



Village of
Lincolnshire
Illinois

Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
December 31, 2010

Prepared by Finance Department

Stan Roelker
Director of Finance

VILLAGE OF LINCOLNSHIRE, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials	i
Organizational Chart	ii
Director of Finance’s Letter of Transmittal	iii-viii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-12
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet	6-7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets.....	8
Statement of Revenues, Expenditures and Changes in Fund Balances	9-10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	11

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Statement of Net Assets.....	12
Statement of Revenues, Expenses and Changes in Net Assets.....	13
Statement of Cash Flows	14-15

Fiduciary Funds

Statement of Fiduciary Net Assets	16
Statement of Changes in Fiduciary Net Assets	17

Notes to Financial Statements	18-50
-------------------------------------	-------

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
General Fund	51
Illinois Municipal Retirement Fund	52
Schedule of Funding Progress	
Illinois Municipal Retirement Fund	53
Police Pension Fund	54
Other Postemployment Benefit Plan	55
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund	56
Police Pension Fund	57
Other Postemployment Benefit Plan	58
Notes to Required Supplementary Information	59

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND
 FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Schedule of Revenues - Budget and Actual - General Corporate Fund	60-61
Schedule of Expenditures - Budget and Actual - General Corporate Fund.....	62-69
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Tax Incremental Financing (TIF) Fund	70

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	73
Enhanced 911 Fund	74
Park Development Capital Projects Fund.....	75

ENTEPRISE FUNDS

Water Fund and Sanitary Sewer Fund	
Combining Schedule of Net Assets	76
Combining Schedule of Revenues, Expenses and Changes in Net Assets	77
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual - Revenue Account	78
Schedule of Operating Expenses - Budget and Actual Revenue Account.....	79-80
Improvement Account	81

INTERNAL SERVICE FUND

Vehicle Maintenance and Operations Fund	
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual.....	82

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND
 FINANCIAL STATEMENTS AND SCHEDULES (Continued)

FIDUCIARY FUND

Schedule of Changes in Plan Net Assets - Budget and Actual Police Pension Fund	83
---	----

STATISTICAL SECTION

Financial Trends	
Net Assets by Component	84
Change in Net Assets	85-88
Fund Balances of Governmental Funds	89
Changes in Fund Balances of Governmental Funds	90-91
Revenue Capacity	
Principal Property Taxpayers	92
Sales Tax by Category	93
Direct and Overlapping Sales Tax Rates	94
Debt Capacity	
Ratios of Outstanding Debt by Type	95
Ratios of General Bonded Debt Outstanding	96
Direct and Overlapping Bonded Debt - Governmental Activities	97
Legal Debt Margin Information	98
Demographic and Economic Information	
Demographic and Economic Information	99
Principal Employers	100
Operating Information	
Full-Time Equivalent Employees	101
Operating Indicators	102
Capital Asset Statistics	103

INTRODUCTORY SECTION

VILLAGE OF LISLE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2010

Mayor

Brett Blomberg

Village Board

Elizabeth Brandt
Karen Feldman
Harry Walder, Jr.

David Saltiel
Dan Servi
Tom McDonough

Village Clerk

Barbara Mastandrea

Village Treasurer

Christopher Curtis

* * * * *

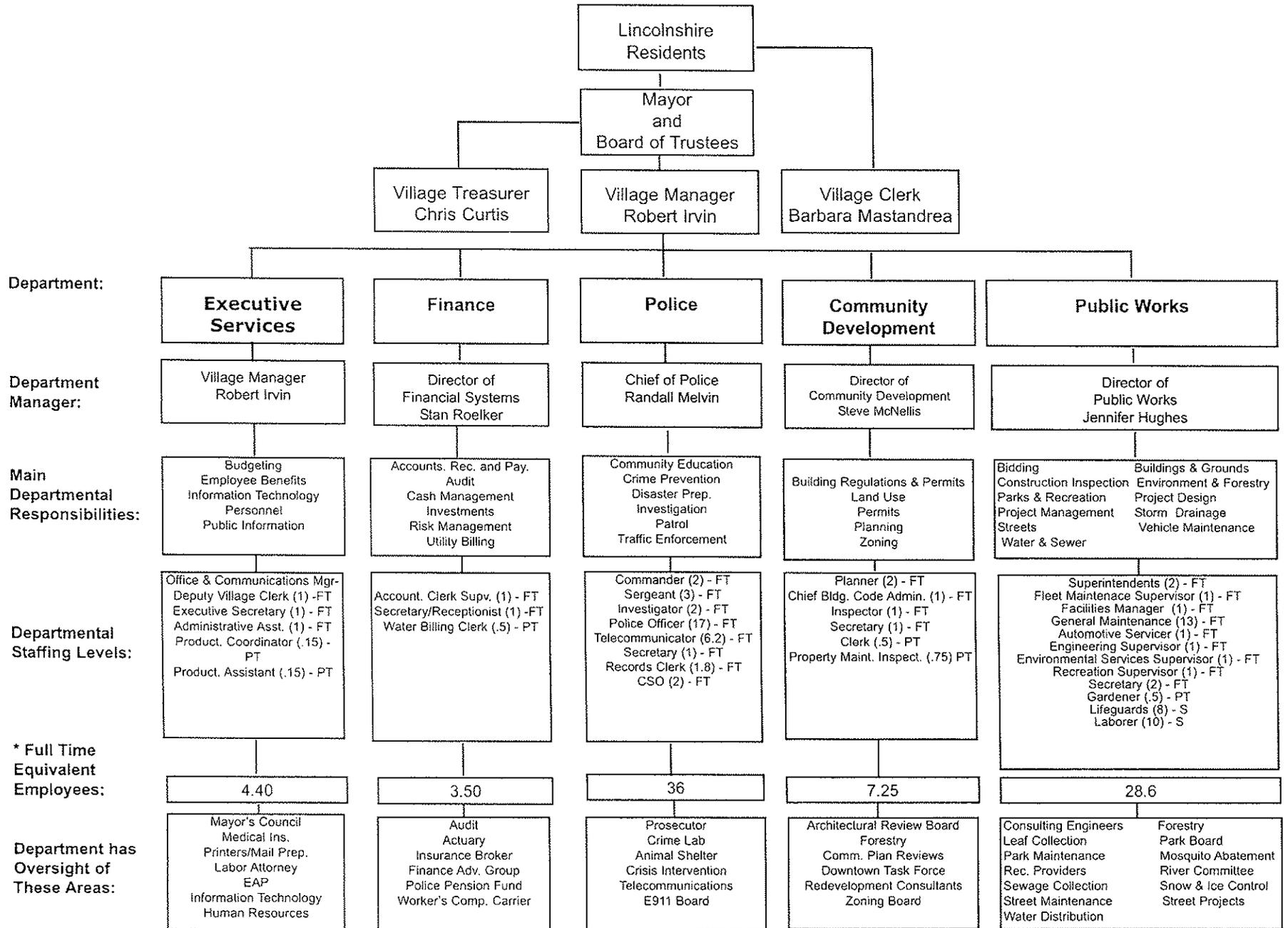
Village Manager

Robert L. Irvin

Director of Financial Systems

Stan Roelker

VILLAGE OF LINCOLNSHIRE
Organizational Chart (2010) - 79.75 FTEs*





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

Village of Lincolnshire

June 16, 2011

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

Formal Transmittal

State law requires that all general-purpose local governments publish within six months of the close of each 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, 2010.

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 herein. To provide a reasonable basis for making these representations, the Village Management has established a comprehensive internal control framework that is 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 their anticipated benefits, the Village's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Sikich LLP, Independent Certified Public Accountants, have issued an unqualified opinion on the Village's financial statements for the fiscal year ended December 31, 2010. The independent auditor's report is presented at the front of the financial section of this report.

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

Profile of the Village

Basic Information

The Village of Lincolnshire was incorporated in 1957 when the population was only 237 individuals and covered 0.7 square miles. Considered a “near north shore” community over the last 26 years, it has become a very desirable community to reside due to its high quality residential and commercial developments, its advantageous location to the Tri-State Tollway and its being the home to the nationally recognized Adlai E. Stevenson High School. The Village currently occupies a land area of 4.6 square miles, located approximately 26 miles northeast of Chicago, and serves a population of 7,275 according to the last special U.S. Census. Its day-time population is estimated to be eighteen thousand. The Village became a home-run unit of government by a referendum vote.

As a home-rule entity, the Village has no tax rate or debt limits, nor is it 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 Council appoints the Village Manager, Treasurer, Village Clerk, and Corporation Counsel. The Village Manager is responsible for carrying out the policies and ordinances of the Village Council, for 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. This includes police protection; community and economic development; construction and maintenance of the Village’s streets and other infrastructure; water and sewer distribution and collection system. An environmental services division under public works helps manage the very successful Woodlands program. This program serves to protect and preserve the thousands of native trees that give Lincolnshire its distinctive bucolic character. Fire protection is supplied by the local fire district, the Lincolnshire-Riverwoods Fire District. The Village’s annual financial report (CAFR) also includes the activities of the Police Pension Fund. Although, 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 so that a budget can be prepared. The Village Manager then presents a proposed budget to the Village Board for review in November. The Village Board is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than December 31, the close of the Village’s fiscal year. The budget is prepared by fund, function (ie, public works), and division (ie, streets). All budgeted transfers must be approved by the Board. Any revisions that alter 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

Historically, the Village has successfully funded its annual operational and capital costs (including debt service) with current revenues. Concurrently, property taxes have only been levied to fund its two pension plans, police and municipal employees. But this latest recession has adversely affected the Village's finances. The impact of the current economic condition has affected property values, construction/development activity, consumer and business spending along with consumer spending habits. Trends in these areas have had a negative impact on Village revenues, particularly in sales, income, and telecommunications taxes. Room and admissions revenue after having declined for the last 2 years now appears to have stabilized and is beginning to recover. Real estate transfer tax receipts were up, chiefly on the strength of buyers taking advantage of "bargain priced" commercial properties. Commercial building permits of any dollar significance were nonexistent.

Three financial indicators serve as a marker for the affect the recession has had on Lincolnshire. For eleven years prior to FY2009, the value of Village real estate consistently increased an average of 5% annually. FY2009 was the first time the Village experienced a decline in its property values (nearly 2%). FY2010 saw an additional 7% drop in property values. All taxes bodies within the Village's corporate boundaries, with two minor exceptions, ended up having to significantly raise their property tax rates. Total General Fund revenues saw a decline (4%) for a second year in a row due to a contracting economy. Municipal sales tax revenue, which is 25% of all Village revenue, contributed significantly to the decline.

Three major pieces of Lincolnshire's sales tax "pie" representing 49% (restaurants, furniture and retail drugs) experienced a combined decline of 24%.

By strategically targeting specific personnel and operating reductions, deferring non-essential capital expenditures and providing some revenue enhancements, the Village was able to minimize its draw down of reserves and maintain its core service levels.

Economic trends will continue to be monitored to gauge the potential impact on the upcoming fiscal year. Expenditures will be closely scrutinized and reduced/deferred whenever possible. It is anticipated that the newly adopted home-rule sales tax (0.5%) will strengthen the Village's revenue stream beginning in 2011.

Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006⁽¹⁾</u>	<u>05/06</u>	<u>04/05</u>	<u>03/04</u>	<u>02/03</u>	<u>01/02</u>
EAV (million)	\$639	688	701	682	644	616	586	566	544	508
Gen Fund Tax Revenue	\$ 6.7	6.7	8.0	8.8	5.9	9.1	7.9	7.1	6.8	6.4
Gen Fund Reserve Ratio (% of annual exp plus debt)	99	99	108	11	130	159	128	108	109	103

⁽¹⁾ This was a shortened fiscal year (8 months). The "reserve ratio" was calculated using expenditures that was extrapolated for a 12-month period.

Long-Term Financial Planning

The Village's future plans are intended to preserve the outstanding quality of life enjoyed by its residents and to ensure that the high level of service the residents have come to expect continues. As a result of the financial stress caused by the recession the Village has had to place its emphasis on its core services and eliminate or reduce activities not deemed critical to that purpose. Budgeted operating and capital expenditures have been reduced 33% when compared to the 2009 budget (this excludes debt service, transfers).

Beginning in July of 2010 the telecommunication tax rate was increased from 4.5% to its maximum allowable rate of 6.0%. Also, a use tax on natural gas was adopted to capture tax revenues that had eluded collection due to a loophole in the law when the State deregulated natural gas in the 1990's. During the 2011 budget process the Board took steps to improve its revenue stream by instituting a home-rule sales tax (0.5%) which is scheduled to begin on Jan. 1, 2011. It is expected to contribute \$950,000 annually. A part of the new tax will ensure that funding for needed capital expenditures and infrastructure improvements continues. Another portion of the tax is expected to replace water/sewer connection fee revenues which have been declining. Historically, connection fees funded all water/sewer infrastructure improvements.

The Village will take advantage of the low interest rate environment by refinancing all its outstanding debt in the early part of FY2011. The refinancing will reduce annual debt service payments in the early years of the loans. Refinancing will also result in lower interest costs.

Relevant Financial Policies for this Year

The "golden rule" that the Village applies to its financial planning, has always been to conservatively project anticipated revenues 'low' and assume expenditures to be spent at "100%". This has consistently produced annual surpluses except during the current recession. The fund balance in the general fund is currently at 99% of annualized general fund expenditures, including annual debt service. This percentage exceeds the policy guideline established by the Board for budgetary and planning purposes ("75% of one-year's operational expenditures excluding capital outlay, but including annual debt service"). The reserve was maintained at over one hundred percent until FY2009 when recessionary pressures caused it to drop to 99%. The Village was required to use its reserves in FY2010 to balance its budget.

To ensure that a balanced budget was achieved (even with lower projected revenues), further "belt-tightening" measures were instituted for the operating and capital expenditures (ie, reducing staff, leaving open unfilled positions, project by project evaluation). On the revenue side, the Board took steps to raise one tax rate (telecom) and institute two new taxes (gas use and home rule sales tax). The telecom and gas use tax started approximately mid-year while the new home rule sales tax would not start until January 1, 2011.

The Village has had success with its economic incentive program. It prompted one sales tax generating business to re-locate in the community and convinced another business to extend their original agreements another ten years.

Major Initiatives of the Year

The national recession continued to have a significant impact on the Village's operations. As a result a sizeable amount of capital purchases was deferred, in addition to several positions being eliminated and allowing for certain vacant positions to be left unfilled. However, the Village continued with a number of infrastructure projects which were already works-in-progress or considered necessary. Collaboration with the County on a transportation enhancement (ie-roundabout) at its northern most border continued construction. A section of pedestrian/bike path adjacent to the Village's busiest intersection (Rt. 22 and Milwaukee Ave) was completed as part of a joint cost-sharing project with the Illinois Department of Transportation. Site improvements and/or repairs at three locations in the TIF district (downtown triangle, Rt.22/Milwaukee and South Village Green) continued in anticipation of when a revitalized economy attracts developers. Repairs on, and replacement of, key water distribution/sewage collection infrastructure equipment was completed.

The Village also took a number of steps to augment its revenue stream. It increased its telecom tax rate 33% from 4.5% to 6%. A local home-rule sales tax was adopted (0.5%) which would take effect January 1st of 2011. It also adopted a use tax on natural gas consumption to recapture tax revenue that had in the past been avoided by large gas users. As a result of negotiating economic incentive agreements, the Village was successful in arranging for two significant sales tax producers to remain/locate in the Village.

The Village increased both its water and sewage rates to ensure that its user fees continue to adequately cover its water and sanitary sewer costs.

Awards and Acknowledgments

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the fiscal year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the twenty-seventh consecutive year that the Village has received this award. In order to be awarded a Certificate of Achievement, the Village published an easily readable and efficiently organized, Comprehensive Annual Financial Report (CAFR), whose contents conform to program standards. This report successfully satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only one year. The Village believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements.

The Village also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year beginning January 1, 2010. This was the twenty-fifth consecutive year that the Village has received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the Village's Budget document was judged to be proficient as a policy document, financial plan, operations guide, and communication device.

Individuals

The timely preparation of this report was made possible by the efficient and dedicated service of the entire staff of the Finance Department. Their year-round efforts which allow for a successful report deserve our sincere appreciation. Mr. Chris Curtis, the Village Treasurer, also deserves our appreciation for his professional oversight in all financial matters. Credit also goes to the Mayor and the Village Trustees for their interest and their support in planning and conducting the financial operations in a responsible and progressive manner.

Respectively Submitted,



Robert L. Irvin
Village Manager



Stan R. Roelker
Director of Financial Systems

FINANCIAL SECTION



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois (the Village), as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

The introductory and statistical information listed in the table of contents was not audited by us, and accordingly, we do not express an opinion thereon.

Aurora, Illinois
April 26, 2011

A handwritten signature in cursive script that reads "Sibich CCP".

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2010

Governmental Accounting Standards Board (GASB) Statement 24 is designed to provide two perspectives of the Village's financial performance; a focus on the Village as a whole (government-wide) and a focus on the major individual funds. Both perspectives (government-wide and major fund) provide a broader basis upon which to compare and judge the Village's financial accountability. This improved accountability is in part achieved by consolidating financial transactions (eliminating activities between certain funds and focusing on major funds), allocating specific revenues that finance operations to those expenditures, and displaying information about long-term financial decisions.

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

FINANCIAL HIGHLIGHTS

- The assets of the Village exceed its liabilities at December 31, 2010 by \$111.8 million (net assets).
- The Village's total net assets increased by \$65 thousand during the twelve months ended December 31, 2010. The net assets associated with "governmental activities" saw an increase of \$1.3 million, while the "business-type activities" experienced a \$1.2 million decrease. The decrease in the "business-type activities" was primarily due to the depreciation incurred by the assets held in the Water/Sewer Fund. The increase in net assets in the "governmental activities" sector was chiefly from infrastructure assets turned over to the Village as a result two subdivisions being accepted.
- As of December 31, 2010, the Village's governmental fund's combined ending fund balances totaled \$17.2 million, an increase of \$275 thousand, compared with the prior fiscal period. This increase results primarily from an increase in the value of land held for resale by the Tax Incremental Financing (TIF) fund. The total governmental combined fund balance can be broken down into three major components: \$6.9 million in the TIF fund, of which \$6.6 million, is the land being held for resale; \$1.9 million in the SSA Debt Service fund which is reserved for debt obligations; and \$8.15 million in the General Fund, of which \$7.86 million is available for spending at the government's discretion (termed "unreserved, undesignated fund balance").
- At the end of the current fiscal period, the "unreserved, undesignated fund balance" in the General Fund was \$7,861,442. This is equivalent to 99% of the total general fund annual operating expenditures, including debt service. The Village's policy is to maintain a minimum of 75%.

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 Assets* that presents information about all of the Village's assets and liabilities, with the difference reported as *net assets*. Over a multi-year period, an increase or decrease in net assets can detect an improvement or deterioration in the financial position of the Village as a whole. Additionally, one would need to evaluate 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 assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the Village's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Village that are principally supported by taxes and intergovernmental revenues (such as state shared revenues) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public services, parks and recreation, a TIF District and a Special Service Area. Business-type activities include the water and sewer utility. Fiduciary activities, such as employee pension plans, are not available to fund Village programs and therefore are not included in the government-wide statements.

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

The government-wide financial statements are presented on pages 3-5 of this report.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

The Village has three types of funds:

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

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

The basic governmental fund financial statements are presented on pages 6-11 of this report.

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

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

The basic proprietary fund financial statements are presented on pages 12-15 of this report.

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

The basic fiduciary fund financial statements are presented on pages 16 and 17 of this report.

Notes to the financial statements

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

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service fund are presented in a subsequent section of this report beginning on page 71.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted in an earlier statement, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$111.8 million at the close of the most recent fiscal year.

The largest portion of the Village's net assets (96.9%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets that is 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 that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Table 1

CONDENSED STATEMENT OF NET ASSETS
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	26,244	\$25,868	1,818	1,761	28,062	\$27,629
Capital Assets	71,976	72,546	40,937	42,293	112,913	114,839
Total Assets	98,220	98,414	42,755	44,054	140,975	142,468
Other Liabilities	6,000	7,870	718	826	6,718	8,696
Long-Term Liabilities	21,096	20,727	1,314	1,263	22,410	21,990
Total Liabilities	27,096	28,597	2,032	2,089	29,128	30,686
Net Assets						
Investment in Capital Assets Net of Related Debt	68,688	68,808	39,673	40,888	108,361	109,696
Unrestricted	(6,202)	(7,094)	1,050	1,077	(5,152)	(6,017)
Restricted	8,638	8,103			8,638	8,103
Total Net Assets	71,124	\$69,817	40,723	\$41,965	111,847	\$111,782

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

Table 2

STATEMENT OF ACTIVITIES
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenue:						
Program Revenues:						
Charges for Services	1,563	1,630	3,851	3,825	5,414	5,455
Operating Grants & Contr	260	319			260	319
Capital Grants & Contr	941	2,871	198	605	1,139	3,476
General Revenues:					6,813	
Property Taxes	4,396	4,394			4,396	4,394
Other Taxes	6,611	6,671			6,611	6,671
Miscellaneous	40	157	1	9	41	166
Interest Income	87	180	11	14	98	194
Total Revenues	13,898	16,222	4,061	4,453	17,959	20,675
Expenses:						
General Government	2,379	2,639			2,379	2,639
Public Safety	3,849	3,984			3,849	3,984
Community Development	647	1,085			647	1,085
Public Works	2,970	2,634			2,970	2,634
Parks & Recreation	1,395	2,015			1,395	2,015
Interest	1,205	1,195			1,205	1,195
Water and Sewer			5,451	5,346	5,451	5,346
Total Expense	12,445	13,552	5,451	5,346	17,898	18,898
Inc (Dec) in assets before transfers	1,453	2,670	(1,390)	(893)	63	1,777
Transfers	(147)	(197)	147	197		
Inc (Dec) in net assets	1,306	2,473	(1,243)	(696)	63	1,777
Net Assets - Beginning	69,817	67,344	41,966	42,662	111,783	110,006
Net Assets - Ending	\$71,123	\$69,817	\$40,723	\$41,996	\$111,846	\$111,783

Government Activities

Sales tax revenue, the Village’s largest tax, for FY2010 was down 8.3% when compared to FY2009, reflecting the current recessionary state of the national economy. The hotel sector has started to show signs of a recovery since the Village’s second largest tax, Room & Admissions, ended the year by being 4.2% higher than the year before. Other tax revenues were a “mixed bag”; State shared Income tax and Utility taxes remained flat compared to last year while Telecom taxes saw a 2.2% rise, mainly due to a rate increase. Real estate transfer taxes jumped 29% primarily on the strength of a few commercial buyers looking for attractively low-priced real estate.

The decrease (8.1%) of other revenues (Licenses & Permits, Fines & Forfeitures, Interest) is attributable in large part to low interest rates and the non-existence of large commercial building permits. The only positive note in this area was the increase cable-TV fees, up 10.3%.

FY2010 expenditures in the General Fund declined by \$4,749,000 compared to FY2009 due to adjustments made in personnel staffing and cost containment measures which were aimed to offset anticipated declining revenues. Public Works accounts for the largest percentage of General Fund expenditures with 48%, followed by Public Safety (28%), general government, 18% (i.e. - Executive Services, Finance, Legal, Insurance) and Community Development (6%). Expenditures in all areas saw reductions varying from 2.9% to 49%. Capital expenditures in Public Works were reduced 86% compared to the previous year.

Business-Type Activities

Business-type activities decreased the Village’s net assets by \$1,243,000. The Water & Sewer Fund is the only proprietary fund operated by the Village. The fund is made up of an “operations” component and a “capital improvement” component. The Fund was able to sufficiently cover its expenses (i.e. - \$11,000 gain) excluding depreciation. Depreciation of the fund’s assets was \$1,598,400.

As noted previously above, business-type activities are intended to be self sufficient, that is, charges for services should be adequate to cover all costs associated with the operation. 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 FY2007 TO FY2010(in thousands)				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
WATER Rate per 1,000 gallons	\$ 3.86	\$ 3.98	\$ 4.08	\$4.12
SEWER Rate per 1,000 gallons	\$ 3.33	\$ 4.16	\$ 4.99	\$5.12
Operating Revenue	\$3,155	\$3,341	\$3,574	\$3,822
Operating Expenses (excluding depreciation)	\$3,159	\$3,367	\$3,684	\$3,800

As part of the FY2010 budget the Village increased water usage fees (1%) and sanitary sewer fees (2.6%). These rates became effective January of 2010.

Water and sanitary sewage rates had been fairly stable until FY1994-95. Large increases by both its water supplier, Highland Park (26%) and sewage processor, Lake County (29%), forced the Village to correspondingly increase its rates by 11% to absorb these costs increases. Since FY2000-01, rate increases from both these suppliers have become a regular occurrence. In FY2010 the cost of water and processed sewage was 66.7% of total operating expenses. In FY2009 that percentage was 65.4%, and in FY2008 it was 62.9%.

For budget year 2010 water and sewer rate increases of 1.0% and 2.6%, were adopted to absorb the rate increases by its water supplier (1.25%) and its sewage processor (3.1%). Retail water sales are split between residential (43.4%) and commercial (56.6%). In FY2009 the split was 46%-54%. Residential usage was down 3.0% from the previous year while the commercial side consumed 6.9% more.

Financial Analysis of the Village's Funds

The Village utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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 *unreserved 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, 2010 the Village's governmental fund balance reported combined ending fund balances of \$ 17.2 million, which was an increase of \$287 thousand, when compared with the prior fiscal year. The chief component of that increase was a gain in the TIF fund. The gain was the result of \$262 thousand in site improvements added to the land being held for future development and the pay down of a loan from the general fund.

Of the total combined fund balance, \$7.92 million constitutes what is classified as an unreserved, undesignated fund balance. The General Fund holds \$7.86 million of that balance with the Park Development Fund holding the remaining \$55 thousand. These funds are available for spending at the government's discretion. The fund balance classified as reserved fund balance which totals \$9.2 million is not available for discretionary spending because it has already been committed for a variety of purposes. The TIF fund (\$6.9 million) and the SSA Debt Service fund (\$1.9 million) comprise the majority of the reserved fund balance.

The General Fund serves as the Village's primary operating fund and the largest source of day-to-day municipal service delivery. At the end of the current fiscal year, the *unreserved, undesignated fund balance* of the General Fund was \$7.86 million. As a measure of the general fund's liquidity, it is useful to compare this unreserved fund balance to total fund expenditures. As of the end of FY2010 that unreserved, undesignated fund balance represents 99% of total general fund expenditures (including debt service, but excluding capital expenditures). The decrease in the fund balance was anticipated in order to maintain core service levels while national economic conditions negatively impacted the Village's revenues.

The General Fund - Fund Balance

For its purposes, the Village calculates a fund balance ratio that takes into account only the current year's operating expenditures including debt service, but excluding expenditures classified as "capital."

The net change to the General Fund’s fund balance amounted to a decline of \$288 thousand, or 3.4%, from the previous year’s balance. Even though projected revenues were less than anticipated, a corresponding reduction in expenditures permitted the fund balance ratio to stay close to the one hundred percent mark at 99%. The Village was able to continue making a transfer (\$179,000) to the Water & Sewer Fund to support that fund’s annual debt service.

GENERAL FUND BALANCE (in thousands)			
FISCAL YEAR	FUND BALANCE	OPERATING EXPENSES (INCL DEBT SVC) (EXCLUD CAPITAL)	FUND BALANCE AS PERCENTAGE OF OPERATING EXPENSES
2006-07 (Dec 31)	\$10,672	\$8,218 ¹	130%
2007	\$ 9,412	\$8,278	114%
2008	\$ 9,351	\$8,662	108%
2009	\$ 8,438	\$8,550	99%
2010	\$7,861	\$7,973	99%

⁽¹⁾ To obtain the “percentage of fund balance to operating expenses” for the shortened (8 month) fiscal year, expenditures were extrapolated for a 12-month period.

In addition to the General Fund being classified as a “major fund”, the Governmental Accounting Standards Board (“GASB”) guidelines indicate that the following Village funds are also considered “major” funds: The Tax Increment Financing (TIF) fund, the Police Pension Contribution fund, the Illinois Municipal Retirement fund (IMRF) and the Special Service Area (SSA) Debt Service fund.

The TIF fund balance at \$6.89 million was increased by 13.7% as a result of over a quarter of a million dollars in site improvements added to the value of the prospective development site, in addition to the pay down of two inter-fund loans.

The IMRF fund has a small fund balance of \$76 thousand. The fund posted a \$36 thousand increase to its fund as a result of less IMRF taxes being remitted to the Illinois Municipal Retirement Fund.

The SSA Debt Service fund has a fund balance of \$1.9 million. This amount held in escrow is approximately one year’s debt service. During the fiscal year the fund posted a \$37 thousand increase to its fund balance.

Non-major governmental funds combined for a total fund balance of \$98 thousand at year end.

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 assets of the water & sewer utility fund amounted to \$40.7 million. The reduction in net assets for this proprietary fund was \$1.2 million. Factors concerning the finances of this fund have been addressed in the discussion of the Village’s business-type activities section.

General Fund Budgetary Highlights

The recession continued to batter General Fund revenues. This is the third straight year General Fund actual revenues (\$8,018,000) have seen a decrease. They were down 4.1% from the previous year's actual. FY2009 and 2008 revenues were \$8,357,000 and \$10,145,000, respectively. Total revenues fell under budget by \$684,000 in the current year. Every revenue category but one experienced some degree of decline. Compared to the budgeted forecasts, tax revenues were under by 7.7%, fines & forfeitures by 3.6%, Intergovernmental by 6%, and Interest income by 55%. Only licenses & permits reported a positive variance of 2.2%.

Taxes normally contribute between 75% to 85% of all general fund revenues. While the tax category in total was down, there were some positive signs within this group indicating that the economy may be starting to recover. The rooms & admissions tax which follows business travel reported greater than budget revenues of 4.2%. The real estate transfer tax far exceeded its budget expectations, up 29%, due to the sale of two commercial properties. But as is normally the policy, commercial transactions are not included in the annual budget due to their unpredictability.

The continued uncertainty created by the recession required the Village to exclude in its budget all but the most necessary of operating expenditures and capital projects. The current year budget was paired down 32% from the previous year's. (excluding debt service) The year ended with total actual expenditures being 7.4% under the appropriated budget. This produced a budgetary savings of \$620,000. The savings helped mitigate the decline in revenues. Fund reserves were required to absorb the difference (\$288,000) between revenues and expenditures. There were no amendments the General Fund budget during the fiscal period.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31st was \$72.0 million. The investment in business-type capital assets, net of accumulated depreciation, as of the fiscal year end was \$40.9 million. In the governmental sector there were no major capital infrastructure projects completed in FY2010. Concerns over declining revenues and shrinking budgets curtailed major projects. A number of smaller equipment upgrades along with a joint-county road enhancement were undertaken. No major projects were begun/completed in the business-type sector. Some necessary equipment replacement was done in the water and sanitary sewer fund. There was the increase in capital infrastructure (i.e. - land, right-of-way, roads, and water and sewer lines) resulting from the dedication of two recently accepted subdivisions. Detailed information on capital assets can be found in financial statements under footnote Number 4, entitled Capital Assets.

Debt

The Village shows two types of debt on its books; (1) Debt in the form of bank loans that it has direct responsibility of paying, and (2) Special Service Area (SSA) debt in the form of a municipal bond obligation.

In FY2004-05 the Village issued \$15 million in Special Service Area bonds. The funds from this issue were used to construct the public infrastructure that would be part of the Sedgebrook retirement community. This debt obligation is not a part of the general Village-wide debt. Financing of the debt is done exclusively by property taxes dedicated to the Special Service Area.

At the end of the fiscal year, the Village's debt, both direct and SSA related, amounted to \$21.98 million compared to \$23.83 million last year - a decline of 5.5% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31, 2010 (in millions)						
Type of Debt	Government Activities		Business Activities		Totals	
	2010	2009	2010	2009	2010	2009
Bank Loans-Village	\$6.46	\$ 7.33	\$1.26	\$1.41	\$7.72	\$ 8.08
Bond Issue-SSA	\$14.26	\$14.52			\$14.26	\$14.52
	\$20.72	\$21.85	\$1.26	\$1.41	\$21.98	\$23.26

The Village is a home rule community and is, therefore, not limited by State Statute pertaining to debt limit. The Village's outstanding debt (excluding the SSA debt) represents 1.3% of its EAV. Detailed information on the Village's long-term debt activity can be found in the Long-Term Debt Section in the footnotes.

Bond Ratings

The Village normally finances its infrastructure with bank-qualified tax exempt bank loans. The Village's credit status is considered to be 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 has the reputation of being one of the more desirable municipalities within easy commuting distance of the City of Chicago. The economic downturn brought on by the recession is one of the biggest challenges the Village has had to face. However, its long-term economic outlook remains positive. The "near-north shore" identity with which Lincolnshire is associated has attracted an ample number of hotels, restaurants, theaters and a variety of upscale retail outlets. Chief among these is the Marriott Resort and Live Theater complex which also includes large group-meetings facilities along with a championship golf course. This particular region of Lake County has continually drawn its share of well-known regional and national corporations because of its lower property tax rates and prime real estate locations.

The Village has been able to maintain a fairly sound financial position even after three long challenging years of economic downturn that saw its property values deteriorate, revenues decline and nearly all commercial building activity grind to a halt. Fund reserves are still at the equivalent of one year's operating expenditures, including debt service, despite having to draw on those reserves to balance the budget.

Sales tax is the primary revenue source for the General Fund. Unfortunately, this was the third straight year it has experienced a drop. But other significant revenues have begun to register small increases (income, telecom, room & admissions, real estate transfer) over the prior year. Of particular interest was the Rooms & Admissions tax (a 4.2% increase) which may be indicating that the economy is beginning to recover.

The Village continues to closely monitor all its major tax and non-tax revenues for any trends that may indicate the need to take action in adjusting expenditures to offset revenue shortfalls. Also being closed watched is possible State legislative action that could significantly impact in the areas of state-shared income tax, internet sales tax and employee pension funds.

Other economic/fiscal factors impacting the Village's budget are:

1. Telecom taxes- Even as the Village increased its telecom tax from 4.5% to 6% a trend is developing where individuals and business are moving away from traditional land-line systems to wireless communication devices.

2. Home-Rule sales tax- The Village adopted a home rule sales tax (0.5%) that will take effect on January 1, 2011. This tax was estimated to add an additional \$950,000 to revenues.

3. Debt refinancing- Early in 2011 the Village will be refinancing its debt to take advantage of the very favorable low interest rates in order to reduce its debt service payments for future years.

FY2010 ended with a number of encouraging signs indicating that the economy may be back on its way to a slow but steady recovery. Experts see the only significant hold up to a complete recovery being the depressed real estate market. That could take several more years before returning to normal. The Village's budget for FY2011 is another austere one that maintains a tight lid on operating and capital expenditures. It projects no tapping of the unreserved fund balance to maintain current service levels.

Contacting the Village's Financial Management

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash equivalents	\$ 3,158,262	\$ 1,061,710	\$ 4,219,972
Investments	8,472,580	340,472	8,813,052
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,736,000	-	2,736,000
Other taxes	1,681,000	-	1,681,000
Accounts	79,307	418,136	497,443
Accrued interest	17,886	386	18,272
Prepaid expenses	14,531	2,225	16,756
Due to/from other funds	(20,372)	20,372	-
Advances to/from other funds	25,000	(25,000)	-
Land held for resale	6,570,480	-	6,570,480
Net pension asset	3,508,784	-	3,508,784
Capital assets not being depreciated	42,354,406	36,325	42,390,731
Capital assets (net of accumulated depreciation)	29,621,734	40,900,323	70,522,057
Total assets	98,219,598	42,754,949	140,974,547
LIABILITIES			
Accounts payable	944,010	685,003	1,629,013
Accrued payroll	74,643	6,990	81,633
Deposits payable	1,810,019	-	1,810,019
Accrued interest payable	430,256	25,733	455,989
Unearned revenue	2,741,400	-	2,741,400
Noncurrent liabilities			
Due within one year	1,335,663	160,098	1,495,761
Due in more than one year	19,760,167	1,154,026	20,914,193
Total liabilities	27,096,158	2,031,850	29,128,008
NET ASSETS			
Investment in capital assets, net of related debt	68,687,377	39,673,213	108,360,590
Restricted for			
Debt service	1,947,558	-	1,947,558
Maintenance of roadways	42,968	-	42,968
Employee retirement	76,564	-	76,564
Economic development	6,570,480	-	6,570,480
Unrestricted	(6,201,507)	1,049,886	(5,151,621)
TOTAL NET ASSETS	\$ 71,123,440	\$ 40,723,099	\$ 111,846,539

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,378,638	\$ 201,502	\$ -	\$ -
Public safety	3,848,717	1,012,535	43,361	-
Community development	647,593	224,543	-	-
Public works	2,969,518	9,595	216,250	941,209
Parks and recreation	1,395,391	114,357	-	-
Interest	1,204,731	-	-	-
Total governmental activities	12,444,588	1,562,532	259,611	941,209
Business-Type Activities				
Water and sewer	5,451,207	3,850,997	-	197,679
TOTAL PRIMARY GOVERNMENT	\$ 17,895,795	\$ 5,413,529	\$ 259,611	\$ 1,138,888

	Net (Expense) Revenue and Change in Net Assets		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
	\$ (2,177,136)	\$ -	\$ (2,177,136)
	(2,792,821)	-	(2,792,821)
	(423,050)	-	(423,050)
	(1,802,464)	-	(1,802,464)
	(1,281,034)	-	(1,281,034)
	(1,204,731)	-	(1,204,731)
	(9,681,236)	-	(9,681,236)
	-	(1,402,531)	(1,402,531)
	(9,681,236)	(1,402,531)	(11,083,767)
General Revenues			
Taxes			
Property	4,395,930	-	4,395,930
Sales	2,032,545	-	2,032,545
Income	561,112	-	561,112
Local use	86,595	-	86,595
Utility	1,189,008	-	1,189,008
Telecommunications	979,003	-	979,003
Room and admissions	1,538,248	-	1,538,248
Real estate transfer	224,958	-	224,958
Investment income	87,199	11,438	98,637
Gain on sale of capital assets	-	1,552	1,552
Miscellaneous	40,133	-	40,133
Transfers in (out)	(147,000)	147,000	-
Total	10,987,731	159,990	11,147,721
CHANGE IN NET ASSETS	1,306,495	(1,242,541)	63,954
NET ASSETS, JANUARY 1	69,816,945	41,965,640	111,782,585
NET ASSETS, DECEMBER 31	\$ 71,123,440	\$ 40,723,099	\$ 111,846,539

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2010

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
ASSETS							
Cash and cash equivalents	\$ 1,798,846	\$ 583,775	\$ -	\$ 96,737	\$ 621,104	\$ 57,800	\$ 3,158,262
Investments	6,931,020	1,245	-	20,635	1,326,454	193,226	8,472,580
Receivables (net, where applicable, of allowances for uncollectibles)							
Property taxes	-	-	1,030,000	491,000	1,215,000	-	2,736,000
Other taxes	1,620,000	-	-	-	-	61,000	1,681,000
Accounts	79,307	-	-	-	-	-	79,307
Accrued interest	17,787	-	-	-	-	99	17,886
Due from other funds	6,000	-	-	-	-	4,706	10,706
Prepaid items	13,853	-	-	-	-	493	14,346
Advances to other funds	275,000	-	-	-	-	-	275,000
Land held for resale	-	6,570,480	-	-	-	-	6,570,480
TOTAL ASSETS	\$ 10,741,813	\$ 7,155,500	\$ 1,030,000	\$ 608,372	\$ 3,162,558	\$ 317,324	\$ 23,015,567

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 627,020	\$ 137,810	\$ -	\$ 808	\$ -	\$ 124,397	\$ 890,035
Accrued payroll	67,684	-	-	-	-	4,274	71,958
Deposits payable	1,810,019	-	-	-	-	-	1,810,019
Due to other funds	86,795	6,000	-	-	-	-	92,795
Advances from other funds	-	125,000	-	40,000	-	85,000	250,000
Deferred revenue	-	-	1,030,000	491,000	1,215,000	5,400	2,741,400
Total liabilities	2,591,518	268,810	1,030,000	531,808	1,215,000	219,071	5,856,207
FUND BALANCES							
Reserved for advances	275,000	-	-	-	-	-	275,000
Reserved for prepaid items	13,853	-	-	-	-	493	14,346
Reserved for debt service	-	-	-	-	1,947,558	-	1,947,558
Reserved for maintenance of roadways	-	-	-	-	-	42,968	42,968
Reserved for employee retirement	-	-	-	76,564	-	-	76,564
Reserved for land held for resale	-	6,570,480	-	-	-	-	6,570,480
Reserved for economic development	-	316,210	-	-	-	-	316,210
Unreserved							
Undesignated - General Fund	7,861,442	-	-	-	-	-	7,861,442
Undesignated - Capital Projects Funds	-	-	-	-	-	54,792	54,792
Total fund balances	8,150,295	6,886,690	-	76,564	1,947,558	98,253	17,159,360
TOTAL LIABILITIES AND FUND BALANCES	\$ 10,741,813	\$ 7,155,500	\$ 1,030,000	\$ 608,372	\$ 3,162,558	\$ 317,324	\$ 23,015,567

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2010

FUND BALANCES OF GOVERNMENTAL FUNDS		\$ 17,159,360
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	\$ 71,976,140	
Less internal service funds	<u>(1,074)</u>	71,975,066
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Notes payable		(6,458,763)
SSA bonds payable		(14,255,000)
Other postemployment benefit payable		(22,134)
Net pension obligation		(3,910)
Compensated absences	(344,769)	
Less internal service funds	<u>3,751</u>	(341,018)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets		(430,256)
The net pension assets of the police pension fund are included in the governmental activities in the statement of net assets		3,508,784
The net assets of the internal service fund are included in the governmental activities in the statement of net assets		<u>(8,689)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 71,123,440</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
REVENUES							
Property taxes	\$ -	\$ 1,542,364	\$ 1,012,592	\$ 562,201	\$ 1,200,095	\$ -	\$ 4,317,252
Other taxes	6,690,147	-	-	-	-	-	6,690,147
Licenses, permits and fees	549,996	-	-	-	-	-	549,996
Fines and forfeitures	506,933	-	-	-	-	-	506,933
Charges for services	-	-	-	-	-	72,820	72,820
Intergovernmental	174,518	-	-	-	-	517,876	692,394
Investment income	76,675	2,614	-	420	5,738	1,752	87,199
Miscellaneous	20,133	20,000	-	-	-	-	40,133
Total revenues	8,018,402	1,564,978	1,012,592	562,621	1,205,833	592,448	12,956,874
EXPENDITURES							
Current							
General government	1,740,884	-	-	526,118	-	4,604	2,271,606
Public safety	2,712,928	-	1,012,592	-	-	490,551	4,216,071
Community development	530,073	-	-	-	-	-	530,073
Public works	1,854,289	-	-	-	-	-	1,854,289
Parks and recreation	879,041	-	-	-	-	-	879,041
Capital outlay	-	115,436	-	-	-	298,371	413,807
Debt service							
Principal retirement	449,239	420,000	-	-	104,030	155,970	1,129,239
Interest and fiscal charges	134,668	201,483	-	-	339,720	554,280	1,230,151
Total expenditures	8,301,122	736,919	1,012,592	526,118	443,750	1,503,776	12,524,277
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(282,720)	828,059	-	36,503	762,083	(911,328)	432,597

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Special Service Area Debt Service	Nonmajor Governmental	Total
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 190,000	\$ -	\$ -	\$ -	\$ -	\$ 775,250	\$ 965,250
Transfers (out)	(197,000)	-	-	-	(725,250)	(190,000)	(1,112,250)
Sale of capital assets	1,557	-	-	-	-	-	1,557
Total other financing sources (uses)	(5,443)	-	-	-	(725,250)	585,250	(145,443)
NET CHANGE IN FUND BALANCES	(288,163)	828,059	-	36,503	36,833	(326,078)	287,154
FUND BALANCES, JANUARY 1	8,438,458	6,058,631	-	40,061	1,910,725	424,331	16,872,206
FUND BALANCES, DECEMBER 31	<u>\$ 8,150,295</u>	<u>\$ 6,886,690</u>	<u>\$ -</u>	<u>\$ 76,564</u>	<u>\$ 1,947,558</u>	<u>\$ 98,253</u>	<u>\$ 17,159,360</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 287,154
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	45,165
Contributions of capital assets are reported as capital grants on the statement of activities	941,209
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	
Notes payable	869,239
SSA bonds	260,000
The increase in interest payable is reported as an increase in expense on the statement of activities	25,420
Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	\$ (1,556,344)
Less internal service funds	<u>3,266</u> (1,553,078)
The change in certain long-term assets in liabilities does not require the use of current financial resources but is reported are recorded as expenses on the statement of activities	
Increase in accrued compensated absences	(35,754)
Increase in net other postemployment benefit obligation	(8,223)
Increase in police pension net pension asset	479,273
Increase in IMRF net pension obligation	<u>(3,910)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,306,495</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,061,710	\$ -
Investments	340,472	-
Receivables		
Accounts - billed	302,542	-
Accounts - unbilled	115,594	-
Accrued interest	386	-
Prepaid expenses	2,225	185
Due from other funds	20,372	78,579
	<u>1,843,301</u>	<u>78,764</u>
Total current assets		
CAPITAL ASSETS		
Nondepreciable	36,325	-
Depreciable, net of accumulated depreciation	40,900,323	1,074
	<u>40,936,648</u>	<u>1,074</u>
Net capital assets		
	<u>42,779,949</u>	<u>79,838</u>
Total assets		
CURRENT LIABILITIES		
Accounts payable	685,003	53,975
Accrued payroll	6,990	2,685
Accrued interest payable	25,733	-
Due to other funds	-	16,862
Advances from other funds	25,000	-
Compensated absences payable	12,672	3,751
Current portion of notes payable	147,426	-
	<u>902,824</u>	<u>77,273</u>
Total current liabilities		
LONG-TERM LIABILITIES		
Compensated absences payable	38,017	11,254
Notes payable	1,116,009	-
	<u>1,154,026</u>	<u>11,254</u>
Total long-term liabilities		
	<u>2,056,850</u>	<u>88,527</u>
Total liabilities		
NET ASSETS		
Invested in capital assets, net of related debt	39,673,213	-
Unrestricted	1,049,886	(8,689)
	<u>40,723,099</u>	<u>(8,689)</u>
TOTAL NET ASSETS	<u>\$ 40,723,099</u>	<u>\$ (8,689)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
OPERATING REVENUES		
Charges for services	\$ 3,784,022	\$ 480,602
Miscellaneous	37,583	-
Total operating revenues	<u>3,821,605</u>	<u>480,602</u>
OPERATING EXPENSES		
Administration	597,092	-
Operations	3,157,150	-
Repairs and maintenance	46,173	477,336
Total operating expenses	<u>3,800,415</u>	<u>477,336</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION		
	21,190	3,266
Depreciation	<u>1,598,409</u>	<u>3,266</u>
OPERATING INCOME (LOSS)		
	<u>(1,577,219)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	11,438	-
Interest expense	(52,383)	-
Connection fees	29,392	-
Gain on sale of capital assets	1,552	-
Total nonoperating revenues (expenses)	<u>(10,001)</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS		
	<u>(1,587,220)</u>	<u>-</u>
TRANSFERS		
Transfers in	<u>147,000</u>	<u>-</u>
Total transfers	<u>147,000</u>	<u>-</u>
CONTRIBUTIONS		
	<u>197,679</u>	<u>-</u>
CHANGE IN NET ASSETS		
	(1,242,541)	-
NET ASSETS (DEFICIT), JANUARY 1		
	<u>41,965,640</u>	<u>(8,689)</u>
NET ASSETS (DEFICIT), DECEMBER 31		
	<u>\$ 40,723,099</u>	<u>\$ (8,689)</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,844,455	\$ -
Receipts from interfund services	-	439,163
Payments to suppliers	(3,106,240)	(270,560)
Payments to employees	(608,386)	(168,603)
Payments for interfund services	-	-
Net cash from operating activities	<u>129,829</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	147,000	-
Repayment of interfund balances	(13,983)	-
Payments to advances from other funds	(325,000)	-
Receipts from advances to other funds	22,150	-
Net cash from noncapital financing activities	<u>(169,833)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	1,552	-
Capital assets purchased	(44,198)	-
Connection fees	29,392	-
Note principal payments	(141,624)	-
Note interest payments	(55,393)	-
Net cash from capital and related financing activities	<u>(210,271)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities	(300,173)	-
Sale of investment securities	621,430	-
Interest received	12,766	-
Net cash from investing activities	<u>334,023</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,748	-
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>977,962</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 1,061,710</u></u>	<u><u>\$ -</u></u>

(This statement is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,577,219)	\$ -
Adjustments to reconcile operating income (loss)		
to net cash from operating activities		
Depreciation and amortization	1,598,409	3,266
(Increase) decrease in		
Receivables	22,850	-
Interfund receivables	-	(41,440)
Prepaid expense	(1,837)	(146)
Increase (decrease) in		
Accounts payable	79,077	15,903
Accrued payroll	803	1,198
Compensated absences payable	7,746	13,765
Interfund payables	-	7,454
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 129,829</u>	<u>\$ -</u>
NONCASH TRANSACTIONS		
Contributions of capital assets by other funds	<u>\$ 197,679</u>	<u>\$ -</u>
TOTAL NONCASH TRANSACTIONS	<u>\$ 197,679</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
POLICE PENSION TRUST FUND

December 31, 2010

ASSETS	
Cash and cash equivalents	\$ 15,965
Investments	
U.S. Treasury obligations	3,565,211
U.S. agencies securities	1,578,073
Equity mutual funds	3,294,548
Money market mutual funds	616,925
Corporate bonds	288,540
Equities	3,295,854
Negotiable certificates of deposit	1,636,449
Receivables	
Accrued interest	53,140
Prepaid expense	<u>2,335</u>
Total assets	<u>14,347,040</u>
LIABILITIES	
Accounts payable	<u>2,645</u>
Total liabilities	<u>2,645</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 14,344,395</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
POLICE PENSION TRUST FUND

For the Year Ended December 31, 2010

ADDITIONS	
Contributions - employer	\$ 1,012,592
Contributions - employee	195,827
Other contributions	<u>219</u>
Total contributions	<u>1,208,638</u>
Investment income	
Net appreciation in fair value of investments	1,024,048
Interest earned on investments	<u>344,062</u>
Total investment income	1,368,110
Less investment expense	<u>(54,455)</u>
Net investment income	<u>1,313,655</u>
Total additions	<u>2,522,293</u>
DEDUCTIONS	
Benefits	535,376
Administrative	<u>18,420</u>
Total deductions	<u>553,796</u>
NET INCREASE	1,968,497
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
January 1	<u>12,375,898</u>
December 31	<u><u>\$ 14,344,395</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Manager, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund. Separate financial statements are issued and available from the Police Pension Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

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

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

Governmental funds are used to account for all or most of the Village's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds). The Village has elected, under the provisions of GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements and all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements

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

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

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

The Village reports the following major governmental funds:

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Additionally, the Village reports the following proprietary fund:

Internal Service Funds

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments with a maturity of less than one year when purchased and nonnegotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of December 31, 2010 for debt and equity securities.

f. Short-Term Interfund Receivables/Payables

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

g. Advances to Other Funds

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

h. Prepaid Items/Expenses

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system, intangible assets and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$200,000 for infrastructure assets, \$100,000 for land and improvements and building and improvements and more than \$5,000 for all other capital asset classifications.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Compensated Absences

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

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

k. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs and gains/losses on refundings, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and gains/losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

l. Fund Equity/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. At December 31, 2010, no net asset restrictions were the result of enabling legislation adopted by the Village. Capital assets, net of related debt is the book value of the capital assets less the outstanding principal balance of long-term debt issued to construct or acquire the capital asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Interfund Transactions

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

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

n. Accounting Estimates

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

2. 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's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust fund are held separately from those of other funds.

Permitted Deposits and Investments - The Village's investment policy authorizes the Village to make deposits/invest in accordance with Illinois Compiled Statutes (ILCS); including investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and Illinois Funds.

The Police Pension Fund also requires investments to be made in accordance with ILCS, which allows the fund to invest in the same securities as the Village, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veterans' loans, obligations of the State of Illinois and its political divisions, Illinois insurance company general and separate accounts, mutual funds and equity securities (not to exceed 45% of the total assets of the Police Pension Fund).

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

2. DEPOSITS AND INVESTMENTS (Continued)

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

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the Village’s deposits may not be returned to it. The Village’s investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Village’s agent in the Village’s name. At December 31, 2010, \$2,159,716 of the Village’s deposits were uninsured and uncollateralized which is not in compliance with the Village’s investment policy.

b. Village Investments

The following table presents the Village’s investments in and maturities of debt securities as of December 31, 2010:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 2,316,787	\$ 2,316,787	\$ -	\$ -	\$ -
TOTAL	\$ 2,316,787	\$ 2,316,787	\$ -	\$ -	\$ -

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

The Village 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 IMET are rated AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

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

Concentration of credit risk - The Village's investment policy requires diversification of the portfolio. Diversification by security instrument is as follows: U.S. Treasury Obligations - 100% maximum; U.S. Government Agency Securities and Instruments of Government Sponsored Corporations - 100% maximum; Certificates of Deposit (CDs) Commercial Banks - 33% maximum; except when the CDs are invested using the Certificate of Deposit Account Registry Service (CDARS) or similar system; Illinois Governmental Cash Investment Fund - 35% maximum; and Illinois Metropolitan Investment Fund - 35%. Diversification by institution is as follows: CDs - no more than 15% of the total portfolio with any one institution.

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

c. Police Pension Fund's Deposits with Financial Institutions

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2010:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 3,565,211	\$ 103,117	\$ 1,764,505	\$ 1,018,458	\$ 679,131
FHMLC notes	342,090	-	-	160,006	182,084
FFCB notes	308,989	-	-	308,989	-
FNMA notes	926,994	-	119,553	149,682	657,759
Corporate bonds	288,540	-	288,540	-	-
Money market mutual funds	616,925	616,925	-	-	-
Negotiable certificates of deposit	1,636,449	597,953	933,943	-	104,553
TOTAL	\$ 7,685,198	\$ 1,317,995	\$ 3,106,541	\$ 1,637,135	\$ 1,623,527

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

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring quarterly review of the returns of the equity portion of investments to address any standard deviations and by requiring 55% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The FHMLC, FFCB, FNMA, money market mutual funds and corporate bonds are rated AAA as of December 31, 2010.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. 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 a 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, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

Concentration of credit risk - 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 as follows:

Asset Class	Minimum	Preferred	Maximum
Large cap growth	9.0%	11.5%	14.0%
Large cap value	9.0%	11.5%	14.0%
Small mid cap growth	3.0%	5.0%	7.0%
Small mid cap value	3.0%	5.0%	7.0%
Real estate	0.0%	2.0%	4.0%
International growth	3.0%	5.0%	7.0%
International value	3.0%	5.0%	7.0%
Fixed income and cash	55.0%	55.0%	65.0%

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

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.

3. RECEIVABLES - TAXES

Property taxes for 2010 attach as an enforceable lien on January 1, 2010 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2011 and August 1, 2011 and are payable in two installments, on or about June 1, 2011 and September 1, 2011. The County collects such taxes and remits them periodically. As the 2010 tax levy is intended to fund expenditures for the 2011 fiscal year, these taxes are deferred as of December 31, 2010.

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

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 27,421,013	\$ -	\$ -	\$ 27,421,013
Right of way	14,598,818	108,900	-	14,707,718
Easements	-	225,675	-	225,675
Total capital assets not being depreciated	42,019,831	334,575	-	42,354,406
Capital assets being depreciated				
Land improvements	5,806,164	-	-	5,806,164
Buildings and improvements	8,138,937	-	-	8,138,937
Infrastructure	41,797,056	638,046	-	42,435,102
Machinery and equipment	3,256,187	13,753	16,000	3,253,940
Total capital assets being depreciated	58,998,344	651,799	16,000	59,634,143
Less accumulated depreciation for				
Land improvements	2,306,842	281,904	-	2,588,746
Buildings and improvements	2,985,421	214,571	-	3,199,992
Infrastructure	21,066,326	820,404	-	21,886,730
Machinery and equipment	2,113,476	239,465	16,000	2,336,941
Total accumulated depreciation	28,472,065	1,556,344	16,000	30,012,409
Total capital assets being depreciated, net	30,526,279	(904,545)	-	29,621,734
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 72,546,110	\$ (569,970)	\$ -	\$ 71,976,140
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 36,325	\$ -	\$ -	\$ 36,325
Total capital assets not being depreciated	36,325	-	-	36,325
Capital assets being depreciated				
Buildings	1,549,620	30,443	-	1,580,063
Underground water and sewerage system	81,349,390	197,679	-	81,547,069
Furniture, machinery, and equipment	1,036,405	13,755	-	1,050,160
Total capital assets being depreciated	83,935,415	241,877	-	84,177,292
Less accumulated depreciation for				
Buildings	812,586	35,020	-	847,606
Underground water and sewerage system	40,121,315	1,517,555	-	41,638,870
Furniture, machinery, and equipment	744,659	45,834	-	790,493
Total accumulated depreciation	41,678,560	1,598,409	-	43,276,969
Total capital assets being depreciated, net	42,256,855	(1,356,532)	-	40,900,323
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 42,293,180	\$ (1,356,532)	\$ -	\$ 40,936,648

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

4. CAPITAL ASSETS (Continued)

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

GOVERNMENTAL ACTIVITIES

General government	\$ 103,747
Public safety	92,921
Community development	2,046
Public works	938,789
Parks and recreation	418,841

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,556,344</u>
--	---------------------

5. RISK MANAGEMENT

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

High-Level Excess Liability Pool (HELP)

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

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

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

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

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

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

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

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Notes payable	\$ 7,328,002	\$ -	\$ 869,239	\$ 6,458,763	\$ 971,657
Special Service Area bonds	14,515,000	-	260,000	14,255,000	275,000
Compensated absences*	305,264	112,070	76,316	341,018	85,255
Compensated absences - Internal Service*	1,240	14,075	310	15,005	3,751
Net pension obligation**	-	3,910	-	3,910	-
Other postemployment benefit*	13,911	8,223	-	22,134	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 22,163,417	\$ 138,278	\$ 1,205,865	\$ 21,095,830	\$ 1,335,663

*Accrued compensated absences and the other postemployment benefit obligation are historically retired by the General Fund.

**The net pension obligation is retired by the IMRF fund.

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
Promissory notes payable	\$ 1,405,059	\$ -	\$ 141,624	\$ 1,263,435	\$ 147,426
Compensated absences	42,943	18,482	10,736	50,689	12,672
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 1,448,002	\$ 18,482	\$ 152,360	\$ 1,314,124	\$ 160,098

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
TIF note payable - for capital improvements within the TIF district (\$4,000,000 dated April 1, 2001; maturing January 1, 2015; payable in annual installments ranging from \$100,000 to \$675,000; interest rates from 4.10% to 4.95%)	TIF Fund	\$ 3,590,000	\$ -	\$ 420,000	\$ 3,170,000	\$ 505,000

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

6. LONG-TERM DEBT (Continued)

b. Notes Payable (Continued)

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES (Continued)						
Note payable - for capital park improvements (\$3,300,000 dated December 5, 2005; maturing January 1, 2016, payable in semiannual installments ranging from \$138,857 to \$194,656; interest rate 3.625%)	General Fund	\$ 2,285,992	\$ -	\$ 316,666	\$ 1,969,326	\$ 328,250
Note payable - Capital improvements - (\$1,540,000 dated August 10, 2009; maturing January 1, 2019, payable in semiannual installments ranging from \$52,988 to \$90,592; interest rate 3.75%)	General Fund	1,452,010	-	132,573	1,319,437	138,407
TOTAL		\$ 7,328,002	\$ -	\$ 869,239	\$ 6,458,763	\$ 971,657

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES						
Promissory note payable - Water and Sanitary Sewer infrastructure improvements - (\$2,200,000 dated January 1, 2003; maturing January 1, 2018; payable in annual installments ranging from \$54,980 to \$96,642; interest rate 4.00%)	Water and Sewer Fund	\$ 1,405,059	\$ -	\$ 141,624	\$ 1,263,435	\$ 147,426
TOTAL		\$ 1,405,059	\$ -	\$ 141,624	\$ 1,263,435	\$ 147,426

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

6. LONG-TERM DEBT (Continued)

b. Notes Payable (Continued)

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

Fiscal Year Ending December 31,	Notes payable					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 971,657	\$ 256,997	\$ 1,228,654	\$ 147,426	\$ 49,810	\$ 197,236
2012	1,063,902	214,505	1,278,407	153,349	43,887	197,236
2013	1,161,785	167,121	1,328,906	159,747	37,489	197,236
2014	1,270,330	114,391	1,384,721	166,292	30,944	197,236
2015	1,214,560	60,078	1,274,638	173,104	24,132	197,236
2016	370,198	23,431	393,629	180,154	17,082	197,236
2017	172,969	13,594	186,563	187,576	9,660	197,236
2018	179,516	7,045	186,561	95,787	2,831	98,618
2019	53,846	990	54,836	-	-	-
TOTAL	\$ 6,458,763	\$ 858,152	\$ 7,316,915	\$ 1,263,435	\$ 215,835	\$ 1,479,270

c. Special Service Area Bonds

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
Special Service Area Number 1 Special Tax Bonds, Series 2004 (\$15,000,000 dated November 16, 2004; maturing March 1, 2034; payable in annual installments ranging from \$235,000 to \$1,095,000)	SSA Capital Projects Fund	\$ 14,515,000	\$ -	\$ 260,000	\$ 14,255,000	\$ 275,000
TOTAL		\$ 14,515,000	\$ -	\$ 260,000	\$ 14,255,000	\$ 275,000

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

6. LONG-TERM DEBT (Continued)

c. Special Service Area Bonds (Continued)

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

Fiscal Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 275,000	\$ 887,500	\$ 1,162,500
2012	290,000	873,750	1,163,750
2013	305,000	855,625	1,160,625
2014	325,000	836,563	1,161,563
2015	345,000	816,250	1,161,250
2016	365,000	794,687	1,159,687
2017	390,000	771,875	1,161,875
2018	415,000	747,500	1,162,500
2019	440,000	721,563	1,161,563
2020	470,000	694,062	1,164,062
2021	495,000	664,688	1,159,688
2022	530,000	633,750	1,163,750
2023	560,000	600,625	1,160,625
2024	595,000	565,625	1,160,625
2025	635,000	528,438	1,163,438
2026	675,000	488,750	1,163,750
2027	715,000	446,562	1,161,562
2028	760,000	401,875	1,161,875
2029	805,000	354,375	1,159,375
2030	860,000	304,063	1,164,063
2031	910,000	250,312	1,160,312
2032	970,000	193,438	1,163,438
2033	1,030,000	132,812	1,162,812
2034	1,095,000	68,438	1,163,438
TOTAL	\$ 14,255,000	\$ 13,633,126	\$ 27,888,126

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

6. LONG-TERM DEBT (Continued)

d. Legal Debt Margin

The Village is a home rule municipality.

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

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

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

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

7. INTERFUND ASSETS/LIABILITIES

a. Due From/To Other Funds

Due from/to other funds at December 31, 2010 consisted of the following:

Fund	Due From	Due To
General Corporate Fund		
Water and Sanitary Sewer	\$ -	\$ 3,510
Internal Service Fund	-	78,579
Tax Increment Financing	6,000	
Nonmajor governmental funds	-	4,706
	6,000	86,795
 Tax Increment Financing		
General Corporate Fund	-	6,000
	-	6,000

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

a. Due From/To Other Funds (Continued)

Fund	Due From	Due To
Water and Sanitary Sewer		
General Corporate Fund	\$ 3,510	\$ -
Internal Service Fund	16,862	-
	<u>20,372</u>	<u>-</u>
Internal Service Fund		
General Corporate Fund	78,579	-
Water and Sanitary Sewer	-	16,862
	<u>78,579</u>	<u>16,862</u>
Nonmajor Governmental Funds		
General Corporate Fund	4,706	-
	<u>4,706</u>	<u>-</u>
TOTAL	<u><u>\$ 109,657</u></u>	<u><u>\$ 109,657</u></u>

The purpose of the significant due to/from other funds is as follows:

- \$78,579 due from the General Corporate Fund to the Internal Service Fund is for Vehicle Maintenance funding amounts still due to the Internal Service Fund at year end. This amount will be repaid within one year.

b. Advances To/From Other Funds

Advances to/from other funds at December 31, 2010 consisted of the following:

Fund	Advances To	Advances From
General Corporate Fund		
Water and Sanitary Sewer	\$ 25,000	\$ -
Tax Increment Financing	125,000	-
IMRF	40,000	-
Nonmajor Governmental	85,000	-
	<u>275,000</u>	<u>-</u>
Water and Sanitary Sewer		
General Corporate Fund	-	25,000
	<u>-</u>	<u>25,000</u>
Tax Increment Financing		
General Corporate Fund	-	125,000
	<u>-</u>	<u>125,000</u>

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

7. INTERFUND BALANCES AND TRANSFERS (Continued)

b. Advances To/From Other Funds (Continued)

Fund	Advances To	Advances From
IMRF		
General Corporate Fund	\$ -	\$ 40,000
Water and Sanitary Sewer		
General Corporate Fund	-	85,000
TOTAL	<u>\$ 275,000</u>	<u>\$ 275,000</u>

The purpose of the significant advance between funds is as follows:

- \$275,000 Advanced from the General Corporate Fund to the various funds as detailed above. This amount is for operational and capital activities due to cash flow issues in the funds. These amounts will be repaid.

c. Transfers

Interfund transfers during the year ended December 31, 2010 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Corporate Fund	\$ 190,000	\$ 197,000
Special Service Area Debt Service	-	725,250
Total Major Governmental Funds	<u>190,000</u>	<u>922,250</u>
Nonmajor Governmental Funds		
Enhanced 911	50,000	-
Park Development Capital Projects	-	190,000
Special Service Area Capital Projects	725,250	-
Total Special Revenue	<u>775,250</u>	<u>190,000</u>
Enterprise Funds		
Water and Sanitary Sewer	<u>147,000</u>	-
TOTAL	<u>\$ 1,112,250</u>	<u>\$ 1,112,250</u>

7. INTERFUND BALANCES AND TRANSFERS (Continued)

c. Transfers (Continued)

The purpose of significant transfers is as follows:

- \$190,000 Transferred to the General Corporate Fund from the Park Development Capital Projects Fund to fund park improvements. This amount will not be repaid.
- \$725,250 Transferred from the Special Service Area Debt Service Fund to the Special Service Area Capital Projects Fund to transfer the appropriate funding necessary to make the current debt service payments. This amount will not be repaid.
- \$147,000 Transferred from the General Corporate Fund to the Water and Sanitary Sewer Fund to assist in operational costs of the Water and Sanitary Sewer Fund. This amount will not be repaid.

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

c. High-Level Excess Liability Pool (HELP)

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

8. CONTINGENT LIABILITIES (Continued)

d. Economic Incentive Agreement

In October 2004, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of future sales tax revenues generated by this company from its rebate development. The Village has no obligation to rebate sales tax when the sales tax revenue generated by this company is less than \$100,000 in any sales tax year. During 2010, the Village rebated approximately \$121,679 to this company.

In 2010, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of the first \$500,000 of sales tax revenue generated annually by this company and 66.67% of any sales tax revenue generated annually above this amount. During 2010, the Village rebated approximately \$162,639 to this company.

9. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

The Village provides pre and post-Medicare postretirement health insurance to retirees, their spouses and dependents (enrolled at time of employee's retirement). To be eligible for benefits, the employee must qualify for retirement under one of the Village's two retirement plans. The retirees pay the blended premium. Upon a retiree becoming eligible for Medicare, the amount payable under the Village's health plan will be reduced by the amount payable under Medicare for those expenses that are covered under both.

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At December 31, 2008, membership consisted of:

Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>86</u>
 TOTAL	 <u><u>86</u></u>
 Participating employers	 <u>1</u>

d. Funding Policy

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The required contribution is based on projected pay-as-you-go financing requirements. For the years ended 2010, 2009 and 2008 the Village did not contribute to the Plan.

e. Annual Other Postemployment Benefits (OPEB) Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of January 1, 2008 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2008. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the last three years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 7,636	\$ -	0.00%	\$ 7,636
December 31, 2009	6,275	-	0.00%	13,911
December 31, 2010	8,223	-	0.00%	22,134

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

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation as of December 31, 2010, was calculated as follows:

Annual required contribution	\$ 8,418
Interest on net OPEB obligation	695
Adjustment to annual required contribution	<u>(890)</u>
Annual OPEB cost	8,223
Contributions made	<u>-</u>
Increase in net OPEB obligation	8,223
Net OPEB obligation, beginning of year	<u>13,911</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 22,134</u>

Funded Status and Funding Progress: The funded status of the plan as of December 31, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 63,705
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	63,705
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,667,785
UAAL as a percentage of covered payroll	1.12%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

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

In the December 31, 2008, actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return of 5.0% and an initial healthcare cost trend rate of 8.0% with an ultimate healthcare inflation rate of 8.0%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

10. EMPLOYEE RETIREMENT SYSTEMS

a. Plan Descriptions and Provisions

Illinois Municipal Retirement Fund

The Village contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois (other than those covered by the Police Pension Plan).

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight 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 (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. IMRF also provides death and disability benefits. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Illinois Municipal Retirement Fund (Continued)

Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund the coverage of its own employees in the system, using the actuarial basis specified by state statute (entry-age normal). The employer contribution for the calendar year ended December 31, 2010 used by the Village was 11.85% of covered payroll. The employer annual required contribution rate for the calendar year ended December 31, 2010 used by the Village was 11.96% of covered payroll.

IMRF issues a separate financial report which may be obtained by writing them at IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. This report contains information for IMRF as a whole, but not by individual employer.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40 - Article 5/3) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At December 31, 2010, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	11
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	13
Nonvested	12
	<hr/>
TOTAL	<u>37</u>

The following is a summary of the Police Pension Plan as provided for in ILCS.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. 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 held 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 eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded interest annually thereafter.

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 Police Pension Plan as actuarially determined by an enrolled actuary. The Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded by the year 2033. The employer contribution for the fiscal year ended December 31, 2010 was 50.36% of covered payroll.

The Police Pension Plan issues a separate financial report which may be obtained by writing them at the Village of Lincolnshire Village Hall.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments: Investments are reported at fair value. Investment income is recognized as earned.

Gains and losses on sales and exchanges of fixed income securities are recognized on the transaction date.

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

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Significant Investments: There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan. Information for IMRF is not available.

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

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

c. Annual Pension Cost

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2008	January 1, 2010
Actuarial cost method	Entry-age Normal	Entry-age Normal Level Dollar
Asset valuation method	5 Year Smoothed Market	Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	23 Years, Closed

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

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

	Illinois Municipal Retirement	Police Pension
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	6.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	3.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	0.40% to 10.00%	5.50%
d) Post retirement benefit increases	3.00%	3.00%

Employer annual pension cost (APC) actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	For Fiscal Year	Illinois Municipal Retirement	Police Pension
Annual pension cost (APC)	2008	\$ 396,796	\$ 486,771
	2009	421,970	440,510
	2010	425,136	533,319
Actual contribution	2008	\$ 396,796	\$ 1,063,146
	2009	421,970	1,101,333
	2010	421,226	1,012,592
Percentage of APC contributed	2008	100.00%	218.41%
	2009	100.00%	250.01%
	2010	99.08%	189.87%
NPO (asset)	2008	\$ -	\$ (2,368,688)
	2009	-	(3,029,511)
	2010	3,910	(3,508,784)

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

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

The Village's annual pension cost and net pension obligation (asset) for the Police Pension Plan and IMRF for December 31, 2010 are as follows:

	IMRF	Police Pension
Annual required contribution	\$ 425,136	\$ 563,551
Interest on net pension obligation (asset)	-	(153,965)
Adjustment to annual required contribution	-	123,733
Annual pension cost	425,136	533,319
Contributions made	(421,226)	(1,012,592)
Increase in net pension obligation	3,910	(479,273)
Net pension obligation (asset), beginning of year	-	(3,029,511)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 3,910	\$ (3,508,784)

Funded Status and Funding Progress: The funded status of the plans as of December 31, 2010 were as follows. The actuarial assumptions used to determine the funded status of the Police Pension Plan are the same actuarial assumptions used to determine the employer APC of the plan as disclosed above.

	Illinois Municipal Retirement	Police Pension
Actuarial accrued liability (AAL)	\$ 11,982,550	\$ 16,369,535
Actuarial value of plan assets	9,265,070	14,027,490
Unfunded actuarial accrued liability (UAAL)	2,717,480	2,342,045
Funded ratio (actuarial value of plan assets/AAL)	77.32%	85.69%
Covered payroll (active plan members)	\$ 3,554,650	\$ 2,010,449
UAAL as a percentage of covered payroll	76.45%	116.49%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

11. SUBSEQUENT EVENTS

The Village issued \$4,250,000 Corporate Purpose Promissory Notes Series 2011A and \$2,675,000 Corporate Purpose Promissory Notes Series 2011B on January 28, 2011. The notes were issued to refinance the Corporate Purpose Promissory Notes Series 2002, 2005B, 2009 and Series 2001. Principal and interest on the series 2011A Notes is payable semiannually on July 1 and January 1 of each year beginning July 1, 2011 through January 1, 2018. Principal and interest on the series 2011B Notes is payable semiannually on July 1 and January 1 of each year beginning July 1, 2011 through January 1, 2016.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Other taxes	\$ 7,249,000	\$ 7,249,000	\$ 6,690,147
Licenses, permits and fees	537,600	537,600	549,996
Fines and forfeitures	526,000	526,000	506,933
Intergovernmental	184,850	184,850	174,518
Investment income	170,000	170,000	76,675
Miscellaneous	35,000	35,000	20,133
Total revenues	<u>8,702,450</u>	<u>8,702,450</u>	<u>8,018,402</u>
EXPENDITURES			
Current			
General government	1,789,800	1,789,800	1,740,884
Public safety	2,833,500	2,833,500	2,712,928
Community development	557,000	557,000	530,073
Public works	2,140,500	2,140,500	1,854,289
Parks and recreation	1,014,000	1,014,000	879,041
Debt service			
Principal retirement	448,600	448,600	449,239
Interest and fiscal charges	135,000	135,000	134,668
Total expenditures	<u>8,918,400</u>	<u>8,918,400</u>	<u>8,301,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(215,950)</u>	<u>(215,950)</u>	<u>(282,720)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	200,000	190,000
Transfers (out)	(197,000)	(197,000)	(197,000)
Sale of capital assets	-	-	1,557
Total other financing sources (uses)	<u>3,000</u>	<u>3,000</u>	<u>(5,443)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (212,950)</u>	<u>\$ (212,950)</u>	(288,163)
FUND BALANCE, JANUARY 1			<u>8,438,458</u>
FUND BALANCE, DECEMBER 31			<u>\$ 8,150,295</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 562,500	\$ 562,500	\$ 562,201
Investment income	700	700	420
Total revenues	<u>563,200</u>	<u>563,200</u>	<u>562,621</u>
EXPENDITURES			
General government			
Administrative	751,000	751,000	736,774
Contributions from other funds	(211,800)	(211,800)	(210,656)
Total expenditures	<u>539,200</u>	<u>539,200</u>	<u>526,118</u>
NET CHANGE IN FUND BALANCE	<u>\$ 24,000</u>	<u>\$ 24,000</u>	36,503
FUND BALANCE, JANUARY 1			<u>40,061</u>
FUND BALANCE, DECEMBER 31			<u>\$ 76,564</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2010

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2005	\$ 6,307,467	\$ 7,654,217	82.41%	\$ 1,346,750	\$ 3,089,701	43.59%
2006	7,244,618	8,555,016	84.68%	1,310,398	3,219,309	40.70%
2007	8,338,527	9,790,245	85.17%	1,451,718	3,495,030	41.54%
2008	7,688,165	10,179,592	75.53%	2,491,427	3,722,294	66.93%
2009	8,369,831	11,524,211	72.63%	3,154,380	3,918,015	80.51%
2010	9,265,070	11,982,550	77.32%	2,717,480	3,554,650	76.45%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2010

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
April 30, 2006	\$ 8,299,854	\$ 13,163,050	63.05%	\$ 4,863,196	\$ 1,667,247	291.69%
December 31, 2006	9,204,085	13,839,955	66.50%	4,635,870	1,723,909	268.92%
December 31, 2007	N/A	N/A	N/A	N/A	N/A	N/A
December 31, 2008	11,494,881	14,235,399	80.75%	2,740,518	1,945,491	140.87%
December 31, 2009	12,608,420	14,971,380	84.22%	2,362,960	2,029,959	116.40%
December 31, 2010	14,027,490	16,369,535	85.69%	2,342,045	2,010,449	116.49%

N/A - Not applicable

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2010

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 63,705	0.00%	\$ 63,705	\$ 5,667,785	1.12%
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Not applicable

Information for prior years is not available as the Village's first actuarial valuation was performed for the year ended December 31, 2008. Information for 2009 and 2010 is not applicable as a full valuation was not performed and will be done triennially in accordance with GASB Statement 45.

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2010

<u>Calendar Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2005	\$ 319,784	\$ 319,784	100.00%
2006	348,561	348,561	100.00%
2007	379,211	379,211	100.00%
2008	396,796	396,796	100.00%
2009	421,970	421,970	100.00%
2010	421,226	425,136	99.08%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
April 30, 2006*	\$ 550,323	\$ 452,196	121.70%
2006	587,154	321,728	182.50%
2007	1,111,733	483,226	230.06%
2008	1,063,146	497,262	213.80%
2009	1,101,333	454,383	242.38%
2010	1,012,592	563,551	179.68%

* The Village changed from an April 30 year end to a December 31 year end for the eight months ended December 31, 2006.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2010

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2008	\$ -	\$ 7,636	0.00%
2009	-	8,017	0.00%
2010	-	8,418	0.00%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

BUDGETS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental and proprietary funds, with the exception of the Police Pension Contribution Fund, the Special Service Area Capital Projects Fund and the Special Service Area Debt Service Fund. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year end.

In establishing the budget, the Village Manager submits to the Board of Trustees the proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The Village Board 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.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OTHER TAXES			
State income	\$ 575,000	\$ 575,000	\$ 561,112
Sales	2,340,000	2,340,000	2,032,545
Utility	1,280,000	1,280,000	1,189,008
Telecommunication	1,175,000	1,175,000	979,003
Room and admissions	1,550,000	1,550,000	1,538,248
Real estate transfer	160,000	160,000	224,958
Road and bridge	76,000	76,000	78,678
State use	93,000	93,000	86,595
Total other taxes	7,249,000	7,249,000	6,690,147
LICENSES AND PERMITS			
Liquor licenses	55,000	55,000	58,585
Beach tags	9,000	9,000	10,128
Park user fees	40,000	40,000	46,257
Recreation programs	65,000	65,000	57,972
Amusement devices	7,400	7,400	4,200
Application fees	2,500	2,500	10,471
Engineering fees	5,000	5,000	9,595
Planner fees	5,000	5,000	3,570
Plan review fees	28,000	28,000	36,915
Building permit fees	189,000	189,000	171,411
Acreage impact fees	2,400	2,400	-
Forester fees	6,000	6,000	2,175
Miscellaneous licenses and fees	2,000	2,000	8,483
Cable TV franchise fees	120,000	120,000	128,484
Waste hauler fees	1,300	1,300	1,750
Total licenses and permits	537,600	537,600	549,996
FINES AND FORFEITURES			
Court fines	400,000	400,000	369,287
False alarm fines and fees	6,000	6,000	4,650
Administrative tow fees	120,000	120,000	104,000
Police forfeitures	-	-	28,996
Total fines and forfeitures	526,000	526,000	506,933

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
INTERGOVERNMENTAL			
Police grants	\$ -	\$ -	\$ 3,065
Police training reimbursements	4,450	4,450	-
Miscellaneous grants	180,400	180,400	171,453
Total intergovernmental	184,850	184,850	174,518
INVESTMENT INCOME	170,000	170,000	76,675
MISCELLANEOUS			
Miscellaneous income	35,000	35,000	20,133
Total miscellaneous	35,000	35,000	20,133
TOTAL REVENUES	\$ 8,702,450	\$ 8,702,450	\$ 8,018,402

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Executive services			
Personnel services			
Regular salaries	\$ 350,000	\$ 350,000	\$ 351,108
Overtime salaries	2,000	2,000	1,967
Total personnel services	352,000	352,000	353,075
Contractual services			
Equipment maintenance	200	200	-
Professional services	10,500	10,500	7,828
Total contractual services	10,700	10,700	7,828
Other charges			
Memberships	9,300	9,300	9,372
Vehicle expenditures	5,400	5,400	5,400
Professional development	3,000	3,000	2,589
Publications	600	600	724
Classified advertisements	4,000	4,000	849
Boards and commissions	2,000	2,000	983
Business expenditures	6,600	6,600	6,137
Total other charges	30,900	30,900	26,054
Total executive services	393,600	393,600	386,957
Finance			
Personnel services			
Regular salaries	200,000	200,000	196,871
Overtime salaries	3,000	3,000	3,097
Total personnel services	203,000	203,000	199,968
Contractual services			
Printing	700	700	-
Equipment maintenance	2,100	2,100	1,903
Professional services	28,700	28,700	15,811
Legal notices	700	700	853
Outside services	800	800	731
Total contractual services	33,000	33,000	19,298
Commodities			
Licensing supplies	600	600	358
Total commodities	600	600	358

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Finance (Continued)			
Other charges			
Memberships	\$ 1,000	\$ 1,000	\$ 1,205
Professional development	1,000	1,000	396
Publications	500	500	440
Business expenditures	400	400	602
	<u>2,900</u>	<u>2,900</u>	<u>2,643</u>
Total other charges			
	<u>2,900</u>	<u>2,900</u>	<u>2,643</u>
Total finance	<u>239,500</u>	<u>239,500</u>	<u>222,267</u>
Legal			
Contractual services			
Legal services	146,000	146,000	134,257
	<u>146,000</u>	<u>146,000</u>	<u>134,257</u>
Total legal	<u>146,000</u>	<u>146,000</u>	<u>134,257</u>
Insurance			
Contractual services			
Telephone	52,200	52,200	59,016
Printing	20,700	20,700	21,326
Data systems	57,600	57,600	51,636
Postage	17,100	17,100	16,898
Duplicating	16,200	16,200	13,546
Medical insurance	595,000	595,000	589,845
General insurance	220,000	220,000	224,460
Property deductibles	2,000	2,000	1,236
Outside services	5,900	5,900	6,685
	<u>986,700</u>	<u>986,700</u>	<u>984,648</u>
Total contractual services			
	<u>986,700</u>	<u>986,700</u>	<u>984,648</u>
Commodities			
Office supplies	16,000	16,000	12,420
	<u>16,000</u>	<u>16,000</u>	<u>12,420</u>
Total commodities	<u>16,000</u>	<u>16,000</u>	<u>12,420</u>
Capital outlay			
Office equipment	8,000	8,000	335
	<u>8,000</u>	<u>8,000</u>	<u>335</u>
Total capital outlay	<u>8,000</u>	<u>8,000</u>	<u>335</u>
Total insurance	<u>1,010,700</u>	<u>1,010,700</u>	<u>997,403</u>
Total general government	<u>1,789,800</u>	<u>1,789,800</u>	<u>1,740,884</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
PUBLIC SAFETY			
Police			
Personnel services			
Regular salaries	\$ 2,400,000	\$ 2,400,000	\$ 2,313,034
Overtime salaries	92,000	92,000	96,546
Total personnel services	<u>2,492,000</u>	<u>2,492,000</u>	<u>2,409,580</u>
Contractual services			
Printing	3,500	3,500	2,656
Equipment maintenance	51,000	51,000	35,821
Professional services	30,000	30,000	24,624
Data systems	2,500	2,500	-
Total contractual services	<u>87,000</u>	<u>87,000</u>	<u>63,101</u>
Commodities			
Maintenance materials	15,500	15,500	12,444
Total commodities	<u>15,500</u>	<u>15,500</u>	<u>12,444</u>
Other charges			
Memberships	2,000	2,000	1,205
Vehicle expenditures	175,000	175,000	168,191
Professional development	23,000	23,000	13,755
Publications	1,000	1,000	479
Uniforms	23,000	23,000	9,149
Minor equipment	6,000	6,000	1,387
Business expenditures	9,000	9,000	33,637
Total other charges	<u>239,000</u>	<u>239,000</u>	<u>227,803</u>
Total public safety	<u>2,833,500</u>	<u>2,833,500</u>	<u>2,712,928</u>
COMMUNITY DEVELOPMENT			
Administration			
Personnel services			
Regular salaries	520,000	520,000	504,491
Overtime salaries	10,000	10,000	4,543
Total personnel services	<u>530,000</u>	<u>530,000</u>	<u>509,034</u>
Contractual services			
Legal notices	400	400	818
Outside services	5,200	5,200	4,134
Total contractual services	<u>5,600</u>	<u>5,600</u>	<u>4,952</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
COMMUNITY DEVELOPMENT (Continued)			
Administration (Continued)			
Other charges			
Memberships	\$ 8,500	\$ 8,500	\$ 8,171
Vehicle expenditures	5,000	5,000	5,000
Professional development	4,000	4,000	1,106
Publications	600	600	532
Board and commissions	300	300	-
Business expenditures	3,000	3,000	1,278
Total other charges	<u>21,400</u>	<u>21,400</u>	<u>16,087</u>
Total administration	<u>557,000</u>	<u>557,000</u>	<u>530,073</u>
Total community development	<u>557,000</u>	<u>557,000</u>	<u>530,073</u>
PUBLIC WORKS			
Administration			
Personnel services			
Regular salaries	135,000	135,000	132,838
Overtime salaries	8,000	8,000	3,170
Total personnel services	<u>143,000</u>	<u>143,000</u>	<u>136,008</u>
Contractual services			
Equipment maintenance	500	500	426
Professional services	46,200	46,200	41,379
Legal notices	1,400	1,400	748
Outside services	2,600	2,600	2,187
Total contractual services	<u>50,700</u>	<u>50,700</u>	<u>44,740</u>
Other charges			
Memberships	1,800	1,800	1,184
Vehicle expenditures	6,000	6,000	6,000
Professional development	3,600	3,600	2,012
Publications	200	200	462
Business expenditures	2,000	2,000	1,924
Total other charges	<u>13,600</u>	<u>13,600</u>	<u>11,582</u>
Total administration	<u>207,300</u>	<u>207,300</u>	<u>192,330</u>
Streets and storm drainage			
Personnel services			
Regular salaries	345,000	345,000	333,047
Overtime salaries	45,000	45,000	38,231
Total personnel services	<u>390,000</u>	<u>390,000</u>	<u>371,278</u>

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Streets and storm drainage (Continued)			
Contractual services			
Equipment maintenance	\$ 1,800	\$ 1,800	\$ 312
Electric utilities	17,500	17,500	14,684
Outside services	204,400	204,400	164,902
Total contractual services	223,700	223,700	179,898
Commodities			
Maintenance materials	8,500	8,500	9,307
Repair and restoration	10,400	10,400	8,017
Construction materials	3,200	3,200	2,994
Snow and ice control	63,100	63,100	59,974
Total commodities	85,200	85,200	80,292
Other charges			
Memberships	200	200	53
Vehicle expenditures	150,900	150,900	144,238
Professional development	1,000	1,000	141
Uniforms	3,400	3,400	1,567
Minor equipment	1,800	1,800	1,836
Business expenditures	700	700	448
Total other charges	158,000	158,000	148,283
Capital outlay			
Motor equipment	9,000	9,000	13,361
Capital projects	302,500	302,500	261,736
Other equipment	19,500	19,500	15,277
Total capital outlay	331,000	331,000	290,374
Total streets and storm drainage	1,187,900	1,187,900	1,070,125
Environmental services			
Personnel services			
Regular salaries	210,000	210,000	202,077
Overtime salaries	4,000	4,000	1,585
Total personnel services	214,000	214,000	203,662
Contractual services			
Equipment maintenance	500	500	-
Professional services	2,300	2,300	2,100
Outside services	322,500	322,500	215,753
Total contractual services	325,300	325,300	217,853

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Environmental services (Continued)			
Commodities			
Maintenance materials	\$ 3,000	\$ 3,000	\$ 3,039
Repair and restoration	700	700	-
Total commodities	3,700	3,700	3,039
Other charges			
Memberships	600	600	410
Vehicle expenditures	7,500	7,500	7,500
Professional development	1,400	1,400	631
Uniforms	600	600	500
Publications	100	100	-
Business expenditures	100	100	54
Total other charges	10,300	10,300	9,095
Total environmental services	553,300	553,300	433,649
Buildings			
Personnel services			
Regular salaries	40,000	40,000	42,495
Overtime salaries	3,000	3,000	606
Total personnel services	43,000	43,000	43,101
Contractual services			
Equipment maintenance	2,000	2,000	1,155
Outside services	112,200	112,200	89,790
Total contractual services	114,200	114,200	90,945
Commodities			
Maintenance materials	17,300	17,300	13,362
Repair and restoration	1,800	1,800	27
Construction materials	500	500	-
Total commodities	19,600	19,600	13,389
Other charges			
Vehicle expenditures	5,000	5,000	5,000
Professional development	200	200	205
Uniforms	600	600	240
Minor equipment	6,300	6,300	2,939
Business expenditures	1,600	1,600	2,366
Total other charges	13,700	13,700	10,750

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Buildings (Continued)			
Capital outlay			
Capital projects	\$ 1,500	\$ 1,500	\$ -
Total capital outlay	1,500	1,500	-
Total buildings	192,000	192,000	158,185
Total public works	2,140,500	2,140,500	1,854,289
PARKS AND RECREATION			
Parks and grounds			
Personnel services			
Regular salaries	380,000	380,000	369,083
Overtime salaries	27,000	27,000	13,446
Total personnel services	407,000	407,000	382,529
Contractual services			
Equipment maintenance	1,000	1,000	43
Gas utilities	4,600	4,600	2,487
Electric utilities	30,000	30,000	26,964
Outside services	43,700	43,700	41,595
Total contractual services	79,300	79,300	71,089
Commodities			
Maintenance materials	39,000	39,000	16,598
Repair and restoration	2,300	2,300	1,189
Construction materials	4,500	4,500	3,039
Total commodities	45,800	45,800	20,826
Other charges			
Memberships	700	700	679
Vehicle expenditures	107,500	107,500	102,611
Professional development	2,000	2,000	1,840
Publications	100	100	-
Uniforms	4,200	4,200	1,838
Minor equipment	1,200	1,200	1,237
Business expenditures	600	600	433
Total other charges	116,300	116,300	108,638

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
PARKS AND RECREATION (Continued)			
Parks and grounds (Continued)			
Capital outlay			
Capital projects	\$ 85,000	\$ 85,000	\$ 37,347
Other equipment	1,500	1,500	-
Total capital outlay	<u>86,500</u>	<u>86,500</u>	<u>37,347</u>
Total parks and grounds	<u>734,900</u>	<u>734,900</u>	<u>620,429</u>
Recreation services			
Personnel services			
Regular salaries	87,000	87,000	73,425
Overtime salaries	4,000	4,000	3,148
Total personnel services	<u>91,000</u>	<u>91,000</u>	<u>76,573</u>
Contractual services			
Printing	8,300	8,300	4,477
Equipment maintenance	500	500	299
Professional services	70,000	70,000	69,424
Outside services	102,500	102,500	104,482
Total contractual services	<u>181,300</u>	<u>181,300</u>	<u>178,682</u>
Other charges			
Memberships	900	900	399
Professional development	1,700	1,700	504
Publications	100	100	-
Uniforms	1,200	1,200	1,031
Minor equipment	1,300	1,300	874
Business expenditures	1,600	1,600	549
Total other charges	<u>6,800</u>	<u>6,800</u>	<u>3,357</u>
Total recreation services	<u>279,100</u>	<u>279,100</u>	<u>258,612</u>
Total parks and recreation	<u>1,014,000</u>	<u>1,014,000</u>	<u>879,041</u>
Debt service			
Principal retirement	448,600	448,600	449,239
Interest and fiscal charges	135,000	135,000	134,668
Total debt service	<u>583,600</u>	<u>583,600</u>	<u>583,907</u>
TOTAL EXPENDITURES	<u><u>\$ 8,918,400</u></u>	<u><u>\$ 8,918,400</u></u>	<u><u>\$ 8,301,122</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING (TIF) FUND

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 1,674,000	\$ 1,674,000	\$ 1,542,364
Investment income	5,000	5,000	2,614
Miscellaneous	-	-	20,000
Total revenues	<u>1,679,000</u>	<u>1,679,000</u>	<u>1,564,978</u>
EXPENDITURES			
Capital outlay			
Contractual services	226,000	226,000	17,208
Construction	789,000	789,000	98,228
Debt service			
Principal retirement	1,057,600	1,057,600	420,000
Interest and fiscal charges	200,000	200,000	201,483
Total expenditures	<u>2,272,600</u>	<u>2,272,600</u>	<u>736,919</u>
NET CHANGE IN FUND BALANCE	<u>\$ (593,600)</u>	<u>\$ (593,600)</u>	828,059
FUND BALANCE, JANUARY 1			<u>6,058,631</u>
FUND BALANCE, DECEMBER 31			<u>\$ 6,886,690</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Revenue Funds			Capital Projects			Total
	Motor Fuel Tax	Enhanced 911	Total Special Revenue	Park	Special	Total Capital Projects	
				Development Capital Projects	Service Area Capital Projects		
ASSETS							
Cash and cash equivalents	\$ 22,348	\$ 10,336	\$ 32,684	\$ 13,704	\$ 11,412	\$ 25,116	\$ 57,800
Investments	4,620	7,544	12,164	181,062	-	181,062	193,226
Receivables							
Other taxes	16,000	45,000	61,000	-	-	-	61,000
Accrued interest	-	-	-	99	-	99	99
Due from other funds	-	-	-	4,706	-	4,706	4,706
Prepaid item	-	493	493	-	-	-	493
TOTAL ASSETS	\$ 42,968	\$ 63,373	\$ 106,341	\$ 199,571	\$ 11,412	\$ 210,983	\$ 317,324
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 18,007	\$ 18,007	\$ 106,390	\$ -	\$ 106,390	\$ 124,397
Accrued payroll	-	4,274	4,274	-	-	-	4,274
Advance from other fund	-	45,000	45,000	40,000	-	40,000	85,000
Deferred revenue	-	5,400	5,400	-	-	-	5,400
Total liabilities	-	72,681	72,681	146,390	-	146,390	219,071
FUND BALANCES							
Reserved for prepaid items	-	493	493	-	-	-	493
Reserved for maintenance of roadways	42,968	-	42,968.00	-	-	-	42,968
Unreserved - undesignated	-	(9,801)	(9,801)	53,181	11,412	64,593	54,792
Total fund balances (deficit)	42,968	(9,308)	33,660	53,181	11,412	64,593	98,253
TOTAL LIABILITIES AND FUND BALANCES	\$ 42,968	\$ 63,373	\$ 106,341	\$ 199,571	\$ 11,412	\$ 210,983	\$ 317,324

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Special Revenue Funds			Capital Projects		Total Capital Projects	Total
	Motor Fuel Tax	Enhanced 911	Total Special Revenue	Park	Special		
				Development Capital Projects	Service Area Capital Projects		
REVENUES							
Intergovernmental	\$ 216,250	\$ 301,626	\$ 517,876	\$ -	\$ -	\$ -	\$ 517,876
Charges for services	-	72,820	72,820	-	-	-	72,820
Investment income	319	186	505	1,247	-	1,247	1,752
Total revenues	216,569	374,632	591,201	1,247	-	1,247	592,448
EXPENDITURES							
Current							
General government	-	-	-	-	4,604	4,604	4,604
Public safety	-	490,551	490,551	-	-	-	490,551
Capital outlay	205,000	-	205,000	93,371	-	93,371	298,371
Debt service							
Principal retirement	-	-	-	-	155,970	155,970	155,970
Interest and fiscal charges	-	-	-	-	554,280	554,280	554,280
Total expenditures	205,000	490,551	695,551	93,371	714,854	808,225	1,503,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,569	(115,919)	(104,350)	(92,124)	(714,854)	(806,978)	(911,328)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	50,000	50,000	-	725,250	725,250	775,250
Transfers (out)	-	-	-	(190,000)	-	(190,000)	(190,000)
Total other financing sources (uses)	-	50,000	50,000	(190,000)	725,250	535,250	585,250
NET CHANGE IN FUND BALANCES	11,569	(65,919)	(54,350)	(282,124)	10,396	(271,728)	(326,078)
FUND BALANCES, JANUARY 1	31,399	56,611	88,010	335,305	1,016	336,321	424,331
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 42,968	\$ (9,308)	\$ 33,660	\$ 53,181	\$ 11,412	\$ 64,593	\$ 98,253

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Allotments earned	\$ 182,000	\$ 182,000	\$ 216,250
Investment income	1,500	1,500	319
Total revenues	<u>183,500</u>	<u>183,500</u>	<u>216,569</u>
EXPENDITURES			
Capital outlay	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>
Total expenditures	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (21,500)</u>	<u>\$ (21,500)</u>	11,569
FUND BALANCES, JANUARY 1			<u>31,399</u>
FUND BALANCES, DECEMBER 31			<u>\$ 42,968</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Other taxes			
E911 surcharges	\$ 304,000	\$ 304,000	\$ 301,626
Telecommunications fees	77,300	77,300	72,820
Investment income	500	500	186
Total revenues	<u>381,800</u>	<u>381,800</u>	<u>374,632</u>
EXPENDITURES			
Public safety			
Personnel services	324,000	324,000	319,754
Contractual services	111,800	111,800	106,672
Commodities	500	500	160
Miscellaneous	66,600	66,600	63,965
Total expenditures	<u>502,900</u>	<u>502,900</u>	<u>490,551</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(121,100)</u>	<u>(121,100)</u>	<u>(115,919)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (71,100)</u>	<u>\$ (71,100)</u>	<u>(65,919)</u>
FUND BALANCES, JANUARY 1			<u>56,611</u>
FUND BALANCES (DEFICIT), DECEMBER 31			<u>\$ (9,308)</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 500	\$ 500	\$ 1,247
Total revenues	500	500	1,247
EXPENDITURES			
Capital outlay	79,000	145,490	93,371
Total expenditures	79,000	145,490	93,371
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(78,500)	(144,990)	(92,124)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(200,000)	(200,000)	(190,000)
Total other financing sources (uses)	(200,000)	(200,000)	(190,000)
NET CHANGE IN FUND BALANCE	\$ (278,500)	\$ (344,990)	(282,124)
FUND BALANCES, JANUARY 1			335,305
FUND BALANCES, DECEMBER 31			<u>\$ 53,181</u>

(See independent auditor's report.)

ENTERPRISE FUNDS

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS
WATER AND SANITARY SEWER FUND

December 31, 2010

	Revenue Account	Improvement Account	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 956,688	\$ 105,022	\$ 1,061,710
Investments	144,140	196,332	340,472
Receivables			
Accounts - billed	302,542	-	302,542
Accounts - unbilled	115,594	-	115,594
Accrued interest	164	222	386
Prepaid expenses	2,225	-	2,225
Due from other funds	20,372	-	20,372
Total current assets	1,541,725	301,576	1,843,301
CAPITAL ASSETS			
Nondepreciable	36,325	-	36,325
Depreciable, net of accumulated depreciation	40,900,323	-	40,900,323
Net capital assets	40,936,648	-	40,936,648
Total assets	42,478,373	301,576	42,779,949
CURRENT LIABILITIES			
Accounts payable	527,575	157,428	685,003
Accrued payroll	6,990	-	6,990
Accrued interest payable	25,733	-	25,733
Advances from other funds	-	25,000	25,000
Compensated absences payable	12,672	-	12,672
Current portion of notes payable	147,426	-	147,426
Total current liabilities	720,396	182,428	902,824
LONG-TERM LIABILITIES			
Compensated absences payable	38,017	-	38,017
Notes payable	1,116,009	-	1,116,009
Total long-term liabilities	1,154,026	-	1,154,026
Total liabilities	1,874,422	182,428	2,056,850
NET ASSETS			
Invested in capital assets, net of related debt	39,673,213	-	39,673,213
Unrestricted	930,738	119,148	1,049,886
TOTAL NET ASSETS	\$ 40,603,951	\$ 119,148	\$ 40,723,099

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 3,784,022	\$ -	\$ -	\$ 3,784,022
Miscellaneous	37,583	-	-	37,583
Total operating revenues	3,821,605	-	-	3,821,605
OPERATING EXPENSES				
Administration	597,092	-	-	597,092
Operations	3,157,150	-	-	3,157,150
Capital outlay	-	46,173	-	46,173
Total operating expenses	3,754,242	46,173	-	3,800,415
OPERATING INCOME (LOSS) BEFORE DEPRECIATION				
	67,363	(46,173)	-	21,190
Depreciation	1,598,409	-	-	1,598,409
OPERATING INCOME (LOSS)				
	(1,531,046)	(46,173)	-	(1,577,219)
NONOPERATING REVENUES (EXPENSES)				
Investment income	6,127	5,311	-	11,438
Interest expense	(52,383)	-	-	(52,383)
Connection fees	-	29,392	-	29,392
Gain on sale of capital assets	1,552	-	-	1,552
Total nonoperating revenues (expenses)	(44,704)	34,703	-	(10,001)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS				
	(1,575,750)	(11,470)	-	(1,587,220)
TRANSFERS				
Transfers in	241,215	147,000	(241,215)	147,000
Transfers (out)	-	(241,215)	241,215	-
Total transfers	241,215	(94,215)	-	147,000
CONTRIBUTIONS				
	197,679	-	-	197,679
CHANGE IN NET ASSETS				
	(1,136,856)	(105,685)	-	(1,242,541)
NET ASSETS, JANUARY 1				
	41,740,807	224,833	-	41,965,640
NET ASSETS, DECEMBER 31				
	\$ 40,603,951	\$ 119,148	\$ -	\$ 40,723,099

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services			
Water sales	\$ 4,050,000	\$ 4,050,000	\$ 3,784,022
Miscellaneous			
Other	3,400	3,400	37,583
Total operating revenues	<u>4,053,400</u>	<u>4,053,400</u>	<u>3,821,605</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Administration	620,900	620,900	597,092
Operations	3,437,600	3,437,600	3,157,150
Total operating expenses excluding depreciation	<u>4,058,500</u>	<u>4,058,500</u>	<u>3,754,242</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION			
	(5,100)	(5,100)	67,363
Depreciation	-	-	1,598,409
OPERATING INCOME (LOSS)	<u>(5,100)</u>	<u>(5,100)</u>	<u>(1,531,046)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	8,000	8,000	6,127
Interest expense	-	-	(52,383)
Gain on sale of capital assets	-	-	1,552
Total nonoperating revenues (expenses)	<u>8,000</u>	<u>8,000</u>	<u>(44,704)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS			
	2,900	2,900	(1,575,750)
TRANSFERS			
Transfers in	-	-	241,215
Total transfers	<u>-</u>	<u>-</u>	<u>241,215</u>
CONTRIBUTIONS			
	-	-	197,679
CHANGE IN NET ASSETS	<u>\$ 2,900</u>	<u>\$ 2,900</u>	<u>(1,136,856)</u>
NET ASSETS, JANUARY 1			<u>41,740,807</u>
NET ASSETS, DECEMBER 31			<u>\$ 40,603,951</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Personnel services			
Corporate salaries	\$ 228,000	\$ 228,000	\$ 225,273
Overtime salaries	1,000	1,000	11
Total personnel services	<u>229,000</u>	<u>229,000</u>	<u>225,284</u>
Contractual services			
Telephone	5,800	5,800	6,557
Printing	3,300	3,300	3,632
Professional services	65,000	65,000	47,327
Data processing	6,400	6,400	6,326
Postage	5,000	5,000	1,908
Duplicating	1,800	1,800	1,511
Medical insurance	84,000	84,000	80,442
General insurance	98,500	98,500	101,369
Outside services	1,100	1,100	771
Total contractual services	<u>270,900</u>	<u>270,900</u>	<u>249,843</u>
Commodities			
Office supplies	2,000	2,000	1,343
Total commodities	<u>2,000</u>	<u>2,000</u>	<u>1,343</u>
Other charges			
Memberships	500	500	451
Vehicle expense	3,000	3,000	3,000
Professional development	300	300	96
Publications	100	100	-
Business expense	115,100	115,100	117,075
Total other charges	<u>119,000</u>	<u>119,000</u>	<u>120,622</u>
Total administration	<u>620,900</u>	<u>620,900</u>	<u>597,092</u>
OPERATIONS			
Personnel services			
Regular salaries	362,000	362,000	352,056
Overtime salaries	29,000	29,000	39,595
Total personnel services	<u>391,000</u>	<u>391,000</u>	<u>391,651</u>

(This schedule is continued on the following page.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Contractual services			
Equipment maintenance	\$ 18,000	\$ 18,000	\$ 56,506
Gas utilities	4,000	4,000	2,404
Electric utilities	90,700	90,700	94,311
Outside services	37,800	37,800	26,011
Water purchases	1,125,000	1,125,000	995,621
Sanitary sewer charges	1,675,000	1,675,000	1,510,944
Sanitary sewer transmission fees	8,000	8,000	7,784
Total contractual services	<u>2,958,500</u>	<u>2,958,500</u>	<u>2,693,581</u>
Commodities			
Maintenance materials	21,400	21,400	9,328
Water meters	9,000	9,000	11,435
Total commodities	<u>30,400</u>	<u>30,400</u>	<u>20,763</u>
Other charges			
Memberships	400	400	312
Vehicle expense	50,000	50,000	48,063
Professional development	1,000	1,000	56
Uniforms	3,500	3,500	1,717
Minor equipment	1,800	1,800	101
Business expense	1,000	1,000	906
Total other charges	<u>57,700</u>	<u>57,700</u>	<u>51,155</u>
Total operations	<u>3,437,600</u>	<u>3,437,600</u>	<u>3,157,150</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,058,500</u>	<u>\$ 4,058,500</u>	<u>\$ 3,754,242</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Capital outlay			
Motor equipment	\$ 3,000	\$ 3,000	\$ 4,454
Office equipment	4,000	4,000	165
Other equipment	17,500	17,500	-
Capital projects	46,500	60,700	41,554
Loan payments	197,200	197,200	-
	<hr/>		
Total capital outlay	268,200	282,400	46,173
	<hr/>		
TOTAL OPERATING EXPENSES	\$ 268,200	\$ 282,400	\$ 46,173

(See independent auditor's report.)

INTERNAL SERVICE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Interfund services			
General Corporate Fund	\$ 468,400	\$ 468,400	\$ 432,540
Water and Sanitary Sewer Fund	52,000	52,000	48,062
Total operating revenues	<u>520,400</u>	<u>520,400</u>	<u>480,602</u>
OPERATING EXPENSES			
Personnel services			
Regular salaries	168,000	168,000	180,696
Overtime salaries	10,000	10,000	2,870
Total personnel services	<u>178,000</u>	<u>178,000</u>	<u>183,566</u>
Professional services			
Equipment maintenance	1,000	1,000	1,098
Medical insurance	25,100	25,100	21,939
General insurance	22,800	22,800	18,555
Outside services	29,100	29,100	42,038
Total professional services	<u>78,000</u>	<u>78,000</u>	<u>83,630</u>
Commodities			
Maintenance materials	6,500	6,500	3,703
Total commodities	<u>6,500</u>	<u>6,500</u>	<u>3,703</u>
Other charges			
Memberships	500	500	430
Professional development	1,000	1,000	365
Publications	4,500	4,500	4,098
Uniforms	1,900	1,900	717
Gasoline, oil, antifreeze	177,000	177,000	112,909
Vehicle maintenance parts	25,000	25,000	38,516
Vehicle tires	17,000	17,000	16,055
Business expense	31,000	31,000	33,347
Total other charges	<u>257,900</u>	<u>257,900</u>	<u>206,437</u>
Depreciation	-	-	3,266
Total operating expenses	<u>520,400</u>	<u>520,400</u>	<u>480,602</u>
CHANGE IN NET ASSETS	<u>\$ -</u>	<u>\$ -</u>	-
NET ASSETS (DEFICIT), JANUARY 1			<u>(8,689)</u>
NET ASSETS (DEFICIT), DECEMBER 31			<u>\$ (8,689)</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions - employer	\$ 1,016,000	\$ 1,016,000	\$ 1,012,592
Contributions - employee	203,000	203,000	195,827
Other contributions	-	-	219
Total contributions	1,219,000	1,219,000	1,208,638
Investment income			
Net appreciation in fair value of investments	-	-	1,024,048
Interest earned on investments	800,000	800,000	344,062
Total investment income	800,000	800,000	1,368,110
Less investment expense	(64,000.00)	(64,000.00)	(54,455)
Net investment income	736,000	736,000	1,313,655
Total additions	1,955,000	1,955,000	2,522,293
DEDUCTIONS			
Benefits	498,000	498,000	535,376
Administrative	1,457,000	1,457,000	18,420
Total deductions	1,955,000	1,955,000	553,796
NET INCREASE	\$ -	\$ -	1,968,497
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1			<u>12,375,898</u>
December 31			<u>\$ 14,344,395</u>

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</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.	84-91
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	92-94
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.	95-98
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	99-100
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	101-103

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village of Lincolnshire, Illinois implemented GASB Statement No. 34 in 2004; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NET ASSETS BY COMPONENT

Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)	2007	2008	2009	2010
GOVERNMENTAL ACTIVITIES								
Invested in capital assets net of related debt	\$ 51,402,139	\$ 47,869,966	\$ 47,313,273	\$ 68,424,957	\$ 66,725,834	\$ 66,259,268	\$ 68,808,108	\$ 68,687,377
Restricted	5,317	2,955,072	2,126,303	1,731,077	2,344,362	2,244,875	2,044,365	8,637,570
Unrestricted	7,248,335	(1,914,930)	2,925,079	(2,526,351)	(2,215,238)	(1,159,963)	(7,094,159)	(6,201,507)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 58,655,791	\$ 48,910,108	\$ 52,364,655	\$ 67,629,683	\$ 66,854,958	\$ 67,344,180	\$ 63,758,314	\$ 71,123,440
BUSINESS-TYPE ACTIVITIES								
Invested in capital assets net of related debt	\$ 38,533,510	\$ 37,573,504	\$ 36,828,116	\$ 38,752,353	\$ 42,314,239	\$ 41,517,419	\$ 40,888,121	\$ 39,673,213
Unrestricted	2,100,807	1,837,509	2,288,281	3,766,210	1,629,463	1,143,932	1,077,519	1,049,886
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 40,634,317	\$ 39,411,013	\$ 39,116,397	\$ 42,518,563	\$ 43,943,702	\$ 42,661,351	\$ 41,965,640	\$ 40,723,099
PRIMARY GOVERNMENT								
Invested in capital assets net of related debt	\$ 89,935,649	\$ 85,443,470	\$ 84,141,389	\$ 107,177,310	\$ 109,040,073	\$ 107,776,687	\$ 109,696,229	\$ 108,360,590
Restricted	5,317	2,955,072	2,126,303	1,731,077	1,927,055	1,888,107	2,044,365	8,637,570
Restricted for enabling legislation	-	-	-	491,640	417,307	356,768	-	-
Unrestricted	9,349,142	(77,421)	5,213,360	748,219	(585,775)	(16,031)	(6,016,640)	(5,151,621)
TOTAL PRIMARY GOVERNMENT	\$ 99,290,108	\$ 88,321,121	\$ 91,481,052	\$ 110,148,246	\$ 110,798,660	\$ 110,005,531	\$ 105,723,954	\$ 111,846,539

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET ASSETS

Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)
EXPENSES				
Governmental activities				
General government	\$ 4,153,400	\$ 2,639,981	\$ 3,902,410	\$ 3,096,531
Public safety	2,311,602	2,331,087	2,685,220	2,293,286
Community development	509,310	515,858	548,118	429,049
Public works	3,201,240	14,430,729	2,923,034	1,998,279
Parks and recreation	1,296,193	1,488,224	1,970,013	1,417,736
Interest	451,971	841,800	1,282,499	841,042
Total governmental activities expenses	<u>11,923,716</u>	<u>22,247,679</u>	<u>13,311,294</u>	<u>10,075,923</u>
Business-type activities				
Water and sewer	<u>4,931,644</u>	<u>4,621,204</u>	<u>4,816,263</u>	<u>3,158,763</u>
Total business-type activities expenses	<u>4,931,644</u>	<u>4,621,204</u>	<u>4,816,263</u>	<u>3,158,763</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 16,855,360</u>	<u>\$ 26,868,883</u>	<u>\$ 18,127,557</u>	<u>\$ 13,234,686</u>
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 744,533	\$ 606,978	\$ 227,240	\$ 169,318
Public safety	137,926	286,678	599,781	559,274
Community development	374,825.00	619,500	833,928	374,803
Public works	12,898.00	57,259	36,334	12,816
Parks and recreation	146,512.00	193,036	285,456	131,600
Operating grants and contributions	329,177	353,618	402,817	499,051
Capital grants and contributions	79,827	14,648	480,979	17,365,707
Total governmental activities program revenues	<u>1,825,698</u>	<u>2,131,717</u>	<u>2,866,535</u>	<u>19,112,569</u>
Business-type activities				
Charges for services				
Water and sewer	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>	<u>2,425,316</u>
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,224,733</u>
Total business-type activities program revenues	<u>2,778,034</u>	<u>3,136,697</u>	<u>4,221,203</u>	<u>3,650,049</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 4,603,732</u>	<u>\$ 5,268,414</u>	<u>\$ 7,087,738</u>	<u>\$ 22,762,618</u>
NET (EXPENSE) REVENUE				
Governmental activities	\$ (10,098,018)	\$ (20,115,962)	\$ (10,444,759)	\$ 9,036,646
Business-type activities	<u>(2,153,610)</u>	<u>(1,484,507)</u>	<u>(595,060)</u>	<u>491,286</u>
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	<u>\$ (12,251,628)</u>	<u>\$ (21,600,469)</u>	<u>\$ (11,039,819)</u>	<u>\$ 9,527,932</u>

2007	2008	2009	2010
\$ 4,303,055	\$ 2,829,284	\$ 2,639,170	\$ 2,378,638
3,383,714	2,775,446	3,984,062	3,848,717
717,748	2,276,158	1,084,935	647,593
2,920,066	2,904,543	2,633,796	2,969,518
2,344,980	2,119,915	2,015,026	1,395,391
309,746	1,193,095	1,195,047	1,204,731
13,979,309	14,098,441	13,552,036	12,444,588
5,096,183	5,289,730	5,345,812	5,451,207
5,096,183	5,289,730	5,345,812	5,451,207
\$ 19,075,492	\$ 19,388,171	\$ 18,897,848	\$ 17,895,795
\$ 184,410	\$ 252,265	\$ 193,159	\$ 201,502
713,250	645,929	979,293	1,012,535
529,232	631,173	318,812	224,543
65,713	64,735	7,955	9,595
131,562	181,221	130,847	114,357
604,711	573,931	319,096	259,611
208,504	14,988	2,870,480	941,209
2,437,382	2,364,242	4,819,642	2,763,352
3,649,917	3,397,643	3,825,386	3,850,997
201,000	209,000	605,000	197,679
3,850,917	3,606,643	4,430,386	4,048,676
\$ 6,288,299	\$ 5,970,885	\$ 9,250,028	\$ 6,812,028
\$ (11,541,927)	\$ (11,734,199)	\$ (8,732,394)	\$ (9,681,236)
(1,245,266)	(1,683,087)	(915,426)	(1,402,531)
\$ (12,787,193)	\$ (13,417,286)	\$ (9,647,820)	\$ (11,083,767)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Eight Fiscal Years

Fiscal Year	2004	2005	2006	2006 (1)
GENERAL REVENUES AND OTHER				
CHANGES IN NET ASSETS				
Governmental activities				
Taxes				
Property	\$ 1,448,205	\$ 1,775,838	\$ 2,333,283	\$ 2,525,276
Intergovernmental	3,444,697	3,784,953	3,787,845	2,568,006
Utility	1,133,855	1,116,426	1,224,971	823,909
Telecommunications	1,145,925	1,066,449	816,150	611,741
Room and admissions	1,366,279	1,594,677	1,690,670	1,343,633
Real estate transfer	342,511	628,323	1,491,390	542,911
Other	-	-	340,638	67,396
Investment income	61,765	144,296	452,253	536,929
Miscellaneous	176,426	456,517	1,959,106	51,768
Gain (loss) on sale of capital assets	-	-	-	(6,187)
Transfers (out)	(159,358)	(197,000)	(197,000)	(2,837,000)
Total governmental activities	8,960,305	10,370,479	13,899,306	6,228,382
Business-type activities				
Investment income	67,825	60,044	87,485	73,880
Miscellaneous	2,758	4,159	15,959	-
Gain (loss) on sale of capital assets	-	-	-	-
Transfers in	159,358	197,000	197,000.00	2,837,000
Total business-type activities	229,941	261,203	300,444	2,910,880
TOTAL PRIMARY GOVERNMENT	\$ 9,190,246	\$ 10,631,682	\$ 14,199,750	\$ 9,139,262
CHANGE IN NET ASSETS				
Governmental activities	\$ (1,137,713)	\$ (9,745,483)	\$ 3,454,547	\$ 15,265,028
Business-type activities	(1,923,669)	(1,223,304)	(294,616)	3,402,166
TOTAL PRIMARY GOVERNMENT	\$ (3,061,382)	\$ (10,968,787)	\$ 3,159,931	\$ 18,667,194

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

2007	2008	2009	2010
\$ 3,664,251	\$ 3,845,433	\$ 4,393,892	\$ 4,395,930
3,999,735	3,655,286	2,866,996	2,680,252
1,257,584	1,205,004	1,195,317	1,189,008
982,319	1,030,772	958,357	979,003
1,946,854	1,845,849	1,476,402	1,538,248
503,004	189,438	174,273	224,958
70,516	74,713	-	-
566,567	388,314	179,703	87,199
273,372	335,612	71,155	40,133
-	-	86,070	-
(2,497,000)	(347,000)	(197,000)	(147,000)
10,767,202	12,223,421	11,205,165	10,987,731
149,892	53,736	13,880	11,438
-	-	-	-
23,513	-	8,835	1,552
2,497,000	347,000	197,000	147,000
2,670,405	400,736	219,715	159,990
\$ 13,437,607	\$ 12,624,157	\$ 11,424,880	\$ 11,147,721
\$ (774,725)	\$ 489,222	\$ 2,472,771	\$ 1,306,495
1,425,139	(1,282,351)	(695,711)	(1,242,541)
\$ 650,414	\$ (793,129)	\$ 1,777,060	\$ 63,954

VILLAGE OF LINCOLNSHIRE, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005	2006	2006 (1)	2007	2008	2009	2010
GENERAL FUND										
Reserved	\$ 355,533	\$ 1,583,377	\$ 1,126,946	\$ 2,416,636	\$ 180,409	\$ 95,453	\$ 345,453	\$ 460,517	\$ 1,105,569	\$ 288,853
Unreserved	6,535,508	5,543,812	6,211,939	6,419,844	11,505,785	10,576,229	9,066,518	8,890,704	7,332,889	7,861,442
TOTAL GENERAL FUND	\$ 6,891,041	\$ 7,127,189	\$ 7,338,885	\$ 8,836,480	\$ 11,686,194	\$ 10,671,682	\$ 9,411,971	\$ 9,351,221	\$ 8,438,458	\$ 8,150,295
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 1,484,108	\$ 1,656,108	\$ 2,026,108	\$ 8,043,230	\$ 6,422,115	\$ 4,301,221	\$ 4,301,221	\$ 4,301,221	\$ 8,346,918	\$ 8,638,063
Unreserved, reported in										
Special Revenue Funds	(118,920)	(190,073)	(2,128,339)	(2,148,968)	54,824	491,640	417,307	1,281,040	-	-
Capital Project Funds	640,660	(755,881)	100,634	1,064,854	87,783	1,825,729	2,327,949	911,810	86,830	54,792
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 2,005,848	\$ 710,154	\$ (1,597)	\$ 6,959,116	\$ 6,564,722	\$ 6,618,590	\$ 7,046,477	\$ 6,494,071	\$ 8,433,748	\$ 8,692,855

Notes
(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2002	2003	2004	2005
REVENUES				
Property taxes	\$ 661,408	\$ 940,003	\$ 1,448,205	\$ 1,775,838
Other taxes	6,629,333	7,118,377	7,433,267	8,190,828
Licenses and permits	487,197	590,379	744,533	1,051,526
Fines and penalties	366,435	383,054	400,041	425,047
Charges for services	300,430	1,401,043	397,833	353,110
Intergovernmental	341,591	170,236	61,765	144,296
Investment income	114,851	120,509	147,241	163,437
Miscellaneous	382,042	625,053	312,689	3,684,512
Total revenues	9,283,287	11,348,654	10,945,574	15,788,594
EXPENDITURES				
General government	2,570,154	2,384,812	4,380,884	3,825,366
Public safety	1,752,192	1,900,863	2,130,504	2,109,484
Community development	354,688	374,058	435,746	434,391
Public works	2,086,750	1,631,380	1,668,192	2,069,880
Parks and recreation	892,258	1,044,546	985,936	1,041,158
Capital outlay	5,617,285	3,868,580	680,917	11,515,012
Debt service				
Principal	443,834	495,704	457,554	696,662
Interest	779,833	699,433	549,538	438,333
Total expenditures	14,496,994	12,399,376	11,289,271	22,130,286
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,213,707)	(1,050,722)	(343,697)	(6,341,692)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,873,440	931,588	737,642	3,771,163
Transfers (out)	(2,807,668)	(940,412)	(897,000)	(3,968,163)
Issuance of notes	4,000,000	-	-	-
Issuance of SSA bonds	-	-	-	15,000,000
Gain on sale of land	-	-	-	-
Refunding of bonds	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	4,065,772	(8,824)	(159,358)	14,803,000
NET CHANGE IN FUND BALANCES	\$ (1,147,935)	\$ (1,059,546)	\$ (503,055)	\$ 8,461,308
Debt Service as a Percentage of Noncapital Expenditures	16.1%	13.4%	9.2%	5.3%

Notes

(1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

Data Source

Audited Financial Statements

	2006	2006 (1)	2007	2008	2009	2010
\$	2,271,319	\$ 2,525,276	\$ 3,664,251	\$ 3,845,433	\$ 4,317,091	\$ 4,317,252
	9,413,628	5,957,596	8,760,012	8,001,062	6,748,146	6,690,147
	1,382,958	717,470	868,217	1,085,034	650,774	549,996
	395,938	310,687	530,857	506,275	549,992	506,933
	856,578	1,240,875	995,608	728,573	75,923	72,820
	430,386	536,929	618,968	401,688	672,473	692,394
	167,106	117,963	187,685	202,308	179,703	87,199
	530,032	62,984	273,372	335,612	71,155	40,133
	15,447,945	11,469,780	15,898,970	15,105,985	13,265,257	12,956,874
	4,254,994	2,550,339	3,748,842	3,425,042	2,457,974	2,271,606
	2,484,277	2,310,605	3,754,819	3,863,789	4,499,028	4,216,071
	461,100	384,292	619,540	801,403	733,343	530,073
	1,930,749	1,195,976	2,030,522	2,067,826	3,621,871	1,854,289
	1,431,206	1,107,299	1,737,321	1,664,338	1,366,078	879,041
	515,440	1,035,948	1,451,198	1,724,118	864,303	413,807
	1,282,499	635,540	378,634	653,958	825,881	1,129,239
	3,765,834	138,525	316,940	1,210,679	1,181,525	1,230,151
	16,126,099	9,358,524	14,037,816	15,411,153	15,550,003	12,524,277
	(678,154)	2,111,256	1,861,154	(305,168)	(2,284,746)	432,597
	762,550	200,000	1,284,925	1,713,875	1,476,750	965,250
	(959,550)	(3,037,000)	(3,781,925)	(2,060,875)	(1,673,750)	(1,112,250)
	3,300,000	-	-	-	1,540,000	-
	-	-	-	-	-	-
	1,559,531	-	-	-	-	-
	(38,333)	-	-	-	-	-
	-	-	-	-	86,070	1,557
	4,624,198	(2,837,000)	(2,497,000)	(347,000)	1,429,070	(145,443)
\$	3,946,044	\$ (725,744)	\$ (635,846)	\$ (652,168)	\$ (855,676)	\$ 287,154

32.3% 8.4% 5.2% 12.7% 15.3% #REF!

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
CRP-2 Holdings Tri-State LLC	\$ 17,857,055	1	2.79%	\$ -		
Van Vlissingen & Company	17,745,309	2	2.78%	55,090,851	1	11.44%
4 Overlook LLC	16,456,546	3	2.57%	-		
Northwestern Mutual Life Insurance Co.	15,060,994	4	2.36%	-		
Lincolnshire Campus, LLC	14,998,500	5	2.35%	-		
Strategic Hotel Capital 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%	-		
Hewitt Properties II	-			36,321,052	2	7.54%
Beacon Properties, L.P.	-			19,910,883	3	4.13%
Indian Creek Investments (Strategic Hotel Cap, Inc.)	-			10,243,164	4	2.13%
Milbrook, Inc.	-			9,881,046	5	2.05%
Millbrook, LLC	-			7,586,419	6	1.58%
Trinent Essential Facilities	-			2,905,811	7	0.60%
Courtyards Assoc.	-			2,876,762	8	0.60%
LaSalle Bank/Hawthorn Suites	-			2,700,908	9	0.56%
Snap-On Technologies, Inc.	-			1,566,381	10	0.33%
	<u>\$ 117,176,732</u>		<u>18.33%</u>	<u>\$ 149,083,277</u>		<u>30.96%</u>

Note:

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

Data Source

Vernon Township Assessor

VILLAGE OF LINCOLNSHIRE, ILLINOIS

SALES TAX BY CATEGORY
(in thousands of dollars)

Last Ten Calendar Years

Calendar Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	-	-	8	17	18	24	26	34	33	16
Drinking and eating places	375	438	476	483	508	590	659	657	574	539
Apparel	30	40	54	64	68	69	80	126	113	111
Furniture	390	382	512	498	530	493	523	439	435	334
Lumber, building hardware	216	267	295	429	475	534	519	135	-	4
Automobile and filling stations	49	42	52	55	58	62	56	60	49	37
Drugs and miscellaneous retail	1,277	729	888	788	977	893	935	888	491	273
Agriculture and all others	480	576	584	636	454	748	619	735	626	939
Manufacturers	31	26	23	26	18	19	29	44	57	64
TOTAL	\$ 2,848	\$ 2,500	\$ 2,892	\$ 2,996	\$ 3,106	\$ 3,432	\$ 3,446	\$ 3,118	\$ 2,378	\$ 2,317
Village direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Village home rule rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Data Source

Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate
2002	0.25%	0.25%	1.00%	5.00%
2003	0.25%	0.25%	1.00%	5.00%
2004	0.25%	0.25%	1.00%	5.00%
2005	0.25%	0.25%	1.00%	5.00%
2006	0.25%	0.25%	1.00%	5.00%
2006*	0.25%	0.25%	1.00%	5.00%
2007	0.25%	0.25%	1.00%	5.00%
2008	0.25%	0.25%	1.00%	5.00%
2009	0.50%	0.50%	1.00%	5.00%
2010	0.50%	0.50%	1.00%	5.00%

Notes

* The Village changed its fiscal year end from April 30 to December 31 in 2006.

Data Source

Village and County Records

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income*	Per Capita**
	Special Service Area Bonds	North Park Bank Loan	Schelter Road Bank Loan	Tax Increment Financing	SD 125 Loan	Utility Line Bank Loan				
2002	\$ -	\$ 6,233	\$ -	\$ -	\$ -	\$ 2,349	\$ 8,582	2.34%	\$ 1,405	
2003	-	5,453	-	4,000.00	-	1,950	11,403	3.11%	1,744	
2004	-	4,754	-	4,000	-	3,790	12,544	3.19%	1,919	
2005	-	4,204	-	4,000	-	3,361	11,565	2.94%	1,769	
2006	15,000	3,766	-	4,000	-	2,928	25,694	6.54%	3,931	
2006*	15,000	3,300	-	4,000	-	2,338	24,638	6.27%	3,769	
2007	15,000	2,882	-	3,900	-	2,029	23,811	6.06%	3,383	
2008	14,765	2,589	-	3,775	-	1,720	22,849	5.40%	3,247	
2009	14,515	2,286	1,452.00	3,590	-	1,405	23,248	5.49%	3,303	
2010	14,255	1,970	1,319	3,170	-	1,263	21,977	4.35%	3,123	

Note:

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

* The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is for the eight month period ending December 31, 2006.

** See the schedule of Demographic and Economic Statistics on page 99 for personal income and population data.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
(in thousands of dollars)

Last Ten Fiscal Years

Fiscal Year	(1) General Obligation Bonds	(1) Special Service Area Bonds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2002	\$ -	\$ -	\$ -	0.00%	\$ -
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	15,000	15,000	0.78%	2,295
2006*	-	15,000	15,000	0.78%	2,295
2007	-	15,000	15,000	0.73%	2,295
2008	-	14,765	14,765	0.70%	2,259
2009	-	14,515	14,515	0.70%	2,062
2010	-	14,255	14,255	0.74%	2,025

Note:

* The Village changed its fiscal year end from April 30 to December 31 in 2006.

The column labeled 2006(1) is for the eighth month period ending December 31, 2006.

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES
(in thousands of dollars)

December 31, 2010

Governmental Unit	Gross General Obligation Debt	Percentage of Debt Applicable to Government	Village's Share of Debt
Overlapping debt			
Debt repaid with property taxes			
School District No. 102	\$ 6,795	6.95%	\$ 472
School District No. 103	3,035	56.37%	1,711
School District No. 106	-	1.01%	-
School District No. 113	24,175	0.05%	12
School District No. 125	26,595	17.46%	4,643
Community College No. 532	6,920	2.35%	163
Lincolnshire-Riverwoods Fire Protection District	-	47.01%	-
Vernon Area Public Library	-	24.03%	-
Lake County	64,770	2.40%	1,554
Lake County Forest Preserve	270,275	2.40%	6,487
Total overlapping debt	402,565		15,042
Direct debt			
Village of Lincolnshire	-	100.00%	-
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 402,565		\$ 15,042

Data Source

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

December 31, 2010

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

EQUALIZED ASSESSED VALUATION - 2008*	\$ 639,251,598
Legal Debt Limit - 8.625%	\$ 55,135,450
Amount of debt applicable to limit: General Obligation Bonds Series 2008	-
LEGAL DEBT MARGIN	\$ 55,135,450

* Most Recent EAV Available

VILLAGE OF LINCOLNSHIRE, ILLINOIS
 DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate
2002	6,108	\$ 367,182	\$ 60,115	5.4%
2003	6,108	367,182	60,115	5.7%
2004	6,537	392,972	60,115	5.3%
2005	6,537	392,972	60,115	4.7%
2006	6,537	392,972	60,115	4.2%
2006*	6,537	392,972	60,115	4.2%
2007	6,537	392,972	60,115	5.0%
2008	6,537	392,972	60,115	6.8%
2009	7,038	423,089	60,115	9.9%
2010	7,038	505,631	71,843	10.6%

Note:

* The Village changed its fiscal year end from April 30 to December 31 in 2006.

Data Source

U.S. Census Bureau and U.S. Bureau of Labor Statistics
 Illinois Department of Employment (IDES)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2010			2001		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Hewitt	5,244	1	30%	6,400	1	30%
Hydraforce, Inc.	709	2	4%	285	8	2%
Walgreens Co.	660	3	4%			
Adlai Stevenson High School	551	4	3%	442	6	2%
LTD Commodities	546	5	3%			
CVS Caremark, Inc.	542	6	3%			
W. W. Grainger	498	7	3%	873	2	4%
Quill Corporation	480	8	3%	861	3	4%
Marriott's Lincolnshire Resort	464	9	3%	460	4	2%
ACCO Brands	458	10	3%	450	5	2%
Klein Tools, Inc.				280	9	1%
Peerless of America				350	7	2%
Zellweger Analytics				275	10	1%
	<u>10,152</u>		<u>59%</u>	<u>10,676</u>		<u>51%</u>
Village day time population (est)			17,200			21,000

Data Source

Village of Lincolnshire Police day time population survey
 Estimates from Lake County Partners (2001) Director of Marketing and Research

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	Eight Months Ended December 31, 2006	2007	2008	2009	2010
GENERAL GOVERNMENT										
Executive Services	3.70	3.70	4.10	3.90	3.90	3.90	3.90	3.90	3.90	4.30
Finance	2.10	2.10	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
PUBLIC SAFETY										
Police	29.10	29.10	29.10	31.70	31.00	31.00	31.00	31.10	31.10	30.00
E911	5.60	5.60	5.60	5.00	5.00	5.00	5.00	5.40	5.40	5.00
COMMUNITY DEVELOPMENT										
Development	5.25	5.75	5.25	6.25	6.25	6.25	6.75	7.00	7.00	7.25
Forestry ¹	1.00	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
PUBLIC WORKS										
Administration	1.80	1.80	1.80	2.25	2.50	2.50	2.50	2.50	2.50	1.75
Streets	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	4.25
Buildings	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.25
Water	8.35	8.35	8.60	8.15	8.15	8.15	8.15	8.15	8.15	8.15
Vehicle Maintenance	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry ¹	1.95	1.95	1.95	-	-	-	-	-	-	2.87
PARKS AND RECREATION										
Parks	6.95	7.95	7.90	9.80	9.80	9.80	10.00	10.00	10.00	7.87
Recreation	3.30	3.30	3.30	3.35	3.35	3.35	3.35	3.35	3.35	2.35
TOTAL	77.60	78.60	79.50	82.30	81.85	81.85	82.55	83.30	83.30	78.69

¹ Forestry function shared by Public Works and Community Development until fiscal year 06-07.
In FY2010 position was reorganized into Environmental Services

Data Source

Village finance department

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2002	2003	2004	2005	2006	Eight Months Ended December 31, 2006	2007	2008	2009	2010
GENERAL GOVERNMENT										
Residential mailings	15	14	13	13	13	9	13	13	14	6
Taxable property transfers	153	206	207	194	176	105	118	98	91	110
Fine revenues collected (in thousands)	342	353	381	403	377	230	295	388	442	369
POLICE										
Arrest (includes traffic)	8,535	8,387	9,135	9,235	9,699	9,600	8,503	8,767	9,077	9,387
DUI arrests	182	149	160	160	135	125	88	74	51	55
COMMUNITY DEVELOPMENT										
Building permits issued	517	431	458	441	469	340	435	300	444	301
PUBLIC WORKS-GENERAL										
Street resurfacing (miles)	2.41	2.02	2.22	1.77	3.01	0.98	1.46	1.61	1.42	1.31
Project inspections	400	500	400	450	472	267	500	245	200	200
Street cleaned-miles	431	381	425	464	597	575	500	327	350	314
Cubic yards of leaves collected	4,740	5,340	5,480	4,580	6,420	5,490	5,930	6,110	6,000	8,340
PUBLIC WORKS-WATER & SEWER										
Average daily pumpage metered (millions of gallons)	1.221	1.238	1.300	1.419	1.524	1.387	1.488	1.380	1.310	1.310
JULIE utility locates	80	94	1,880	2,154	3,217	3,305	2,755	2,674	2,905	1,760
PARKS AND RECREATION										
Trees planted	36	42	36	50	68	77	87	110	117	110
Playground inspection hours	92	152	176	173	269	194	210	190	235	177
Special event hours	551	843	784	711	484	569	541	595	637	741
Number of programs	137	263	342	438	351	345	194	240	286	389
Number of participants	1,710	1,634	1,871	1,475	995	860	560	588	541	388

Data Source

Various village departments

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	Eight Months Ended December 31, 2006	2007	2008	2009	2010
POLICE										
Patrol units	12	13	13	14	14	14	14	14	15	14
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	33	33	33	33	33	33	34	34		35
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
PARKS AND RECREATION										
Acreage	307.0	307.0	307.0	307.0	307.0	307.0	311.0	311.0	311.0	311.0
Parks	9	9	9	9	9	9	9	9	9	9
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
WATER-SANITARY SEWER										
Fire hydrants	825	831	831	831	831	833	835	835	835	846
Storage capacity (thousands of gallons)	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Water mains (miles)	58.9	59.4	59.4	59.4	59.4	59.5	61.0	61.0	67.0	59.8
Sanitary sewers (miles)	41.0	41.0	42.0	42.0	42.0	43.0	43.0	43.0	45.0	47.3
Storm sewers (miles)	35.0	35.0	38.0	38.0	41.4	43.3	43.3	43.3	43.3	44.6

Data Source

Various village departments