



— VILLAGE OF —
L I N C O L N S H I R E

Comprehensive Annual Financial Report
For the Year Ended December 31, 2019

VILLAGE OF LINCOLNSHIRE

Lincolnshire, IL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

As of and for the Year Ended
December 31, 2019

Prepared By Finance Department

Michael R. Peterson
Finance Director/Village Treasurer

VILLAGE OF LINCOLNSHIRE

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VILLAGE OF
L I N C O L N S H I R E

June 3, 2020

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, 2019.

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, 2019. 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 auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Village

Basic Information

The Village of Lincolnshire, incorporated in 1957, is located in southern Lake County and is 38 miles north of the City of Chicago. The community covers nearly five-square miles with the northern branch of the Des Plaines River running through its boundaries. Thousands of native deciduous trees and significant open space help create a bucolic atmosphere making the Village a very desirable community to locate both businesses and residences. The Village is also home to the nationally recognized Adlai E. Stevenson High School and Lincolnshire Prairie View School District serving preschool through 8th grade. The Village became home rule by a voter approved referendum in 1975. The most recent federal census recorded 7,275 residents, and Lincolnshire's day-time population is estimated at nearly 20,000.

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 Village's Public Works Department oversees maintenance of the Village's park and path system and manages a woodlands program which serves to protect and preserve urban forest and natural areas. Fire protection is provided by the Lincolnshire-Riverwoods Fire Protection District. The Village's annual financial report (CAFR) also includes the activities of the Police Pension Fund; however, control of the Police Pension Fund rests with an independent board.

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

Assessment of Economic Condition and Future Outlook

Local Economy

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

Annual operational cost and debt service has traditionally been funded with current revenues. Capital Expenses are typically funded via accumulated reserves designated for such use. This strategy is anticipated through the foreseeable fiscal year 2024. The Village has historically levied property taxes to offset the costs associated with police protection services, pension obligations and social security.

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
EAV (million)	\$667	\$659	\$644	\$625	\$586	\$563	\$561	\$562	\$604
Gen Fund Revenue	\$14.1	\$13.3	\$12.2	\$11.6	\$12.3	\$11.3	\$10.3	\$11.0	\$9.9
Gen Fund Reserve Ratio (% of annual expense plus debt)	75%	75%	80%	74%	124%	125%	145%	124%	116%

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 12.2% decline in total equalized assessed values from 2010 to 2013. From the 2013 low (\$561 million) to 2019 (\$667.1 million) values increased 18.9% (\$104.1 million).

Five types of revenue sources account for 63.3% of the total projected revenues for the FY20 General Fund. These sources and their respective budget increases/ -decreases over FY19 are as follows: Sales Tax (-9.4%), Utility Tax (0.0%), Telecommunication Tax (-11.5%) Rooms & Admissions Tax (-1.1%), and Property Tax (3.1%). The Village Board anticipates no tax increase in 2020 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 Funds reserve will be replenished from a General Capital Projects Fund transfer. The General Fund FY20 Budget anticipates an uncommon transfer of \$1,206,070 from the General Capital Projects Fund to the General Fund. This transfer is required to transfer money to the Water & Sewer Improvement fund to pay for the construction segment 3 of large multi-year water main project to provide system-wide improvements.

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 shrank 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). The Village's policy guideline established for budgetary and planning purposes ("75% of one-year's operational expenditures excluding capital outlay, but includes annual debt service"). Additionally, the General Capital Projects Fund has a \$9.3 million balance reserved for capital.

The FY20 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 2019 strategic goals to promote the Village Board's vision of providing outstanding public services in a fiscally conservative manner. Village staff also completed the sixth 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 2019 included continuing to increase efforts in Community & Economic Development including updating the Economic Development Strategic Plan set to expire in 2019 and increasing the Village's involvement and visibility at community events. Other priorities included long-range flood mitigation planning for the Lincolnshire Drive area; succession planning; transition of Village dispatch operations from the Village of Vernon Hills to the Village of Deerfield, 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 flexibility to levy a property tax for police protection, FICA expenditures and IMRF Contributions. For the eighth 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 rates were increased 15%, and sewer rates were increased 2.0%. A significant commitment was made in 2014 to begin to address water distribution system infrastructure needs as outlined in the 10-Year Capital Plan. In 2018 plans were developed, and in 2019 the Village installed segment 1 and segment 2 of the Crosstown Water Main project. This project, when segments 3 and 4 are completed in future years, will provide system redundancy, increased water pressure, and improved system operation serving those residential areas both east and west of Riverwoods Road. The first phase of the Cross Town Water Main project, segments 2 and 3, were completed at a cost of nearly \$1.3 million.

Development Initiatives

In 2019, 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.

- ECD Company completed construction on a two-building, 302-unit luxury apartment complex, known as **444 Social**, south of the Regal Cinemas at the southwest corner of Milwaukee Avenue and Aptakisic Road. The apartments are geared toward empty nesters, young professionals, corporate executives, and families. All certificates of occupancies were issued as of December 2019, and many units are occupied.
- TJS Lincolnshire Property LLC (TSJ), owner of the 43-acre property formerly occupied by the Aon Hewitt Corporate headquarters, submitted an application for a large, full-service, 24/7 recreation, health and fitness facility known as **The St. James**. Village Board approvals are currently in progress and scheduled for final decision in spring 2020. Separate zoning approvals will be necessary for other recreational, entertainment, and hospitality uses adjacent to The St. James development.
- **Probat Burns**, a commercial coffee roasting equipment manufacturer, filed for buildout permits to move its corporate headquarters into a portion of the newly completed 186,000-square-foot building on a 10-acre vacant site at 325 Marriott Drive, southwest corner of Milwaukee Avenue and Marriott Drive. The company intends to locate in the building by April 2020. The property was originally developed for Heathrow Scientific and Daigger Scientific, two sister companies specializing in medical product design and distribution. However, Heathrow Scientific and Daigger Scientific decided not to locate in the new building due to changing business operations. In addition to Probat Burns occupying 110,000 square feet, the building will be occupied by another yet to be identified tenant.

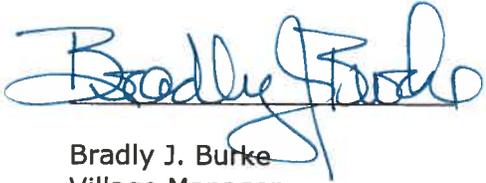
- Pulte Homes continued construction of an 85-unit townhome development known as **Camberley Club**. The development is located on a 20-acre property at the southeast corner of Milwaukee Avenue and Riverside Road, north of Sedgebrook Retirement Community. As of December 31, 2019, permits for all buildings and 73 certificates of occupancy were issued. Full build-out and occupancy is expected in 2020.
- Taylor Morrison, the owner and developer for the 44-unit townhome **Lincolnshire Trails Subdivision**, continued construction on a 20-acre property, located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club. As of December 2019, 14 units were constructed and 10 certificates of occupancy were issued.
- The developer Arthur J. Greene Construction continued 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. As of December 2019, six homes were constructed and four certificates of occupancy were issued.
- **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 Pharmaceuticals held a grand opening and ribbon cutting in January 2019.
- A 5,000-square-foot **medical office**, consisting of dermatology and oral, maxillofacial, and surgery practices, was approved for construction at 231 Olde Half Day Road, west of Milwaukee Avenue. The 0.5-acre property previously housed an office building which has been demolished. Construction is in progress and is slated for completion in the summer of 2020.
- A 113-room **Home2Suites** extended stay hotel by Hilton was approved for the 2-acre vacant site at 350 Knightsbridge Parkway, Lincolnshire Corporate Center. Site preparation for building construction is in progress.
- **Daniel Wright Junior High School**, 1700 Riverwoods Road, received Village Board approvals for a 1,800-square-foot building addition to create additional classroom and lab space. Construction will begin in 2020, with completion scheduled by August 2020 in time for the new school year.
- A total of nine **(9) new businesses** opened in Lincolnshire in 2019.

Acknowledgments

Individuals

The preparation of the CAFR on a timely basis was made possible by the dedicated staff of the Finance Department- Julia Gabbard, senior accountant and Nancy Panos, finance clerk. Additionally, we would like to express our sincere appreciation to Wally Dittrich, village engineer/ assistant public works director; Tonya Zozulya, planning & development manager; and Carol Lustig, administrative assistant 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



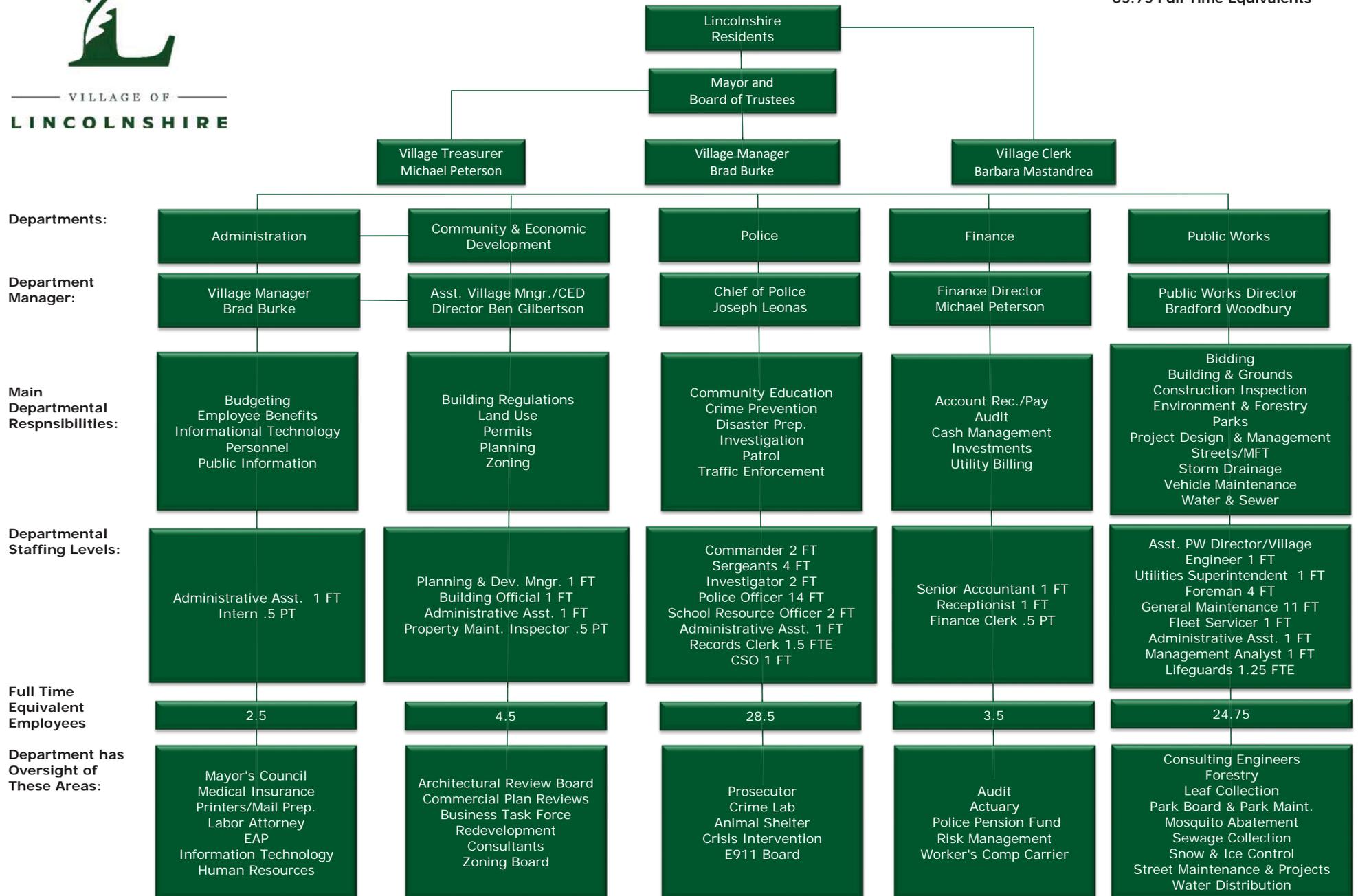
Michael R. Peterson
Finance Director/ Treasurer



VILLAGE OF
LINCOLNSHIRE

Village of Lincolnshire
Organizational Chart
12/31/2019

58 Full Time Employees
5.75 Part Time or Seasonal Employees
63.75 Full Time Equivalents



VILLAGE OF LINCOLNSHIRE

PRINCIPAL OFFICIALS

December 31, 2019

Mayor

Elizabeth Brandt

Village Board

Dr. Mara Grujanac
Mark Hancock
Gerard Leider

Julie Harms Muth
Veronica Pantelis
Jill Raizin

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, IL

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, 2019, 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, IL

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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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, IL

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 1, 2020

VILLAGE OF LINCOLNSHIRE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

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, 2019 (FY2019). 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, 2019 by \$104.4 million (net position). Of this amount, \$3.5 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 is 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's total net position increased by \$588,723 during the twelve months ended December 31, 2019. The net position associated with "governmental activities" increased \$614,071. The increase in net position is primarily related to Rooms and Admission Tax coming in over budget (\$256,917). Additionally, State income tax (\$89,960), Food and Beverage Tax (\$41,918), Real Estate Transfer Tax (\$90,446), Police Services (94,662), Interest Income (\$344,652), Park Development Contributions (\$160,797) came in better than budget.

The business-type Net Loss before Contributions and Transfers \$775,348 continues to emphasize the current water and sewer rates are not sufficient to cover the long term capital needs. The Change in Net Position \$25,348 was due to the General Fund \$750,000 subsidy to Water Sewer Improvement Fund.

- At the close of the current fiscal year, the Village's governmental fund's reported combined fund balances of \$22.3 million, an increase of \$2.0 million, or 9.9%, in comparison with the prior fiscal period. The components of the combined fund balance consist of six different funds; three of which are considered "major" and three considered "non-major." At 41.8%, 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 12.6%. The Village is the conduit to the Special Service Area (Sedgebrook Development) Debt Service. The entire SSA Debt Service Fund is considered a major governmental fund, and the balance is restricted. Of the \$7.75 million fund balance held in the General Fund, 83.1% of it is available spending at the government's discretion (classified as "unrestricted", unassigned").

See independent auditors' report

- At the end of FY2019; the General Fund unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) represents \$7,492,103 which includes the value of land held for resale. The General Fund unrestricted fund balance comprises approximately 75.0% of the General Corporate Fund FY2020 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 inflows of resources, liabilities, and deferred outflows 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 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 required supplementary information for the general fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the Village's budget.

The basic governmental fund financial statements are presented on pages 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 progress in funding its Illinois Municipal Retirement Fund (IMRF) and Police Pension obligations to provide pension benefits to its employees.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service fund are presented in a subsequent section of this report beginning on page 105.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted in an earlier statement, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Village of Lincolnshire, assets exceeded liabilities by \$104.4 million at the close of the most recent fiscal year.

The largest portion of the Village's net position (98.3%) 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

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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>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Current and Other Assets	\$25,584,000	\$28,070,226	\$2,555,623	\$2,558,485	\$28,139,623	\$30,628,711
Capital Assets	69,597,751	68,438,606	34,238,784	34,191,527	103,836,535	102,630,133
Deferred Outflows of Resources	2,775,561	2,884,639	150,160	534,408	2,925,721	3,419,047
Total Assets and Deferred Outflows	\$97,957,312	\$99,393,471	\$36,944,567	\$37,284,420	\$134,901,879	\$136,677,891
Other Liabilities	3,289,016	3,879,381	730,684	714,384	4,019,700	4,593,765
Long-Term Liabilities	21,918,401	22,182,379	675,966	1,321,877	22,594,367	23,504,256
Deferred Inflows of Resources	4,171,973	4,139,718	337,520	73,110	4,509,493	4,212,828
Total Liabilities and Deferred Inflows	\$29,379,390	\$30,201,478	\$1,744,170	\$2,109,371	\$31,123,560	\$32,310,849
Net Position						
Investment in Capital Assets Net of Related Debt	69,597,751	68,438,606	34,238,784	34,191,527	103,836,535	102,630,133
Restricted	4,579,166	5,280,725			4,579,166	5,280,725
Unrestricted	(5,598,995)	(4,527,338)	961,613	983,522	(4,637,382)	(3,543,816)
Total Net Position	\$68,577,922	\$69,191,993	\$35,200,397	\$35,175,049	\$103,778,319	\$104,367,042

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For Fiscal Year ended 2019, 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 is 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 Net Position remained consistent with the prior year primarily as a result of the Village Board's decision to subsidize the Water/Sewer Improvement Fund \$750,000 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>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
REVENUES:						
Program Revenues:						
Charges for Services	1,627	1,787	4,708	5,127	6,335	6,914
Operate Grants & Contr	1,411	1,061	0	0	1,411	1,061
Capital Grants & Contr	17	233	0	0	17	233
General Revenue:						
Property Taxes	2,784	2,816			2,784	2,816
Other Taxes	10,210	10,070			10,210	10,070
Miscellaneous	135	260	0	0	138	260
Interest Income	164	329	10	12	174	341
Total Revenues	16,351	16,556	4,718	5,139	21,069	21,695
EXPENSES:						
General Government	3,012	3,354			3,012	3,354
Public Safety	4,970	5,326			4,970	5,326
Comm & Econ Development	1,119	972			1,119	972
Public Works	2,399	2,800			2,399	2,800
Parks & Open Spaces	1,853	2,041			1,853	2,041
Interest	726	699			726	699
Water and Sewer			5,924	5,914	5,924	5,914
Total Expense	14,079	15,192	5,924	5,914	20,003	21,106
Inc (Dec) in assets before transfers	2,272	1,364	(1,206)	(775)	1,066	589
Transfers	(600)	(750)	600	750	0	0
Inc (Dec) in Net Position	1,672	614	(606)	(25)	1,066	589
Net Position - Beginning	66,906	68,578	35,806	35,200	102,712	103,778
Net Position - Ending	\$68,578	\$69,192	\$35,200	\$35,175	\$103,778	\$104,367

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Government Activities

During the current fiscal year, net position for governmental activities increased \$614,071 from the Net Position at the start of the fiscal year for an ending balance of \$69,191,993. The increase in overall net position of governmental activities is reflected in the above condensed Statement of Activities.

Revenue:

Total revenues increased \$205 thousand from \$16.3 million (FY2018) to \$16.5 million (FY2019).

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 1.15% from \$2,784,047 (FY2018) to \$2,816,049 (FY2019). The Village's equalized assessed valuation increased 1.17% from \$659,376,155 to \$667,097,000 for tax years 2018 (actually received 2019) and tax year 2019 (to be received in 2020), respectively.

The Illinois Department of Revenue reports the Village of Lincolnshire's sales tax revenue during 2019 decreased \$25,260 (-.07%). The sales tax categories reporting the largest dollar gains include Drugs & Misc \$201,517 (80.9%), Agriculture \$70,224 (17.0%), and Lumber \$2,363 (4.6%). The largest declining category was Automotive \$97,015 (52.6%), followed by Food \$58,916 (21.9%) and Apparel \$21,051 (13.9%).

Lincolnshire's other tax revenues posting increases for 2019 include:

Room & Admission Tax \$60,001 (2.97%); State Income Tax \$78,786 (11.23%); Local Use Tax \$34,484 (16.34%); and Utility Tax \$-9,325 (-0.73%). Although the admission tax was down \$14,844 or 5.2%, the hotel revenue was up \$83,330 or 4.8%. The significant increase in hotel room tax is largely attributed to completion of a renovation which took place at the Lincolnshire Marriott Resort in early 2017 and the repositioning of the updated asset in the business/leisure travel market. Declining revenue sources include Real Estate Transfer Tax \$-199,732 (-36.98%) and Telecommunication Tax \$-22,426 (-2.12%). The State of Illinois continues to delay payments, and as of December 31, 2019, 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.

During FY2019, the Lincolnshire Police Department continued to provide resource officers to Adlai E. Stevenson High School. A second school resource officer was added to serve the high school in 2019 after a renegotiation of an updated intergovernmental agreement with District #125. Revenue posted to Governmental Activities for FY2019 services rendered were \$310,711; up 88.9% or \$146,261 from FY2018. This increase was due to the addition of a second liaison officer and one vehicle. 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 up \$381,205 (28.9%) from FY2018. Specifically, the following revenue increased from FY2018; Building Permit Fees up \$23,129 (9.9%); Fines and Forfeitures up \$71,979 (37.3%); and Investment earnings up \$296,811 (220.1%) from the previous year. License & Permits down \$10,714 (-1.4%) Noteworthy details reflect continued construction of two townhome developments with Building Permit revenues increasing in 2019 compared to 2018. Overall, values remain consistent over a

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five year span. Building permit fees normally account for 25% to 45% of the License & Permits category, for FY2019, these fees represented 34.2% of the total. Residential home improvements remained level compared to FY2018.

At 126 months, the United States is in its longest economic expansion in history, breaking the record of 120 months of economic growth from March 1991 to March 2001. There was a lot of good going on in the 2019 economy. There were 266,000 new jobs added in November, and the unemployment rate was at 3.5%. Stocks have been at an all-time high. Long-term government bonds are on the rise. Corporations have reported strong profits. The Federal Reserve made multiple interest rate cuts, making room for more growth.

The annual new privately owned housing units started in the U.S. increased from 1.25 million in 2018 to 1.29 million units in 2019, up 3.2%.

The unemployment rate returned to 3.5% in November, a 50-year low. Other measures of employment, such as the number of involuntarily part-time workers, are also at their lowest levels in over a decade.

Inflation, as measured by the US Consumer Price Index (CPI), increased from a yearly inflation rate of 1.9% in December 2018 to 2.3% in December 2019. US News reports the United States economy expanded at a better-than-expected clip of 2.1% during the final three months of 2019, bringing real gross domestic product growth through the entirety of 2019 to a respectable 2.3%.

The Fed lowered the Federal Funds rate in August, October, and November in 2019. The Federal Funds rate began the year with a 2.25% to 2.50% range and ended at 1.50% to 1.75%.

Expenses:

The Village's Governmental Activities expenses increased \$1,114,184 (7.9%) from the prior year; \$14.1 million in FY2018 compared to \$15.2 million in FY2019. Noteworthy item for FY2019 is the Village is "debt free" of bank loans. The largest component of this increase was a transfer from the General Fund to the Water & Sewer Improvement Fund to pay for planned capital improvements consisting of segments 1 and 2 of the Cross Town Water Main project. 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 an outstanding 19.77% gross rate of return during 2019 equivalent to \$7.4 billion asset gain. The 2019 investment return increased IMRF's funded status on a market basis from 90.0% on December 31, 2018, to 91.0% on December 31, 2019. In response to investment gains, average employer IMRF contribution rates will decrease from 10.91 percent of payroll in 2020 to 10.62 percent of payroll in 2021.

Lincolnshire's FY2018 employer contribution rate of 14.76% decreased to 13.49% in FY2019. This 8.6% rate decrease resulted in an overall \$16,282 (3.9%) decrease 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 2019, the Village exceed the financial obligations by \$20,788 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 \$852,295. The Village levied this amount in December 2018, collected it in 2019, and direct deposited into the Police Pension Fund. The Contribution collected in FY2019 are up \$2,629 (.31%) from FY2018 Actual employer contribution. Pension funding specifics can be found in Note IV.A. on pages 69-77.

Business-Type Activities

Business-type activities decreased the Village's net position by \$25,348. 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 \$621,337 for 2019.

Revenues:

Operating revenues increased \$115,063 (2.4%); from \$4,716,333 in FY2018 compared to \$4,831,396 in FY2019. Revenues for the Water & Sewer fund are derived largely from water sales. For FY2019, water revenues were up largely due to 15% water rate increase related to Highland Park rate increase.

With the exception of a couple very small subdivisions under construction, water customer accounts are up 1.59%. 2019 customer account increases came primarily from the addition 26 Camberley Club townhome units and 9 Lincolnshire Trail units. The year ended with 2,613 units; with 2,357 residential and 256 commercial accounts. Lincolnshire's water and sewer rates increased 15.0%.

Although the Federal Funds rate dropped 30%, the new investment services relationship contributed to investment income rising \$1,615 for the current year for the Water & Sewer Fund.

Expenses:

Depreciation for the Water & Sewer system increased by \$26,248 (1.6%) to \$1,669,962 for 2019.

The Village reports the Water/Sewer and Internal Service Fund (Governmental Activities) as proprietary funds. The Water/Sewer Fund is considered a "major fund." Water is purchased from the City of Highland Park at a rate of \$3.25 per thousand gallons. Highland Park imposed an increase of 14.9% effective January 1, 2019. Wastewater treatment service is provided under a contractual agreement with Lake County Public Works at a rate of \$4.08 (effective December 1, 2019) 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 \$12.68 combined water & sewer rate per 1,000 gallons increases to a maximum \$16.09 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

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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 decreased \$145,993 (-2.23%) from the prior year; \$6,538,002 in FY2018 compared to \$6,392,009 in FY2019. This decrease is largely due to a decrease in water usage resulting in less water purchases and sanitary sewer treatment costs.

The Water and Sewer Fund operating expenses were 7.4% or \$327,192 below final budget; Water and Sewer Administration at .1% below and Operations expenses 8.3% below final budget. The combined FY2019 water purchases and sanitary sewer charges were down 5.3% compared to FY2018.

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 FY2016 TO FY2019				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water: Rate per 1,000 gallons	\$5.13	\$5.38	\$5.65	\$6.50
Sewer: Rate per 1,000 gallons	\$5.77	\$6.06	\$6.06	\$6.18
Operating Revenue	\$4,552,798	\$4,834,958	\$4,716,333	\$4,831,396
Operating Expenses (includes depreciation)	\$5,916,455	\$6,125,355	\$5,924,162	\$5,880,021

As part of the FY2019 budget, the Village increased its water usage fees 15.0% and sanitary sewer fees 2%. These rates became effective for services provided after December 02, 2018 (February 1, 2019 billing date).

Rate increases from the water supplier have become a regular occurrence, while sanitary sewer charges increases are less frequent. For budget year 2019, a water rate increase was instituted to absorb a proposed rate increase by the Village's water supplier. The General Fund subsidized \$750,000 to Water Sewer Improvements. In FY2019, the combined cost of water and sanitary sewer treatment was 46.6% of total operating expenses.

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, 2019 the Village's governmental fund balance reported a combined ending fund balance of \$22.28 million. This was an increase of \$2.0 million (9.94%) compared to the prior fiscal year. The largest contributing factor include the Rooms and Admission Tax coming in over budget (\$256,917), State income tax (\$89,960), Food and Beverage Tax (\$41,918), Real Estate Transfer Tax (\$90,446), Police Services (\$94,662), Interest Income (\$344,652), Park Development Contributions (\$160,797) ; as well as reductions in expenditures related to Economic Development Incentives (\$129,131), \$262,000 reduction in subsidy to the Water Sewer Improvement Fund, and projects held over to 2021 related to Storm Sewers (\$600,888) and Parks (\$845,600).

The General Fund's 28.9% or \$6.44 million Unassigned Fund Balance is a modest portion of the \$22.3 million governmental fund balance. FY2019 represents the third year the Village restricted Governmental Fund Balance; \$9.3 million or 41.76%, 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 \$2.19 million restricted Fund Balance of the SSA Debt Service Fund makes it the third largest portion of the governmental fund balance at 9.86%. The fund balances classified as "non-spendable" and "restricted" are \$1,118,152 and \$5,280,725 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 \$693,406 or 9.83%, 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 FY2019, the General Fund transfer to General Capital Projects Fund was \$1,864,000.

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 FY2019 budget revenue reveals total General Fund revenues were 11.9% above FY2019 Final Budget or \$1,510,617. Total actual expenditures \$10.8 million are 1.3% above \$10.7 million budget or \$138,481.

GENERAL OPERATING FUND BALANCE			
FISCAL YEAR	TOTAL FUND BALANCE	OPERATING EXPENSES (EXCLUDING CAPITAL)	FUND BALANCE AS % OF OPER. EXP.
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%
1/1/2020*	\$7,492,103	\$9,989,500	75.0%

* Excludes Non-spendable Fund Balance and Restricted Fund Balance related to Public Safety totaling \$188,046. 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 2019.

The total combined fund balance of the four non-major governmental funds increased \$493,911 from \$2.54 million to \$3.03 million. Notable increases in the Park Development Fund \$574,822; Motor Fuel Tax Fund \$66,577; and Fraud Alcohol Drug Enforcement Fund \$2,825 as noted in the Combining Statement of Revenues, Expenditures and Changes in Fund Balances for Non-major Governmental Funds. The Enhanced E911 Fund was dissolved in 2019.

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 \$25,348 (0.07%) from \$35.2 million for FY2018 to \$35.175 million in FY2019. The unrestricted net position increased \$21,909 (2.28%) for FY2019. 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 25, 2019, the Village Board approved the annual appropriations ordinance for the Village of Lincolnshire for Fiscal Year 2019. 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 FY2019. 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	\$1.648	1.652	(0.004)
Other Taxes	9.500	10.071	(0.570)
Licenses and Permits	0.737	0.748	(0.011)
Fines and Forfeitures	0.227	0.265	(0.038)
Intergovernmental	0.339	0.842	(0.503)
Investment Income	0.087	0.432	(0.345)
Miscellaneous	0.088	0.127	(0.040)
TOTAL REVENUES	\$12.626	14.137	(1.511)
Expenditures:			
Current:			
General Government	\$2.309	2.247	0.062
Public Safety	4.181	4.603	(0.421)
Comm & Econ Dev.	1.151	.954	0.198
Public Works	1.704	1.678	0.026
Parks & Open Spaces	1.346	1,348	(0.002)
Debt Service	0.000	0.000	0.000
TOTAL EXPENDITURES	\$10.691	\$10.830	(\$0.138)

The Village Board, as part of the 2019 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 2019.

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 2019 General Fund expenditures were below the appropriated amounts, several line items exceeding the budget by 5%, with an overage

greater than \$10,000. These items include: Regular Salaries \$191,283 (5.6%) related to staffing changes. Police Overtime \$26,949 (12%) is related to staffing changes and officers' field training pay for new hires. Data Sys- Software/ Licensing \$25,615 (65.6%) is due to three new software licenses added for police ticketing, electronic policy management platform, and "phishing" detection and training. Professional Services Misc \$11,094 (67.2%) is related to payments to a tax auditing service. The charges are offset by the additional tax revenues (hotel, cable, electric, natural gas tax) recovered by the tax auditing service. Overtime Wages- Snowplowing \$27,879 (92.9%) and Rock Salt \$13,094 (32.7%) related to 2018/19 snow events. Parks: Electric Utilities \$30,083 (125.3%) is under review. Special Events \$17,794 (24.4%) is offset by special event donations.

As noted, overall, General Fund expenditures were below the appropriated amounts (legal spending authority) with few exceptions. As reported in the section entitled "Notes to Financial Statements" Note II.A. Excess Expenditures over Appropriation, the Police Pension Fund expenditures exceed the Budget by \$220,218 and the Appropriation in the amounts of \$96,618. The differences are largely related to a recent retirement and \$152,688 refund of contributions.

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
 - North Park design "lean to shed"
 - Queensway storm line replacement
- Per the Village's replacement schedule the following items were disposed of:
 - 2008 GMC Sierra K3500
 - 2000 John Deere 410E
 - 2012 JCB 515-40 Loadall skid steer
 - 2012 Truck boom
 - 2016 Chevy Caprice *accident*
 - 2004 Groundmaster 328D riding mower
- Items purchased / added included
 - V-box \$11,000
 - Bomag BW900-50 roller \$14,900
 - John Deere 324G skid steer \$109,250
- Easements- none
- Land
 - Pulte Homes dedicated land for Trailhead Park \$112,500
- Land Improvements
 - Route 22 driveway access to Village Hall \$139,100

See independent auditors' report

- Parks
 - Trail Head Park Gazebo and improvements \$120,600
 - Creekside Park improvements \$277,500
- No Right of Way purchases or donated to the Village in 2019
- No new Street dedicated to the Village
- Storm sewers
 - 348 feet of storm sewer lining at Lancaster Lane
- Bike Paths- none
- No new Street lights
- No new Traffic Control Signals
- Pedestrian Bridge

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 \$34,191,527.

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

- Per the replacement schedule Public Works Utility Division disposed of:
 - Supervisory Control and Data Acquisition (SCADA) replacement- 2012
 - Generator Replacement- 1982
- Public Works purchased/ replaced:
 - Supervisory Control and Data Acquisition (SCADA) replacement \$105,380
 - Generator Replacement \$56,450
 - East Side Reservoir Roof \$74,250
- Water mains added
 - \$1.26 million "crosstown" water main and inter-connection to Buffalo Grove
- Sanitary Sewer
 - \$68,340 2,646 feet lining installation: Oxford Drive and Anglican Lane
- Construction in Progress
 - Riverwoods water main replacement 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 \$11.1 million compared to \$11.5 million last year - a decline of 3.8% - as shown in the following table.

OUTSTANDING DEBT AT YEAR END DECEMBER 31						
Type of Debt	Government Activities		Business Activities		Totals	
	2018	2019	2018	2019	2018	2019
Bank Loans Village	\$ 0	\$ 0	\$0	\$0	\$0	\$0
Bond Issue-SSA	\$11,545,000	\$11,105,000	\$0	\$0	\$11,545,000	\$11,105,000
	\$11,545,000	\$11,105,000	\$0	\$0	\$11,545,000	\$11,105,000

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 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 2020 and 2019 was as follows: Village Green (2020 and 2019 - 90%); Lincolnshire Commons (2020 - 94%; 2019 - 92%); and City Park (2020 - 54%; 2019 - 57%). The overall retail occupancy in the Village was 72% in the first quarter of 2020 versus 73% in the first quarter of 2019.

Lincolnshire office occupancy rate was 78% in the first quarter of 2020, compared to 70% in the first quarter of 2019. Lincolnshire industrial occupancy rate was 97% in the first quarters of 2019 and 2020.

Below is an overview of commercial and industrial activity in the Village as of December 2019:

- ECD Company completed construction on a two-building, 302-unit luxury apartment complex, known as **444 Social**, south of the Regal Cinemas at the southwest corner of Milwaukee Avenue and Aptakisic Road. The apartments are geared toward empty nesters, young professionals, corporate executives, and families. All certificates of occupancies were issued as of December 2019, and many units are occupied.
- TJS Lincolnshire Property LLC (TSJ), owner of the 43-acre property formerly occupied by the Aon Hewitt Corporate headquarters, submitted an application for a large, full-service, 24/7 recreation, health and fitness facility known as **The St. James**. The Village Board approvals are currently in progress and scheduled for final decision in spring 2020. Separate zoning approvals will be necessary for other recreational, entertainment, and hospitality uses adjacent to The St. James development.
- **Probat Burns**, a commercial coffee roasting equipment manufacturer, filed for buildout permits to move its corporate headquarters into a portion of the newly completed 186,000-square-foot building on a 10-acre vacant site at 325 Marriott Drive, southwest corner of Milwaukee Avenue and Marriott Drive. The company intends to locate in the building by April 2020. The property was originally developed for Heathrow Scientific and Daigger Scientific, two sister companies specializing in medical product design and distribution. However, they decided not to locate there due to changing business operations. In addition to Probat Burns occupying 110,000 square feet, the building will be occupied by another tenant yet to be identified.
- 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, 2019, permits for all buildings and 73 certificates of occupancy were issued. Full build-out and occupancy is expected in 2020.
- Taylor Morrison, the owner and developer for the 44-unit townhome **Lincolnshire Trails Subdivision**, continued construction on a 20-acre property, located on the north side of Riverside Road, northeast of Sedgebrook and Camberley Club. As of December 2019, 14 units were constructed and 10 certificates of occupancy were issued.
- The developer Arthur J. Greene Construction continued 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. As of December 2019, six homes were constructed and four certificates of occupancy were issued.
- **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 Pharmaceuticals held a grand opening and ribbon cutting in January 2019.
- A 5,000-square-foot **medical office**, consisting of dermatology and oral, maxillofacial, and surgery practices, was approved for construction at 231 Olde Half Day Road, west of Milwaukee Avenue. The 0.5-acre property previously housed an office building which has been demolished. Construction is in progress and is slated for completion in the summer of 2020.

- A 113-room **Home2Suites** extended stay hotel by Hilton was approved for the 2-acre vacant site at 350 Knightsbridge Parkway, Lincolnshire Corporate Center. Site preparation for building construction is in progress.
- **Daniel Wright Junior High School**, 1700 Riverwoods Road, received Village Board approvals for a 1,800-square-foot building addition to create additional classroom and lab space. Construction will begin in 2020, with completion scheduled by August 2020 in time for the new school year.

The following nine (9) businesses opened in Lincolnshire in 2019:

- Ashley Davis, an acupuncture and integrative medicine professional, located at 100 Village Green, Village Green Center (200 square feet)
- IV Solutions & Infusion Center, a medical clinic, located at 300 Village Green, Village Green Center (1,660 square feet)
- Ji & Jia, a clothing boutique, located at 430 Milwaukee Avenue, Oak Tree Corners Center (430 square feet)
- JM Realty of Kenosha, a regional administrative office for Midas Automobile Service franchises, moved to 430 Milwaukee Avenue, Oak Tree Corners Center (700 square feet)
- Manhard Consulting, a civil engineering and surveying firm, located at 1 Overlook Point, Lincolnshire Corporate Center (17,989 square feet)
- Maria Feldgreber, a child, adolescent and family therapist, located at 100 Village Green, Village Green Center (200 square feet)
- Ravinia Plumbing, Sewer Heating & Electric relocated its headquarters to 575 Bond Street, Lincolnshire Business Center (21,600 square feet)
- Southwire Company, a wire and cable manufacturer, opened a new sales office at 1 Overlook Point, Lincolnshire Corporate Center (3,900 square feet)
- Studio 18, a fusion dance center, moved into the building at 440 Milwaukee Avenue (4,800 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 FY2019 in a much better financial position as it did at the start of the year. Net change in the General Corporate Fund was \$693,406. The real estate market had a slightly below average year in FY2019. Lincolnshire's real estate sales volume declined \$67,639,300 (37.3%) however single, condo and townhouses ended with a \$11,766,800 (16%) growth from 2018. Real estate transfer tax stamp revenue declined 37%; from \$540,178 FY2018 to \$340,446 FY2019. Major sales recorded in FY2019 include- 300 Marriott Drive and 2 Overlook Point.

FY 2019	Real Estate Transfer Tax Stamps Sold	Real Estate Transfer Tax Stamp Revenue	Real Estate Sales Value
Single Family	87	\$ 159,666	\$ 53,216,029
Condo Units	31	\$ 25,443	\$ 8,479,834
Townhomes	46	\$ 65,172	\$ 21,708,232
Land	3	\$ 6,282	\$ 2,093,500
Commercial	4	\$ 83,883	\$ 27,960,401
TOTALS	171	\$ 340,446	\$ 113,457,996

- The Lincolnshire equalized assessed valuation (EAV) increased for the sixth year in a row. The 2019 EAV rose 1.17% or \$22.8 million compared to 2018. The 2019 EAV (which is used for the property tax collected in Fiscal Year 2020) was \$667,097,000. The last 10 years of EAV growth can be found below.

Tax Year	Collection Year	EAV
2010	2011	\$639,000,000
2011	2012	\$604,496,224
2012	2013	\$562,195,221
2013	2014	\$561,725,434
2014	2015	\$563,549,256
2015	2016	\$586,329,751
2016	2017	\$625,649,053
2017	2018	\$644,309,622
2018	2019	\$659,376,155
2019	2020	\$667,097,000

- The unemployment rate (not seasonally adjusted) for December 2019; according to online FRED Economic Research was 4.2% in Lake County. The rate in the State of Illinois for the same time period was 3.7% and the U.S. rate was 3.5%.
- According to GIS Consortium, prepared by Esri, Lincolnshire's 2019 per capita income was virtually unchanged at \$84,764; while the average household income grew .1% to \$196,535.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2020.

General Fund

Five types of revenue sources account for 69.8% of the total projected revenues for the FY20 General Fund. These sources and their respective budget increases / -decreases for FY20 are as follows: State Sales Tax (-9.4%), Utility Tax (0%), Telecommunication Tax (-11.5%), Rooms & Admissions Tax (-1.1%), and Property Taxes (3.1%). FY2020 revenues are projected to be flat with a \$208,010 (1.6%) increase. A rise in the projected Interest Income (\$153,000), Police Services Revenue (\$120,000), Police Pension Property Tax (\$104,500) and State income Tax (\$69,400) revenue accounts for the overall increase. Noteworthy projected decreases include Telecommunication Tax (-\$135,000), Local Home Rule Sales Tax (-\$91,000), and Sales Tax (-\$64,600) compared to 2019 Budget.

Excluding transfers and debt service, the General Fund Expense budget increased \$768,930 (7.3%) from \$10.5 million in FY2019 to \$11.26 million in FY20. Notable expenditure increases include: Police Regular Salaries \$281,000; Police Pension Retirement \$104,500; Streets Personnel Expenses \$70,450; Parks Personnel Expenses \$58,170; Parks Contractual Services \$56,100; Administration Personnel Expenses \$39,370; Community & Economic Development Personnel Expenses \$36,680. The largest decreases involve the Police Other Charges \$26,710; Insurance & Common Other Charges \$12,100. The General Fund FY20 budget anticipates the transfer out of \$2,532,250 to the Water/ Sewer Improvement Fund and a Transfer In from General Capital Projects Fund (\$1,206,070).

Major Changes in Budget format for 2020

- The Fiscal Year 2020 Budget contemplates implementation of \$4,316,000 in General Capital improvement projects. The Village continues to increase its level of capital improvements to improve the Village infrastructure.
- Lincolnshire dissolved the E911 Fund prior to the close of FY2018. The surcharge revenue is no longer directly distributed from the State of Illinois to the Village of Lincolnshire. Under the Emergency Telephone System Act, Wireless Emergency Telephone Safety Act, and Wireless Prepaid Act; specifically the establishment of a joint emergency telecommunication safety board, the revenues are diverted to the Illinois State Police, and from there to the Deerfield Communication Center, less a 2% State of Illinois administrative fee.

Water/Sewer Fund

Effective 1/1/2020 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 FY2020, the Water/Sewer unrestricted Net Position was 18.9% of the FY2020 operating budget expenses; and 20.6% 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 7.86% 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 2020

The Water Sewer Improvement Fund will receive transfers in from the General Fund \$2,532,250 and Water Sewer Operation Fund \$408,460.

Revenues are based upon a five-year average of water sales (475 million gallons). The FY20 budget provides for a 5.0% 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 driven by the increased service costs for the Village to purchase water and pay sanitary sewer processing. Highland Park will increase its charge for the Village to purchase water 5% effective January 1, 2020, and Lake County is increasing its charge for sanitary sewer processing services 4.2% as of January 1, 2020. The FY20 Budget reflects combined residential water and sewer rate with an increase from \$12.68 to \$13.32 or a \$0.64 per 1,000 gallon of water purchased increase.

Water & Sewer Fund Administrative costs, less transfers to the Water & Sewer Improvement Funds, are to increase 7.7%. Water & Sewer Operation costs are to increase 7.9% for FY20.

For the Water and Sewer Fund at the beginning of FY19, the unrestricted net position was \$961,613, which is equal to just over 2.8 months of operating expenses. The January 1, 2020 projected unrestricted net position based upon the approved FY20 Budget is expected to be \$956,416 or 20% of annual operating expenses in the fund. The policy is to maintain 20% or at least two months in reserve. The FY20 Budget meets the Villages fund balance policy for the Water & Sewer Fund.

Water and Sewer Improvement Fund- Staff projects \$200,000 in direct revenues from connection fees. This amount represents connection fees due to continued residential construction related to the Lincolnshire Trails and Manors of Whytegate developments. Connection fees related to pending commercial developments yet to begin construction are not reflected as revenues for 2020.

Water and Sewer capital improvements total \$3,138,000. The majority of these expenditures are related to:

- Crosstown Water Main Phase Two – Bid & Construction Engineering (\$200,000)
- Crosstown Water Main Phase Two - Construction (\$2,300,000)
- Crosstown Water Main Phase Three – Design Engineering (\$100,000)
- West Side Reservoir Improvements (\$160,000)
- Hydraulic Water Modeling Project (\$100,000)

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.

See independent auditors' report

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business- Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 4,247,024	\$ 1,433,131	\$ 5,680,155
Investments	17,575,299	424,335	17,999,634
Receivables			
Property taxes	2,751,919	-	2,751,919
Other taxes	1,936,679	-	1,936,679
Accounts	97,793	688,000	785,793
Accrued interest	20,345	-	20,345
Internal balances	155	(155)	-
Prepaid items	67,895	13,174	81,069
Deposits	320,373	-	320,373
Land held for resale	1,052,744	-	1,052,744
Capital Assets			
Capital assets not being depreciated	43,825,007	168,695	43,993,702
Capital assets (net of accumulated depreciation)	<u>24,613,599</u>	<u>34,022,832</u>	<u>58,636,431</u>
Total Assets	<u>96,508,832</u>	<u>36,750,012</u>	<u>133,258,844</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	1,917,731	534,408	2,452,139
Pension items - police pension	<u>966,908</u>	<u>-</u>	<u>966,908</u>
Total Deferred Outflows of Resources	<u>2,884,639</u>	<u>534,408</u>	<u>3,419,047</u>
 Total Assets and Deferred Outflows of Resources	 <u>99,393,471</u>	 <u>37,284,420</u>	 <u>136,677,891</u>
LIABILITIES			
Accounts payable	1,592,123	620,018	2,212,141
Accrued payroll	234,783	28,948	263,731
Deposits payable	1,134,219	-	1,134,219
Accrued interest payable	231,354	-	231,354
Unearned revenues	8,800	-	8,800
Noncurrent Liabilities			
Due within one year	678,102	65,418	743,520
Due in more than one year	<u>22,182,379</u>	<u>1,321,877</u>	<u>23,504,256</u>
Total Liabilities	<u>26,061,760</u>	<u>2,036,261</u>	<u>28,098,021</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business- Type Activities	Totals
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future periods	\$ 2,751,919	\$ -	\$ 2,751,919
Pension items - IMRF	262,356	73,110	335,466
Pension items - police pension	<u>1,125,443</u>	<u>-</u>	<u>1,125,443</u>
Total Deferred Inflows of Resources	<u>4,139,718</u>	<u>73,110</u>	<u>4,212,828</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,201,478</u>	<u>2,109,371</u>	<u>32,310,849</u>
NET POSITION			
Net investment in capital assets	68,438,606	34,191,527	102,630,133
Restricted for			
Debt service	2,196,723	-	2,196,723
Maintenance of roadways	171,061	-	171,061
Public safety	251,372	-	251,372
Park improvements	2,661,569	-	2,661,569
Unrestricted	<u>(4,527,338)</u>	<u>983,522</u>	<u>(3,543,816)</u>
TOTAL NET POSITION	<u>\$ 69,191,993</u>	<u>\$ 35,175,049</u>	<u>\$ 104,367,042</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

<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	\$ 3,355,419	\$ 308,809	\$ -	\$ -
Public safety	5,325,833	1,038,868	43,554	-
Community and economic development	972,349	377,226	-	-
Public works	2,800,379	25,436	240,548	-
Parks and open spaces	2,040,594	36,525	776,797	233,098
Interest and fiscal charges	<u>698,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>15,193,220</u>	<u>1,786,864</u>	<u>1,060,899</u>	<u>233,098</u>
Business-type Activities				
Water and sewer	<u>5,914,640</u>	<u>5,127,653</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>5,914,640</u>	<u>5,127,653</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 21,107,860</u>	<u>\$ 6,914,517</u>	<u>\$ 1,060,899</u>	<u>\$ 233,098</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

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
\$ (3,046,610)	\$ -	\$ (3,046,610)
(4,243,411)	-	(4,243,411)
(595,123)	-	(595,123)
(2,534,395)	-	(2,534,395)
(994,174)	-	(994,174)
<u>(698,646)</u>	<u>-</u>	<u>(698,646)</u>
<u>(12,112,359)</u>	<u>-</u>	<u>(12,112,359)</u>
<u>-</u>	<u>(786,987)</u>	<u>(786,987)</u>
<u>-</u>	<u>(786,987)</u>	<u>(786,987)</u>
<u>(12,112,359)</u>	<u>(786,987)</u>	<u>(12,899,346)</u>
2,816,049	-	2,816,049
1,887,394	-	1,887,394
245,471	-	245,471
1,271,929	-	1,271,929
1,037,637	-	1,037,637
741,918	-	741,918
2,076,917	-	2,076,917
340,446	-	340,446
1,688,409	-	1,688,409
780,560	-	780,560
329,259	11,639	340,898
<u>260,441</u>	<u>-</u>	<u>260,441</u>
<u>13,476,430</u>	<u>11,639</u>	<u>13,488,069</u>
<u>(750,000)</u>	<u>750,000</u>	<u>-</u>
614,071	(25,348)	588,723
<u>68,577,922</u>	<u>35,200,397</u>	<u>103,778,319</u>
<u>\$ 69,191,993</u>	<u>\$ 35,175,049</u>	<u>\$ 104,367,042</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General Corporate Fund	Special Service Area Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 255,832	\$ 901,240	\$ 1,802,166	\$ 1,181,641	\$ 4,140,879
Investments	6,056,110	1,295,483	7,944,266	2,279,440	17,575,299
Receivables					
Property taxes	1,607,700	1,144,219	-	-	2,751,919
Other taxes	1,904,744	-	-	31,935	1,936,679
Accounts	97,232	-	-	561	97,793
Accrued interest	20,345	-	-	-	20,345
Due from other funds	155	-	-	-	155
Prepaid items	65,408	-	-	-	65,408
Deposits	320,373	-	-	-	320,373
Land held for resale	1,052,744	-	-	-	1,052,744
	\$ 11,380,643	\$ 3,340,942	\$ 9,746,432	\$ 3,493,577	\$ 27,961,594
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 656,255	\$ -	\$ 440,746	\$ 457,378	\$ 1,554,379
Accrued payroll	228,112	-	-	-	228,112
Deposits payable	1,134,219	-	-	-	1,134,219
Unearned revenues	8,800	-	-	-	8,800
Total Liabilities	2,027,386	-	440,746	457,378	2,925,510
Deferred Inflows of Resources					
Property taxes levied for a future period	1,607,700	1,144,219	-	-	2,751,919
Total Deferred Inflows of Resources	1,607,700	1,144,219	-	-	2,751,919
Fund Balances					
Nonspendable for prepaid items	65,408	-	-	-	65,408
Nonspendable for land held for resale	1,052,744	-	-	-	1,052,744
Restricted for debt service purposes	-	2,196,723	-	-	2,196,723
Restricted for maintenance of roadways	-	-	-	171,061	171,061
Restricted for public safety	188,046	-	-	63,326	251,372
Restricted for park improvements	-	-	-	2,661,569	2,661,569
Assigned for capital projects	-	-	9,305,686	140,243	9,445,929
Unassigned fund balance	6,439,359	-	-	-	6,439,359
Total Fund Balances	7,745,557	2,196,723	9,305,686	3,036,199	22,284,165
	\$ 11,380,643	\$ 3,340,942	\$ 9,746,432	\$ 3,493,577	\$ 27,961,594
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, 2019

Total Fund Balances - Governmental Funds	\$ 22,284,165
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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.	68,438,606
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Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(231,354)
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Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	2,884,639
Less amount reported in the internal service fund below.	(131,232)

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(1,387,799)
Less amount reported in the internal service fund below.	17,954

The compensated absences liability for the Village is not due and payable in the current period and, therefore, not reported in the governmental funds.	(208,102)
Less amount reported in the internal service fund below.	1,401

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	(11,105,000)
Net pension liability - Police Pension	(5,639,479)
Net pension liability - Illinois Municipal Retirement Fund	(3,723,748)
Total OPEB liability	(2,184,152)
Less: Internal service fund long-term liabilities	325,249

Internal service funds are reported in the statement of net position as governmental activities.	<u>(149,155)</u>
--	------------------

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 69,191,993</u>
--	-----------------------------

VILLAGE OF LINCOLNSHIRE

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

For the Year Ended December 31, 2019

	General Corporate Fund	Special Service Area Debt Service Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Totals
REVENUES					
Property taxes	\$ 1,651,986	\$ 1,164,063	\$ -	\$ -	\$ 2,816,049
Other taxes	10,070,681	-	-	-	10,070,681
Licenses, permits and fees	747,996	-	-	-	747,996
Fines and forfeitures	265,029	-	-	9,242	274,271
Intergovernmental	842,119	-	-	206,580	1,048,699
Investment income	431,652	22,016	-	8,538	462,206
Donations	-	-	-	776,797	776,797
Miscellaneous	127,494	-	-	-	127,494
Total Revenues	14,136,957	1,186,079	-	1,001,157	16,324,193
EXPENDITURES					
Current					
General government	2,247,003	11,170	127,739	-	2,385,912
Public safety	4,602,528	-	-	122,777	4,725,305
Community and economic development	953,511	-	-	-	953,511
Public works	1,678,488	-	-	-	1,678,488
Parks and open spaces	1,348,021	-	-	-	1,348,021
Capital outlay	-	-	1,094,416	226,534	1,320,950
Debt Service					
Principal retirement	-	440,000	-	-	440,000
Interest and fiscal charges	-	707,813	-	-	707,813
Total Expenditures	10,829,551	1,158,983	1,222,155	349,311	13,560,000
Excess (deficiency) of revenues over expenditures	3,307,406	27,096	(1,222,155)	651,846	2,764,193
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,021,935	-	2,021,935
Transfers out	(2,614,000)	-	-	(157,935)	(2,771,935)
Total Other Financing Sources (Uses)	(2,614,000)	-	2,021,935	(157,935)	(750,000)
Net Change in Fund Balances	693,406	27,096	799,780	493,911	2,014,193
FUND BALANCES - Beginning of Year	7,052,151	2,169,627	8,505,906	2,542,288	20,269,972
FUND BALANCES - END OF YEAR	\$ 7,745,557	\$ 2,196,723	\$ 9,305,686	\$ 3,036,199	\$ 22,284,165

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, 2019

Net change in fund balances - total governmental funds	\$	2,014,193
<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		259,988
Depreciation is reported in the government-wide financial statements		(1,630,596)
Net book value of assets retired		(21,635)
<p>Contributed capital assets are reported as revenues in the government-wide financial statements.</p>		
		233,098
<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		440,000
<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		7,872
Total OPEB liability		(358,970)
Accrued interest on debt		9,167
Deferred inflows of resources related to OPEB		115,759
Net pension liability - IMRF		(2,105,434)
Net pension liability - Police Pension		1,895,048
Deferred outflows of resources related to pensions		13,935
Deferred inflows of resources related to pensions		(147,791)
<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>		
		(110,563)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	614,071

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	<u>Business-type Activities - Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,433,131	\$ 106,145
Investments	424,335	-
Receivables		
Accounts - billed	356,322	-
Accounts - unbilled	331,678	-
Prepaid items	13,174	2,487
Total Current Assets	<u>2,558,640</u>	<u>108,632</u>
Noncurrent Assets		
Capital Assets		
Capital assets not being depreciated	168,695	-
Capital assets (net of accumulated depreciation)	<u>34,022,832</u>	-
Total Noncurrent Assets	<u>34,191,527</u>	-
Total Assets	<u>36,750,167</u>	<u>108,632</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension items - IMRF	<u>534,408</u>	<u>131,232</u>
Total Deferred Outflows of Resources	<u>534,408</u>	<u>131,232</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Funds
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 620,018	\$ 37,744
Accrued payroll	28,948	6,671
Due to other funds	155	-
Compensated absences	65,418	1,401
Total Current Liabilities	714,539	45,816
Noncurrent Liabilities		
Long-Term Debt		
Net pension liability	1,037,686	254,820
Total OPEB liability	284,191	70,429
Total Noncurrent Liabilities	1,321,877	325,249
Total Liabilities	2,036,416	371,065
DEFERRED INFLOWS OF RESOURCES		
Pension items - IMRF	73,110	17,954
Total Deferred Inflows of Resources	73,110	17,954
NET POSITION		
Net investment in capital assets	34,191,527	-
Unrestricted net position	983,522	(149,155)
TOTAL NET POSITION	\$ 35,175,049	\$ (149,155)

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, 2019

	<u>Business-type Activities - Water and Sanitary Sewer Fund</u>	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES		
Charges for services	\$ 4,819,463	\$ 401,425
Miscellaneous	<u>11,933</u>	<u>-</u>
Total Operating Revenues	<u>4,831,396</u>	<u>401,425</u>
OPERATING EXPENSES		
Administration	484,178	-
Operations	3,622,045	-
Repairs and maintenance	103,836	511,988
Depreciation	<u>1,669,962</u>	<u>-</u>
Total Operating Expenses	<u>5,880,021</u>	<u>511,988</u>
Operating Income (Loss)	<u>(1,048,625)</u>	<u>(110,563)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	11,639	-
Loss on disposal of capital assets	(34,619)	-
Connection fees	<u>296,257</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>273,277</u>	<u>-</u>
Income (Loss) Before Transfers	<u>(775,348)</u>	<u>(110,563)</u>
TRANSFERS		
Transfers in	<u>750,000</u>	<u>-</u>
Total Transfers	<u>750,000</u>	<u>-</u>
Change in Net Position	(25,348)	(110,563)
NET POSITION (DEFICIT) - Beginning of Year	<u>35,200,397</u>	<u>(38,592)</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 35,175,049</u>	<u>\$ (149,155)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 4,862,883	\$ -
Receipts from interfund services	-	401,425
Paid to suppliers for goods and services	(3,631,650)	(331,615)
Paid to employees for services	(651,145)	(161,056)
Payments to other funds	(40,142)	-
Other income	11,933	-
Net Cash Flows From Operating Activities	551,879	(91,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments sold and matured	(8,911)	-
Investment income	11,639	-
Net Cash Flows From Investing Activities	2,728	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Connection fees	296,257	-
Transfers	750,000	-
Change in interfund balances	(1,687)	(1,006)
Net Cash Flows From Noncapital Financing Activities	1,044,570	(1,006)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(1,571,434)	-
Net Cash Flows From Capital and Related Financing Activities	(1,571,434)	-
Net Change in Cash and Cash Equivalents	27,743	(92,252)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,405,388	198,397
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,433,131	\$ 106,145

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2019

	Business-type Activities - Water and Sanitary Sewer Fund	Governmental Activities - Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,048,625)	\$ (110,563)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities		
Depreciation	1,669,962	-
Changes in assets and liabilities		
Accounts receivable	43,420	-
Prepaid expense	(7,941)	(901)
Deferred outflows related to pensions	(384,248)	(95,143)
Accounts payable	(89,460)	12,448
Accrued salaries	1,011	330
Net pension liability	610,691	152,199
Deferred inflows related to pensions	(247,986)	(59,216)
Compensated absences	(13,741)	1,004
Total OPEB liability	35,220	12,423
Deferred inflows related to OPEB	(16,424)	(3,827)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 551,879	\$ (91,246)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Change in capital-related accounts payable	\$ 85,890	\$ -

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND As of December 31, 2019

	<u>Pension Trust</u>
ASSETS	
Cash and cash equivalents	\$ 25,425
Investments	
Money markets	369,152
U.S. Treasury obligations	3,294,487
U.S. agencies securities	731,767
Equity mutual funds	12,107,802
Corporate bonds	3,248,988
Municipal bonds	55,877
Equities	4,340,462
Negotiable certificates of deposit	240,010
Receivables	
Accrued interest	53,062
Prepaid items	<u>3,529</u>
Total Assets	<u>24,470,561</u>
LIABILITIES	
Accounts payable	<u>19,336</u>
Total Liabilities	<u>19,336</u>
NET POSITION	
Restricted for pension benefits	<u>24,451,225</u>
TOTAL NET POSITION	<u>\$ 24,451,225</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, 2019

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer	\$ 852,925
Employee	234,115
Total Contributions	<u>1,087,040</u>
Investment income	
Net appreciation in fair value of investments	3,190,122
Interest earned on investments	703,719
Total Investment Income	<u>3,893,841</u>
Less Investment expense	<u>69,582</u>
Net Investment Income	<u>3,824,259</u>
Total Additions	<u>4,911,299</u>
DEDUCTIONS	
Benefits	1,274,049
Refunds of contributions	152,688
Administrative	29,441
Total Deductions	<u>1,456,178</u>
Change in Fiduciary Net Position	3,455,121
NET POSITION - Beginning of Year	<u>20,996,104</u>
NET POSITION - END OF YEAR	<u>\$ 24,451,225</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, 2019

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 primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods: discrete presentation, blended, or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. REPORTING ENTITY (cont.)

Fiduciary Component Unit

Police Pension Employees Retirement System

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. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. PPERS is reported as a fiduciary component unit pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the PPERS.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

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.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 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 Fund - 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

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 (and Other Employee Benefit) Trust Fund - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police Pension Trust Fund

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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.

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

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

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.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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'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%	6.35%
Mid cap U.S. equities	6.50%	7.35%
Small cap U.S. equities	6.50%	8.05%
International U.S. equities	15.00%	6.45%
Multi-class	15.00%	2.20%
Intermediate term fixed income	32.00%	1.35%
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.

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 December 2019 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 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.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

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.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

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.

2. Receivables

Property taxes for levy year 2019 attaches as an enforceable lien on January 1, 2019, 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 2019 are prepared by Lake County and issued on or about May 1, 2020 and August 1, 2020, and are payable in two installments, on or about June 1, 2020 and September 1, 2020 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2019 property tax levy is recognized as a receivable and deferred inflows in fiscal 2019. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2019, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2019 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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.)

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.

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, 2019, 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, 2019

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, 2019

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

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.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Actual Expenditures/ Expenses</u>	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>
Police Pension Fund	\$ 1,456,178	\$ 1,359,560	\$ 1,235,960

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 6,173,270	\$ 25,425	\$ 6,198,695
Illinois Metropolitan Investment Fund (IMET) - 1-3 year debt fund	4,793,418	-	4,793,418
Illinois Metropolitan Investment Fund (IMET) convenience fund	6,402,303	-	6,402,303
Money market	719,929	369,152	1,089,081
Repurchase agreement - Natixis	1,169,593	-	1,169,593
U.S. Treasury obligations	373,733	3,294,487	3,668,220
U.S. agencies - implicitly guaranteed	799,991	500,036	1,300,027
U.S. agencies - explicitly guaranteed	-	231,731	231,731
Equity mutual funds	-	12,107,802	12,107,802
Municipal bonds	156,238	55,877	212,115
Corporate bonds	-	3,248,988	3,248,988
Negotiable certificates of deposits	3,081,663	240,010	3,321,673
Equities	-	4,340,462	4,340,462
Petty cash	9,651	-	9,651
 Total Deposits and Investments	 \$ 23,679,789	 \$ 24,413,970	 \$ 48,093,759

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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	\$ 5,680,155	\$ -	\$ 5,680,155
Investments	17,999,634	-	17,999,634
Per statement of net position - fiduciary fund			
Cash and cash equivalents	-	25,425	25,425
Money markets	-	369,152	369,152
U.S. Treasury obligations	-	3,294,487	3,294,487
U.S. agencies securities	-	731,767	731,767
Equity mutual funds	-	12,107,802	12,107,802
Corporate bonds	-	3,248,988	3,248,988
Municipal bonds	-	55,877	55,877
Equities	-	4,340,462	4,340,462
Negotiable certificates of deposits	-	240,010	240,010
Total Deposits and Investments	<u>\$ 23,679,789</u>	<u>\$ 24,413,970</u>	<u>\$ 48,093,759</u>

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, 2019

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, 2019			
	Level 1	Level 2	Level 3	Total
Illinois Metropolitan Investment Fund (IMET) - 1-3 year debt fund	\$ -	\$ -	\$ 4,793,418	\$ 4,793,418
Illinois Metropolitan Investment Fund (IMET) convenience fund	-	6,402,303	-	6,402,303
Repurchase agreement - Natixis	-	1,169,593	-	1,169,593
U.S. Treasury obligations	373,733	-	-	373,733
U.S. agencies - implicitly guaranteed	-	799,991	-	799,991
Municipal bonds	-	156,238	-	156,238
Negotiable certificates of deposits	-	3,081,663	-	3,081,663
Total	\$ 373,733	\$ 11,609,788	\$ 4,793,418	\$ 16,776,939

Police Pension Fund

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ 3,294,487	\$ -	\$ -	\$ 3,294,487
U.S. agencies - implicitly guaranteed	-	500,036	-	500,036
U.S. agencies - explicitly guaranteed	-	231,731	-	231,731
Corporate bonds	-	3,248,988	-	3,248,988
Municipal bonds	-	55,877	-	55,877
Equities	4,340,462	-	-	4,340,462
Equity mutual funds	12,107,802	-	-	12,107,802
Negotiable certificates of deposits	-	240,010	-	240,010
Total	\$ 19,742,751	\$ 4,276,642	\$ -	\$ 24,019,393

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.

The Village does not have any deposits exposed to custodial credit risk.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, 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	n/a	Aaa-bf
Repurchase agreement - Natixis	AAA	Aaa
U.S. agencies	AA+	Aaa
Municipal bonds	AA+ - AA	Aa1 - Aa2

The negotiable certificates of deposit were not rated.

As of December 31, 2019, the Police Pension Fund's investments were rated as follows:

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

The negotiable certificates of deposit were not rated.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

At December 31, 2019, the Village's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Natixis Investment	Repurchase agreement	6.50%

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, 2019, 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	\$ 4,793,418	\$ -	\$ 4,793,418	\$ -
Repurchase agreement - Natixis	1,169,633	-	-	1,169,633
U.S. Treasury obligations	373,733	271,936	101,797	-
U.S. agencies - implicitly guaranteed	799,991	295,144	504,847	-
Municipal bonds	156,238	55,996	100,242	-
Negotiable certificates of deposits	3,081,663	302,498	2,779,165	-
Totals	\$ 10,374,676	\$ 925,574	\$ 8,279,469	\$ 1,169,633

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasury obligations	\$ 3,294,487	\$ 2,998	\$ 715,890	\$ 2,575,599	\$ -
U.S. agencies - explicitly guaranteed	231,731	-	12,637	31,730	187,364
U.S. agencies - implicitly guaranteed	500,036	-	155,867	105,757	238,412
Corporate bonds	3,248,988	568,730	2,261,833	418,425	-
Municipal bonds	55,877	15,000	40,877	-	-
Negotiable certificates of deposit	<u>240,010</u>	<u>240,010</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,571,129</u>	<u>\$ 826,738</u>	<u>\$ 3,187,104</u>	<u>\$ 3,131,511</u>	<u>\$ 425,776</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2019, the annual money-weighted rate of return on the police pension plan investments, net of pension plan investment expense, was 18.40%. 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

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	\$ 66,576
Sales	584,038
Home rule sales	503,851
Food & beverage	84,458
Utility	121,277
Telecommunications	286,783
Room & admissions	137,993
State use	75,333
Cable	<u>44,435</u>
Total	<u>\$ 1,904,744</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, 2019

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ 112,500	\$ -	\$ 27,533,513
Right of way	15,175,160	-	-	15,175,160
Easements	1,073,597	-	-	1,073,597
Construction in progress	<u>342,428</u>	<u>42,737</u>	<u>342,428</u>	<u>42,737</u>
Total Capital Assets Not Being depreciated	<u>44,012,198</u>	<u>155,237</u>	<u>342,428</u>	<u>43,825,007</u>
Capital assets being depreciated				
Land improvements	7,656,733	139,076	-	7,795,809
Buildings and improvements	8,772,820	-	-	8,772,820
Infrastructure	45,930,736	7,960	-	45,938,696
Machinery and equipment	<u>3,943,190</u>	<u>533,241</u>	<u>168,976</u>	<u>4,307,455</u>
Total Capital Assets Being Depreciated	<u>66,303,479</u>	<u>680,277</u>	<u>168,976</u>	<u>66,814,780</u>
Total Capital Assets	<u>110,315,677</u>	<u>835,514</u>	<u>511,404</u>	<u>110,639,787</u>
Less: Accumulated depreciation for				
Land improvements	(4,990,963)	(321,038)	-	(5,312,001)
Buildings and improvements	(4,825,346)	(177,127)	-	(5,002,473)
Infrastructure	(28,540,169)	(850,732)	-	(29,390,901)
Machinery and equipment	<u>(2,361,448)</u>	<u>(281,699)</u>	<u>147,341</u>	<u>(2,495,806)</u>
Total Accumulated depreciation	<u>(40,717,926)</u>	<u>(1,630,596)</u>	<u>147,341</u>	<u>(42,201,181)</u>
Net Capital Assets Being Depreciated	<u>25,585,553</u>	<u>(950,319)</u>	<u>21,635</u>	<u>24,613,599</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 69,597,751</u>	<u>\$ (795,082)</u>	<u>\$ 364,063</u>	<u>\$ 68,438,606</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 879,215
Public safety	202,493
Public works	71,247
Parks and open spaces	<u>477,641</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,630,596</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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>64,223</u>	<u>61,862</u>	<u>64,223</u>	<u>61,862</u>
Total Capital Assets Not Being depreciation	<u>171,056</u>	<u>61,862</u>	<u>64,223</u>	<u>168,695</u>
Capital assets being depreciated				
Buildings	2,028,320	74,250	-	2,102,570
Underground water and sewerage system	86,205,099	1,326,940	-	87,532,039
Furniture, machinery and equipment	<u>1,181,150</u>	<u>258,495</u>	<u>161,833</u>	<u>1,277,812</u>
Total Capital Assets Being Depreciated	<u>89,414,569</u>	<u>1,659,685</u>	<u>161,833</u>	<u>90,912,421</u>
Total Capital Assets	<u>89,585,625</u>	<u>1,721,547</u>	<u>226,056</u>	<u>91,081,116</u>
Less: Accumulated depreciation for				
Buildings	(1,142,578)	(52,481)	-	(1,195,059)
Underground water and sewerage system	(53,651,129)	(1,529,710)	-	(55,180,839)
Furniture, machinery and equipment	<u>(553,134)</u>	<u>(87,771)</u>	<u>127,214</u>	<u>(513,691)</u>
Total Accumulated depreciation	<u>(55,346,841)</u>	<u>(1,669,962)</u>	<u>127,214</u>	<u>(56,889,589)</u>
Net Capital Assets Being Depreciated	<u>34,067,728</u>	<u>(10,277)</u>	<u>34,619</u>	<u>34,022,832</u>
Business-type Capital Assets, Net of Accumulated depreciation	<u>\$ 34,238,784</u>	<u>\$ 51,585</u>	<u>\$ 98,842</u>	<u>\$ 34,191,527</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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:

Receivable Fund	Payable Fund	Amount
General Corporate	Water and Sanitary Sewer	\$ 155
Total		\$ 155

All amounts are due within one year.

The interfund above results from allocating expenditures/expense between funds. This amount will be repaid within one year.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Water and Sanitary Sewer Improvement	General Corporate	\$ 750,000	To move general operating fund reserves to the water and sanitary sewer improvement fund to cover the cost of equipment and infrastructure planned in 2019.
General Capital Projects	General Corporate	1,864,000	Transfer is to fund future capital improvement projects.
General Capital Projects	Nonmajor Fund	157,935	Transfer is to offset the cost of various park and path projects paid out of the capital projects fund.
Total - Fund Financial Statements		2,771,935	
Less: Government-wide eliminations		(2,021,935)	
Total Transfers - Government-Wide Statement of Activities		\$ 750,000	

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Transfers (cont.)

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.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
Special assessment area bonds	\$ 11,545,000	\$ -	\$ 440,000	\$ 11,105,000	\$ 470,000
Sub-totals	<u>11,545,000</u>	<u>-</u>	<u>440,000</u>	<u>11,105,000</u>	<u>470,000</u>
Other Liabilities					
Compensated absences*	214,573	45,771	53,643	206,701	206,701
Compensated absences - internal service	397	1,103	99	1,401	1,401
Total OPEB liability	1,754,753	444,972	86,002	2,113,723	-
Total OPEB liability - internal service	58,006	15,289	2,866	70,429	-
Net pension liability - police pension	7,534,527	1,560,073	3,455,121	5,639,479	-
Net pension liability - IMRF	1,363,494	2,413,181	307,747	3,468,928	-
Net pension liability - IMRF - internal service	102,621	174,805	22,606	254,820	-
Total Other Liabilities	<u>11,028,371</u>	<u>4,655,194</u>	<u>3,928,084</u>	<u>11,755,481</u>	<u>208,102</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,573,371</u>	<u>\$ 4,655,194</u>	<u>\$ 4,368,084</u>	<u>\$ 22,860,481</u>	<u>\$ 678,102</u>
Business-type Activities					
Other Liabilities					
Compensated absences	\$ 79,159	\$ 6,049	\$ 19,790	\$ 65,418	\$ 65,418
Total OPEB Liability	248,971	46,783	11,563	284,191	-
Net pension liability - IMRF	426,995	702,750	92,059	1,037,686	-
Total Other Liabilities	<u>755,125</u>	<u>755,582</u>	<u>123,412</u>	<u>1,387,295</u>	<u>65,418</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 755,125</u>	<u>\$ 755,582</u>	<u>\$ 123,412</u>	<u>\$ 1,387,295</u>	<u>\$ 65,418</u>

The Village is a home rule municipality.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

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.

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, 2019, consists of the following:

Governmental Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
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>\$ 11,105,000</u>
Total Governmental Activities Special Service Area Bonds					<u>\$ 11,105,000</u>

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

Special Service Area Bonds (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Special Service Area Bonds		
	Principal	Interest	Total
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	595,000	547,031	1,142,031
2025-2029	3,590,000	2,107,813	5,697,813
2030-2034	4,865,000	797,031	5,662,031
Totals	\$ 11,105,000	\$ 5,980,781	\$ 17,085,781

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.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 every 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, 2018, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	48
Inactive, non-retired members	34
Active members	<u>37</u>
Total	<u><u>119</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 2018 was 14.76% 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, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial Assumptions. The total pension liability for IMRF was determined by actuarial valuations 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	
Investment Rate of Return	7.25%
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.

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%	8.50%	7.15%
International equities	18.00%	9.20%	7.25%
Fixed income	28.00%	3.75%	3.75%
Real estate	9.00%	7.30%	6.25%
Alternatives	7.00%		
Private equity		12.40%	8.50%
Hedge funds		5.75%	5.50%
Commodities		4.75%	3.20%
Cash equivalents	1.00%	2.50%	2.50%

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Discount rate. The discount rate from the December 31, 2018 measurement date to measure the total pension liability for IMRF as of December 31, 2019 was 7.25%. The discount rate calculated using the December 31, 2017 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 7.25% 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 25,953,730	\$ 23,007,155	\$ 20,580,666
Plan fiduciary net pension	18,245,721	18,245,721	18,245,721
Net pension liability/(asset)	\$ 7,708,009	\$ 4,761,434	\$ 2,334,945

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2017	\$ 21,167,188	\$ 19,274,078	\$ 1,893,110
Service cost	280,625	-	280,625
Interest on total pension liability	1,561,154	-	1,561,154
Differences between expected and actual experience of the total pension liability	331,724	-	331,724
Change of assumptions	650,699	-	650,699
Benefit payments, including refunds of employee contributions	(984,235)	(984,235)	-
Contributions - employer	-	422,412	(422,412)
Contributions - employee	-	128,784	(128,784)
Net investment income	-	(1,013,933)	1,013,933
Other (net transfer)	-	418,615	(418,615)
Balances at December 31, 2018	\$ 23,007,155	\$ 18,245,721	\$ 4,761,434
Plan fiduciary net position as a percentage of the total pension liability			79.30 %

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the Village recognized pension expense of \$399,927. 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	\$ 366,741	\$ 54,496
Assumption changes	459,311	280,970
Net difference between projected and actual earnings on pension plan investments	1,219,958	-
Contributions subsequent to the measurement date	406,129	-
Total	\$ 2,452,139	\$ 335,466

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, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$1,710,544) will be recognized in pension expense as follows:

Year Ending December 31,	Village
2020	\$ 530,164
2021	415,780
2022	272,812
2023	491,788
Total	\$ 1,710,544

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 Mayor, 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

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.

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 48 consecutive months of service within the last 60 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 \$122,547 for 2019, plus the amount automatically increases by the lesser 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, 2019, the Police Pension membership consisted of:

Retirees and beneficiaries	18
Inactive, non-retired members	3
Active members	<u>24</u>
Total	<u><u>45</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, 2019 was 35.68% of annual covered payroll.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

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, 2019 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-2019 and a base year of 2010.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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	\$ 34,602,432	\$ 30,090,704	\$ 26,422,108
Plan fiduciary net position	24,451,225	24,451,225	24,451,225
Net pension liability	\$ 10,151,207	\$ 5,639,479	\$ 1,970,883

Changes in net pension liability/(asset). The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2019 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2018	\$ 28,530,631	\$ 20,996,104	\$ 7,534,527
Service cost	592,873	-	592,873
Interest on total pension liability	1,847,798	-	1,847,798
Changes in benefit terms	66,512	-	66,512
Differences between expected and actual experience of the total pension liability	(210,106)	-	(210,106)
Change of assumptions	689,733	-	689,733
Benefit payments, including refunds of employee contributions	(1,426,737)	(1,426,737)	-
Contributions - employer	-	852,925	(852,925)
Contributions - employee	-	234,115	(234,115)
Net investment income	-	3,824,259	(3,824,259)
Administration	-	(29,441)	29,441
Balances at December 31, 2019	\$ 30,090,704	\$ 24,451,225	\$ 5,639,479

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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, 2019, the Village recognized pension expense of \$1,179,666. 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	\$ 375,710	\$ 311,238
Assumption changes	591,198	-
Net difference between projected and actual earnings on pension plan investments	-	814,205
Total	\$ 966,908	\$ 1,125,443

The amounts reported as deferred outflows and inflows of resources related to pensions (\$158,535) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2020	\$ (76,153)
2021	(62,264)
2022	235,959
2023	(393,113)
2024	68,518
Thereafter	68,518
Total	\$ (158,535)

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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

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.

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, 2019.

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, 2019, \$161,501 was contributed by plan members. Plan provisions and contribution requirements are established and may be amended by the Village 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.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	8
Active plan members	57
	65

TOTAL OPEB LIABILITY

The Village's total OPEB liability of \$2,468,343 was measured as of December 31, 2019, 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	2.74%
Salary increases	2.75%
Healthcare cost trend rate - PPO	7.10%
Healthcare cost trend rate - HDHP	7.20%
Retirees' share of benefit-related costs	100%

The discount rate was based on Bond Buyer 20-Bond G.O. Index as of December 31, 2019.

Active, Retiree, and Spousal IMRF mortality rates follows the Sex Distinct Raw Rates as developed in the RP-2014 Study with Blue Collar Adjustment. Active Police member mortality assumptions are based on the PubS-2010(A) Study Improved to 2017 using MP-2019 Improvement Rates. Police Retiree mortality rates follows the L&A assumption study for Police 2020 which are experience weighted with the raw rates as developed in the PubS-2010(A) Study Improved to 2017 using MP-2019 Improvement Rate. The Disabled and Spousal Police mortality rates follows the Sex Distinct Raw Rates and are improved generationally using MP-2019 Improvement Rates.

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, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

	Total OPEB Liability
Balances at December 31, 2018	\$ 2,061,730
Changes for the year:	
Service cost	38,829
Interest	82,459
Changes in assumptions or other inputs	385,756
Benefit payments	(100,431)
Net changes	406,613
Balances at December 31, 2019	\$ 2,468,343

Changes of assumptions and other inputs reflect a change in the discount rate from 4.10 percent in 2018 to 2.74 percent in 2019.

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 (1.7 percent) or 1-percentage-point higher (3.7 percent) than the current discount rate:

	1% Decrease (1.7%)	Discount Rate (2.7%)	1% Increase (3.7%)
Total OPEB liability	\$ 2,838,289	\$ 2,468,343	\$ 2,167,449

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. 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 healthcare cost trend rates that are 1-percentage-point lower (6.1 percent - PPO and 6.2 percent - HDHP decreasing to 4.0 percent) or 1-percentage-point higher (8.1 percent - PPO and 8.2 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	\$ 2,146,134	\$ 2,468,343	\$ 2,862,938

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to United States, including the areas impacting the Village. The Village's evaluation of the effects of these events is ongoing; however, subsequent to December 31, 2019, the investment markets have experienced significant volatility. It is highly likely that the values of the Village's investments have changed by material amounts since year end.

E. 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, 2019, the Village has accrued an estimated rebate liability of \$98,266 for amounts collected by the state through December 31, 2019 but not yet paid to the company. To date, the Village has rebated approximately \$1,320,701 of home-rule sales tax 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, 2019, the Village has accrued an estimated rebated liability of \$34,674. To date, the Village has rebated approximately \$65,986 of municipal taxes to this company.

VILLAGE OF LINCOLNSHIRE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

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

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years. 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, 2019

	Original and Final Appropriation	Original Budget	Final Budget	Actual
REVENUES				
Property taxes		\$ 1,648,000	\$ 1,648,000	\$ 1,651,986
Other taxes		9,500,200	9,500,200	10,070,681
Licenses, permits and fees		737,000	737,000	747,996
Fines and forfeitures		227,000	227,000	265,029
Intergovernmental		339,300	339,300	842,119
Investment income		87,000	87,000	431,652
Miscellaneous		87,840	87,840	127,494
Total revenues		12,626,340	12,626,340	14,136,957
EXPENDITURES				
General government	\$ 2,416,670	2,309,030	2,309,030	2,247,003
Public safety	4,508,720	4,181,210	4,181,210	4,602,528
Community and economic development	1,128,780	1,017,020	1,151,020	953,511
Public works	1,728,730	1,647,080	1,704,080	1,678,488
Parks and open spaces	1,381,050	1,345,730	1,345,730	1,348,021
Total expenditures	11,163,950	10,500,070	10,691,070	10,829,551
Excess (Deficiency) of Revenues Over Expenditures	(11,163,950)	2,126,270	1,935,270	3,307,406
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,021,350)	(1,837,591)	(1,837,591)	(2,614,000)
Total Other Financing Sources (Uses)	(2,021,350)	(1,837,591)	(1,837,591)	(2,614,000)
Net Change in Fund Balance	\$ (13,185,300)	\$ 288,679	\$ 97,679	693,406
FUND BALANCE - Beginning of Year				7,052,151
FUND BALANCE - END OF YEAR				\$ 7,745,557

See independent auditors' report and notes to required supplementary information.

VILLAGE OF LINCOLNSHIRE

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

MEASUREMENT DATE DECEMBER 31,	2014	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 341,442	\$ 313,571	\$ 311,006	300,876	280,625
Interest	1,300,553	1,397,410	1,459,744	1,516,508	1,561,154
Differences between expected and actual experience	(159,731)	(159,981)	(214,365)	301,444	331,724
Changes of assumptions	564,270	-	(76,478)	(596,880)	650,699
Benefit payments, including refunds of member contributions	<u>(691,886)</u>	<u>(687,105)</u>	<u>(743,424)</u>	<u>(848,869)</u>	<u>(984,235)</u>
Net change in total pension liability	1,354,648	863,895	736,483	673,079	1,839,967
Total pension liability - beginning	<u>17,539,083</u>	<u>18,893,731</u>	<u>19,757,626</u>	<u>20,494,109</u>	<u>21,167,188</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>	<u>\$ 23,007,155</u>
Plan fiduciary net position					
Employer contributions	\$ 614,250	\$ 596,673	\$ 446,418	\$ 388,559	\$ 422,412
Employee contributions	145,229	137,799	126,457	123,482	128,784
Net investment income	907,263	79,064	1,114,205	2,921,375	(1,013,933)
Benefit payments, including refunds of member contributions	(691,886)	(687,105)	(743,424)	(848,869)	(984,235)
Other (net transfer)	<u>(25,139)</u>	<u>198,897</u>	<u>(111,456)</u>	<u>(257,087)</u>	<u>418,615</u>
Net change in plan fiduciary net position	949,717	325,328	832,200	2,327,460	(1,028,357)
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>	<u>19,274,078</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>	<u>\$ 18,245,721</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>	<u>\$ 4,761,434</u>
Plan fiduciary net position as a percentage of the total pension liability	83.57%	81.56%	82.69%	91.06%	79.30%
Covered payroll	\$ 2,841,986	\$ 2,892,964	\$ 2,810,162	\$ 2,744,060	\$ 2,861,874
Employer's net pension liability as a percentage of covered payroll	109.24%	125.93%	126.24%	68.99%	166.37%

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 Five Most Recent Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 446,674	\$ 438,803	\$ 388,559	\$ 422,413	\$ 406,131
Contributions in relation to the actuarially determined contribution	<u>(446,674)</u>	<u>(438,803)</u>	<u>(388,559)</u>	<u>(422,412)</u>	<u>(406,131)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Covered payroll	\$ 2,892,964	\$ 2,810,162	\$ 2,744,060	\$ 2,861,874	\$ 3,010,607
Contributions as a percentage of covered payroll	15.44%	15.61%	14.16%	14.76%	13.49%

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	25 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 Six Fiscal Years

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 543,025	\$ 535,944	\$ 568,266	\$ 575,596	\$ 516,599	\$ 592,873
Interest	1,466,549	1,561,977	1,607,524	1,694,486	1,767,419	1,847,798
Differences between expected and actual experience	434,345	(459,019)	359,920	249,838	196,223	(210,106)
Changes of assumptions	-	-	-	-	-	689,733
Changes of benefit terms	-	-	-	-	-	66,512
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)	(1,429,667)	(1,248,114)	(1,426,737)
Net change in total pension liability	<u>1,466,841</u>	<u>678,557</u>	<u>1,555,052</u>	<u>1,090,253</u>	<u>1,232,127</u>	<u>1,560,073</u>
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>	<u>28,530,631</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>	<u>\$ 30,090,704</u>
Plan fiduciary net position						
Employer contributions	\$ 589,303	\$ 618,665	\$ 833,131	\$ 803,700	\$ 850,296	\$ 852,925
Employee contributions	232,179	208,270	210,892	215,212	205,423	234,115
Contributions - other	10	15	23	149	-	-
Net investment income	469,087	(270,351)	1,306,857	2,772,144	(1,469,581)	3,824,259
Benefit payments, including refunds of member contributions	(977,078)	(960,345)	(980,658)	(1,429,667)	(1,248,114)	(1,426,737)
Administration	(22,328)	(28,855)	(27,865)	(32,955)	(32,563)	(29,441)
Net change in plan fiduciary net position	<u>291,173</u>	<u>(432,601)</u>	<u>1,342,380</u>	<u>2,328,583</u>	<u>(1,694,539)</u>	<u>3,455,121</u>
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>	<u>20,996,104</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>	<u>\$ 24,451,225</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>	<u>\$ 5,639,479</u>
Plan fiduciary net position as a percentage of the total pension liability	81.14%	77.15%	77.69%	83.12%	73.59%	81.26%
Covered payroll	\$ 2,082,705	\$ 2,101,615	\$ 2,150,195	\$ 2,028,220	\$ 2,324,325	\$ 2,390,785
Employer's net pension liability as a percentage of covered payroll	217.14%	268.06%	271.89%	227.19%	324.16%	235.88%

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

	2010	2011	2012	2013
Actuarially determined contribution	\$ 454,383	\$ 563,551	\$ 514,585	\$ 545,957
Contributions in relation to the actuarially determined contribution	454,383	563,551	514,585	545,957
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Additional voluntary contributions	\$ 558,209	\$ 469,289	\$ 446,936	\$ 513,790
Covered payroll	\$ 2,010,449	\$ 1,902,849	\$ 1,923,608	\$ 2,058,866
Contributions as a percentage of covered-employee payroll	22.60%	29.62%	26.75%	26.52%

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	21 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%
Mortality	Active Lives:

PubS-2010 Employee Mortality Table. 10% of active deaths are assumed to be in the line of duty.

Inactive Lives:

PubS-2010 Healthy Retiree Mortality Table.

Disabled Lives:

PubS-2010 Disabled Mortality Table.

Beneficiary Lives:

PubS-2010 Survivor Mortality Table.

The mortality assumptions for all participants include mortality improvement projected 5 years beyond the valuation date using scale MP-2019.

2014	2015	2016	2017	2018	2019
\$ 527,434	\$ 623,208	\$ 783,607	\$ 803,666	\$ 849,742	\$ 832,137
527,434	618,665	783,607	803,666	849,742	832,137
\$ -	\$ 4,543	\$ -	\$ -	\$ -	\$ -
\$ 61,869	\$ -	\$ 49,524	\$ 34	\$ 554	\$ 20,788
\$ 2,082,705	\$ 2,101,615	\$ 2,150,195	\$ 2,028,220	\$ 2,324,325	\$ 2,390,785
25.32%	29.44%	36.44%	39.62%	36.58%	35.68%

See independent auditors' report and notes to required supplementary information.

VILLAGE OF LINCOLNSHIRE

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Six Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	2.53%	(1.35%)	6.87%	13.75%	(6.46%)	18.40%

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 Two Most Recent Fiscal Years

	2018	2019
Total OPEB liability		
Service cost	\$ 41,180	\$ 38,829
Interest	73,742	82,459
Changes of assumptions	(147,537)	385,756
Benefit payments, including refunds of member contributions	(95,589)	(100,431)
Net change in total OPEB liability	(128,204)	406,613
Total OPEB liability - beginning	2,189,934	2,061,730
Total OPEB liability - ending	\$ 2,061,730	\$ 2,468,343
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 4,934,763	\$ 5,373,016
Employer's total OPEB liability as a percentage of covered payroll	41.78%	45.94%

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, 2019

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, 2019

	Original and Final Budget	Actual
PROPERTY TAXES		
Police pension fund	\$ 855,000	\$ 852,925
Police protection	213,000	260,335
IMRF	301,000	270,406
FICA	211,000	200,508
Road and bridge	68,000	67,812
Total property taxes	1,648,000	1,651,986
OTHER TAXES		
State income	690,600	780,560
Sales	1,764,600	1,887,394
Home rule sales	1,575,000	1,688,409
Utility	1,300,000	1,271,929
Telecommunication	1,175,000	1,037,637
Room and admissions	1,820,000	2,076,917
Real estate transfer	250,000	340,446
Food and beverage	700,000	741,918
State use	225,000	245,471
Total other taxes	9,500,200	10,070,681
LICENSES AND PERMITS		
SWALCO rebate	1,400	-
Liquor licenses	71,000	68,500
Beach tags	7,500	6,842
Park user fees	20,000	29,683
Amusement devices	1,400	1,375
Application fees	13,000	1,100
Engineering fees	20,400	16,921
Planner fees	5,000	15,777
Plan review fees	80,000	104,701
Annexation fees	1,000	-
Building permit fees	215,000	255,648
Fire review and inspection fees	80,000	32,493
Elevator inspection fees	20,500	23,120
Engineering review and inspection fees	10,000	-
Forester fees	1,000	-
Acreage impact fees	5,000	-
Miscellaneous licenses and fees	800	1,325
Cable TV franchise fees	175,000	181,246
Yardwaste refuse stickers	7,500	8,515
Waste hauler fees	1,500	750
Total licenses and permits	737,000	747,996

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	Original and Final Budget	Actual
FINES AND FORFEITURES		
Court fines	\$ 200,000	\$ 226,189
False alarm fines and fees	5,000	3,840
Other law and ordinance violations	22,000	35,000
Total fines and forfeitures	<u>227,000</u>	<u>265,029</u>
INTERGOVERNMENTAL		
Police grant	27,710	29,723
Police training reimbursement	370	-
E911 surcharges	-	403,903
Miscellaneous revenues	300,000	394,662
Miscellaneous grants	11,220	13,831
Total intergovernmental	<u>339,300</u>	<u>842,119</u>
INVESTMENT INCOME	<u>87,000</u>	<u>431,652</u>
MISCELLANEOUS		
Miscellaneous income	87,840	127,494
Total miscellaneous	<u>87,840</u>	<u>127,494</u>
 Total Revenues	 <u>\$ 12,626,340</u>	 <u>\$ 14,136,957</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT				
Administration services				
Personnel services				
Regular salaries	\$ 316,030	\$ 230,000	\$ 230,000	\$ 242,528
Part time wages	-	20,000	20,000	18,514
Overtime salaries	-	300	300	308
IMRF	-	31,070	31,070	35,531
FICA	-	19,150	19,150	14,930
Total personnel services	<u>316,030</u>	<u>300,520</u>	<u>300,520</u>	<u>311,811</u>
Contractual services				
Equipment maintenance	-	200	200	-
Professional services	-	3,000	3,000	330
Outside services	-	-	-	-
Total contractual services	<u>-</u>	<u>3,200</u>	<u>3,200</u>	<u>330</u>
Other charges				
Memberships	-	11,200	11,200	13,747
Vehicle allowance	-	6,000	6,000	5,397
Professional development	-	6,500	6,500	6,057
Publications	-	600	600	625
Classified advertisements	-	1,500	1,500	2,635
Boards and commissions	-	2,000	2,000	2,154
Business expenditures	-	6,000	6,000	5,889
Total other charges	<u>-</u>	<u>33,800</u>	<u>33,800</u>	<u>36,504</u>
Total administrative services	<u>316,030</u>	<u>337,520</u>	<u>337,520</u>	<u>348,645</u>
Finance				
Personnel services				
Regular salaries	314,440	204,000	204,000	208,092
Part time wages	-	53,000	53,000	49,709
Overtime salaries	-	500	500	-
IMRF	-	34,740	34,740	34,619
FICA	-	19,700	19,700	17,715
Total personnel services	<u>314,440</u>	<u>311,940</u>	<u>311,940</u>	<u>310,135</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT (continued)				
Finance (continued)				
Contractual services				
Printing	\$ -	\$ 700	\$ 700	\$ 762
Equipment maintenance	-	220	220	198
Professional services	-	21,750	21,750	20,540
Legal notices	-	910	910	743
Outside services	-	50	50	-
Total contractual services	<u>-</u>	<u>23,630</u>	<u>23,630</u>	<u>22,243</u>
Other charges				
Memberships	-	700	700	995
Professional development	-	2,900	2,900	3,061
Publications	-	320	320	-
Minor equipment	-	300	300	40
Business expenditures	-	500	500	359
Total other charges	<u>-</u>	<u>4,720</u>	<u>4,720</u>	<u>4,455</u>
Total finance	<u>314,440</u>	<u>340,290</u>	<u>340,290</u>	<u>336,833</u>
Insurance and common				
Contractual services				
Telephone	1,786,200	19,800	19,800	20,202
Printing	-	15,850	15,850	16,850
Equipment maintenance	-	700	700	575
Professional services	-	135,400	135,400	95,171
Data systems	-	34,160	34,160	50,953
Postage	-	9,600	9,600	9,899
Duplicating	-	2,120	2,120	3,911
Medical insurance	-	878,300	878,300	878,822
General insurance	-	230,440	230,440	216,114
Outside services	-	199,150	199,150	189,144
Total contractual services	<u>1,786,200</u>	<u>1,525,520</u>	<u>1,525,520</u>	<u>1,481,641</u>
Commodities				
Office supplies	-	14,400	14,400	9,611
Total commodities	<u>-</u>	<u>14,400</u>	<u>14,400</u>	<u>9,611</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
GENERAL GOVERNMENT (continued)				
Insurance and common (continued)				
Other charges				
Minor equipment	\$ -	\$ 11,000	\$ 11,000	\$ 13,712
Senior citizen tax relief	-	5,000	5,000	2,263
Drone licensing	-	1,100	1,100	868
Bad debt provision	-	-	-	317
Total other charges	<u>-</u>	<u>17,100</u>	<u>17,100</u>	<u>17,160</u>
Capital outlay				
Office equipment	-	9,200	9,200	8,379
Computer equipment	-	65,000	65,000	44,734
Total capital outlay	<u>-</u>	<u>74,200</u>	<u>74,200</u>	<u>53,113</u>
Total insurance and common	<u>1,786,200</u>	<u>1,631,220</u>	<u>1,631,220</u>	<u>1,561,525</u>
Total general government	<u>2,416,670</u>	<u>2,309,030</u>	<u>2,309,030</u>	<u>2,247,003</u>
PUBLIC SAFETY				
Police				
Personnel services				
Regular salaries	2,668,600	2,426,000	2,426,000	2,564,984
Part time wages	-	43,700	43,700	27,573
Overtime salaries	-	225,000	225,000	254,379
Overtime contract services	-	40,000	40,000	30,058
Retirement reserves	1,840,120	855,000	855,000	852,925
Other benefits	-	7,500	7,500	150
IMRF	-	28,610	28,610	26,705
FICA	-	52,280	52,280	52,491
Total personnel services	<u>4,508,720</u>	<u>3,678,090</u>	<u>3,678,090</u>	<u>3,809,265</u>
Contractual services				
Printing	-	5,350	5,350	5,404
Equipment maintenance	-	20,400	20,400	19,894
Professional services	-	105,000	105,000	82,101
Outside services	-	1,200	1,200	-
Dispatch services	-	-	-	344,355
Data systems	-	20,810	20,810	30,334
Total contractual services	<u>-</u>	<u>152,760</u>	<u>152,760</u>	<u>482,088</u>
Commodities				
Maintenance materials	-	34,660	34,660	39,295
Total commodities	<u>-</u>	<u>34,660</u>	<u>34,660</u>	<u>39,295</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
PUBLIC SAFETY (continued)				
Police (continued)				
Other charges				
Memberships	\$ -	\$ 6,000	\$ 6,000	\$ 4,920
Vehicle allowance	-	169,600	169,600	140,904
Professional development	-	49,500	49,500	47,127
Publications	-	300	300	509
Uniforms	-	37,500	37,500	36,010
Community programs	-	20,000	20,000	18,486
Officer testing	-	3,500	3,500	250
Equipment - furniture	-	3,000	3,000	1,802
Minor equipment	-	8,300	8,300	6,384
Starcom radios	-	13,000	13,000	10,129
Business expenditures	-	5,000	5,000	5,359
Total other charges	-	315,700	315,700	271,880
Total public safety	4,508,720	4,181,210	4,181,210	4,602,528
COMMUNITY AND ECONOMIC DEVELOPMENT				
Administration				
Personnel services				
Regular salaries	1,128,780	351,000	351,000	361,434
Part time wages	-	39,500	39,500	37,805
IMRF	-	52,680	52,680	53,189
FICA	-	29,870	29,870	30,117
Total personnel services	1,128,780	473,050	473,050	482,545
Contractual services				
Printing	-	150	150	-
Vehicle allowance	-	4,820	4,820	4,017
Professional services	-	150,500	150,500	77,834
Legal notices	-	150	150	189
Outside services	-	7,000	7,000	1,510
Total contractual services	-	162,620	162,620	83,550

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	Original and Final Appropriation	Original Budget	Final Budget	Actual
COMMUNITY AND ECONOMIC DEVELOPMENT (continued)				
Other charges				
Professional development	\$ -	\$ 8,300	\$ 8,300	\$ 6,362
Publications	-	500	500	-
Boards and commissions	-	100	100	-
Business expenditures	-	22,250	22,250	22,174
Economic development initiatives	-	10,000	10,000	13,337
Economic development incentives	-	340,000	474,000	345,543
Equipment and clothing	-	200	200	-
Total other charges	-	381,350	515,350	387,416
Total community and economic development	1,128,780	1,017,020	1,151,020	953,511
PUBLIC WORKS				
Administration				
Personnel services				
Regular salaries	241,150	169,000	169,000	173,736
Overtime salaries	-	1,000	1,000	-
IMRF	-	22,930	22,930	23,463
FICA	-	13,010	13,010	12,638
Total personnel services	241,150	205,940	205,940	209,837
Contractual services				
Professional services	-	31,000	31,000	34,295
Legal notices	-	1,000	1,000	1,201
Outside services	-	4,500	4,500	7,650
Total contractual services	-	36,500	36,500	43,146
Other charges				
Memberships	-	4,600	4,600	4,838
Vehicle allowance	-	1,130	1,130	1,008
Professional development	-	5,000	5,000	4,924
Business expenditures	-	1,000	1,000	899
Total other charges	-	11,730	11,730	11,669
Capital outlay				
Office charges	-	1,000	1,000	996
Total capital outlay	-	1,000	1,000	996
Total administration	241,150	255,170	255,170	265,648

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
PUBLIC WORKS (continued)				
Streets				
Personnel services				
Regular salaries	\$ 1,279,050	\$ 373,000	\$ 373,000	\$ 403,016
Part time wages	-	16,000	16,000	9,724
Overtime salaries	-	50,000	50,000	78,133
IMRF	-	57,070	57,070	65,038
FICA	-	33,580	33,580	33,738
Total personnel services	<u>1,279,050</u>	<u>529,650</u>	<u>529,650</u>	<u>589,649</u>
Contractual services				
Equipment maintenance	-	500	500	-
Electric utilities	-	14,100	14,100	7,084
Pavement maintenance	-	53,000	53,000	52,040
Outside services	-	405,100	405,100	341,985
Total contractual services	<u>-</u>	<u>472,700</u>	<u>472,700</u>	<u>401,109</u>
Commodities				
Maintenance materials	-	19,900	19,900	19,763
Repair and replacement	-	12,000	12,000	15,698
Construction materials	-	5,900	5,900	6,451
Snow and ice control	-	46,500	56,500	66,254
Total commodities	<u>-</u>	<u>84,300</u>	<u>94,300</u>	<u>108,166</u>
Other charges				
Vehicle allowance	-	145,640	145,640	121,433
Professional development	-	3,500	3,500	3,564
Uniforms	-	3,500	3,500	3,665
Minor equipment	-	2,000	2,000	2,277
Recycling	-	3,000	3,000	3,364
Business expenditures	-	500	500	500
Total other charges	<u>-</u>	<u>158,140</u>	<u>158,140</u>	<u>134,803</u>
Total streets	<u>1,279,050</u>	<u>1,244,790</u>	<u>1,254,790</u>	<u>1,233,727</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
PUBLIC WORKS (continued)				
Building and grounds				
Contractual services				
Equipment maintenance	\$ 208,530	\$ 500	\$ 500	\$ 359
Outside services	-	119,800	166,800	151,266
Total contractual services	<u>208,530</u>	<u>120,300</u>	<u>167,300</u>	<u>151,625</u>
Commodities				
Maintenance materials	-	15,000	15,000	16,328
Repair and replacement	-	1,000	1,000	934
Construction materials	-	3,000	3,000	3,188
Total commodities	<u>-</u>	<u>19,000</u>	<u>19,000</u>	<u>20,450</u>
Other charges				
Minor equipment	-	2,000	2,000	1,995
Vehicle allowance	-	4,820	4,820	4,017
Business expenditures	-	1,000	1,000	1,026
Total other charges	<u>-</u>	<u>7,820</u>	<u>7,820</u>	<u>7,038</u>
Total building and grounds	<u>208,530</u>	<u>147,120</u>	<u>194,120</u>	<u>179,113</u>
Total public works	<u>1,728,730</u>	<u>1,647,080</u>	<u>1,704,080</u>	<u>1,678,488</u>
PARKS AND OPEN SPACES				
Parks and grounds				
Personnel services				
Regular salaries	1,381,050	373,000	373,000	403,015
Part time wages	-	52,000	52,000	32,028
Overtime salaries	-	35,000	35,000	25,245
IMRF	-	55,040	55,040	57,339
FICA	-	35,190	35,190	35,793
Total personnel services	<u>1,381,050</u>	<u>550,230</u>	<u>550,230</u>	<u>553,420</u>

VILLAGE OF LINCOLNSHIRE

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL CORPORATE FUND For the Year Ended December 31, 2019

PARKS AND OPEN SPACES (continued)	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Contractual services				
Equipment maintenance	\$ -	\$ 500	\$ 500	\$ 557
Professional services	-	75,880	75,880	72,743
Gas utilities	-	3,000	3,000	1,802
Electric utilities	-	24,000	24,000	54,083
Outside services	-	98,500	98,500	69,205
Lighting maintenance	-	8,600	8,600	7,990
Landscape maintenance	-	298,500	298,500	311,324
Wildlife maintenance	-	1,000	1,000	350
Special events	-	113,000	113,000	130,243
Total contractual services	-	622,980	622,980	648,297
Commodities				
Maintenance materials	-	43,000	43,000	31,460
Repair and replacement	-	3,000	3,000	7,379
Construction materials	-	5,000	5,000	5,214
Total commodities	-	51,000	51,000	44,053
Other charges				
Memberships	-	1,000	1,000	225
Vehicle allowance	-	111,920	111,920	93,333
Professional development	-	1,500	1,500	1,710
Publications	-	100	100	98
Uniforms	-	4,000	4,000	3,538
Minor equipment	-	2,500	2,500	2,900
Business expenditures	-	500	500	447
Total other charges	-	121,520	121,520	102,251
Total parks and open spaces	1,381,050	1,345,730	1,345,730	1,348,021
Total expenditures	\$ 11,163,950	\$ 10,500,070	\$ 10,691,070	\$ 10,829,551

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Property		\$ 1,164,070	\$ 1,164,063
Investment income		21,000	22,016
Total revenues		1,185,070	1,186,079
EXPENDITURES			
General government			
Contractual services	\$ 25,850	23,500	11,170
Debt service			
Principal retirement	1,277,730	1,161,570	440,000
Interest and fiscal charges	-	-	707,813
Total expenditures	\$ 1,303,580	1,185,070	1,158,983
Net change in fund balance		\$ -	27,096
FUND BALANCE - Beginning of the Year			2,169,627
FUND BALANCE - END OF YEAR			\$ 2,196,723

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, 2019

	<u>Original and Final Appropriation</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES				
Miscellaneous				
Other income		\$ 917,740	\$ 917,740	\$ -
Total revenue		917,740	917,740	-
EXPENDITURES				
General government				
Contractual services		\$ 147,000	\$ 147,000	\$ 127,739
Capital outlay	\$ 3,142,500	-	-	-
Equipment vehicle retrofits	-	54,000	54,000	7,118
Police vehicle	-	105,000	105,000	-
Document management system- VH	-	20,000	20,000	-
Equipment scanner/ copier	-	5,000	5,000	5,033
Small roller	-	20,000	20,000	14,909
Tractor JCB highbred skidsteer	-	90,000	90,000	86,249
Loader bucket xcale	-	10,000	10,000	7,755
Infrastructure - North Village Green	-	5,000	5,000	-
Storm Sewer Capacity Study	-	150,000	150,000	87,788
Detention basin construction	-	35,000	35,000	31,236
Infrastructure - Storm sewer lining	-	70,000	350,000	239,262
Pipe lining	-	397,000	397,000	753
Detention basin engineering study	-	15,000	15,000	7,214
Street name sign / post replacement	-	7,500	7,500	7,469
Infrastructure - road resurfacing	-	75,000	75,000	26,398
Road reconstruction project	-	345,000	345,000	170,931
Engineering	-	100,000	100,000	45,993
North Park tennis court resurface	-	35,000	35,000	45,000
North Park lean-to construction	-	60,000	60,000	-
Spring Lake exterior painting	-	15,000	15,000	8,260
Infrastructure - Corridor Enhanc Prog- ITEP bike	-	381,000	381,000	18,445
North Park Granite Path Resurfacing	-	20,000	20,000	22,275
Bike path resurfacing - various areas	-	250,000	250,000	-
North Park parking lot resurfacing	-	180,000	180,000	7,557
Park sign/ post replacements	-	15,000	15,000	994
Professional services park entry sign design con	-	15,000	15,000	15,000
Various park drainage improvements	-	20,000	20,000	22,078
Rivershire nat cntr bldg demolition	-	-	26,000	-
Aeration system installation- VH	-	10,000	10,000	7,661
Outside soffit repairs	-	60,000	60,000	50,500
Rt22 access driveway - construction	-	125,000	125,000	158,538
Total expenditure	\$ 3,142,500	2,836,500	3,142,500	1,222,155

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, 2019

	Original and Final Appropriation	Original Budget	Final Budget	Actual
Excess (deficiency) of revenues over (under) expenditures		\$ (1,918,760)	\$ (2,224,760)	\$ (1,222,155)
OTHER FINANCING SOURCES (USES)				
Transfers in		1,860,146	1,860,146	2,021,935
Total other financing sources (uses)		1,860,146	1,860,146	2,021,935
Net change in fund balance		\$ (58,614)	\$ (364,614)	799,780
FUND BALANCE - Beginning of the Year				8,505,906
FUND BALANCE - END OF YEAR				\$ 9,305,686

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 FUND

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.

VILLAGE OF LINCOLNSHIRE

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds			Park Development Capital Projects Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Fraud, Alcohol and Drug Fund	Total Special Revenue Funds		
ASSETS					
Cash and cash equivalents	\$ 314,126	\$ 293,609	\$ 607,735	\$ 573,906	\$ 1,181,641
Receivables					
Other taxes	31,935	-	31,935	-	31,935
Accounts	-	561	561	-	561
TOTAL ASSETS	\$ 346,061	\$ 294,170	\$ 640,231	\$ 2,853,346	\$ 3,493,577
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 175,000	\$ 230,844	\$ 405,844	\$ 51,534	\$ 457,378
Total Liabilities	175,000	230,844	405,844	51,534	457,378
Fund Balances					
Restricted for maintenance of roadways	171,061	-	171,061	-	171,061
Restricted for public safety	-	63,326	63,326	-	63,326
Restricted for park improvements	-	-	-	2,661,569	2,661,569
Assigned for capital projects	-	-	-	140,243	140,243
Total fund balances	171,061	63,326	234,387	2,801,812	3,036,199
TOTAL LIABILITIES AND FUND BALANCE	\$ 346,061	\$ 294,170	\$ 640,231	\$ 2,853,346	\$ 3,493,577

VILLAGE OF LINCOLNSHIRE

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Special Revenue Funds			Total Special Revenue Funds	Park Development Capital Projects Fund	Total Nomajor Governmental Funds
	Motor Fuel Tax Fund	Fraud, Alcohol and Drug Fund	Enhanced 911 Fund			
REVENUES						
Fines and forfeitures	\$ -	\$ 9,242	\$ -	\$ 9,242	\$ -	\$ 9,242
Intergovernmental	240,548	-	(33,968)	206,580	-	206,580
Investment income	1,029	-	15	1,044	7,494	8,538
Donations	-	-	-	-	776,797	776,797
Total Revenue	241,577	9,242	(33,953)	216,866	784,291	1,001,157
EXPENDITURES						
Current						
Public safety	-	6,417	116,360	122,777	-	122,777
Capital outlay	175,000	-	-	175,000	51,534	226,534
Total Expenditures	175,000	6,417	116,360	297,777	51,534	349,311
Excess (deficiency) of revenues over expenditures	66,577	2,825	(150,313)	(80,911)	732,757	651,846
OTHER FINANCING SOURCES (USES)						
Transfers out	-	-	-	-	(157,935)	(157,935)
Total other financing sources (uses)	-	-	-	-	(157,935)	493,911
Net change in fund balance	66,577	2,825	(150,313)	(80,911)	574,822	493,911
FUND BALANCE - Beginning of Year	104,484	60,501	150,313	315,298	2,226,990	2,542,288
FUND BALANCE - END OF YEAR	\$ 171,061	\$ 63,326	\$ -	\$ 234,387	\$ 2,801,812	\$ 3,036,199

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Intergovernmental			
Allotments earned		\$ 183,820	\$ 240,548
Investment income		500	1,029
Total revenues		184,320	241,577
EXPENDITURES			
Capital outlay	\$ 192,500	175,000	175,000
Total expenditure	\$ 192,500	175,000	175,000
Net change in fund balance		\$ 9,320	66,577
FUND BALANCE - Beginning of the Year			104,484
FUND BALANCE - END OF YEAR			\$ 171,061

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Fines and forfeitures		\$ -	\$ 9,242
Total revenues		-	9,242
EXPENDITURES			
Public safety	\$ 71,180	21,210	6,417
Total expenditures	\$ 71,180	21,210	6,417
Excess (deficiency) of revenues over (under) expenditures		(21,210)	2,825
OTHER FINANCING SOURCES (USES)			
Transfers out		(43,500)	-
Total other financing sources (uses)		(43,500)	-
Net change in fund balance		\$ (64,710)	2,825
FUND BALANCE - Beginning of the Year			60,501
FUND BALANCE - END OF YEAR			\$ 63,326

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ENHANCED 911 FUND
For the Year Ended December 31, 2019

	Original and Final Appropriation	Original Budget	Final Budget	Actual
REVENUES				
Other taxes				
E911 surcharges		\$ 340,000	\$ 340,000	\$ (33,968)
Investment income		50	50	15
Total revenues		340,050	340,050	(33,953)
EXPENDITURES				
Public safety				
Contractual services	\$ 394,060	340,050	366,560	116,360
Total expenditures	\$ 394,060	340,050	366,560	116,360
Excess (deficiency) of revenues over (under) expenditures		-	(26,510)	(150,313)
OTHER FINANCING SOURCES (USES)				
Transfers in		-	-	-
Total other financing sources (uses)		-	-	-
Net change in fund balance		\$ -	\$ (26,510)	(150,313)
FUND BALANCE - Beginning of the Year				150,313
FUND BALANCE - END OF YEAR				\$ -

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
REVENUES			
Investment income		\$ 8,500	\$ 7,494
Park donations		616,000	776,797
Total revenues		624,500	784,291
EXPENDITURES			
Capital outlay	\$ 1,090,010	-	51,534
Total expenditures	\$ 1,090,010	-	51,534
Excess (deficiency) of revenues over (under) expenditures		-	732,757
OTHER FINANCING SOURCES (USES)			
Transfers out		(991,000)	(157,935)
Total other financing sources (uses)		(991,000)	(157,935)
Net change in fund balance		\$ (366,500)	574,822
FUND BALANCE - Beginning of the Year			2,226,990
FUND BALANCE - END OF YEAR			\$ 2,801,812

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, 2019

	Revenue Account	Improvement Account	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,245,889	\$ 187,242	\$ 1,433,131
Investments	205,922	218,413	424,335
Receivables			
Accounts - billed	356,322	-	356,322
Accounts - unbilled	331,678	-	331,678
Prepaid items	13,174	-	13,174
Total current assets	<u>2,152,985</u>	<u>405,655</u>	<u>2,558,640</u>
CAPITAL ASSETS			
Nondepreciable	168,695	-	168,695
Depreciable (net of accumulated depreciation)	34,022,832	-	34,022,832
Net capital assets	<u>34,191,527</u>	<u>-</u>	<u>34,191,527</u>
Total assets	<u>36,344,512</u>	<u>405,655</u>	<u>36,750,167</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	534,408	-	534,408
Total deferred outflows of resources	<u>534,408</u>	<u>-</u>	<u>534,408</u>
CURRENT LIABILITIES			
Accounts payable	499,557	120,461	620,018
Accrued payroll	28,948	-	28,948
Due to other funds	155	-	155
Compensated absences	65,418	-	65,418
Total current liabilities	<u>594,078</u>	<u>526,116</u>	<u>714,539</u>
LONG-TERM LIABILITIES			
Total OPEB liability	284,191	-	284,191
Net pension liability	1,037,686	-	1,037,686
Total long-term liabilities	<u>1,321,877</u>	<u>-</u>	<u>1,321,877</u>
Total liabilities	<u>1,915,955</u>	<u>526,116</u>	<u>2,036,416</u>
DEFERRED INFLOWS OF RESOURCES			
Pension items - IMRF	73,110	-	73,110
Total deferred inflows of resources	<u>73,110</u>	<u>-</u>	<u>73,110</u>
NET POSITION			
Net investment in capital assets	34,191,527	-	34,191,527
Unrestricted	698,328	285,194	983,522
Total Net Position	<u>\$ 34,889,855</u>	<u>\$ 285,194</u>	<u>\$ 35,175,049</u>

VILLAGE OF LINCOLNSHIRE

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

For the Year Ended December 31, 2019

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 4,819,463	\$ -	\$ -	\$ 4,819,463
Miscellaneous	11,933	-	-	11,933
Total operating revenues	4,831,396	-	-	4,831,396
OPERATING EXPENSES				
Administration	484,178	-	-	484,178
Operations	3,622,045	-	-	3,622,045
Repairs and maintenance	-	103,836	-	103,836
Depreciation	1,669,962	-	-	1,669,962
Total operating expenses	5,776,185	103,836	-	5,880,021
Operating income (Loss)	(944,789)	(103,836)	-	(1,048,625)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	4,944	6,695	-	11,639
Connection fees	-	296,257	-	296,257
Loss on disposal of capital assets	(34,619)	-	-	(34,619)
Total non-operating revenues (expenses)	(29,675)	302,952	-	273,277
Net Income (Loss) Before Contributions and transfers	(974,464)	199,116	-	(775,348)
CONTRIBUTIONS				
Contributions of capital assets	1,559,757	-	(1,559,757)	-
Total contributions	1,559,757	-	(1,559,757)	-
TRANSFERS				
Transfers in	-	1,551,095	(801,095)	750,000
Transfers out	(801,095)	(1,559,757)	2,360,852	-
Total Transfers	(801,095)	(8,662)	1,559,757	750,000
Change in Net Position	(215,802)	190,454	-	(25,348)
NET POSITION - Beginning of Year	35,105,657	94,740	-	35,200,397
NET POSITION - END OF YEAR	\$ 34,889,855	\$ 285,194	\$ -	\$ 35,175,049

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water and sanitary sewer fees		\$ 5,221,000	\$ 4,819,463
Miscellaneous			
Other income		10,000	11,933
Total operating revenue		5,231,000	4,831,396
OPERATING EXPENSES			
Administration	\$ -	484,835	484,178
Operations	5,757,960	3,948,580	3,622,045
Total operating expense excluding depreciation	\$ 5,757,960	4,433,415	4,106,223
Operating income (loss) before depreciation		797,585	725,173
Depreciation		-	1,669,962
Operating income (loss)		797,585	(944,789)
NON-OPERATING REVENUES (EXPENSES)			
Investment income		4,000	4,944
Loss on disposal of capital assets		-	(34,619)
Total non-operating revenues (expenses)		4,000	(29,675)
Net income (loss) before contributions and transfers		801,585	(974,464)
CONTRIBUTIONS			
Contributions of capital assets		-	1,559,757
Total contributions		-	1,559,757
TRANSFERS			
Transfers (out)		(801,095)	(801,095)
Total transfers		(801,095)	(801,095)
Change in net position		\$ 490	(215,802)
NET POSITION - Beginning of the Year			35,105,657
NET POSITION - END OF YEAR			\$ 34,889,855

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING EXPENSES			
Operations	\$ -	\$ -	\$ -
Capital outlay	2,474,000	2,474,000	103,836
Total operating expense	\$ 2,474,000	2,474,000	103,836
Operating income (loss)		(2,474,000)	(103,836)
NON-OPERATING REVENUES (EXPENSES)			
Investment income		7,000	6,695
Connection fees		150,350	296,257
Total non-operating revenues (expenses)		157,350	302,952
Net income (loss) before transfers		(2,316,650)	199,116
TRANSFERS			
Transfers in		1,813,040	1,551,095
Transfers (out)		-	(1,559,757)
Total transfers		1,813,040	(8,662)
Change in net position		\$ (503,610)	190,454
NET POSITION - Beginning of the Year			94,740
NET POSITION - END OF YEAR			\$ 285,194

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF OPERATING EXPENSES BUDGET AND ACTUAL WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT For the Year Ended December 31, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
ADMINISTRATION			
Personnel services			
Regular salaries	\$ -	\$ 189,000	\$ 195,227
Part time wages	-	23,700	22,702
IMRF	-	28,700	30,104
FICA	-	16,270	14,836
Pension expense	-	-	(21,543)
OPEB expense	-	-	18,796
Total personnel services	-	257,670	260,122
Contractual services			
Telephone	-	24,990	26,043
Printing	-	10,785	10,470
Professional services	-	27,710	25,394
Data processing	-	3,790	5,652
Postage	-	9,600	9,898
Duplicating	-	240	444
Medical insurance	-	73,400	73,866
General insurance	-	51,910	50,541
Outside services	-	20,820	18,605
Total contractual services	-	223,245	220,913
Commodities			
Office supplies	-	1,600	1,064
Total commodities	-	1,600	1,064
Other charges			
Vehicle allowance	-	2,320	2,079
Total other charges	-	2,320	2,079
Total administration	-	484,835	484,178

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF OPERATING EXPENSES BUDGET AND ACTUAL WATER AND SANITARY SEWER FUND - REVENUE ACCOUNT For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATIONS			
Personnel services			
Regular salaries	\$ 5,757,960	\$ 418,500	\$ 396,484
Overtime salaries	-	30,000	24,002
IMRF	-	60,510	58,406
FICA	-	34,320	31,505
Total personnel services	<u>\$ 5,757,960</u>	<u>543,330</u>	<u>510,397</u>
Contractual services			
Equipment maintenance	-	35,500	221
Professional services	-	5,000	5,453
Gas utilities	-	4,000	3,334
Electric utilities	-	85,000	61,894
Outside services	-	77,800	108,585
System maintenance	-	141,330	98,629
Water purchases	-	1,530,200	1,386,713
Sanitary sewer charges	-	1,410,000	1,352,323
Sanitary sewer transmission fees	-	7,800	7,784
Total contractual services	<u>-</u>	<u>3,296,630</u>	<u>3,024,936</u>
Commodities			
Maintenance materials	-	17,450	15,246
Water meters	-	10,000	22,964
Total commodities	<u>-</u>	<u>27,450</u>	<u>38,210</u>
Other charges			
Memberships	-	800	1,242
Professional development	-	500	1,163
Uniforms	-	2,500	2,826
Vehicle allowance	-	48,170	40,142
Minor equipment	-	1,200	1,504
Business expense	-	1,000	1,131
Hydrant replacement	-	27,000	494
Total other charges	<u>-</u>	<u>81,170</u>	<u>48,502</u>
Total operations	<u>5,757,960</u>	<u>3,948,580</u>	<u>3,622,045</u>
Total operating expenses	<u>\$ 5,757,960</u>	<u>\$ 4,433,415</u>	<u>\$ 4,106,223</u>

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF OPERATING EXPENSES BUDGET AND ACTUAL WATER AND SANITARY SEWER FUND - IMPROVEMENT ACCOUNT For the Year Ended December 31, 2019

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATIONS			
Other charges			
Professional services	\$ 2,474,000	\$ -	\$ -
Total personnel services	<u>2,474,000</u>	<u>-</u>	<u>-</u>
CAPITAL OUTLAY			
East side reservoir roof replacement	-	100,000	-
ESR generator replacement	-	175,000	-
Westminster watermain replacement	-	31,500	2,396
Crosstown watermain design	-	1,412,500	-
Miscellaneous repairs	-	150,000	9,850
Riverwoods S. watermain replacement	-	120,000	-
Inter-connection water construction	-	285,000	-
Sanitary sewer lining repairs	-	100,000	-
Sanitary sewer engineering services	-	100,000	91,590
Total capital outlay	<u>-</u>	<u>2,474,000</u>	<u>103,836</u>
 Total operating expenses	 <u>\$ 2,474,000</u>	 <u>\$ 2,474,000</u>	 <u>\$ 103,836</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, 2019

	<u>Original and Final Appropriation</u>	<u>Original and Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Interfund services			
General fund		\$ 433,540	\$ 361,283
Water and sanitary sewer fund		48,170	40,142
Total operating revenue		<u>481,710</u>	<u>401,425</u>
OPERATING EXPENSES			
Personnel services			
Regular salaries	\$ 530,050	146,000	150,696
Overtime salaries	-	10,000	11,694
IMRF	-	21,050	21,735
FICA	-	11,940	12,894
Pension expense	-	-	(2,160)
OPEB expense	-	-	8,596
Total personnel services	<u>530,050</u>	<u>188,990</u>	<u>203,455</u>
Professional services			
Equipment maintenance	-	3,000	4,736
Medical insurance	-	45,700	45,862
General insurance	-	18,020	17,021
Outside services	-	96,000	104,285
Total professional services	<u>-</u>	<u>162,720</u>	<u>171,904</u>
Commodities			
Maintenance materials	-	9,300	9,267
Fuel expenditures	-	70,000	70,799
Oil and antifreeze	-	3,000	2,918
Vehicle tires	-	7,500	12,497
Vehicle maintenance parts	-	29,500	34,470
Total commodities	<u>-</u>	<u>119,300</u>	<u>129,951</u>

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, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
OPERATING EXPENSES (con't)			
Other charges			
Memberships	\$ -	\$ 250	\$ 250
Professional development	-	4,000	2,142
Publications	-	5,000	2,426
Uniforms	-	1,600	1,860
Total other charges	-	10,850	6,678
Total operating expenses	\$ 530,050	481,860	511,988
Change in net position		\$ (150)	(110,563)
NET POSITION (DEFICIT) - Beginning of the Year			(38,592)
NET POSITION (DEFICIT) - END OF YEAR			\$ (149,155)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BUDGET AND ACTUAL POLICE PENSION FUND For the Year Ended December 31, 2019

	Original and Final Appropriation	Original and Final Budget	Actual
ADDITIONS			
Employer		\$ 855,000	\$ 852,925
Employee contributions		210,630	234,115
Total contributions		1,065,630	1,087,040
Investment income			
Interest earned on investments		170,330	703,719
Net appreciation in fair value of investments		-	3,190,122
Total investment income		170,330	3,893,841
Less investment expense		(63,000)	(69,582)
Net investment income		107,330	3,824,259
Total additions		1,172,960	4,911,299
DEDUCTIONS			
Administrative	\$ 1,359,560	37,900	29,441
Benefits	-	1,135,060	1,274,049
Refunds of contributions	-	-	152,688
Total deductions	\$ 1,359,560	1,172,960	1,456,178
Net decrease		\$ -	3,455,121
NET POSITION - Beginning of the Year			20,996,104
NET POSITION - END OF YEAR			\$ 24,451,225

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	121-125
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	126-128
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	129-132
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the Village's financial activities take place.	133-135
Operating Information These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs.	136-142

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

VILLAGE OF LINCOLNSHIRE

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015*	2016	2017	2018**	2019
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 68,438,606
Restricted	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	5,280,725
Unrestricted	(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)	(4,527,338)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 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	\$ 69,191,993
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 34,191,527
Unrestricted	1,049,886	1,134,494	1,704,160	2,261,714	2,239,565	763,102	991,465	1,910,776	961,613	983,522
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 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	\$ 35,175,049
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 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	\$ 102,630,133
Restricted	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	5,280,725
Unrestricted	(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)	(3,543,816)
TOTAL PRIMARY GOVERNMENT	\$ 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	\$ 104,367,042

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

	2010	2011	2012	2013	2014	2015*	2016	2017	2018**	2019
EXPENSES										
Governmental Activities										
General government	\$ 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	\$ 3,355,419
Public safety	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	5,325,833
Community and economic development	647,593	495,050	449,878	82,073	562,297	846,364	843,023	1,109,782	1,119,296	972,349
Public works	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	2,800,379
Parks and open spaces	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	2,040,594
Interest	1,204,731	1,048,532	983,387	973,071	890,093	844,605	764,597	762,720	726,110	698,646
Total governmental activities expenses	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	15,193,220
Business-Type Activities										
Water and sewer	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	5,914,640
Total Business-type Activities Expenses	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	5,914,640
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 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	\$ 21,107,860
PROGRAM REVENUES										
Governmental Activities										
Charges for Services										
General government	\$ 201,502	\$ 230,252	\$ 232,775	\$ 239,339	\$ 328,654	\$ 316,593	\$ 360,272	\$ 423,853	\$ 345,387	\$ 308,809
Public Safety	1,012,535	1,076,488	1,109,826	981,973	866,101	841,785	739,850	779,896	868,497	1,038,868
Community Development	224,543	149,539	271,050	199,557	364,734	364,724	320,000	637,123	355,501	377,226
Public Works	9,596	13,553	11,885	12,500	17,370	16,489	35,999	32,995	36,976	25,436
Parks and recreation	114,357	46,981	53,421	58,098	38,082	39,668	40,212	27,670	20,346	36,525
Operating Grants and Contributions	259,611	263,528	241,520	257,382	362,589	246,279	230,860	1,735,927	1,411,362	1,060,899
Capital Grants and Contributions	941,209	806,418	-	-	67,904	57,602	179,635	1,080,392	17,023	233,098
Total Governmental Activities Program Revenues	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	3,080,861
Business-Type Activities										
Charges for Services										
Water and sewer	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	5,127,653
Capital grants and contributions	197,679	213,015	36,145	-	473,595	-	-	309,320	-	-
Total Business-Type Activities Program Revenues	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	5,127,653
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 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	\$ 8,208,514
NET REVENUE (EXPENSE)										
Governmental Activities	\$ (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	\$ 12,112,359
Business-type Activities	(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	786,987
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	\$ (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	\$ 12,899,346

VILLAGE OF LINCOLNSHIRE

CHANGE IN NET POSITION
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015*	2016	2017	2018**	2019
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental Activities										
Taxes										
Property	\$ 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	\$ 2,816,049
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	1,688,409
Utility	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	1,271,929
Telecommunications	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	1,037,637
Food and beverage	-	-	-	-	-	-	-	47,403	801,681	741,918
Room and admissions	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	2,076,917
Real estate transfer	224,958	240,916	921,597	330,958	364,410	491,669	465,951	732,675	540,178	340,446
Intergovernmental	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	2,913,425
Investment income	87,199	39,767	45,339	46,530	(38,994)	55,477	76,024	85,826	164,322	329,259
Miscellaneous	40,133	44,964	13,074	84,015	51,699	84,252	180,018	281,384	137,929	260,441
Gain (loss) on sale of capital assets	-	12,057	16,313	47,679	19,665	10,235	14,959	-	-	-
Transfers in (out)	(147,000)	(245,000)	(700,000)	(1,090,400)	(96,297)	(906,519)	94,417	(1,027,000)	(600,000)	(750,000)
Special item - loss on sale of land	-	-	-	(4,396,241)	-	-	-	-	-	-
Total Governmental Activities	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	12,726,430
Business-Type Activities										
Investment Income	11,438	3,218	4,404	4,089	5,503	3,683	4,339	6,714	10,024	11,639
Gain (loss) on sale of capital assets	1,552	3,554	(13,350)	2,000	-	3,442	10,365	8,075	-	-
Transfers in	147,000	245,000	700,000	1,090,400	96,297	906,519	(94,417)	1,027,000	600,000	750,000
Total Business-type Activities	159,990	251,772	691,054	1,096,489	101,800	913,644	(79,713)	1,041,789	610,024	761,639
TOTAL PRIMARY GOVERNMENT	\$ 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	\$ 13,488,069
CHANGE IN NET POSITION										
Governmental Activities	\$ 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	\$ 614,071
Business-type Activities	(1,242,541)	(1,067,333)	(695,488)	(750,319)	(924,590)	(806,847)	(1,013,459)	1,222,456	(606,237)	(25,348)
TOTAL PRIMARY GOVERNMENT	\$ 63,955	\$ 2,837,896	\$ 2,890,908	\$ (4,276,863)	\$ 507,965	\$ (86,832)	\$ (611,974)	\$ 3,056,914	\$ 1,065,463	\$ 588,723

*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

	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL FUND										
Nonspendable	\$ -	\$ 99,653	\$ 65,294	\$ 9,461	\$ 775	\$ 1,334,089	\$ 1,334,267	\$ 1,085,980	\$ 1,105,615	\$ 1,118,152
Reserved/restricted	288,853	-	-	-	-	-	232,737	-	-	188,046
Unreserved/unassigned	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	6,439,359
TOTAL GENERAL FUND	\$ 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	\$ 7,745,557
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ 3,801	\$ 1,903	\$ -	\$ -	\$ 95,235	\$ -	\$ -	\$ -	\$ -
Reserved/restricted	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	5,092,679
Unreserved/assigned, reported in Capital Projects Funds	54,792	27,163	33,815	60,676	2,890,228	2,863,321	7,321,790	6,945,065	8,638,655	9,445,929
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 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	\$ 14,538,608

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Property taxes	\$ 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	\$ 2,816,049
Other taxes	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	10,070,681
Licenses and permits	549,996	440,325	569,132	509,493	748,840	737,474	756,480	1,121,642	758,710	747,996
Fines and penalties	506,933	489,422	492,401	385,465	333,321	250,543	259,083	247,652	201,801	274,271
Charges for services	72,820	98,183	111,791	93,395	21,714	12,220	8,286	18,345	-	-
Intergovernmental	692,394	752,412	747,153	760,494	853,432	804,611	882,978	956,892	912,229	1,048,699
Investment Income	87,199	39,767	45,339	46,530	(38,994)	55,477	76,024	85,826	164,322	462,206
Donations	-	-	-	-	20,000	16,520	-	1,514,978	1,168,032	776,797
Miscellaneous	40,133	44,964	13,074	84,015	119,826	146,024	180,018	281,384	135,585	127,494
Total Revenues	<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>	<u>16,324,193</u>
EXPENDITURES										
General government	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	2,385,912
Public safety	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	4,725,305
Community and economic development	530,073	448,122	450,213	495,107	486,420	974,500	835,438	1,048,711	1,117,437	953,511
Public works	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	1,678,488
Parks and open spaces	879,041	861,796	815,041	1,101,484	1,244,687	1,289,239	1,338,020	1,362,750	1,340,583	1,348,021
Capital Outlay	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	1,320,950
Debt Service										
Principal	1,129,239	1,486,860	1,210,446	2,602,195	756,009	787,446	1,052,236	853,858	415,000	440,000
Interest	1,230,151	1,104,802	1,005,030	1,007,690	878,273	844,605	818,642	770,845	734,756	707,813
Total Expenditures	<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>	<u>13,560,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<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>	<u>2,764,193</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	965,250	1,364,479	2,082,482	929,253	4,580,612	1,435,360	6,345,955	599,101	\$ 2,800,000	\$ 2,021,935
Transfers (Out)	(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)	(2,771,935)
Issuance of notes	-	5,735,000	-	-	-	-	-	-	-	-
Refunding of notes	-	(5,716,464)	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	1,557	12,057	16,313	(4,348,562)	19,665	10,235	21,599	-	1,844	-
Total Other Financing Sources (Uses)	<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>	<u>(750,000)</u>
NET CHANGE IN FUND BALANCES	<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>	<u>\$ 2,014,193</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES										
	18.91%	21.32%	16.27%	24.03%	14.56%	12.88%	14.37%	12.81%	9.41%	8.63%

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE

PRINCIPAL PROPERTY TAXPAYERS Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
ARC ALight	19,364,205	1	2.90%			
Sedgebrook Propco SL VII LLC	16,725,447	2	2.51%			
IHP Tri-State Asset, LLC	16,415,891	3	2.46%			
LA-RFMBG Lincolnshire, LLC	8,681,208	4	1.30%			
Van Vlissingen & Company	7,054,551	5	1.06%	17,745,309	2	2.78%
Cole of Lincolnshire IL LLC	6,918,869	6	1.04%			
Griffin Lincolnshire Essential	6,803,310	7	1.02%			
Lincolnshire Propco LLC	6,587,342	8	0.99%			
TSJ Linconshire Property LLC	5,327,670	9	0.80%			
Staples Inc	4,813,223	10	0.72%			
CRP- 2 Holdings Tri State LLC				17,857,055	1	2.79%
4 Overlook LLC				16,456,546	3	2.57%
Northwestern Mutual Life Insurance				15,060,994	4	2.36%
Lincolnshire Campus LLC				14,998,500	5	2.35%
Strategic Hotel Cap, Inc.				8,704,058	6	1.36%
Half Day LLc				7,936,106	7	1.24%
ECD Company				6,895,990	8	1.08%
GGP- Lincolnshire LLC				5,899,254	9	0.92%
Lincolnshire Center LLC				5,622,920	10	0.88%
Total	\$ 98,691,716		14.79%	\$ 117,176,732		18.33%

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Food	\$ 16	\$ 7	\$ 18	\$ 59	\$ 92	\$ 203	\$ 194	\$ 242	\$ 269	\$ 213
Drinking and eating places	539	685	956	974	986	1,029	1,013	1,073	1,334	1,332
Apparel	111	116	177	159	143	141	133	143	152	131
Furniture	334	406	745	754	623	715	637	739	944	827
Lumber, building hardware	4	23	66	38	41	42	63	76	52	54
Automobile and filling stations	37	70	86	100	80	76	64	78	184	87
Drugs and miscellaneous retail	273	330	431	399	408	122	222	250	249	450
Agriculture and all others	939	1,188	1,818	1,684	1,865	2,075	1,265	364	412	482
Manufacturers	64	45	47	36	17	10	24	11	24	21
TOTAL	\$ 2,317	\$ 2,870	\$ 4,344	\$ 4,203	\$ 4,255	\$ 4,413	\$ 3,615	\$ 2,976	\$ 3,620	\$ 3,597
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%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%	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
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%
2019	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

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				
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	
2019	11,105,000	-	-	-	-	-	11,105,000	2.12%	1,526	

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) Special Service Area Bonds	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2010	\$ 14,255,000	0.74%	\$ 2,025
2011	13,980,000	0.76%	1,922
2012	13,690,000	0.81%	1,922
2013	13,385,000	0.79%	1,840
2014	13,060,000	0.77%	1,795
2015	12,715,000	0.72%	1,748
2016	12,350,000	0.66%	1,698
2017	11,960,000	0.62%	1,644
2018	11,545,000	0.59%	1,587
2019	11,105,000	0.55%	1,526

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE

DIRECT AND OVERLAPPING BONDED DEBT - GOVERNMENTAL ACTIVITIES As of December 31, 2019

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	\$ 52,995,000	2.6%	\$ 1,363,531
Elementary School District No. 102	17,170,000	9.7%	1,673,479
Elementary School District No. 103	5,465,000	53.8%	2,938,047
Elementary School District No. 106	-	1.1%	-
Deerfield/ Bannockburn Fire District	-	0.2%	-
Long Grove Fire Protection District	-	2.1%	-
Lincolnshire/Riverwoods Fire Protection District	-	47.7%	-
High School District No. 113	83,160,000	0.1%	48,280
High School District No. 125	44,745,000	17.8%	7,965,132
Vernon Area Public Library	-	24.7%	-
Buffalo Grove Park District	14,650,000	0.2%	31,190
Township of Vernon	-	16.4%	-
Township of West Deerfield	-	0.1%	-
Lake County	157,790,000	2.4%	3,863,309
Lake County Forest Preserve	222,645,000	2.4%	5,451,210
Total overlapping Debt	598,620,000		23,334,178
Direct debt			
Village of Lincolnshire	-	100.0%	-
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 598,620,000		\$ 23,334,178

Data Sources

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE

LEGAL DEBT MARGIN INFORMATION

December 31, 2019

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 - 2019*	\$ 667,097,000
Non-Home Rule Legal Debt Limit - 8.625%	57,537,116
Amount of debt applicable to limit:	-
LEGAL DEBT MARGIN	\$ 57,537,116

* Most Recent EAV Available

VILLAGE OF LINCOLNSHIRE

DEMOGRAPHIC AND ECONOMIC INFORMATION Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income	Median Household Income	Unemployment Rate
2010	7,038	505,631	71,843	9.1%
2011	7,275	450,403	61,911	8.5%
2012	7,275	450,403	61,911	8.2%
2013	7,275	450,403	61,911	7.4%
2014	7,275	450,403	61,911	5.6%
2015	7,275	450,403	61,911	5.5%
2016	7,275	512,356	70,427	5.1%
2017	7,275	496,802	68,289	4.2%
2018	7,275	510,887	70,225	5.0%
2019	7,275	523,072	71,900	4.0%

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	2019			2010		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Alight	3,005	1	15.00%	5,244	1	30.50%
CDW	1,179	2	5.90%			
Zebra Technologies	1,121	3	5.60%			
Adlai Stevenson High Schol	590	4	3.00%	551	4	3.20%
Hydraforce, Inc.	478	5	2.40%	709	2	4.10%
Quill Corporation	450	6	2.30%	480	8	2.80%
Sedgebrook	372	7	1.90%			
Lincolnshire-Prarie View School D103	347	8	1.70%			
Marriott Resort	310	9	1.60%	464	9	2.70%
Systemx	304	10	1.50%			
Walgreens				660	3	3.80%
LTD Commodities				546	5	3.20%
CVS Caremark Inc				542	6	3.20%
W.W. Grainger				498	7	2.90%
ACCO Brands				458	10	2.70%
TOTAL	8,156		40.90%	10,152		59.10%
Corporate day time population (est.)			20,000			17,200

Data Source

Village of Lincolnshire Community & Economic Development Department (2019)

Village of Lincolnshire- 2010 CAFR

Village of Lincolnshire Community & Economic Development- Corporate day time population estimate

VILLAGE OF LINCOLNSHIRE

FULL-TIME EQUIVALENT EMPLOYEES Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT										
Administration	4.30	3.50	3.50	3.20	3.25	3.25	2.35	2.10	1.60	2.10
Finance	2.40	2.40	2.40	2.40	3.50	3.50	2.90	2.90	2.90	2.90
PUBLIC SAFETY										
Police	30.00	28.80	28.80	28.00	29.00	29.00	28.00	28.00	28.00	29.00
E911	5.00	4.20	4.20	4.20	-	-	-	-	-	-
COMMUNITY AND ECONOMIC DEVELOPMENT										
Development	7.25	6.75	5.75	5.75	5.75	5.75	4.00	4.00	4.50	4.50
PUBLIC WORKS										
Administration	1.75	1.75	1.75	2.00	1.75	1.75	1.75	1.75	1.75	1.75
Streets	4.25	4.25	4.25	4.25	4.50	4.50	4.25	4.75	4.75	4.75
Buildings and grounds	0.25	0.50	0.50	0.50	-	-	-	-	-	-
Water	8.15	8.15	7.75	7.75	6.00	6.00	7.45	7.25	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	2.87	2.87	2.87	-	-	-	-	-	-	-
PARKS AND OPEN SPACES										
Parks	7.87	8.13	8.13	8.13	10.75	10.75	10.63	10.13	10.13	9.80
Recreation ¹	2.35	-	-	-	-	-	-	-	-	-
TOTAL	78.69	73.55	72.15	68.43	66.75	66.75	63.58	63.13	63.13	64.30

¹ 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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT										
Village Board meetings	50	49	48	50	48	49	51	47	47	50
Ordinances prepared	55	53	42	33	41	42	40	32	35	36
Resolutions prepared	8	11	10	8	10	11	8	8	19	17
Newsletter/resident mailings	6	5	5	4	4	5	4	4	4	4
E-News messages sent	-	-	15	64	77	98	70	75	82	86
E-News subscribers	-	-	582	1,043	1,212	1,793	1,550	1,633	1,490	1,517
Facebook likes	-	-	-	166	222	497	655	1,129	1,345	1,808
Twitter followers	-	-	-	-	-	400	455	819	924	1,071
General fund property tax levy	-	-	-	-	-	-	-	-	-	-
FINANCE										
Accounts payable checks	1,771	1,687	1,745	1,768	1,994	1,939	2,000	2,155	1,874	1,823
Accounts payable direct deposits	-	-	-	-	11	200	260	331	382	381
Payroll checks	-	2,104	212	208	237	149	136	99	78	63
Payroll direct deposits	-	-	1,911	1,870	1,939	1,976	1,679	1,956	1,946	2,003
% utility auto withdrawal	0%	0%	0%	0%	22%	23%	29%	35%	37%	39%
Utility payments by credit card	-	-	-	-	-	-	-	-	76	163
Utility payments by text	-	-	-	-	-	-	-	-	1,196	1,794
% utility e-bills	0%	0%	0%	0%	0%	0%	0%	4%	8%	10%
POLICE										
Calls for service	41,269	33,501	26,797	19,743	14,219	14,023	24,781	26,314	25,276	35,157
Total reports	1,983	2,059	1,843	1,950	1,500	959	839	875	963	1,694
Arrests (includes traffic)	534	134	472	429	231	188	304	300	346	503
DUI arrests	54	99	94	85	45	34	26	48	37	33
DUI conviction rate	0%	0%	0%	0%	0%	0%	0%	95%	95%	48%
FBI part I crimes	-	-	-	-	-	-	-	77	79	115
FBI part I crimes cleared	0%	0%	0%	0%	0%	0%	0%	11%	12%	2%

VILLAGE OF LINCOLNSHIRE

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
COMMUNITY DEVELOPMENT										
Plan reviews										
Building consultant	-	-	-	-	-	-	94	54	35	9
Building Official	-	-	-	-	-	-	219	326	288	278
Code Enforcement	-	-	-	-	-	-	37	85	84	86
Elevators	-	-	-	-	-	-	14	6	13	3
Village Engineer	-	-	-	-	-	-	318	293	186	258
Fire reviews	-	-	-	-	-	-	139	126	129	106
Forestry	-	-	-	-	-	-	320	2	3	-
Life safety	-	-	-	-	-	-	-	-	1	15
Planning	-	-	-	-	-	-	122	73	66	82
Public Works	-	-	-	-	-	-	19	-	13	-
Tree removals	-	-	-	-	-	-	-	267	229	228
Total	-	-	-	-	-	-	1,282	1,232	1,047	1,065
Zoning Board development reviews	16	11	13	8	13	10	8	6	3	6
Architectural Review Board reviews	14	4	8	7	11	10	21	16	10	22
Building permits issued	452	567	360	369	359	368	926	672	617	635
Taxable property transfers	110	117	157	179	145	161	147	193	150	171
No. of Inspections*	740	744	903	847	885	944	1,480	1,967	1,303	1,885
Valuation (thousands)*	17,291	16,672	35,912	20,712	45,137	41,173	25,992	68,060	31,051	26,744
New com/office/warehse bldgs.	-	-	1	2	1	2	-	4	1	1
New housing units	8	6	4	9	14	6	45	31	14	28
Sq. ft. new com. bldgs. (thousands)	-	-	-	-	-	-	-	-	-	-
Sq. ft. new off/warehse. bldgs. (thousands)	-	-	-	-	-	-	-	-	186,616	-
INSURANCE/ COMMON EXPENSE										
Property/liability claims processed	15	7	6	3	3	3	5	-	1	2
Auto liability processed	-	-	-	3	5	4	-	1	4	4
Workers compensation claims processed	-	6	8	10	11	5	8	8	1	12
PUBLIC WORKS-ADMINISTRATION										
Capital project management										
% capital expend. /capital dollars allocated	0%	0%	0%	0%	0%	0%	88%	86%	87%	80%
Sitework permit reviews										
Average length to review site-work permits (day)	-	-	-	-	-	7.8	9.0	8.9	7.9	8.0

VILLAGE OF LINCOLNSHIRE

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC WORKS-STREETS										
Project inspections	200	225	244	251	172	140	229	184	122	163
Maintain street posts and signs										
Village signs - repaired	-	-	-	-	-	-	-	-	100	100
Maintain Village streets										
Street resurfaced (miles)	1.31	1.11	1.03	1.05	0.95	0.95	0.62	0.97	0.85	0.98
Tons of asphalt patching	-	-	-	-	-	-	-	-	27.2	11.9
Pothole repairs by staff	-	-	-	-	-	-	12	16	82	110
Street cleaned (miles)	314	315	363	372	357	267	360	360	360	360
Flood prevention										
Staff hrs spent on flood prevention	-	-	-	-	-	-	-	-	556	500
Hours of pump usage	-	-	-	-	-	-	-	-	960	1,000
Times pumps deployed	-	-	-	-	-	-	-	-	5	6
Sewer maintenance										
% of catch basin system cleaned	0%	0%	0%	0%	0%	0%	0%	0%	10%	10%
Linear feet of storm sewer lined	-	-	-	-	-	-	-	-	530	550
% storm sewer system inspected	0%	0%	0%	0%	0%	0%	0%	0%	10%	12%
Catch basins repaired	-	-	-	-	-	-	-	-	34	30
Right-of-way leaf collection										
Cubic yards of leaves collected	8,390	6,320	6,495	7,100	6,942	7,064	6,495	5,100	5,100	5,920
Cost per cubic yard for collection/removal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30.20	\$ 40.00
Annual leaf collection expense	-	-	-	-	-	-	-	na	154,000	145,000
Snow and ice control										
Snow events	-	-	-	-	-	-	-	12	19	24
Staff hrs spent on snow/ice control	-	-	-	-	-	1,039	693	559	1,284	1,575
Salt used (tons)	-	-	-	-	-	-	272.5	-	586.2	872.2
Customer Service										
Avg days to complete street service request									6.8	7.2

VILLAGE OF LINCOLNSHIRE

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC WORKS-PARKS										
Trees planted	110	144	165	205	138	181	97	110	190	190
Playground inspection (hours)	177	142	180	137	65	84	108	24	80	25
Special event (hours)	741	748	849	1,052	854	1,184	1,375	593	660	616
Review and issue tree removal permits										
Avg days to review permit	-	-	-	-	-	-	25	25	6	10
Natural areas maintained										
Acres of invasive species mgmt	-	-	-	-	-	600	610	620	612	600
Avg cost per acre of maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54.00	\$ 55.00	\$ 56.00	\$ 57.20	\$ 58.00
Maintain Village parkways										
Trees planted	-	-	-	-	-	-	100	110	159	140
Trees removed- contractual	-	-	-	-	-	-	268	240	375	344
Trees removed- by staff	-	-	-	-	-	-	22	21	22	25
% Trees pruned per 8 year cycle	-	-	-	100%	100%	100%	100%	100%	100%	100%
Operate Spring Lake Beach										
Beach days	-	-	-	-	-	-	-	-	74	76
Avg beach patrons per swim day	-	-	-	-	-	-	-	-	23	22
Beach revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,250	\$ 7,460
Beach expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,970	\$ 26,752
Net annual cost of operation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,720	\$ 19,292
Net avg cost per swim day	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266	\$ 254
Net cost per swimmer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 12
Customer service										
Avg days to complete forestry/parks svc req	-	-	-	-	-	-	-	-	10	10
PUBLIC WORKS-BUILDINGS										
Maintain Village Hall building										
HVAC service calls- emergency	-	-	-	-	-	-	2	3	5	5
HVAC service calls- budgeted	-	-	-	-	-	-	4	4	4	4
Maintain Public Works building										
HVAC service calls- emergency	-	-	-	-	-	-	1	2	2	2
HVAC service calls- budgeted	-	-	-	-	-	-	4	4	4	4

VILLAGE OF LINCOLNSHIRE

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC WORKS-WATER AND SEWER										
Avg daily pumpage metered (millions of gallons)	1,310	1,255	1,397	1,390	1,276	1,286	1,341	1,310	1,330	1,197
JULIE utility locates	1,760	2,133	2,086	2,237	2,302	2,991	3,017	3,460	3,400	3,271
Accounts Serviced	-	-	-	-	-	-	-	2,546	2,452	2,605
Utility Permits	-	-	-	-	-	-	-	91	56	90
Maintain valves										
% of water valves exercised	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Utility concerns										
Appointments	-	-	-	-	-	-	219	311	337	316
Maintain fire hydrants										
Fire hydrants repaired or replaced	-	-	-	-	-	-	12	21	25	25
Maintain sanitary sewer system										
% cleaned/televised (10yr cycle)	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Sanitary sewer lining installed (feet)								3,780	3,935	3,900
Maintain water delivery										
Water main breaks	-	-	-	-	-	-	-	-	11	9
Equivalent Dwelling Unit (EDU) Connections	-	-	-	-	-	5	105	350	330	49
PUBLIC WORKS-VEHICLE MAINTENANCE										
Maintain fleet vehicles										
% of vehicles maintained per	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%
Village preventative maintenance schedule										
Fleet work orders	-	-	-	-	-	-	216	315	337	214
Cost per police squad	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,093	\$ 812

VILLAGE OF LINCOLNSHIRE

OPERATING INDICATORS
Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
POLICE PENSION										
Unfunded Liability EAN**	2,342,045	1,945,855	2,447,293	2,040,149	2,568,985	4,837,151	4,797,235	5,248,868	5,335,420	6,843,600
Funded %- EAN**	85.7%	88.9%	87.1%	89.8%	87.7%	80.1%	80.8%	80.2%	80.7%	76.9%
Funded %- PUC**	0.0%	96.2%	88.7%	89.3%	91.0%	91.0%	90.0%	90.0%	84.9%	81.0%
(actuarial asset) 12/31	10.2%	0.2%	8.2%	13.5%	6.6%	4.7%	5.4%	6.7%	3.3%	5.6%
(market value) 12/31	10.4%	0.5%	8.8%	13.4%	2.6%	-1.4%	-6.9%	13.8%	-6.5%	18.3%
Max % equity investments	45.0%	50.0%	55.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%	65.0%
EAN= Entry Age Normal PUC= Projected Unit Credit										
**Source: Actuarial Valuation Report prepared June for year beginning January 1										
Effective 2014 & 2019 reported figures based on new assumptions										
Participants actual										
Active members	-	23	23	24	23	23	23	22	21	24
Normal retirees	-	8	10	10	10	11	11	12	14	15
Beneficiaries	-	1	1	1	1	1	1	1	1	1
Disabled retirees	-	3	3	3	2	3	3	3	3	2
Terminated/ separated	-	1	-	-	3	2	2	2	3	4
Total	-	36	37	38	39	40	40	40	42	46
Participants										
Police tier 1 participants	-	23	21	22	20	19	19	19	15	16
Police tier 2 participants	-	-	2	2	3	4	4	3	6	8
Total	-	23	23	24	23	23	23	22	21	24

Data Source

Village of Lincolnshire 2020 Budget

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

VILLAGE OF LINCOLNSHIRE

CAPITAL ASSET STATISTICS Last Ten Fiscal Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
POLICE										
Patrol units	14	14	14	15	15	14	16	15	15	14
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	35	40	40	40	35	35	41	41	41	41
Building facilities maintained	6	6	6	6	6	6	6	6	5	5
PARKS AND RECREATION										
Acreage	311.0	311.0	311.0	311.0	311.0	311.0	311.0	181.0	182.0	182.0
Parks	9	9	9	9	9	9	9	9	11	11
Baseball/softball diamonds	6	6	6	6	6	6	6	7	7	7
WATER - SANITARY SEWER										
Fire hydrants	846	848	856	854	859	859	869	877	877	898
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)	59.8	67.0	67.0	62.2	61.0	61.0	64.4	67.0	67.0	67.0
Sanitary sewers (miles)	47.3	50.0	50.0	50.0	45.0	45.0	47.5	47.6	47.6	47.6
Storm sewers (miles)	44.6	105.0	105.0	105.0	101.0	101.0	101.0	101.2	101.2	101.2

Data Source

Various village departments