



Village of
Lincolnshire
Illinois

Comprehensive Annual Financial Report
For the Year Ended December 31, 2018

VILLAGE OF LINCOLNSHIRE

Lincolnshire, IL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the Year Ended
December 31, 2018

Prepared By Finance Department

Michael R. Peterson
Finance Director/Village Treasurer

VILLAGE OF LINCOLNSHIRE

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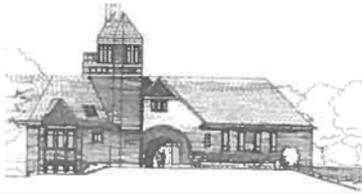
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June 4, 2019

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, 2018

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.

Baker Tilly Virchow Krause LLP, Independent Certified Public Accountants, have issued an unmodified opinion on the Village's financial statements for the fiscal year ended December 31, 2018. The independent auditors' report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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 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 and the Long Grove 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 2023. 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). 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
EAV (million)	\$659	\$644	\$625	\$586	\$563	\$561	\$562	\$604	\$639
Gen Fund Revenue	\$13.3	\$12.2	\$11.6	\$12.3	\$11.3	\$10.3	\$11.0	\$9.9	\$8.0
Gen Fund Reserve Ratio (% of annual expense plus debt)	75%	74%	74%	124%	125%	145%	124%	116%	105%

The three basic economic indicators listed above serve as benchmarks as to how Lincolnshire finances have been impacted over the years. The Village experienced an 18.5% decline in total equalized assessed values from 2009 to 2013. From the 2013 low (\$561 million) to 2018 (\$659.4 million) values increased 17.5% (\$98.4 million).

Five types of revenue sources account for 69.1% of the total projected revenues for the FY19 General Fund. These sources and their respective budget increases/ -decreases over FY18 are as follows: Sales Tax (.9%), Utility Tax (0%), Telecommunication Tax (-2.1%) Rooms & Admissions Tax (1.1%), and Property Tax (0%). The Village Board anticipates no increase in 2019 revenues; and 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 Fund's reserve will be replenished from a General Capital Projects Fund transfer. The General Fund FY19 Budget anticipates a transfer of \$825,646 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 75.2% of annualized general fund operating expenditures (excluding Sales Tax Rebate and Police Pension Contribution). This is \$20,500 above 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 an \$8.5 million balance reserved for capital.

The FY19 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 2018 strategic goals to promote the Village Board's vision of providing outstanding public services in a fiscally conservative manner. Village staff also completed the fifth 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 2018 included continuing to increase efforts in Community & Economic Development including updating the Economic Development Strategic Plan set to expire in 2018 and increasing the Village's involvement and visibility at community events. Other priorities include Village-wide long-range flood mitigation planning; 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 seventh 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 2.4%. 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 2017, plans were developed and in 2018 the Village replaced a water main along Westminster Way at a total costs of nearly \$1.47 million. This project will minimize the ongoing water main breaks that have occurred in this area of the Village.

Development Initiatives

In 2018, 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.

- **Culver's** completed construction on a new 4,000-square-foot restaurant building at 405 Milwaukee Avenue, in the Lincolnshire Market Place Center. The grand opening was held in March 2018.
- **The Gardner School** completed construction on a 16,000-square-foot daycare center on a vacant parcel at 250 Barclay Boulevard, Lincolnshire Corporate Center. The daycare center opened in the summer of 2018.
- ECO Company continued construction on a two-building, 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 50 certificates of occupancies were issued in December 2018.
- The former 40-acre **Medline** site was purchased by TJS Lincolnshire Property LLC (TSJ) for a new mixed-use development, consisting of recreational, hospitality and restaurant uses. In August 2018, the property received rezoning and Planned Unit Development approvals. TJS intends to submit an application for the St. James athletic complex development in early 2019, followed by applications for the remainder of the uses.
- **Heathrow Scientific** and **Daigger Scientific**, two sister companies specializing in medical product design and distribution, received Village rezoning and design approvals for a new 186,000-square-foot building for their corporate headquarters (with room for a third company) on a 10-acre vacant site at 325 Marriott Drive, southwest corner of Milwaukee Avenue and Marriott Drive.
- Pulte Homes continued construction of an 85-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, 53 townhome units were occupied and 17 additional townhome permits were active and in process.
- The developer KZF Stack transferred development rights to Taylor Morrison, a new developer for the 44-unit townhome **Lincolnshire Trails Subdivision**, which received Village approvals in May 2018. Taylor Morrison began construction on a 20-acre property, located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club. Two model buildings were constructed as of December 2018.
- The developer Arthur J. Greene Construction began construction on a 15-lot single-family home subdivision known as **Manors of Whytegate** on the former Mons homestead at 1700 Riverwoods Road, north of Half Day Road. Four homes were being constructed as of December 2018, and first occupancies are slated for spring 2019.

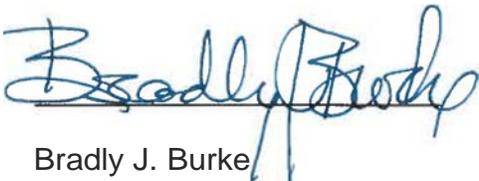
- **Nexus Pharmaceuticals**, a developer and provider of generic drugs to hospitals and pharmacies, purchased the 38,000-square-foot building at 400 Knightsbridge Parkway in 2018. After extensive interior renovations are completed, Nexus plans to hold a grand opening and ribbon cutting in January 2019.
- **Blackdog Speed Shop** renovated a 57,000-square-foot building at 600 Barclay Boulevard, having outgrown its previous Lincolnshire facility at 505 Bond Street which they occupied since 2006. The new building accommodates a professional race shop, custom hot rod shop, 4-wheel-drive Dyno room, and a classic car dealership. A grand opening and ribbon cutting was held in September 2018.
- **LTD Commodities**, specializing in home, garden, and holiday decor products, who has been located in Lincolnshire's CDW Center since 1998, signed a lease for a 66,000-square-foot space at 200 Tri-State International, consolidating their Lincolnshire and Bannockburn offices with 400 employees.
- **Wipfli**, an accounting firm, moved to a 33,000-square-foot space at 100 Tri-State International (CDW Office Center) at the end of 2018 with over 100 employees.
- Lincolnshire added a total of 8 new commercial and industrial businesses in 2018.

Acknowledgments

Individuals

The preparation of the CAFR on a timely basis was made possible by the dedicated staff. In particular, we would like to express our sincere appreciation to Julia Gabbard, Senior Accountant and Nancy Panos, Finance Clerk, Wally Dittrich, Village Engineer/ Assistant Public Works Director, and Tonya Zozulya, Planning & Development Manager 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,



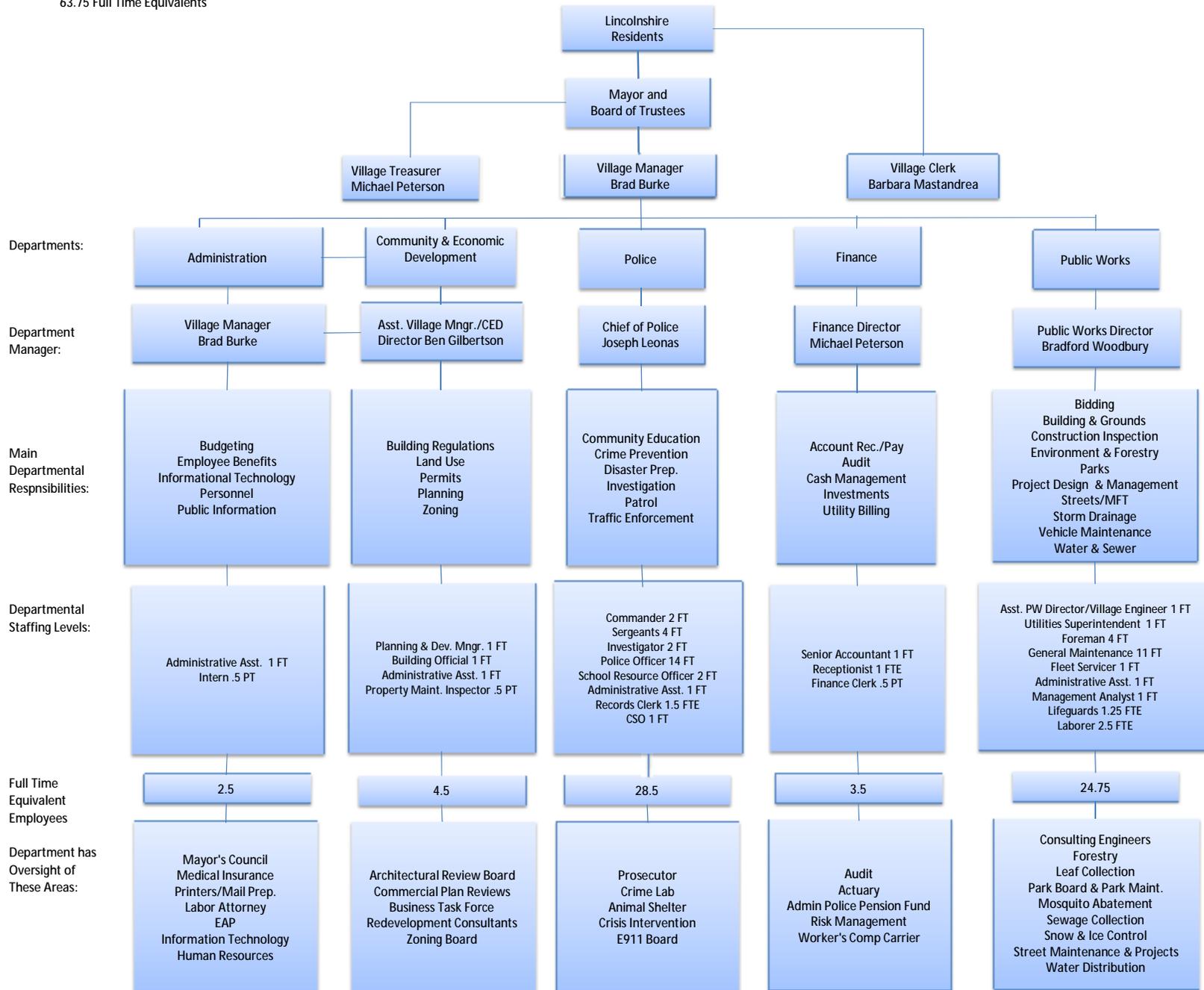
Bradly J. Burke
Village Manager



Michael R. Peterson
Finance Director/ Treasurer

57 Full Time Employees
 6.75 Part Time or Seasonal Employees
 63.75 Full Time Equivalents

Village of Lincolnshire
 Organizational Chart
 12/31/2018



VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2018

Mayor

Elizabeth Brandt

Village Board

Dr. Mara Grujanac
Tom McDonough
Dan Servi

Gerard Leider
Julie Harms Muth
Mark Hancock

Village Clerk

Barbara Mastandrea

* * * * *

Village Manager

Bradly Burke

Finance Director/Village Treasurer

Michael R. Peterson

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the Board of Trustees
Village of Lincolnshire, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lincolnshire, Illinois as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Lincolnshire'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.

Auditors' 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 from 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 auditors' 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 of Lincolnshire'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 of Lincolnshire'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.

To the Honorable Mayor and the Board of Trustees
Village of Lincolnshire, Illinois

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, 2018 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.

Emphasis of Matter

As discussed in Note I, the Village of Lincolnshire adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lincolnshire's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and the Board of Trustees
Village of Lincolnshire, Illinois

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lincolnshire's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 4, 2019

VILLAGE OF LINCOLNSHIRE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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, 2018 (FY2018). 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, 2018 by \$103.8 million (net position). Of this amount, \$4.64 million represents shortfall of unrestricted net position, which is needed to meet the government's ongoing obligations to citizens and creditors. The negative unrestricted balance are primarily related to implementation of Governmental Accounting Standards #68 accounting and financial reporting for pensions and #75 accounting and financial reporting for postemployment benefits other than pensions. The statement establishes standards for measuring and recognizing liabilities and deferred outflows and deferred inflows related to defined benefit pension plans.
- The Village implemented Governmental Accounting Standard #75 during fiscal year 2018. This statement requires the total Other Postemployment Benefits (OPEB) liability to be recorded on the Village's financial statements. As a result, a restatement was made to reduce beginning net position by \$1.9 million in Governmental Activities and \$0.3 million in Business-Type Activities.
- The Village's total net position increased by \$1,065,463 during the twelve months ended December 31, 2018. The net position associated with "governmental activities" increased \$1,671,700, while the "business-type activities" decreased \$606,237. The Village's total net position increased by \$1,065,463 during the twelve months ended December 31, 2018. The net position associated with "governmental activities" increased \$1,671,700. Primarily related to the \$750,000 increase in the 2017 food and beverage tax, and \$300,000 rise in room taxes since the completion of the Marriott Resort renovations, and \$490,000 increase related to the hike in the home rule sales tax rate from .5% to 1.0%. The business-type net position \$606,237 decrease continues to emphasize the current rates are not sufficient to cover the long term capital needs. The General Fund \$600,000 subsidy was offset by \$1.2 million operating loss.
- At the close of the current fiscal year, the Village's governmental fund's reported combined fund balances of \$20.3 million, an increase of \$2.4 million, or 13.4%, in comparison with the prior fiscal period. The components of the combined fund balance consist of seven different funds; three of which are considered "major" and five considered "non-major." At 42.0%, the General Capital Projects Fund comprises the largest share of the Village's combined ending fund balance; the General Fund is second at 34.8%; and Park Development Fund is the third largest fund at 11.0%. The Village is the conduit to the Special Service Area (Sedgebrook Development) Debt Service. The entire SSA Debt Service Fund is considered

See independent auditors' report

a major governmental fund, and the balance is restricted. Of the \$7.05 million fund balance held in the General Fund, 84.3% of it is available for spending at the government's discretion (classified as "unrestricted, unassigned").

- At the end of FY2018; 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 \$6,999,280; or approximately 75.2% of the General Corporate Fund FY2019 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 found on pages i-vii 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* presenting information about all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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

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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 (Statement of Net Position and Statement of Activities) 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. 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; 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 27-30 of this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a unit of accountability 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.

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The basic governmental fund financial statements are presented on pages 31-34 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 35-39 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 40-41 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 43 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 Illinois Municipal Retirement Fund, police pension fund, and other post-employment benefit obligations.

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 106.

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 \$103.8 million at the close of the most recent fiscal year.

The largest portion of the Village's net position (100.6%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Village's net position and summary of changes in net position should be viewed in their separate governmental and business-type components.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2017*</u>	<u>2018</u>	<u>2017*</u>	<u>2018</u>	<u>2017*</u>	<u>2018</u>
Current and Other Assets	\$22,325,716	\$25,584,000	\$3,443,560	\$2,555,623	\$25,769,276	\$28,139,623
Capital Assets	70,092,708	69,597,751	34,152,185	34,238,784	104,244,893	103,836,535
Deferred Outflows of Resources	1,479,983	2,775,561	336,096	150,160	1,816,079	2,925,721
Total Assets and Deferred Outflows	\$93,898,407	\$97,957,312	\$37,931,841	\$36,944,567	\$131,830,248	\$134,901,879
Other Liabilities	3,019,630	3,289,016	884,337	730,684	3,903,967	4,019,700
Long-Term Liabilities	19,047,264	21,918,401	904,736	675,966	19,952,000	22,594,367
Deferred Inflows of Resources	2,991,684	4,171,973	79,807	337,520	3,071,491	4,509,493
Total Liabilities and Deferred Inflows	\$25,058,578	\$29,379,390	\$1,868,880	\$1,744,170	\$26,927,458	\$31,123,560
Net Position						
Net Investment in Capital Assets	70,092,708	69,597,751	34,152,185	34,238,784	104,244,893	103,836,535
Restricted	3,886,431	4,579,166			3,886,431	4,579,166
Unrestricted	(5,139,310)	(5,598,995)	1,910,776	961,613	(3,228,534)	(4,637,382)
Total Net Position	\$68,839,829	\$68,577,922	\$36,062,961	\$35,200,397	\$104,902,790	\$103,778,319

*2017 information has not been restated for the implementation of Government Accounting Standard #75.

For Fiscal Year ended 2018, 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 categories of net position. The same situation held true for the prior fiscal year. The Village has historically funded needed capital improvements on a pay-as-you go basis. It has been a long-standing Village Board policy to accumulate funds to pay for needed infrastructure and improvements.

Business-type Activities reported a 2.8% increase in Net Position primarily as a result of the Village Board's decision to subsidize the Water/Sewer Improvement Fund with \$600,000 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	
	<u>2017*</u>	<u>2018</u>	<u>2017*</u>	<u>2018</u>	<u>2017*</u>	<u>2018</u>
REVENUES:						
Program Revenues:						
Charges for Services	1,901	1,627	6,001	4,708	7,902	6,335
Operating Grants & Contr	1,736	1,411	0	0	1,736	1,411
Capital Grants & Contr	1,080	17	309	0	1,389	17
General Revenue:						
Property Taxes	2,745	2,784			2,745	2,784
Other Taxes	8,726	10,210			8,726	10,210
Miscellaneous	281	135	8	0	289	138
Interest Income	86	164	7	10	93	174
Total Revenues	16,555	16,351	6,325	4,718	22,880	21,069
EXPENSES:						
General Government	2,822	3,012			2,822	3,012
Public Safety	4,553	4,970			4,553	4,970
Comm & Econ Development	1,110	1,119			1,110	1,119
Public Works	2,580	2,399			2,580	2,399
Parks & Open Spaces	1,867	1,853			1,867	1,853
Interest	762	726			762	726
Water and Sewer			6,129	5,924	6,129	5,924
Total Expense	13,694	14,079	6,129	5,924	19,823	20,003
Inc (Dec) in assets before transfers	2,861	2,272	196	(1,206)	3,057	1,066
Transfers	(1,027)	(600)	1,027	600	0	0
Inc (Dec) in Net Position	1,834	1,672	1,223	(606)	3,057	1,066
Net Position - Beginning	67,005	68,839	34,840	36,063	101,845	104,902
Accounting Principle Change		(1,933)		(257)		(2,190)
Net Position - Ending	\$68,839	\$68,578	\$36,063	\$35,200	\$104,902	\$103,778

*2017 information has not been restated for the implementation of Government Accounting Standard #75.

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Government Activities

During the current fiscal year, net position for governmental activities increased \$1.67 million from the Net Position at the start of the fiscal year for an ending balance of \$68,577,922. The increase in overall net position of governmental activities is reflected in the above condensed Statement of Activities.

Revenue:

The total revenues decreased \$204 thousand from \$16.6 million (FY2017) to \$16.4 million (FY2018).

Property taxes represent approximately 17.0% 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 \$2,745,211 (FY2017) to \$2,784,047 (FY2018). The Village's equalized assessed valuation increased 2.34% from \$644,309,622 to \$659,376,155 for tax years 2017 (actually received 2018) and tax year 2018 (to be received in 2019), respectively.

The Illinois Department of Revenue reports the Village of Lincolnshire's sales tax revenue during 2018 increased \$644,041 (21.6%). The sales tax categories reporting the largest dollar gains include Drinking & Eating Places \$261,495 (24.4%), Furniture \$205,049 (27.7%), automotive \$106,816 (137.7%), and Agriculture at \$48,111 (13.2%). The largest declining category was Lumber dropping \$24,716; followed by \$1,244 (.5%) decrease to the "Drugs & Misc" category.

Lincolnshire's other tax revenues posting increases for 2018 include: Room & Admission Tax \$317,378 (18.7%); State Income Tax \$40,843 (6.18%); Local Use Tax \$20,088 (10.5%); and Utility Tax \$35,926 (2.88%). The significant increase in Room & Administration tax can largely be attributed to completion of a renovation which took place at the Lincolnshire Marriott Resort in early 2017. Declining revenue sources include Real Estate Transfer Tax \$192,497 (26.3%) and Telecommunication Tax \$130,572 (11.0%). The State of Illinois continues to delay payments, and as of December 31, 2018, 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 FY2018, the Lincolnshire Police Department continued to provide one liaison officer to Adlai E. Stevenson High School. Revenue posted to Governmental Activities for FY2018 services rendered were \$164,450; up 5.4% or \$8,446 from FY2017. This increase was due to a 4.2% wage increase and several additional overtime hours. The service contract is based on actual officer salaries, the cost of a police vehicle, and benefits.

The "second tier" revenue sources (non-taxes) were down \$597,517 (31.2%) from FY2017. Specifically, the following revenue declined from FY2017; Building Permit Fees down \$228,998 (49.6%); License & Permits down \$362,932 (32.4%) and Investment earnings up \$134,841 (57.1%) from the previous year. Fines and Forfeitures declined \$54,602 (22.0%). Noteworthy details reflect Building Permit revenue returning to normal levels after the 2017 Building Permit revenue reflecting significant fees collected from "444 Social" (\$163,821) and Marriott's (\$63,960). Building permit fees normally account for 25% to 45% of the License & Permits category, for FY2018, these fees represented 30.6% of the total. Residential home improvements remained level compared to FY2017.

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The U.S. economy entered the tenth year of its expansion in the third quarter of 2018, already having become the second-longest expansion in U.S. history. The strength in economic growth in 2018 was broad-based. Consumer spending expanded at a solid pace in 2018: Real personal consumption expenditures grew at an annualized pace of 2.6% during the first three quarters of 2018—nearly the same growth rate recorded in 2017.

Energy prices increased sharply during the first ten months of 2018. Specifically, the average price of West Texas Intermediate oil rose from \$57.90 per barrel in December 2017 to \$70.76 per barrel in October 2018. Oil prices then collapsed in November, partly because of the rising global supply of oil and partly because of slowing economic growth around the world; oil prices fell to an average of \$49.14 in the final month of 2018. Even with higher oil prices for most of the year, more consumers chose to purchase larger, less fuel-efficient vehicles than in the year before: sales of light trucks (including sport utility vehicles) were up 7.7% in 2018 compared with the previous year, while sales of passenger cars were down 12.8%. This shift in consumer demand (which continued a trend from the past couple of years) led to a record-setting share for light trucks of 69.1% of overall light vehicle sales in 2018.

The annualized rate of housing starts in the U.S. increased to 1.26 million units for the first 11 months of 2018—up 4.7% relative to the same period in 2017.

The U.S. economy continued to increase employment in 2018: 2.64 million jobs were added. Moreover, in the final quarter of 2018, the unemployment rate stood at 3.8%.

Inflation, as measured by the Consumer Price Index (CPI), increased from a 2.1% reading in 2017 to a year-over-year rate of 2.2% in November 2018.

The Fed raised the Federal Funds rate in December for the fourth time in 2018. The Federal Funds rate began the year with a 1.25% to 1.50% range and ended at 2.25% to 2.50%.

Expenses:

The Village's Governmental Activities expenses declined \$384,600 (2.8%) from the prior year; \$13.7 million in FY2017 compared to \$14.1 million in FY2018. Noteworthy item for FY2018 is 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. IMRF reported "IMRF's investment portfolio realized a disappointing 4.25% investment loss during 2018 equivalent to \$1.76 billion asset loss. The 2018 investment return decreased IMRF's funded status on a market basis from 92.9% on December 31, 2017, to 90.0% on December 31, 2018. In response to investment losses, average employer IMRF contribution rates will increase from 9.06 percent of payroll in 2019 to 10.91 percent of payroll in 2020.

Lincolnshire's FY2017 employer contribution rate of 14.16% increased to 14.76% in FY2018. This 4.2% rate increase and filling of a few vacant positions resulted in an overall \$33,855 (8.71%) increase 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. In 2018, Village exceed the financial obligations by \$18,159 as presented by an independent actuary. The 1/1/2018 Actuarial Valuation reported the Employer Contribution should be \$832,137, while actual contributions deposited amounted to \$850,296. The Village levied this amount in December 2017, collected it in 2018, and direct deposited into the Police Pension Fund. The Contribution collected in FY2018 are up \$554 (.07%) from FY2017 Actual employer contribution. Pension funding specifics can be found in Note IV.A. on pages 74-78.

Business-Type Activities

Business-type activities decreased the Village’s net position by \$606,237. 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 \$435,886 for 2018.

Revenues:

Operating revenues decreased \$427,945 (-8.3%); from \$5,144,278 in FY2017 compared to \$4,716,333 in FY2018. Revenues for the Water & Sewer fund are derived largely from water sales. For FY2017, water revenues were up largely due to dedication of capital assets.

With the exception of a couple very small subdivisions under construction, water customer accounts are up 0.78%. 2018 customer account increases came primarily from the addition 10+ Camberley Club townhome units. The year ended with 2,562 units; with 2,309 residential and 253 commercial accounts. Lincolnshire’s water and sewer rates increased 5.0%.

With four increases to the Federal Funds rate during FY 2018, interest rates have steadily risen and resulted in \$10,024 investment income for the current year.

Expenses:

Depreciation for the Water & Sewer system increased by \$40,100 (2.5%) to \$1,643,715 for 2018.

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 \$2.83 per thousand gallons. Highland Park imposed an increase of 5.0% effective January 1, 2018. 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 \$14.52 combined water & sewer rate per 1,000 gallons increases to \$14.86 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 \$62,745 (.97%) from the prior year; \$6,475,257 in FY2017 compared to \$6,538,002 in FY2018. This increase is largely due to a change in recognition of Pension Expenses and Other Post-Employment Benefits (OPEB).

The Water and Sewer Fund operating expenses were 2.37% or \$99,168 below final budget; Water and Sewer Administration at .3% below and Operations expenses 2.7% below final budget. The combined FY2018 water purchases and sanitary sewer charges were down 3.3% compared to FY2017.

As noted previously above, business-type activities are intended to be self-sufficient, that is, charges for services should be adequate to cover operating costs. Historically, depreciation expense was not recognized as an operating expense. Beginning 2018 depreciation is recognized as an operating expense. 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 FY2015 TO FY2018				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Water: Rate per 1,000 gallons	\$4.68	\$5.13	\$5.38	\$5.65
Sewer: Rate per 1,000 gallons	\$5.27	\$5.77	\$6.06	\$6.06
Operating Revenue	\$3,786,680	\$4,552,798	\$4,834,958	\$4,552,798
Operating Expenses (**excluding depreciation)	\$4,000,167**	\$4,333,875**	\$4,521,740**	\$5,924,162

As part of the FY2018 budget, the Village increased its water usage fees 5.0% and sanitary sewer fees 0%. These rates became effective for services provided after December 02, 2017 (February 1, 2018 billing date).

Rate increases from the water supplier have become a regular occurrence, while sanitary sewer charges increases are less frequent. For budget year 2018, a water rate increase was instituted to absorb a proposed rate increase by the Village's water supplier. The General Fund subsidized \$600,000 to Water Sewer Improvements. In FY2018, the cost of water (\$1,248,097) and sanitary sewer treatment (\$1,352,792) was 43.9% of total operating expenses. The most recent percentages were 59.5% for FY2017 and 61.0% for FY2016. The previous mention of depreciation expense recognition explains the variance.

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 \$20.27 million. This was an increase of \$2.4 million (13.4%) compared to the prior fiscal year. The largest contributing factor was the recognition of a full year's implementation of a 1% Food & Beverage tax' .5% increase in the Home Rule Sales Tax in 2017; and \$300,000 increase in Room and Admission Tax following the completion of Marriott Resort renovation.

The General Fund's 29.4% or \$5.95 million Unassigned Fund Balance is a modest portion of the \$20.3 million governmental fund balance. FY2018 represents the third year the Village restricted Governmental Fund Balance; \$8.5 million or 41.96%, 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 \$2.17 million restricted Fund Balance of the SSA Debt Service Fund makes it the third largest portion of the governmental fund balance at 10.7%. The fund balances classified as "non-spendable" and "restricted" are \$1,105,615 and \$4,579,166 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 \$7,271 or .1%, 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 FY2018, the General Fund transfer to General Capital Projects Fund was \$2,800,000.

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 unassigned fund balance policy is 75% of the current year's operating expenses. An annual transfer of funds exceeding the policy occurs in December of each year. In the event the General Fund's estimated year-end falls below the 75% policy, 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 FY2018 budget revenue reveals total General Fund revenues were 6.95% above FY2018 Final Budget or \$866,152. Total actual expenditures \$9.9 million are 6.5% below \$10.6 million budget or \$650,837.

GENERAL OPERATING FUND BALANCE			
FISCAL YEAR	TOTAL FUND BALANCE	OPERATING EXPENSES (EXCLUDING CAPITAL)	FUND BALANCE AS % OF OPER. EXP.
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	\$8,683,038	80.8%
1/1/2019*	\$6,999,280	\$9,305,070	75.2%

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

In addition to the General Fund being classified as a "major fund," the Governmental Accounting Standards Board ("GASB") guidelines indicate the General Capital Projects Fund and the Special Service Area Debt Service Fund are also considered "major" funds in fiscal year 2018.

The total combined fund balance of the five non-major governmental funds increased \$669,869 from \$1.87 million to \$2.54 million. Notable increases in the Park Development Fund \$586,886; Enhanced E911 \$61,133; Motor Fuel Tax Fund \$23,065; and Fraud Alcohol Drug Enforcement Fund \$2,537; while decreases occurred in the SSA Westminster Traffic Signal Fund (\$3,752) 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 decreased \$606,237 (1.69%) from \$35.81 million for FY2017 to \$35.20 million in FY2018. The unrestricted net position decreased \$949,163 (49.7%) for FY2018, due in part to the implementation of Governmental Accounting Standard #75. 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

On February 26, 2018, the Village Board approved the annual appropriations ordinance for the Village of Lincolnshire for Fiscal Year 2018. 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 FY2018. 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.

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	\$1.655	1.622	0.033
Other Taxes	9.435	10.209	(0.774)
Licenses and Permits	0.692	0.759	(0.067)
Fines and Forfeitures	0.236	0.193	0.043
Intergovernmental	0.275	0.301	(0.025)
Investment Income	0.080	0.135	(0.055)
Miscellaneous	0.090	0.111	(0.021)
TOTAL REVENUES	\$12.463	13.329	(0.866)
Expenditures:			
Current:			
General Government	\$2.147	1.936	0.238
Public Safety	4.297	3.977	0.320
Comm & Econ Dev.	1.053	1.117	(0.065)
Public Works	1.660	1.553	0.107
Parks & Open Spaces	1.391	1,341	0.051
Debt Service	0.000	0.000	0.000
TOTAL EXPENDITURES	\$10.575	\$9.924	\$0.651

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The Village Board, as part of the 2018 budget process, determined it was in the best interests of the Village to continue appropriating a portion of Police Protection Services, FICA Expenses, and IMRF Contributions separate from the General Corporate Fund. This is necessary to provide the opportunity to levy a property tax for police protection, FICA expenditures and IMRF Contributions. The Village did not have a Supplemental Appropriation for 2018.

Since many of the Village's expenses can be impacted by factors not controlled by the Village, such as the weather and economy, budget line items are best estimates based on past experience. Although the 2018 General Fund expenditures were below budget, several line items exceeding the budget by 5% with an overage greater than \$5,000 include: Police Overtime wages \$46,118 or 20.5% related to staffing for unanticipated departures from service. This amount is offset by \$130,031 reduction in Regular Salaries while replacements completed the new hire process. Community and Economic Development Department's Economic Development Incentives line item exceed the budget by \$55,317 or 15.1% related to tax sharing agreements. The increase in tax revenue offset the overage. Property/ Liability Insurance \$15,602 or 20% resulting from a very late billing for 2017/18 broker services. Public Works Administration Salaries \$13,463 or 8.1% related to new hire starting before a scheduled retirement to ease the transition. Snow Plowing Overtime \$15,935 or 53.1%. Concrete \$11,674 or 145.9% and Pavement Patching \$5,096 or 12.7% related to sections of curb that were significantly damaged over the winter and the poor pavement condition in front of the curbs that were replaced, the project budget for concrete curb repairs in 2018 were significantly more than anticipated. Landscape Maintenance Park & Street Bed \$6,763 or 6.3% is related to a special cleanup along Route 22 Corridor, completed by contractor. Additionally, the Village Hall holiday lights are paid from this line item.

As noted, overall, General Fund expenditures were below the appropriated amounts (legal spending authority) with few exceptions. As noted in the section entitled "Notes to Financial Statements" the Enhanced 911 Fund and Vehicle Maintenance Fund expenditures exceed the Appropriation in the amounts of \$11,027 and \$89,360 respectively. The excess E911 expenditures relate to one time equipment charges assessed for Vernon Hills Dispatching. The excess Vehicle Maintenance Fund expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Governmental-Type Activities

Capital asset purchases and improvements during the current fiscal year included the following:

- Construction in Progress
 - Lincolnshire Creek bank stabilization at Coventry Lane
 - Miscellaneous Park Improvements
- Per the Village's replacement schedule the following items were disposed of:
 - 2009 Ford Expedition
 - 2011 Ford Expedition
 - Mobile Message Board
 - Closed-circuit TV system
 - Bobcat 2200 D Utility Cart
 - Kubota Tractor
 - Playground Structures

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- Items purchased / added included
 - 2018 Ford Police Interceptor Utility Unit #1802
 - 2018 Ford Police Interceptor Utility Unit #1803
 - 2018 Ford F-150 Unit #1851
 - Livescan Fingerprint Device & software
 - 2019 Ford F350 #244
 - 2018 Asphalt Repair "Hot Box #500
 - 2018 Kubota Mini Loader #709
 - 2018 Solar Message Board #720
- Easements
 - Bike path in Manors of Whytegate subdivision
 - Bike path along Riverwoods Road
- No land acquisitions or land donations occurred in 2018
- Balzer Park tennis courts surface replacement
- No Right of Way purchases or donated to the Village in 2018
- No new Street dedicated to the Village
- Storm sewers dedicated
 - 570 feet of storm sewer lining along Essex Lane
- Bike Paths
 - Olde Half Day Road reconfigured at Half Day Road
- No new Street lights. LED street lights were installed in the Lincolnshire Corporate Center.
- No new Traffic Control Signals
- Pedestrian Bridge
 - 607 feet of wooden planks were replaced

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 \$34,238,784.

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

- Per the replacement schedule Public Works Utility Division disposed of:
 - 2000 John Deere unit #301
 - Underground Leak Detection System
- Public Works purchased:
 - 2018 John Deere 410L unit #301
- Water mains added
 - \$1.4 million Westminster Way

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- Sanitary Sewer
\$96,657 3,942 feet lining installation: Londonderry Ln, Riverwoods Rd, Buckingham, Portshire, Grenadier Ct, Reliance Ln, Berkshire Ln, Regent Ln, Berkshire Ln
- Construction in Progress
Crosstown Watermain design

Debt

The Village debt consists of one municipal bond obligation related to Special Service Area (SSA) project. At this time, the Village does not have debt in the form of bank loans with direct responsibility for paying.

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, SSA related, amounted to \$11.5 million compared to \$11.9 million last year - a decline of 3.5% - as shown in the following table.

OUTSTANDING DEBT AT YEAR END DECEMBER 31						
Type of Debt	Government Activities		Business Activities		Totals	
	2017	2018	2017	2018	2017	2018
Bank Loans Village	\$ 0	\$ 0	\$0	\$0	\$0	\$0
Bond Issue-SSA	\$11,960,000	\$11,545,000	\$0	\$0	\$11,960,000	\$11,545,000
	\$11,960,000	\$11,545,000	\$0	\$0	\$11,960,000	\$11,545,000

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. The resort 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 for its largest retail centers for the first quarter of 2019 and 2018 was as follows: Village Green (2019 - 90%; 2018 - 95%), Lincolnshire Commons (2019 and 2018 - 92%) and City Park (2019 - 57%; 2018 - 74%). The overall retail occupancy in the Village was 73% in the first quarter of 2019 vs. 80% in the first quarter of 2018.

Lincolnshire office occupancy rate was 70% in the first quarter of 2019, compared to 70% in the first quarter of 2018. Lincolnshire industrial occupancy rate was 97% in the first quarter of 2019 compared to 98% in the first quarter of 2018.

Below is an overview of commercial and industrial activity in the Village as of December 2018.

- **Culver's** completed construction on a new 4,000-square-foot restaurant building at 405 Milwaukee Avenue, in the Lincolnshire Market Place Center. The grand opening was held in March 2018.
- **The Gardner School** completed construction on a 16,000-square-foot daycare center on a vacant parcel at 250 Barclay Boulevard, Lincolnshire Corporate Center. The daycare center opened in the summer of 2018.
- ECD Company continued construction on a two-building, 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 50 certificates of occupancies were issued in December 2018.
- The former 40-acre **Medline** site was purchased by TJS Lincolnshire Property LLC (TSJ) for a new mixed-use development, consisting of recreational, hospitality and restaurant uses. In August 2018, the property received rezoning and Planned Unit Development approvals. TJS intends to submit an application for the St. James athletic complex development in early 2019, followed by applications for the remainder of the uses.
- **Heathrow Scientific** and **Daigger Scientific**, two sister companies specializing in medical product design and distribution, received Village rezoning and design approvals for a new 186,000-square-foot building for their corporate headquarters (with room for a third company) on a 10-acre vacant site at 325 Marriott Drive, southwest corner of Milwaukee Avenue and Marriott Drive.
- Pulte Homes continued construction of an 85-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, 53 townhome units were occupied and 17 additional townhome permits were active and in process.
- The developer KZF Stack transferred development rights to Taylor Morrison, a new developer for the 44-unit townhome **Lincolnshire Trails Subdivision**, which received Village approvals in May 2018. Taylor Morrison began construction on a 20-acre property, located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club. Two model buildings were constructed as of December 2018.
- The developer Arthur J. Greene Construction began construction on a 15-lot single-family home subdivision known as **Manors of Whytegate** on the former Mons homestead at 1700 Riverwoods Road, north of Half Day Road. Four homes were being constructed as of December 2018, and first occupancies are slated for spring 2019.
- **Nexus Pharmaceuticals**, a developer and provider of generic drugs to hospitals and pharmacies, purchased the 38,000-square-foot building at 400 Knightsbridge Parkway in 2018. After extensive interior renovations are completed, Nexus plans to hold a grand opening and ribbon cutting in January 2019.

- **Blackdog Speed Shop** renovated a 57,000-square-foot building at 600 Barclay Boulevard, having outgrown its previous Lincolnshire facility at 505 Bond Street which they occupied since 2006. The new building accommodates a professional race shop, custom hot rod shop, 4-wheel-drive Dyno room, and a classic car dealership. A grand opening and ribbon cutting was held in September 2018.
- **LTD Commodities**, specializing in home, garden, and holiday decor products, who has been located in Lincolnshire's CDW Center since 1998, signed a lease for a 66,000-square-foot space at 200 Tri-State International, consolidating their Lincolnshire and Bannockburn offices with 400 employees.
- **Wipfli**, an accounting firm, moved to a 33,000-square-foot space at 100 Tri-State International (CDW Office Center) at the end of 2018 with over 100 employees.

The following eight (8) businesses opened in Lincolnshire in 2018:

- **Best Companion Care**, a non-medical care service business - 250 Parkway Drive, CityPark Center (100 square feet)
- **Culver's Restaurant** - 405 Milwaukee Avenue, Lincolnshire Marketplace Center (4,310 square feet)
- **Nexus Pharmaceuticals**, a pharmaceutical company with relocated headquarters from Vernon Hills - 400 Knightsbridge Parkway, Lincolnshire Corporate Center (37,800 square feet)
- **Security Lock Distributors**, door hardware produce experts with relocated warehouse and distribution operations from Buffalo Grove - 640 Heathrow Drive, Lincolnshire Business Center (42,000 square feet)
- **Shire Law**, a legal team specializing in estate planning and elder law - 1 Overlook Point, Lincolnshire Corporate Center (2,000 square feet)
- **444 Social Luxury Apartments**, 302 luxury apartments with a focus on a socially-engaging atmosphere - 444 and 446 Parkway Drive, CityPark Center
- **The Gardner School**, a daycare facility with full- and part-time educational programs and summer camps for children ages 6 weeks to 6 years - 250 Barclay Boulevard, Lincolnshire Corporate Center (16,000 square feet)
- **Wipfli**, a provider of assurance, accounting, tax and consulting services - 100 Tri-State International, CDW Center (33,431 square feet)

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 FY2018 in the same financial position as it did at the start of the year. Net change in the General Corporate Fund was \$7,271. The real estate market had a slightly below average year in FY2018. Lincolnshire's real estate sales volume declined 25.8% following the FY2017 38.2% rise, and real estate transfer tax stamp revenue declined 26.3%; from \$732,648 FY2017 to \$540,178 FY2018. Major sales recorded in FY2018 include- The St. James (90 Half Day Rd), Knight Bridge Pky LLC (350 Knightsbridge Pkwy), Sedgebrook Propco LLC (740 Audobon Way), Taylor Morrison of Illinois (14600 Riverside Rd), 325 Marriott Jrw 2002 LLC (325 Marriott Dr), and Arthur Greene Custom Homes LLC (1700 Riverwoods Rd).

FY 2018	Real Estate Transfer Tax Stamps Sold	Real Estate Transfer Tax Stamp Revenue	Real Estate Sales Value
Single Family	87	\$ 146,218	\$ 49,783,250
Condo Units	27	\$ 26,178	\$ 8,723,740
Townhomes	29	\$ 39,399	\$ 13,130,288
Land	3	\$ 18,924	\$ 6,307,963
Commercial	4	\$ 309,459	\$ 103,152,050
TOTALS	150	\$ 540,178	\$ 181,097,291

- The unemployment rate (not seasonally adjusted) for December 2018 was 4.5% in Lake County. The rate in the State of Illinois for the same time period was 4.3% and the U.S. rate was 3.9%.
- The Lincolnshire equalized assessed valuation (EAV) increased for the fifth year in a row. The 2018 EAV rose 2.34% or \$15.1 million compared to 2017. The 2018 EAV (which is used for the property tax collected in Fiscal Year 2019) was \$659,376,155. The last 10 years of EAV growth can be found on page iii.
- According to GIS Consortium, prepared by Esri, Lincolnshire's 2017 per capita income was \$84,841; and average household income was \$197,464. 2018 data is yet to be compiled.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2019.

General Fund

Five types of revenue sources account for 73.0% of the total projected revenues for the FY19 General Fund. These sources and their respective budget increases/ -decreases for FY19 are as follows: State Sales Tax (1.0%), Utility Tax (0%), Telecommunication Tax (-2.1%), Rooms & Admissions Tax (1.1%), and Property Taxes (0%). FY2019 revenues are projected to be flat with a \$58,200 (.5%) increase. A rise in the projected State Use Tax revenue accounts for the overall increase. The projected \$25,000 decrease over actual 2018 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 decreased \$110,352 (-1.0%) from \$10.6 million in FY2018 to \$10.5 million in FY19. Notable expenditure increases include: Insurance & Common related to contractual services \$90,495 and Administration Department personnel expenses \$33,430; the largest decrease involve the Police Department personnel expenses \$89,150 and the elimination of \$35,700 E911 related expenses. The General Fund FY19 budget anticipates the transfer out of \$1,837,591 to the Water/ Sewer Improvement Fund (\$1,011,945) and General Capital Projects Fund (\$825,646).

Major Changes in Budget format for 2019

- The Fiscal Year 2019 Budget contemplates implementation of \$2,836,500 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.
- Lincolnshire dissolved the E911 Fund prior to the close of FY2018. The surcharge revenue will no longer be directly distributed from the State of Illinois to the Village of

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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, less a 2% State of Illinois administrative fee.

Water/Sewer Fund

Effective 1/1/2019 the Village increased the average residential water and sewer rates 8.3% (Water 15.0% and Sewer 2.0%). No further changes have been made to the rate structure; specifically the minimum charges, senior discounts, and the Out of Village rates. At the start of FY2019 the Water/Sewer unrestricted Net Position was 18.4% of the FY2019 operating budget expenses; and 21.7% when the Transfer Out to Water/ Sewer Improvement is removed from the expenditures. The unrestricted Net Position includes Water/ Sewer Operations (Fund 02) and Water/ Sewer Improvements (Fund 07). Water/Sewer Operating expenses increased 6.13% with no changes to the staffing levels. The vast majority of this increase relates to water purchase and contractual service costs.

Major Changes in Budget for 2019

The Water Sewer Improvement Fund will receive transfers in from the General Fund \$1,011,945 and Water Sewer Operation Fund \$801,095.

Revenues are based upon 402 million gallons of water sales. The Fiscal Year 2019 Budget provides for an 8.3% increase in the fee for water and sanitary sewer service charged to utility customers served by the Village's water and sewer system. The fee increase is due to the increase in the charge for service for the Village to purchase water and pay sanitary sewer processing. Highland Park has increased its charge for the Village to purchase water 15% effective January 1, 2019, and Lake County planned to increase its charge for sanitary sewer processing services 2% the first of the year. The combined residential water and sewer rate is to increase from \$12.89 to \$13.95 or a \$0.97 per 1,000 gallon of water purchased increase.

Water & Sewer Fund Administrative costs, less transfers to the Water & Sewer Improvement Funds, are to decrease 3.2%. Water & Sewer Operation costs, less transfers, are to increase 7.49% for Fiscal Year 2019.

For the Water and Sewer Fund at the beginning of Fiscal Year 2018 (after restatement for the implementation of Governmental Accounting Standard #75), the unrestricted net position was \$1,654,449, which is equal to just over 5.5 months of operating expenses. The 1/1/2019 projected unrestricted net position based upon the approved FY19 Budget is expected to be \$1,428,092 or 32% of annual operating expenses in the fund. The policy is to maintain 20% or at least two (2) months in reserve. The FY19 Budget meets the Villages fund balance policy for the Water & Sewer Fund.

Staff projects \$150,000 in direct revenues from connection fees. This amount represents connection fees due to continued residential construction related to the Camberley Club, Lincolnshire Trails, and Manors of Whytegate developments. Connection fees related to the new office/warehouse facility for Heathrow Scientific and Daigger Scientific are also accounted for as revenues for 2019.

Water and Sewer capital improvements total \$2,474,000. The majority of these expenditures are related to:

- Replacement of the East Side Reservoir generator (\$175,000)
- Queensway Crosstown Water Main Project construction (\$1,410,000)
- Riverwoods Crosstown Water Main Project design (\$120,000)
- Emergency Water Interconnect Construction (\$285,000)

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

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

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION As of December 31, 2018

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 8,084,353	\$ 1,405,388	\$ 9,489,741
Investments	11,571,801	415,424	11,987,225
Receivables			
Property taxes	2,753,163	-	2,753,163
Other taxes	1,762,892	-	1,762,892
Accounts	276,373	712,499	988,872
Accrued interest	8,207	-	8,207
Other	18,168	18,921	37,089
Internal balances	1,842	(1,842)	-
Prepaid items	54,457	5,233	59,690
Land held for resale	1,052,744	-	1,052,744
Capital Assets			
Capital assets not being depreciated	44,012,198	171,056	44,183,254
Capital assets (net of accumulated depreciation)	<u>25,585,553</u>	<u>34,067,728</u>	<u>59,653,281</u>
Total Assets	<u>95,181,751</u>	<u>36,794,407</u>	<u>131,976,158</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	515,585	150,160	665,745
Pension items - police pension	<u>2,259,976</u>	<u>-</u>	<u>2,259,976</u>
Total Deferred Outflows of Resources	<u>2,775,561</u>	<u>150,160</u>	<u>2,925,721</u>
 Total Assets and Deferred Outflows of Resources	 <u>97,957,312</u>	 <u>36,944,567</u>	 <u>134,901,879</u>
LIABILITIES			
Accounts payable	1,047,264	623,588	1,670,852
Accrued payroll	210,732	27,937	238,669
Deposits payable	1,069,280	-	1,069,280
Accrued interest payable	240,521	-	240,521
Unearned revenues	66,249	-	66,249
Noncurrent Liabilities			
Due within one year	654,970	79,159	734,129
Due in more than one year	<u>21,918,401</u>	<u>675,966</u>	<u>22,594,367</u>
Total Liabilities	<u>25,207,417</u>	<u>1,406,650</u>	<u>26,614,067</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future periods	2,753,163	-	2,753,163
Pension items - IMRF	1,102,502	321,096	1,423,598
Pension items - police pension	196,722	-	196,722
OPEB items	<u>119,586</u>	<u>16,424</u>	<u>136,010</u>
Total Deferred Inflows of Resources	<u>4,171,973</u>	<u>337,520</u>	<u>4,509,493</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>29,379,390</u>	 <u>1,744,170</u>	 <u>31,123,560</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION As of December 31, 2018

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	\$ 69,597,751	\$ 34,238,784	\$103,836,535
Restricted for			
Debt service	2,169,627	-	2,169,627
Maintenance of roadways	104,484	-	104,484
Public safety	210,814	-	210,814
Park improvements	2,094,241	-	2,094,241
Unrestricted	<u>(5,598,995)</u>	<u>961,613</u>	<u>(4,637,382)</u>
 TOTAL NET POSITION	 <u>\$ 68,577,922</u>	 <u>\$ 35,200,397</u>	 <u>\$103,778,319</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General government	\$ 3,012,238	\$ 345,387	\$ -	\$ -
Public safety	4,969,667	868,497	45,718	-
Community and economic development	1,119,296	355,501	-	-
Public works	2,398,725	36,976	197,612	17,023
Parks and open spaces	1,853,000	20,346	1,168,032	-
Interest and fiscal charges	<u>726,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>14,079,036</u>	<u>1,626,707</u>	<u>1,411,362</u>	<u>17,023</u>
Business-type Activities				
Water and sewer	<u>5,924,162</u>	<u>4,707,901</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>5,924,162</u>	<u>4,707,901</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,003,198</u>	<u>\$ 6,334,608</u>	<u>\$ 1,411,362</u>	<u>\$ 17,023</u>

General Revenues

Taxes

- Property
- Sales
- Local use
- Utility
- Telecommunications
- Food and beverage
- Room and admissions
- Real estate transfer
- Home rule sales

Income tax

Investment income

Miscellaneous

Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year (as restated)

NET POSITION - END OF YEAR

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (2,666,851)	\$ -	\$ (2,666,851)
(4,055,452)	-	(4,055,452)
(763,795)	-	(763,795)
(2,147,114)	-	(2,147,114)
(664,622)	-	(664,622)
<u>(726,110)</u>	<u>-</u>	<u>(726,110)</u>
<u>(11,023,944)</u>	<u>-</u>	<u>(11,023,944)</u>
<u>-</u>	<u>(1,216,261)</u>	<u>(1,216,261)</u>
<u>-</u>	<u>(1,216,261)</u>	<u>(1,216,261)</u>
<u>(11,023,944)</u>	<u>(1,216,261)</u>	<u>(12,240,205)</u>
2,784,047	-	2,784,047
1,923,697	-	1,923,697
210,987	-	210,987
1,281,254	-	1,281,254
1,060,063	-	1,060,063
801,681	-	801,681
2,016,916	-	2,016,916
540,178	-	540,178
1,672,796	-	1,672,796
701,774	-	701,774
164,322	10,024	174,346
<u>137,929</u>	<u>-</u>	<u>137,929</u>
<u>13,295,644</u>	<u>10,024</u>	<u>13,305,668</u>
<u>(600,000)</u>	<u>600,000</u>	<u>-</u>
1,671,700	(606,237)	1,065,463
<u>66,906,222</u>	<u>35,806,634</u>	<u>102,712,856</u>
<u>\$ 68,577,922</u>	<u>\$ 35,200,397</u>	<u>\$ 103,778,319</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General Corporate Fund	Special Service Area Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 2,178,991	\$ 895,285	\$ 2,183,957	\$ 2,627,723	\$ 7,885,956
Investments	3,935,975	1,276,120	6,359,706	-	11,571,801
Receivables					
Property taxes	1,589,100	1,164,063	-	-	2,753,163
Other taxes	1,610,355	-	-	152,537	1,762,892
Accounts	47,306	3,310	224,247	1,510	276,373
Accrued interest	8,207	-	-	-	8,207
Other	18,168	-	-	-	18,168
Due from other funds	2,963	-	-	-	2,963
Prepaid items	52,871	-	-	-	52,871
Land held for resale	1,052,744	-	-	-	1,052,744
	<u>\$ 10,496,680</u>	<u>\$ 3,338,778</u>	<u>\$ 8,767,910</u>	<u>\$ 2,781,770</u>	<u>\$ 25,385,138</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 515,394	\$ 5,088	\$ 262,004	\$ 239,482	\$ 1,021,968
Accrued payroll	204,391	-	-	-	204,391
Deposits payable	1,069,280	-	-	-	1,069,280
Due to other funds	115	-	-	-	115
Unearned revenues	66,249	-	-	-	66,249
Total Liabilities	<u>1,855,429</u>	<u>5,088</u>	<u>262,004</u>	<u>239,482</u>	<u>2,362,003</u>
Deferred Inflows of Resources					
Property taxes levied for a future period	1,589,100	1,164,063	-	-	2,753,163
Total Deferred Inflows of Resources	<u>1,589,100</u>	<u>1,164,063</u>	<u>-</u>	<u>-</u>	<u>2,753,163</u>
Fund Balances					
Nonspendable for prepaid items	52,871	-	-	-	52,871
Nonspendable for land held for resale	1,052,744	-	-	-	1,052,744
Restricted for debt service purposes	-	2,169,627	-	-	2,169,627
Restricted for maintenance of roadways	-	-	-	104,484	104,484
Restricted for public safety	-	-	-	210,814	210,814
Restricted for park improvements	-	-	-	2,094,241	2,094,241
Assigned for capital projects	-	-	8,505,906	132,749	8,638,655
Unassigned fund balance	5,946,536	-	-	-	5,946,536
Total Fund Balances	<u>7,052,151</u>	<u>2,169,627</u>	<u>8,505,906</u>	<u>2,542,288</u>	<u>20,269,972</u>
	<u>\$ 10,496,680</u>	<u>\$ 3,338,778</u>	<u>\$ 8,767,910</u>	<u>\$ 2,781,770</u>	<u>\$ 25,385,138</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

Total Fund Balances - Governmental Funds	\$ 20,269,972
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III.C.	69,597,751
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(240,521)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,775,561
Less amount reported in the internal service fund below.	(36,089)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,299,224)
Less amount reported in the internal service fund below.	77,170
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(119,586)
Less amount reported in the internal service fund below.	3,827
The compensated absences liability for the Village is not due and payable in the current period and, therefore, not reported in the governmental funds.	(214,970)
Less amount reported in the internal service fund below.	397
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
SSA bonds payable	(11,545,000)
Net pension liability - Police Pension	(7,534,527)
Net pension liability - Illinois Municipal Retirement Fund	(1,466,115)
Total OPEB liability	(1,812,759)
Less: Internal service fund long-term liabilities	160,627
Internal service funds are reported in the statement of net position as governmental activities.	<u>(38,592)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 68,577,922</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

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

For the Year Ended December 31, 2018

	General Corporate Fund	Special Service Area Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES					
Property taxes	\$ 1,621,664	\$ 1,162,383	\$ -	\$ -	\$ 2,784,047
Other taxes	10,209,346	-	-	-	10,209,346
Licenses, permits and fees	758,710	-	-	-	758,710
Fines and forfeitures	193,050	-	-	8,751	201,801
Intergovernmental	300,719	-	2,203	609,307	912,229
Investment income	134,841	21,496	-	7,985	164,322
Donations	-	-	-	1,168,032	1,168,032
Miscellaneous	110,982	-	24,363	240	135,585
Total Revenues	<u>13,329,312</u>	<u>1,183,879</u>	<u>26,566</u>	<u>1,794,315</u>	<u>16,334,072</u>
EXPENDITURES					
Current					
General government	1,936,156	7,386	138,774	-	2,082,316
Public safety	3,976,882	-	-	356,921	4,333,803
Community and economic development	1,117,437	-	-	-	1,117,437
Public works	1,552,827	-	-	3,756	1,556,583
Parks and open spaces	1,340,583	-	-	-	1,340,583
Capital outlay	-	-	998,073	763,769	1,761,842
Debt Service					
Principal retirement	-	415,000	-	-	415,000
Interest and fiscal charges	-	734,756	-	-	734,756
Total Expenditures	<u>9,923,885</u>	<u>1,157,142</u>	<u>1,136,847</u>	<u>1,124,446</u>	<u>13,342,320</u>
Excess (deficiency) of revenues over expenditures	<u>3,405,427</u>	<u>26,737</u>	<u>(1,110,281)</u>	<u>669,869</u>	<u>2,991,752</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,800,000	-	2,800,000
Proceeds from sale of capital assets	1,844	-	-	-	1,844
Transfers out	(3,400,000)	-	-	-	(3,400,000)
Total Other Financing Sources (Uses)	<u>(3,398,156)</u>	<u>-</u>	<u>2,800,000</u>	<u>-</u>	<u>(598,156)</u>
Net Change in Fund Balances	7,271	26,737	1,689,719	669,869	2,393,596
FUND BALANCES - Beginning of Year	<u>7,044,880</u>	<u>2,142,890</u>	<u>6,816,187</u>	<u>1,872,419</u>	<u>17,876,376</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,052,151</u>	<u>\$ 2,169,627</u>	<u>\$ 8,505,906</u>	<u>\$ 2,542,288</u>	<u>\$ 20,269,972</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds	\$	2,393,596
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		1,124,846
Depreciation is reported in the government-wide financial statements		(1,634,623)
<p>Contributed capital assets are reported as revenues in the government-wide financial statements.</p>		
		14,820
<p>Repayment of the SSA debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal repaid		415,000
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		48,135
Total OPEB liability		135,524
Accrued interest on debt		8,646
Deferred inflows of resources related to OPEB		(115,759)
Net pension liability - IMRF		1,330,685
Net pension liability - Police Pension		(2,926,666)
Deferred outflows of resources related to pensions		1,259,489
Deferred inflows of resources related to pensions		(94,953)
<p>Internal service fund is used by management to charge vehicle maintenance costs to individual funds. The change in net position of the internal service fund reported with governmental activities</p>		
		(287,040)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	1,671,700

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	<u>Business-type Activities - Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,405,388	\$ 198,397
Investments	415,424	-
Receivables		
Accounts - billed	351,496	-
Accounts - unbilled	361,003	-
Other receivables	18,921	-
Due from other funds	75	40
Prepaid items	<u>5,233</u>	<u>1,586</u>
Total Current Assets	<u>2,557,540</u>	<u>200,023</u>
Noncurrent Assets		
Capital Assets		
Capital assets not being depreciated	171,056	-
Capital assets (net of accumulated depreciation)	<u>34,067,728</u>	<u>-</u>
Total Noncurrent Assets	<u>34,238,784</u>	<u>-</u>
Total Assets	<u>36,796,324</u>	<u>200,023</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF	<u>150,160</u>	<u>36,089</u>
Total Deferred Outflows of Resources	<u>150,160</u>	<u>36,089</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	<u>Business-type Activities - Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 623,588	\$ 25,296
Accrued payroll	27,937	6,341
Due to other funds	1,917	1,046
Compensated absences	<u>79,159</u>	<u>397</u>
Total Current Liabilities	<u>732,601</u>	<u>33,080</u>
Noncurrent Liabilities		
Long-Term Debt		
Net pension liability	426,995	102,621
Total OPEB liability	<u>248,971</u>	<u>58,006</u>
Total Noncurrent Liabilities	<u>675,966</u>	<u>160,627</u>
Total Liabilities	<u>1,408,567</u>	<u>193,707</u>
DEFERRED INFLOWS OF RESOURCES		
Pension items - IMRF	321,096	77,170
OPEB items	<u>16,424</u>	<u>3,827</u>
Total Deferred Inflows of Resources	<u>337,520</u>	<u>80,997</u>
NET POSITION		
Net investment in capital assets	34,238,784	-
Unrestricted net position	<u>961,613</u>	<u>(38,592)</u>
TOTAL NET POSITION	<u>\$ 35,200,397</u>	<u>\$ (38,592)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

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

For the Year Ended December 31, 2018

	<u>Business-type Activities - Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES		
Charges for services	\$ 4,708,905	\$ 326,800
Miscellaneous	<u>7,428</u>	<u>-</u>
Total Operating Revenues	<u>4,716,333</u>	<u>326,800</u>
OPERATING EXPENSES		
Administration	499,489	-
Operations	3,608,293	-
Repairs and maintenance	172,665	613,840
Depreciation	<u>1,643,715</u>	<u>-</u>
Total Operating Expenses	<u>5,924,162</u>	<u>613,840</u>
Operating Income (Loss)	<u>(1,207,829)</u>	<u>(287,040)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	10,024	-
Connection fees	<u>(8,432)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>1,592</u>	<u>-</u>
Income (Loss) Before Contributions	<u>(1,206,237)</u>	<u>(287,040)</u>
CONTRIBUTIONS		
Contributions of capital assets	<u>-</u>	<u>-</u>
Total Contributions	<u>-</u>	<u>-</u>
TRANSFERS		
Transfers in	<u>600,000</u>	<u>-</u>
Total Transfers	<u>600,000</u>	<u>-</u>
Change in Net Position	(606,237)	(287,040)
NET POSITION - Beginning of Year (as restated)	<u>35,806,634</u>	<u>248,448</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 35,200,397</u>	<u>\$ (38,592)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 4,589,576	\$ -
Receipts from interfund services	-	326,800
Paid to suppliers for goods and services	(3,526,392)	(286,585)
Paid to employees for services	(641,588)	(155,240)
Payments to other funds	(32,694)	-
Other income	7,428	-
Net Cash Flows From Operating Activities	396,330	(115,025)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments sold and matured	(7,329)	-
Investment income	10,024	-
Net Cash Flows From Investing Activities	2,695	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Connection fees	(8,432)	-
Transfers	600,000	-
Change in interfund balances	7,441	(319)
Net Cash Flows From Noncapital Financing Activities	599,009	(319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,006,182)	-
Net Cash Flows From Capital and Related Financing Activities	(2,006,182)	-
Net Change in Cash and Cash Equivalents	(1,008,148)	(115,344)
CASH AND CASH EQUIVALENTS - Beginning of Year	2,413,536	313,741
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,405,388	\$ 198,397

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	<u>Business-type Activities - Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,207,829)	\$ (287,040)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities		
Depreciation	1,643,715	-
Changes in assets and liabilities		
Accounts receivable	(119,329)	-
Prepaid expense	(994)	(846)
Deferred outflows related to pensions	185,936	(36,089)
Accounts payable	58,053	13,449
Accrued salaries	2,144	1,068
Net pension liability	(426,317)	102,621
Deferred inflows related to pensions	241,289	77,170
Compensated absences	10,594	(3,861)
Total OPEB liability	(7,356)	14,676
Deferred inflows related to OPEB	<u>16,424</u>	<u>3,827</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 396,330</u>	<u>\$ (115,025)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in capital-related accounts payable	<u>\$ (247,097)</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND As of December 31, 2018

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 12,055
Investments	
Money markets	272,577
U.S. Treasury obligations	1,441,382
U.S. agencies securities	747,217
Equity mutual funds	10,510,052
Corporate bonds	4,380,880
Municipal bonds	81,222
Equities	3,513,393
Receivables	
Accrued interest	54,272
Prepaid items	<u>2,796</u>
Total Assets	<u>21,015,846</u>
LIABILITIES	
Accounts payable	<u>19,742</u>
Total Liabilities	<u>19,742</u>
NET POSITION	
Restricted for pension benefits	<u>\$ 20,996,104</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND For the Year Ended December 31, 2018

	<u>Pension Trust</u>
ADDITIONS	
Contributions	
Employer	\$ 850,296
Employee	205,423
Total Contributions	<u>1,055,719</u>
Investment income	
Net appreciation in fair value of investments	(2,028,436)
Interest earned on investments	<u>628,889</u>
Total Investment Income	(1,399,547)
Less Investment expense	<u>70,034</u>
Net Investment Income	<u>(1,469,581)</u>
Total Additions	<u>(413,862)</u>
DEDUCTIONS	
Benefits	1,195,747
Refunds of contributions	52,367
Administrative	<u>32,563</u>
Total Deductions	<u>1,280,677</u>
Change in Net Position	(1,694,539)
NET POSITION - Beginning of Year	<u>22,690,643</u>
NET POSITION - END OF YEAR	<u><u>\$ 20,996,104</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

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VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lincolnshire, Illinois (the Village) was incorporated on August 5, 1957. The Village is a home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The Village operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village of Lincolnshire, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Village has not identified any organizations that meet this criteria.

The Police Pension Employees Retirement System (PPERS) is established for the Village's police employees. 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 pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The Village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many 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 and the data for the pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The Village reports the following major governmental funds:

General Corporate Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

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

General Capital 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 grants, donations, and transfers.

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

The Water and Sanitary Sewer Fund - comprised of the water and sanitary 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 to 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, or accountability or other purposes.

The Village reports the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax Fund
Enhanced 911 Fund

Fraud, Alcohol, and Drug Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Park Development Capital Projects Fund

SSA Westminster Signal Fund

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the Village reports the following fund types:

Internal Service Fund - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governmental units, on a cost-reimbursement basis.

Vehicle Maintenance and Operations Fund

Pension Trust Fund - used to account for and report resources that are required to be held in trust for the members and beneficiaries of the defined benefit pension plans.

Police Pension Trust Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes, telecommunication taxes and use taxes use a 90-day period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Illinois Statutes authorize the Village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement 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 the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts.

The Police Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
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%	8.80%
International U.S. equities	15.00%	6.40%
Multi-class	15.00%	2.20%
Intermediate term fixed income	32.00%	1.70%
Cash and cash equivalents	3.00%	0.00%

Illinois Compiled Statutes (ILCS) limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The Police Pension Fund also requires investments to be made in accordance with ILCS and the Police Pension Fund's investment policy, which allows the Police Pension 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' loan 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 Police Pension Fund). The Police Pension Fund's investment policy prohibits short selling, securities lending, financial futures, margins, options, nonmarketable securities, commodities, speculative real estate or other specialized derivative investments.

The long-term expected rate of return on the Police Pension Fund's investments was determined using an asset allocation study conducted by the Police Pension 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 asset class. These ranges were combined to produce 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 for each major asset class included in the Police Pension Fund's target asset allocation are listed in the table above.

The Village's investment policy authorizes the Village to make deposits/invest in accordance with the Illinois Compiled Statutes (ILCS): including investments in insured commercial banks, savings and loan institutions, obligations of 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 the same obligations, repurchase agreements, short-term commercial paper rated within the three highest classification by at least two standard rating services and the Illinois Funds (created by Illinois State Legislature under the control of the State Comptroller that maintains \$1 per share value) and the Illinois Metropolitan Investment Fund (IMET).

The Village has adopted an investment policy. 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk

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

Credit Risk

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

The Police Pension Fund limits its exposure to credit risk 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.

Concentration of Credit Risk

The Village's investment policy requires diversification of the portfolio. Diversification by security 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 Police Pension Fund's investment policy provides diversification guidelines on the amount of the portfolio that can be invested in any one investment vehicle. Diversification by security is in accordance with the table above. Small and temporary variations from the above are allowed for by the policy.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Deposits

The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. The collateral must be held by the Village's agent in the Village's name.

The Police Pension Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Police Pension Fund's deposits with financial institutions.

Custodial Credit Risk - Investments

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.

The Police Pension Fund's policy requires reporting and monitoring of investment managers and custodians. To additionally limit its exposure, the Police Pension Fund prepares all transactions that are exposed to custodial credit risk to be processed on delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

Illinois Metropolitan Investment Fund (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. Investment in IMET's 1-3 year fund may be redeemed with 5 business days' notice.

See Note III. A. for further information.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2018 attaches as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). Tax bills for levy year 2018 are prepared by Lake County and issued on or about May 1, 2019 and August 1, 2019, and are payable in two installments, on or about June 1, 2019 and September 1, 2019 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and deferred inflows in fiscal 2018. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2018, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2018 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets, \$100,000 for all land and improvements as well as building and improvements and \$200,000 for infrastructure assets. Capital assets must have an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Land Improvements	10-20 Years
Buildings and improvements	15-50 Years
Infrastructure*	20-50 Years
Machinery and equipment	5-20 Years
Buildings: business-type activities	45 Years
Underground water and sewerage system: business-type activities	10-75 Years
Furniture, machinery and equipment: business-type activities	5-15 Years

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Other Assets

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

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

6. *Deferred Outflows of Resources*

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

7. *Compensated Absences*

In the event of termination, an employee is paid for accumulated vacations 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.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2018, are determined on the basis of current salary rates and include salary related payments.

8. *Long-Term Obligations*

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

9. *Deferred Inflows of Resources*

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

10. Equity Classifications (cont.)

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The authority to assign fund balance has been delegated to the Mayor by the Village Board of Trustees. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

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 Corporate Fund. The General Corporate 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Actual Expenditures/ Expenses	Original and Final Appropriation	Original and Final Budget
Enhanced 911 Fund	\$ 350,707	\$ 339,680	\$ 308,800
Vehicle Maintenance and Operations Fund	613,840	524,480	476,800

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust fund. Each fund type'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 funds are held separately from those of other funds.

The Village's and Police Pension Fund's deposits and investments at year end were comprised of the following:

	Village	Police Pension Fund	Total
Deposits	\$ 11,588,361	\$ 12,055	\$ 11,600,416
Illinois Metropolitan Investment Fund (IMET) - 1-3 year debt fund	2,661,360	-	2,661,360
Illinois Metropolitan Investment Fund (IMET) convenience fund	5,254,475	-	5,254,475
Money market	33,741	272,577	306,318
Repurchase agreement - Natixis	1,169,546	-	1,169,546
U.S. Treasury obligations	504,063	1,441,382	1,945,445
U.S. agencies	199,872	747,217	947,089
Equity mutual funds	-	10,510,052	10,510,052
Corporate bonds	-	4,380,880	4,380,880
Municipal bonds	56,047	81,222	137,269
Equities	-	3,513,393	3,513,393
Petty cash	9,501	-	9,501
Total Deposits and Investments	\$ 21,476,966	\$ 20,958,778	\$ 42,435,744

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

	Village	Police Pension Fund	Total
Reconciliation to financial statements			
Per statement of net position			
Cash and cash equivalents	\$ 9,489,741	\$ -	\$ 9,489,741
Investments	11,987,225	-	11,987,225
Per statement of net position - fiduciary fund			
Cash and cash equivalents	-	12,055	12,055
Money markets	-	272,577	272,577
U.S. Treasury obligations	-	1,441,382	1,441,382
U.S. agencies securities	-	747,217	747,217
Equity mutual funds	-	10,510,052	10,510,052
Corporate bonds	-	4,380,880	4,380,880
Municipal bonds	-	81,222	81,222
Equities	-	3,513,393	3,513,393
Total Deposits and Investments	\$ 21,476,966	\$ 20,958,778	\$ 42,435,744

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

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

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The Village and Police Pension Fund used the market valuation method for recurring fair value measurements.

Village

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Illinois Metropolitan Investment Fund (IMET) - 1-3 year debt fund	\$ -	\$ -	\$ 2,661,360	\$ 2,661,360
Illinois Metropolitan Investment Fund (IMET) convenience fund	-	5,254,475	-	5,254,475
Repurchase agreement - Natixis	-	1,169,546	-	1,169,546
U.S. Treasury obligations	504,063	-	-	504,063
U.S. agencies	-	199,872	-	199,872
Municipal bonds	-	56,047	-	56,047
Total	<u>\$ 504,063</u>	<u>\$ 6,679,940</u>	<u>\$ 2,661,360</u>	<u>\$ 9,845,363</u>

Police Pension Fund

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ 1,441,382	\$ -	\$ -	\$ 1,441,382
U.S. agencies	-	747,217	-	747,217
Equity mutual funds	10,510,052	-	-	10,510,052
Corporate bonds	-	4,380,880	-	4,380,880
Municipal bonds	-	81,222	-	81,222
Equities	3,513,393	-	-	3,513,393
Total	<u>\$ 15,464,827</u>	<u>\$ 5,209,319</u>	<u>\$ -</u>	<u>\$ 20,674,146</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

As of December 31, 2018, \$3,909,119 of the Village's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 3,909,119</u>
Total	<u>\$ 3,909,119</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village's securities and the Police Pension Fund's securities subject to investment custodial credit risk are held in safekeeping at the institution where they are purchased.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2018, the Village's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Illinois Metropolitan Investment Fund (IMET) - 1-3 year debt fund	AAAf	Aaa
Illinois Metropolitan Investment Fund (IMET) convenience fund	AAAf	Aaa
Repurchase agreement - Natixis	AAA	Aaa
U.S. agencies	AA+	Aaa
Municipal bonds	AA+ - AA	Aa1

As of December 31, 2018, the Police Pension Fund's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
U.S. agencies	AA+	Aaa
Corporate bonds	AAA - BBB-	Aaa - Baa3
Municipal bonds	AA	A2

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk (cont.)

At December 31, 2018, the Village's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Natixis Investment	Repurchase agreement	9.76%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2018, the Village's and Police Pension Fund's investments were as follows:

Village

Investment Type	Fair Value	Maturity (In Years)		
		Less than 1	1-5	6-10
Illinois Metropolitan Investment Fund (IMET) - 1-3 year debt fund	\$ 2,661,360	\$ -	\$ 2,661,360	\$ -
Repurchase agreement - Natixis	1,169,546	-	-	1,169,546
U.S. Treasury obligations	504,063	-	504,063	-
U.S. agencies	199,872	149,740	50,132	-
Municipal bonds	56,047	-	56,047	-
Totals	\$ 4,590,888	\$ 149,740	\$ 3,271,602	\$ 1,169,546

Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 1,441,382	\$ 183,571	\$ 705,715	\$ 552,096	\$ -
U.S. agencies	747,217	-	123,176	119,267	504,774
Corporate bonds	4,380,880	444,530	2,838,186	1,007,906	90,258
Municipal bonds	81,222	25,138	56,084	-	-
Totals	\$ 6,650,701	\$ 653,239	\$ 3,723,161	\$ 1,679,269	\$ 595,032

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2018, the annual money-weighted rate of return on the police pension plan investments, net of pension plan investment expense, was (6.46)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

Other taxes receivables as of year end for the General Corporate Fund in the aggregate are as follows:

	<u>Amount</u>
Other taxes	
State income	\$ 60,360
Sales	416,900
Home rule sales	401,064
Food & beverage	98,330
Utility	127,859
Telecommunications	256,313
Room & admissions	136,682
State use	67,683
Cable	<u>45,164</u>
Total	<u>\$ 1,610,355</u>

All of the receivables on the balance sheet are expected to be collected within one year.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Right of way	15,175,160	-	-	15,175,160
Easements	1,058,777	14,820	-	1,073,597
Construction in progress	<u>130,951</u>	<u>342,428</u>	<u>130,951</u>	<u>342,428</u>
Total Capital Assets Not Being Depreciated	<u>43,785,901</u>	<u>357,248</u>	<u>130,951</u>	<u>44,012,198</u>
Capital assets being depreciated				
Land improvements	7,624,446	66,127	33,840	7,656,733
Buildings and improvements	8,816,038	-	43,218	8,772,820
Infrastructure	45,399,101	531,635	-	45,930,736
Machinery and equipment	<u>3,854,656</u>	<u>315,607</u>	<u>227,073</u>	<u>3,943,190</u>
Total Capital Assets Being Depreciated	<u>65,694,241</u>	<u>913,369</u>	<u>304,131</u>	<u>66,303,479</u>
Total Capital Assets	<u>109,480,142</u>	<u>1,270,617</u>	<u>435,082</u>	<u>110,315,677</u>
Less: Accumulated depreciation for				
Land improvements	(4,705,415)	(319,388)	33,840	(4,990,963)
Buildings and improvements	(4,691,438)	(177,126)	43,218	(4,825,346)
Infrastructure	(27,700,547)	(839,622)	-	(28,540,169)
Machinery and equipment	<u>(2,290,034)</u>	<u>(298,487)</u>	<u>227,073</u>	<u>(2,361,448)</u>
Total Accumulated Depreciation	<u>(39,387,434)</u>	<u>(1,634,623)</u>	<u>304,131</u>	<u>(40,717,926)</u>
Net Capital Assets Being Depreciated	<u>26,306,807</u>	<u>(721,254)</u>	<u>-</u>	<u>25,585,553</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 70,092,708</u>	<u>\$ (364,006)</u>	<u>\$ 130,951</u>	<u>\$ 69,597,751</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 873,999
Public safety	79,215
Public works	210,344
Parks and open spaces	<u>471,065</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 1,634,623</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 106,833	\$ -	\$ -	\$ 106,833
Construction in progress	<u>60,302</u>	<u>64,223</u>	<u>60,302</u>	<u>64,223</u>
Total Capital Assets Not Being Depreciation	<u>167,135</u>	<u>64,223</u>	<u>60,302</u>	<u>171,056</u>
Capital assets being depreciated				
Buildings	2,028,320	-	-	2,028,320
Underground water and sewerage system	84,632,013	1,573,086	-	86,205,099
Furniture, machinery and equipment	<u>1,169,638</u>	<u>153,307</u>	<u>141,795</u>	<u>1,181,150</u>
Total Capital Assets Being Depreciated	<u>87,829,971</u>	<u>1,726,393</u>	<u>141,795</u>	<u>89,414,569</u>
Total Capital Assets	<u>87,997,106</u>	<u>1,790,616</u>	<u>202,097</u>	<u>89,585,625</u>
Less: Accumulated depreciation for				
Buildings	(1,089,969)	(52,609)	-	(1,142,578)
Underground water and sewerage system	(52,144,611)	(1,506,518)	-	(53,651,129)
Furniture, machinery and equipment	<u>(610,341)</u>	<u>(84,588)</u>	<u>141,795</u>	<u>(553,134)</u>
Total Accumulated Depreciation	<u>(53,844,921)</u>	<u>(1,643,715)</u>	<u>141,795</u>	<u>(55,346,841)</u>
Net Capital Assets Being Depreciated	<u>33,985,050</u>	<u>82,678</u>	<u>-</u>	<u>34,067,728</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 34,152,185</u>	<u>\$ 146,901</u>	<u>\$ 60,302</u>	<u>\$ 34,238,784</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Corporate	Vehicle Maintenance	\$ 1,046
General Corporate	Water and Sanitary Sewer	1,917
Vehicle Maintenance	General Corporate	40
Water and Sanitary Sewer	General Corporate	<u>75</u>
Total - Fund Financial Statements		3,078
Less: Government-wide eliminations		<u>(1,236)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 1,842</u>

All amounts are due within one year.

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

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Water and Sanitary Sewer Improvement	General Corporate	\$ 600,000	To move general operating fund reserves to the water and sanitary sewer improvement fund to cover the cost of equipment and infrastructure planned in 2018 including the Westminster watermain replacement project. Transfer is to fund future capital improvement projects.
General Capital Projects	General Corporate	<u>2,800,000</u>	
Total - Fund Financial Statements		3,400,000	
Less: Government-wide eliminations		<u>(2,800,000)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 600,000</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Special assessment area bonds	\$ 11,960,000	\$ -	\$ 415,000	\$ 11,545,000	\$ 440,000
Sub-totals	<u>11,960,000</u>	<u>-</u>	<u>415,000</u>	<u>11,545,000</u>	<u>440,000</u>
Other Liabilities					
Compensated absences*	262,708	17,542	65,677	214,573	214,573
Compensated absences - internal service	4,258	678	4,539	397	397
Total OPEB liability	1,890,277	-	135,524	1,754,753	-
Total OPEB liability - internal service	43,330	14,676	-	58,006	-
Net pension liability - police pension	4,607,861	3,776,962	850,296	7,534,527	-
Net pension liability - IMRF	2,694,179	-	1,330,685	1,363,494	-
Net pension liability - IMRF - internal service	-	123,684	21,063	102,621	-
Total Other Liabilities	<u>9,502,613</u>	<u>3,933,542</u>	<u>2,407,784</u>	<u>11,028,371</u>	<u>214,970</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 21,462,613</u>	<u>\$ 3,933,542</u>	<u>\$ 2,822,784</u>	<u>\$ 22,573,371</u>	<u>\$ 654,970</u>
Business-type Activities					
Other Liabilities					
Compensated absences	\$ 68,565	\$ 27,735	\$ 17,141	\$ 79,159	\$ 79,159
Total OPEB Liability	256,327	-	7,356	248,971	-
Net pension liability - IMRF	853,312	-	426,317	426,995	-
Total Other Liabilities	<u>1,178,204</u>	<u>27,735</u>	<u>450,814</u>	<u>755,125</u>	<u>79,159</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 1,178,204</u>	<u>\$ 27,735</u>	<u>\$ 450,814</u>	<u>\$ 755,125</u>	<u>\$ 79,159</u>

The Village is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin as follows. "The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property... (2) if its population is more than 25,000 and less than 500,000 in the 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 voters approved referendum to become a home rule community in 1975.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. LONG-TERM OBLIGATIONS (cont.)

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.

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

The net pension liability for the Illinois Municipal Retirement Fund (IMRF), net pension liability - Police Pension, and total OPEB liability are retired by the General Corporate as well as the Water and Sanitary Sewer Funds.

Special Service Area Bonds

Special service area bonds at December 31, 2018, consists of the following:

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Special Service Area Number 1 Special Tax Bonds, Series 2004 due in annual installments ranging from \$235,000 to \$1,095,000	11/16/2004	3/1/2034	6.25%	\$ 15,000,000	<u>\$ 11,545,000</u>
Total Governmental Activities Special Service Area Bonds					<u><u>\$ 11,545,000</u></u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Special Service Area Bonds		
	Principal	Interest	Total
2019	\$ 440,000	\$ 707,813	\$ 1,147,813
2020	470,000	679,375	1,149,375
2021	495,000	649,219	1,144,219
2022	530,000	617,187	1,147,187
2023	560,000	583,125	1,143,125
2024-2028	3,380,000	2,325,625	5,705,625
2029-2033	4,575,000	1,092,031	5,667,031
2034	<u>1,095,000</u>	<u>34,219</u>	<u>1,129,219</u>
Totals	<u><u>\$ 11,545,000</u></u>	<u><u>\$ 6,688,594</u></u>	<u><u>\$ 18,233,594</u></u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. RESTATEMENT OF NET POSITION

Net position has been restated due to the implementation of GASB Statement No. 75 as of December 31, 2018. The restatement is necessary to record the prior year total OPEB liability.

	Governmental Activities	Business-Type Activities
Net position as of December 31, 2017 (as reported)	\$ 68,839,829	\$ 36,062,961
Adjustment to record the total OPEB liability as of December 31, 2017	(1,933,607)	(256,327)
Net position as of December 31, 2017 (as restated)	\$ 66,906,222	\$ 35,806,634
	Water and Sanitary Sewer Fund	Internal Service Fund
Net position as of December 31, 2017 (as reported)	\$ 36,062,961	\$ 291,778
Adjustment to record the total OPEB liability as of December 31, 2017	(256,327)	(43,330)
Net position as of December 31, 2017 (as restated)	\$ 35,806,634	\$ 248,448

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

The Village contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; and the Police Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan does not issue a separate report on the pension plan. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Illinois Municipal Retirement Fund

Plan description. All employees (other than those covered by the Police Pension plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of 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 (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of 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 the first 15 years of service credit, plus 2% for each year of service after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased ever year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan membership. At December 31, 2017, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	39
Inactive, non-retired members	36
Active members	<u>31</u>
Total	<u><u>106</u></u>

Contributions. As set by statute, Village employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's actuarially determined contribution rate for calendar year 2017 was 14.16% of annual covered payroll for IMRF. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.50%
Inflation	3.50%
Salary increases	3.39% to 14.25%, including inflation
Price inflation	2.50%

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study 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 asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00%	8.30%	6.85%
International equities	18.00%	8.45%	6.75%
Fixed income	28.00%	3.05%	3.00%
Real estate	9.00%	6.90%	5.75%
Alternatives	7.00%		
Private equity		12.45%	7.35%
Hedge funds		5.35%	5.05%
Commodities		4.25%	2.65%
Cash equivalents	1.00%	2.25%	2.25%

Discount rate. The discount rate from the December 31, 2017 measurement date to measure the total pension liability for IMRF as of December 31, 2018 was 7.50%. The discount rate calculated using the December 31, 2016 measurement date 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 Village contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the 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 investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 23,848,196	\$ 21,167,188	\$ 18,954,938
Plan fiduciary net pension	19,274,078	19,274,078	19,274,078
Net pension liability/(asset)	<u>\$ 4,574,118</u>	<u>\$ 1,893,110</u>	<u>\$ (319,140)</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The changes in net pension liability/(asset) for the calendar year ended December 31, 2017 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2016	\$ 20,494,109	\$ 16,946,618	\$ 3,547,491
Service cost	300,876	-	300,876
Interest on total pension liability	1,516,508	-	1,516,508
Differences between expected and actual experience of the total pension liability	301,444	-	301,444
Change of assumptions	(596,880)	-	(596,880)
Benefit payments, including refunds of employee contributions	(848,869)	(848,869)	-
Contributions - employer	-	388,559	(388,559)
Contributions - employee	-	123,482	(123,482)
Net investment income	-	2,921,375	(2,921,375)
Other (net transfer)	-	(257,087)	257,087
Balances at December 31, 2017	\$ 21,167,188	\$ 19,274,078	\$ 1,893,110
Plan fiduciary net position as a percentage of the total pension liability			91.06 %

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the Village recognized pension expense of \$549,628. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 217,015	\$ 155,466
Assumption changes	26,318	467,491
Net difference between projected and actual earnings on pension plan investments	-	800,641
Contributions subsequent to the measurement date	422,412	-
Total	\$ 665,745	\$ 1,423,598

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending December 31, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$1,180,265) will be recognized in pension expense as follows:

Year Ending December 31,	Village
2018	\$ (230,185)
2019	(250,583)
2020	(364,967)
2021	(334,530)
Total	\$ (1,180,265)

Police Pension

Plan description. Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The Village accounts for the 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.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Tier 2 - Covered employees hired on or after January 1, 2011 attaining the age of 55 or more with 10 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 1/2 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 maximum of 75% of each salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement 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 January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less for the proceeding calendar year.

Plan membership. At December 31, 2018, the Police Pension membership consisted of:

Retirees and beneficiaries	18
Inactive, non-retired members	4
Active members	<u>24</u>
Total	<u><u>46</u></u>

Contributions. Covered employees are required 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 plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. It is the Village's policy to fund the pension plan to achieve 100% funding by the same date. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2018 was 36.58% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Summary of Significant Accounting Policies. The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The Village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.50%
Inflation	2.50%
Projected salary increases	3.62% to 7.36%
Cost-of-living adjustments	3.00%

Mortality rates were based on the following:

Healthy Active Lives: PubS-2010 Mortality Table for Employees. 10% of active deaths are assumed to be in the line of duty.

Healthy Retiree Lives: PubS-2010 Mortality Table for Healthy Retirees.

Disabled Lives: PubS-2010 Mortality Table for Disabled Retirees.

Beneficiary Lives: PubS-2010 Mortality Table for Contingent Survivors.

The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2018 and a base year of 2010.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Discount rate. The discount rate used to measure the total pension liability for the Police Pension Plan was 6.50%, the same as the prior valuation. 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 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 pension liability of the Village calculated using the discount rate of 6.50% as well as what the net pension liability would be if it were to be 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	Current Discount Rate	1% Increase
Total pension liability	\$ 32,787,060	\$ 28,530,631	\$ 25,072,036
Plan fiduciary net position	20,996,104	20,996,104	20,996,104
Net pension liability	\$ 11,790,956	\$ 7,534,527	\$ 4,075,932

Changes in net pension liability/(asset). The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2018 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2017	\$ 27,298,504	\$ 22,690,643	\$ 4,607,861
Service cost	516,599	-	516,599
Interest on total pension liability	1,767,419	-	1,767,419
Differences between expected and actual experience of the total pension liability	196,223	-	196,223
Benefit payments, including refunds of employee contributions	(1,248,114)	(1,248,114)	-
Contributions - employer	-	850,296	(850,296)
Contributions - employee	-	205,423	(205,423)
Net investment income	-	(1,469,581)	1,469,581
Administration	-	(32,563)	32,563
Balances at December 31, 2018	\$ 28,530,631	\$ 20,996,104	\$ 7,534,527

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the Village recognized pension expense of \$1,299,132. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 510,041	\$ 196,722
Assumption changes	-	-
Net difference between projected and actual earnings on pension plan investments	1,749,935	-
Total	\$ 2,259,976	\$ 196,722

The amounts reported as deferred outflows and inflows of resources related to pensions (\$2,063,254) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	\$ 655,557
2020	349,664
2021	363,553
2022	661,776
2023	32,704
Total	\$ 2,063,254

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; health care of its employees; and workers compensation. The Village participates in a cooperative called the North Suburban Employee's Benefit Cooperative to provide coverage for losses from health care of its employees and a public entity risk pool called the Illinois Public Risk Fund to provide coverage for losses from workers' compensation claims. However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and health care of its employees) are accounted for and financed by the Village in the general fund.

North Suburban Employee's Benefit Cooperative (NSEBC)

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

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Illinois Public Risk Fund

The Village participates in the Illinois Public Risk Fund (IPRF). IPRF is a self-funded workers' compensation pool for public entities. The purpose of IPRF is to provide for the defense and payment when due of all compensation and other benefits under the Workers' Compensation and Occupational Diseases Laws on behalf of state and local governments within the State of Illinois. There are approximately 500 members. A Board of Trustees oversees the operation of IPRF and governs in accordance with State of Illinois Regulations.

Member costs are proportional, based on contributions developed by payroll audits. Rates and any discounts approved by the Board of Trustees are used to determine standard premiums for each member. Each member's experience modifications are used. Members also participate in policyholder dividends based on IPRF's and individual member's experience. Members can also be assessed if the assets of IPRF are less than the reserves required to be maintained. The Village is not aware of any additional amounts due to IPRF as of December 31, 2018.

C. OTHER POSTEMPLOYMENT BENEFITS

The Village provides postemployment health insurance benefits for all eligible retirees and their spouses through the Village's benefit cooperative which covers both active and retired members. The plan allows eligible retirees to remain on the Village's health insurance plan as required by ILCS, but the retiree is responsible for the full health insurance premium. For the year ended December 31, 2018, \$161,980 was contributed by plan members. Plan provisions and contribution requirements are established and may be amended by the Village board through contractual agreements with employee groups, local ordinances, or employee benefit policies.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan description. The Village's defined benefit OPEB plan, Postretirement Health Plan, provides benefits for active employees and retirees of the Village. The plan is funded on a pay-as-you go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Contributions and Benefits provided. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services, mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Once a retiree reaches age 65 years of age, they are given the option to switch to the Benistar Post-65 plan.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	8
Active plan members	<u>57</u>
	<u>65</u>

TOTAL OPEB LIABILITY

The Village's total OPEB liability of \$2,061,730 was measured as of December 31, 2018, and was determined by an actuarial valuation date as of January 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	4.10%
Salary increases	2.75%
Healthcare cost trend rate - PPO	10.31%
Healthcare cost trend rate - HDHP	10.54%
Retirees' share of benefit-related costs	100%

The discount rate was based on High Quality 20 Year Tax-Exempt G.O. Bond Rate as of December 31, 2018.

Active IMRF mortality rates follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. Retiree and spousal IMRF mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. Active police mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. Retiree police mortality follows the L&A Assumption Study for police 2016. Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for disabled participants, with Blue Collar Adjustment. Spousal police mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2017	\$ <u>2,189,934</u>
Changes for the year:	
Service cost	41,180
Interest	73,742
Changes in assumptions or other inputs	(147,537)
Benefit payments	<u>(95,589)</u>
Net changes	<u>(128,204)</u>
Balances at December 31, 2018	<u><u>\$ 2,061,730</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44 percent in 2017 to 4.10 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.1 percent) or 1-percentage-point higher (5.1 percent) than the current discount rate:

	1% Decrease (3.1%)	Discount Rate (4.1%)	1% Increase (5.1%)
Total OPEB liability	\$ 2,316,686	\$ 2,061,730	\$ 1,849,740

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Village, as well as what the Village's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (9.31 percent - PPO and 9.54 percent - HDHP decreasing to 4.0 percent) or 1-percentage-point higher (11.31 percent - PPO and 11.54 percent - HDHP decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB liability	\$ 1,830,493	\$ 2,061,730	\$ 2,338,994

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018, the Village recognized OPEB expense of \$103,395. At December 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 136,010
Total	<u>\$ 136,010</u>

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

<u>Year Ended December 31:</u>	<u>Amount</u>
2019	\$ (11,527)
2020	(11,527)
2021	(11,527)
2022	(11,527)
2023	(11,527)
Thereafter	<u>(78,375)</u>
Total	<u>\$ (136,010)</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

D. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Village is disclosing all abatement agreements individually.

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, 2018, the Village has accrued an estimated rebate liability of \$80,819 for amounts collected by the state through December 31, 2018 but not yet paid to the company. To date, the Village has rebated approximately \$982,264 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 tax generated in that quarter; not to exceed \$100,000 per sales tax year. The agreement was finished during the year ending December 31, 2018. To date the Village had rebated approximately \$51,495 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 was finished during the year ending December 31, 2018 after the Village has rebated approximately \$210,394 to this company.

In 2018, the Village entered into a 10-year sales tax municipal tax rebate program with a company. The Village is required to rebate 50% of any municipal tax generated; not to exceed \$100,000 per sales tax year. The agreement ends the earlier of when \$250,000 is rebated or when the 10 year period has ended. At December 31, 2018, the Village has accrued an estimated rebated liability of \$21,696. To date, the Village has rebated approximately \$21,696 of municipal taxes to this company.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

E. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LINCOLNSHIRE

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

For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Property taxes		\$ 1,655,000	\$ 1,621,664
Other taxes		9,435,000	10,209,346
Licenses, permits and fees		691,700	758,710
Fines and forfeitures		236,000	193,050
Intergovernmental		275,360	300,719
Investment income		80,000	134,841
Miscellaneous		90,100	110,982
Total revenues		12,463,160	13,329,312
EXPENDITURES			
General government	\$ 2,286,990	2,173,900	1,936,156
Public safety	4,627,540	4,296,735	3,976,882
Community and economic development	1,072,820	1,052,920	1,117,437
Public works	1,673,690	1,660,082	1,552,827
Parks and open spaces	1,417,490	1,391,085	1,340,583
Total expenditures	11,078,530	10,574,722	9,923,885
Excess (Deficiency) of Revenues Over Expenditures	(11,078,530)	1,888,438	3,405,427
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	-	1,844
Transfers out	(1,870,000)	(1,735,700)	(3,400,000)
Total Other Financing Sources (Uses)	(1,870,000)	(1,735,700)	(3,398,156)
Net Change in Fund Balance	\$ (12,948,530)	\$ 152,738	7,271
FUND BALANCE - Beginning of Year			7,044,880
FUND BALANCE - END OF YEAR			\$ 7,052,151

VILLAGE OF LINCOLNSHIRE

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS Four Most Recent Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017
Total pension liability				
Service cost	\$ 341,442	\$ 313,571	\$ 311,006	300,876
Interest	1,300,553	1,397,410	1,459,744	1,516,508
Differences between expected and actual experience	(159,731)	(159,981)	(214,365)	301,444
Changes of assumptions	564,270	-	(76,478)	(596,880)
Benefit payments, including refunds of member contributions	(691,886)	(687,105)	(743,424)	(848,869)
Net change in total pension liability	<u>1,354,648</u>	<u>863,895</u>	<u>736,483</u>	<u>673,079</u>
Total pension liability - beginning	<u>17,539,083</u>	<u>18,893,731</u>	<u>19,757,626</u>	<u>20,494,109</u>
Total pension liability - ending (a)	<u>\$ 18,893,731</u>	<u>\$ 19,757,626</u>	<u>\$ 20,494,109</u>	<u>\$ 21,167,188</u>
Plan fiduciary net position				
Employer contributions	\$ 614,250	\$ 596,673	\$ 446,418	\$ 388,559
Employee contributions	145,229	137,799	126,457	123,482
Net investment income	907,263	79,064	1,114,205	2,921,375
Benefit payments, including refunds of member contributions	(691,886)	(687,105)	(743,424)	(848,869)
Administrative expense	(25,139)	198,897	(111,456)	(257,087)
Net change in plan fiduciary net position	<u>949,717</u>	<u>325,328</u>	<u>832,200</u>	<u>2,327,460</u>
Plan fiduciary net position - beginning	<u>14,839,373</u>	<u>15,789,090</u>	<u>16,114,418</u>	<u>16,946,618</u>
Plan fiduciary net position - ending (b)	<u>\$ 15,789,090</u>	<u>\$ 16,114,418</u>	<u>\$ 16,946,618</u>	<u>\$ 19,274,078</u>
Employer's net pension liability (asset) - ending (a) - (b)	<u>\$ 3,104,641</u>	<u>\$ 3,643,208</u>	<u>\$ 3,547,491</u>	<u>\$ 1,893,110</u>
Plan fiduciary net position as a percentage of the total pension liability	83.57%	81.56%	82.69%	91.06%
Covered payroll	\$ 2,841,986	\$ 2,892,964	\$ 2,810,162	\$ 2,744,060
Employer's net pension liability as a percentage of covered payroll	109.24%	125.93%	126.24%	68.99%

The Village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LINCOLNSHIRE

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Four Most Recent Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018
Actuarially determined contribution	\$ 446,674	\$ 438,803	\$ 388,559	\$ 422,413
Contributions in relation to the actuarially determined contribution	(446,674)	(438,803)	(388,559)	(422,412)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Covered payroll	\$ 2,892,964	\$ 2,810,162	\$ 2,744,060	\$ 2,861,874
Contributions as a percentage of covered payroll	15.44%	15.61%	14.16%	14.76%

Notes to Schedule:

The Village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

The Village made additional voluntary contributions of \$150,000 and \$10,000 for the respective fiscal years ended December 31, 2015 and December 31, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	5-Year Smoothed Market, 20% corridor
Wage growth	3.50%
Inflation	2.75%
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

Other information:

There were no benefit changes during the year.

VILLAGE OF LINCOLNSHIRE

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability					
Service cost	\$ 543,025	\$ 535,944	\$ 568,266	\$ 575,596	\$ 516,599
Interest	1,466,549	1,561,977	1,607,524	1,694,486	1,767,419
Differences between expected and actual experience	434,345	(459,019)	359,920	249,838	196,223
Benefit payments, including refunds of member contributions	<u>(977,078)</u>	<u>(960,345)</u>	<u>(980,658)</u>	<u>(1,429,667)</u>	<u>(1,248,114)</u>
Net change in total pension liability	1,466,841	678,557	1,555,052	1,090,253	1,232,127
Total pension liability - beginning	<u>22,507,801</u>	<u>23,974,642</u>	<u>24,653,199</u>	<u>26,208,251</u>	<u>27,298,504</u>
Total pension liability - ending (a)	<u>\$ 23,974,642</u>	<u>\$ 24,653,199</u>	<u>\$ 26,208,251</u>	<u>\$ 27,298,504</u>	<u>\$ 28,530,631</u>
Plan fiduciary net position					
Employer contributions	\$ 589,303	\$ 618,665	\$ 833,131	\$ 803,700	\$ 850,296
Employee contributions	232,179	208,270	210,892	215,212	205,423
Contributions - other	10	15	23	149	-
Net investment income	469,087	(270,351)	1,306,857	2,772,144	(1,469,581)
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)	(1,429,667)	(1,248,114)
Administration	<u>(22,328)</u>	<u>(28,855)</u>	<u>(27,865)</u>	<u>(32,955)</u>	<u>(32,563)</u>
Net change in plan fiduciary net position	291,173	(432,601)	1,342,380	2,328,583	(1,694,539)
Plan fiduciary net position - beginning	<u>19,161,108</u>	<u>19,452,281</u>	<u>19,019,680</u>	<u>20,362,060</u>	<u>22,690,643</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,452,281</u>	<u>\$ 19,019,680</u>	<u>\$ 20,362,060</u>	<u>\$ 22,690,643</u>	<u>\$ 20,996,104</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 4,522,361</u>	<u>\$ 5,633,519</u>	<u>\$ 5,846,191</u>	<u>\$ 4,607,861</u>	<u>\$ 7,534,527</u>
Plan fiduciary net position as a percentage of the total pension liability	81.14%	77.15%	77.69%	83.12%	73.59%
Covered payroll	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195	\$ 2,028,220	\$ 2,324,325
Employer's net pension liability as a percentage of covered payroll	217.14%	268.06%	271.89%	227.19%	324.16%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

VILLAGE OF LINCOLNSHIRE

POLICE PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Ten Fiscal Years

	2009	2010	2011	2012
Actuarially determined contribution	\$ 497,262	\$ 454,383	\$ 563,551	\$ 514,585
Contributions in relation to the actuarially determined contribution	497,262	454,383	563,551	514,585
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Additional voluntary contributions	\$ 604,071	\$ 558,209	\$ 469,289	\$ 446,936
Covered payroll	\$ 2,029,959	\$ 2,010,449	\$ 1,902,849	\$ 1,923,608
Contributions as a percentage of covered payroll	24.50%	22.60%	29.62%	26.75%

Notes to Schedule:

The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar method
Remaining amortization method	22 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	Age based from 3.62% to 7.36%
Postretirement benefit increase	Tier 1: 3.00% compounded annually; Tier 2: 1.25% compounded annually
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Mortality	

Healthy Active Lives:
PubS-2010 Mortality Table for Employees. 10% of active deaths are assumed to be in the line of duty.

Healthy Retiree Lives:
PubS-2010 Mortality Table for Healthy Retirees.

Disabled Lives:
PubS-2010 Mortality Table for Disabled Retirees.

Beneficiary Lives:
PubS-2010 Mortality Table for Contingent Survivors.

The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2018 and a base year of 2010.

2013	2014	2015	2016	2017	2018
\$ 545,957	\$ 527,434	\$ 623,208	\$ 783,607	\$ 803,666	\$ 849,742
545,957	527,434	618,665	783,607	803,666	849,742
\$ -	\$ -	\$ 4,543	\$ -	\$ -	\$ -
\$ 513,790	\$ 61,869	\$ -	\$ 49,524	\$ 34	\$ 554
\$ 2,058,866	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195	\$ 2,028,220	\$ 2,324,325
26.52%	25.32%	29.44%	36.44%	39.62%	36.58%

VILLAGE OF LINCOLNSHIRE

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Five Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	2.53%	(1.35%)	6.87%	13.75%	(6.46%)

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

VILLAGE OF LINCOLNSHIRE

POSTRETIREMENT HEALTH PLAN SCHEDULE OF CHANGES IN THE EMPLOYER'S TOTAL OPEB LIABILITY AND RELATED RATIOS Most Recent Fiscal Year

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 41,180
Interest	73,742
Changes of assumptions	(147,537)
Benefit payments, including refunds of member contributions	<u>(95,589)</u>
Net change in total OPEB liability	(128,204)
Total OPEB liability - beginning	<u>2,189,934</u>
Total OPEB liability - ending	<u>\$ 2,061,730</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	\$ 2,861,873
Employer's total OPEB liability as a percentage of covered payroll	72.04%

Notes to Schedule:

The Village implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

VILLAGE OF LINCOLNSHIRE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds. 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.

SUPPLEMENTARY INFORMATION

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	Original and Final Budget	Actual
PROPERTY TAXES		
Police pension fund	\$ 849,750	\$ 850,296
Police protection	221,700	194,865
IMRF	302,150	302,289
FICA	206,400	206,486
Road and bridge	75,000	67,728
Total property taxes	1,655,000	1,621,664
OTHER TAXES		
State income	675,000	701,774
Sales	1,800,000	1,923,697
Home rule sales	1,530,000	1,672,796
Utility	1,300,000	1,281,254
Telecommunication	1,200,000	1,060,063
Room and admissions	1,800,000	2,016,916
Real estate transfer	250,000	540,178
Food and beverage	700,000	801,681
State use	180,000	210,987
Total other taxes	9,435,000	10,209,346
LICENSES AND PERMITS		
SWALCO rebate	2,600	1,382
Liquor licenses	70,000	79,350
Beach tags	7,500	8,576
Park user fees	23,000	11,770
Amusement devices	1,500	1,375
Application fees	5,000	1,714
Engineering fees	12,000	28,093
Planner fees	5,000	24,809
Plan review fees	50,000	96,459
Annexation fees	1,000	500
Building permit fees	210,000	232,519
Fire review and inspection fees	68,000	53,250
Elevator inspection fees	20,000	23,980
Engineering review and inspection fees	21,000	7,214
Acreage impact fees	5,000	-
Miscellaneous licenses and fees	600	875
Cable TV franchise fees	180,000	177,211
Yardwaste refuse stickers	8,000	8,883
Waste hauler fees	1,500	750
Total licenses and permits	691,700	758,710

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>
FINES AND FORFEITURES		
Court fines	\$ 200,000	\$ 172,138
False alarm fines and fees	5,000	2,012
Other law and ordinance violations	31,000	18,900
Total fines and forfeitures	<u>236,000</u>	<u>193,050</u>
INTERGOVERNMENTAL		
Police grant	29,000	16,602
Police training reimbursement	360	7,347
Miscellaneous revenues	200,000	255,001
Miscellaneous grants	46,000	21,769
Total intergovernmental	<u>275,360</u>	<u>300,719</u>
INVESTMENT INCOME	<u>80,000</u>	<u>134,841</u>
MISCELLANEOUS		
Miscellaneous income	90,100	110,982
Total miscellaneous	<u>90,100</u>	<u>110,982</u>
Total Revenues	<u>\$ 12,463,160</u>	<u>\$ 13,329,312</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT			
Administration services			
Personnel services			
Regular salaries	\$ 279,950	\$ 216,000	\$ 226,657
Overtime salaries	-	400	-
IMRF	-	31,940	34,001
FICA	-	16,550	12,965
Total personnel services	<u>279,950</u>	<u>264,890</u>	<u>273,623</u>
Contractual services			
Equipment maintenance	-	200	-
Professional services	-	3,000	1,348
Outside services	-	500	-
Total contractual services	<u>-</u>	<u>3,700</u>	<u>1,348</u>
Other charges			
Memberships	-	11,000	9,345
Vehicle allowance	-	4,800	4,800
Professional development	-	6,500	4,702
Publications	-	600	584
Classified advertisements	-	2,000	820
Boards and commissions	-	2,500	733
Business expenditures	-	7,000	4,054
Total other charges	<u>-</u>	<u>34,400</u>	<u>25,038</u>
Total administrative services	<u>279,950</u>	<u>302,990</u>	<u>300,009</u>
Finance			
Personnel services			
Regular salaries	303,420	196,000	198,713
Part time wages	-	51,000	49,658
Overtime salaries	-	500	-
IMRF	-	36,530	36,492
FICA	-	18,930	17,055
Total personnel services	<u>303,420</u>	<u>302,960</u>	<u>301,918</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT (continued)			
Finance (continued)			
Contractual services			
Printing	\$ -	\$ 710	\$ 393
Equipment maintenance	-	100	251
Professional services	-	21,130	18,355
Legal notices	-	960	647
Outside services	-	50	17
Total contractual services	-	22,950	19,663
Other charges			
Memberships	-	800	685
Professional development	-	3,450	1,682
Publications	-	325	-
Minor equipment	-	300	352
Business expenditures	-	500	517
Total other charges	-	5,375	3,236
Total finance	303,420	331,285	324,817
Insurance and common			
Contractual services			
Telephone	1,703,620	17,390	19,588
Printing	-	15,480	14,479
Equipment maintenance	-	1,250	1,023
Professional services	-	118,900	72,757
Data systems	-	32,400	30,933
Postage	-	8,500	9,129
Duplicating	-	9,360	9,223
Medical insurance	-	830,955	728,287
General insurance	-	213,470	189,762
Outside services	-	195,020	176,583
Total contractual services	1,703,620	1,442,725	1,251,764
Commodities			
Office supplies	-	14,400	16,458
Total commodities	-	14,400	16,458

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
GENERAL GOVERNMENT (continued)			
Insurance and common (continued)			
Other charges			
Minor equipment	\$ -	\$ 11,000	\$ 14,212
Senior citizen tax relief	-	5,000	4,244
Bad debt provision	-	-	362
Total other charges	-	16,000	18,818
Capital outlay			
Office equipment	-	1,500	2,223
Computer equipment	-	65,000	22,067
Total capital outlay	-	66,500	24,290
Total insurance and common	1,703,620	1,539,625	1,311,330
Total general government	2,286,990	2,173,900	1,936,156
PUBLIC SAFETY			
Police			
Personnel services			
Regular salaries	2,737,680	2,488,800	2,333,838
Part time wages	-	41,600	26,567
Overtime salaries	-	225,000	264,248
Overtime contract services	-	40,000	33,309
Retirement reserves	1,889,860	849,750	850,296
IMRF	-	58,560	25,507
FICA	-	63,530	48,794
Total personnel services	4,627,540	3,767,240	3,582,559
Contractual services			
Printing	-	7,000	5,680
Equipment maintenance	-	52,600	20,864
Professional services	-	92,800	92,080
Data systems	-	7,570	6,814
Total contractual services	-	159,970	125,438
Commodities			
Maintenance materials	-	19,000	18,017
Total commodities	-	19,000	18,017

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
PUBLIC SAFETY (continued)			
Police (continued)			
Other charges			
Memberships	\$ -	\$ 5,000	\$ 4,735
Vehicle allowance	-	167,325	114,969
Professional development	-	70,000	47,652
Publications	-	500	379
Uniforms	-	64,300	43,856
Community programs	-	20,000	19,380
Officer testing	-	3,500	547
Equipment - furniture	-	3,000	2,482
Minor equipment	-	11,900	12,082
Business expenditures	-	5,000	4,786
Total other charges	-	350,525	250,868
Total public safety	4,627,540	4,296,735	3,976,882
COMMUNITY AND ECONOMIC DEVELOPMENT			
Administration			
Personnel services			
Regular salaries	1,072,820	344,000	324,739
Part time wages	-	37,000	36,591
IMRF	-	50,770	53,213
FICA	-	29,150	27,305
Total personnel services	1,072,820	460,920	441,848
Contractual services			
Printing	-	150	-
Vehicle allowance	-	4,800	3,290
Professional services	-	176,000	131,417
Legal notices	-	150	176
Outside services	-	2,000	1,048
Total contractual services	-	183,100	135,931

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
COMMUNITY AND ECONOMIC DEVELOPMENT (continued)			
Other charges			
Professional development	\$ -	\$ 8,000	\$ 4,648
Publications	-	350	1,027
Boards and commissions	-	100	-
Business expenditures	-	21,250	21,827
Economic development initiatives	-	10,000	8,401
Economic development incentives	-	367,500	503,635
Equipment and clothing	-	1,700	120
Total other charges	-	408,900	539,658
Total community and economic development	1,072,820	1,052,920	1,117,437
PUBLIC WORKS			
Administration			
Personnel services			
Regular salaries	238,380	167,182	181,060
Overtime salaries	-	1,000	-
IMRF	-	24,830	24,559
FICA	-	12,870	12,153
Total personnel services	238,380	205,882	217,772
Contractual services			
Professional services	-	31,000	15,086
Legal notices	-	800	1,471
Outside services	-	4,500	4,467
Total contractual services	-	36,300	21,024
Other charges			
Memberships	-	4,600	4,345
Vehicle allowance	-	1,125	1,125
Professional development	-	5,000	4,547
Business expenditures	-	500	1,030
Total other charges	-	11,225	11,047
Capital outlay			
Office charges	-	1,000	1,000
Total capital outlay	-	1,000	1,000
Total administration	238,380	254,407	250,843

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
PUBLIC WORKS (continued)			
Streets			
Personnel services			
Regular salaries	\$ 1,290,880	\$ 400,000	\$ 402,405
Part time wages		16,000	10,285
Overtime salaries	-	50,000	67,607
IMRF	-	66,420	66,503
FICA	-	34,430	34,351
Total personnel services	<u>1,290,880</u>	<u>566,850</u>	<u>581,151</u>
Contractual services			
Equipment maintenance	-	500	-
Electric utilities	-	14,500	14,824
Pavement maintenance	-	53,000	69,582
Outside services	-	398,400	326,152
Total contractual services	<u>-</u>	<u>466,400</u>	<u>410,558</u>
Commodities			
Maintenance materials	-	19,900	19,570
Repair and replacement	-	12,000	11,692
Construction materials	-	5,900	5,114
Snow and ice control	-	46,500	34,885
Total commodities	<u>-</u>	<u>84,300</u>	<u>71,261</u>
Other charges			
Vehicle allowance	-	144,125	99,138
Professional development	-	3,500	2,764
Uniforms	-	3,500	3,696
Minor equipment	-	2,000	2,960
Recycling	-	3,200	3,364
Business expenditures	-	500	430
Total other charges	<u>-</u>	<u>156,825</u>	<u>112,352</u>
Total streets	<u>1,290,880</u>	<u>1,274,375</u>	<u>1,175,322</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
PUBLIC WORKS (continued)			
Building and grounds			
Contractual services			
Equipment maintenance	\$ 144,430	\$ 500	\$ -
Outside services	-	105,000	102,842
Total contractual services	<u>144,430</u>	<u>105,500</u>	<u>102,842</u>
Commodities			
Maintenance materials	-	15,000	14,089
Repair and replacement	-	1,000	1,135
Construction materials	-	2,000	2,309
Total commodities	<u>-</u>	<u>18,000</u>	<u>17,533</u>
Other charges			
Minor equipment	-	2,000	1,989
Vehicle allowance	-	4,800	3,290
Business expenditures	-	1,000	1,008
Total other charges	<u>-</u>	<u>7,800</u>	<u>6,287</u>
Total building and grounds	<u>144,430</u>	<u>131,300</u>	<u>126,662</u>
Total public works	<u>1,673,690</u>	<u>1,660,082</u>	<u>1,552,827</u>
PARKS AND OPEN SPACES			
Parks and grounds			
Personnel services			
Regular salaries	1,417,490	400,000	402,405
Part time wages		65,000	62,494
Overtime salaries	-	35,000	24,434
IMRF	-	64,210	63,963
FICA	-	38,250	35,886
Total personnel services	<u>1,417,490</u>	<u>602,460</u>	<u>589,182</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
PARKS AND OPEN SPACES (continued)			
Contractual services			
Equipment maintenance	\$ -	\$ 500	\$ 138
Professional services	-	75,200	75,878
Gas utilities	-	3,000	2,614
Electric utilities	-	24,000	24,253
Outside services	-	91,500	77,309
Lighting maintenance	-	7,500	8,248
Landscape maintenance	-	294,500	308,509
Wildlife maintenance	-	1,000	959
Special events	-	110,000	113,809
Total contractual services	-	607,200	611,717
Commodities			
Maintenance materials	-	48,000	44,097
Repair and replacement	-	3,000	3,005
Construction materials	-	5,000	5,307
Total commodities	-	56,000	52,409
Other charges			
Memberships	-	1,500	940
Vehicle allowance	-	110,825	76,314
Professional development	-	3,000	2,916
Publications	-	100	-
Uniforms	-	4,000	4,135
Minor equipment	-	2,500	2,418
Business expenditures	-	500	552
Total other charges	-	122,425	87,275
Capital outlay			
Bike path repairs	-	3,000	-
Total capital outlay	-	3,000	-
Total parks and open spaces	1,417,490	1,391,085	1,340,583
Total expenditures	\$ 11,078,530	\$ 10,574,722	\$ 9,923,885

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SPECIAL SERVICE AREA DEBT SERVICE FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Property		\$ 1,161,600	\$ 1,162,383
Investment income		18,600	21,496
Total revenues		<u>1,180,200</u>	<u>1,183,879</u>
EXPENDITURES			
General government			
Contractual services	\$ 19,470	17,700	7,386
Debt service			
Principal retirement	1,278,750	1,162,500	415,000
Interest and fiscal charges	-	-	734,756
Total expenditures	<u>\$ 1,298,220</u>	<u>1,180,200</u>	<u>1,157,142</u>
Net change in fund balance		<u>\$ -</u>	<u>26,737</u>
FUND BALANCE - Beginning of the Year			<u>2,142,890</u>
FUND BALANCE - END OF YEAR			<u>\$ 2,169,627</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL CAPITAL PROJECTS FUND For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Intergovernmental			
Grants		\$ -	\$ 2,203
Miscellaneous			
Other income		917,740	24,363
Total revenue		917,740	26,566
EXPENDITURES			
General government			
Contractual services		132,000	138,774
Capital outlay	\$ 1,980,320	1,848,320	998,073
Total expenditure	\$ 1,980,320	1,980,320	1,136,847
Excess (deficiency) of revenues over (under) expenditures		(1,062,580)	(1,110,281)
OTHER FINANCING SOURCES (USES)			
Transfers in		800,000	2,800,000
Total other financing sources (uses)		800,000	2,800,000
Net change in fund balance		\$ (262,580)	1,689,719
FUND BALANCE - Beginning of the Year			6,816,187
FUND BALANCE - END OF YEAR			\$ 8,505,906

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.

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. This fund was closed during the year ending December 31, 2018.

VILLAGE OF LINCOLNSHIRE

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue Funds				Capital Projects Funds			Total Nomajor Governmental Funds
	Motor Fuel Tax Fund	Fraud, Alcohol and Drug Fund	Enhanced 911 Fund	Total Special Revenue Funds	Park Development Capital Projects Fund	SSA Westminster Signal Fund	Total Capital Projects Funds	
ASSETS								
Cash and cash equivalents	\$ 88,571	\$ 290,854	\$ 12,670	\$ 392,095	\$ 2,235,628	\$ -	\$ 2,235,628	\$ 2,627,723
Receivables								
Other taxes	15,801	-	136,736	152,537	-	-	-	152,537
Accounts	112	491	907	1,510	-	-	-	1,510
TOTAL ASSETS	\$ 104,484	\$ 291,345	\$ 150,313	\$ 546,142	\$ 2,235,628	\$ -	\$ 2,235,628	\$ 2,781,770
LIABILITIES AND FUND BALANCE								
Liabilities								
Accounts payable	\$ -	\$ 230,844	\$ -	\$ 230,844	\$ 8,638	\$ -	\$ 8,638	\$ 239,482
Total Liabilities	-	230,844	-	230,844	8,638	-	8,638	239,482
Fund Balances								
Restricted for maintenance of roadways	104,484	-	-	104,484	-	-	-	104,484
Restricted for public safety	-	60,501	150,313	210,814	-	-	-	210,814
Restricted for park improvements	-	-	-	-	2,094,241	-	2,094,241	2,094,241
Assigned for capital projects	-	-	-	-	132,749	-	132,749	132,749
Total fund balances	104,484	60,501	150,313	315,298	2,226,990	-	2,226,990	2,542,288
TOTAL LIABILITIES AND FUND BALANCE	\$ 104,484	\$ 291,345	\$ 150,313	\$ 546,142	\$ 2,235,628	\$ -	\$ 2,235,628	\$ 2,781,770

VILLAGE OF LINCOLNSHIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Special Revenue Funds				Capital Projects Funds			Total Nomajor Governmental Funds
	Motor Fuel Tax Fund	Fraud, Alcohol and Drug Fund	Enhanced 911 Fund	Total Special Revenue Funds	Park Development Capital Projects Fund	SSA Westminster Signal Fund	Total Capital Projects Funds	
REVENUES								
Fines and forfeitures	\$ -	\$ 8,751	\$ -	\$ 8,751	\$ -	\$ -	\$ -	\$ 8,751
Intergovernmental	197,612	-	411,695	609,307	-	-	-	609,307
Investment income	453	-	145	598	7,383	4	7,387	7,985
Miscellaneous	-	-	-	-	240	-	240	240
Donations	-	-	-	-	1,168,032	-	1,168,032	1,168,032
Total Revenue	198,065	8,751	411,840	618,656	1,175,655	4	1,175,659	1,794,315
EXPENDITURES								
Current								
Public safety	-	6,214	350,707	356,921	-	-	-	356,921
Public works	-	-	-	-	-	3,756	3,756	3,756
Capital outlay	175,000	-	-	175,000	588,769	-	588,769	763,769
Total Expenditures	175,000	6,214	350,707	531,921	588,769	3,756	592,525	1,124,446
Excess (deficiency) of revenues over expenditures	23,065	2,537	61,133	86,735	586,886	(3,752)	583,134	669,869
FUND BALANCE - Beginning of Year	81,419	57,964	89,180	228,563	1,640,104	3,752	1,643,856	1,872,419
FUND BALANCE - END OF YEAR	\$ 104,484	\$ 60,501	\$ 150,313	\$ 315,298	\$ 2,226,990	\$ -	\$ 2,226,990	\$ 2,542,288

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MOTOR FUEL TAX FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Intergovernmental			
Allotments earned		\$ 187,000	\$ 197,612
Investment income		400	453
Total revenues		<u>187,400</u>	<u>198,065</u>
EXPENDITURES			
Capital outlay	\$ 192,500	175,000	175,000
Total expenditure	<u>\$ 192,500</u>	<u>175,000</u>	<u>175,000</u>
Net change in fund balance		<u>\$ 12,400</u>	<u>23,065</u>
FUND BALANCE - Beginning of the Year			<u>81,419</u>
FUND BALANCE - END OF YEAR			<u>\$ 104,484</u>

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FRAUD, ALCOHOL, AND DRUG FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Fines and forfeitures		\$ -	\$ 8,751
Total revenues		-	8,751
EXPENDITURES			
Public safety	\$ 66,690	60,630	6,214
Total expenditures	\$ 66,690	60,630	6,214
Net change in fund balance		<u>\$ (60,630)</u>	<u>2,537</u>
FUND BALANCE - Beginning of the Year			<u>57,964</u>
FUND BALANCE - END OF YEAR			<u>\$ 60,501</u>

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL ENHANCED 911 FUND For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Other taxes			
E911 Surcharges		\$ 273,000	\$ 411,695
Investment income		100	145
Total revenues		273,100	411,840
EXPENDITURES			
Public safety			
Contractual services	\$ 339,680	308,800	350,707
Total expenditures	\$ 339,680	308,800	350,707
Excess (deficiency) of revenues over (under) expenditures		(35,700)	61,133
OTHER FINANCING SOURCES (USES)			
Transfers in		35,700	-
Total other financing sources (uses)		35,700	-
Net change in fund balance		\$ -	61,133
FUND BALANCE - Beginning of the Year			89,180
FUND BALANCE - END OF YEAR			\$ 150,313

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PARK DEVELOPMENT CAPITAL PROJECTS FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Investment income		\$ 100	\$ 7,383
Miscellaneous		-	240
Park donations		236,000	1,168,032
Total revenues		<u>236,100</u>	<u>1,175,655</u>
EXPENDITURES			
Capital outlay	\$ 972,000	860,000	588,769
Total expenditures	<u>\$ 972,000</u>	<u>860,000</u>	<u>588,769</u>
Net change in fund balance		<u>\$ (623,900)</u>	<u>586,886</u>
FUND BALANCE - Beginning of the Year			<u>1,640,104</u>
FUND BALANCE - END OF YEAR			<u>\$ 2,226,990</u>

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL SSA WESTMINSTER SIGNAL FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
REVENUES			
Investment income		\$ -	\$ 4
Total revenues		-	4
EXPENDITURES			
Outside services	\$ 5,370	4,880	3,756
Total expenditures	\$ 5,370	4,880	3,756
Net change in fund balance		<u>\$ (4,880)</u>	<u>(3,752)</u>
FUND BALANCE - Beginning of the Year			<u>3,752</u>
FUND BALANCE - END OF YEAR			<u>\$ -</u>

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 collections. These activities are accounted for in the revenue and improvement subfunds.

VILLAGE OF LINCOLNSHIRE

COMBINING SCHEDULE OF NET POSITION WATER AND SANITARY SEWER FUND As of December 31, 2018

	Revenue Account	Improvement Account	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,324,297	\$ 81,091	\$ 1,405,388
Investments	201,598	213,826	415,424
Receivables			
Accounts - billed	351,496	-	351,496
Accounts - unbilled	361,003	-	361,003
Other receivables	14,498	4,423	18,921
Due from other funds	75	-	75
Prepaid items	5,233	-	5,233
Total current assets	2,258,200	299,340	2,557,540
CAPITAL ASSETS			
Nondepreciable	171,056	-	171,056
Depreciable (net of accumulated depreciation)	34,067,728	-	34,067,728
Net capital assets	34,238,784	-	34,238,784
Total assets	36,496,984	299,340	36,796,324
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	150,160	-	150,160
Total deferred outflows of resources	150,160	-	150,160
CURRENT LIABILITIES			
Accounts payable	418,988	204,600	623,588
Accrued payroll	27,937	-	27,937
Due to other funds	1,917	-	1,917
Compensated absences	79,159	-	79,159
Total current liabilities	528,001	503,940	732,601
LONG-TERM LIABILITIES			
Total OPEB liability	248,971	-	248,971
Net pension liability	426,995	-	426,995
Total long-term liabilities	675,966	-	675,966
Total liabilities	1,203,967	503,940	1,408,567
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	321,096	-	321,096
OPEB items	16,424	-	16,424
Total deferred inflows of resources	337,520	-	337,520
NET POSITION			
Net investment in capital assets	34,238,784	-	34,238,784
Unrestricted	866,873	94,740	961,613
Total Net Position	\$ 35,105,657	\$ 94,740	\$ 35,200,397

VILLAGE OF LINCOLNSHIRE

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

For the Year Ended December 31, 2018

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 4,708,905	\$ -	\$ -	\$ 4,708,905
Miscellaneous	7,428	-	-	7,428
Total operating revenues	4,716,333	-	-	4,716,333
OPERATING EXPENSES				
Administration	499,489	-	-	499,489
Operations	3,578,548	29,745	-	3,608,293
Repairs and maintenance	-	172,665	-	172,665
Depreciation	1,643,715	-	-	1,643,715
Total operating expenses	5,721,752	202,410	-	5,924,162
Operating income (Loss)	(1,005,419)	(202,410)	-	(1,207,829)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	4,365	5,659	-	10,024
Connection fees	-	(8,432)	-	(8,432)
Total non-operating revenues (expenses)	4,365	(2,773)	-	1,592
Net Income (Loss) Before Contributions and transfers	(1,001,054)	(205,183)	-	(1,206,237)
CONTRIBUTIONS				
Contributions of capital assets	1,730,313	-	(1,730,313)	-
Total contributions	1,730,313	-	(1,730,313)	-
TRANSFERS				
Transfers in	-	1,007,795	(407,795)	600,000
Transfers out	(407,795)	(1,730,313)	2,138,108	-
Total Transfers	(407,795)	(722,518)	1,730,313	600,000
Change in Net Position	321,464	(927,701)	-	(606,237)
NET POSITION - Beginning of Year (as restated)	34,784,193	1,022,441	-	35,806,634
NET POSITION - END OF YEAR	\$ 35,105,657	\$ 94,740	\$ -	\$ 35,200,397

VILLAGE OF LINCOLNSHIRE

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, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water and sanitary sewer fees		\$ 4,572,000	\$ 4,708,905
Miscellaneous			
Other income		10,000	7,428
Total operating revenue		4,582,000	4,716,333
OPERATING EXPENSES			
Administration	\$ 5,043,500	500,885	499,489
Operations	-	3,676,320	3,578,548
Total operating expense excluding depreciation	\$ 5,043,500	4,177,205	4,078,037
Operating income (loss) before depreciation		404,795	638,296
Depreciation		-	1,643,715
Operating income (loss)		404,795	(1,005,419)
NON-OPERATING REVENUES (EXPENSES)			
Investment income		3,000	4,365
Total non-operating revenues (expenses)		3,000	4,365
Net income (loss) before contributions and transfers		407,795	(1,001,054)
CONTRIBUTIONS			
Contributions of capital assets		-	1,730,313
Total contributions		-	1,730,313
TRANSFERS			
Transfers (out)		(407,795)	(407,795)
Total transfers		(407,795)	(407,795)
Change in net position		\$ -	321,464
NET POSITION - Beginning of the Year (as restated)			34,784,193
NET POSITION - END OF YEAR			\$ 35,105,657

VILLAGE OF LINCOLNSHIRE

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, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING EXPENSES			
Operations	\$ -	\$ 50,000	\$ 29,745
Capital outlay	2,007,000	1,957,000	172,665
Total operating expense	\$ 2,007,000	2,007,000	202,410
Operating income (loss)		(2,007,000)	(202,410)
NON-OPERATING REVENUES (EXPENSES)			
Investment income		2,000	5,659
Connection fees		200,000	(8,432)
Total non-operating revenues (expenses)		202,000	(2,773)
Net income (loss) before transfers		(1,805,000)	(205,183)
TRANSFERS			
Transfers in		1,307,795	1,007,795
Transfers (out)		-	(1,730,313)
Total transfers		1,307,795	(722,518)
Change in net position		\$ (497,205)	(927,701)
NET POSITION - Beginning of the Year			1,022,441
NET POSITION - END OF YEAR			\$ 94,740

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF OPERATING EXPENSES BUDGET AND ACTUAL WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
ADMINISTRATION			
Personnel services			
Regular salaries	\$ -	\$ 181,000	\$ 184,628
Part time wages	-	22,300	22,865
Overtime salaries	-	1,000	-
IMRF	-	26,870	31,350
FICA	-	13,930	13,890
Pension expense	-	-	908
OPEB expense	-	-	9,068
Total personnel services	-	245,100	262,709
Contractual services			
Telephone	-	21,240	26,345
Printing	-	10,220	10,237
Professional services	-	27,380	24,398
Data processing	-	3,600	3,437
Postage	-	8,500	9,140
Duplicating	-	1,040	1,025
Medical insurance	-	61,700	53,296
General insurance	-	95,250	84,401
Outside services	-	22,930	20,357
Total contractual services	-	251,860	232,636
Commodities			
Office supplies	-	1,600	1,819
Total commodities	-	1,600	1,819
Other charges			
Vehicle allowance	-	2,325	2,325
Total other charges	-	2,325	2,325
Total administration	-	500,885	499,489

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF OPERATING EXPENSES BUDGET AND ACTUAL WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATIONS			
Personnel services			
Regular salaries	\$ 5,043,500	\$ 412,000	\$ 419,892
Overtime salaries	-	30,000	26,941
IMRF	-	65,280	63,926
FICA	-	33,840	37,565
Total personnel services	\$ 5,043,500	541,120	548,324
Contractual services			
Equipment maintenance	-	35,500	38,728
Professional services	-	5,000	4,410
Gas utilities	-	4,000	5,086
Electric utilities	-	75,000	91,462
Outside services	-	49,800	123,729
System maintenance	-	129,400	78,810
Water purchases	-	1,310,000	1,248,097
Sanitary sewer charges	-	1,410,000	1,352,791
Sanitary sewer transmission fees	-	7,800	7,784
Total contractual services	-	3,026,500	2,950,897
Commodities			
Maintenance materials	-	18,200	22,692
Water meters	-	10,000	18,585
Total commodities	-	28,200	41,277
Other charges			
Memberships	-	600	1,192
Professional development	-	500	386
Uniforms	-	2,500	2,620
Vehicle allowance	-	47,700	32,694
Minor equipment	-	1,200	70
Business expense	-	1,000	1,088
Hydrant replacement	-	27,000	-
Total other charges	-	80,500	38,050
Total operations	5,043,500	3,676,320	3,578,548
Total operating expenses	\$ 5,043,500	\$ 4,177,205	\$ 4,078,037

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF OPERATING EXPENSES
BUDGET AND ACTUAL
WATER AND SANITARY SEWER FUND - IMPROVEMENT ACCOUNT
For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATIONS			
Other charges			
Professional services	\$ 2,007,000	\$ 50,000	\$ 29,745
Total personnel services	<u>2,007,000</u>	<u>50,000</u>	<u>29,745</u>
CAPITAL OUTLAY			
Westminster watermain replacement	-	1,395,000	20,000
Crosstown watermain design	-	62,000	3,875
Miscellaneous repairs	-	150,000	76,176
Sanitary sewer engineering services	-	100,000	93,614
Sanitary sewer lining repairs	-	100,000	-
Utility backhoe	-	150,000	(21,000)
Total capital outlay	<u>-</u>	<u>1,957,000</u>	<u>172,665</u>
Total operating expenses	<u>\$ 2,007,000</u>	<u>\$ 2,007,000</u>	<u>\$ 202,410</u>

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

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL VEHICLE MAINTENANCE AND OPERATIONS FUND For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Interfund services			
General fund		\$ 429,100	\$ 294,106
Water and sanitary sewer fund		47,700	32,694
Total operating revenue		476,800	326,800
OPERATING EXPENSES			
Personnel services			
Regular salaries	\$ 524,480	152,000	140,350
Overtime salaries	-	6,000	12,097
IMRF	-	23,350	22,898
FICA	-	12,100	11,215
Pension expense	-	-	143,702
OPEB expense	-	-	18,503
Total personnel services	524,480	193,450	348,765
Professional services			
Equipment maintenance	-	1,500	1,852
Medical insurance	-	33,000	29,032
General insurance	-	19,700	17,500
Outside services	-	99,250	87,665
Total professional services	-	153,450	136,049
Commodities			
Maintenance materials	-	9,300	9,270
Fuel expenditures	-	70,000	63,920
Oil and antifreeze	-	3,000	2,999
Vehicle tires	-	5,000	4,869
Vehicle maintenance parts	-	31,500	38,317
Total commodities	-	118,800	119,375

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL VEHICLE MAINTENANCE AND OPERATIONS FUND For the Year Ended December 31, 2018

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATING EXPENSES (con't)			
Other charges			
Memberships	\$ -	\$ 500	\$ 30
Professional development	-	4,000	4,263
Publications	-	5,000	3,680
Uniforms	-	1,600	1,678
Total other charges	-	11,100	9,651
Total operating expenses	<u>\$ 524,480</u>	<u>476,800</u>	<u>613,840</u>
Change in net position		<u>\$ -</u>	(287,040)
NET POSITION - Beginning of the Year (as restated)			<u>248,448</u>
NET POSITION - END OF YEAR			<u>\$ (38,592)</u>

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BUDGET AND ACTUAL POLICE PENSION FUND For the Year Ended December 31, 2018

	Original and Final Appropriation	Original and Final Budget	Actual
ADDITIONS			
Employer		\$ 849,750	\$ 850,296
Employee contributions		206,500	205,423
Total contributions		1,056,250	1,055,719
Investment income			
Interest earned on investments		143,750	628,889
Net appreciation in fair value of investments		-	(2,028,436)
Total investment income		143,750	(1,399,547)
Less investment expense		(60,000)	(70,034)
Net investment income		83,750	(1,469,581)
Total additions		1,140,000	(413,862)
DEDUCTIONS			
Administrative	\$ 1,320,000	38,000	32,563
Benefits	-	1,102,000	1,195,747
Refunds of contributions	-	-	52,367
Total deductions	\$ 1,320,000	1,140,000	1,280,677
Net decrease		\$ -	(1,694,539)
NET POSITION - Beginning of the Year			22,690,643
NET POSITION - END OF YEAR			\$ 20,996,104

VILLAGE OF LINCOLNSHIRE

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018**
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 68,808,108	\$ 68,687,377	\$ 68,420,057	\$ 70,013,193	\$ 69,304,209	\$ 69,798,415	\$ 69,382,066	\$ 69,513,712	\$ 70,092,708	\$ 69,597,751
Restricted	2,044,365	8,637,570	9,917,234	9,168,024	2,465,578	2,647,313	2,725,241	2,820,674	3,886,431	4,579,166
Unrestricted	(7,094,159)	(6,201,507)	(3,308,622)	(566,152)	3,318,734	4,589,920	(5,885,183)	(5,329,015)	(5,139,310)	(5,598,995)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 63,758,314	\$ 71,123,440	\$ 75,028,669	\$ 78,615,065	\$ 75,088,521	\$ 77,035,648	\$ 66,222,124	\$ 67,005,371	\$ 68,839,829	\$ 68,577,922
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 40,888,121	\$ 39,673,213	\$ 38,521,272	\$ 37,256,118	\$ 35,948,245	\$ 35,045,804	\$ 34,970,306	\$ 33,849,040	\$ 34,152,185	\$ 34,238,784
Unrestricted	1,077,519	1,049,886	1,134,494	1,704,160	2,261,714	2,239,565	763,102	991,465	1,910,776	961,613
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 41,965,640	\$ 40,723,099	\$ 39,655,766	\$ 38,960,278	\$ 38,209,959	\$ 37,285,369	\$ 35,733,408	\$ 34,840,505	\$ 36,062,961	\$ 35,200,397
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 109,696,229	\$ 108,360,590	\$ 106,941,329	\$ 107,269,311	\$ 105,252,454	\$ 104,844,219	\$ 104,352,372	\$ 103,362,752	\$ 104,244,893	\$ 103,836,535
Restricted	2,044,365	8,637,570	9,917,234	9,168,024	2,465,578	2,647,313	2,725,241	2,820,674	3,886,431	4,579,166
Unrestricted	(6,016,640)	(5,151,621)	(2,174,128)	1,138,008	5,580,448	6,829,485	(5,122,081)	(4,337,550)	(3,228,534)	(4,637,382)
TOTAL PRIMARY GOVERNMENT	\$ 105,723,954	\$ 111,846,539	\$ 114,684,435	\$ 117,575,343	\$ 113,298,480	\$ 114,321,017	\$ 101,955,532	\$ 101,845,876	\$ 104,902,790	\$ 103,778,319

Data Source

Audited Financial Statements

*The Village implemented GASB 68 for the fiscal year ended December 31, 2015.

**The Village implemented GASB 75 for the fiscal year ended December 31, 2018.

VILLAGE OF LINCOLNSHIRE

CHANGE IN NET POSITION
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018**
EXPENSES										
Governmental Activities										
General government	\$ 2,639,170	\$ 2,378,638	\$ 2,196,916	\$ 2,055,391	\$ 2,037,465	\$ 3,204,077	\$ 3,261,101	\$ 3,070,618	\$ 2,821,648	\$ 3,012,238
Public safety	3,984,062	3,848,717	3,668,986	3,852,925	4,244,795	3,921,903	4,224,091	4,592,881	4,553,263	4,969,667
Community and economic development	1,084,935	647,593	495,050	449,878	82,073	562,297	846,364	843,023	1,109,782	1,119,296
Public works	2,633,796	2,969,518	2,962,313	3,115,710	4,551,630	1,912,541	2,525,799	2,684,373	2,580,095	2,398,725
Parks and open spaces	2,015,026	1,395,391	1,260,614	1,234,268	1,496,702	2,000,840	1,594,035	1,850,099	1,866,928	1,853,000
Interest	1,195,047	1,204,731	1,048,532	983,387	973,071	890,093	844,605	764,597	762,720	726,110
Total governmental activities expenses	13,552,036	12,444,588	11,632,411	11,691,559	13,385,736	12,491,751	13,295,995	13,805,591	13,694,436	14,079,036
Business-Type Activities										
Water and sewer	5,345,812	5,451,207	5,409,266	5,534,271	5,729,624	5,501,426	5,561,073	5,917,486	6,129,605	5,924,162
Total Business-type Activities Expenses	5,345,812	5,451,207	5,409,266	5,534,271	5,729,624	5,501,426	5,561,073	5,917,486	6,129,605	5,924,162
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 18,897,848	\$ 17,895,795	\$ 17,041,677	\$ 17,225,830	\$ 19,115,360	\$ 17,993,177	\$ 18,857,068	\$ 19,723,077	\$ 19,824,041	\$ 20,003,198
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General government	\$ 193,159	\$ 201,502	\$ 230,252	\$ 232,775	\$ 239,339	\$ 328,654	\$ 316,593	\$ 360,272	\$ 423,853	\$ 345,387
Public Safety	979,293	1,012,535	1,076,488	1,109,826	981,973	866,101	841,785	739,850	779,896	868,497
Community Development	318,812	224,543	149,539	271,050	199,557	364,734	364,724	320,000	637,123	355,501
Public Works	7,955	9,596	13,553	11,885	12,500	17,370	16,489	35,999	32,995	36,976
Parks and recreation	130,847	114,357	46,981	53,421	58,098	38,082	39,668	40,212	27,670	20,346
Operating Grants and Contributions	319,096	259,611	263,528	241,520	257,382	362,589	246,279	230,860	1,735,927	1,411,362
Capital Grants and Contributions	2,870,480	941,209	806,418	-	-	67,904	57,602	179,635	1,080,392	17,023
Total Governmental Activities Program Revenues	4,819,642	2,763,353	2,586,759	1,920,477	1,748,849	2,045,434	1,883,140	1,906,828	4,717,856	3,055,092
Business-Type Activities										
Charges for Services										
Water and sewer	3,825,386	3,850,997	3,877,146	4,111,584	3,882,816	4,001,441	3,840,582	4,983,740	6,000,952	4,707,901
Capital grants and contributions	605,000	197,679	213,015	36,145	-	473,595	-	-	309,320	-
Total Business-Type Activities Program Revenues	4,430,386	4,048,676	4,090,161	4,147,729	3,882,816	4,475,036	3,840,582	4,983,740	6,310,272	4,707,901
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 9,250,028	\$ 6,812,029	\$ 6,676,920	\$ 6,068,206	\$ 5,631,665	\$ 6,520,470	\$ 5,723,722	\$ 6,890,568	\$ 11,028,128	\$ 7,762,993
NET REVENUE (EXPENSE)										
Governmental Activities	\$ (8,732,394)	\$ (9,681,235)	\$ (9,045,652)	\$ (9,771,082)	\$ (11,636,887)	\$ (10,446,317)	\$ (11,412,855)	\$ (11,898,763)	\$ (8,976,580)	\$ 11,023,944
Business-type Activities	(915,426)	(1,402,531)	(1,319,105)	(1,386,542)	(1,846,808)	(1,026,390)	(1,720,491)	(933,746)	180,667	1,216,261
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (9,647,820)	\$ (11,083,766)	\$ (10,364,757)	\$ (11,157,624)	\$ (13,483,695)	\$ (11,472,707)	\$ (13,133,346)	\$ (12,832,509)	\$ (8,795,913)	\$ 12,240,205

(Cont.)

VILLAGE OF LINCOLNSHIRE

CHANGE IN NET POSITION Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018**
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Taxes										
Property	\$ 4,393,892	\$ 4,395,930	\$ 4,430,090	\$ 4,380,298	\$ 4,355,002	\$ 2,589,086	\$ 2,583,554	\$ 2,649,278	\$ 2,745,211	\$ 2,784,047
Home rule sales tax	-	-	1,126,189	1,184,487	1,256,668	1,231,097	1,409,339	1,147,067	1,182,998	1,672,796
Utility	1,195,317	1,189,008	1,275,799	1,203,500	1,318,577	1,427,191	1,304,252	1,238,194	1,245,328	1,281,254
Telecommunications	958,357	979,003	1,210,032	1,336,167	1,219,285	1,041,159	1,172,430	1,215,516	1,190,635	1,060,063
Food and beverage	-	-	-	-	-	-	-	-	47,403	801,681
Room and admissions	1,476,402	1,538,248	1,604,652	1,709,251	1,733,789	1,831,416	1,931,739	1,873,847	1,699,538	2,016,916
Real estate transfer	174,273	224,958	240,916	921,597	330,958	364,410	491,669	465,951	732,675	540,178
Intergovernmental	2,866,996	2,680,252	3,211,415	3,247,452	3,204,481	3,458,440	3,996,442	3,344,977	2,627,040	2,836,458
Investment income	179,703	87,199	39,767	45,339	46,530	(38,994)	55,477	76,024	85,826	164,322
Miscellaneous	71,155	40,133	44,964	13,074	84,015	51,699	84,252	180,018	281,384	137,929
Gain (loss) on sale of capital assets	86,070	-	12,057	16,313	47,679	19,665	10,235	14,959	-	-
Transfers in (out)	(197,000)	(147,000)	(245,000)	(700,000)	(1,090,400)	(96,297)	(906,519)	94,417	(1,027,000)	(600,000)
Special item - loss on sale of land	-	-	-	-	(4,396,241)	-	-	-	-	-
Total Governmental Activities	11,205,165	10,987,731	12,950,881	13,357,478	8,110,343	11,878,872	12,132,870	12,300,248	10,811,038	12,695,644
Business-Type Activities										
Investment Income	13,880	11,438	3,218	4,404	4,089	5,503	3,683	4,339	6,714	10,024
Gain (loss) on sale of capital assets	8,835	1,552	3,554	(13,350)	2,000	-	3,442	10,365	8,075	-
Transfers in	197,000	147,000	245,000	700,000	1,090,400	96,297	906,519	(94,417)	1,027,000	600,000
Total Business-type Activities	219,715	159,990	251,772	691,054	1,096,489	101,800	913,644	(79,713)	1,041,789	610,024
TOTAL PRIMARY GOVERNMENT	\$ 11,424,880	\$ 11,147,721	\$ 13,202,653	\$ 14,048,532	\$ 9,206,832	\$ 11,980,672	\$ 13,046,514	\$ 12,220,535	\$ 11,852,827	\$ 13,305,668
CHANGE IN NET POSITION										
Governmental Activities	\$ 2,472,771	\$ 1,306,496	\$ 3,905,229	\$ 3,586,396	\$ (3,526,544)	\$ 1,432,555	\$ 720,015	\$ 401,485	\$ 1,834,458	\$ 1,671,700
Business-type Activities	(695,711)	(1,242,541)	(1,067,333)	(695,488)	(750,319)	(924,590)	(806,847)	(1,013,459)	1,222,456	(606,237)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 1,777,060	\$ 63,955	\$ 2,837,896	\$ 2,890,908	\$ (4,276,863)	\$ 507,965	\$ (86,832)	\$ (611,974)	\$ 3,056,914	\$ 1,065,463

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

**The Village implemented GASB No. 75 for the fiscal year ended December 31, 2018.

Data Source
Audited Financial Statements

VILLAGE OF LINCOLNSHIRE

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2009	2010	2011*	2012	2013	2014	2015	2016	2017	2018
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ 99,653	\$ 65,294	\$ 9,461	\$ 775	\$ 1,334,089	\$ 1,334,267	\$ 1,085,980	\$ 1,105,615
Reserved/restricted	1,105,569	288,853	-	-	-	-	-	232,737	-	-
Unreserved/unassigned	7,332,889	7,861,442	9,590,075	11,612,467	12,103,725	10,612,821	9,748,038	5,341,222	5,958,900	5,946,536
TOTAL GENERAL FUND	\$ 8,438,458	\$ 8,150,295	\$ 9,689,728	\$ 11,677,761	\$ 12,113,186	\$ 10,613,596	\$ 11,082,127	\$ 6,908,226	\$ 7,044,880	\$ 7,052,151
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ 3,801	\$ 1,903	\$ -	\$ -	\$ 95,235	\$ -	\$ -	\$ -
Reserved/restricted	8,346,918	8,638,063	9,917,234	7,138,131	2,465,578	2,647,313	2,725,241	2,587,937	3,886,431	4,579,166
Unreserved/assigned, reported in Capital Projects Funds	86,830	54,792	27,163	33,815	60,676	2,890,228	2,863,321	7,321,790	6,945,065	8,638,655
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 8,433,748	\$ 8,692,855	\$ 9,948,198	\$ 7,173,849	\$ 2,526,254	\$ 5,537,541	\$ 5,683,797	\$ 9,909,727	\$ 10,831,496	\$ 13,217,821

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

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
REVENUES										
Property taxes	\$ 4,317,091	\$ 4,317,252	\$ 4,356,785	\$ 4,308,071	\$ 4,282,221	\$ 2,589,086	\$ 2,583,554	\$ 2,649,279	\$ 2,745,210	\$ 2,784,047
Other taxes	6,748,146	6,690,147	8,742,307	9,674,681	9,136,539	9,353,713	10,305,871	9,285,552	8,725,617	10,209,346
Licenses and permits	650,774	549,996	440,325	569,132	509,493	748,840	737,474	756,480	1,121,642	758,710
Fines and penalties	549,992	506,933	489,422	492,401	385,465	333,321	250,543	259,083	247,652	201,801
Charges for services	75,923	72,820	98,183	111,791	93,395	21,714	12,220	8,286	18,345	-
Intergovernmental	672,473	692,394	752,412	747,153	760,494	853,432	804,611	882,978	956,892	912,229
Investment Income	179,703	87,199	39,767	45,339	46,530	(38,994)	55,477	76,024	85,826	164,322
Donations	-	-	-	-	-	20,000	16,520	-	1,514,978	1,168,032
Miscellaneous	71,155	40,133	44,964	13,074	84,015	119,826	146,024	180,018	281,384	135,585
Total Revenues	<u>13,265,257</u>	<u>12,956,874</u>	<u>14,964,165</u>	<u>15,961,642</u>	<u>15,298,152</u>	<u>14,000,938</u>	<u>14,912,294</u>	<u>14,097,700</u>	<u>15,697,546</u>	<u>16,334,072</u>
EXPENDITURES										
General government	2,457,974	2,271,606	2,142,444	2,034,704	2,073,589	2,522,842	2,628,626	2,508,311	2,039,025	2,082,316
Public safety	4,499,028	4,216,071	4,182,842	4,251,691	4,635,965	3,799,528	3,991,885	4,304,427	4,515,505	4,333,803
Community and economic development	733,343	530,073	448,122	450,213	495,107	486,420	974,500	835,438	1,048,711	1,117,437
Public works	3,621,871	1,854,289	1,789,093	2,124,293	2,561,912	1,306,404	1,318,348	1,455,855	1,509,507	1,556,583
Parks and open spaces	1,366,078	879,041	861,796	815,041	1,101,484	1,244,687	1,289,239	1,338,020	1,362,750	1,340,583
Capital Outlay	864,303	413,807	255,233	2,142,960	1,623,311	1,944,395	1,603,970	1,867,559	1,511,922	1,761,842
Debt Service										
Principal	825,881	1,129,239	1,486,860	1,210,446	2,602,195	756,009	787,446	1,052,236	853,858	415,000
Interest	1,181,525	1,230,151	1,104,802	1,005,030	1,007,690	878,273	844,605	818,642	770,845	734,756
Total Expenditures	<u>15,550,003</u>	<u>12,524,277</u>	<u>12,271,192</u>	<u>14,034,378</u>	<u>16,101,253</u>	<u>12,938,558</u>	<u>13,438,619</u>	<u>14,180,488</u>	<u>13,612,123</u>	<u>13,342,320</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,284,746)</u>	<u>432,597</u>	<u>2,692,973</u>	<u>1,927,264</u>	<u>(803,101)</u>	<u>1,062,380</u>	<u>1,473,675</u>	<u>(82,788)</u>	<u>2,085,423</u>	<u>2,991,752</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	1,476,750	965,250	1,364,479	2,082,482	929,253	4,580,612	1,435,360	6,345,955	599,101	\$ 2,800,000
Transfers (Out)	(1,673,750)	(1,112,250)	(1,609,479)	(2,782,482)	(2,019,653)	(4,652,715)	(2,317,300)	(6,232,737)	(1,626,101)	(3,400,000)
Issuance of notes	1,540,000	-	5,735,000	-	-	-	-	-	-	-
Refunding of notes	-	-	(5,716,464)	-	-	-	-	-	-	-
Proceeds from sale of capital assets	86,070	1,557	12,057	16,313	(4,348,562)	19,665	10,235	21,599	-	1,844
Total Other Financing Sources (Uses)	<u>1,429,070</u>	<u>(145,443)</u>	<u>(214,407)</u>	<u>(683,687)</u>	<u>(5,438,962)</u>	<u>(52,438)</u>	<u>(871,705)</u>	<u>134,817</u>	<u>(1,027,000)</u>	<u>(598,156)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (855,676)</u>	<u>\$ 287,154</u>	<u>\$ 2,478,566</u>	<u>\$ 1,243,577</u>	<u>\$ (6,242,063)</u>	<u>\$ 1,009,942</u>	<u>\$ 601,970</u>	<u>\$ 52,029</u>	<u>\$ 1,058,423</u>	<u>\$ 2,393,596</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	15.30%	18.91%	21.32%	16.27%	24.03%	14.56%	12.88%	14.37%	12.81%	9.41%

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE

PRINCIPAL PROPERTY TAXPAYERS Current Year and Nine Years Ago

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
ARC ALight	18,406,854	1	2.81%			
Sedgebrook Propco SL VII LLC	15,898,555	2	2.43%			
IHP Tri-State Asset, LLC	15,614,515	3	2.39%			
LA-RFMBG Lincolnshire, LLC	8,270,855	4	1.26%			
Van Vlissingen & Company	7,853,407	5	1.20%	18,669,858	5	2.72%
Cole of Lincolnshire IL LLC	6,576,806	6	1.01%			
Griffin Lincolnshire Essential	6,466,960	7	0.99%			
Lincolnshire Propco LLC	6,261,669	8	0.96%			
TSJ Lincolnshire Property LLC	5,064,274	9	0.77%			
Millbrook II LLC	4,930,821	10	0.75%			
4 Overlook LLC				22,453,178	1	3.27%
Lincolnshire Campus LLC				20,103,653	2	2.92%
Northwestern Mutual Life Insurance				19,668,654	3	2.86%
CRP- 2 Holdings Tri State LLC				19,056,541	4	2.77%
Half Day LLc				10,002,199	6	1.45%
Strategic Hotel Cap, Inc.				9,183,910	7	1.34%
ECD Company				7,371,225	8	1.07%
Staples				7,292,489	9	1.06%
GGP- Lincolnshire LLC				6,141,313	10	0.89%
Total	<u>\$ 95,344,716</u>		<u>14.58%</u>	<u>\$ 139,943,020</u>		<u>20.35%</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
Lake County Assessor's Office

VILLAGE OF LINCOLNSHIRE

SALES TAX BY CATEGORY
(in thousands of dollars)
Last Ten Calendar Years

Calendar Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Food	\$ 33	\$ 16	\$ 7	\$ 18	\$ 59	\$ 92	\$ 203	\$ 194	\$ 242	\$ 269
Drinking and eating places	574	539	685	956	974	986	1,029	1,013	1,073	1,334
Apparel	113	111	116	177	159	143	141	133	143	152
Furniture	435	334	406	745	754	623	715	637	739	944
Lumber, building hardware	-	4	23	66	38	41	42	63	76	52
Automobile and filling stations	49	37	70	86	100	80	76	64	78	184
Drugs and miscellaneous retail	491	273	330	431	399	408	122	222	250	249
Agriculture and all others	626	939	1,188	1,818	1,684	1,865	2,075	1,265	364	412
Manufacturers	57	64	45	47	36	17	10	24	11	24
TOTAL	\$ 2,378	\$ 2,317	\$ 2,870	\$ 4,344	\$ 4,203	\$ 4,255	\$ 4,413	\$ 3,615	\$ 2,976	\$ 3,620
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%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%	1.00%

Data Source
Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE

DIRECT AND OVERLAPPING SALES TAX RATES Last Ten Fiscal Years

Calendar Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate	Village Home Rule Sales Tax ¹	Food & Beverage Tax ²
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%
2018	0.50%	0.50%	1.00%	5.00%	1.00%	1.00%

Notes

¹ Effective 01/1/2011, implemented .50% HRS Tax (ordinance # 10-3164-41)

¹ Effective 07/1/2017, increase HRS Tax to 1.0% (ordinance # 17-3437-165)

² Effective 11/1/2017, implemented 1.0% F&BT (ordinance # 17-3752-180)

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 ¹
	Special Service Area Bonds	North Park Loan	Schelter Road Loan	Consolidated North Park/ Schelter Road Loan	Tax Increment Financing	Utility Line Loan				
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	
2018 ¹	11,545,000	-	-	-	-	-	11,545,000	2.26%	1,587	

¹ See the schedule of Demographic and Economic Statistics on page 135 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

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	
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
2018		-	11,545,000	11,545,000	0.59%	1,587

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE

DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES
As of December 31, 2018

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%	\$ 1,663,054
Elementary School District No. 102	17,475,000	9.2%	1,606,984
Elementary School District No. 103	5,740,000	55.1%	3,161,914
Elementary School District No. 106	-	1.1%	-
Deerfield/ Bannockburn Fire District	-	0.2%	-
Long Grove Fire Protection District	-	2.0%	-
Lincolnshire/Riverwoods Fire Protection District	-	48.6%	-
High School District No. 113	87,195,000	0.1%	49,079
High School District No. 125	45,750,000	18.2%	8,309,912
Vernon Area Public Library	-	25.1%	-
Buffalo Grove Park District	13,190,000	0.3%	44,249
Township of Vernon	-	16.7%	-
Township of West Deerfield	-	0.1%	-
Lake County	174,530,000	2.5%	4,329,209
Lake County Forest Preserve	<u>240,365,000</u>	2.5%	<u>5,962,244</u>
 Total overlapping Debt	 <u>647,990,000</u>		 <u>25,126,647</u>
Direct debt			
Village of Lincolnshire	<u>-</u>	100.0%	<u>-</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u><u>\$ 647,990,000</u></u>		 <u><u>\$ 25,126,647</u></u>

Data Sources

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE

LEGAL DEBT MARGIN INFORMATION

December 31, 2018

The Village is a home rule municipality.

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

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

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

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

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

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

EQUALIZED ASSESSED VALUATION - 2018*	<u>\$ 659,376,155</u>
Non-Home Rule Legal Debt Limit - 8.625%	56,871,193
Amount of debt applicable to limit:	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 56,871,193</u>

* Most Recent EAV Available

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Median Household Income	Unemployment Rate
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%
2018	7,275	510,887	70,225	4.9%

* Lake County unemployment rate as of August 2013

Data Sources

Illinois Department of Employment Security (IDES) unemployment Rate by Bureau of Labor StatisticsCity-Data.com.

VILLAGE OF LINCOLNSHIRE

PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Align	3,500	1	18.20%	4,373	1	28.50%
Zebra Technologies	1,152	2	5.90%			0.00%
CDW	1,100	3	8.20%			
Adlai Stevenson High Schol	696	4	3.20%	508	5	
Hydraforce, Inc.	658	5	5.20%	731	2	4.80%
Quill Corporation	450	6	2.00%	491	6	3.20%
Sedgebrook	356	7	1.80%			
Lincolnshire-Prarie View School D103	337	8	1.80%			
Marriott Resort	330	9	1.50%	391	9	2.50%
Systemex	305	10	1.30%			
Walgreens				720	3	4.70%
CVS Caremark Inc				513	4	3.30%
ACCO Brands				453	7	3.00%
W.W. Grainger				400	8	2.60%
Klein Tools Inc				380	10	2.50%
TOTAL	8,884		49.10%	8,960		55.10%
Corporate day time population (est.)			20,000			15,337

Data Source

Village of Lincolnshire Community Development Department (2018)

Village of Lincolnshire - 2009 CAFR

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT										
Administration	3.90	4.30	3.50	3.50	3.20	3.25	3.25	2.35	2.10	1.60
Finance	2.40	2.40	2.40	2.40	2.40	3.50	3.50	2.90	2.90	2.90
PUBLIC SAFETY										
Police	31.10	30.00	28.80	28.80	28.00	29.00	29.00	28.00	28.00	28.00
E911	5.40	5.00	4.20	4.20	4.20	-	-	-	-	-
COMMUNITY AND ECONOMIC DEVELOPMENT										
Development	7.00	7.25	6.75	5.75	5.75	5.75	5.75	4.00	4.00	4.50
Forestry ¹	1.00	-	-	-	-	-	-	-	-	-
PUBLIC WORKS										
Administration	2.50	1.75	1.75	1.75	2.00	1.75	1.75	1.75	1.75	1.75
Streets	5.25	4.25	4.25	4.25	4.25	4.50	4.50	4.25	4.75	4.75
Buildings and grounds	1.00	0.25	0.50	0.50	0.50	-	-	-	-	-
Water	8.15	8.15	8.15	7.75	7.75	6.00	6.00	7.45	7.25	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	7.87	8.13	8.13	8.13	10.75	10.75	10.63	10.13	10.13
Recreation ²	3.35	2.35	-	-	-	-	-	-	-	-
TOTAL	83.30	78.69	73.55	72.15	68.43	66.75	66.75	63.58	63.13	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

OPERATING INDICATORS Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT										
Residential mailings	14	6	5	5	4	4	4	4	4	4
Taxable property transfers	91	110	117	157	165	145	157	147	193	150
Fine revenues collected	442,000	369,000	372,000	406,900	488,200	355,036	262,763	259,083	247,652	201,799
POLICE										
Calls for service	43,003	41,269	33,501	26,797	19,743	14,219	14,023	24,781	25,000	27,600
Total reports	2,002	1,983	1,981	1,766	1,950	1,500	1,453	839*	850*	970
Arrests (includes traffic)	575	534	134	472	429	231	177	304	300	300
DUI arrests	49	54	99	93	85	45	35	26	40	44
COMMUNITY AND ECONOMIC DEVELOPMENT										
Building permits issued	444	301	312	325	356	359	368	1,036	900	695
PUBLIC WORKS - GENERAL										
Street resurfacing (miles)	1.42	1.31	1.11	1.03	1.05	0.95	0.95	0.62	0.97	0.85
Project inspections	200	200	318	225	251	172	140	229	140	122
Street cleaned - miles	350	314	303	300	340	357	267	360	350	360
Cubic yards of leaves collected	6,000	8,340	7,052	6,500	6,500	6,942	7,065	-	-	5,500
PUBLIC WORKS - WATER AND SEWER										
Average daily pumpage metered (millions of gallons)	1.310	1.310	1.255	1.402	1.390	1.267	1.286	1,341	1,330	1,330
JULIE utility locates	2,905	1,760	2,133	2,013	2,100	2,300	2,938	3,017	3,100	3,400
PARKS AND OPEN SPACES										
Trees planted	117	110	118	200	205	138	154	97	180	190
Playground inspection hours	235	177	142	26	137	65	84	108	116	80
Special event hours	637	741	727	800	800	840	802	1,375	1,473	660
Number of programs	286	389	-	-	-	-	-	-	-	-
Number of participants	541	388	-	-	-	-	-	-	-	-

N/A - Not available

Data Source

Various village departments

*Police: Total Reports - 2014 and prior includes case and incident reports; 2015, 2016, 2017 and 2018 includes case reports only

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
POLICE										
Patrol units	15	14	14	14	15	15	14	16	15	15
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	34	35	40	40	40	35	35	41	41	41
Building facilities maintained	6	6	6	6	6	6	6	6	6	5
PARKS AND RECREATION										
Acreage	311.0	311.0	311.0	311.0	311.0	311.0	311.0	311.0	181.0	182.0
Parks	9	9	9	9	9	9	9	9	9	11
Baseball/softball diamonds	6	6	6	6	6	6	6	6	7	7
WATER - SANITARY SEWER										
Fire hydrants	835	846	848	856	854	859	859	869	877	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)	67.0	59.8	67.0	67.0	62.2	61.0	61.0	64.4	67.0	67.0
Sanitary sewers (miles)	45.0	47.3	50.0	50.0	50.0	45.0	45.0	47.5	47.6	47.6
Storm sewers (miles)	43.3	44.6	105.0	105.0	105.0	101.0	101.0	101.0	101.2	101.2

Data Source

Various village departments