. Goals for 2017 included continuing to increase efforts in Community & Economic Development including updating the Economic Development Strategic Plan set to expire in 2017 and increasing the Village's involvement and visibility at community events. Other priorities included long-range flood mitigation planning for the Lincolnshire Drive area; succession planning; and development of an updated pedestrian path plan.

The Village Board, management and staff are pleased to report the primary goal of maintaining high service levels while not increasing the burden to the taxpayers has been substantially achieved even in light of the uncertainty regarding the financial position of the State of Illinois. The Village Board, as part of the 2017 budget process, determined it was in the best interests of the Village to appropriate a portion of Police Protection Services, FICA Expenses, and IMRF Contributions separate from the General Corporate Fund. This was necessary to provide the opportunity to levy a property tax for police protection, FICA expenditures and IMRF Contributions. For the fifth consecutive year, the Village maintained a stable property tax rate which comprises less than 3% of the total property tax bill paid by residents in the community.

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

In terms of the Village's enterprise system, water and sewer rates were increased 5.0%. A significant commitment was made in 2014 to begin to address water distribution system infrastructure needs as outlined in the 10-Year Capital Plan. In 2016 plans were developed, and in 2017 the Village replaced a water main in the Pembroke neighborhood at a total cost of nearly \$700,000. This project will minimize the ongoing water main breaks that have occurred in this area.

Development Initiatives

In 2017, a number of significant commercial, industrial and residential projects were approved or constructed resulting in one-time revenues associated with property transfer, building permit fees, as well as long-term revenues via additional property, sales, and utilities taxes for the Village.

- **Lincolnshire Marriott Resort** completed a \$27 million interior and exterior transformation of the 175-acre property. The improvements included remodeled

hotel guest rooms and lobby, as well as new restaurants, spa, banquet pavilion and signs.

- **Culver's** began construction on a new 4,000-square-foot restaurant building at 405 Milwaukee Avenue, north of The Fresh Market grocery store in the Lincolnshire Market Place Center. The grand opening is expected to be in March 2018.
- **Loft 21 Banquet Hall** completed significant interior and exterior renovations and opened in a vacant 31,000-square-foot building at 1501 Milwaukee Avenue previously occupied by Cubby Bear sports bar.
- **The Gardner School** completed significant components of construction of a 16,000-square-foot daycare center on a vacant parcel at 250 Barclay Boulevard, Lincolnshire Corporate Center. The daycare center plans to open in the summer of 2018.
- **NorthShore Medical Group** completed major interior renovations of the former 33,000-square-foot Barnes and Noble bookstore building for physicians' offices. NorthShore opened in early 2017 in the Lincolnshire Commons Shopping Center.
- **Laura B. Sprague and Half Day Elementary Schools**, operated by the Lincolnshire-Prairie View School District 103, completed building additions to better serve the needs of school children residing in the district. The building additions were ready for occupancy at the start of the 2017/18 school year.
- ECD Company obtained permits and began construction on a 302-unit luxury apartment complex, known as **444 Social**, south of the Regal Cinemas, southwest corner of Milwaukee Avenue and Aptakisic Road. The apartments are geared toward empty nesters, young professionals, corporate executives and families. First occupancies are slated for October 2018.
- The Village and Medline Industries, owner of a 40-acre site at the northwest corner of Route 22 and I-94, continued marketing the high-profile, "gateway" **Medline** property for a new mixed-use development. The site represents a unique development opportunity, coupled with an adjacent Florsheim 100-acre estate immediately west. In late 2017, GlenStar Properties submitted an application for the Medline site redevelopment which included entertainment, athletic, restaurant and hotel uses. The proposal received initial reviews by the Village Board in late 2017, with additional reviews and potential approvals planned for 2018.
- **Heathrow Scientific and Daigger Scientific**, two sister companies specializing in medical product design and distribution, began the board approval process to locate their corporate headquarters on a 10-acre vacant site at 325 Marriott Drive, southwest corner of Milwaukee Avenue and Marriott Drive.
- Pulte Homes continued construction of an 86-unit townhome development known as **Camberley Club**. It is located on a 20-acre property at the southeast corner of

Milwaukee Avenue and Riverside Road, north of Sedgebrook Retirement Community. As of December 31, 2018, 39 townhome units were occupied and 28 additional townhome permits were active and in process. As part of the development, the adjacent intersection was realigned and a trailhead park constructed at the intersection of Milwaukee Avenue and Riverside Road.

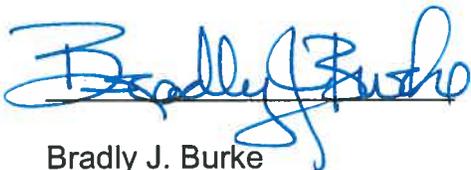
- The developer KZF Stack began pursuing a transfer of development rights to Taylor Morrison, a new developer for the proposed **Lincolnshire Trails Subdivision**. Following final plan approvals expected to take place in 2018, Taylor Morrison plans to construct 44 townhome units on a 20-acre property located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club.
- The developer Arthur J. Greene Construction received final approvals for a 15-lot single-family home subdivision known as **Manors of Whytegate**. The subdivision will be located on the former Mons homestead at 1700 Riverwoods Road, north of Half Day Road. Construction is expected to begin in the spring of 2018, and first occupancies are slated for fall 2018.
- Lincolnshire added 15 new commercial and industrial businesses in 2017. The two largest new businesses were **FMI**, a medical company, which located in a 70,000-square-foot building at 500 Bond Street and **Ice Mobility**, a wireless product distributor, which moved into a 100,000-square-foot building at 610 Schelter Road.

Acknowledgments

Individuals

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

Respectively Submitted,



Bradly J. Burke
Village Manager



Michael R. Peterson
Finance Director/ Treasurer

FINANCIAL SECTION

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Naperville, IL 60563
630.566.8400

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois (the Village), as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Sikich LLP

Naperville, Illinois
May 21, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF LINCOLNSHIRE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

As management of the Village of Lincolnshire, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2017 (FY17). Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village exceeded its liabilities at the close of fiscal year ending December 31, 2017 by \$104.9 million (net position). Of this amount, (\$3.23) million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted balance are primarily related to implementation of Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans.
- The Village's total net position increased by \$3,056,914 during the twelve months ended December 31, 2017. The net position associated with "governmental activities" increased \$1,834,458, while the "business-type activities" increased \$1,222,456. The increases are primarily related to the 444 Social apartment development. In 2017, the Village received half of the required park donation from the developers, totaling \$1,514,000. Additionally, the Village received more than \$2 million in water and sewer connection fees. The one-time connection fee revenue, from 444 Social developers, will be solely dedicated to funding water and sewer system capital needs.
- At the close of the current fiscal year, the Village's governmental fund's reported combined fund balances of \$17.88 million, an increase of \$1.06 million, or 6.3%, in comparison with the prior fiscal period. The components of the combined fund balance consist of eight different funds; two of which are considered "major" and six considered "non-major." At 39.4%, the General Fund comprises the largest share of the Village's combined ending fund balance; the General Capital Projects Fund is second at 38.1%; and Special Service Area (SSA) Debt Services is the third largest fund at 12.0%. The Village is the conduit to the Special Service Area (Sedgebrook Development) Debt Service. The entire SSA Debt Service Fund Balance is restricted. Of the \$7.04 million fund balance held in the General Fund, 84.6% of it is available for spending at the government's discretion (classified as "unrestricted, unassigned").
- At the end of FY17; the General Fund unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) plus the value of land held for resale represents \$7,011,644; or approximately 74.6% of the General Corporate Fund FY2018 annual operating expenditures (excluding capital and transfers to capital, but including debt service). The Village's policy is to maintain a minimum of 75% of equivalent expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

GOVERNMENT REPORTING THE VILLAGE AS A WHOLE

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements are presented on pages 3-6 of this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

The basic governmental fund financial statements are presented on pages 7-10 of this report.

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

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

The basic proprietary fund financial statements are presented on pages 11-15 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Lincolnshire Police Pension plan is reported as a pension trust fund in the financial Statements, but is excluded from the government-wide reporting. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements are presented on pages 16-17 of this report.

Notes to the financial statements

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

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service fund are presented in a subsequent section of this report beginning on page 60.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted in an earlier statement, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lincolnshire, assets exceeded liabilities by \$104.9 million at the close of the most recent fiscal year.

The largest portion of the Village's net position (99.4%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
Current and Other Assets	\$22,002,444	\$22,325,716	\$2,071,515	\$3,443,560	\$24,073,959	\$25,769,276
Capital Assets	69,977,569	70,092,708	34,029,430	34,152,185	104,006,999	104,244,893
Deferred Outflows of Resources	2,497,806	1,479,983	421,815	336,096	2,919,621	1,816,079
Total Assets and Deferred Outflows	\$94,477,819	\$93,898,407	\$36,522,760	\$37,931,841	\$131,000,579	\$131,830,248
Other Liabilities	3,285,349	3,019,630	618,533	884,337	3,903,882	3,903,967
Long-Term Liabilities	21,030,810	19,047,264	1,014,695	904,736	22,045,505	19,952,000
Deferred Inflows of Resources	3,156,289	2,991,684	49,027	79,807	3,205,316	3,071,491
Total Liabilities and Deferred Inflows	\$27,472,448	\$25,058,578	\$1,682,255	\$1,868,880	\$29,154,703	\$26,927,458
Net Position						
Investment in Capital Assets Net of Related Debt	69,513,712	70,092,708	33,849,040	34,152,185	103,362,752	104,244,893
Restricted	2,820,674	3,886,431			2,820,674	3,886,431
Unrestricted	(5,329,015)	(5,139,310)	991,465	1,910,776	(4,337,550)	(3,228,534)
Total Net Position	\$67,005,371	\$68,839,829	\$34,840,505	\$36,062,961	\$101,845,876	\$104,902,790

For Fiscal Year ended 2017, the Total Primary Government, as well as Governmental Activities, reported positive balances in two of the three categories of net position. The negative Unrestricted balance are primarily related to the 2016 implementation of Governmental Accounting Standard #68 accounting and financial reporting for pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans. Business-type activities reported positive balances in all three categories of net position. The same situation held true for the prior fiscal year. The Village has funded capital improvements to a large extent on a pay-as-you-go basis with few exceptions.

Business-type Activities reported a 3.5% increase in Net Position primarily as a result of the Village Board's decision to subsidize the Water/Sewer Improvement Fund \$1,027,000 from the General Fund.

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

STATEMENT OF ACTIVITIES

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2017	2016	2017	2016	2017
REVENUES:						
Program Revenues:						
Charges for Services	1,496	1,901	4,984	6,001	6,480	7,902
Operating Grants & Contr	231	1,736	0	0	231	1,736
Capital Grants & Contr	179	1,080	0	309	179	1,389
General Revenue:						
Property Taxes	2,649	2,745			2,649	2,745
Other Taxes	9,286	8,726			9,286	8,726
Miscellaneous	195	281	10	8	205	289
Interest Income	76	86	4	7	80	93
Total Revenues	14,112	16,555	4,998	6,325	19,110	22,880
EXPENSES:						
General Government	3,070	2,822			3,070	2,822
Public Safety	4,593	4,553			4,593	4,553
Comm & Econ Development	843	1,110			843	1,110
Public Works	2,684	2,580			2,684	2,580
Parks & Open Spaces	1,851	1,867			1,851	1,867
Interest	764	762			764	762
Water and Sewer			5,917	6,129	5,917	6,129
Total Expense	13,805	13,694	5,917	6,129	19,722	19,823
Inc (Dec) in assets before transfers	307	2,861	(919)	196	(612)	3,057
Transfers	94	(1,027)	(94)	1,027	0	0
Inc (Dec) in Net Position	401	1,834	(1,013)	1,223	(612)	3,057
Net Position - Beginning	66,222	67,005	35,733	34,840	101,955	101,845
Accounting Principle Change	382		120		502	
Net Position - Ending	\$67,005	\$68,839	\$34,840	\$36,063	\$101,845	\$104,902

Government Activities

During the current fiscal year, net position for governmental activities increased \$1.83 million from the Net Position at the start of the fiscal year for an ending balance of \$68,839,829. The increase in overall net position of governmental activities is reflected in the above condensed Statement of Activities.

Revenues:

The total revenues increased \$2.44 million from \$14.1 million (FY16) to \$16.6 million (FY17).

Property taxes represent approximately 16.6% of the Village's Governmental Activities revenue. As the Village is subject to the Tax Cap Limitation Act, the Village's property tax revenue increased 3.6% from \$2,649,278 (FY16) to \$2,745,211 (FY17). The Village's equalized assessed valuation increased 2.98% from \$625,649,053 to \$644,309,622 for tax years 2016 (actually received 2017) and tax year 2017 (to be received in 2018), respectively.

The Illinois Department of Revenue reports the Village of Lincolnshire's sales tax revenue during 2017 decreased \$639,972 (17.7%). The sales tax categories reporting the largest dollar gains include Food \$48,051 (24.7%), automotive \$13,978 (22.0%), and lumber at \$13,358 (21.2%). 2017 Sales Tax Revenue reported significant losses resulting from the departure of Grainger and Forsythe Solutions. The number one declining category being "agriculture and all others" dropping \$901,509; followed by \$13,206 (54.7%) decrease to the "manufactures" category. Other notable increases include furniture \$102,396 (16.1%), drugs & miscellaneous \$27,893 (12.5%), and apparel \$9,376 (7.0%).

Lincolnshire's other tax revenues posting decreases for 2017 include:

Room & Admission Tax -\$174,309 (-9.3%); State Income Tax -\$37,984 (-5.43%); and Telecommunication Tax -\$24,881 (-2.1%). The significant decline in Room & Administration tax can largely be attributed to renovation which took place at the Lincolnshire Marriott Resort in early 2017. Improved revenue sources include Real Estate Transfer Tax \$266,724 (57.2%) and Local Use Tax \$14,201 (8.04%). The State of Illinois continues to delay payments, and as of December 31, 2017, payments from the State were lagging three months from collection to disbursement (except for MFT and State Income Tax, which have a one month lag). Over the past several years, the typical lag has been three- four months, which was a gradual improvement over 2010/2011's lag of six months. Prior to 2010, the State's lag was a short two months.

During FY17, the Lincolnshire Police Department continued to provide one liaison officer to Adlai E. Stevenson High School. Revenue posted to Governmental Activities for FY17 services rendered were \$156,004; up 26.1% or \$32,250 from FY16. This increase was due to an increase in pension costs not previously calculated as part of the charges for service. The service contract is based on actual officer salaries plus benefits.

The "second tier" revenue sources (non-taxes) were up \$622,124 (48.1%) from FY2016. Specifically, the following revenue improved from FY2016; Building Permit Fees up \$258,591 (127.4%); License & Permits up \$365,162 (48.3%) and Investment earnings up \$9,802 (12.9%) from the previous year. The Fines and forfeitures declined \$11,431 (4.4%). Noteworthy details include, "444 Social" building permit fees amounted to \$163,821 and Marriott's building permit fees amounted to \$63,960. Building permit fees normally account for 25% to 45% of the License & Permits category, for FY2017 these fees represented 41.1% of the total. Residential home improvements remained level compared to FY16.

The steady economic recovery from the Great Recession continued to build momentum throughout 2017. A new tax bill approved in December that lowers the corporate tax rate from 35% to 21% may have contributed to some of that market growth. Financial Highlights of 2017 include: Retail sales perked up in the final months of 2017 following hurricane recovery efforts in Texas and Florida. Through the first 11 months of 2017, retail sales were up 6.3%, according to the U.S. Department of Commerce. The unemployment rate dipped to just 4.1% as employers added an average of 174,000 new jobs per month in 2017. Bond yields virtually unchanged; the 10-year U.S. Treasury bond ending 2017 at 2.41%, after ending 2016 at 2.44%. The Fed raised the Federal Funds rate in December for the fourth time in the past 13 months. Oil finished the year strong. Oil prices were up \$6.70 per barrel from a year ago, as the oil market rallied in the final few months of 2017. The S&P 500 posted positive returns for all 12 months of the calendar year in 2017 for the first time in the history of the index (and its predecessors) dating back 90 years.

Expenses:

The Village's Governmental Activities expenses declined \$111,155 (-.8%) from the prior year; \$13.8 million in FY16 compared to \$13.7 million in FY17. Noteworthy item includes the Village is "debt free" of bank loans. The Village continues to monitor the need for personnel adjustments and other cost containment measures to maintain a healthy financial future.

The Village continued its approach of fully funding pension obligations based on both short-term costs and long-term actuarial analysis. Typically, municipal governments' pension funding levels fluctuate year to year. Investment returns have a huge impact on portfolio values for all pension funds. The Illinois Municipal Retirement Fund (IMRF) actuary utilizes a "smoothing technique" to delay and soften the effect to the employer rate. In May 2018, IMRF reported "IMRF's investment portfolio realized an impressive gross investment rate of return of 15.96 percent, during 2017. The 2017 investment return increased IMRF's funded status on a market basis from 88.0 percent on December 31, 2016, to 97.1 percent on December 31, 2017. Additionally, average employer IMRF contribution rates will decline from 11.24 percent of payroll in 2018 to 9.06 percent of payroll in 2019."

Lincolnshire's FY16 employer contribution rate of 15.53% decreased to 14.16% in FY17. This 8.8% rate decrease and reduction in actual salaries resulted in an overall \$57,860 (-12.9%) reduction in employer contributions.

Annual Police Pension costs, also known as "Employer Contributions" are actuarially calculated based on Lincolnshire's Police Pension Funding Policy. Assumptions include salary, benefit costs and investment returns. The Village continues to meet the financial obligations as presented by an independent actuary. The 1/1/2017 Actuarial Valuation reported the Employer Contribution to be \$849,742. The Village Board elected not to levy in tax year 2016 for 2017 contributions, and instead agreed to pay 2017 contributions from the Village's general revenue sources and direct deposited five equal payments into the Police Pension Fund. The Village contributions to the Police Pension fund for FY17 increased \$46,076 (5.73%) from FY16 Actual employer contribution. Pension funding specifics can be found in Note 11 on pages 38-52.

Business-Type Activities

Business-type activities increased the Village's net position by \$1,222,456. The Water & Sewer Fund is the only business-type activity, classified as a proprietary fund operated by the Village. The fund is made up of an "operations" component and a "capital improvement" component. The Fund's operating income before depreciation was \$313,218 for 2017.

Revenues:

Total revenues increased \$591,480 (13.0%); from \$4,552,798 in FY16 compared to \$5,144,278 in FY17. Revenues for the Water & Sewer fund are derived largely from water sales. For FY2017 water sales were up largely due to contributions of capital assets.

With the exception of a couple very small subdivisions under construction, water customer accounts are up 1.8%. 2017 customer account increases came from the addition 20+ Camberley Club units, several annexations, and several new accounts were added on Preston Court and Thornfield Lane. The year ended with 2,541 units; with 2,291 residential and 250 commercial accounts. Lincolnshire's water and sewer rates increased 5.0%.

Continual low interest rates and declining reserve balances resulted in \$6,714 investment income for the current year.

Expenses:

Depreciation for the Water & Sewer system increased by \$26,035 (1.7%) to \$1,603,615 for 2017.

The Village reports the Water/Sewer and Internal Service Fund (Governmental Activities) as proprietary funds. The Water/Sewer Fund is considered a "major fund." Water is purchased from the City of Highland Park at a rate of \$2.69 per thousand gallons. Highland Park imposed an increase of 5.0% effective January 1, 2017. Wastewater treatment service is provided under a contractual agreement with Lake County Public Works at a rate of \$4.00 (effective March 1, 2010) per thousand gallons of water usage. The Village charges all municipal customers based on tiered structure; a higher usage will result in a higher rate. The minimum rate of \$11.44 combined water & sewer rate per 1,000 gallons increases to \$14.52 combined rate per 1,000 gallons for the consumer using 1.1 million gallons or more per month. The spread between the purchase and sale rates is intended to finance the operations of the municipal waterworks and sewage system, including, but not limited to labor costs, supplies and miscellaneous infrastructure repairs. The 2007 sanitary sewer treatment agreement between Lake County and the Village provides for a "summer sewer credit" during the summer period. The premise is that all water used during the summer does not return through the sanitary sewer system. The resident's summer sanitary sewer charge does not exceed 10% above their average non-summer period (September to May).

The proprietary funds' operating expenses increased \$158,506 (3.36%) from the prior year; \$4,713,136 in FY16 compared to \$4,871,642 in FY17. This increase is largely due to Lincolnshire passing along the Highland Park treatment and distribution rate increase.

The Water and Sewer Fund operating expenses were 2.63% or \$112,011 below final budget; Administration at 15.2% below and Operation expenses 1.0% below final budget. The combined FY17 water purchases and sanitary sewer charges were up 1.61% compared to FY16.

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

UTILITY OPERATING RESULTS FROM FY2013 TO FY2016				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Water: Rate per 1,000 gallons	\$4.50	\$4.68	\$5.13	\$5.38
Sewer: Rate per 1,000 gallons	\$5.27	\$5.27	\$5.77	\$6.06
Operating Revenue	\$3,873,638	\$3,786,680	\$4,552,798	\$4,834,958
Operating Expenses (excluding depreciation)	\$3,850,493	\$4,000,167	\$4,338,875	\$4,521,740

As part of the FY2017 budget the Village increased its water usage fees 4.9% and sanitary sewer fees 5.0%. These rates became effective for services provided after November 02, 2016 (January 1, 2017 billing date).

Rate increases from the water supplier have become a regular occurrence, while sanitary sewer charges increased for the first time since 2011. For budget year 2017, a water rate increase was instituted to absorb a proposed rate increase by the Village's water supplier and minimize the General Fund subsidy for Water Sewer Operations and Water Sewer Improvements. In FY2017 the cost of water (\$1,303,987) and sanitary sewer treatment (\$1,386,110) was 59.5 % of total operating expenses. The most recent percentages were 61.0% for FY2016 and 64.7% for FY2015.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

New definitions were created by Standard 54:

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

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

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

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

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

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

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

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

As of December 31, 2017 the Village's governmental fund balance reported a combined ending fund balance of \$17.87 million. This was an increase of \$1.05 (6.29%) compared to the prior fiscal year. The largest contributing factor was the implementation of a 1% Food & Beverage tax and .5% increase in the Home Rule Sales Tax.

The General Fund's 33.3% or \$5.96 million Unassigned Fund Balance is a modest portion of the \$17.9 million governmental fund balance. FY2017 represents the third year the Village restricted Governmental Fund Balance; \$6.81 million or 38.13%, for General Capital Projects. In 2004, the Village agreed to be a "conduit" to the Sedgebrook Special Service Area debt service resulting in the creation of the SSA Debt Service Fund. The \$2.14 million restricted Fund Balance of the SSA Debt Service Fund makes it the second largest portion of the governmental fund balance at 12.0%. The fund balances classified as "non-spendable" and "restricted" are \$1,085,980 and \$3,886,431 respectively. These balances are not available for discretionary spending because they have already been spent or are restricted for a variety of purposes.

The General Fund serves as the Village's primary operating fund and the largest source of day-to-day municipal service delivery. The net change to the General Fund's fund balance was an increase of \$136,654, or 1.98%, from the previous year. Prior to FY2014, capital projects were paid from the General Fund's unassigned fund balance in excess of the target balance. Beginning FY2014, the General Capital Projects Fund was created, via a General Fund transfer. In FY17, the General Fund transfer to General Capital Projects Fund was \$591,384.

The Village calculates a fund balance ratio, taking into account only the current year's operating expenditures including debt service, but excluding expenditures classified as "capital." The target of unassigned fund balance is 75% of the current year's operating expenses. An annual transfer of funds exceeding the target balance occurs in December of each year. In the event the General Fund's estimated year-end falls below the 75% target balance, a transfer of General Capital Projects' restricted fund balance will be transferred back to the General Fund. Annually on 1/1 following the close of a fiscal year, the chart below is updated to serve as a financial indicator for Village purposes.

A comparison of the FY2017 budget revenue reveals total General Fund revenues were 12.0% above FY17 Final Budget or \$1,309,162. Total actual expenditures \$10.4 million are 1.95% below \$10.6 million budget or \$203,622.

GENERAL OPERATING FUND BALANCE			
FISCAL YEAR	TOTAL FUND BALANCE	OPERATING EXPENSES (EXCLUDING CAPITAL)	FUND BALANCE AS % OF OPER. EXP.
1/1/2013	\$11,612,467	\$9,377,317	123.8%
1/1/2014	\$12,627,758	\$8,653,397	145.9%
1/1/2015*	\$10,612,821	\$8,460,820	125.4%
1/1/2016*	\$11,053,038	\$8,892,368	124.3%
1/1/2017*	\$6,878,959	\$9,245,277	74.4%
1/1/2018*	\$7,011,644	\$9,393,172	74.6%

* Excludes Non-spendable Fund Balance. Includes Land Held for Resale (1/1/2018 \$1,052,744)

In addition to the General Fund being classified as a “major fund,” the Governmental Accounting Standards Board (“GASB”) guidelines indicate the General Capital Projects Fund is also considered “major” funds in fiscal year 2017.

The total combined fund balance of the six non-major governmental funds increased \$1,295,290 from \$2.72 million to \$4.01 million. Notable increases in the Park Development Fund \$1,516,443 and SSA Debt Service \$26,019; while decreases occurred in the Motor Fuel Tax Fund (\$145,028) Fraud Alcohol Drug Enforcement Fund (\$18,285), Enhanced E911 (\$79,190), and SSA Westminster Traffic Signal Fund (\$4,669) as noted in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Nonmajor Governmental Funds.

Proprietary Funds

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

Net Position of the Water & Sewer Fund increased \$1,222,456 (3.51%) from \$34.84 million for FY16 to \$36.06 million in FY17. The unrestricted net position increased \$919,311 (92.7%) for FY17. The Village intends to operate the Water/Sewer Operating Fund at a breakeven rate while maintaining a cash reserve equal to three months of operating expenses. Excess revenue will be transferred to Water/ Sewer Improvement Fund for planned infrastructure projects.

General Fund Budgetary Highlights

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Revenues:			
Property Tax	\$1.586	1.583	0.003
Other Taxes	8.089	8.726	(0.637)
Licenses and Permits	0.659	1.122	(0.463)
Fines and Forfeitures	0.236	0.248	(0.012)
Intergovernmental	0.200	0.259	(0.060)
Investment Income	0.038	0.064	(0.026)
Miscellaneous	0.086	0.202	(0.116)
TOTAL REVENUES	\$10.894	12.203	(1.309)
Expenditures:			
Current:			
General Government	\$2.147	1.939	0.208
Public Safety	4.045	4.106	(0.060)
Comm & Econ Dev.	0.917	1.049	(0.132)
Public Works	1.662	1.510	0.153
Parks & Open Spaces	1.391	1.363	0.028
Debt Service	0.482	0.475	0.007
TOTAL EXPENDITURES	\$10.644	\$10.440	\$0.204

The Village Board, as part of the 2017 budget process, determined it was in the best interests of the Village to appropriate a portion of Police Protection Services, FICA Expenses, and IMRF Contributions separate from the General Corporate Fund. This was necessary to provide the opportunity to levy a property tax for police protection, FICA expenditures and IMRF Contributions. The following is an overview of the supplemental appropriation reclassifying amounts for specific line items:

- General Corporate Fund:
 - Administrative Dept (\$62,200)
 - Finance Dept (\$60,100)
 - Police Dept (\$129,300)
 - Community & Econ Dev (\$66,600)
 - Public Works: Admin (\$38,300)
 - Public Works: Streets (\$109,400)
 - Public Works: Parks & Open Spaces (\$111,200)
- FICA Expenditures- \$231,400
- IMRF Contributions- \$345,700

Since many of the Village’s expenses can be impacted by factors not controllable by the Village, such as the weather and economy, budget line items are best estimates based on past experience. Although actual General Fund expenditures were \$203,622 below budget, the Public Safety Department exceeded the budget by 1.5% (\$60,391) and Community & Economic Development exceed the budget by 14.4% (\$132,001). As noted, overall, General Fund expenditures were below the appropriated amounts (legal spending authority) with few exceptions. Police Overtime was \$101,313 over budget related to shift coverage for retired and

transferring officers. Community & Economic Development was \$81,677 over budget related to salaries and benefits paid to a retiring employee; and \$72,400 professional service charges related to building inspections for 444 Social. Important note these expenditures were reimbursed via building permit fees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On February 26, 2017, the Village Board approved the annual appropriations ordinance for the Village of Lincolnshire for Fiscal Year 2017. The annual Appropriation Ordinance provides the formal authority for the expenditure of public funds. Historically, the Village has passed an Appropriation Ordinance where the appropriated line items mirror identically the line items found in the approved budget. The budget document is the spending plan for the Village, and the Appropriation Ordinance provides the formal spending authority. A more formal and legal approach to addressing those expenditures that exceed the original Appropriation Ordinance is for the Village Board to consider and pass a Supplemental Appropriation Ordinance prior to the close of the fiscal Year. The Village did not need to pass a Supplemental Appropriation ordinance to amend the original Appropriation for FY2017. The Village's "Level of Budgetary Control Policy" requires departmental expenditures that exceed the budget by 10 percent or five thousand dollars be brought to the Village Board for review and approval.

Governmental-Type Activities

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

- Construction in Progress
 - Lincolnshire Creek storm sewer at Coventry Lane
 - Route 22 pedestrian bridge improvements

- Per the Village's replacement schedule the following items were disposed of:
 - 1997 End Loader #303
 - 2006 GMC 1 ton Pickup Truck #240
 - 1998 Street Sweeper #250
 - 2009 Leaf Loading Machine #403
 - 2007 Leaf Loading Machine #406
 - 2011 Toro Groundmaster 3505D mower #707

- Items purchased / added included
 - 2017 Ford Explorer #1701
 - 2017 John Deere 544K II 4x4 High Lift Wheel Loader #303
 - 2017 Ford F550 Super Duty 4x4 #240
 - 2017 Toro Groundmaster 3505D mower #707

- Easements added in 2017
 - 1 acre from Pulte Homes for Milwaukee Ave bikepath
 - .3 acres from The Fresh Market for pocket park site

- No land acquisitions or land donations occurred in 2017

- Right of Way granted to the Village
 - 2.2 acres in Lincolnshire Trails subdivision

- No new Street dedicated to the Village

- Storm sewers dedicated
900 feet dedicated on Thornfield Lane
504 feet of storm sewer lining added
- Bike Paths added
Olde Half Day Road reconfigured at Half Day Road
- No new Street lights
- Traffic Control Signals
Added pedestrian crosswalk signals at Village Green on Olde Half Day Rd

Business-Type Activities

The Village's Net Investment in Capital Assets, net of accumulated depreciation, for business-type capital assets, as of the fiscal year end was \$34,152,152.

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

- Per the replacement schedule Public Works Utility Division disposed of:
2007 GMC 1 ton Truck unit #237
- Public Works purchased:
2017 Ford F550 unit #237
Generator for west side reservoir
Roof at 205 Schelter Road
- Water mains added
Pembroke watermain replaced and Thornfield main dedicated.
- Sanitary Sewer
770 feet of dedicated on Thornfield Lane and 4,263 feet of sanitary sewer lining added on Cambridge, Plymouth Ct and Lancaster.
- Construction in Progress
Westminster design

Debt

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

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

At the end of the fiscal year, the Village's debt, both direct and SSA related, amounted to \$11.9 million compared to \$13.0 million last year - a decline of 8.0% - as shown in the following table.

OUTSTANDING DEBT AT YEAR END DECEMBER 31						
Type of Debt	Government Activities		Business Activities		Totals	
	2016	2017	2016	2017	2016	2017
Bank Loans Village	\$ 463,858	\$ 0	\$180,390	\$0	\$644,248	\$0
Bond Issue-SSA	\$12,350,000	\$11,960,000	\$0	\$0	\$12,350,000	\$11,960,000
	\$12,813,858	\$11,960,000	\$180,390	\$0	\$12,994,248	\$11,960,000

The Village is a home rule community and is; therefore, not limited by State Statute pertaining to debt limit. The Village's outstanding debt (excluding the SSA debt) represents 0.0 of its EAV. Briefly stated, the Village is "debt free". Detailed information on the Village's long-term debt activity can be found in the Long-Term Debt Section in the footnotes.

Bond Ratings

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Lincolnshire is recognized as a desirable community in the Chicago area for residents and businesses. The Village is home to a number of prominent corporate headquarters, first-class hotels, restaurants, retailers and entertainment venues. Businesses choose to locate in Lincolnshire due, in part, to its close proximity to highways/arterials, O'Hare Airport, relatively low taxes, high daytime population, award-winning public schools and business-friendly and supportive local government. The Lincolnshire Marriott Resort, with its meeting facilities, championship golf course, and live theater, is a major attraction for the Village and recently completed a \$27 million renovation. The Village is well-positioned to attract new businesses and diversify its economic base while maintaining its small-town atmosphere and exceptional quality of life.

The Village's commercial occupancy rate (cumulative) for its largest retail centers, Village Green, Lincolnshire Commons & City Park, was 58% for the first quarter of 2018 vs. 46% for the same time in 2017. The overall retail occupancy in the Village was 80% in the first quarter of 2018 vs. 77% in the first quarter of 2017.

Lincolnshire office occupancy rate was 70% in the first quarter of 2018, compared to 71% in the first quarter of 2017. Lincolnshire industrial occupancy rate was 98% in the first quarter of 2018 compared to 97% in the first quarter of 2017.

Below is an overview of commercial and industrial activity in the Village as of December 2017.

City Park Shopping Center

California Coastal Properties, owner of the CityPark Center, plan parking lot reconfiguration, signage and landscaping improvements to make the center more attractive to current and prospective tenants and reduce vacancies. The ownership recently negotiated lease extensions with Red Robin and Advanced Dermatology, and are working to fill vacancies.

Village Green Shopping Center

The center continues to be an attractive destination for shopping and dining. It is anchored by Half Day Brewing Company, restaurant and micro-brewery, which opened in the 14,500-square-foot building in 2016, and the 9,500-square-foot Eddie Merlot's restaurant which opened in 2012. Half Day Brewing recently took initial step to expand distribution operations from the Lincolnshire location.

Lincolnshire Common Shopping Center

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

Lincolnshire Marketplace Center

The Village continues to work closely with Draper and Kramer, the Village's preferred developer and contract purchaser for the development of the Lincolnshire Marketplace Shopping Center. The center is currently anchored by The Fresh Market store which opened in 2013. In 2017, the Village approved re-subdivision and covenants amendment to allow the developer to purchase 3 acres of the site for a 4,300-square-foot Culver's Restaurant scheduled to open in spring 2018. The developer is in the process of applying for permits for shopping center ground signs along Milwaukee Avenue and Half Day Road. Draper and Kramer plan to purchase the remaining parcels as new users are identified.

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

Construction of a 302-unit luxury apartment complex, known as 444 Social, is in progress. First occupancies are expected in fall 2018. The new apartment development is being built south of Regal Cinemas.

The Gardner School Daycare Center

The Gardner School is scheduled to complete construction of a 16,000-square-foot daycare center on 2.5-acres at 250 Barclay Blvd, south of Noah's Events Venue, in the Lincolnshire Corporate Center in spring 2018. The Tennessee-based daycare center anticipates a summer 2018 opening serving over 200 children ages 6 months to 5 years old.

Medline Property

The Village continues to work with property owner Medline, the property owner, and prospective developers on the redevelopment of this high-profile 40-acre site at the northwest corner of Route 22 and I-94. The Village Board is in the process of reviewing the current development proposal which includes entertainment, restaurant, and hotel uses.

Heathrow Scientific and Daigger Scientific

Heathrow Scientific and Daigger Scientific, medical supplies sister companies, began the board approval process to locate their corporate headquarters on a vacant 10-acre site at 325 Marriott Drive, southwest corner of Milwaukee Avenue and Marriott Drive. They expect to receive final approvals for a new 186,000-square-foot office-industrial building in the summer of 2018.

New Businesses Opened in 2017 (15 total):

- **AELE Law Enforcement Legal Center**, an education and research not-for-profit, opened at 175 Olde Half Day Road, Spectrum Office Center.
- **BnzHaus Mercedes Specialists**, a Mercedes car repair facility, relocated from Highland Park to 109 Schelter Road.
- **FMI**, a medical silicone molding company, relocated its U.S. headquarters from Elk Grove Village to a 71,000-square-foot office/industrial building at 500 Bond Street.
- **Joli Nails** located at 430 Milwaukee Avenue, Oak Tree Corners Center.
- **Ice Mobility**, a national distributor of wireless products, relocated to an existing 99,000-square-foot building at 610 Shelter Road, Lincolnshire Business Center, from Vernon Hills.
- **Loft 21**, an event venue, located in the former 31,000-square-foot Cubby Bear building at 1501 N. Milwaukee Avenue.
- **Marigold Maison Indian Cuisine Restaurant** relocated from Bannockburn to 900 Milwaukee Avenue at Lincolnshire Commons Center.
- **Move Studio Pilates and Fitness** located in a 3,400-square-foot space at 970 Milwaukee Avenue, adjacent to the Joseph A. Bank store.
- **NorthShore University Healthcare** located in the existing 33,000-square-foot building at 920 Milwaukee Avenue, formerly occupied by Barnes & Noble Booksellers.
- **Tikoo Solutions**, a telecommunications and infrastructure management company, located in an approximately 5,000-square-foot space at 475 Half Day Road, Millbrook Business Center.
- **Starbucks Café** opened at the Lincolnshire Marriott Resort, 10 Marriott Drive.
- **Three Embers Restaurant** opened at the Marriott Lincolnshire Resort, 10 Marriott Drive.
- **Wright's Brew and Bistro** opened at the Marriott Lincolnshire Resort, 10 Marriott Drive.
- **Xhale Spa** opened at the Marriott Lincolnshire Resort, 10 Marriott Drive.
- **Your New Face**, a day spa, located at 175 Olde Half Day Road, Spectrum Office Centre.

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

According to the Village's Fund Balance, the Village ended FY2017 in the same financial position as it did at the start of the year. Net change in the General Corporate Fund was \$136,654. The real estate market has shown great strength in FY17. Lincolnshire's real estate sales volume rose 38.2%%, and real estate transfer tax stamp revenue increased 38.2%; from \$530,021 FY16 to \$732,648 FY17. Major sales recorded in FY17 include- Lincolnshire Propco, LLC (900 Milwaukee Ave), 1 Overlook Pt, Shree Properties (255, 275 & 295 Parkway Dr), 500 Bond St, 595 Bond St, 25 Tri-State International, and 640 Heathrow.

FY 2017	Real Estate Transfer Tax Stamps Sold	Real Estate Transfer Tax Stamp Revenue	Real Estate Sales Value
Single Family	107	\$ 182,490	\$ 60,829,261
Condo Units	30	\$ 27,108	\$ 9,035,700
Townhomes	42	\$ 58,203	\$ 19,400,875
Land	4	\$ 6,330	\$ 2,110,000
Commercial	10	\$ 458,517	\$ 152,838,833
TOTALS	193	\$ 732,648	\$ 244,214,669

- The unemployment rate (not seasonally adjusted) for December 2017 was 4.4% in Lake County. The rate in the State of Illinois for the same time period was 5.0% and the U.S. rate was 4.4%.
- The Lincolnshire equalized assessed valuation (EAV) increased for the fourth year in a row. The 2017 EAV rose 2.98% or \$18.6 million compared to 2016. The 2017 EAV (which is used for the property tax collected in Fiscal Year 2018) was \$644,309,622. The last 10 years of EAV growth can be found on page v.
- According to GIS Consortium, prepared by Esri, Lincolnshire's 2017 per capita income was \$91,788; and average household income was \$212,632.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2018.

General Fund

Five types of revenue sources account for 73.9% of the total projected revenues for the FY18 General Fund. These sources and their respective budget increases/ -decreases over FY17 are as follows: State Sales Tax (62.3%), Utility Tax (-0.4%), Telecommunication Tax (20.0%), Rooms & Admissions Tax (0%), and Property Taxes (4.6%). After analyzing declines in sales tax revenue related to the departure of Grainger, Forsythe Solutions, and Barnes & Noble, the Village Board raised the Home Rule Sales Tax rate to 1.0%, and implemented a 1.0% Food & Beverage Tax during for FY17. FY18 Budget anticipates \$700,000 Food & Beverage Tax revenue; and \$630,000 local Home Rule Sales Tax revenue. The projected \$0 increase over actual 2017 receipts for Telecommunication Tax is based on an expectation of downward trend as changing technologies, and consolidation of communication services including elimination of "land line" telephones continues.

Excluding transfers and debt service, the General Fund Expense budget increased \$447,308 (4.4%) from \$10.1 million in FY17 to \$10.6 million in FY18. The notable increases include: Police Department personnel expenses \$207,946; Community & Economic Development personnel expenses \$98,560; CED fire consultant reviews \$82,000; and Health and Dental costs \$58,655. The largest decrease involves the elimination of \$481,500 in bank loan debt. The General Fund FY18 budget anticipates the transfer out of \$1,700,000 to the Water/ Sewer Improvement Fund (\$900,000) and General Capital Projects Fund (\$800,000).

Major Changes in Budget format for 2018

- The Fiscal Year 2018 Budget contemplates implementation of \$1,980,320 in capital improvement projects. The Village continues to increase its level of capital improvements from recent years; however, levels remain below capital spending from pre-recession years.
- FY18 recognizes E911 surcharge revenue will no longer be directly distributed from the State of Illinois to the Village of Lincolnshire. Under the Emergency Telephone System Act, Wireless Emergency Telephone Safety Act, and Wireless Prepaid Act; specifically the establishment of a joint emergency telecommunication safety board, the revenues are diverted to the Illinois State Police, and from there to the Vernon Hills Communication Center; and finally to the Village of Lincolnshire less a 2% State of Illinois administrative fee.

Water/Sewer Fund

Effective 1/1/2018 the Village increased the average residential water and sewer rates 4.9%. No further changes have been made to the rate structure; specifically the minimum charges, senior discounts, and the Out of Village rates. At the start of FY18 the Water/Sewer unrestricted Net Position was 41.7% of the FY18 operating budget expenses. The unrestricted Net Position includes Water/ Sewer Operations (Fund 02) and Water/ Sewer Improvements (Fund 07). Water/Sewer Operating expenses increased .93% with no changes to the staffing levels. The vast majority of this increase relates to water purchase and contractual service costs. An interesting item of note, is that removing the \$407,795 Transfer Out to Water Sewer Improvements, results in an 8.0% decline in expenses.

Major Changes in Budget for 2018

Transfers: The Water Sewer Improvement Fund will receive transfers in from the General Fund \$900,000 and Water Sewer Operation Fund \$407,795.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,668,932	\$ 2,413,536	\$ 11,082,468
Investments	8,700,520	408,095	9,108,615
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,864,583	-	1,864,583
Other taxes	1,688,757	-	1,688,757
Accounts	281,685	591,209	872,894
Accrued interest	522	-	522
Other	39,596	20,882	60,478
Due to/from other funds	(5,599)	5,599	-
Prepaid expenses	33,976	4,239	38,215
Land held for resale	1,052,744	-	1,052,744
Capital assets not being depreciated	43,785,901	167,135	43,953,036
Capital assets (net of accumulated depreciation)	26,306,807	33,985,050	60,291,857
Total assets	92,418,424	37,595,745	130,014,169
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	1,031,835	336,096	1,367,931
Pension items - Police Pension	448,148	-	448,148
Total deferred outflows of resources	1,479,983	336,096	1,816,079
Total assets and deferred outflows of resources	93,898,407	37,931,841	131,830,248
LIABILITIES			
Accounts payable	765,895	841,403	1,607,298
Accrued payroll	234,251	25,793	260,044
Deposits payable	1,219,829	-	1,219,829
Accrued interest payable	249,167	-	249,167
Unearned revenue	68,746	-	68,746
Noncurrent liabilities			
Due within one year	481,742	17,141	498,883
Due in more than one year	19,047,264	904,736	19,952,000
Total liabilities	22,066,894	1,789,073	23,855,967
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	1,864,583	-	1,864,583
Pension items - IMRF	264,380	79,807	344,187
Pension items - Police Pension	862,721	-	862,721
Total deferred inflows of resources	2,991,684	79,807	3,071,491
Total liabilities and deferred inflows of resources	25,058,578	1,868,880	26,927,458

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 70,092,708	\$ 34,152,185	\$ 104,244,893
Restricted for			
Debt service	2,142,890	-	2,142,890
Maintenance of roadways	81,419	-	81,419
Public safety	147,144	-	147,144
Park improvements	1,514,978	-	1,514,978
Unrestricted (deficit)	(5,139,310)	1,910,776	(3,228,534)
TOTAL NET POSITION	\$ 68,839,829	\$ 36,062,961	\$ 104,902,790

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,821,648	\$ 423,853	\$ -	\$ 830,848
Public safety	4,553,263	779,896	31,559	-
Community and economic development	1,109,782	637,123	-	-
Public works	2,580,095	32,995	189,390	222,044
Parks and open spaces	1,866,928	27,670	1,514,978	27,500
Interest	762,720	-	-	-
Total governmental activities	13,694,436	1,901,537	1,735,927	1,080,392
Business-Type Activities				
Water and sewer	6,129,605	6,000,952	-	309,320
TOTAL PRIMARY GOVERNMENT	\$ 19,824,041	\$ 7,902,489	\$ 1,735,927	\$ 1,389,712

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (1,566,947)	\$ -	\$ (1,566,947)
	(3,741,808)	-	(3,741,808)
	(472,659)	-	(472,659)
	(2,135,666)	-	(2,135,666)
	(296,780)	-	(296,780)
	(762,720)	-	(762,720)
	(8,976,580)	-	(8,976,580)
	-	180,667	180,667
	(8,976,580)	180,667	(8,795,913)
General Revenues			
Taxes			
Property	2,745,211	-	2,745,211
Sales	1,775,210	-	1,775,210
Local use	190,899	-	190,899
Utility	1,245,328	-	1,245,328
Telecommunications	1,190,635	-	1,190,635
Food and beverage	47,403	-	47,403
Room and admissions	1,699,538	-	1,699,538
Real estate transfer	732,675	-	732,675
Home rule sales tax	1,182,998	-	1,182,998
Income tax	660,931	-	660,931
Investment income	85,826	6,714	92,540
Gain on sale of capital assets	-	8,075	8,075
Miscellaneous	281,384	-	281,384
Transfers in (out)	(1,027,000)	1,027,000	-
Total	10,811,038	1,041,789	11,852,827
CHANGE IN NET POSITION	1,834,458	1,222,456	3,056,914
NET POSITION, JANUARY 1	67,005,371	34,840,505	101,845,876
NET POSITION, DECEMBER 31	\$ 68,839,829	\$ 36,062,961	\$ 104,902,790

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2017

	General Corporate	General Capital Projects	Nonmajor Governmental	Total
ASSETS				
Cash and cash equivalents	\$ 3,129,714	\$ 2,344,004	\$ 2,881,473	\$ 8,355,191
Investments	3,083,340	4,359,706	1,257,474	8,700,520
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	703,020	-	1,161,563	1,864,583
Other taxes	1,584,509	-	104,248	1,688,757
Accounts	54,164	222,044	5,477	281,685
Accrued interest	522	-	-	522
Other	39,596	-	-	39,596
Due from other funds	3,801	-	-	3,801
Prepaid items	33,236	-	-	33,236
Land held for resale	1,052,744	-	-	1,052,744
TOTAL ASSETS	\$ 9,684,646	\$ 6,925,754	\$ 5,410,235	\$ 22,020,635
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 411,118	\$ 109,567	\$ 233,363	\$ 754,048
Accrued payroll	228,978	-	-	228,978
Deposits payable	1,219,829	-	-	1,219,829
Due to other funds	8,075	-	-	8,075
Unearned revenue	68,746	-	-	68,746
Total liabilities	1,936,746	109,567	233,363	2,279,676
DEFERRED INFLOWS OF RESOURCES				
Unavailable tax revenue	703,020	-	1,161,563	1,864,583
Total liabilities and deferred inflows of resources	2,639,766	109,567	1,394,926	4,144,259
FUND BALANCES				
Nonspendable in form - prepaid items	33,236	-	-	33,236
Nonspendable in form - land held for resale	1,052,744	-	-	1,052,744
Restricted for debt service	-	-	2,142,890	2,142,890
Restricted for maintenance of roadways	-	-	81,419	81,419
Restricted for public safety	-	-	147,144	147,144
Restricted for park improvements	-	-	1,514,978	1,514,978
Unrestricted				
Assigned for capital projects	-	6,816,187	128,878	6,945,065
Unassigned - General Fund	5,958,900	-	-	5,958,900
Total fund balances	7,044,880	6,816,187	4,015,309	17,876,376
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 9,684,646	\$ 6,925,754	\$ 5,410,235	\$ 22,020,635

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2017

FUND BALANCES OF GOVERNMENTAL FUNDS			\$ 17,876,376
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			70,092,708
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
SSA bonds payable			(11,960,000)
Compensated absences	\$ (266,966)		
Less internal service funds		<u>4,258</u>	(262,708)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position			(249,167)
The net pension liability of the Police Pension Fund are included in the governmental activities in the statement of net position			(4,607,861)
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position			(2,694,179)
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings are recognized as deferred outflows and inflows of resources in the statement of net position			
IMRF			767,455
Police Pension			(414,573)
The net position of the internal service fund is included in the governmental activities in the statement of net position			<u>291,778</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES			<u><u>\$ 68,839,829</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	General Corporate	General Capital Projects	Nonmajor Governmental	Total
REVENUES				
Property taxes	\$ 1,582,671	\$ -	\$ 1,162,539	\$ 2,745,210
Other taxes	8,725,617	-	-	8,725,617
Licenses, permits and fees	1,121,642	-	-	1,121,642
Fines and forfeitures	247,652	-	-	247,652
Charges for services	-	-	18,345	18,345
Intergovernmental	259,423	222,044	475,425	956,892
Investment income	64,140	-	21,686	85,826
Donations	-	-	1,514,978	1,514,978
Miscellaneous	201,684	79,700	-	281,384
Total revenues	12,202,829	301,744	3,192,973	15,697,546
EXPENDITURES				
Current				
General government	1,938,501	94,469	6,055	2,039,025
Public safety	4,105,815	-	409,690	4,515,505
Community development	1,048,711	-	-	1,048,711
Public works	1,509,507	-	-	1,509,507
Parks and recreation	1,362,750	-	-	1,362,750
Capital outlay	-	1,172,180	339,742	1,511,922
Debt service				
Principal retirement	463,858	-	390,000	853,858
Interest and fiscal charges	10,932	-	759,913	770,845
Total expenditures	10,440,074	1,266,649	1,905,400	13,612,123
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,762,755	(964,905)	1,287,573	2,085,423
OTHER FINANCING SOURCES (USES)				
Transfers in	-	591,384	7,717	599,101
Transfers (out)	(1,626,101)	-	-	(1,626,101)
Total other financing sources (uses)	(1,626,101)	591,384	7,717	(1,027,000)
NET CHANGE IN FUND BALANCES	136,654	(373,521)	1,295,290	1,058,423
FUND BALANCES, JANUARY 1	6,908,226	7,189,708	2,720,019	16,817,953
FUND BALANCES, DECEMBER 31	\$ 7,044,880	\$ 6,816,187	\$ 4,015,309	\$ 17,876,376

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,058,423
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	
Capital assets purchased	933,570
Loss on disposal of capital assets	(14,895)
Contributions of capital assets are reported as capital contributions on the statement of activities	858,348
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	
Notes payable	463,858
SSA bonds	390,000
The change in interest payable is reported as an expense on the statement of activities	8,125
Some expenses in the statement of activities (e.g., depreciation) does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(1,661,884)
The change in net position of internal service fund is reported as an increase of expense on the statement of activities	114,798
The change in net pension liabilities are reported only on the statement of activities	
Illinois Municipal Retirement Fund	74,659
Police Pension	1,238,330
The change in deferred inflows and outflows or resources for is reported only in the statement of activities	
Illinois Municipal Retirement Fund	(413,041)
Police Pension	(1,248,761)
The change in certain long-term assets and liabilities does not require the use of current financial resources but is reported as expenses on the statement of activities	
Decrease in accrued compensated absences	32,928
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,834,458

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,413,536	\$ 313,741
Investments	408,095	-
Receivables		
Accounts - billed	317,449	-
Accounts - unbilled	273,760	-
Other receivables	20,882	-
Due from other funds	8,075	-
Prepaid expenses	4,239	740
	<hr/>	<hr/>
Total current assets	3,446,036	314,481
CAPITAL ASSETS		
Nondepreciable	167,135	-
Depreciable (net of accumulated depreciation)	33,985,050	-
	<hr/>	<hr/>
Net capital assets	34,152,185	-
	<hr/>	<hr/>
Total assets	37,598,221	314,481
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF	336,096	-
	<hr/>	<hr/>
Total deferred outflows of resources	336,096	-
CURRENT LIABILITIES		
Accounts payable	841,403	11,847
Accrued payroll	25,793	5,273
Due to other funds	2,476	1,325
Compensated absences payable	17,141	1,065
	<hr/>	<hr/>
Total current liabilities	886,813	19,510
LONG-TERM LIABILITIES		
Compensated absences payable	51,424	3,193
Net pension liability - IMRF	853,312	-
	<hr/>	<hr/>
Total long-term liabilities	904,736	3,193
	<hr/>	<hr/>
Total liabilities	1,791,549	22,703

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS**

December 31, 2017

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
DEFERRED INFLOWS OF RESOURCES		
Pension items - IMRF	\$ 79,807	\$ -
Total deferred inflows of resources	79,807	-
NET POSITION		
Net investment in capital assets	34,152,185	-
Unrestricted	1,910,776	291,778
TOTAL NET POSITION	\$ 36,062,961	\$ 291,778

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
OPERATING REVENUES		
Charges for services	\$ 4,819,339	\$ 464,700
Miscellaneous	15,619	-
Total operating revenues	<u>4,834,958</u>	<u>464,700</u>
OPERATING EXPENSES		
Administration	576,553	-
Operations	3,706,537	-
Repairs and maintenance	238,650	349,902
Total operating expenses	<u>4,521,740</u>	<u>349,902</u>
OPERATING INCOME BEFORE DEPRECIATION	313,218	114,798
Depreciation	<u>1,603,615</u>	-
OPERATING INCOME (LOSS)	<u>(1,290,397)</u>	<u>114,798</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	6,714	-
Sale of capital assets	8,075	-
Interest expense	(4,250)	-
Connection fees	1,165,994	-
Total non-operating revenues (expenses)	<u>1,176,533</u>	-
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(113,864)</u>	<u>114,798</u>
CONTRIBUTIONS		
Contributions of capital assets	309,320	-
Total contributions	<u>309,320</u>	-
TRANSFERS		
Transfers in	1,027,000	-
Total transfers	<u>1,027,000</u>	-
CHANGE IN NET POSITION	<u>1,222,456</u>	<u>114,798</u>
NET POSITION, JANUARY 1	34,840,505	176,980
NET POSITION, DECEMBER 31	<u>\$ 36,062,961</u>	<u>\$ 291,778</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,678,800	\$ -
Receipts from interfund services	-	464,700
Payments to suppliers	(3,545,973)	(252,025)
Payments to employees	(475,916)	(107,784)
Payments to other funds	(46,500)	-
Other income	15,619	-
	<u>626,030</u>	<u>104,891</u>
Net cash from operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	1,027,000	-
Connection fees	1,165,994	-
Change in interfund balances	(91,897)	1,590
	<u>2,101,097</u>	<u>1,590</u>
Net cash from noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(1,417,050)	-
Proceeds from sale of fixed assets	8,075	-
Note principal payments	(180,390)	-
Note interest payments	(4,250)	-
	<u>(1,593,615)</u>	<u>-</u>
Net cash from capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	194,998	-
Interest received	6,714	-
	<u>201,712</u>	<u>-</u>
Net cash from investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,335,224	106,481
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,078,312</u>	<u>207,260</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 2,413,536</u>	<u>\$ 313,741</u>

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,290,397)	\$ 114,798
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,603,615	-
(Increase) decrease in		
Receivables	(140,539)	-
Prepaid expense	617	190
Increase (decrease) in		
Accounts payable	352,097	(9,752)
Accrued payroll	4,087	(185)
Compensated absences payable	1,109	(160)
Pension items	95,441	-
NET CASH FROM OPERATING ACTIVITIES	\$ 626,030	\$ 104,891
NONCASH TRANSACTIONS		
Capital asset contributions	\$ 309,320	\$ -
Total noncash transactions	\$ 309,320	\$ -

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND

December 31, 2017

ASSETS	
Cash and cash equivalents	\$ 21,000
Investments	
U.S. Treasury obligations	2,523,290
U.S. agencies securities	684,730
Equity mutual funds	14,060,369
Money market mutual funds	504,246
Corporate bonds	3,309,796
Municipal bonds	137,651
Equities	859,962
Negotiable certificates of deposit	557,121
Receivables	
Accrued interest	45,030
Prepaid expense	<u>3,562</u>
 Total assets	 <u>22,706,757</u>
 LIABILITIES	
Accounts payable	<u>16,114</u>
 Total liabilities	 <u>16,114</u>
 NET POSITION RESTRICTED FOR PENSIONS	 <u><u>\$ 22,690,643</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

ADDITIONS

Contributions - employer	\$ 803,700
Contributions - employee	215,212
Other contributions	<u>149</u>
Total contributions	<u>1,019,061</u>
Investment income	
Net appreciation in fair value of investments	2,207,974
Interest earned on investments	<u>619,865</u>
Total investment income	2,827,839
Less investment expense	<u>(55,695)</u>
Net investment income	<u>2,772,144</u>
Total additions	<u>3,791,205</u>

DEDUCTIONS

Administrative	32,955
Benefits and refunds	
Benefits	1,053,166
Refunds	<u>376,501</u>
Total deductions	<u>1,462,622</u>

NET INCREASE 2,328,583

**NET POSITION RESTRICTED FOR
PENSIONS**

January 1	<u>20,362,060</u>
December 31	<u><u>\$ 22,690,643</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

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

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

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

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

c. Government-Wide and Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the Village reports the following proprietary fund:

Internal Service Fund

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

This fund are reported as governmental activities on the government-wide financial statements.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

e. Cash and Investments

Cash and Cash Equivalents

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

f. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Short-Term Interfund Receivables/Payables

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

h. Advances to Other Funds

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

i. Prepaid Items/Expenses

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

j. Land Held for Resale

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

k. Capital Assets

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets (Continued)

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

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

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

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

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

l. Compensated Absences

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

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

m. Long-Term Obligations

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Long-Term Obligations (Continued)

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

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

n. Fund Equity/Net Position

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Equity/Net Position (Continued)

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

o. Interfund Transactions

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

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

p. Accounting Estimates

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

q. Deferred Outflows/Inflows of Resources

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Deferred Outflows/Inflows of Resources (Continued)

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

2. DEPOSITS AND INVESTMENTS

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

a. Village

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

Permitted Deposits and Investments - The Village's investment policy authorizes the Village to make deposits/invest in accordance with Illinois Compiled Statutes (ILCS); including investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds (created by the Illinois State Legislature under the control of the State Comptroller that maintains a \$1 per share value) and the Illinois Metropolitan Investment Fund (IMET).

IMET is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. Village (Continued)

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

b. Village Deposits with Financial Institutions

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

c. Village Investments

The following table presents the investments and maturities of the Village’s investments as of December 31, 2017:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 Year Fund	\$ 2,628,593	\$ -	\$ 2,628,593	\$ -	\$ -
TOTAL	\$ 2,628,593	\$ -	\$ 2,628,593	\$ -	\$ -

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

The Village has the following recurring fair value measurements as of December 31, 2017: the IMET 1 to 3 Year Fund, a mutual fund, is measured based on the net asset value of the shares in IMET, which is based on the fair value of the underlying investments in the mutual fund (Level 3 input).

2. DEPOSITS AND INVESTMENTS (Continued)

c. Village Investments (Continued)

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

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

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

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

3. RECEIVABLES - TAXES

Property taxes for 2017 attach as an enforceable lien on January 1, 2017 on property values assessed as of the same date. Taxes are levied by December of the fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2018 and August 1, 2018 and are payable in two installments, on or about June 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically. As the 2017 tax levy is intended to fund expenditures for the 2018 fiscal year, these taxes are deferred as of December 31, 2017.

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Right of way	15,031,412	143,748	-	15,175,160
Easements	973,835	84,942	-	1,058,777
Construction in progress	28,587	102,364	-	130,951
Total capital assets not being depreciated	43,454,847	331,054	-	43,785,901
Capital assets being depreciated				
Land improvements	7,624,446	-	-	7,624,446
Buildings and improvements	8,816,038	-	-	8,816,038
Infrastructure	44,260,140	1,138,961	-	45,399,101
Machinery and equipment	3,877,476	321,903	344,723	3,854,656
Total capital assets being depreciated	64,578,100	1,460,864	344,723	65,694,241
Less accumulated depreciation for				
Land improvements	4,387,683	317,732	-	4,705,415
Buildings and improvements	4,494,331	197,107	-	4,691,438
Infrastructure	26,853,686	846,861	-	27,700,547
Machinery and equipment	2,319,678	300,184	329,828	2,290,034
Total accumulated depreciation	38,055,378	1,661,884	329,828	39,387,434
Total capital assets being depreciated, net	26,522,722	(201,020)	14,895	26,306,807
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 69,977,569	\$ 130,034	\$ 14,895	\$ 70,092,708
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 106,833	\$ -	\$ -	\$ 106,833
Construction in progress	58,000	60,302	58,000	60,302
Total capital assets not being depreciated	164,833	60,302	58,000	167,135
Capital assets being depreciated				
Buildings	1,658,840	369,480	-	2,028,320
Underground water and sewerage system	83,522,172	1,109,841	-	84,632,013
Furniture, machinery and equipment	1,064,103	244,747	139,212	1,169,638
Total capital assets being depreciated	86,245,115	1,724,068	139,212	87,829,971
Less accumulated depreciation for				
Buildings	1,044,730	45,239	-	1,089,969
Underground water and sewerage system	50,652,813	1,491,798	-	52,144,611
Furniture, machinery and equipment	682,975	66,578	139,212	610,341
Total accumulated depreciation	52,380,518	1,603,615	139,212	53,844,921
Total capital assets being depreciated, net	33,864,597	120,453	-	33,985,050
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 34,029,430	\$ 180,755	\$ 58,000	\$ 34,152,185

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

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 890,607
Public safety	76,869
Community development	-
Public works	204,882
Parks and recreation	<u>489,526</u>
DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,661,884</u>

5. RISK MANAGEMENT

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

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

High-Level Excess Liability Pool

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

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

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

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

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

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

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

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Notes payable	\$ 463,858	\$ -	\$ 463,858	\$ -	\$ -
Special service area bonds	12,350,000	-	390,000	11,960,000	415,000
Net pension liability - IMRF	2,768,838	-	74,659	2,694,179	-
Net pension liability - Police Pension	5,846,191	-	1,238,330	4,607,861	-
Compensated absences*	295,636	40,981	73,909	262,708	65,677
Compensated absences - internal service*	4,418	945	1,105	4,258	1,065
TOTAL GOVERNMENTAL ACTIVITIES	\$ 21,728,941	\$ 41,926	\$ 2,241,861	\$ 19,529,006	\$ 481,742

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

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

	Balances January 1, Restated	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
Promissory notes payable	\$ 180,390	\$ -	\$ 180,390	\$ -	\$ -
Net pension liability - IMRF	874,370	-	21,058	853,312	-
Compensated absences	67,456	17,973	16,864	68,565	17,141
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,122,216	\$ 17,973	\$ 218,312	\$ 921,877	\$ 17,141

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

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

6. LONG-TERM DEBT (Continued)

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
2011A Note Payable - Refunding (\$3,060,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$240,791; interest rate 2.60%).	General Fund	\$ 463,858	\$ -	\$ 463,858	\$ -	\$ -
TOTAL GOVERNMENTAL ACTIVITIES		\$ 463,858	\$ -	\$ 463,858	\$ -	\$ -
BUSINESS-TYPE ACTIVITIES						
2011A Note Payable - Refunding (\$1,190,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$90,926; interest rate 2.60%).	Water and Sewer Fund	\$ 180,390	\$ -	\$ 180,390	\$ -	\$ -
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 180,390	\$ -	\$ 180,390	\$ -	\$ -

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

6. LONG-TERM DEBT (Continued)

c. Special Service Area Bonds

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Special Service Area Number 1 Special Tax Bonds, Series 2004 (\$15,000,000 dated November 16, 2004; maturing March 1, 2034; payable in annual installments ranging from \$235,000 to \$1,095,000).	SSA Capital Projects Fund	\$ 12,350,000	\$ -	\$ 390,000	\$ 11,960,000	\$ 415,000
TOTAL GOVERNMENTAL ACTIVITIES		\$ 12,350,000	\$ -	\$ 390,000	\$ 11,960,000	\$ 415,000

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 415,000	\$ 747,500	\$ 1,162,500
2019	440,000	721,563	1,161,563
2020	470,000	694,062	1,164,062
2021	495,000	664,688	1,159,688
2022	530,000	633,750	1,163,750
2023	560,000	600,625	1,160,625
2024	595,000	565,625	1,160,625
2025	635,000	528,438	1,163,438
2026	675,000	488,750	1,163,750
2027	715,000	446,562	1,161,562
2028	760,000	401,875	1,161,875
2029	805,000	354,375	1,159,375
2030	860,000	304,063	1,164,063
2031	910,000	250,312	1,160,312
2032	970,000	193,438	1,163,438
2033	1,030,000	132,812	1,162,812
2034	1,095,000	68,438	1,163,438
TOTAL	\$ 11,960,000	\$ 7,796,876	\$ 19,756,876

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

6. LONG-TERM DEBT (Continued)

d. Legal Debt Margin

The Village is a home rule municipality.

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

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

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

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

7. INTERFUND ASSETS/LIABILITIES

a. Transfers In/Out

Interfund transfers during the year ended December 31, 2017 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental		
General Corporate	\$ -	\$ 1,626,101
General Capital Projects	591,384	-
Total Major Governmental	<u>591,384</u>	<u>1,626,101</u>
Nonmajor Governmental		
E911	<u>7,717</u>	-
Total Nonmajor Governmental	<u>7,717</u>	-

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

a. Transfers In/Out (Continued)

Fund	Transfers In	Transfers Out
Enterprise		
Water and Sanitary Sewer Improvement	\$ 1,027,000	\$ -
Total Enterprise	<u>1,027,000</u>	<u>-</u>
TOTAL	<u>\$ 1,626,101</u>	<u>\$ 1,626,101</u>

The purpose of significant transfers is as follows:

- \$1,626,101 transferred from the General Corporate Fund to the Water and Sanitary Sewer Improvement Fund to fund capital improvements. This amount will not be repaid.

b. Due From/To Other Funds

Due from/to other funds at December 31, 2017 consisted of the following:

Fund	Due From	Due To
Major Governmental		
General Corporate	\$ 3,801	\$ 8,075
Total Major Governmental	<u>3,801</u>	<u>8,075</u>
Nonmajor Governmental		
Vehicle Maintenance	<u>-</u>	<u>1,325</u>
Total Nonmajor Governmental	<u>-</u>	<u>1,325</u>

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

b. Due From/To Other Funds (Continued)

Fund	Due From	Due To
Enterprise		
Water and Sanitary Sewer Revenue	\$ 8,075	\$ 2,476
Total Enterprise	<u>8,075</u>	<u>2,476</u>
TOTAL	<u><u>\$ 11,876</u></u>	<u><u>\$ 11,876</u></u>

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

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

c. High-Level Excess Liability Pool

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

9. TAX ABATEMENTS

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

In November 2010, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of any home-rule sales tax revenue generated; provided annual sales exceed \$100,000. At December 31, 2017, the Village has accrued an estimated rebate liability of \$46,831 for amounts collected by the state through December 31, 2017 but not yet paid to the company. To date, the Village has rebated approximately \$603,389 of home-rule sales tax to this company.

In August 2012, the Village entered into a 20-year sales tax rebate program with a company. The Village is required to rebate 40% of any municipal sales tax generated in that quarter; not to exceed \$100,000 per sales tax year. The agreement ends when \$700,000 is rebated or December 31, 2023, whichever comes first. At December 31, 2017, the Village has accrued an estimated home-rule sales tax rebate liability of \$1,645 for amounts collected by the state through December 31, 2017 but not yet paid to the company. To date, the Village has rebated approximately \$4,836 of home-rule sales tax to this company.

In 2016, the Village entered into a three-year home-rule sales tax rebate program with a company. The agreement ends when \$185,000 is rebated. To date, the Village has rebated approximately \$123,334 to this company.

10. OTHER POSTEMPLOYMENT BENEFITS

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

11. EMPLOYEE RETIREMENT SYSTEMS

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

Plan Membership

At December 31, 2016, (most recent available) IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	35
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>36</u>
 TOTAL	 <u><u>107</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. Employees hired on or after January 1, 2011 are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

Participating members are required to contribute 4.50% of their annual covered salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar year ended December 31, 2017 was 13.83% of covered payroll.

Actuarial Assumptions

The Village's net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Village's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Change in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
BALANCES AT JANUARY 1, 2016	\$ 19,757,626	\$ 16,114,418	\$ 3,643,208
Changes for the period			
Service cost	311,006	-	311,006
Interest	1,459,744	-	1,459,744
Difference between expected and actual experience	(214,365)	-	(214,365)
Changes in assumptions	(76,478)	-	(76,478)
Employer contributions	-	446,418	(446,418)
Employee contributions	-	126,457	(126,457)
Net investment income	-	1,114,205	(1,114,205)
Benefit payments and refunds	(743,424)	(743,424)	-
Other (net transfer)	-	(111,456)	111,456
Net changes	736,483	832,200	(95,717)
BALANCES AT DECEMBER 31, 2016	\$ 20,494,109	\$ 16,946,618	\$ 3,547,491

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Change in the Net Pension Liability (Continued)

There was a change in assumption relating to the municipal bond rate and the discount rate made since the prior measurement date. The bond rate used in the current actuarial valuation, dated December 31, 2016, is 3.78%. The municipal bond rate used in the prior actuarial valuation, dated December 31, 2015, was 3.57%. The discount rate used in the valuation dated December 31, 2016 is 7.50%. The discount rate used in the valuation dated December 31, 2015 was 7.47%.

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

For the year ended December 31, 2017, the Village recognized pension expense of \$880,242. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 287,055
Changes in assumption	160,806	57,132
Net difference between projected and actual earnings on pension plan investments	818,566	-
Employer contributions after the measurement date	388,559	-
TOTAL	<u>\$ 1,367,931</u>	<u>\$ 344,187</u>

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

\$388,559 reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting period ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	
2018	\$ 264,640
2019	187,091
2020	166,693
2021	16,761
Thereafter	<u>-</u>
TOTAL	<u>\$ 635,185</u>

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net pension liability	\$ 6,298,351	\$ 3,547,491	\$ 1,289,070

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

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

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

Plan Membership

At December 31, 2017, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	18
Inactive plan members entitled to benefits but not yet receiving them	-
Active plan members	
Vested	21
Nonvested	3
	<hr/>
TOTAL	<hr/> <hr/> 42

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$111,572 for 2015, plus the amount automatically increases by the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. It is the Village's policy to fund the pension plan to achieve 100% funding by the same date. The employer contribution for the fiscal year ended December 31, 2017 was 39.63% of covered payroll.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

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

The long-term expected rate of return on the Fund’s investments was determined using an asset allocation study conducted by the Fund’s investment management consultant in August 2016 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund’s target asset allocation as of December 31, 2017 are listed in the table below.

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Large cap U.S. equities	22.00%	6.40%
Mid cap U.S. equities	6.50%	7.30%
Small cap U.S. equities	6.50%	7.80%
International U.S. equities	15.00%	6.40%
Multi class	15.00%	3.70%
Intermediate Term fixed income	32.00%	0.70%

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

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

Investment Valuations

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

Investment Concentrations

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

At December 31, 2017, the Fund had greater than 5% of its fixed income portfolio invested in obligations of the U.S. Treasury notes (11.15%), Equity Mutual Funds (62.11%) and corporate bonds (14.62%). The investment policy does not include any limitations on how much U.S. Treasury or U.S. agency securities can be held in the portfolio.

Investment Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

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

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of December 31, 2017:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 2,523,290	\$ -	\$ 476,773	\$ 1,225,994	\$ 820,523
FHLMC notes	129,683	-	-	20,177	109,506
FNMA notes	388,629	-	-	59,008	329,621
GNMA notes	153,196	-	-	-	153,196
SBA	13,222	-	-	-	13,222
Corporate bonds	3,309,796	337,568	712,480	1,408,019	851,729
Municipal bonds	137,651	55,647	25,682	56,322	-
Negotiable CDs	557,121	557,121	-	-	-
TOTAL	\$ 7,212,588	\$ 950,336	\$ 1,214,935	\$ 2,769,520	\$ 2,277,797

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

The Fund has the following recurring fair value measurements as of December 31, 2017: equities and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, the US Treasury obligations, the corporate bonds and negotiable certificates of deposit are valued using quoted matrix pricing models (Level 2 inputs).

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring quarterly review of the returns of the equity portion of investments to address any standard deviations and by requiring 35% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The FHMLC, FNMA, GNMA, FNMA, SBA, money market mutual funds, municipal bonds, corporate bonds and negotiable certificates of deposit range in rating from not rated to Aaa as of December 31, 2017.

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

Custodial Credit Risk

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

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal level dollar
Assumptions	
Inflation	2.50%
Salary increases	3.62% to 7.36%
Interest rate	6.50%
Cost of living adjustments	3.00%
Asset valuation method	Market

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

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution related and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Village calculated using the discount rate of 6.50% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 8,701,891	\$ 4,607,861	\$ 1,282,512

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 26,208,251	\$ 20,362,060	\$ 5,846,191
Changes for the period			
Service cost	575,596	-	575,596
Interest	1,694,486	-	1,694,486
Difference between expected and actual experience	249,838	-	249,838
Employer contributions	-	803,700	(803,700)
Employee contributions	-	215,212	(215,212)
Net investment income	-	2,772,293	(2,772,293)
Benefit payments and refunds	(1,429,667)	(1,429,667)	-
Administrative expense	-	(32,955)	32,955
Net changes	1,090,253	2,328,583	(1,238,330)
BALANCES AT DECEMBER 31, 2017	\$ 27,298,504	\$ 22,690,643	\$ 4,607,861

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

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended December 31, 2017, the Village recognized pension expense of \$814,131. At December 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 448,148	\$ 262,296
Changes in assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	600,425
TOTAL	\$ 448,148	\$ 862,721

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

<u>Year Ending December 31,</u>	
2018	\$ 35,421
2019	35,421
2020	(270,472)
2021	(256,583)
2022	41,640
Thereafter	-
TOTAL	\$ (414,573)

b. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
REVENUES				
Property taxes			\$ 1,586,167	\$ 1,582,671
Other taxes			8,088,700	8,725,617
Licenses, permits and fees			659,100	1,121,642
Fines and forfeitures			236,000	247,652
Intergovernmental			199,700	259,423
Investment income			38,000	64,140
Miscellaneous			86,000	201,684
			10,893,667	12,202,829
Total revenues				
EXPENDITURES				
Current				
General government	\$ 2,362,090	\$ 2,239,190	2,146,805	1,938,501
Public safety	4,449,970	4,320,670	4,045,424	4,105,815
Community and economic development	1,008,380	941,780	916,710	1,048,711
Public works	1,829,460	1,681,760	1,662,150	1,509,507
Parks and open spaces	1,530,130	1,418,930	1,391,025	1,362,750
Debt service				
Principal retirement	529,740	529,740	446,446	463,858
Interest and fiscal charges	-	-	35,136	10,932
			10,643,696	10,440,074
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			249,971	1,762,755
OTHER FINANCING SOURCES (USES)				
Transfers (out)	\$ (1,130,220)	\$ (1,707,320)	(2,127,475)	(1,626,101)
			(2,127,475)	(1,626,101)
Total other financing sources (uses)				
NET CHANGE IN FUND BALANCE			\$ (1,877,504)	136,654
FUND BALANCE, JANUARY 1				6,908,226
FUND BALANCE, DECEMBER 31				\$ 7,044,880

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017
Actuarially determined contribution	\$ 446,674	\$ 438,803	\$ 388,964
Contributions in relation to the actuarially determined contribution	446,674	438,803	388,559
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ 405
Covered-employee payroll	\$ 2,892,964	\$ 2,841,986	\$ 2,810,162
Contributions as a percentage of covered-employee payroll	15.44%	15.44%	13.83%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 27 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.0% compounded annually.

The Village made additional \$150,000 voluntary contributions for the fiscal year ended December 31, 2015.

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

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

Last Three Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016
TOTAL PENSION LIABILITY			
Service cost	\$ 341,442	\$ 313,571	\$ 311,006
Interest	1,300,553	1,397,410	1,459,744
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(159,731)	(159,981)	(214,365)
Changes of assumptions	564,270	-	(76,478)
Benefit payments, including refunds of member contributions	(691,886)	(687,105)	(743,424)
Net change in total pension liability	1,354,648	863,895	736,483
Total pension liability - beginning	17,539,083	18,893,731	19,757,626
TOTAL PENSION LIABILITY - ENDING	\$ 18,893,731	\$ 19,757,626	\$ 20,494,109
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 614,250	\$ 596,673	\$ 446,418
Contributions - member	145,229	137,799	126,457
Net investment income	907,263	79,064	1,114,205
Benefit payments, including refunds of member contributions	(691,886)	(687,105)	(743,424)
Administrative expense	(25,139)	198,897	(111,456)
Net change in plan fiduciary net position	949,717	325,328	832,200
Plan fiduciary net position - beginning	14,839,373	15,789,090	16,114,418
PLAN FIDUCIARY NET POSITION - ENDING	\$ 15,789,090	\$ 16,114,418	\$ 16,946,618
EMPLOYER'S NET PENSION LIABILITY	\$ 3,104,641	\$ 3,643,208	\$ 3,547,491
Plan fiduciary net position as a percentage of total pension liability	83.57%	81.56%	82.69%
Covered-employee payroll	\$ 2,841,986	\$ 2,892,964	\$ 2,810,162
Employer's net pension liability as a percentage of covered-employee payroll	109.24%	125.93%	126.24%

There were changes with respect to actuarial assumptions from previous years to reflect revised expectations with respect to mortality rates, disability rates, turnover rates and retirement rates. (1) from 2015 to 2016, the discount rate used in the determination of the total pension liability was changed from 7.46% to 7.50%; (2) the assumed rate on high quality 20-year tax exempt general obligation bonds was 3.56% in 2014, 3.57% in 2015 and 3.78% in 2016.

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

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 483,226	\$ 497,262	\$ 454,383	\$ 563,551	\$ 514,585	\$ 545,957	\$ 527,434	\$ 623,208	\$ 783,607	\$ 803,666
Contribution in relation to the actuarially determined contribution	483,226	497,262	454,383	563,551	514,585	545,957	527,434	618,665	783,607	803,666
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ 4,543	\$ -	\$ -						
Additional voluntary contributions	\$ 579,920	\$ 604,071	\$ 558,209	\$ 469,289	\$ 446,936	\$ 513,790	\$ 61,869	\$ -	\$ 49,524	\$ 34
Covered-employee payroll	\$ 1,945,491	\$ 2,029,959	\$ 2,010,449	\$ 1,902,849	\$ 1,923,608	\$ 2,058,866	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195	\$ 2,028,220
Contributions as a percentage of Covered-employee payroll	24.84%	24.50%	22.60%	29.62%	26.75%	26.52%	25.32%	29.44%	36.44%	39.62%

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

The information presented was determined as part of the actuarial valuations as of January 1. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 24 years; the asset valuation method was market; and the significant actuarial assumptions were an investment rate of return at 6.50% annually, projected salary increases assumption of 3.62% to 7.36% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
TOTAL PENSION LIABILITY				
Service cost	\$ 543,025	\$ 535,944	\$ 568,266	\$ 575,596
Interest	1,466,549	1,561,977	1,607,524	1,694,486
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	434,345	(459,019)	359,920	249,838
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)	(1,429,667)
Net change in total pension liability	1,466,841	678,557	1,555,052	1,090,253
Total pension liability - beginning	22,507,801	23,974,642	24,653,199	26,208,251
TOTAL PENSION LIABILITY - ENDING	\$ 23,974,642	\$ 24,653,199	\$ 26,208,251	\$ 27,298,504
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 589,303	\$ 618,665	\$ 833,131	\$ 803,700
Contributions - member	232,179	208,270	210,892	215,212
Contributions - other	10	15	23	149
Net investment income	469,087	(270,351)	1,306,857	2,772,144
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)	(1,053,166)
Administrative expense	(22,328)	(28,855)	(27,865)	(32,955)
Net change in plan fiduciary net position	291,173	(432,601)	1,342,380	2,705,084
Plan fiduciary net position - beginning	19,161,108	19,452,281	19,019,680	20,362,060
PLAN FIDUCIARY NET POSITION - ENDING	\$ 19,452,281	\$ 19,019,680	\$ 20,362,060	\$ 23,067,144
EMPLOYER'S NET PENSION LIABILITY	\$ 4,522,361	\$ 5,633,519	\$ 5,846,191	\$ 4,231,360
Plan fiduciary net position as a percentage of the total pension liability	81.14%	77.15%	77.69%	84.50%
Covered-employee payroll	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195	\$ 2,028,220
Employer's net pension liability as a percentage of covered-employee payroll	217.14%	268.06%	271.89%	208.62%

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

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED, DECEMBER 31	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	2.53%	(1.35%)	6.87%	13.75%

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

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

BUDGETS

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

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

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

A supplemental appropriation was passed for the General Fund and Police Pension Fund.

The following funds had expenditures greater than the budget for the year ended December 31, 2017:

Fund	Actual Expenditures	Original and Final Appropriation	Original and Final Budget
Enhanced 911 Fund	\$ 373,060	\$ 327,330	\$ 297,570

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2017

	Original and Final Budget	Actual
PROPERTY TAXES		
Property tax - Police Pension Fund	\$ 1,510,667	\$ 1,507,201
Road and bridge	75,500	75,470
Total property taxes	<u>1,586,167</u>	<u>1,582,671</u>
OTHER TAXES		
State income	728,000	660,931
Sales	1,950,700	1,775,210
Home rule sales	900,000	1,182,998
Utility	1,305,000	1,245,328
Telecommunication	1,000,000	1,190,635
Room and admissions	1,800,000	1,699,538
Real estate transfer	250,000	732,675
Food and beverage	-	47,403
State use	155,000	190,899
Total other taxes	<u>8,088,700</u>	<u>8,725,617</u>
LICENSES AND PERMITS		
SWALCO rebate	2,600	3,898
Liquor licenses	69,000	74,300
Beach tags	7,000	8,110
Park user fees	23,500	19,560
Amusement devices	3,000	1,225
Application fees	7,500	500
Engineering fees	12,000	24,322
Planner fees	5,000	20,264
Plan review fees	50,000	154,843
Annexation fees	1,000	-
Building permit fees	210,000	461,517
Fire review and inspection fees	68,000	105,096
Elevator inspection fees	13,000	21,918
Engineering review and inspection fees	21,000	31,684
Acreage impact fees	5,000	-
Forester fees	1,000	-
Miscellaneous licenses and fees	1,000	675
Cable TV franchise fees	150,000	183,881
Yardwaste refuse stickers	8,000	8,673
Taste of Lincolnshire	-	-
Waste hauler fees	1,500	1,176
Total licenses and permits	<u>659,100</u>	<u>1,121,642</u>

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Budget	Actual
FINES AND FORFEITURES		
Court fines	\$ 200,000	\$ 210,201
False alarm fines and fees	5,000	5,251
Administrative tow fees	31,000	32,200
	<hr/>	
Total fines and forfeitures	236,000	247,652
	<hr/>	
INTERGOVERNMENTAL		
Police grants	13,000	19,671
Police training reimbursements	-	181
Miscellaneous grants	186,700	239,571
	<hr/>	
Total intergovernmental	199,700	259,423
	<hr/>	
INVESTMENT INCOME	38,000	64,140
	<hr/>	
MISCELLANEOUS		
Miscellaneous income	86,000	201,684
	<hr/>	
Total miscellaneous	86,000	201,684
	<hr/>	
TOTAL REVENUES	\$ 10,893,667	\$ 12,202,829

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2017

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT				
Administration services				
Personnel services				
Regular salaries	\$ 389,970	\$ 327,170	\$ 259,000	\$ 213,988
Part time wages	-	-	-	6
Overtime salaries	-	-	400	86
IMRF	-	-	36,730	32,550
FICA	-	-	19,840	12,551
Total personnel services	<u>389,970</u>	<u>327,170</u>	<u>315,970</u>	<u>259,181</u>
Contractual services				
Equipment maintenance	-	-	200	-
Professional services	-	-	3,500	5,300
Total contractual services	<u>-</u>	<u>-</u>	<u>3,700</u>	<u>5,300</u>
Other charges				
Memberships	-	-	10,500	11,118
Vehicle expenditures	-	-	4,800	4,800
Professional development	-	-	6,500	2,614
Publications	-	-	600	586
Classified advertisements	-	-	2,200	-
Boards and commissions	-	-	2,700	828
Business expenditures	-	-	7,000	3,817
Total other charges	<u>-</u>	<u>-</u>	<u>34,300</u>	<u>23,763</u>
Total administrative services	<u>389,970</u>	<u>327,170</u>	<u>353,970</u>	<u>288,244</u>
Finance				
Personnel services				
Regular salaries	365,400	305,300	237,500	207,966
Part time wages	-	-	12,500	37,976
Overtime salaries	-	-	500	-
IMRF	-	-	35,470	36,030
FICA	-	-	19,170	16,963
Total personnel services	<u>365,400</u>	<u>305,300</u>	<u>305,140</u>	<u>298,935</u>
Contractual services				
Printing	-	-	300	668
Equipment maintenance	-	-	200	219
Professional services	-	-	20,170	20,665
Legal notices	-	-	1,000	652
Outside services	-	-	100	-
Total contractual services	<u>-</u>	<u>-</u>	<u>21,770</u>	<u>22,204</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
GENERAL GOVERNMENT (Continued)				
Finance (Continued)				
Other charges				
Memberships	\$ -	\$ -	\$ 800	\$ 685
Professional development	-	-	3,450	1,846
Publications	-	-	325	-
Minor equipment	-	-	300	43
Business expenditures	-	-	400	653
Total other charges	-	-	5,275	3,227
Total finance	365,400	305,300	332,185	324,366
Insurance and common				
Contractual services				
Telephone	1,606,720	1,606,720	19,500	15,997
Printing	-	-	15,480	14,210
Equipment maintenance	-	-	1,230	1,224
Professional services	-	-	88,900	68,205
Data systems	-	-	31,050	30,050
Postage	-	-	8,500	9,478
Duplicating	-	-	8,640	9,015
Medical insurance	-	-	772,300	718,115
General insurance	-	-	221,840	203,519
Outside services	-	-	196,110	184,165
Total contractual services	1,606,720	1,606,720	1,363,550	1,253,978
Commodities				
Office supplies	-	-	14,400	15,018
Total commodities	-	-	14,400	15,018
Other charges				
Minor equipment	-	-	11,700	11,831
Senior citizen tax relief	-	-	5,000	5,132
Bad debt provision	-	-	-	295
Total other charges	-	-	16,700	17,258
Capital outlay				
Office equipment	-	-	2,000	1,209
Computer equipment	-	-	64,000	38,428
Total capital outlay	-	-	66,000	39,637
Total insurance and common	1,606,720	1,606,720	1,460,650	1,325,891
Total general government	2,362,090	2,239,190	2,146,805	1,938,501

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
PUBLIC SAFETY				
Police				
Personnel services				
Regular salaries	\$ 2,657,880	\$ 2,657,880	\$ 2,416,250	\$ 2,476,592
Part time wages	-	-	33,750	26,631
Overtime salaries	-	-	148,000	249,313
Overtime contract services	-	-	40,000	34,404
Retirement reserves	1,792,090	1,662,790	803,700	803,700
IMRF	-	-	55,182	22,997
FICA	-	-	62,412	53,056
Total personnel services	4,449,970	4,320,670	3,559,294	3,666,693
Contractual services				
Printing	-	-	4,000	3,065
Equipment maintenance	-	-	51,400	40,475
Professional services	-	-	100,050	98,613
Data systems	-	-	12,780	9,485
Total contractual services	-	-	168,230	151,638
Commodities				
Maintenance materials	-	-	20,000	17,534
Total commodities	-	-	20,000	17,534
Other charges				
Memberships	-	-	2,500	4,630
Vehicle expenditures	-	-	163,200	163,224
Professional development	-	-	53,000	38,161
Publications	-	-	900	542
Uniforms	-	-	47,500	44,691
Community programs	-	-	16,000	7,453
Officer testing	-	-	3,500	554
Equipment - furniture	-	-	4,000	3,812
Minor equipment	-	-	3,800	2,390
Business expenditures	-	-	3,500	4,493
Total other charges	-	-	297,900	269,950
Total public safety	4,449,970	4,320,670	4,045,424	4,105,815
COMMUNITY AND ECONOMIC DEVELOPMENT				
Administration				
Personnel services				
Regular salaries	1,008,380	941,780	265,400	332,708
Part time wages	-	-	36,300	32,521
IMRF	-	-	37,580	51,528
FICA	-	-	23,080	27,280
Total personnel services	1,008,380	941,780	362,360	444,037

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
COMMUNITY AND ECONOMIC DEVELOPMENT (Continued)				
Administration (Continued)				
Contractual services				
Printing	\$ -	\$ -	\$ 150	\$ -
Vehicle expenditures	-	-	4,600	4,600
Professional services	-	-	91,000	202,288
Legal notices	-	-	150	109
Outside services	-	-	61,950	1,398
Total contractual services	-	-	157,850	208,395
Other charges				
Professional development	-	-	8,200	4,054
Publications	-	-	350	426
Board and commissions	-	-	100	-
Business expenditures	-	-	800	434
Economic development initiatives	-	-	385,350	391,097
Equipment and clothing	-	-	1,700	268
Total other charges	-	-	396,500	396,279
Total community and economic development	1,008,380	941,780	916,710	1,048,711
PUBLIC WORKS				
Administration				
Personnel services				
Regular salaries	265,500	227,200	159,200	162,514
Overtime salaries	-	-	1,000	242
IMRF	-	-	22,680	22,671
FICA	-	-	12,260	11,981
Total personnel services	265,500	227,200	195,140	197,408
Contractual services				
Professional services	-	-	31,000	29,850
Legal notices	-	-	800	819
Outside services	-	-	4,000	1,364
Total contractual services	-	-	35,800	32,033
Other charges				
Memberships	-	-	2,800	2,683
Vehicle expenditures	-	-	1,125	1,125
Professional development	-	-	5,000	3,722
Business expenditures	-	-	500	576
Total other charges	-	-	9,425	8,106

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original Appropriation	Final Appropriation	Original and Final Budget	Actual
PUBLIC WORKS (Continued)				
Administration (Continued)				
Capital outlay				
Office charges	\$ -	\$ -	\$ 1,000	\$ 1,071
Total capital outlay	-	-	1,000	1,071
Total administration	265,500	227,200	241,365	238,618
Streets				
Personnel services				
Regular salaries	1,421,400	1,312,000	411,250	390,928
Part time salaries	-	-	8,000	15,296
Overtime salaries	-	-	45,000	41,412
IMRF	-	-	64,600	57,454
FICA	-	-	34,910	32,971
Total personnel services	1,421,400	1,312,000	563,760	538,061
Contractual services				
Equipment maintenance	-	-	500	831
Electric utilities	-	-	15,000	14,947
Pavement maintenance	-	-	53,000	51,459
Outside services	-	-	408,400	323,941
Total contractual services	-	-	476,900	391,178
Commodities				
Maintenance materials	-	-	18,900	20,829
Repair and restoration	-	-	12,000	12,304
Construction materials	-	-	5,900	7,143
Snow and ice control	-	-	60,500	26,448
Total commodities	-	-	97,300	66,724
Other charges				
Vehicle expenditures	-	-	140,525	140,525
Professional development	-	-	3,500	2,778
Uniforms	-	-	3,500	3,309
Minor equipment	-	-	2,000	2,020
Recycling	-	-	3,200	3,125
Business expenditures	-	-	500	491
Total other charges	-	-	153,225	152,248
Total streets	1,421,400	1,312,000	1,291,185	1,148,211

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
PUBLIC WORKS (Continued)				
Buildings and grounds				
Contractual services				
Equipment maintenance	\$ 142,560	\$ 142,560	\$ 500	\$ 449
Outside services	-	-	103,500	97,920
Total contractual services	142,560	142,560	104,000	98,369
Commodities				
Maintenance materials	-	-	15,000	13,189
Repair and restoration	-	-	1,000	1,044
Construction materials	-	-	2,000	2,105
Total commodities	-	-	18,000	16,338
Other charges				
Minor equipment	-	-	2,000	2,208
Vehicle expenditures	-	-	4,600	4,600
Business expenditures	-	-	1,000	1,163
Total other charges	-	-	7,600	7,971
Total buildings and grounds	142,560	142,560	129,600	122,678
Total public works	1,829,460	1,681,760	1,662,150	1,509,507
PARKS AND OPEN SPACES				
Parks and grounds				
Personnel services				
Regular salaries	1,530,130	1,418,930	411,250	390,930
Part time wages	-	-	70,000	70,586
Overtime salaries	-	-	28,000	37,306
IMRF	-	-	62,190	63,160
FICA	-	-	38,960	37,436
Total personnel services	1,530,130	1,418,930	610,400	599,418
Contractual services				
Equipment maintenance	-	-	500	498
Professional services	-	-	73,000	72,743
Gas utilities	-	-	3,000	2,391
Electric utilities	-	-	28,000	25,235
Outside services	-	-	88,000	75,676
Lighting maintenance	-	-	4,500	11,824
Landscape maintenance	-	-	295,500	297,012
Wildlife maintenance	-	-	1,000	432
Special events	-	-	94,500	116,123
Total contractual services	-	-	588,000	601,934

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	<u>Original</u> <u>Appropriation</u>	<u>Final</u> <u>Appropriation</u>	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>
PARKS AND OPEN SPACES (Continued)				
Parks and grounds (Continued)				
Commodities				
Maintenance materials	\$ -	\$ -	\$ 44,500	\$ 35,728
Repair and restoration	-	-	3,000	2,773
Construction materials	-	-	5,000	4,833
Total commodities	-	-	52,500	43,334
Other charges				
Memberships	-	-	1,500	1,080
Vehicle expenditures	-	-	108,025	108,025
Professional development	-	-	3,000	1,845
Publications	-	-	100	-
Uniforms	-	-	4,000	3,384
Minor equipment	-	-	2,500	2,687
Business expenditures	-	-	1,000	1,043
Total other charges	-	-	120,125	118,064
Capital outlay				
Bike path repairs	-	-	20,000	-
Total capital outlay	-	-	20,000	-
Total parks and open spaces	1,530,130	1,418,930	1,391,025	1,362,750
Debt service				
Principal retirement	529,740	529,740	446,446	463,858
Interest and fiscal charges	-	-	35,136	10,932
Total debt service	529,740	529,740	481,582	474,790
TOTAL EXPENDITURES	<u>\$ 11,709,770</u>	<u>\$ 11,132,070</u>	<u>\$ 10,643,696</u>	<u>\$ 10,440,074</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Intergovernmental			
Grants		\$ 480,600	\$ 222,044
Miscellaneous			
Other income		1,150,000	79,700
Total revenues		1,630,600	301,744
EXPENDITURES			
General government			
Contractual services	\$ -	102,000	94,469
Capital outlay	2,301,900	2,016,900	1,172,180
Total expenditures	\$ 2,301,900	2,118,900	1,266,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
		(488,300)	(964,905)
OTHER FINANCING SOURCES (USES)			
Transfers in		1,100,000	591,384
Total other financing sources (uses)		1,100,000	591,384
NET CHANGE IN FUND BALANCE			
		\$ 611,700	(373,521)
FUND BALANCE, JANUARY 1			
			7,189,708
FUND BALANCE, DECEMBER 31			
			\$ 6,816,187

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUNDS

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

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue			Total Special Revenue	Debt	Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911		Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects	
ASSETS									
Cash and cash equivalents	\$ 65,221	\$ 289,264	\$ 6	\$ 354,491	\$ 881,956	\$ 1,640,104	\$ 4,922	\$ 1,645,026	\$ 2,881,473
Investments	-	-	-	-	1,257,474	-	-	-	1,257,474
Receivables									
Property taxes	-	-	-	-	1,161,563	-	-	-	1,161,563
Other taxes	16,075	-	88,173	104,248	-	-	-	-	104,248
Other receivable	123	700	1,001	1,824	3,653	-	-	-	5,477
Due from other funds	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 81,419	\$ 289,964	\$ 89,180	\$ 460,563	\$ 3,304,646	\$ 1,640,104	\$ 4,922	\$ 1,645,026	\$ 5,410,235

	Special Revenue			Debt	Capital Projects			Total	
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Total Special Revenue	Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal		Total Capital Projects
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ -	\$ 232,000	\$ -	\$ 232,000	\$ 193	\$ -	\$ 1,170	\$ 1,170	\$ 233,363
Total liabilities	-	232,000	-	232,000	193	-	1,170	1,170	233,363
DEFERRED INFLOWS OF RESOURCES									
Deferred property taxes	-	-	-	-	1,161,563	-	-	-	1,161,563
Total deferred inflows of resources	-	-	-	-	1,161,563	-	-	-	1,161,563
Total liabilities and deferred inflows of resources	-	232,000	-	232,000	1,161,756	-	1,170	1,170	1,394,926
FUND BALANCES									
Restricted for debt service	-	-	-	-	2,142,890	-	-	-	2,142,890
Restricted for maintenance of roadways	81,419	-	-	81,419	-	-	-	-	81,419
Restricted for public safety	-	57,964	89,180	147,144	-	-	-	-	147,144
Restricted for park improvements	-	-	-	-	-	1,514,978	-	1,514,978	1,514,978
Unrestricted									
Assigned for capital projects	-	-	-	-	-	125,126	3,752	128,878	128,878
Total fund balances	81,419	57,964	89,180	228,563	2,142,890	1,640,104	3,752	1,643,856	4,015,309
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
	\$ 81,419	\$ 289,964	\$ 89,180	\$ 460,563	\$ 3,304,646	\$ 1,640,104	\$ 4,922	\$ 1,645,026	\$ 5,410,235

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Special Revenue			Total Special Revenue	Debt Service	Capital Projects			Total
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911		Special Service Area Debt Service	Park Development Capital Projects	SSA Westminster Signal	Total Capital Projects	
REVENUES									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,162,539	\$ -	\$ -	\$ -	\$ 1,162,539
Intergovernmental	189,390	-	286,035	475,425	-	-	-	-	475,425
Charges for services	-	18,345	-	18,345	-	-	-	-	18,345
Investment income	582	-	118	700	19,448	1,527	11	1,538	21,686
Donations	-	-	-	-	-	1,514,978	-	1,514,978	1,514,978
Total revenues	189,972	18,345	286,153	494,470	1,181,987	1,516,505	11	1,516,516	3,192,973
EXPENDITURES									
Current									
General government	-	-	-	-	6,055	-	-	-	6,055
Public safety	-	36,630	373,060	409,690	-	-	-	-	409,690
Capital outlay	335,000	-	-	335,000	-	62	4,680	4,742	339,742
Debt service									
Principal retirement	-	-	-	-	390,000	-	-	-	390,000
Interest and fiscal charges	-	-	-	-	759,913	-	-	-	759,913
Total expenditures	335,000	36,630	373,060	744,690	1,155,968	62	4,680	4,742	1,905,400
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(145,028)	(18,285)	(86,907)	(250,220)	26,019	1,516,443	(4,669)	1,511,774	1,287,573
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	7,717	7,717	-	-	-	-	7,717
Total other financing sources (uses)	-	-	7,717	7,717	-	-	-	-	7,717
NET CHANGE IN FUND BALANCE	(145,028)	(18,285)	(79,190)	(242,503)	26,019	1,516,443	(4,669)	1,511,774	1,295,290
FUND BALANCES, JANUARY 1	226,447	76,249	168,370	471,066	2,116,871	123,661	8,421	132,082	2,720,019
FUND BALANCES, DECEMBER 31	\$ 81,419	\$ 57,964	\$ 89,180	\$ 228,563	\$ 2,142,890	\$ 1,640,104	\$ 3,752	\$ 1,643,856	\$ 4,015,309

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Intergovernmental			
Allotments earned		\$ 188,500	\$ 189,390
Investment income		200	582
		<hr/>	<hr/>
Total revenues		188,700	189,972
		<hr/>	<hr/>
EXPENDITURES			
Capital outlay	\$ 368,500	335,000	335,000
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 368,500	335,000	335,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE		\$ (146,300)	(145,028)
		<hr/>	<hr/>
FUND BALANCE, JANUARY 1			226,447
			<hr/>
FUND BALANCE, DECEMBER 31			\$ 81,419
			<hr/>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Other taxes			
E911 surcharges	\$ 297,350	\$ 286,035	
Investment income	220	118	
Total revenues	297,570	286,153	
EXPENDITURES			
Public safety			
Contractual services	\$ 327,330	297,570	299,803
Other charges	-	-	73,257
Total expenditures	\$ 327,330	297,570	373,060
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		-	(86,907)
OTHER FINANCING SOURCES (USES)			
Transfers in		-	7,717
Total other financing sources (uses)		-	7,717
NET CHANGE IN FUND BALANCE		\$ -	(79,190)
FUND BALANCE, JANUARY 1			168,370
FUND BALANCE, DECEMBER 31			\$ 89,180

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Property taxes		\$ 1,162,500	\$ 1,162,539
Investment income		18,600	19,448
Total revenues		<u>1,181,100</u>	<u>1,181,987</u>
EXPENDITURES			
General government			
Contractual services	\$ 18,600	18,600	6,055
Debt service			
Principal	1,161,875	402,188	390,000
Interest and fiscal charges	-	759,687	759,913
Total expenditures	<u>\$ 1,180,475</u>	<u>1,180,475</u>	<u>1,155,968</u>
NET CHANGE IN FUND BALANCE		<u>\$ 625</u>	26,019
FUND BALANCE, JANUARY 1			<u>2,116,871</u>
FUND BALANCE, DECEMBER 31			<u>\$ 2,142,890</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Investment income		\$ 100	\$ 1,527
Park donations		236,000	1,514,978
Total revenues		<u>236,100</u>	<u>1,516,505</u>
EXPENDITURES			
Capital outlay	\$ 302,500	275,000	62
Total expenditures	<u>\$ 302,500</u>	<u>275,000</u>	<u>62</u>
NET CHANGE IN FUND BALANCE		<u>\$ (38,900)</u>	1,516,443
FUND BALANCE, JANUARY 1			<u>123,661</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 1,640,104</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Investment income		\$ -	\$ 11
Total revenues		-	11
EXPENDITURES			
Contractual services	\$ 4,880	4,880	4,680
Total expenditures	\$ 4,880	4,880	4,680
CHANGE IN NET POSITION		\$ (4,880)	(4,669)
FUND BALANCE, JANUARY 1			8,421
FUND BALANCE, DECEMBER 31			\$ 3,752

(See independent auditor's report.)

ENTERPRISE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**COMBINING SCHEDULE OF NET POSITION
WATER AND SANITARY SEWER FUND**

December 31, 2017

	Revenue Account	Improvement Account	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,163,505	\$ 1,250,031	\$ 2,413,536
Investments	198,041	210,054	408,095
Receivables			
Accounts - billed	317,449	-	317,449
Accounts - unbilled	273,760	-	273,760
Other receivables	16,001	4,881	20,882
Due from other funds	8,075	-	8,075
Prepaid expenses	4,239	-	4,239
Total current assets	1,981,070	1,464,966	3,446,036
CAPITAL ASSETS			
Nondepreciable	167,135	-	167,135
Depreciable (net of accumulated depreciation)	33,985,050	-	33,985,050
Net capital assets	34,152,185	-	34,152,185
Total assets	36,133,255	1,464,966	37,598,221
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	336,096	-	336,096
Total deferred outflows of resources	336,096	-	336,096
CURRENT LIABILITIES			
Accounts payable	398,878	442,525	841,403
Accrued payroll	25,793	-	25,793
Due to other funds	2,476	-	2,476
Compensated absences payable	17,141	-	17,141
Total current liabilities	444,288	442,525	886,813
LONG-TERM LIABILITIES			
Compensated absences payable	51,424	-	51,424
IMRF net pension liability	853,312	-	853,312
Total long-term liabilities	904,736	-	904,736
Total liabilities	1,349,024	442,525	1,791,549

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2017

	Revenue Account	Improvement Account	Total
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	\$ 79,807	\$ -	\$ 79,807
Total deferred inflows of resources	<u>79,807</u>	<u>-</u>	<u>79,807</u>
NET POSITION			
Net investment in capital assets	34,152,185	-	34,152,185
Unrestricted	<u>888,335</u>	<u>1,022,441</u>	<u>1,910,776</u>
TOTAL NET POSITION	<u>\$ 35,040,520</u>	<u>\$ 1,022,441</u>	<u>\$ 36,062,961</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 4,819,339	\$ -	\$ -	\$ 4,819,339
Miscellaneous	14,035	1,584	-	15,619
Total operating revenues	4,833,374	1,584	-	4,834,958
OPERATING EXPENSES				
Administration	576,553	-	-	576,553
Operations	3,678,363	28,174	-	3,706,537
Capital outlay	-	238,650	-	238,650
Total operating expenses	4,254,916	266,824	-	4,521,740
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	578,458	(265,240)	-	313,218
Depreciation	1,603,615	-	-	1,603,615
OPERATING INCOME (LOSS)	(1,025,157)	(265,240)	-	(1,290,397)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	3,322	3,392	-	6,714
Connection fees	-	1,165,994	-	1,165,994
Sale of capital assets	8,075	-	-	8,075
Interest expense	(4,250)	-	-	(4,250)
Total non-operating revenues (expenses)	7,147	1,169,386	-	1,176,533
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,018,010)	904,146	-	(113,864)
CONTRIBUTIONS				
Contributions of capital assets	1,911,011	-	(1,601,691)	309,320
Total contributions	1,911,011	-	(1,601,691)	309,320
TRANSFERS				
Transfers in	-	1,527,000	(500,000)	1,027,000
Transfers (out)	(500,000)	(1,601,691)	2,101,691	-
Total transfers	(500,000)	(74,691)	1,601,691	1,027,000
CHANGE IN NET POSITION	393,001	829,455	-	1,222,456
NET POSITION, JANUARY 1	34,647,519	192,986	-	34,840,505
NET POSITION, DECEMBER 31	\$ 35,040,520	\$ 1,022,441	\$ -	\$ 36,062,961

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Charges for services			
Water and sanitary sewer fees		\$ 4,775,530	\$ 4,819,339
Miscellaneous			
Other		6,000	14,035
		<u>4,781,530</u>	<u>4,833,374</u>
Total operating revenues			
OPERATING EXPENSES			
Administration	\$ 990,360	500,325	576,553
Operations	4,006,840	3,642,580	3,678,363
Capital outlay			
		<u>4,497,200</u>	<u>4,254,916</u>
Total operating expenses excluding depreciation			
OPERATING INCOME			
BEFORE DEPRECIATION		638,625	578,458
Depreciation		-	1,603,615
		<u>638,625</u>	<u>(1,025,157)</u>
NON-OPERATING REVENUES (EXPENSES)			
Sale of capital assets		-	8,075
Investment income		1,500	3,322
Interest expense		-	(4,250)
		<u>1,500</u>	<u>7,147</u>
Total non-operating revenues (expenses)			
NET INCOME (LOSS) BEFORE			
CONTRIBUTIONS AND TRANSFERS		<u>640,125</u>	<u>(1,018,010)</u>
CONTRIBUTIONS			
Contributions of capital assets		-	1,911,011
		<u>-</u>	<u>1,911,011</u>
Total contributions			
TRANSFERS			
Transfers (out)		(400,000)	(500,000)
		<u>(400,000)</u>	<u>(500,000)</u>
Total transfers			
CHANGE IN NET POSITION		<u>\$ 240,125.00</u>	393,001
NET POSITION, JANUARY 1			<u>34,647,519</u>
NET POSITION, DECEMBER 31			<u>\$ 35,040,520</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Miscellaneous		\$ -	\$ 1,584
Total operating revenues		-	1,584
OPERATING EXPENSES			
Operations		49,500	28,174
Capital outlay	\$ 2,056,230	1,632,500	238,650
Total operating expenses	<u>\$ 2,056,230</u>	1,682,000	266,824
OPERATING INCOME (LOSS)		<u>(1,682,000)</u>	<u>(265,240)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income		1,700	3,392
Connection fees		200,000	1,165,994
Interest expense		(187,300)	-
Total non-operating revenues (expenses)		<u>14,400</u>	<u>1,169,386</u>
NET INCOME (LOSS) BEFORE TRANSFERS		<u>(1,667,600)</u>	<u>904,146</u>
TRANSFERS			
Transfers in		1,427,475	1,527,000
Transfers (out)		-	(1,601,691)
Total transfers		<u>1,427,475</u>	<u>(74,691)</u>
CHANGE IN NET POSITION		<u>\$ (240,125)</u>	829,455
NET POSITION, JANUARY 1			<u>192,986</u>
NET POSITION, DECEMBER 31			<u><u>\$ 1,022,441</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
ADMINISTRATION			
Personnel services			
Regular salaries	\$ 990,360	\$ 183,500	\$ 179,717
Part-time wages	-	12,500	18,215
Overtime salaries	-	1,000	1,144
IMRF	-	26,120	26,003
FICA	-	14,120	14,059
Pension expense	-	-	95,441
Total personnel services	<u>990,360</u>	<u>237,240</u>	<u>334,579</u>
Contractual services			
Telephone	-	22,100	21,153
Printing	-	10,720	11,526
Professional services	-	26,860	24,579
Data processing	-	4,750	4,665
Postage	-	8,500	9,478
Duplicating	-	960	1,002
Medical insurance	-	61,500	56,706
General insurance	-	98,980	88,570
Outside services	-	24,790	20,297
Total contractual services	<u>-</u>	<u>259,160</u>	<u>237,976</u>
Commodities			
Office supplies	-	1,600	1,655
Total commodities	<u>-</u>	<u>1,600</u>	<u>1,655</u>
Other charges			
Vehicle expense	-	2,325	2,325
Bad debt expense	-	-	18
Total other charges	<u>-</u>	<u>2,325</u>	<u>2,343</u>
Total administration	<u>990,360</u>	<u>500,325</u>	<u>576,553</u>

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATIONS			
Personnel services			
Regular salaries	\$ 4,006,840	\$ 402,500	\$ 405,511
Overtime salaries	-	30,000	30,984
IMRF	-	61,240	61,399
FICA	-	33,090	32,325
Total personnel services	<u>4,006,840</u>	<u>526,830</u>	<u>530,219</u>
Contractual services			
Equipment maintenance	-	35,500	38,090
Professional services	-	5,000	2,702
Gas utilities	-	4,000	3,677
Electric utilities	-	75,000	85,556
Outside services	-	49,400	125,640
System maintenance	-	128,400	90,743
Hydrant replacement	-	27,000	19,850
Water purchases	-	1,292,000	1,303,987
Sanitary sewer charges	-	1,410,000	1,386,110
Sanitary sewer transmission fees	-	7,800	7,784
Total contractual services	<u>-</u>	<u>3,034,100</u>	<u>3,064,139</u>
Commodities			
Maintenance materials	-	19,350	20,576
Water meters	-	10,000	8,773
Total commodities	<u>-</u>	<u>29,350</u>	<u>29,349</u>
Other charges			
Memberships	-	600	903
Professional development	-	500	300
Uniforms	-	2,500	2,725
Vehicle expenditures	-	46,500	46,500
Minor equipment	-	1,200	1,763
Business expense	-	1,000	2,465
Total other charges	<u>-</u>	<u>52,300</u>	<u>54,656</u>
Total operations	<u>4,006,840</u>	<u>3,642,580</u>	<u>3,678,363</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 4,997,200</u></u>	<u><u>\$ 4,142,905</u></u>	<u><u>\$ 4,254,916</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING EXPENSES			
Capital outlay			
Sanitary sewer engineering services	\$ 2,056,230	\$ 80,000	\$ 111,709
Roof replacement	-	225,000	-
Generator replacement	-	130,000	-
Pembroke Watermain replacement	-	876,500	-
Westminister Watermain replacement	-	59,000	-
Utility truck	-	80,000	-
Sanitary sewer lining repairs	-	82,000	-
Miscellaneous repairs	-	100,000	126,941
			<hr/>
Total capital outlay	2,056,230	1,632,500	238,650
			<hr/>
TOTAL OPERATING EXPENSES	\$ 2,056,230	\$ 1,632,500	\$ 238,650

(See independent auditor's report.)

INTERNAL SERVICE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Interfund services			
General Fund		\$ 418,200	\$ 418,200
Water and Sanitary Sewer Fund		46,500	46,500
		<u>464,700</u>	<u>464,700</u>
Total operating revenues			
OPERATING EXPENSES			
Personnel services			
Regular salaries	\$ 524,290	151,300	97,259
Overtime salaries	-	6,000	10,180
		<u>157,300</u>	<u>107,439</u>
Total personnel services	524,290	157,300	107,439
Professional services			
Equipment maintenance	-	1,500	495
Medical insurance	-	33,000	30,482
General insurance	-	20,480	18,325
Outside services	-	94,250	70,662
		<u>149,230</u>	<u>119,964</u>
Total professional services	-	149,230	119,964
Commodities			
Maintenance materials	-	5,600	5,460
Gasoline	-	50,000	40,474
Diesel	-	25,000	17,060
Oil and antifreeze	-	3,000	3,141
Vehicle tires	-	7,000	3,510
Vehicle maintenance parts	-	36,500	22,831
		<u>127,100</u>	<u>92,476</u>
Total commodities	-	127,100	92,476
Other charges			
Memberships	-	100	30
Professional development	-	2,000	1,930
Publications	-	5,000	3,919
Uniforms	-	1,600	1,344
IMRF	-	22,270	14,766
FICA	-	12,030	8,034
		<u>43,000</u>	<u>30,023</u>
Total other charges	-	43,000	30,023
Total operating expenses	\$ 524,290	476,630	349,902
NET CHANGE IN FUND BALANCE		<u>\$ (11,930)</u>	114,798
NET POSITION, JANUARY 1			<u>176,980</u>
NET POSITION, DECEMBER 31			<u>\$ 291,778</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2017

	Original Original Appropriation	Final Appropriation	Original and Final Budget	Actual
ADDITIONS				
Contributions - employer			\$ 803,500	\$ 803,700
Contributions - employee			210,450	215,212
Other contributions			-	149
			1,013,950	1,019,061
Investment income				
Net appreciation in fair value of investments			-	2,207,974
Interest earned on investments			100,199	619,865
			100,199	2,827,839
Less investment expense			-	(55,695)
			100,199	2,772,144
			1,114,149	3,791,205
DEDUCTIONS				
Administrative	\$ -	\$ 118,360	\$ 107,600	\$ 32,955
Benefits and refunds				
Benefits	1,225,560	1,107,200	1,006,549	1,053,166
Refunds	-	-	-	376,501
	\$ 1,225,560	\$ 1,225,560	1,114,149	1,462,622
NET INCREASE			\$ -	2,328,583
NET POSITION RESTRICTED FOR PENSIONS				
January 1				20,362,060
December 31				\$ 22,690,643

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	88-97
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	98-100
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	101-104
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	105-106
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	107-109

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 66,259,268	\$ 68,808,108	\$ 68,687,377	\$ 68,420,057
Restricted	2,244,875	2,044,365	8,637,570	9,917,234
Unrestricted	(1,159,963)	(7,094,159)	(6,201,507)	(3,308,622)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 67,344,180	\$ 63,758,314	\$ 71,123,440	\$ 75,028,669
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 41,517,419	\$ 40,888,121	\$ 39,673,213	\$ 38,521,272
Unrestricted	1,143,932	1,077,519	1,049,886	1,134,494
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 42,661,351	\$ 41,965,640	\$ 40,723,099	\$ 39,655,766
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 107,776,687	\$ 109,696,229	\$ 108,360,590	\$ 106,941,329
Restricted	1,888,107	2,044,365	8,637,570	9,917,234
Restricted for enabling legislation	356,768	-	-	-
Unrestricted	(16,031)	(6,016,640)	(5,151,621)	(2,174,128)
TOTAL PRIMARY GOVERNMENT	\$ 110,005,531	\$ 105,723,954	\$ 111,846,539	\$ 114,684,435

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

Data Source

Audited Financial Statements

2012	2013	2014	2015 *	2016	2017
\$ 70,013,193	\$ 69,304,209	\$ 69,798,415	\$ 69,382,066	\$ 69,513,712	\$ 70,092,708
9,168,024	2,465,578	2,647,313	2,725,241	2,820,674	3,886,431
(566,152)	3,318,734	4,589,920	(5,885,183)	(5,329,015)	(5,139,310)
\$ 78,615,065	\$ 75,088,521	\$ 77,035,648	\$ 66,222,124	\$ 67,005,371	\$ 68,839,829
\$ 37,256,118	\$ 35,948,245	\$ 35,045,804	\$ 34,970,306	\$ 33,849,040	\$ 34,152,185
1,704,160	2,261,714	2,239,565	763,102	991,465	1,910,776
\$ 38,960,278	\$ 38,209,959	\$ 37,285,369	\$ 35,733,408	\$ 34,840,505	\$ 36,062,961
\$ 107,269,311	\$ 105,252,454	\$ 104,844,219	\$ 104,352,372	\$ 103,362,752	\$ 104,244,893
9,168,024	2,465,578	2,647,313	2,725,241	2,820,674	3,886,431
-	-	-	-	-	-
1,138,008	5,580,448	6,829,485	(5,122,081)	(4,337,550)	(3,228,534)
\$ 117,575,343	\$ 113,298,480	\$ 114,321,017	\$ 101,955,532	\$ 101,845,876	\$ 104,902,790

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011
EXPENSES				
Governmental Activities				
General government	\$ 2,829,284	\$ 2,639,170	\$ 2,378,638	\$ 2,196,916
Public safety	2,775,446	3,984,062	3,848,717	3,668,986
Community and economic development	2,276,158	1,084,935	647,593	495,050
Public works	2,904,543	2,633,796	2,969,518	2,962,313
Parks and open spaces	2,119,915	2,015,026	1,395,391	1,260,614
Interest	1,193,095	1,195,047	1,204,731	1,048,532
Total governmental activities expenses	14,098,441	13,552,036	12,444,588	11,632,411
Business-Type Activities				
Water and sewer	5,289,730	5,345,812	5,451,207	5,409,266
Total business-type activities expenses	5,289,730	5,345,812	5,451,207	5,409,266
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 19,388,171	\$ 18,897,848	\$ 17,895,795	\$ 17,041,677
PROGRAM REVENUES				
Governmental Activities				
Charges for services				
General government	\$ 252,265	\$ 193,159	\$ 201,502	\$ 230,252
Public safety	645,929	979,293	1,012,535	1,076,488
Community development	631,173	318,812	224,543	149,539
Public works	64,735	7,955	9,596	13,553
Parks and recreation	181,221	130,847	114,357	46,981
Operating grants and contributions	573,931	319,096	259,611	263,528
Capital grants and contributions	14,988	2,870,480	941,209	806,418
Total governmental activities program revenues	2,364,242	4,819,642	2,763,353	2,586,759
Business-Type Activities				
Charges for services				
Water and sewer	3,397,643	3,825,386	3,850,997	3,877,146
Capital grants and contributions	209,000	605,000	197,679	213,015
Total business-type activities program revenues	3,606,643	4,430,386	4,048,676	4,090,161
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 5,970,885	\$ 9,250,028	\$ 6,812,029	\$ 6,676,920
NET (EXPENSE) REVENUE				
Governmental activities	\$ (11,734,199)	\$ (8,732,394)	\$ (9,681,235)	\$ (9,045,652)
Business-type activities	(1,683,087)	(915,426)	(1,402,531)	(1,319,105)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (13,417,286)	\$ (9,647,820)	\$ (11,083,766)	\$ (10,364,757)

	2012	2013	2014	2015 *	2016	2017
\$	2,055,391	\$ 2,037,465	\$ 3,204,077	\$ 3,261,101	\$ 3,070,618	\$ 2,821,648
	3,852,925	4,244,795	3,921,903	4,224,091	4,592,881	4,553,263
	449,878	82,073	562,297	846,364	843,023	1,109,782
	3,115,710	4,551,630	1,912,541	2,525,799	2,684,373	2,580,095
	1,234,268	1,496,702	2,000,840	1,594,035	1,850,099	1,866,928
	983,387	973,071	890,093	844,605	764,597	762,720
	11,691,559	13,385,736	12,491,751	13,295,995	13,805,591	13,694,436
	5,534,271	5,729,624	5,501,426	5,561,073	5,917,486	6,129,605
	5,534,271	5,729,624	5,501,426	5,561,073	5,917,486	6,129,605
\$	17,225,830	\$ 19,115,360	\$ 17,993,177	\$ 18,857,068	\$ 19,723,077	\$ 19,824,041
\$	232,775	\$ 239,339	\$ 328,654	\$ 316,593	\$ 360,272	\$ 423,853
	1,109,826	981,973	866,101	841,785	739,850	779,896
	271,050	199,557	364,734	364,724	320,000	637,123
	11,885	12,500	17,370	16,489	35,999	32,995
	53,421	58,098	38,082	39,668	40,212	27,670
	241,520	257,382	362,589	246,279	230,860	1,735,927
	-	-	67,904	57,602	179,635	1,080,392
	1,920,477	1,748,849	2,045,434	1,883,140	1,906,828	4,717,856
	4,111,584	3,882,816	4,001,441	3,840,582	4,983,740	6,000,952
	36,145	-	473,595	-	-	309,320
	4,147,729	3,882,816	4,475,036	3,840,582	4,983,740	6,310,272
\$	6,068,206	\$ 5,631,665	\$ 6,520,470	\$ 5,723,722	\$ 6,890,568	\$ 11,028,128
\$	(9,771,082)	\$ (11,636,887)	\$ (10,446,317)	\$ (11,412,855)	\$ (11,898,763)	\$ (8,976,580)
	(1,386,542)	(1,846,808)	(1,026,390)	(1,720,491)	(933,746)	180,667
\$	(11,157,624)	\$ (13,483,695)	\$ (11,472,707)	\$ (13,133,346)	\$ (12,832,509)	\$ (8,795,913)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Property	\$ 3,845,433	\$ 4,393,892	\$ 4,395,930	\$ 4,430,090
Home rule sales tax	-	-	-	1,126,189
Utility	1,205,004	1,195,317	1,189,008	1,275,799
Telecommunications	1,030,772	958,357	979,003	1,210,032
Food and beverage	-	-	-	-
Room and admissions	1,845,849	1,476,402	1,538,248	1,604,652
Real estate transfer	189,438	174,273	224,958	240,916
Other	74,713	-	-	-
Intergovernmental	3,655,286	2,866,996	2,680,252	3,211,415
Investment income	388,314	179,703	87,199	39,767
Miscellaneous	335,612	71,155	40,133	44,964
Gain (loss) on sale of capital assets	-	86,070	-	12,057
Transfers in (out)	(347,000)	(197,000)	(147,000)	(245,000)
Special item - loss on sale of land	-	-	-	-
Total governmental activities	12,223,421	11,205,165	10,987,731	12,950,881
Business-Type Activities				
Investment income	53,736	13,880	11,438	3,218
Miscellaneous	-	-	-	-
Gain (loss) on sale of capital assets	-	8,835	1,552	3,554
Transfers in	347,000	197,000	147,000	245,000
Total business-type activities	400,736	219,715	159,990	251,772
TOTAL PRIMARY GOVERNMENT	\$ 12,624,157	\$ 11,424,880	\$ 11,147,721	\$ 13,202,653
CHANGE IN NET POSITION				
Governmental activities	\$ 489,222	\$ 2,472,771	\$ 1,306,496	\$ 3,905,229
Business-type activities	(1,282,351)	(695,711)	(1,242,541)	(1,067,333)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ (793,129)	\$ 1,777,060	\$ 63,955	\$ 2,837,896

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

Data Source

Audited Financial Statements

	2012	2013	2014	2015**	2016	2017
\$	4,380,298	\$ 4,355,002	\$ 2,589,086	\$ 2,583,554	\$ 2,649,278	\$ 2,745,211
	1,184,487	1,256,668	1,231,097	1,409,339	1,147,067	1,182,998
	1,203,500	1,318,577	1,427,191	1,304,252	1,238,194	1,245,328
	1,336,167	1,219,285	1,041,159	1,172,430	1,215,516	1,190,635
	-	-	-	-	-	47,403
	1,709,251	1,733,789	1,831,416	1,931,739	1,873,847	1,699,538
	921,597	330,958	364,410	491,669	465,951	732,675
	-	-	-	-	-	-
	3,247,452	3,204,481	3,458,440	3,996,442	3,344,977	2,627,040
	45,339	46,530	(38,994)	55,477	76,024	85,826
	13,074	84,015	51,699	84,252	180,018	281,384
	16,313	47,679	19,665	10,235	14,959	-
	(700,000)	(1,090,400)	(96,297)	(906,519)	94,417	(1,027,000)
	-	(4,396,241)	-	-	-	-
	13,357,478	8,110,343	11,878,872	12,132,870	12,300,248	10,811,038
	4,404	4,089	5,503	3,683	4,339	6,714
	-	-	-	-	-	-
	(13,350)	2,000	-	3,442	10,365	8,075
	700,000	1,090,400	96,297	906,519	(94,417)	1,027,000
	691,054	1,096,489	101,800	913,644	(79,713)	1,041,789
\$	14,048,532	\$ 9,206,832	\$ 11,980,672	\$ 13,046,514	\$ 12,220,535	\$ 11,852,827
\$	3,586,396	\$ (3,526,544)	\$ 1,432,555	\$ 720,015	\$ 401,485	\$ 1,834,458
	(695,488)	(750,319)	(924,590)	(806,847)	(1,013,459)	1,222,456
\$	2,890,908	\$ (4,276,863)	\$ 507,965	\$ (86,832)	\$ (611,974)	\$ 3,056,914

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011 *
GENERAL FUND				
Nonspendable	\$ -	\$ -	\$ -	\$ 99,653
Reserved/restricted	460,517	1,105,569	288,853	-
Unreserved/unassigned	8,890,704	7,332,889	7,861,442	9,590,075
TOTAL GENERAL FUND	\$ 9,351,221	\$ 8,438,458	\$ 8,150,295	\$ 9,689,728
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ 3,801
Reserved/restricted	4,301,221	8,346,918	8,638,063	9,917,234
Unreserved/assigned, reported in				
Special Revenue Funds	1,281,040	-	-	-
Capital Project Funds	911,810	86,830	54,792	27,163
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 6,494,071	\$ 8,433,748	\$ 8,692,855	\$ 9,948,198

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

Data Source

Audited Financial Statements

2012	2013	2014	2015	2016	2017
\$ 65,294	\$ 9,461	\$ 775	\$ 1,334,089	\$ 1,334,267	\$ 1,085,980
-	-	-	-	232,737	-
11,612,467	12,103,725	10,612,821	9,748,038	5,341,222	5,958,900
<u>\$ 11,677,761</u>	<u>\$ 12,113,186</u>	<u>\$ 10,613,596</u>	<u>\$ 11,082,127</u>	<u>\$ 6,908,226</u>	<u>\$ 7,044,880</u>
\$ 1,903	\$ -	\$ -	\$ 95,235	\$ -	\$ -
7,138,131	2,465,578	2,647,313	2,725,241	2,587,937	3,886,431
-	-	-	-	-	-
33,815	60,676	2,890,228	2,863,321	7,321,790	6,945,065
<u>\$ 7,173,849</u>	<u>\$ 2,526,254</u>	<u>\$ 5,537,541</u>	<u>\$ 5,683,797</u>	<u>\$ 9,909,727</u>	<u>\$ 10,831,496</u>

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011
REVENUES				
Property taxes	\$ 3,845,433	\$ 4,317,091	\$ 4,317,252	\$ 4,356,785
Other taxes	8,001,062	6,748,146	6,690,147	8,742,307
Licenses and permits	1,085,034	650,774	549,996	440,325
Fines and penalties	506,275	549,992	506,933	489,422
Charges for services	728,573	75,923	72,820	98,183
Intergovernmental	401,688	672,473	692,394	752,412
Investment income	202,308	179,703	87,199	39,767
Donations	-	-	-	-
Miscellaneous	335,612	71,155	40,133	44,964
Total revenues	15,105,985	13,265,257	12,956,874	14,964,165
EXPENDITURES				
General government	3,425,042	2,457,974	2,271,606	2,142,444
Public safety	3,863,789	4,499,028	4,216,071	4,182,842
Community and economic development	801,403	733,343	530,073	448,122
Public works	2,067,826	3,621,871	1,854,289	1,789,093
Parks and open spaces	1,664,338	1,366,078	879,041	861,796
Capital outlay	1,724,118	864,303	413,807	255,233
Debt service				
Principal	653,958	825,881	1,129,239	1,486,860
Interest	1,210,679	1,181,525	1,230,151	1,104,802
Total expenditures	15,411,153	15,550,003	12,524,277	12,271,192
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(305,168)	(2,284,746)	432,597	2,692,973
OTHER FINANCING SOURCES (USES)				
Transfers in	1,713,875	1,476,750	965,250	1,364,479
Transfers (out)	(2,060,875)	(1,673,750)	(1,112,250)	(1,609,479)
Issuance of notes	-	1,540,000	-	5,735,000
Refunding of notes	-	-	-	(5,716,464)
Sale of capital assets	-	86,070	1,557	12,057
Total other financing sources (uses)	(347,000)	1,429,070	(145,443)	(214,407)
NET CHANGE IN FUND BALANCES	\$ (652,168)	\$ (855,676)	\$ 287,154	\$ 2,478,566
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	12.7%	15.3%	18.91%	21.32%

Data Source

Audited Financial Statements

	2012	2013	2014	2015	2016	2017
\$	4,308,071	\$ 4,282,221	\$ 2,589,086	\$ 2,583,554	\$ 2,649,279	\$ 2,745,210
	9,674,681	9,136,539	9,353,713	10,305,871	9,285,552	8,725,617
	569,132	509,493	748,840	737,474	756,480	1,121,642
	492,401	385,465	333,321	250,543	259,083	247,652
	111,791	93,395	21,714	12,220	8,286	18,345
	747,153	760,494	853,432	804,611	882,978	956,892
	45,339	46,530	(38,994)	55,477	76,024	85,826
	-	-	20,000	16,520	-	1,514,978
	13,074	84,015	119,826	146,024	180,018	281,384
	15,961,642	15,298,152	14,000,938	14,912,294	14,097,700	15,697,546
	2,034,704	2,073,589	2,522,842	2,628,626	2,508,311	2,039,025
	4,251,691	4,635,965	3,799,528	3,991,885	4,304,427	4,515,505
	450,213	495,107	486,420	974,500	835,438	1,048,711
	2,124,293	2,561,912	1,306,404	1,318,348	1,455,855	1,509,507
	815,041	1,101,484	1,244,687	1,289,239	1,338,020	1,362,750
	2,142,960	1,623,311	1,944,395	1,603,970	1,867,559	1,511,922
	1,210,446	2,602,195	756,009	787,446	1,052,236	853,858
	1,005,030	1,007,690	878,273	844,605	818,642	770,845
	14,034,378	16,101,253	12,938,558	13,438,619	14,180,488	13,612,123
	1,927,264	(803,101)	1,062,380	1,473,675	(82,788)	2,085,423
	2,082,482	929,253	4,580,612	1,435,360	6,345,955	599,101
	(2,782,482)	(2,019,653)	(4,652,715)	(2,317,300)	(6,232,737)	(1,626,101)
	-	-	-	-	-	-
	-	-	-	-	-	-
	16,313	(4,348,562)	19,665	10,235	21,599	-
	(683,687)	(5,438,962)	(52,438)	(871,705)	134,817	(1,027,000)
\$	1,243,577	\$ (6,242,063)	\$ 1,009,942	\$ 601,970	\$ 52,029	\$ 1,058,423
	16.27%	24.03%	14.56%	12.88%	14.37%	12.81%

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
ARC Alight	\$ 17,977,199	1	2.79%			
Lincolnshire Senior Care LLC	15,576,223	2	2.42%			
IHP Tri-State Asset, LLC	15,271,842	3	2.37%			
Van Vlissingen & Company	8,354,972	4	1.30%	\$ 19,156,433	3	2.73%
Cole of Lincolnshire IL LLC	6,423,289	5	1.00%			
Griffin Lincolnshire Essential	6,316,007	6	0.98%			
Lincolnshire Propco LLC	6,115,509	7	0.95%			
Medline Industries	5,617,546	8	0.87%			
LA-RFMBG Lincolnshire, LLC	5,353,850	9	0.83%			
Millbrook IL LLC	4,815,726	10	0.75%			
4 Overlook LLC				23,512,200	1	3.35%
CRP-2 Holdings Tri State LLC				20,548,426	2	2.93%
Northwestern Mutual Life Insurance				18,391,780	4	2.62%
Lincolnshire Campus LLC				17,671,317	5	2.52%
Indian Creek Investments (Strategic Hotel Cap, Inc.)				10,736,200	6	1.53%
Half Day LLC				10,325,630	7	1.47%
ECD Company				7,262,074	8	1.04%
Staples				7,196,062	9	1.03%
Corporate Overlook Campus				6,823,261	10	0.97%
TOTAL	<u>\$ 91,822,163</u>		<u>11.47%</u>	<u>\$ 141,623,383</u>		<u>20.19%</u>

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

Data Source

Vernon Township Assessor

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SALES TAX BY CATEGORY
(in thousands of dollars)

Last Ten Calendar Years

Calendar Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	34	33	16	7	18	59	92	203	194	242
Drinking and eating places	657	574	539	685	956	974	986	1,029	1,013	1,073
Apparel	126	113	111	116	177	159	143	141	133	143
Furniture	439	435	334	406	745	754	623	715	637	739
Lumber, building hardware	135	-	4	23	66	38	41	42	63	76
Automobile and filling stations	60	49	37	70	86	100	80	76	64	78
Drugs and miscellaneous retail	888	491	273	330	431	399	408	122	222	250
Agriculture and all others	735	626	939	1,188	1,818	1,684	1,865	2,075	1,265	364
Manufacturers	44	57	64	45	47	36	17	10	24	11
TOTAL	\$ 3,118	\$ 2,378	\$ 2,317	\$ 2,870	\$ 4,344	\$ 4,203	\$ 4,255	\$ 4,413	\$ 3,615	\$ 2,976
Village direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Village home rule rate	0.00%	0.00%	0.00%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%

Data Source

Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate	Village Home Rule Sales Tax¹	Food & Beverage Tax²
2008	0.25%	0.25%	1.00%	5.00%	0.00%	0.00%
2009	0.50%	0.50%	1.00%	5.00%	0.00%	0.00%
2010	0.50%	0.50%	1.00%	5.00%	0.00%	0.00%
2011	0.50%	0.50%	1.00%	5.00%	0.00%	0.00%
2012	0.50%	0.50%	1.00%	5.00%	0.50%	0.00%
2013	0.50%	0.50%	1.00%	5.00%	0.50%	0.00%
2014	0.50%	0.50%	1.00%	5.00%	0.50%	0.00%
2015	0.50%	0.50%	1.00%	5.00%	0.50%	0.00%
2016	0.50%	0.50%	1.00%	5.00%	0.50%	0.00%
2017	0.50%	0.50%	1.00%	5.00%	1.00%	1.00%

¹ Effective January 1, 2012.

² Effective November 1, 2017.

Data Source

Village and County Records

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	Special Service Area Bonds	North Park Loan	Schelter Road Loan	Consolidated North Park/Schelter Road Loan	Tax Increment Financing	Utility Line Loan				
2008	\$ 14,765,000	\$ 2,589,000	\$ -	\$ -	\$ 3,775,000	\$ 1,720,000	\$ 22,849,000	5.40%	\$ 3,247	
2009	14,515,000	2,286,000	1,452,000	-	3,590,000	1,405,000	23,248,000	5.49%	3,303	
2010	14,255,000	1,970,000	1,319,000	-	3,170,000	1,263,000	21,977,000	4.35%	3,123	
2011 (2)	13,980,000	-	-	2,853,250	2,419,600	1,109,595	20,362,000	4.52%	2,799	
2012	13,690,000	-	-	2,444,415	1,906,965	951,600	18,991,980	4.22%	2,611	
2013	13,385,000	-	-	2,024,000	-	787,000	16,196,000	3.60%	2,226	
2014	13,060,000	-	-	1,593,539	-	619,711	15,273,250	3.90%	2,099	
2015	12,715,000	-	-	1,151,094	-	447,649	14,313,743	3.18%	1,968	
2016	12,350,000	-	-	696,976	-	271,047	13,318,023	2.60%	1,831	
2017	11,960,000	-	-	-	-	-	11,960,000	2.41%	1,644	

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

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

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

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	(1) General Obligation Bonds	(1) Special Service Area Bonds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$ -	\$ 14,765,000	\$ 14,765,000	0.70%	\$ 2,259
2009	-	14,515,000	14,515,000	0.70%	2,062
2010	-	14,255,000	14,255,000	0.74%	2,025
2011	-	13,980,000	13,980,000	0.76%	1,922
2012	-	13,690,000	13,690,000	0.81%	1,922
2013	-	13,385,000	13,385,000	0.79%	1,840
2014	-	13,060,000	13,060,000	0.77%	1,795
2015	-	12,715,000	12,715,000	0.72%	1,748
2016	-	12,350,000	12,350,000	0.66%	1,698
2017	-	11,960,000	11,960,000	0.62%	1,644

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2017

Governmental Unit	Gross General Obligation Debt	Percentage of Debt Applicable to Government	Village's Share of Debt
Overlapping debt			
Debt repaid with property taxes			
College of Lake County No. 532	\$ 63,745,000	2.6%	\$ 1,662,057
Elementary School District No. 102	2,980,000	9.0%	267,331
Elementary School District No. 103	6,010,000	55.3%	3,320,596
Elementary School District No. 106	-	1.2%	-
Deerfield/ Bannockburn Fire District	-	0.2%	-
Long Grove Fire Protection District	-	1.9%	-
Lincolnshire/Riverwoods Fire Protection District	-	48.6%	-
High School District No. 113	79,695,000	0.1%	45,551
High School District No. 125	51,335,000	18.1%	9,270,235
Vernon Area Public Library	-	25.0%	-
Buffalo Grove Park District	14,100,000	0.3%	47,119
Township of Vernon	-	16.7%	-
Township of West Deerfield	-	0.1%	-
Lake County	182,235,000	2.5%	4,515,111
Lake County Forest Preserve	<u>255,895,000</u>	2.5%	<u>6,340,135</u>
 Total overlapping debt	 <u>655,995,000</u>		 <u>25,468,135</u>
Direct debt			
Village of Lincolnshire	<u>-</u>	100.00%	<u>-</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u><u>\$ 655,995,000</u></u>		 <u><u>\$ 25,468,135</u></u>

Data Source

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2008	6,537	\$ 392,972	\$ 60,115	6.8%
2009	7,038	423,089	60,115	9.9%
2010	7,038	505,631	71,843	10.6%
2011	7,275	450,403	61,911	9.7%
2012	7,275	450,403	61,911	8.6%
2013	7,275	450,403	61,911	7.9%*
2014	7,275	450,403	61,911	6.6%
2015	7,275	450,403	61,911	5.9%
2016	7,275	512,356	70,427	6.9%
2017	7,275	496,802	68,289	4.2%

*Lake County unemployment rate as of August 2013.

Data Source

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Alight	3,750	1	15.0%	6,257	1	31.3%
Zebra Technologies	1,743	2	7.0%			
CDW	1,100	3	4.4%			
Adlai Stevenson High School	900	4	3.6%	625	4	3.1%
Hydraforce, Inc.	739	5	3.0%			
Quill Corporation	450	6	1.8%	625	3	3.1%
Sedgebrook	366	7	1.5%			
Lincolnshire- Prairie View School D103	327	8	1.3%			
Marriott Resort	335	9	1.3%	450	6	2.3%
Systemex	302	10	1.2%			
ACCO Brands				650	2	3.3%
W.W. Grainger				509	5	2.5%
TOTAL	10,012		40.1%	9,116		45.6%
Village day time population (est.)			25,000			20,000

Data Sources

Village of Lincolnshire Community Development Department (2017)

Village of Lincolnshire-2008 CAFR

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GENERAL GOVERNMENT										
Administration	3.90	3.90	4.30	3.50	3.50	3.20	3.25	3.25	2.35	2.10
Finance	2.40	2.40	2.40	2.40	2.40	2.40	3.50	3.50	2.90	2.90
PUBLIC SAFETY										
Police	31.10	31.10	30.00	28.80	28.80	28.00	29.00	29.00	28.00	28.00
E911	5.40	5.40	5.00	4.20	4.20	4.20	-	-	-	-
COMMUNITY AND ECONOMIC DEVELOPMENT										
Development	7.00	7.00	7.25	6.75	5.75	5.75	5.75	5.75	4.00	4.00
Forestry ¹	1.00	1.00	-	-	-	-	-	-	-	-
PUBLIC WORKS										
Administration	2.50	2.50	1.75	1.75	1.75	2.00	1.75	1.75	1.75	1.75
Streets	5.25	5.25	4.25	4.25	4.25	4.25	4.50	4.50	4.25	4.75
Buildings and grounds	1.00	1.00	0.25	0.50	0.50	0.50	-	-	-	-
Water	8.15	8.15	8.15	8.15	7.75	7.75	6.00	6.00	7.45	7.25
Vehicle Maintenance	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry ¹	-	-	2.87	2.87	2.87	-	-	-	-	-
PARKS AND OPEN SPACES										
Parks	10.00	10.00	7.87	8.13	8.13	8.13	10.75	10.75	10.63	10.13
Recreation ²	3.35	3.35	2.35	-	-	-	-	-	-	-
TOTAL	83.30	83.30	78.69	73.55	72.15	68.43	66.75	66.75	63.58	63.13

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

In FY2010, position was reorganized into Environmental Services

² In 2011, the Recreation division was discontinued.

Data Source

Operating Budget-Personnel Summary by Department-FTE

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	<i>est.</i> 2017
GENERAL GOVERNMENT										
Residential mailings	13	14	6	5	5	4	4	4	4	4
Taxable property transfers	98	91	110	117	157	165	145	157	147	193
Fine revenues collected	388,000	442,000	369,000	372,000	406,900	488,200	355,036	262,763	259,083	247,652
POLICE										
Calls for service	46,445	43,003	41,269	33,501	26,797	19,743	14,219	14,023	24,781	25,000
Total reports	2,279	2,002	1,983	1,981	1,766	1,950	1,500	1,453	839*	850*
Arrests (includes traffic)	572	575	534	134	472	429	231	177	304	300
DUI arrests	73	49	54	99	93	85	45	35	26	40
COMMUNITY AND ECONOMIC DEVELOPMENT										
Building permits issued	300	444	301	312	325	356	359	368	1,036	900
PUBLIC WORKS - GENERAL										
Street resurfacing (miles)	1.61	1.42	1.31	1.11	1.03	1.05	0.95	0.95	0.62	0.97
Project inspections	245	200	200	318	225	251	172	140	229	140
Street cleaned - miles	327	350	314	303	300	340	357	267	360	350
Cubic yards of leaves collected	6,110	6,000	8,340	7,052	6,500	6,500	6,942	7,064	-	-
PUBLIC WORKS - WATER AND SEWER										
Average daily pumpage metered (millions of gallons)	1.380	1.310	1.310	1.255	1.402	1.390	1.267	1.286	1,341.000	1,330.000
JULIE utility locates	2,674	2,905	1,760	2,133	2,013	2,100	2,300	2,938	3,017	3,100
PARKS AND OPEN SPACES										
Trees planted	110	117	110	118	200	205	138	154	97	180
Playground inspection hours	190	235	177	142	26	137	65	84	108	116
Special event hours	595	637	741	727	800	800	840	802	1,375	1,473
Number of programs	240	286	389	-	-	-	-	-	-	-
Number of participants	588	541	388	-	-	-	-	-	-	-

N/A - Not available

Data Source

Various village departments

*Police: Total Reports - 2014 and prior includes case and incident reports; 2015, 2016 and 2017 includes case reports only

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
POLICE										
Patrol units	14	15	14	14	14	15	15	14	16	15
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	34	34	35	40	40	40	35	35	41	41
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
PARKS AND RECREATION										
Acreage	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	181.0
Parks	9	9	9	9	9	9	9	9	9	9
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	7
WATER - SANITARY SEWER										
Fire hydrants	835	835	846	848	856	854	859	859	869	877
Storage capacity (millions of gallons)	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Water mains (miles)	61.0	67.0	59.8	67.0	67.0	62.2	61.0	61.0	64.4	67.0
Sanitary sewers (miles)	43.0	45.0	47.3	50.0	50.0	50.0	45.0	45.0	47.5	47.6
Storm sewers (miles)	43.3	43.3	44.6	105.0	105.0	105.0	101.0	101.0	101.0	101.2

Data Source

Various village departments