



Village of
Lincolnshire
Illinois

Comprehensive Annual Financial Report
For the Year Ended December 31, 2013

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
December 31, 2013

Prepared by Finance Department

Michael R. Peterson
Finance Director

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INTRODUCTORY SECTION

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2013

Mayor

Brett Blomberg

Village Board

Elizabeth Brandt
Karen Feldman
Dr. Mara Grujanac

Patrick McAllister
Dan Servi
Tom McDonough

Village Clerk

Barbara Mastandrea

Village Treasurer

Christopher Curtis

* * * * *

Village Manager

Bradly Burke

Finance Director

Michael R. Peterson

VILLAGE OF LINCOLNSHIRE
Organizational Chart (2013) - 66.75
FTEs*

Lincolnshire
Residents

Mayor
and
Board of Trustees

Village Treasurer
Chris Curtis

Village Manager
Brad Burke

Village Clerk
Barbara Mastandrea

Department:

Administration

Finance

Police

**Community
Development**

Public Works

**Department
Manager:**

Village Manager
Brad Burke

Finance Director
Michael Peterson

Chief of Police
Peter Kinsey

Director of
Community Development
Steve McNellis

Director of
Public Works

**Main
Departmental
Responsibilities:**

Budgeting
Employee Benefits
Information Technology
Personnel
Public Information

Accounts. Rec. and Pay.
Audit
Cash Management
Investments
Risk Management
Utility Billing

Community Education
Crime Prevention
Disaster Prep.
Investigation
Patrol
Traffic Enforcement

Building Regulations & Permits
Land Use
Permits
Planning
Zoning

Bidding
Construction Inspection
Parks
Project Management
Streets
Water & Sewer
Buildings & Grounds
Environment & Forestry
Project Design
Storm Drainage
Vehicle Maintenance

**Departmental
Staffing Levels:**

Administrative Asst. (1) - FT
Administrative Clerk (.25) PT
Administrative Intern (1) - FT

Senior Accountant (1) - FT
Receptionist /Clerk (1) -FT
Water Billing Clerk (.5) - PT

Deputy Chief (1) - FT
Sergeant (4) - FT
Investigator (2) - FT
Police Officer (16) - FT
Administrative Asst. (1) - FT
Records Clerk (2) - FT
CSO (1) - FT

Planner (2) - FT
Inspector (1) - FT
Secretary (1) - FT
Property Maint. Inspect. (.75) PT

Superintendents (2) - FT
Fleet Maintenance Supervisor (1) - FT
Facilities Manager (1) - FT
General Maintenance (12) - FT
Automotive Servicer (1) - FT
Engineering Supervisor (1) - FT
Assist. to the Director of Public Works (1) - FT
Administrative Asst. (2) - FT
Gardener (.25) - PT
Lifeguards (8) - S
Laborer (10) - S

*** Full Time
Equivalent
Employees:**

3.25

3.50

28

5.75

26.25

**Department has
Oversight of
These Areas:**

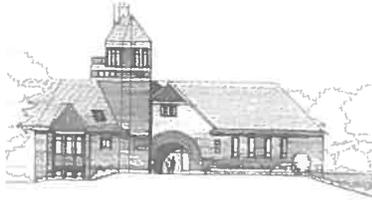
Mayor's Council
Medical Ins.
Printers/Mail Prep.
Labor Attorney
EAP
Information Technology
Human Resources

Audit
Actuary
Insurance Broker
Police Pension Fund
Worker's Comp. Carrier

Prosecutor
Crime Lab
Animal Shelter
Crisis Intervention
Telecommunications
E911 Board

Architectural Review Board
Comm. Plan Reviews
Business Task Force
Redevelopment Consultants
Zoning Board

Consulting Engineers
Leaf Collection
Park Maintenance
Sewage Collection
Street Maintenance
Water Distribution
Park Board
Mosquito Abatement
Snow & Ice Control
Street Projects



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



June 5, 2014

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, 2013.

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, to be 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, 2013. 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 is located 38 miles north of the City of Chicago in the mid-southern portion of the County of Lake. The community covers nearly five-square miles in area with the northern branch of the Des Plaines River running through its boundaries. Thousands of native deciduous trees and numerous outlots help create a bucolic atmosphere making the Village a very desirable community to locate both businesses and residences. The Village is also home to the nationally recognized Adlai E. Stevenson High School. The Village was incorporated in 1957 and became home rule by a voter approved referendum in 1975. The most recent federal census recorded 7,275 residents. Its day-time population is estimated at over twenty-five thousand.

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 Board 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 Board, 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 including police protection; community and economic development; construction and maintenance of the Village's streets and other infrastructure. It also is responsible for the operation and maintenance of an extensive water and sanitary sewer distribution and collection system. The Village's Public Works Department helps manage a woodlands program serving to protect and preserve urban forest and open space. Fire protection is provided 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; however, control of the police pension fund rests with an independent board.

The annual budget serves as the foundation for the Village's financial planning and control. All departments of the Village are required to submit their request for appropriations to the Village Manager as part of the annual budget preparation process. The Village Manager presents the proposed budget to the Village Board for review in October. The Village Board typically holds a public hearing on the proposed budget and adopts a final budget prior to the start of the fiscal year. The budget is prepared by fund, function (i.e., public works), and division (i.e., streets). All budgeted transfers must be approved by the Board. Any revisions altering the total expenditures of any department must be approved by the Village Board. Budget-to-actual comparisons are provided in this report for each governmental and proprietary fund for which an appropriated annual budget has been adopted.

Assessment of Economic Condition and Future Outlook

Local Economy

Annual operational/capital costs and debt service has traditionally been funded with current revenues. In addition, property taxes have only been levied exclusively to fund the Village’s two pension plans (police and municipal employees). Unfortunately, over the last couple of years the current recession has taken its toll on property values, construction activity and consumer and business spending which in turn has been reflected in the Village’s finances. However, signs of a recovery are beginning to be seen. Village revenues appeared to have stopped their downward slide and have started to move up from their previous lows. While this is a healthy sign it must be noted commercial building permits of any significance have been negligible.

The Village has consistently tracked three basic economic indicators serving as benchmarks as to how Lincolnshire finances would be impacted. Prior to FY2008, annually for eleven years, Village real estate values consistently showed, in total, an average increase of 5%. Since 2008 property values continued to drop. The continued decline in real estate values forced the majority of taxing bodies within the Village’s boundaries to significantly raise their property tax rates. The positive news is the Village is starting to see positive upward trends in its revenues.

Five types of revenue sources account for 78% of the total projected revenues for the FY14 General Fund. These sources and their respective budget increases over FY13 are as follows: State Sales Tax (3.7%), Home Rule Sales Tax (3.3%), Utility Tax (.7%), Telecommunication Tax (3.0%) and Rooms & Admissions Tax (.5%). Although revenues are expected to rise, there are no actual rate increases planned for FY14. The General Fund budget does include the use of \$3,000,000 cash reserves to establish a General Capital Projects Fund in FY14. The majority of the sales tax increase budgeted for FY14 relates to a full calendar year’s revenue from The Fresh Market.

Major revenue sources and regional/national economic trends continue to be monitored since they normally have the largest impact on the Village’s finances. Concurrently, expenditures continue to be closely examined and, where appropriate, be reduced and/or deferred. The newly adopted home-rule sales tax (0.5%) has proven to be a valuable addition to the Village’s revenue stream.

Key Village Indicators and Fiscal Trends

(dollars in millions)

Fiscal Year	2013	2012	2011	2010	2009	2008	2007	2006 ⁽¹⁾	05/06	04/05
EAV (million)	\$561	\$562	604	639	688	701	682	644	616	586
Gen Fund Tax Revenue	\$10.3	\$9.6	8.7	6.7	6.7	8.0	8.8	5.9	9.1	7.9
Gen Fund Reserve Ratio (% of annual exp plus debt)	149	143	122	99	86	108	114	130	159	128

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

Long-Term Financial Planning

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

The home-rule sale tax (0.5%) adopted in 2011 has a two-fold purpose: (1) to fund needed general fund capital items and infrastructure, and (2) to replace the declining water/sewer connection fees that once totally funded utility infrastructure improvements.

The Village entered into an intergovernmental agreement with the Village of Vernon Hills for police dispatching services. This relationship for services will result in a net savings for Lincolnshire and a reduction in four full-time employees.

Relevant Financial Policies for this Year

The cornerstone of the Village's strategic financial planning has always been to conservatively anticipate revenues to be "lower than projected" and to assume expenditures to be "at 100% of budgeted". The fund balance for the general fund is currently at 149% of annualized general fund operating expenditures excluding annual debt service. This exceeds the Village's policy guideline established for budgetary and planning purposes ("75% of one-year's operational expenditures excluding capital outlay, but including annual debt service").

The FY13 balanced General Fund budget was prepared without the necessity of drawing on the fund's reserves for General Fund operating expenses. In recent years "belt-tightening" measures were initiated where appropriate for operating and capital expenditures (i.e., joint purchasing agreements, leaving open unfilled positions, and project by project evaluation). As for revenues, two new taxes-the natural gas use tax and the home rule sales tax implemented in FY11. Both have proven to be successful in generating additional tax revenues.

The Village's economic incentive program has been successful in generating significant additional sales tax. Three commercial enterprises are currently part of the incentive program.

Major Initiatives of the Year

With the slow economic recovery the Village's strategy was to maintain a modest scaled back capital acquisition and infrastructure program. A number of upgrades and repairs were made to the water and sanitary sewer distribution/collection systems. Downtown site improvements in the TIF district were completed in 2013 and include a pedestrian bridge connect to Village Green South. A "pocket park" is planned for 2014 to complete the improvements. In a recovering economy the downtown site is expected to be a prime area to attract developers for the two remaining Village-owned parcels in this area.

Water rates once again were increased to ensure user fees continued to adequately

cover water costs; while sewer fees remained unchanged.

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.

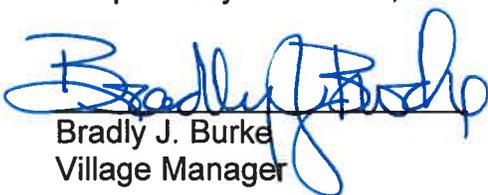
A Certificate of Achievement is valid for only one year. Funding for this award was cut in FY11 by the Village Board as part of budget process. Future funding will be considered annually. The Village believes that its current CAFR continues to meet the Certificate of Achievement Program's requirements.

The Village also received the GFOA's Award for Distinguished Budget Presentation for its annual budget for the fiscal year ending December 31, 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 preparation of the CAFR on a timely basis was made possible by the dedicated staff of the Finance Department. In particular, we would like to express our sincere appreciation to Sheri Beck, Account Clerk Supervisor; Julia Gabbard, Senior Accountant; Candy Normandy, Finance Secretary; and Nancy Panos, Utility Billing Clerk, for their continued efforts throughout the year which allowed for the smooth and timely preparation of this report. Appreciation is also extended to the Village Treasurer, Chris Curtis, for his assistance and professional oversight in the performance of the audit. Finally, we wish to express our appreciation to the members of the Village Board for their interest and support in planning and conducting the financial operations in a responsible and progressive manner.

Respectively Submitted,



Bradly J. Burke
Village Manager



Michael R. Peterson
Finance Director

FINANCIAL SECTION



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Naperville, Illinois 60563

630.566.8400 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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, 2013, which collectively comprise the Village's basic financial statements as listed in the table of contents and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lincolnshire, Illinois, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Naperville, Illinois
April 28, 2014



**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

VILLAGE OF LINCOLNSHIRE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

As management of the Village of Lincolnshire, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2013 (FY13). Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, it should be read in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceed its liabilities and deferred inflows at December 31, 2013 by \$113.3 million (net position). Of this amount, \$5.58 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Village's total net position decreased by \$4.28 million during the twelve months ended December 31, 2013. A \$4.4 million loss on land sale within the Tax Increment Financing area was the largest contributing factor. The net position associated with "governmental activities" decreased \$3.53 million, while the "business-type activities" decreased \$.75 million. The decrease in the "business-type activities" was primarily due to depreciation incurred by assets held in the Water/Sewer Fund.
- As of December 31, 2013, the Village's governmental fund's combined ending fund balances totaled \$14.64 million, a decrease of \$6.24 million, or 29.9%, compared with the prior fiscal period. The components of the combined fund balance amount are ten different funds; four of which are considered "major" and six considered "non-major." The two largest funds are the General Corporate Fund and IMRF. At 82.7% the General Fund comprises the largest share, and the SSA Debt Service is second at 14.0% of the balance. The Village is the conduit to the Special Service Area (Sedgebrook Development) Debt Service. The entire SSA Debt Service Fund Balance is restricted. Of the \$12.1 million held in the General Fund, 99.9% of it is available for spending at the government's discretion (classified as "unrestricted, unassigned").
- At the end of the current fiscal period, the General Fund showed an "Unassigned" fund balance of \$12,103,725. The unassigned fund balance is the equivalent of 129.1% of the General Corporate Fund FY2013 annual operating expenditures, excluding capital, but including debt service. The Village's policy is to maintain a minimum of 75% of equivalent expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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.

GOVERNMENT REPORTING THE VILLAGE AS A WHOLE

Government-wide Financial Statements

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

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

The second government-wide statement is the *Statement of Activities*, which reports how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. 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 intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety and public services. Public services encompass the repair and maintenance of the streets and storm drainage system along with the care of the parks and grounds areas. The TIF District and Special Service Areas are also included in the governmental activities. Business-type activities include the water and sewer utility. Fiduciary activities, such as employee pension plans, are not available to fund Village programs and therefore are not included in the government-wide statements.

The Village's financial reporting includes the funds of the Village (primary government). The Village is not accountable for any outside organizations 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Internal service fund provides services (repair and maintenance of Village vehicles) and charges user fees to individual departments within the Village organization. Because the internal service fund primarily serves the Village, it is included within the governmental activities of the government-wide financial statements.

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

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

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

Notes to the financial statements

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

Other information

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

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major and internal service fund are presented in a subsequent section of this report beginning on page 63.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted in an earlier statement, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Lincolnshire, assets exceeded liabilities by \$113.3 million at the close of the most recent fiscal year.

The largest portion of the Village's net position (92.9%) is its investment in capital assets - land, buildings, machinery and equipment - less any related debt used to acquire those assets still outstanding. The Village uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the Village's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
Current and Other Assets	\$31,317,019	\$24,812,173	\$2,386,666	\$2,941,189	\$33,703,685	\$27,753,362
Capital Assets	71,865,454	71,328,757	38,206,725	36,735,570	110,072,179	108,064,327
Deferred Outflows of Resources	0	0	0	0	0	0
Total Assets	\$103,182,473	\$96,140,930	\$40,593,391	\$39,676,759	\$143,775,864	\$135,817,689
Other Liabilities	4,960,795	3,669,905	812,010	814,996	5,772,805	4,484,901
Long-Term Liabilities	17,006,013	14,867,508	821,103	651,804	17,827,116	15,519,312
Deferred Inflows of Resources	2,600,600	2,514,996	0	0	2,600,600	2,514,996
Total Liabilities	\$ 24,567,408	\$21,052,409	\$1,633,113	\$1,466,800	\$26,200,521	\$22,519,209
Net Position						
Investment in Capital Assets Net of Related Debt	70,013,193	69,304,209	37,256,118	35,948,245	107,269,311	105,252,454
Unrestricted	(566,152)	3,318,734	1,704,160	2,261,714	1,138,008	5,580,448
Restricted	9,168,024	2,465,578			9,168,024	2,465,578
Total Net Position	\$78,615,065	\$75,088,521	\$38,960,278	\$38,209,959	\$117,575,343	\$113,298,480

At the end of FY13, the Village is able to report positive balances in all three categories of net position, both for the government as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The Village has funded capital improvements to a large extent on a pay-as-you-go basis with few exceptions.

Business-type Activities reported a 1.9% decrease in Net Position primarily as a result of depreciation.

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

STATEMENT OF ACTIVITIES

(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
REVENUES:						
Program Revenues:						
Charges for Services	1,679	1,491	4,111	3,883	5,790	5,374
Operating Grants & Contr	241	257	0	0	241	257
Capital Grants & Contr	0	0	36	0	36	0
General Revenue:						
Property Taxes	4,380	4,355			4,380	4,355
Other Taxes	9,602	9,063			9,602	9,063
Miscellaneous	29	132	(13)	2	16	134
Interest Income	45	46	4	4	49	50
Total Revenues	15,976	15,344	4,138	3,889	20,114	19,233
EXPENSES:						
General Government	2,055	2,037			2,055	2,037
Public Safety	3,853	4,245			3,853	4,245
Community Development	450	82			450	82
Public Works	3,116	4,551			3,116	4,551
Parks & Recreation	1,234	1,497			1,234	1,497
Interest	983	973			983	973
Water and Sewer			5,534	5,729	5,534	5,729
Total Expense	11,691	13,385	5,534	5,729	17,225	19,114
Inc (Dec) in assets before transfers	4,285	1,959	(1,396)	(1,840)	2,889	119
Transfers	(700)	(1,090)	700	1,090	0	0
Special Item: Land Sale Loss	0	(4,396)				(4,396)
Inc (Dec) in Net Position	3,585	3,527	(696)	(750)	2,889	2,277
Net Position - Beginning	75,029	78,615	39,656	38,960	114,685	117,575
Net Position - Ending	\$78,615	\$75,088	\$38,960	\$38,210	\$117,575	\$113,298

Government Activities

Governmental Activities decreased the Village of Lincolnshire's net position by \$.53 million. Key elements of this increase are reflected in the above condensed Statement of Activities.

Revenue:

The total revenues decreased \$.63 million from FY12 \$15.97 million to FY13 \$15.34.

Property taxes represent about 28.4% of the Village's Governmental Activities revenue. As the Village is subject to the Tax Cap Limitation Act, the Village's property tax revenue decreased .6% from \$4,380,298 to \$4,355,002. Like much of Lake County, the Village's equalized assessed valuation decreased 12.05% from \$639,251,598 to \$562,195,221 for tax years 2011 (received 2012) and tax year 2012 (received 2013), respectively. Tax Year 2012 was the final taxable year under the Tax Increment Finance authority. The TIF property tax revenue increased 4.36% or \$73,815. As planned, Police Pension property taxes declined 10.58% or \$101,774; however the overall Village contributions to the Police Pension increased because of a \$200,000 one time transfer from the General Fund reserves. IMRF property tax revenue increased 3.92% or \$18,668; while Special Service Area property taxes relating to Sedgebrook Developments debt service declined 1.41% or \$16,559.

The Illinois Department of Revenue reports the Village of Lincolnshire's sales tax revenue during 2013 decreased \$144,128. The sales tax categories reporting the largest dollar gains include food, drinking & eating places, automotive, and furniture at \$40,488; \$17,419; \$13,019; and \$9,046 respectively. The number one category continues to be "agriculture and all others" at \$1,683,691; followed by \$973,897 "drinking and eating places", and \$754,125 furniture category. The mid-year opening of The Fresh Market impacted the food category. Sales tax categories posting declines for 2013 include agriculture & all other (\$134,361); drugs & misc. (\$32,442); lumber (\$28,563); apparel (\$17,882); and manufactures (\$10,852).

Lincolnshire's other tax revenues posting gains for 2013 include: State Income Tax \$69,943 (11.07%); Utility Tax \$115,077 (9.56%); Local Use Tax \$9,245 (8.29%); Room & Admission Tax \$24,538 (1.44%). Declining revenues include: Real Estate Transfer Tax down \$590,639 as the result of a rare large property transaction that took place in 2012 where the Village received \$440,000 Real Estate Transfer Tax revenue for the sale of #4 Overlook Drive commercial property; Telecommunication Tax down \$116,882 (-8.75%); Sales Tax down \$49,978 (-1.4%). The State of Illinois continues to delay payments, and as of December 31, 2013, payments from the State were lagging four months from the collection month to the disbursement of funds. The typical lag was two months until the State started experiencing large financial problems few years ago.

During FY13 the Lincolnshire Police Department continued to provide one liaison officer to Adlai E. Stevenson High School. Revenue posted to Governmental Activities for FY13 services rendered were \$104,185; down 5.7% or \$6,338 from FY12.

The "second tier" revenue sources were down \$183,780 or 15.1% (Licenses & Permits (L&P) -10.5%, Fines & Forfeitures -21.7%, Charges for Services -16.5%, and Investment earnings +2.6%) from the previous year. Building permit fees are down 31.6% from FY2012. Building permit fees normally account for 25% to 45% of the L&P category, for FY2013 fees represented 29.2% of the total. The decrease was largely related to less residential improvements. Large-scale commercial building projects were non-existent in this category in FY2013. This sector continues to lack of any significant commercial building activity, outside of interior tenant finish work.

The economy remained weak through 2013; the Federal Reserve Board has continued to maintain the Fed Funds rate at an all-time historical low of 0.25% since February 2010. The Village continued to invest funds not readily needed for operations in the Certificate of Deposit Account Registry Service (CDARS) through Bridgeview Bank, Cole Taylor Bank and FTN Financial Group. Investment earnings continue to struggle as the result of low yields ranging from 15 to 40 basis points throughout the year. The provisions of the Village's investment policy did not change in FY13; however, a close monitoring of the performance continues.

Expenses:

The Village's Governmental Activities expenses increased \$1,694,177 from the prior year; \$11.69 million in FY12 compared to \$13.38 million in FY13. The Village continues to monitor the need for personnel adjustments and other cost containment measures to maintain a healthy financial future.

The Village continued its approach of fully funding pension obligations based on both short-term costs and long-term actuarial analysis. Typically, municipal governments' pension funding levels fluctuate year to year. Investment returns have a huge impact on portfolio values for all pension funds. The IMRF actuary utilizes a "smoothing technique" that delays and softens the effect to the employer rate. IMRF reported on March 18, 2014 *"a stronger economy and continued bull market for stocks helped the fund earn a 20 percent annual rate of return for 2013."* Additionally, 2012 retirements have impacted Lincolnshire's asset balance held at IMRF. Lincolnshire's FY12 employer contribution rate of 12.51% increased to 13.50% in FY13. Although Lincolnshire's rate increased by 8%, actual expenditures increased 5.8%. Lincolnshire's contractual arrangement with Vernon Hills for dispatch services, effective 4th quarter FY13, reduced Lincolnshire's employee count and wages for IMRF purposes. This will impact Lincolnshire's FY15 IMRF employer contribution rate.

Annual Police Pension costs are actuarially calculated based on assumptions for salary, benefit costs and investment returns. The Village continues meet the financial obligations as presented by an independent actuary. The Annual Required Contribution for FY13 was \$530,159; down 17,556 from FY12. Pension funding specifics can be found in Note 10 on pages 41-45.

Business-Type Activities

Business-type activities decreased the Village's net position by \$.750 million. The Water & Sewer Fund is the only business-type activity within the proprietary funds operated by the Village. The fund is made up of an "operations" component and a "capital improvement" component. The Fund's operating loss before depreciation was \$248,719 for 2013.

Revenues:

Total revenues decreased \$264,913; \$4.148 million in FY12 compared to \$3.882 million in FY13.

With the lack of new building construction, water customer accounts remained at 2,440 throughout the year; with 2,219 residential and 221 commercial accounts. Lincolnshire's water and sewer rates increased 1.0%.

Continual low interest rates resulted \$4,089 investment income for the current year.

Expenses:

Depreciation increased by \$5,115 to \$1,612,112 for 2013.

The Village reports the Water/Sewer and Internal Service Fund (Governmental Activities) as proprietary funds. The Water/Sewer Fund is considered a “major fund.” Water is purchased from the City of Highland Park at a rate of \$2.29 per thousand gallons. Highland Park imposed an increase of 1.2% effective January 1, 2013. Wastewater treatment service is provided under a contractual agreement with Lake County Public Works at a rate of \$4.00 (effective March 1, 2010) per thousand gallons of water usage. The Village charges all municipal customers at a rate of \$9.70 combined water & sewer rate per 1,000 gallons. The spread between the purchase and sale rates is intended to finance the operations of the municipal waterworks and sewage system, including, but not limited to labor costs, supplies and miscellaneous infrastructure repairs. The 2007 sanitary sewer treatment agreement between Lake County and the Village provides for a “summer sewer credit” during the summer period. The premise is that all water used during the summer does not return through the sanitary sewer system. The resident’s summer sanitary sewer charge does not exceed 10% above their average non-summer period (September to May).

The proprietary funds’ operating expenses increased \$231,651 from the prior year; \$4.336 million in FY12 compared to \$4.568 million in FY13.

The Water and Sewer Fund operating expenses were 7.7% or \$323,187 below final budget; Administration at 1.3% below and Operation expenses 8.8% below final budget. The combined FY13 water purchases and sanitary sewer charges were down 2.36% compared to FY12, weather related.

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

UTILITY OPERATING RESULTS FROM FY2010 TO FY2013				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
WATER Rate per 1,000 gallons- In Village	\$ 4.12	\$4.24	\$4.33	\$4.43
SEWER Rate per 1,000 gallons- In Village	\$ 5.12	\$5.27	\$5.27	\$5.27
Operating Revenue	\$3,821,605	\$3,839,738	\$4,052,808	\$3,844,673
Operating Expenses (excluding depreciation)	\$3,800,415	\$3,781,033	\$3,900,977	\$4,093,392

As part of the FY2013 budget the Village increased its water usage fees 2.3%, while sanitary sewer fees remained the same. These rates became effective for services provided after January 16, 2013.

Since FY2000-01, rate increases from both these Village suppliers have become a regular occurrence. In FY2013 the cost of water (\$1,164,236) and sanitary sewer treatment (\$1,403,481) was 78.3 % of total operating expenses. The most recent percentages were 72.0% for FY2012 and 67.4% for FY2011.

For budget year 2013 water and sewer rate increases were instituted to absorb proposed rate increases by its water supplier and its sewage processor.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

New definitions were created by Standard 54:

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

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

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

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

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

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

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

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

As of December 31, 2013 the Village's governmental fund balance reported a combined ending fund balance of \$14.64 million. This was a decrease of \$6.24 million compared to the prior fiscal year. The largest contributing factor being the Tax Increment Financing Fund sale of capital assets at a \$4.4 million loss.

The General Fund's 82.7% or 12.1 million Unassigned Fund Balance is the significant portion of the \$14.6 governmental fund balance. In 2004, the Village agreed to be a "conduit" to the Sedgebrook Special Service Area debt service resulting in the creation of the SSA Debt Service Fund. The \$2.0 million restricted Fund Balance of the SSA Debt Service Fund makes it the second largest portion of the governmental fund balance at 14%. The fund balances classified as "non-spendable" and "restricted" are \$9,461 and \$2.46 million respectively. These balances are not available for discretionary spending because they have already been spent or are restricted for a variety of purposes.

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

The General Fund serves as the Village's primary operating fund and the largest source of day-to-day municipal service delivery. The net change to the General Fund's fund balance was an increase of \$.435 million, or 3.73%, from the previous year's balance. From the revenue side, total General Fund revenues were 3.25% below FY13 Final Budget or \$335,590. Total appropriated expenditures fell 13.1% below budget or \$1,228,166. The General Fund was able to continue making a transfer to the Water & Sewer Fund (\$1,090,400) to support that fund's annual debt service and to pay for capital acquisitions. An additional transfer of funds was made to the Police Pension Fund (\$200,000) to reduce property tax burden.

GENERAL FUND BALANCE			
FISCAL YEAR	FUND BALANCE (Unrestricted)	OPERATING EXPENSES (INCL DEBT SVC) (EXCLUDING CAPITAL)	FUND BALANCE AS PERCENTAGE OF OPERATING EXPENSES
2009	\$7,332,889	\$8,058,937	91.0%
2010	\$7,861,442	\$7,973,066	98.6%
2011	\$9,590,075	\$7,455,545	128.6%
2012	\$11,612,467	\$7,479,223	155.3%
2013	\$12,103,725	\$7,766,812	155.8%

In addition to the General Fund being classified as a "major fund," the Governmental Accounting Standards Board ("GASB") guidelines indicate the following funds are also considered "major" funds in fiscal year 2012: The Tax Increment Financing (TIF) fund, the Police Pension Contribution fund, and the Illinois Municipal Retirement fund (IMRF).

The Tax Increment Financing was "closed" and the TIF fund balance ended FY13 at \$0. The FY13 sale of property was sold at a \$4.4 million loss.

The IMRF fund balance decreased 3.1% to \$95,694 from \$92,729. This was due to increased expenditures related to recent retirements.

The combined fund balance of the seven non-major governmental funds totaled \$2.433 million. The Motor Fuel Tax, Special Service Area Debt Service, and Park Development Capital Fund contributed increases of \$42,597; \$25,107; and \$26,215 respectively.

Proprietary Funds

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

Net Position of the Water & Sewer utility fund has decreased \$750,319 (-1.93%) from \$38.96 million for FY12 to \$38.20 million in FY13. However, the unrestricted net position increased \$557,554 (32.7%) for FY13 to \$2.26 million. The Village intends to operate the Water/Sewer Operating Fund at a breakeven rate while maintaining a cash reserve equal to three months of operating expenses.

General Fund Budgetary Highlights

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

	Final Budget	Actual	Variance
General Fund:			
Revenues:			
Sales Tax & Home Rule Sales Tax	\$3.794	3.638	0.156
Other Taxes	5.342	5.498	(0.156)
Licenses and Permits	0.510	0.509	0.001
Fines and Forfeitures	0.515	0.385	0.130
Intergovernmental	0.445	0.208	0.237
Other	0.056	0.088	(0.032)
TOTAL REVENUES	\$10.662	10.326	0.336
Expenditures:			
Current:			
General Government	\$1.660	1.570	0.090
Public Safety	2.946	2.723	0.223
Community Development	0.479	0.467	0.012
Public Works	1.822	1.768	0.054
Parks & Recreation	0.747	0.758	(0.011)
Capital Outlay:			
General Government	0.014	0.002	0.012
Public Safety	0.468	0.442	0.026
Community Development	0.030	0.028	0.002
Public Works	1.557	0.794	0.763
Parks & Recreation	0.401	0.343	0.058
Debt Service	0.482	0.482	-
TOTAL EXPENDITURES	\$10.606	\$9.377	\$1.229

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On March 11, 2013, the Village Board approved the annual appropriations ordinance for the Village of Lincolnshire for Fiscal Year 2013. The annual Appropriation Ordinance provides the formal authority for the expenditure of public funds. Historically, the Village has passed an Appropriation Ordinance where the appropriated line items mirror identically the line items found in the approved budget. The budget document is the spending plan for the Village, and the Appropriation Ordinance provides the formal spending authority. In November and December of each year, staff has annually provided the Village Board with a recommendation for authorization of transfer of funds for those line items that exceed the Village’s Appropriation Ordinance. A more formal and legal approach to addressing those expenditures that exceed the original Appropriation Ordinance is for the Village Board to consider and pass a Supplemental Appropriation Ordinance prior to the close of the fiscal Year. On December 9, 2013, the Village Board approved a Supplemental Appropriation ordinance to amend the original budget. The Village’s “Level of Budgetary Control Policy” requires an individual expenditure account that exceeds its budget by a combination of 10 percent or five thousand dollars be brought to the Village Board for review and approval.

The Village determined that was in the best interests of the Village to appropriate additional funds from reserves for various purposes. The following is an overview of the supplemental appropriation amounts for specific line items:

- **Finance Department – Regular Salaries** – The original appropriation was increased to accommodate the impact of the payout of the accumulate sick leave to former Finance Director upon retirement.
- **Police Department – Motor Equipment** – This line item was increased to address the increased cost for equipment related to the conversion of existing squad equipment to the new vehicles.
- **Police-Dispatch Conversion** – This line item was increased to accommodate for the expenses related to the conversion of dispatch services from in-house to the Village of Vernon Hills.
- **Community Development Department** – This appropriation line item was increased to purchase a replacement inspection vehicle for the department.
- **Insurance & Common Expense** –The original appropriation amount significantly under-represented the annual telephone cost for the Village.
- **Public Works Department – Salaries** – The regular salary line items and overtime line items for all Public Works operating areas were increased to accommodate for overages related to the early spring flood event.
- **PW Administration – Professional Services** – This line item is increased over the original appropriation due to the engagement of a consultant to assist with the development of the All-Natural Hazards Mitigation Plan. This expense was not contemplated at the time of the original budget or appropriation.

Other items changed in the Supplemental Appropriation were small in nature and simply needed increases because the original Appropriation Ordinance was adopted to match the budget document line item by line item.

Since many of the Village’s expenses can be impacted by factors not controllable by the Village, such as the weather and economy, budget line items are best estimates based on past experience. Overall, General Fund expenditures were 9.0% under budget with many individual line items below budget and some exceeding the estimates included in the budget line items. Departmental actual expenditures within the General Fund were under the Final Budget.

Governmental-Type Activities

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

- No new Construction in Progress at FY13 end.
- Per the Village’s vehicle and equipment replacement schedule
 - Community Development purchased a 2013 Ford Explorer for inspection services.
 - Community Development sold a 2002 Ford Explorer at auction.
 - Two Crown Vic vehicles were transferred from the Police Dept. to Public Works Dept.
 - Three Crown Vic Police Dept. vehicles were sold at auction
 - Three 2014 Ford SUV Interceptors and one 2013 Chevy Impala were purchased for the Police Dept.
 - Public Works disposed of one GMC 3/4 ton truck, Groundmaster 345 tractor/mower, Bannerman Sport Topper, Deere 445T leaf loader, and various radios and computer equipment.
 - Public Works purchased one 2013 Ford F350, one 2014 Ford F350, a pneumatic fork lift, one trailer mounted leaf machine, one Godwin diesel pump other assorted equipment.
 - Parks disposed of one Deere Gator utility vehicle, one infield mower, one Kawasaki carryall club cart, one diesel mower
 - Parks purchased playground renovation equipment for Spring Lake Park and Olde Mill Park.

- Parks purchased two Toro 7200 riding mowers, one Kubota heavy duty utility cart and one top dresser with tow behind Meter R Matics.
- Two pedestrian bridges installed at Indian Creek and Milwaukee Ave & Route 22.
- Forsheim Park boardwalk improvement project was completed.

Business-Type Activities

The Village’s investment in capital assets, net of accumulated depreciation, for business-type capital assets, as of the fiscal year end was \$36,735,570.

No new water mains and sanitary sewer extension lines were installed during FY13.

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

- Per the Village’s vehicle replacement schedule Public Works disposed of:
 - Telemetry System
 - Copy machines and various minor equipment
- Public Works purchased:
 - Lift station radiator replacement
 - Lift station generator at Londonderry Lane
 - Replaced various SCADA equipment.

Debt

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

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

At the end of the fiscal year, the Village’s debt, both direct and SSA related, amounted to \$16.2 million compared to \$19.0 million last year - a decline of 14.7% - as shown in the table below.

OUTSTANDING DEBT AT YEAR END DECEMBER 31, 2012						
Type of Debt	Government Activities		Business Activities		Totals	
	2012	2013	2012	2013	2012	2013
Bank Loans Village	\$4,351,380	\$ 2,024,548	\$950,607	\$787,325	\$5,301,987	\$2,811,873
Bond Issue-SSA	\$13,690,000	\$13,385,000			\$13,690,000	\$13,385,000
	\$18,041,380	\$15,409,548	\$950,607	\$787,325	\$18,991,987	\$16,196,873

In FY2013 the Tax Increment Financing loan was paid in full. The remaining three bank loans consist of two General Fund and one Water Fund loan.

The Village is a home rule community and is, therefore, not limited by State Statute pertaining to debt limit. The Village’s outstanding debt (excluding the SSA debt) represents 0.50% 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 is recognized as a desirable community in the Chicago area for residents and businesses. The Village is home to a number of prominent corporate headquarters, first-class hotels, restaurants, retailers and entertainment venues. Businesses choose to locate in Lincolnshire due, in part, to its close proximity to highways/arterials, O'Hare Airport, relatively low taxes, high daytime population, award-winning public schools and business-friendly and supportive local government. The Lincolnshire Marriott Resort with its meeting facilities, championship golf course, and live theater is a major attraction for the Village. The Village is well-positioned to attract new businesses and diversify its economic base while maintaining its small-town atmosphere and quality of life.

The Village's commercial occupancy rate (cumulative) for its largest retail centers, Village Green, Lincolnshire Commons & City Park, is 80% for the first quarter of 2014.

Lincolnshire office occupancy rates increased from 85% in FY12 to 88% in FY13, compared to Lake County's increase in occupancy from 64% in FY12 to 81% in FY13. Lincolnshire's rate is expected to dramatically increase in 2015 when 250,000 square feet of existing vacant space comes back online with the opening of Zebra Technologies new headquarters facility.

The Fresh Market specialty grocery store, the Village's first grocery purveyor, opened in the summer of 2013 at the northeast corner of Milwaukee Avenue and Half Day Road.

In early 2014, the Village finalized the **sale of the Downtown property** (located at the northeast corner of Milwaukee Avenue and Half Day Road) to DK Mallon. The property is currently under contract. The proposed DK Mallon plans include 22,000 square feet in four buildings, with restaurants retail and service uses anchored by the existing 21,000 square feet The Fresh Market store.

Zebra Technologies, innovative bar code and software company, announced the merger/relocation of various facilities into a single corporate headquarters in the Lincolnshire Corporate Center. Zebra agreed to occupy 250,000 square feet of office space in what was lauded as the largest lease deal in the Chicago region in 2013. The Lease runs through 2026. At build-out, approximately 800 employees will work out of the new Lincolnshire location.

General Growth Properties, the owner of the Lincolnshire Commons Center, began construction of a new 7,000 square foot 3-tenant commercial building south of Kona Grill which will be completed by summer, 2014. Naf-Naf Grill and Chipotle are anticipated to be two of the three tenants occupying this building.

The Marathon Gas Station at 435 Milwaukee Avenue is undergoing extensive site and building improvements, spurred by the location of a new co-tenant, Dunkin' Donuts Restaurant.

Noah's, a 10,000 square foot banquet and meeting center, based in Utah, was approved in 2013 and is expected to begin construction the summer of 2014 on a vacant lot immediately south of Staybridge Suites Hotel. Noah is expected to open in late 2014. Lincolnshire is one of only two Noah's locations in Illinois.

Several other businesses locating to Lincolnshire in 2013 include Arthur Clesen, Gallagher Benefit Services, Melinta Therapeutics, Michal's Imports, Spex, State Farm Insurance, and 3L Corporation.

According to US Bureau of Labor Statistics Lincolnshire's income per capita is \$61,911. The website further reports the Village's unemployment dropped from 8.7% FY12 to 7.9% as of August 2013. There were no major layoffs during FY13 within the Village limits.

The Village ended FY2013 in a stronger financial position than when it had begun. All signs indicate the national economy is slowly recovering which bodes well for Lincolnshire's financial well-being. The depressed real estate market has improved. Lincolnshire's real estate transfer tax stamp sales increased 15% for FY13; from 158 in FY12 to 181 FY13. Room rental receipts decreased 3.6%; and admission taxes were down 0.9%.

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

Illinois Senate proposal to eliminate Local Government Distributive Fund is a hot topic in Springfield. The loss of LGDF would result in a \$660,000 loss to Lincolnshire's 2014 Budget.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2014.

General Fund

Five types of revenue sources account for 78.0% of the total projected revenues for the FY14 General Fund. These sources and their respective budget increases over FY13 are as follows: State Sales Tax (3.7%), Home Rule Sales Tax (3.3%), Utility Tax (.7%), Telecommunication Tax (3.0%) and Rooms & Admissions Tax (.5%). Although revenues have been projected to rise, there are no actual rate increases planned for FY14. The General Fund budget does include the use of \$3,000,000 cash reserves to create a General Capital Fund. The majority of the sales tax increase relates to a full year's revenue recognition of The Fresh Market sales.

Excluding transfers and debt service, the General Fund Expense budget has increased \$526,760 (6.9%) from \$7.59 million in FY12 to \$8.12 million in FY13. The General Fund transfers included a \$3 million transfer to the newly created General Capital Fund. The budget expense increase for Capital Outlay is up \$1 million (45.1%) from FY12. Another noteworthy change to the General Fund expense budget is the legal services has been removed as a separate department and reallocated to Police Department and Insurance & Common. Users will find much more line item details in the FY14 budget.

Major Changes in Budget format for 2014

- **Additional Line Items:** The FY2014 Budget includes the addition of several line items in each operating area to capture additional expenditure detail in the budget document. By tracking expenditures in more detail, staff intends to increase accuracy and accountability in the budget and expenditure processes.
- **Combining Parks & Grounds and Environmental Services:** The Fiscal Year 2014 Budget reflects the merging of these two operating areas. Detailed line items have been created to reflect the expenses related to maintaining the Village's parks, open space, and urban forest.

- **Creation of General Capital (Gen Cap) Fund:** The 2014 Budget includes the creation of a General Capital Fund to detail expenditures related to capital projects. Capital projects identified in the Gen Cap Fund are those projects that have a useful life of more than one year and an expected cost of more than \$5,000. The intent of the Gen Cap Fund is to provide a way to monitor expenditures related to specific capital projects throughout the year and aid in the development of a long-term plan to address the Village's capital equipment and infrastructure needs in a comprehensive manner.

The Fiscal Year 2014 Budget contemplates implementation of \$3,228,060 in capital improvement projects. The Village continues to increase its level of capital improvements from recent years; however, levels remain below capital spending from pre-recession years.

- **E-911 Fund and Transition of Dispatch Services to Village of Vernon Hills:** The E911 Fund and Police Department budgets for FY2014 do not reflect personnel expenses related to dispatch services. Dispatch services were transferred to the Village of Vernon Hills on October 1, 2013. With this change, the only expenses reflected in the E911 Fund are costs associated with the costs outlined in the intergovernmental agreement between the Village of Lincolnshire and Village of Vernon Hills for dispatch services. Total number of employees will be reduced by 5 full-time equivalent positions in in Fiscal Year 2014 due to outsourcing dispatch services to the Village of Vernon Hills.
- The Village will maintain its long-standing policy of levying a property tax ONLY to fund employee pensions and not for operational purposes.

Water/Sewer Fund

As part of the FY2014 budget the Village increased its water usage fees 1.6%, while sanitary sewer fees have remained unchanged since January 1, 2011. No changes have been made to the rate structure; specifically the minimum charges, senior discounts, and the in & out of town rates. At the start of FY14 the Water/Sewer unrestricted Net Position was 55.5% of the FY14 operating budget expenses. The unrestricted Net Position includes WS Operations (Fund 02) and WS Improvements (Fund 07). Water/Sewer Operating expenses have a 5.2% increase with no changes to the staffing levels. The vast majority of this increase relates to water purchase and contractual service costs.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Village's finances, comply with finance-related laws and regulations and demonstrate the Village's commitment to public accountability. Questions about this report or requests for additional information can be obtained by contacting the Village's Finance Director at mpeterson@village.lincolnshire.il.us or accessing 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 POSITION

December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,652,339	\$ 1,773,336	\$ 8,425,675
Investments	7,226,824	791,238	8,018,062
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	2,514,996	-	2,514,996
Other taxes	2,043,405	-	2,043,405
Accounts	74,114	376,616	450,730
Accrued interest	3,873	-	3,873
Prepaid expenses	9,461	84	9,545
Due to/from other funds	85	(85)	-
Land held for resale	1,305,000	-	1,305,000
Net pension asset	4,982,076	-	4,982,076
Capital assets not being depreciated	43,149,448	115,558	43,265,006
Capital assets (net of accumulated depreciation)	28,179,309	36,620,012	64,799,321
Total assets	96,140,930	39,676,759	135,817,689
LIABILITIES			
Accounts payable	1,206,394	603,359	1,809,753
Accrued payroll	159,356	20,693	180,049
Deposits payable	1,165,486	-	1,165,486
Accrued interest payable	311,337	12,632	323,969
Noncurrent liabilities			
Due within one year	827,332	178,312	1,005,644
Due in more than one year	14,867,508	651,804	15,519,312
Total liabilities	18,537,413	1,466,800	20,004,213
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	2,514,996	-	2,514,996
Total deferred inflows of resources	2,514,996	-	2,514,996
Total liabilities and deferred inflows of resources	21,052,409	1,466,800	22,519,209
NET POSITION			
Net investment in capital assets	69,304,209	35,948,245	105,252,454
Restricted for			
Debt service	2,055,000	-	2,055,000
Maintenance of roadways	117,481	-	117,481
Employee retirement	92,729	-	92,729
Public safety	200,368	-	200,368
Unrestricted	3,318,734	2,261,714	5,580,448
TOTAL NET POSITION	\$ 75,088,521	\$ 38,209,959	\$ 113,298,480

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 2,037,465	\$ 239,339	\$ -	\$ -
Public safety	4,244,795	981,973	40,000	-
Community development	82,073	199,557	-	-
Public works	4,551,630	12,500	217,382	-
Parks and recreation	1,496,702	58,098	-	-
Interest	973,071	-	-	-
Total governmental activities	13,385,736	1,491,467	257,382	-
Business-Type Activities				
Water and sewer	5,729,624	3,882,816	-	-
TOTAL PRIMARY GOVERNMENT	\$ 19,115,360	\$ 5,374,283	\$ 257,382	\$ -

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (1,798,126)	\$ -	\$ (1,798,126)
	(3,222,822)	-	(3,222,822)
	117,484	-	117,484
	(4,321,748)	-	(4,321,748)
	(1,438,604)	-	(1,438,604)
	(973,071)	-	(973,071)
	<u>(11,636,887)</u>	-	<u>(11,636,887)</u>
	-	(1,846,808)	(1,846,808)
	<u>(11,636,887)</u>	<u>(1,846,808)</u>	<u>(13,483,695)</u>
General Revenues			
Taxes			
Property	4,355,002	-	4,355,002
Sales	2,382,092	-	2,382,092
Local use	120,831	-	120,831
Utility	1,318,577	-	1,318,577
Telecommunications	1,219,285	-	1,219,285
Room and admissions	1,733,789	-	1,733,789
Real estate transfer	330,958	-	330,958
Home rule sales tax	1,256,668	-	1,256,668
Income tax	701,558	-	701,558
Investment income	46,530	4,089	50,619
Gain on sale of capital assets	47,679	2,000	49,679
Miscellaneous	84,015	-	84,015
Transfers in (out)	(1,090,400)	1,090,400	-
Total	<u>12,506,584</u>	<u>1,096,489</u>	<u>13,603,073</u>
Special item			
Loss on the sale of land	(4,396,241)	-	(4,396,241)
CHANGE IN NET POSITION	(3,526,544)	(750,319)	(4,276,863)
NET POSITION, JANUARY 1	<u>78,615,065</u>	<u>38,960,278</u>	<u>117,575,343</u>
NET POSITION, DECEMBER 31	<u>\$ 75,088,521</u>	<u>\$ 38,209,959</u>	<u>\$ 113,298,480</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2013

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Nonmajor Governmental	Total
ASSETS						
Cash and cash equivalents	\$ 5,194,849	\$ 9,365	\$ -	\$ 137,837	\$ 1,138,759	\$ 6,480,810
Investments	5,878,007	-	-	-	1,348,817	7,226,824
Receivables (net, where applicable, of allowances for uncollectibles)						
Property taxes	-	-	589,800	763,946	1,161,250	2,514,996
Other taxes	1,976,100	-	-	-	67,305	2,043,405
Accounts	74,114	-	-	-	-	74,114
Accrued interest	3,873	-	-	-	-	3,873
Due from other funds	20,923	-	-	-	-	20,923
Prepaid items	9,461	-	-	-	-	9,461
Land held for resale	1,305,000	-	-	-	-	1,305,000
TOTAL ASSETS	\$ 14,462,327	\$ 9,365	\$ 589,800	\$ 901,783	\$ 3,716,131	\$ 19,679,406

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Nonmajor Governmental	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,077,283	\$ 9,365	\$ -	\$ 321	\$ 100,444	\$ 1,187,413
Accrued payroll	151,159	-	-	-	74	151,233
Deposits payable	1,120,699	-	-	44,787	-	1,165,486
Due to other funds	-	-	-	-	20,838	20,838
Total liabilities	2,349,141	9,365	-	45,108	121,356	2,524,970
DEFERRED INFLOWS OF RESOURCES						
Unavailable tax revenue	-	-	589,800	763,946	1,161,250	2,514,996
Total deferred inflows of resources	-	-	589,800	763,946	1,161,250	2,514,996
Total liabilities and deferred inflows of resources	2,349,141	9,365	589,800	809,054	1,282,606	5,039,966
FUND BALANCES						
Nonspendable in form - prepaid items	9,461	-	-	-	-	9,461
Restricted for debt service	-	-	-	-	2,055,000	2,055,000
Restricted for maintenance of roadways	-	-	-	-	117,481	117,481
Restricted for employee retirement	-	-	-	92,729	-	92,729
Restricted for public safety	-	-	-	-	200,368	200,368
Unrestricted						
Assigned for capital projects	-	-	-	-	60,676	60,676
Unassigned - General Fund	12,103,725	-	-	-	-	12,103,725
Total fund balances	12,113,186	-	-	92,729	2,433,525	14,639,440
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
	\$ 14,462,327	\$ 9,365	\$ 589,800	\$ 901,783	\$ 3,716,131	\$ 19,679,406

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2013

FUND BALANCES OF GOVERNMENTAL FUNDS			\$ 14,639,440
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds			71,328,757
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds			
Notes payable			(2,024,548)
SSA bonds payable			(13,385,000)
Compensated absences	\$	(285,292)	
Less internal service funds		<u>17,525</u>	(267,767)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position			(311,337)
The net pension assets of the police pension fund are included in the governmental activities in the statement of net position			4,982,076
The net position of the internal service fund is included in the governmental activities in the statement of net position			<u>126,900</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES			<u><u>\$ 75,088,521</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, 2013

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Nonmajor Governmental	Total
REVENUES						
Property taxes	\$ -	\$ 1,766,064	\$ 859,747	\$ 494,398	\$ 1,162,012	\$ 4,282,221
Other taxes	9,136,539	-	-	-	-	9,136,539
Licenses, permits and fees	509,493	-	-	-	-	509,493
Fines and forfeitures	385,465	-	-	-	-	385,465
Charges for services	-	-	-	-	93,395	93,395
Intergovernmental	225,467	-	-	-	535,027	760,494
Investment income	26,438	830	-	284	18,978	46,530
Miscellaneous	42,808	-	-	-	41,207	84,015
Total revenues	10,326,210	1,766,894	859,747	494,682	1,850,619	15,298,152
EXPENDITURES						
Current						
General government	1,572,194	-	-	497,647	3,748	2,073,589
Public safety	3,165,042	-	1,059,747	-	411,176	4,635,965
Community development	495,107	-	-	-	-	495,107
Public works	2,561,912	-	-	-	-	2,561,912
Parks and recreation	1,101,484	-	-	-	-	1,101,484
Capital outlay	-	1,448,311	-	-	175,000	1,623,311
Debt service						
Principal retirement	408,824	1,906,965	-	-	286,406	2,602,195
Interest and fiscal charges	72,754	70,248	-	-	864,688	1,007,690
Total expenditures	9,377,317	3,425,524	1,059,747	497,647	1,741,018	16,101,253
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	948,893	(1,658,630)	(200,000)	(2,965)	109,601	(803,101)

	General Corporate	Tax Increment Financing	Police Pension Contribution	Illinois Municipal Retirement	Nonmajor Governmental	Total
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 729,253	\$ -	200,000	\$ -	\$ -	\$ 929,253
Transfers (out)	(1,290,400)	(715,453)	-	-	(13,800)	(2,019,653)
Sale of capital assets	47,679	(4,396,241)	-	-	-	(4,348,562)
Total other financing sources (uses)	(513,468)	(5,111,694)	200,000	-	(13,800)	(5,438,962)
NET CHANGE IN FUND BALANCES	435,425	(6,770,324)	-	(2,965)	95,801	(6,242,063)
FUND BALANCES, JANUARY 1	11,677,761	6,770,324	-	95,694	2,337,724	20,881,503
FUND BALANCES, DECEMBER 31	\$ 12,113,186	\$ -	\$ -	\$ 92,729	\$ 2,433,525	\$ 14,639,440

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, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (6,242,063)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	
Capital assets purchased	1,080,296
Loss on disposal of capital assets	(9,219)
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	2,326,832
SSA bonds	305,000
The decrease in interest payable is reported as an increase in expense on the statement of activities	34,619
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	(1,607,774)
The change in net position of internal service fund is reported as an increase of expense on the statement of activities	50,289
The change in certain long-term assets in liabilities does not require the use of current financial resources but is reported as expenses on the statement of activities	
Decrease in accrued compensated absences	3,163
Increase in police pension net pension asset	532,313
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (3,526,544)

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

December 31, 2013

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,773,336	\$ 171,529
Investments	791,238	-
Receivables		
Accounts - billed	271,914	-
Accounts - unbilled	104,702	-
Prepaid expenses	84	-
	<hr/>	<hr/>
Total current assets	2,941,274	171,529
CAPITAL ASSETS		
Nondepreciable	115,558	-
Depreciable, net of accumulated depreciation	36,620,012	-
	<hr/>	<hr/>
Net capital assets	36,735,570	-
	<hr/>	<hr/>
Total assets	39,676,844	171,529
CURRENT LIABILITIES		
Accounts payable	603,359	18,981
Accrued payroll	20,693	8,123
Accrued interest payable	12,632	-
Due to other funds	85	-
Compensated absences payable	10,698	4,381
Current portion of notes payable	167,614	-
	<hr/>	<hr/>
Total current liabilities	815,081	31,485
LONG-TERM LIABILITIES		
Compensated absences payable	32,093	13,144
Notes payable	619,711	-
	<hr/>	<hr/>
Total long-term liabilities	651,804	13,144
	<hr/>	<hr/>
Total liabilities	1,466,885	44,629
NET POSITION		
Net investment in capital assets	35,948,245	-
Unrestricted	2,261,714	126,900
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 38,209,959	\$ 126,900

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
OPERATING REVENUES		
Charges for services	\$ 3,830,634	\$ 523,700
Miscellaneous	14,039	1,752
Total operating revenues	<u>3,844,673</u>	<u>525,452</u>
OPERATING EXPENSES		
Administration	603,658	-
Operations	3,278,387	-
Repairs and maintenance	211,347	475,163
Total operating expenses	<u>4,093,392</u>	<u>475,163</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(248,719)	50,289
Depreciation	1,612,228	-
OPERATING INCOME (LOSS)	<u>(1,860,947)</u>	<u>50,289</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income	4,089	-
Interest expense	(24,004)	-
Connection fees	38,143	-
Gain on sale of capital assets	2,000	-
Total non-operating revenues (expenses)	<u>20,228</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(1,840,719)</u>	<u>50,289</u>
TRANSFERS		
Transfers in	1,090,400	-
Total transfers	<u>1,090,400</u>	<u>-</u>
CHANGE IN NET POSITION	(750,319)	50,289
NET POSITION, JANUARY 1	<u>38,960,278</u>	<u>76,611</u>
NET POSITION, DECEMBER 31	<u><u>\$ 38,209,959</u></u>	<u><u>\$ 126,900</u></u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended December 31, 2013

	Business-Type Activities	Governmental Activities
	Water and Sanitary Sewer	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,899,874	\$ -
Receipts from interfund services	-	640,373
Payments to suppliers	(3,493,422)	(327,285)
Payments to employees	(587,779)	(143,311)
Other income	-	1,752
	(181,327)	171,529
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers	1,090,400	-
Decrease of interfund balances	26,732	-
	1,117,132	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(141,072)	-
Capital assets sold	2,000	-
Connection fees	38,143	-
Note principal payments	(163,282)	-
Note interest payments	(24,004)	-
	(288,215)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investment securities	640,208	-
Interest received	4,279	-
	644,487	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,292,077	171,529
CASH AND CASH EQUIVALENTS, JANUARY 1	481,259	-
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 1,773,336	\$ 171,529

(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, 2013

	<u>Business-Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
	<u>Water and</u> <u>Sanitary</u> <u>Sewer</u>	<u>Internal</u> <u>Service</u>
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH FLOWS FROM		
OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,860,947)	\$ 50,289
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,612,228	-
(Increase) decrease in		
Receivables	55,201	-
Interfund receivables	-	143,288
Prepaid expense	15,220	1,975
Increase (decrease) in		
Accounts payable	(11,044)	(1,515)
Accrued payroll	10,262	4,248
Compensated absences payable	(2,247)	(141)
Interfund payables	-	(26,615)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (181,327)</u>	<u>\$ 171,529</u>

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2013

ASSETS

Cash and cash equivalents	\$ 19,393
Investments	
U.S. Treasury obligations	1,730,398
U.S. agencies securities	1,068,106
Equity mutual funds	10,533,374
Money market mutual funds	281,739
Corporate bonds	2,333,476
Municipal bonds	57,955
Equities	2,164,807
Negotiable certificates of deposit	922,349
Receivables	
Accrued interest	40,936
Prepaid expense	9,025
	<hr/>
Total assets	19,161,558

LIABILITIES

Accounts payable	450
	<hr/>
Total liabilities	450

**NET POSITION HELD IN TRUST FOR
PENSION BENEFITS**

\$ 19,161,108

See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

ADDITIONS

Contributions - employer	\$ 859,747
Contributions - employee	205,431
Contributions in lieu of tax levy	200,000
Other contributions	<u>29</u>

Total contributions	<u>1,265,207</u>
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Investment income

Net appreciation (depreciation) in fair value of investments	1,857,623
Interest earned on investments	<u>447,984</u>

Total investment income	2,305,607
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Less investment expense	<u>(57,641)</u>
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Net investment income	<u>2,247,966</u>
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Total additions	<u>3,513,173</u>
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DEDUCTIONS

Benefits	801,172
Administrative	<u>22,602</u>

Total deductions	<u>823,774</u>
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NET INCREASE	2,689,399
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**NET POSITION HELD IN TRUST FOR
PENSION BENEFITS**

January 1	<u>16,471,709</u>
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December 31	<u><u>\$ 19,161,108</u></u>
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See accompanying notes to financial statements.

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. Separate financial statements are 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 accounting for revenue sources that are legally restricted or committed for specific purposes (special revenue funds), accounting for funds that are restricted, committed or assigned to the acquisition of capital assets or construction of major capital projects not financed by another fund (capital projects funds) and accounting for the servicing of bonded general long-term debt using funds restricted, committed or assigned for debt service (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

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

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

c. Government-Wide and Fund Financial Statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Village reports the following major governmental funds:

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

The 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. This fund was closed as of December 31, 2013.

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 1,000 hours per year. The Village has elected to report this fund as major.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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/unavailable revenue on its financial statements as a deferred inflow of resources. Unearned/unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned/unavailable 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 deferred inflow for unearned revenue is removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investments

Investments with a maturity of less than one year when purchased and non-negotiable 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, 2013 for debt and equity securities.

g. Short-Term Interfund Receivables/Payables

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

h. Advances to Other Funds

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

i. Prepaid Items/Expenses

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

j. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets (Continued)

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

k. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

m. Fund Equity/Net Position

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Equity/Net Position (Continued)

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

n. 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.

o. 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.

p. Deferred Outflows/Inflows of Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Deferred Outflows/Inflows of Resources (Continued)

This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 55% of the total assets of the Police Pension Fund).

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2013, the Village had approximately \$1,794,587 of uninsured, uncollateralized funds.

b. Village Investments

The following table presents the investments and maturities of the Village's investments as of December 31, 2013:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET 1-3 Year Fund	\$ 100,522	\$ -	\$ 100,522	\$ -	\$ -
TOTAL	\$ 100,522	\$ -	\$ 100,522	\$ -	\$ -

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 Illinois Metropolitan Investment Fund (IMET) is rated AAA.

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

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.

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, 2013:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-3	4-6	Greater than 6
U.S. Treasury notes	\$ 1,730,398	\$ 481,123	\$ 966,846	\$ 138,909	\$ 143,520
FFCB notes	187,468	33,054	-	154,414	-
FHLB notes	30,022	30,022	-	-	-
FHLMC notes	295,112	2,052	-	141,227	151,833
FNMA notes	505,245	-	145,570	-	359,675
GNMA notes	28,965	-	-	-	28,965
SBA	21,292	-	-	-	21,292
Corporate bonds	2,333,476	154,418	419,550	663,215	1,096,293
Municipal bonds	57,955	-	-	57,955	-
Negotiable certificates of deposit	922,349	817,307	-	105,042	-
TOTAL	\$ 6,112,282	\$ 1,517,976	\$ 1,531,966	\$ 1,260,762	\$ 1,801,578

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

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

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 35% investment in secure fixed income investments, primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The FHLB, FHMLC, FFCB, FNMA, SBA, money market mutual funds, municipal bonds, corporate bonds and negotiable certificates of deposit range in rating from not rated to AAA as of December 31, 2013.

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.

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	5.0%	10.0%	15.0%
Large cap value	5.0%	10.0%	15.0%
Small mid cap growth	2.5%	5.0%	7.5%
Small mid cap value	2.5%	5.0%	7.5%
Multi class	10.0%	20.0%	30.0%
International growth	5.0%	7.5%	10.0%
International value	5.0%	7.5%	10.0%
Fixed income and cash	35.0%	35.0%	50.0%

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

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

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

At December 31, 2013, the Police Pension Fund had greater than 5% of its fixed income portfolio invested in obligations of the U.S. Treasury notes (9.06%) and corporate bonds (12.22%). The investment policy does not include any limitations on how much U.S. Treasury or agency securities can be held in the portfolio.

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 2013 attach as an enforceable lien on January 1, 2013 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, 2014 and August 1, 2014 and are payable in two installments, on or about June 1, 2014 and September 1, 2014. The County collects such taxes and remits them periodically. As the 2013 tax levy is intended to fund expenditures for the 2014 fiscal year, these taxes are deferred as of December 31, 2013.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 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	14,845,412	-	-	14,845,412
Easements	698,235	-	-	698,235
Construction in progress	1,818,282	184,788	1,818,282	184,788
Total capital assets not being depreciated	44,782,942	184,788	1,818,282	43,149,448
Capital assets being depreciated				
Land improvements	5,806,164	1,818,282	-	7,624,446
Buildings and improvements	8,138,937	-	-	8,138,937
Infrastructure	42,558,406	394,093	-	42,952,499
Machinery and equipment	3,289,629	501,415	453,685	3,337,359
Total capital assets being depreciated	59,793,136	2,713,790	453,685	62,053,241

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

4. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES (Continued)				
Less accumulated depreciation for				
Land improvements	\$ 3,152,249	\$ 281,366	\$ -	\$ 3,433,615
Buildings and improvements	3,629,722	214,571	-	3,844,293
Infrastructure	23,521,125	842,731	-	24,363,856
Machinery and equipment	2,407,528	269,106	444,466	2,232,168
Total accumulated depreciation	<u>32,710,624</u>	<u>1,607,774</u>	<u>444,466</u>	<u>33,873,932</u>
Total capital assets being depreciated, net	<u>27,082,512</u>	<u>1,106,774</u>	<u>9,219</u>	<u>28,179,309</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 71,865,454</u>	<u>\$ 1,290,804</u>	<u>\$ 1,827,501</u>	<u>\$ 71,328,757</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 36,325	\$ -	\$ -	\$ 36,325
Construction in progress	79,233	-	-	79,233
Total capital assets not being depreciated	<u>115,558</u>	<u>-</u>	<u>-</u>	<u>115,558</u>
Capital assets being depreciated				
Buildings	1,580,063	-	-	1,580,063
Underground water and sewerage system	81,796,229	-	-	81,796,229
Furniture, machinery and equipment	1,113,719	141,072	88,830	1,165,961
Total capital assets being depreciated	<u>84,490,011</u>	<u>141,072</u>	<u>88,830</u>	<u>84,542,253</u>
Less accumulated depreciation for				
Buildings	916,740	34,432	-	951,172
Underground water and sewerage system	44,690,513	1,523,131	-	46,213,644
Furniture, machinery and equipment	791,590	54,665	88,830	757,425
Total accumulated depreciation	<u>46,398,843</u>	<u>1,612,228</u>	<u>88,830</u>	<u>47,922,241</u>
Total capital assets being depreciated, net	<u>38,091,166</u>	<u>(1,471,156)</u>	<u>-</u>	<u>36,620,012</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 38,206,726</u>	<u>\$ (1,471,156)</u>	<u>\$ -</u>	<u>\$ 36,735,570</u>

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 140,351
Public safety	78,696
Community development	9,567
Public works	871,300
Parks and recreation	<u>507,860</u>
DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,607,774</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.

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

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 by-laws, rules and regulations and exercises such powers and performs such duties as may be prescribed in the Agency Agreement or the by-laws.

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

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

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

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

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES					
Notes payable	\$ 4,351,380	\$ -	\$ 2,326,832	\$ 2,024,548	\$ 431,009
Special Service Area bonds	13,690,000	-	305,000	13,385,000	325,000
Compensated absences*	270,930	64,570	67,733	267,767	66,942
Compensated absences - Internal Service*	17,666	8,632	8,773	17,525	4,381
TOTAL GOVERNMENTAL ACTIVITIES	\$ 18,329,976	\$ 73,202	\$ 2,708,338	\$ 15,694,840	\$ 827,332

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

	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
Promissory notes payable	\$ 950,607	\$ -	\$ 163,282	\$ 787,325	\$ 167,614
Compensated absences	45,037	10,101	12,347	42,791	10,698
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 995,644	\$ 10,101	\$ 175,629	\$ 830,116	\$ 178,312

b. Notes Payable

Issue	Fund Debt Retired By	Balances January 1	Additions	Reductions	Balances December 31	Current Portion
GOVERNMENTAL ACTIVITIES						
2011A Note Payable - Refunding (\$3,060,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$240,791; interest rate 2.60%)	General Fund	\$ 2,444,415	\$ -	\$ 419,867	\$ 2,024,548	\$ 431,009
2011B Note Payable - Refunding (\$2,675,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$289,603; interest rate 2.90%)	TIF Fund	1,906,965	-	1,906,965	-	-
TOTAL		\$ 4,351,380	\$ -	\$ 2,326,832	\$ 2,024,548	\$ 431,009

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
BUSINESS-TYPE ACTIVITIES						
2011A Note Payable - Refunding (\$1,190,000 dated January 28, 2011; maturing January 1, 2018; payable in semiannual installments of \$90,926; interest rate 2.60%)	Water and Sewer Fund	\$ 950,607	\$ -	\$ 163,282	\$ 787,325	\$ 167,614
TOTAL		\$ 950,607	\$ -	\$ 163,282	\$ 787,325	\$ 167,614

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
2014	\$ 431,009	\$ 50,573	\$ 481,582	\$ 167,614	\$ 19,667	\$ 187,281
2015	442,445	39,136	481,581	172,062	15,220	187,282
2016	454,118	27,463	481,581	176,602	10,680	187,282
2017	466,235	15,346	481,581	181,314	5,968	187,282
2018	230,741	3,066	233,807	89,733	1,193	90,926
TOTAL	\$ 2,024,548	\$ 135,584	\$ 2,160,132	\$ 787,325	\$ 52,728	\$ 840,053

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	\$13,690,000	\$ -	\$ 305,000	\$13,385,000	\$ 325,000
TOTAL		\$13,690,000	\$ -	\$ 305,000	\$13,385,000	\$ 325,000

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
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	\$ 13,385,000	\$ 11,016,251	\$ 24,401,251

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.

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

6. LONG-TERM DEBT (Continued)

d. Legal Debt Margin (Continued)

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, 2013 consisted of the following:

Fund	Due From	Due To
General Corporate Fund		
Water and Sanitary Sewer	\$ 85	\$ -
Nonmajor governmental funds	20,838	-
	<u>20,923</u>	<u>-</u>
Water and Sanitary Sewer		
General Corporate Fund	-	85
		<u>85</u>
Nonmajor Governmental Funds		
General Corporate Fund	-	20,838
		<u>20,838</u>
TOTAL	<u>\$ 20,923</u>	<u>\$ 20,923</u>

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

- \$20,838 due from the nonmajor governmental funds (Fraud Drug Seizure Fund) to the General Corporate Fund is for amount due for purchase of capital assets. This amount will be paid within one year.

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

7. INTERFUND ASSETS/LIABILITIES (Continued)

b. Transfers

Interfund transfers during the year ended December 31, 2013 consisted of the following:

Fund	Transfers In	Transfers Out
Major Governmental Funds		
General Corporate Fund	\$ 751,453	\$ 1,290,400
Park Development Fund	13,800	-
Tax Increment Financing Fund	-	751,453
Police Pension Contribution Fund	200,000	-
Total Major Governmental Funds	965,253	2,041,853
Nonmajor Governmental Funds		
Park Development	-	13,800
Total Nonmajor Governmental Funds	-	13,800
Enterprise Funds		
Water and Sanitary Sewer	1,090,400	-
TOTAL	\$ 2,055,653	\$ 2,055,653

The purpose of significant transfers is as follows:

- \$751,453 transferred from the Tax Increment Financing Fund to the General Corporate Fund to close the Tax Increment Financing Fund. This amount will not be repaid.
- \$1,090,400 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. As of the date of this report, the Village attorney has reported no pending or threatened litigation.

8. CONTINGENT LIABILITIES (Continued)

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.

d. Economic Incentive Agreement

In May 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 2013, the Village rebated approximately \$166,177 to this company.

In November 2010, the Village entered into a ten-year sales tax rebate program with a company. The Village is required to rebate 50% of any sales tax revenue generated; provided annual sales exceed \$100,000. During 2013, the Village rebated approximately \$271,577 to this company.

In August 2012, the Village entered into a 20-year sales tax rebate program with a company. The Village is required to rebate 40% of any municipal sales tax generated in that quarter; not to exceed \$100,000 per sales tax year. The agreement ends when \$700,000 is rebated or December 31, 2023, whichever comes first. During 2013, the Village rebated approximately \$13,204 to this company.

9. OTHER POSTEMPLOYMENT BENEFITS

The Village allows employees, who retire through one of the Village's two pension plans disclosed in Note 10, the option to continue in the Village's health insurance plan as required by ILCS, but the retiree pays the full premium for the health insurance. This has not created an implicit subsidy as defined by GASB Statement No. 45 (GASB S-45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as the Village's health insurance plan is considered a community rated plan. The Village entered into this plan effective January 1, 2011. In addition, the Village has no explicit subsidy as defined in GASB Statement No. 45.

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. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The individual pensions are calculated based upon the final rate of earnings defined as the average of the highest 48 months in the last ten years of service.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The individual pensions are calculated based upon the final rate of earnings defined as the average of the highest 96 months in the last ten years of service.

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. 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 IMRF as specified by statute. The employer contribution for 2013 was 13.46% of covered payroll, respectively.

IMRF issues a separate financial report which may be obtained online at www.imrf.org. This report contains information for IMRF as a whole, but not by individual employer.

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

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

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, 2013, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving them	0
Current employees	
Vested	15
Nonvested	9
	<hr/>
TOTAL	<u>38</u>

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

10. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$110,004, plus the amount automatically increases by the lesser of 1/2 of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2012, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. The employer contribution for the fiscal year ended December 31, 2013 was 51.47% 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.

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)

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

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
	December 31, 2011	January 1, 2013
Actuarial valuation date	December 31, 2011	January 1, 2013
Actuarial cost method	Entry-age Normal	Entry-age Normal Level Dollar
Asset valuation method	5 Year Smoothed Market	5 Year Smoothed Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	21 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	4.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	0.40% to 10.00%	3.00%
d) Postretirement 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)	2011	\$ 412,405	\$ 507,425
	2012	397,037	545,957
	2013	415,118	527,434
Actual contribution	2011	\$ 412,322	\$ 1,032,840
	2012	397,037	961,521
	2013	415,119	1,059,747
Percentage of APC contributed	2011	99.98%	203.55%
	2012	100.00%	176.12%
	2013	100.00%	200.93%
NPO (asset)	2011	\$ 3,993	\$ (4,034,199)
	2012	-	(4,449,763)
	2013	-	(4,982,076)

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 for December 31, 2013 are as follows:

	<u>Police Pension</u>
Annual required contribution	\$ 530,159
Interest on net pension obligation (asset)	(262,223)
Adjustment to annual required contribution	<u>259,498</u>
Annual pension cost	527,434
Contributions made	<u>(1,059,747)</u>
Increase in net pension obligation	(532,313)
Net pension obligation (asset), beginning of year	<u>(4,449,763)</u>
NET PENSION OBLIGATION (ASSET), END OF YEAR	<u>\$ (4,982,076)</u>

Funded Status and Funding Progress: The funded status of the plans as of December 31, 2013 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.

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Actuarial accrued liability (AAL)	\$ 9,314,031	\$ 19,916,882
Actuarial value of plan assets	5,492,452	16,819,911
Unfunded actuarial accrued liability (UAAL)	3,821,579	3,096,971
Funded ratio (actuarial value of plan assets/AAL)	58.97%	84.45%
Covered payroll (active plan members)	\$ 3,084,090	\$ 2,058,866
UAAL as a percentage of covered payroll	123.91%	150.42%

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.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Other taxes	\$ 9,136,300	\$ 9,136,300	\$ 9,136,539
Licenses, permits and fees	509,800	509,800	509,493
Fines and forfeitures	515,000	515,000	385,465
Intergovernmental	444,700	444,700	225,467
Investment income	22,000	22,000	26,438
Miscellaneous	34,000	34,000	42,808
	<hr/>	<hr/>	<hr/>
Total revenues	10,661,800	10,661,800	10,326,210
EXPENDITURES			
Current			
General government	1,644,430	1,673,683	1,572,194
Public safety	3,221,400	3,413,900	3,165,042
Community development	506,400	508,900	495,107
Public works	3,321,500	3,378,800	2,561,912
Parks and recreation	1,130,200	1,148,600	1,101,484
Debt service			
Principal retirement	408,600	408,600	408,824
Interest and fiscal charges	73,000	73,000	72,754
	<hr/>	<hr/>	<hr/>
Total expenditures	10,305,530	10,605,483	9,377,317
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<hr/>	<hr/>	<hr/>
	356,270	56,317	948,893
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	729,253
Transfers (out)	(1,290,400)	(1,290,400)	(1,290,400)
Sale of capital assets	(24,500)	(24,500)	47,679
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,314,900)	(1,314,900)	(513,468)
NET CHANGE IN FUND BALANCE			
	<hr/>	<hr/>	<hr/>
	\$ (958,630)	\$ (1,258,583)	435,425
FUND BALANCE, JANUARY 1			
			<hr/>
			11,677,761
FUND BALANCE, DECEMBER 31			
			<hr/>
			\$ 12,113,186

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 490,300	\$ 490,300	\$ 494,398
Investment income	200	200	284
Total revenues	<u>490,500</u>	<u>490,500</u>	<u>494,682</u>
EXPENDITURES			
General government			
Administrative	705,800	1,270,400	704,549
Contributions from other funds	209,300	209,300	(206,902)
Total expenditures	<u>915,100</u>	<u>1,479,700</u>	<u>497,647</u>
NET CHANGE IN FUND BALANCE	<u>\$ (424,600)</u>	<u>\$ (989,200)</u>	(2,965)
FUND BALANCE, JANUARY 1			<u>95,694</u>
FUND BALANCE, DECEMBER 31			<u><u>\$ 92,729</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2013

Schedule of Funding Progress

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 Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
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%
2011	8,234,931	11,179,561	73.66%	2,944,630	3,280,203	89.77%
2012	6,420,360	10,126,176	63.40%	3,705,816	3,173,754	116.76%
2013	5,492,452	9,314,031	58.97%	3,821,579	3,084,090	123.91%

Schedule of Employer Contributions

Calendar Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 396,796	\$ 396,796	100.00%
2009	421,970	421,970	100.00%
2010	421,226	425,136	99.08%
2011	412,322	412,322	100.00%
2012	397,037	401,115	98.98%
2013	415,119	415,118	100.00%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION FUND

December 31, 2013

Schedule of Funding Progress

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 Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
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%
December 31, 2011	14,444,202	17,465,335	82.70%	3,021,133	1,902,849	158.77%
December 31, 2012	15,569,270	18,975,763	82.05%	3,406,493	1,923,608	177.09%
December 31, 2013	16,819,911	19,916,882	84.45%	3,096,971	2,058,866	150.42%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 1,063,143	\$ 497,262	213.80%
2009	1,101,333	454,383	242.38%
2010	1,012,592	563,551	179.68%
2011	1,032,840	514,585	200.71%
2012	961,521	547,715	175.55%
2013	1,059,747	530,159	199.89%

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2013

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, Fraud, Alcohol and Drug Fund and Park Development Capital Projects 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, 2013

	Original Budget	Final Budget	Actual
OTHER TAXES			
State income	\$ 640,200	\$ 640,200	\$ 701,558
Sales	2,603,000	2,603,000	2,382,092
Home rule sales	1,191,000	1,191,000	1,256,668
Utility	1,340,000	1,340,000	1,318,577
Telecommunication	1,200,000	1,200,000	1,219,285
Room and admissions	1,791,000	1,791,000	1,733,789
Real estate transfer	195,000	195,000	330,958
Road and bridge	65,500	65,500	72,781
State use	110,600	110,600	120,831
	<hr/>	<hr/>	<hr/>
Total other taxes	9,136,300	9,136,300	9,136,539
LICENSES AND PERMITS			
Liquor licenses	61,200	61,200	64,000
Beach tags	7,500	7,500	6,400
Park user fees	30,000	30,000	51,698
Amusement devices	4,100	4,100	2,950
Application fees	5,000	5,000	8,200
Engineering fees	12,000	12,000	12,500
Planner fees	5,000	5,000	1,685
Plan review fees	32,000	32,000	40,938
Building permit fees	180,000	180,000	148,733
Forester fees	1,000	1,000	-
Tree revenues	5,000	5,000	-
Miscellaneous licenses and fees	20,000	20,000	15,059
Cable TV franchise fees	145,000	145,000	155,280
Waste hauler fees	2,000	2,000	2,050
	<hr/>	<hr/>	<hr/>
Total licenses and permits	509,800	509,800	509,493
FINES AND FORFEITURES			
Court fines	410,000	410,000	300,150
False alarm fines and fees	5,000	5,000	9,050
Administrative tow fees	100,000	100,000	76,265
	<hr/>	<hr/>	<hr/>
Total fines and forfeitures	515,000	515,000	385,465

(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, 2013

	Original Budget	Final Budget	Actual
INTERGOVERNMENTAL			
Police grants	\$ 17,600	\$ 17,600	\$ 6,516
Police training reimbursements	10,600	10,600	10,934
Miscellaneous grants	416,500	416,500	208,017
Total intergovernmental	444,700	444,700	225,467
INVESTMENT INCOME	22,000	22,000	26,438
MISCELLANEOUS			
Miscellaneous income	34,000	34,000	42,808
Total miscellaneous	34,000	34,000	42,808
TOTAL REVENUES	\$ 10,661,800	\$ 10,661,800	\$ 10,326,210

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
Executive services			
Personnel services			
Regular salaries	\$ 218,100	\$ 218,100	\$ 206,021
Overtime salaries	2,000	2,000	1,451
Total personnel services	<u>220,100</u>	<u>220,100</u>	<u>207,472</u>
Contractual services			
Professional services	6,500	6,500	6,887
Total contractual services	<u>6,500</u>	<u>6,500</u>	<u>6,887</u>
Other charges			
Memberships	9,200	9,200	7,677
Vehicle expenditures	5,400	5,400	4,800
Professional development	3,000	3,000	3,729
Publications	600	600	1,652
Classified advertisements	2,000	2,000	734
Boards and commissions	2,300	2,300	566
Business expenditures	4,600	4,600	4,255
Total other charges	<u>27,100</u>	<u>27,100</u>	<u>23,413</u>
Total executive services	<u>253,700</u>	<u>253,700</u>	<u>237,772</u>
Finance			
Personnel services			
Regular salaries	229,000	248,000	246,365
Overtime salaries	4,600	4,600	3,802
Total personnel services	<u>233,600</u>	<u>252,600</u>	<u>250,167</u>
Contractual services			
Printing	1,000	1,000	1,016
Equipment maintenance	1,500	1,500	1,529
Professional services	19,000	19,000	15,200
Legal notices	900	900	725
Outside services	100	100	38
Total contractual services	<u>22,500</u>	<u>22,500</u>	<u>18,508</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, 2013

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Finance (Continued)			
Commodities			
Licensing supplies	\$ 600	\$ 600	\$ 352
Office supplies	3,200	3,200	2,705
Total commodities	3,800	3,800	3,057
Other charges			
Memberships	1,300	1,300	440
Professional development	500	500	1,632
Publications	400	400	174
Business expenditures	700	700	756
Total other charges	2,900	2,900	3,002
Total finance	259,600	278,600	274,734
Legal			
Contractual services			
Legal services	136,100	136,100	126,492
Total legal	136,100	136,100	126,492
Insurance			
Contractual services			
Telephone	35,300	50,378	46,914
Printing	19,400	19,400	18,510
Data systems	86,130	86,130	90,201
Postage	17,100	17,100	8,224
Duplicating	16,400	16,400	12,802
Medical insurance	577,300	577,300	540,673
General insurance	197,900	206,275	193,758
Property deductibles	2,000	2,000	-
Outside services	13,200	-	5,978
Total contractual services	964,730	974,983	917,060
Commodities			
Office supplies	16,200	16,200	13,825
Total commodities	16,200	16,200	13,825

(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, 2013

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Insurance			
Capital outlay			
Office equipment	\$ 14,100	\$ 14,100	\$ 2,311
Total capital outlay	14,100	14,100	2,311
Total insurance	995,030	1,005,283	933,196
Total general government	1,644,430	1,673,683	1,572,194
PUBLIC SAFETY			
Police			
Personnel services			
Regular salaries	2,441,000	2,441,000	2,259,254
Overtime salaries	110,000	110,000	111,371
Total personnel services	2,551,000	2,551,000	2,370,625
Contractual services			
Printing	4,000	4,000	4,444
Equipment maintenance	61,700	61,700	43,347
Professional services	41,000	41,000	38,813
Data systems	2,500	2,500	2,266
Total contractual services	109,200	109,200	88,870
Commodities			
Maintenance materials	18,700	18,700	11,301
Total commodities	18,700	18,700	11,301
Other charges			
Memberships	2,100	2,100	1,420
Vehicle expenditures	183,300	183,300	183,832
Professional development	35,000	35,000	27,602
Publications	1,000	1,000	524
Uniforms	30,000	30,000	22,929
Minor equipment	6,000	6,000	5,918
Business expenditures	9,500	9,500	9,840
Total other charges	266,900	266,900	252,065

(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, 2013

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Police (Continued)			
Capital outlay			
Motor equipment	\$ 82,000	\$ 96,500	\$ 80,142
Capital projects	176,000	354,000	11,371
Capital projects - Transition Dispatch	-	-	338,097
Other equipment	17,600	17,600	12,571
Total capital outlay	275,600	468,100	442,181
Total public safety	3,221,400	3,413,900	3,165,042
COMMUNITY DEVELOPMENT			
Administration			
Personnel services			
Regular salaries	433,000	433,000	434,019
Overtime salaries	6,000	6,000	2,661
Total personnel services	439,000	439,000	436,680
Contractual services			
Legal notices	200	200	88
Printing	600	600	979
Outside services	5,200	5,200	2,008
Total contractual services	6,000	6,000	3,075
Other charges			
Memberships	18,800	18,800	13,963
Vehicle expenditures	5,200	5,200	5,237
Professional development	5,300	5,300	4,029
Publications	600	600	-
Board and commissions	200	200	150
Business expenditures	3,800	3,800	3,480
Total other charges	33,900	33,900	26,859
Capital outlay			
Capital projects	27,500	30,000	28,493
Total capital outlay	27,500	30,000	28,493
Total community development	506,400	508,900	495,107

(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, 2013

	Original Budget	Final Budget	Actual
PUBLIC WORKS			
Administration			
Personnel services			
Regular salaries	\$ 142,000	\$ 152,400	\$ 160,089
Overtime salaries	5,100	5,700	8,483
Total personnel services	<u>147,100</u>	<u>158,100</u>	<u>168,572</u>
Contractual services			
Equipment maintenance	600	600	459
Professional services	49,600	63,000	56,744
Legal notices	1,200	1,200	464
Outside services	3,000	3,000	2,724
Total contractual services	<u>54,400</u>	<u>67,800</u>	<u>60,391</u>
Other charges			
Memberships	1,100	1,100	476
Vehicle expenditures	6,000	6,000	5,250
Professional development	3,400	3,400	2,908
Publications	200	200	-
Business expenditures	1,800	1,800	1,277
Total other charges	<u>12,500</u>	<u>12,500</u>	<u>9,911</u>
Capital outlay			
Other equipment	5,500	5,500	4,171
Total capital outlay	<u>5,500</u>	<u>5,500</u>	<u>4,171</u>
Total administration	<u>219,500</u>	<u>243,900</u>	<u>243,045</u>
Streets and storm drainage			
Personnel services			
Regular salaries	352,000	354,600	364,079
Overtime salaries	45,000	55,000	84,047
Total personnel services	<u>397,000</u>	<u>409,600</u>	<u>448,126</u>
Contractual services			
Equipment maintenance	1,000	1,000	419
Electric utilities	17,000	17,000	12,525
Outside services	222,600	232,600	228,526
Total contractual services	<u>240,600</u>	<u>250,600</u>	<u>241,470</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, 2013

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Streets and storm drainage (Continued)			
Commodities			
Maintenance materials	\$ 11,400	\$ 11,400	\$ 9,142
Repair and restoration	10,800	10,800	9,366
Construction materials	3,600	3,600	7,388
Snow and ice control	46,900	46,900	40,822
Total commodities	<u>72,700</u>	<u>72,700</u>	<u>66,718</u>
Other charges			
Memberships	200	200	-
Vehicle expenditures	157,100	157,100	157,110
Professional development	800	800	747
Uniforms	3,200	4,000	3,449
Minor equipment	1,800	1,800	1,276
Business expenditures	600	600	405
Total other charges	<u>163,700</u>	<u>164,500</u>	<u>162,987</u>
Capital outlay			
Motor equipment	133,700	133,700	116,234
Capital projects	721,500	721,500	472,279
Other equipment	157,300	157,300	82,579
Total capital outlay	<u>1,012,500</u>	<u>1,012,500</u>	<u>671,092</u>
Total streets and storm drainage	<u>1,886,500</u>	<u>1,909,900</u>	<u>1,590,393</u>
Environmental services			
Personnel services			
Regular salaries	171,000	171,000	158,089
Overtime salaries	5,100	5,100	6,871
Total personnel services	<u>176,100</u>	<u>176,100</u>	<u>164,960</u>
Contractual services			
Equipment maintenance	500	500	606
Professional services	21,000	21,000	26,132
Outside services	277,000	277,000	226,096
Total contractual services	<u>298,500</u>	<u>298,500</u>	<u>252,834</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, 2013

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Environmental services (Continued)			
Commodities			
Maintenance materials	\$ 6,700	\$ 6,700	\$ 6,372
Repair and restoration	700	700	678
Total commodities	<u>7,400</u>	<u>7,400</u>	<u>7,050</u>
Other charges			
Memberships	1,100	1,100	675
Vehicle expenditures	7,900	7,900	7,855
Professional development	4,700	4,700	1,872
Publications	100	100	136
Uniforms	700	700	340
Minor equipment	900	900	974
Business expenditures	100	100	150
Total other charges	<u>15,500</u>	<u>15,500</u>	<u>12,002</u>
Capital outlay			
Capital projects	<u>407,000</u>	<u>407,000</u>	<u>34,727</u>
Total capital outlay	<u>407,000</u>	<u>407,000</u>	<u>34,727</u>
Total environmental services	<u>904,500</u>	<u>904,500</u>	<u>471,573</u>
Buildings			
Personnel services			
Regular salaries	34,500	34,500	35,196
Overtime salaries	2,000	2,700	5,732
Total personnel services	<u>36,500</u>	<u>37,200</u>	<u>40,928</u>
Contractual services			
Equipment maintenance	2,000	2,000	733
Outside services	121,200	121,200	108,235
Total contractual services	<u>123,200</u>	<u>123,200</u>	<u>108,968</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, 2013

	Original Budget	Final Budget	Actual
PUBLIC WORKS (Continued)			
Buildings (Continued)			
Commodities			
Maintenance materials	\$ 15,700	\$ 15,700	\$ 13,624
Repair and restoration	1,800	1,800	821
Construction materials	500	500	91
Total commodities	<u>18,000</u>	<u>18,000</u>	<u>14,536</u>
Other charges			
Vehicle expenditures	5,200	5,200	5,237
Professional development	200	200	10
Uniforms	200	400	-
Minor equipment	1,300	1,300	940
Business expenditures	2,100	2,400	2,306
Total other charges	<u>9,000</u>	<u>9,500</u>	<u>8,493</u>
Capital outlay			
Capital projects	124,300	132,600	74,406
Other equipment	-	-	9,570
Total capital outlay	<u>124,300</u>	<u>132,600</u>	<u>83,976</u>
Total buildings	<u>311,000</u>	<u>320,500</u>	<u>256,901</u>
Total public works	<u>3,321,500</u>	<u>3,378,800</u>	<u>2,561,912</u>
PARKS AND RECREATION			
Parks and grounds			
Personnel services			
Regular salaries	347,000	348,000	360,053
Overtime salaries	24,500	35,500	48,492
Total personnel services	<u>371,500</u>	<u>383,500</u>	<u>408,545</u>
Contractual services			
Equipment maintenance	2,000	2,000	708
Professional services	70,000	70,000	69,230
Gas utilities	3,000	3,000	2,299
Electric utilities	28,000	28,000	24,135
Outside services	95,500	95,500	100,683
Total contractual services	<u>198,500</u>	<u>198,500</u>	<u>197,055</u>

(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, 2013

	Original Budget	Final Budget	Actual
PARKS AND RECREATION (Continued)			
Parks and grounds (Continued)			
Commodities			
Maintenance materials	\$ 36,000	\$ 36,000	\$ 28,493
Repair and restoration	2,300	2,300	568
Construction materials	2,500	2,500	380
Total commodities	40,800	40,800	29,441
Other charges			
Memberships	600	600	380
Vehicle expenditures	112,600	112,600	112,595
Professional development	4,000	4,000	1,984
Publications	100	100	-
Uniforms	3,900	4,700	4,020
Minor equipment	2,000	2,000	2,222
Business expenditures	600	600	1,688
Total other charges	123,800	124,600	122,889
Capital outlay			
Capital projects	313,100	318,700	263,413
Other equipment	82,500	82,500	80,141
Total capital outlay	395,600	401,200	343,554
Total parks and recreation	1,130,200	1,148,600	1,101,484
Debt service			
Principal retirement	408,600	408,600	408,824
Interest and fiscal charges	73,000	73,000	72,754
Total debt service	481,600	481,600	481,578
TOTAL EXPENDITURES	\$ 10,305,530	\$ 10,605,483	\$ 9,377,317

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 1,740,000	\$ 1,740,000	\$ 1,766,064
Investment income	500	500	830
	<hr/>		
Total revenues	1,740,500	1,740,500	1,766,894
<hr/>			
EXPENDITURES			
Capital outlay			
Contractual services	10,100	10,100	12,661
Construction	710,000	1,982,850	1,435,650
Debt service			
Principal retirement	2,805,000	2,805,000	1,906,965
Interest and fiscal charges	67,600	67,600	70,248
	<hr/>		
Total expenditures	3,592,700	4,865,550	3,425,524
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,852,200)	(3,125,050)	(1,658,630)
<hr/>			
OTHER FINANCING SOURCES (USES)			
Transfer (out)	-	-	(715,453)
Loss on sale of property	-	-	(4,396,241)
	<hr/>		
Total other financing sources (uses)	-	-	(5,111,694)
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (1,852,200)</u>	<u>\$ (3,125,050)</u>	(6,770,324)
FUND BALANCE, JANUARY 1			<u>6,770,324</u>
FUND BALANCE, DECEMBER 31			<u>\$ -</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 restricts these gasoline taxes to be used to maintain streets, traffic signals, etc.

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

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

Debt Service Fund

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

Capital Projects Funds

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

2012 1A Westminster Signal - 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, 2013

	Special Revenue Funds			
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Total Special Revenue
ASSETS				
Cash and cash equivalents	\$ 94,613	\$ 175,873	\$ 58,816	\$ 329,302
Investments	4,663	-	37,935	42,598
Receivables				
Property taxes	-	-	-	-
Other taxes	18,205	-	49,100	67,305
TOTAL ASSETS	\$ 117,481	\$ 175,873	\$ 145,851	\$ 439,205
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 91,958	\$ 8,486	\$ 100,444
Accrued payroll	-	74	-	74
Due to other funds	-	20,838	-	20,838
Total liabilities	-	112,870	8,486	121,356
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	-	112,870	8,486	121,356

Debt Service	Capital Projects			Total Capital Projects	Total
	Park Development Capital Projects	2012 1A Westminster Signal			
\$ 748,781	\$ 41,537	\$ 19,139	\$ 60,676	\$ 1,138,759	
1,306,219	-	-	-	1,348,817	
1,161,250	-	-	-	1,161,250	
-	-	-	-	67,305	
\$ 3,216,250	\$ 41,537	\$ 19,139	\$ 60,676	\$ 3,716,131	
\$ -	\$ -	\$ -	\$ -	\$ 100,444	
-	-	-	-	74	
-	-	-	-	20,838	
-	-	-	-	121,356	
1,161,250	-	-	-	1,161,250	
1,161,250	-	-	-	1,161,250	
1,161,250	-	-	-	1,282,606	

(This schedule is continued on the following pages.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2013

	<u>Special Revenue Funds</u>			
	<u>Motor Fuel Tax</u>	<u>Fraud, Alcohol and Drug</u>	<u>Enhanced 911</u>	<u>Total Special Revenue</u>
FUND BALANCES				
Restricted for debt service	\$ -	\$ -	\$ -	\$ -
Restricted for maintenance of roadways	117,481	-	-	117,481
Restricted for public safety	-	63,003	137,365	200,368
Unrestricted				
Assigned for capital projects	-	-	-	-
 Total fund balances	 117,481	 63,003	 137,365	 317,849
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 117,481</u>	 <u>\$ 175,873</u>	 <u>\$ 145,851</u>	 <u>\$ 439,205</u>

Debt Service	Capital Projects			Total Capital Projects	Total
	Park Development Capital Projects	2012 1A Westminster Signal			
\$ 2,055,000	\$ -	\$ -	\$ -	\$ 2,055,000	
-	-	-	-	-	117,481
-	-	-	-	-	200,368
-	41,537	19,139	60,676	60,676	60,676
2,055,000	41,537	19,139	60,676	2,433,525	
<u>\$ 3,216,250</u>	<u>\$ 41,537</u>	<u>\$ 19,139</u>	<u>\$ 60,676</u>	<u>\$ 3,716,131</u>	

(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, 2013

	Special Revenue Funds			
	Motor Fuel Tax	Fraud, Alcohol and Drug	Enhanced 911	Total Special Revenue
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	217,382	-	317,645	535,027
Charges for services	-	25,931	67,464	93,395
Investment income	215	-	204	419
Other income	-	-	1,168	1,168
Total revenues	217,597	25,931	386,481	630,009
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	32,740	378,436	411,176
Capital outlay	175,000	-	-	175,000
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	175,000	32,740	378,436	586,176
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	42,597	(6,809)	8,045	43,833
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	42,597	(6,809)	8,045	43,833
FUND BALANCES, JANUARY 1	74,884	69,812	129,320	274,016
FUND BALANCES, DECEMBER 31	\$ 117,481	\$ 63,003	\$ 137,365	\$ 317,849

Debt Service	Capital Projects			Total Capital Projects	Total
	Park Development Capital Projects	2012 1A Westminster Signal			
\$ 1,161,563	\$ -	\$ 449	\$ 449	\$ 1,162,012	
-	-	-	-	535,027	
-	-	-	-	93,395	
18,386	(24)	197	173	18,978	
-	40,039	-	40,039	41,207	
1,179,949	40,015	646	40,661	1,850,619	
3,748	-	-	-	3,748	
-	-	-	-	411,176	
-	-	-	-	175,000	
286,406	-	-	-	286,406	
864,688	-	-	-	864,688	
1,154,842	-	-	-	1,741,018	
25,107	40,015	646	40,661	109,601	
-	(13,800)	-	(13,800)	(13,800)	
-	(13,800)	-	(13,800)	(13,800)	
25,107	26,215	646	26,861	95,801	
2,029,893	15,322	\$ 18,493	33,815	2,337,724	
\$ 2,055,000	\$ 41,537	\$ 19,139	\$ 60,676	\$ 2,433,525	

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Allotments earned	\$ 175,000	\$ 175,000	\$ 217,382
Investment income	200	200	215
	<hr/>	<hr/>	<hr/>
Total revenues	175,200	175,200	217,597
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Capital outlay	217,000	217,000	175,000
	<hr/>	<hr/>	<hr/>
Total expenditures	217,000	217,000	175,000
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (41,800)</u>	<u>\$ (41,800)</u>	42,597
FUND BALANCES, JANUARY 1			<hr/> 74,884
FUND BALANCES, DECEMBER 31			<hr/> <u>\$ 117,481</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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Other taxes			
E911 surcharges	\$ 306,000	\$ 306,000	\$ 317,645
Telecommunications fees	82,700	82,700	67,464
Investment income	200	200	204
Other	-	-	1,168
	<hr/>	<hr/>	<hr/>
Total revenues	388,900	388,900	386,481
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Public safety			
Personnel services	297,000	306,000	218,583
Contractual services	97,100	97,100	110,537
Commodities	500	500	-
Miscellaneous	63,300	63,300	49,316
	<hr/>	<hr/>	<hr/>
Total expenditures	457,900	466,900	378,436
	<hr/>	<hr/>	<hr/>
CHANGE IN NET POSITION	<u>\$ (69,000)</u>	<u>\$ (78,000)</u>	8,045
FUND BALANCES, JANUARY 1			<hr/> 129,320
FUND BALANCES, DECEMBER 31			<u><u>\$ 137,365</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ -	\$ -	\$ 1,161,563
Investment income	-	-	18,386
Total revenues	-	-	1,179,949
EXPENDITURES			
General government			
Contractual services	5,000	5,000	3,748
Debt service			
Principal	295,937	295,937	286,406
Interest and fiscal charges	864,688	864,688	864,688
Total expenditures	1,165,625	1,165,625	1,154,842
CHANGE IN NET POSITION	<u>\$ (1,165,625)</u>	<u>\$ (1,165,625)</u>	25,107
FUND BALANCES, JANUARY 1			<u>2,029,893</u>
FUND BALANCES, DECEMBER 31			<u>\$ 2,055,000</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2012 1A WESTMINSTER SIGNAL**

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 400	\$ 400	\$ 449
Investment income	100	100	197
Total revenues	<u>500</u>	<u>500</u>	<u>646</u>
EXPENDITURES			
Capital outlay	<u>221,900</u>	<u>221,900</u>	<u>-</u>
Total expenditures	<u>221,900</u>	<u>221,900</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ (221,400)</u>	<u>\$ (221,400)</u>	<u>646</u>
FUND BALANCES, JANUARY 1			<u>18,493</u>
FUND BALANCES, DECEMBER 31			<u><u>\$ 19,139</u></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 POSITION
WATER AND SANITARY SEWER FUND

December 31, 2013

	<u>Revenue</u> <u>Account</u>	<u>Improvement</u> <u>Account</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 868,141	\$ 905,195	\$ 1,773,336
Investments	606,283	184,955	791,238
Receivables			
Accounts - billed	271,914	-	271,914
Accounts - unbilled	104,702	-	104,702
Prepaid expenses	84	-	84
Total current assets	<u>1,851,124</u>	<u>1,090,150</u>	<u>2,941,274</u>
CAPITAL ASSETS			
Nondepreciable	115,558	-	115,558
Depreciable, net of accumulated depreciation	<u>36,620,012</u>	<u>-</u>	<u>36,620,012</u>
Net capital assets	<u>36,735,570</u>	<u>-</u>	<u>36,735,570</u>
Total assets	<u>38,586,694</u>	<u>1,090,150</u>	<u>39,676,844</u>
CURRENT LIABILITIES			
Accounts payable	496,037	107,322	603,359
Accrued payroll	20,693	-	20,693
Accrued interest payable	12,632	-	12,632
Due to other funds	85	-	85
Compensated absences payable	10,698	-	10,698
Current portion of notes payable	<u>167,614</u>	<u>-</u>	<u>167,614</u>
Total current liabilities	<u>707,759</u>	<u>107,322</u>	<u>815,081</u>
LONG-TERM LIABILITIES			
Compensated absences payable	32,093	-	32,093
Notes payable	<u>619,711</u>	<u>-</u>	<u>619,711</u>
Total long-term liabilities	<u>651,804</u>	<u>-</u>	<u>651,804</u>
Total liabilities	<u>1,359,563</u>	<u>107,322</u>	<u>1,466,885</u>
NET POSITION			
Net investment in capital assets	35,948,245	-	35,948,245
Unrestricted	<u>1,278,886</u>	<u>982,828</u>	<u>2,261,714</u>
TOTAL NET POSITION	<u>\$ 37,227,131</u>	<u>\$ 982,828</u>	<u>\$ 38,209,959</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	Revenue Account	Improvement Account	Eliminations	Total
OPERATING REVENUES				
Charges for services	\$ 3,830,634	\$ -	\$ -	\$ 3,830,634
Miscellaneous	14,039	-	-	14,039
Total operating revenues	<u>3,844,673</u>	-	-	<u>3,844,673</u>
OPERATING EXPENSES				
Administration	603,658	-	-	603,658
Operations	3,278,387	-	-	3,278,387
Capital outlay	-	211,347	-	211,347
Total operating expenses	<u>3,882,045</u>	<u>211,347</u>	-	<u>4,093,392</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(37,372)	(211,347)	-	(248,719)
Depreciation	<u>1,612,228</u>	-	-	<u>1,612,228</u>
OPERATING INCOME (LOSS)	<u>(1,649,600)</u>	<u>(211,347)</u>	-	<u>(1,860,947)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	2,554	1,535	-	4,089
Connection fees	-	38,143	-	38,143
Interest expense	-	(24,004)	-	(24,004)
Gain on sale of capital assets	2,000	-	-	2,000
Total non-operating revenues (expenses)	<u>4,554</u>	<u>15,674</u>	-	<u>20,228</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>(1,645,046)</u>	<u>(195,673)</u>	-	<u>(1,840,719)</u>
TRANSFERS				
Transfers in	304,354	1,090,400	(304,354)	1,090,400
Transfers (out)	-	(304,354)	304,354	-
Total transfers	<u>304,354</u>	<u>786,046</u>	-	<u>1,090,400</u>
CHANGE IN NET POSITION	(1,340,692)	590,373	-	(750,319)
NET POSITION, JANUARY 1	<u>38,567,823</u>	<u>392,455</u>	-	<u>38,960,278</u>
NET POSITION, DECEMBER 31	<u>\$ 37,227,131</u>	<u>\$ 982,828</u>	<u>\$ -</u>	<u>\$ 38,209,959</u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Charges for services			
Water sales	\$ 3,874,500	\$ 3,874,500	\$ 3,830,634
Miscellaneous			
Other	6,000	6,000	14,039
	<u>3,880,500</u>	<u>3,880,500</u>	<u>3,844,673</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION			
Administration	600,700	611,632	603,658
Operations	3,280,100	3,593,600	3,278,387
	<u>3,880,800</u>	<u>4,205,232</u>	<u>3,882,045</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(300)	(324,732)	(37,372)
Depreciation	-	-	1,612,228
OPERATING INCOME (LOSS)	<u>(300)</u>	<u>(324,732)</u>	<u>(1,649,600)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	(2,500)	(2,500)	2,554
Gain on sale of capital assets	(4,500)	(4,500)	2,000
	<u>(7,000)</u>	<u>(7,000)</u>	<u>4,554</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(7,300)</u>	<u>(331,732)</u>	<u>(1,645,046)</u>
TRANSFERS			
Transfers in	-	-	304,354
	<u>-</u>	<u>-</u>	<u>304,354</u>
CHANGE IN NET POSITION	<u>\$ (7,300)</u>	<u>\$ (331,732)</u>	<u>\$ (1,340,692)</u>
NET POSITION, JANUARY 1			<u>38,567,823</u>
NET POSITION, DECEMBER 31			<u><u>\$ 37,227,131</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Personnel services			
Corporate salaries	\$ 200,700	\$ 200,700	\$ 186,039
Overtime salaries	500	500	(6)
Total personnel services	<u>201,200</u>	<u>201,200</u>	<u>186,033</u>
Contractual services			
Telephone	31,000	33,500	49,957
Printing	3,600	3,600	3,190
Professional services	49,600	49,600	45,849
Data processing	8,700	8,700	10,254
Postage	4,000	4,000	4,350
Duplicating	1,800	1,800	984
Medical insurance	88,300	88,300	81,578
General insurance	89,300	92,032	87,503
Outside services	1,900	1,900	664
Total contractual services	<u>278,200</u>	<u>283,432</u>	<u>284,329</u>
Commodities			
Office supplies	1,800	1,800	1,555
Total commodities	<u>1,800</u>	<u>1,800</u>	<u>1,555</u>
Other charges			
Memberships	500	500	423
Vehicle expense	3,000	3,000	2,625
Professional development	300	300	59
Publications	100	100	-
Business expense	115,600	121,300	128,634
Total other charges	<u>119,500</u>	<u>125,200</u>	<u>131,741</u>
Total administration	<u>600,700</u>	<u>611,632</u>	<u>603,658</u>
OPERATIONS			
Personnel services			
Regular salaries	379,600	390,000	387,015
Overtime salaries	33,500	33,500	40,479
Total personnel services	<u>413,100</u>	<u>423,500</u>	<u>427,494</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, 2013

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Contractual services			
Equipment maintenance	\$ 20,700	\$ 45,100	\$ 44,435
Gas utilities	3,200	3,200	3,749
Electric utilities	83,600	83,600	76,113
Outside services	46,900	65,100	72,301
Water purchases	1,113,000	1,373,000	1,164,236
Sanitary sewer charges	1,509,000	1,509,000	1,403,481
Sanitary sewer transmission fees	8,000	8,000	7,784
Total contractual services	<u>2,784,400</u>	<u>3,087,000</u>	<u>2,772,099</u>
Commodities			
Maintenance materials	20,300	20,300	14,037
Water meters	4,500	5,000	4,963
Total commodities	<u>24,800</u>	<u>25,300</u>	<u>19,000</u>
Other charges			
Memberships	600	600	504
Vehicle expense	52,400	52,400	52,370
Professional development	600	600	581
Uniforms	1,900	1,900	2,611
Minor equipment	1,300	1,300	2,063
Business expense	1,000	1,000	1,665
Total other charges	<u>57,800</u>	<u>57,800</u>	<u>59,794</u>
Total operations	<u>3,280,100</u>	<u>3,593,600</u>	<u>3,278,387</u>
TOTAL OPERATING EXPENSES	<u><u>\$ 3,880,800</u></u>	<u><u>\$ 4,205,232</u></u>	<u><u>\$ 3,882,045</u></u>

(See independent auditor's report.)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
OPERATING EXPENSES			
Capital outlay			
Motor equipment	\$ 2,200	\$ 2,200	\$ 1,863
Office equipment	9,000	9,000	1,874
Capital projects	589,500	589,500	193,997
Other equipment	75,100	75,100	13,613
	<hr/>		
Total capital outlay	675,800	675,800	211,347
	<hr/>		
TOTAL OPERATING EXPENSES	\$ 675,800	\$ 675,800	\$ 211,347

(See independent auditor's report.)

INTERNAL SERVICE FUND

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
OPERATING REVENUES			
Interfund services			
General Corporate Fund	\$ 471,240	\$ 471,240	\$ 471,330
Water and Sanitary Sewer Fund	52,360	52,360	52,370
Miscellaneous			
Other	-	-	1,752
Total operating revenues	<u>523,600</u>	<u>523,600</u>	<u>525,452</u>
OPERATING EXPENSES			
Personnel services			
Regular salaries	139,900	139,900	139,943
Overtime salaries	5,000	5,000	7,475
Total personnel services	<u>144,900</u>	<u>144,900</u>	<u>147,418</u>
Professional services			
Equipment maintenance	1,800	1,800	1,059
Medical insurance	22,100	22,100	20,527
General insurance	19,100	19,100	18,751
Outside services	65,300	65,300	44,678
Total professional services	<u>108,300</u>	<u>108,300</u>	<u>85,015</u>
Commodities			
Maintenance materials	7,900	7,900	4,455
Total commodities	<u>7,900</u>	<u>7,900</u>	<u>4,455</u>
Other charges			
Memberships	100	100	30
Professional development	600	600	615
Publications	4,200	4,200	3,449
Uniforms	1,500	1,500	1,156
Gasoline, oil, antifreeze	162,300	162,300	132,346
Vehicle maintenance parts	36,000	36,000	38,367
Vehicle tires	17,000	17,000	18,274
Business expense	29,100	29,100	30,358
Other equipment	11,700	13,700	13,680
Total other charges	<u>262,500</u>	<u>264,500</u>	<u>238,275</u>
Total operating expenses	<u>523,600</u>	<u>525,600</u>	<u>475,163</u>
CHANGE IN NET POSITION	<u>\$ -</u>	<u>\$ (2,000)</u>	50,289
NET POSITION, JANUARY 1			<u>76,611</u>
NET POSITION, DECEMBER 31			<u>\$ 126,900</u>

(See independent auditor's report.)

FIDUCIARY FUND

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual
ADDITIONS			
Contributions - employer	\$ 856,800	\$ 856,800	\$ 859,747
Contributions - employee	194,200	194,200	205,431
Contributions in lieu of tax levy	200,000	200,000	200,000
Other contributions	-	-	29
Total contributions	1,251,000	1,251,000	1,265,207
Investment income			
Net appreciation (depreciation) in fair value of investments	-	-	1,857,623
Interest earned on investments	400,000	400,000	447,984
Total investment income	400,000	400,000	2,305,607
Less investment expense	-	-	(57,641)
Net investment income	400,000	400,000	2,247,966
Total additions	1,651,000	1,651,000	3,513,173
DEDUCTIONS			
Benefits	798,000	798,000	801,172
Administrative	753,000	753,000	22,602
Total deductions	1,551,000	1,551,000	823,774
NET INCREASE	<u>\$ 100,000</u>	<u>\$ 100,000</u>	2,689,399
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
January 1			<u>16,471,709</u>
December 31			<u>\$ 19,161,108</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.	81-88
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	89-91
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.	92-95
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.	96-97
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.	98-100

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2005	2006	2006 (1)	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 47,869,966	\$ 47,313,273	\$ 68,424,957	\$ 66,725,834	\$ 66,259,268	\$ 68,808,108	\$ 68,687,377	\$ 68,420,057	\$ 70,013,193	\$ 69,304,209
Restricted	2,955,072	2,126,303	1,731,077	2,344,362	2,244,875	2,044,365	8,637,570	9,917,234	9,168,024	2,465,578
Unrestricted	(1,914,930)	2,925,079	(2,526,351)	(2,215,238)	(1,159,963)	(7,094,159)	(6,201,507)	(3,308,622)	(566,152)	3,318,734
TOTAL GOVERNMENTAL ACTIVITIES	\$ 48,910,108	\$ 52,364,655	\$ 67,629,683	\$ 66,854,958	\$ 67,344,180	\$ 63,758,314	\$ 71,123,440	\$ 75,028,669	\$ 78,615,065	\$ 75,088,521
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 37,573,504	\$ 36,828,116	\$ 38,752,353	\$ 42,314,239	\$ 41,517,419	\$ 40,888,121	\$ 39,673,213	\$ 38,521,272	\$ 37,256,118	\$ 35,948,245
Unrestricted	1,837,509	2,288,281	3,766,210	1,629,463	1,143,932	1,077,519	1,049,886	1,134,494	1,704,160	2,261,714
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 39,411,013	\$ 39,116,397	\$ 42,518,563	\$ 43,943,702	\$ 42,661,351	\$ 41,965,640	\$ 40,723,099	\$ 39,655,766	\$ 38,960,278	\$ 38,209,959
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 85,443,470	\$ 84,141,389	\$ 107,177,310	\$ 109,040,073	\$ 107,776,687	\$ 109,696,229	\$ 108,360,590	\$ 106,941,329	\$ 107,269,311	\$ 105,252,454
Restricted	2,955,072	2,126,303	1,731,077	1,927,055	1,888,107	2,044,365	8,637,570	9,917,234	9,168,024	2,465,578
Restricted for enabling legislation	-	-	491,640	417,307	356,768	-	-	-	-	-
Unrestricted	(77,421)	5,213,360	748,219	(585,775)	(16,031)	(6,016,640)	(5,151,621)	(2,174,128)	1,138,008	5,580,448
TOTAL PRIMARY GOVERNMENT	\$ 88,321,121	\$ 91,481,052	\$ 110,148,246	\$ 110,798,660	\$ 110,005,531	\$ 105,723,954	\$ 111,846,539	\$ 114,684,435	\$ 117,575,343	\$ 113,298,480

Note: (1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is as of December 31, 2006.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

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

	2007	2008	2009	2010	2011	2012	2013
\$	4,303,055	\$ 2,829,284	\$ 2,639,170	\$ 2,378,638	\$ 2,196,916	\$ 2,055,391	\$ 2,037,465
	3,383,714	2,775,446	3,984,062	3,848,717	3,668,986	3,852,925	4,244,795
	717,748	2,276,158	1,084,935	647,593	495,050	449,878	82,073
	2,920,066	2,904,543	2,633,796	2,969,518	2,962,313	3,115,710	4,551,630
	2,344,980	2,119,915	2,015,026	1,395,391	1,260,614	1,234,268	1,496,702
	309,746	1,193,095	1,195,047	1,204,731	1,048,532	983,387	973,071
	13,979,309	14,098,441	13,552,036	12,444,588	11,632,411	11,691,559	13,385,736
	5,096,183	5,289,730	5,345,812	5,451,207	5,409,266	5,534,271	5,729,624
	5,096,183	5,289,730	5,345,812	5,451,207	5,409,266	5,534,271	5,729,624
\$	19,075,492	\$ 19,388,171	\$ 18,897,848	\$ 17,895,795	\$ 17,041,677	\$ 17,225,830	\$ 19,115,360
\$	184,410	\$ 252,265	\$ 193,159	\$ 201,502	\$ 230,252	\$ 232,775	\$ 239,339
	713,250	645,929	979,293	1,012,535	1,076,488	1,109,826	981,973
	529,232	631,173	318,812	224,543	149,539	271,050	199,557
	65,713	64,735	7,955	9,596	13,553	11,885	12,500
	131,562	181,221	130,847	114,357	46,981	53,421	58,098
	604,711	573,931	319,096	259,611	263,528	241,520	257,382
	208,504	14,988	2,870,480	941,209	806,418	-	-
	2,437,382	2,364,242	4,819,642	2,763,353	2,586,759	1,920,477	1,748,849
	3,649,917	3,397,643	3,825,386	3,850,997	3,877,146	4,111,584	3,882,816
	201,000	209,000	605,000	197,679	213,015	36,145	-
	3,850,917	3,606,643	4,430,386	4,048,676	4,090,161	4,147,729	3,882,816
\$	6,288,299	\$ 5,970,885	\$ 9,250,028	\$ 6,812,029	\$ 6,676,920	\$ 6,068,206	\$ 5,631,665
\$	(11,541,927)	\$ (11,734,199)	\$ (8,732,394)	\$ (9,681,235)	\$ (9,045,652)	\$ (9,771,082)	\$ (11,636,887)
	(1,245,266)	(1,683,087)	(915,426)	(1,402,531)	(1,319,105)	(1,386,542)	(1,846,808)
\$	(12,787,193)	\$ (13,417,286)	\$ (9,647,820)	\$ (11,083,766)	\$ (10,364,757)	\$ (11,157,624)	\$ (13,483,695)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2005	2006	2006 (1)
GENERAL REVENUES AND OTHER			
CHANGES IN NET POSITION			
Governmental activities			
Taxes			
Property	\$ 1,775,838	\$ 2,333,283	\$ 2,525,276
Intergovernmental	3,784,953	3,787,845	2,568,006
Home rule sales tax	-	-	-
Utility	1,116,426	1,224,971	823,909
Telecommunications	1,066,449	816,150	611,741
Room and admissions	1,594,677	1,690,670	1,343,633
Real estate transfer	628,323	1,491,390	542,911
Other	-	340,638	67,396
Investment income	144,296	452,253	536,929
Miscellaneous	456,517	1,959,106	51,768
Gain (loss) on sale of capital assets	-	-	(6,187)
Transfers in (out)	(197,000)	(197,000)	(2,837,000)
Special item - loss on sale of land	-	-	-
Total governmental activities	<u>10,370,479</u>	<u>13,899,306</u>	<u>6,228,382</u>
Business-type activities			
Investment income	60,044	87,485	73,880
Miscellaneous	4,159	15,959	-
Gain (loss) on sale of capital assets	-	-	-
Transfers in	197,000	197,000.00	2,837,000
Total business-type activities	<u>261,203</u>	<u>300,444</u>	<u>2,910,880</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 10,631,682</u>	<u>\$ 14,199,750</u>	<u>\$ 9,139,262</u>
CHANGE IN NET POSITION			
Governmental activities	\$ (9,745,483)	\$ 3,454,547	\$ 15,265,028
Business-type activities	(1,223,304)	(294,616)	3,402,166
TOTAL PRIMARY GOVERNMENT			
CHANGE IN NET POSITION	<u>\$ (10,968,787)</u>	<u>\$ 3,159,931</u>	<u>\$ 18,667,194</u>

Note: (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 ended December 31, 2006.

Data Source

Audited Financial Statements

	2007	2008	2009	2010	2011	2012	2013
\$	3,664,251	\$ 3,845,433	\$ 4,393,892	\$ 4,395,930	\$ 4,430,090	\$ 4,380,298	\$ 4,355,002
	3,999,735	3,655,286	2,866,996	2,680,252	3,211,415	3,247,452	3,204,481
	-	-	-	-	1,126,189	1,184,487	1,256,668
	1,257,584	1,205,004	1,195,317	1,189,008	1,275,799	1,203,500	1,318,577
	982,319	1,030,772	958,357	979,003	1,210,032	1,336,167	1,219,285
	1,946,854	1,845,849	1,476,402	1,538,248	1,604,652	1,709,251	1,733,789
	503,004	189,438	174,273	224,958	240,916	921,597	330,958
	70,516	74,713	-	-	-	-	-
	566,567	388,314	179,703	87,199	39,767	45,339	46,530
	273,372	335,612	71,155	40,133	44,964	13,074	84,015
	-	-	86,070	-	12,057	16,313	47,679
	(2,497,000)	(347,000)	(197,000)	(147,000)	(245,000)	(700,000)	(1,090,400)
	-	-	-	-	-	-	(4,396,241)
	10,767,202	12,223,421	11,205,165	10,987,731	12,950,881	13,357,478	8,110,343
	149,892	53,736	13,880	11,438	3,218	4,404	4,089
	-	-	-	-	-	-	-
	23,513	-	8,835	1,552	3,554	(13,350)	2,000
	2,497,000	347,000	197,000	147,000	245,000	700,000	1,090,400
	2,670,405	400,736	219,715	159,990	251,772	691,054	1,096,489
\$	13,437,607	\$ 12,624,157	\$ 11,424,880	\$ 11,147,721	\$ 13,202,653	\$ 14,048,532	\$ 9,206,832
\$	(774,725)	\$ 489,222	\$ 2,472,771	\$ 1,306,496	\$ 3,905,229	\$ 3,586,396	\$ (3,526,544)
	1,425,139	(1,282,351)	(695,711)	(1,242,541)	(1,067,333)	(695,488)	(750,319)
\$	650,414	\$ (793,129)	\$ 1,777,060	\$ 63,955	\$ 2,837,896	\$ 2,890,908	\$ (4,276,863)

VILLAGE OF LINCOLNSHIRE, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

Fiscal Year	2005	2006	2006 (1)	2007	2008	2009	2010	2011 (2)	2012	2013
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,653	\$ 65,294	\$ 9,461
Reserved/restricted	2,416,636	180,409	95,453	345,453	460,517	1,105,569	288,853	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unreserved/unassigned	6,419,844	11,505,785	10,576,229	9,066,518	8,890,704	7,332,889	7,861,442	9,590,075	11,612,467	12,103,725
TOTAL GENERAL FUND	\$ 8,836,480	\$ 11,686,194	\$ 10,671,682	\$ 9,411,971	\$ 9,351,221	\$ 8,438,458	\$ 8,150,295	\$ 9,689,728	\$ 11,677,761	\$ 12,113,186
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,801	\$ 1,903	\$ -
Reserved/restricted	8,043,230	6,422,115	4,301,221	4,301,221	4,301,221	8,346,918	8,638,063	9,917,234	7,138,131	2,465,578
Unreserved/assigned, reported in										
Special Revenue Funds	(2,148,968)	54,824	491,640	417,307	1,281,040	-	-	-	-	-
Capital Project Funds	1,064,854	87,783	1,825,729	2,327,949	911,810	86,830	54,792	27,163	33,815	60,676
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 6,959,116	\$ 6,564,722	\$ 6,618,590	\$ 7,046,477	\$ 6,494,071	\$ 8,433,748	\$ 8,692,855	\$ 9,948,198	\$ 7,173,849	\$ 2,526,254

Notes: (1) The Village changed its fiscal year end from April 30 to December 31 in 2006. The column labeled 2006(1) is as of December 31, 2006.
 (2) The Village implemented GASB Statement 54 for the year ended December 31, 2011.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2005	2006	2006 (1)	2007
REVENUES				
Property taxes	\$ 1,775,838	\$ 2,271,319	\$ 2,525,276	\$ 3,664,251
Other taxes	8,190,828	9,413,628	5,957,596	8,760,012
Licenses and permits	1,051,526	1,382,958	717,470	868,217
Fines and penalties	425,047	395,938	310,687	530,857
Charges for services	353,110	856,578	1,240,875	995,608
Intergovernmental	144,296	430,386	536,929	618,968
Investment income	163,437	167,106	117,963	187,685
Miscellaneous	3,684,512	530,032	62,984	273,372
Total revenues	15,788,594	15,447,945	11,469,780	15,898,970
EXPENDITURES				
General government	3,825,366	4,254,994	2,550,339	3,748,842
Public safety	2,109,484	2,484,277	2,310,605	3,754,819
Community development	434,391	461,100	384,292	619,540
Public works	2,069,880	1,930,749	1,195,976	2,030,522
Parks and recreation	1,041,158	1,431,206	1,107,299	1,737,321
Capital outlay	11,515,012	515,440	1,035,948	1,451,198
Debt service				
Principal	696,662	1,282,499	635,540	378,634
Interest	438,333	3,765,834	138,525	316,940
Total expenditures	22,130,286	16,126,099	9,358,524	14,037,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,341,692)	(678,154)	2,111,256	1,861,154
OTHER FINANCING SOURCES (USES)				
Transfers in	3,771,163	762,550	200,000	1,284,925
Transfers (out)	(3,968,163)	(959,550)	(3,037,000)	(3,781,925)
Issuance of notes	-	3,300,000	-	-
Issuance of SSA bonds	15,000,000	-	-	-
Gain on sale of land	-	1,559,531	-	-
Refunding of bonds	-	(38,333)	-	-
Refunding of notes	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	14,803,000	4,624,198	(2,837,000)	(2,497,000)
NET CHANGE IN FUND BALANCES	\$ 8,461,308	\$ 3,946,044	\$ (725,744)	\$ (635,846)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	5.3%	32.3%	8.4%	5.2%

Note: (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 ended December 31, 2006.

Data Source

Audited Financial Statements

	2008	2009	2010	2011	2012	2013
\$	3,845,433	\$ 4,317,091	\$ 4,317,252	\$ 4,356,785	\$ 4,308,071	\$ 4,282,221
	8,001,062	6,748,146	6,690,147	8,742,307	9,674,681	9,136,539
	1,085,034	650,774	549,996	440,325	569,132	509,493
	506,275	549,992	506,933	489,422	492,401	385,465
	728,573	75,923	72,820	98,183	111,791	93,395
	401,688	672,473	692,394	752,412	747,153	760,494
	202,308	179,703	87,199	39,767	45,339	46,530
	335,612	71,155	40,133	44,964	13,074	84,015
	15,105,985	13,265,257	12,956,874	14,964,165	15,961,642	15,298,152
	3,425,042	2,457,974	2,271,606	2,142,444	2,034,704	2,073,589
	3,863,789	4,499,028	4,216,071	4,182,842	4,251,691	4,635,965
	801,403	733,343	530,073	448,122	450,213	495,107
	2,067,826	3,621,871	1,854,289	1,789,093	2,124,293	2,561,912
	1,664,338	1,366,078	879,041	861,796	815,041	1,101,484
	1,724,118	864,303	413,807	255,233	2,142,960	1,623,311
	653,958	825,881	1,129,239	1,486,860	1,210,446	2,602,195
	1,210,679	1,181,525	1,230,151	1,104,802	1,005,030	1,007,690
	15,411,153	15,550,003	12,524,277	12,271,192	14,034,378	16,101,253
	(305,168)	(2,284,746)	432,597	2,692,973	1,927,264	(803,101)
	1,713,875	1,476,750	965,250	1,364,479	2,082,482	929,253
	(2,060,875)	(1,673,750)	(1,112,250)	(1,609,479)	(2,782,482)	(2,019,653)
	-	1,540,000	-	5,735,000	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	(5,716,464)	-	-
	-	86,070	1,557	12,057	16,313	(4,348,562)
	(347,000)	1,429,070	(145,443)	(214,407)	(683,687)	(5,438,962)
\$	(652,168)	\$ (855,676)	\$ 287,154	\$ 2,478,566	\$ 1,243,577	\$ (6,242,063)
	12.7%	15.3%	18.91%	21.32%	16.27%	24.03%

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
ARC ACLSH IL001 LLC	\$ 15,692,134	1	2.79%	\$ -		
Van Vlissingen & Company	14,533,703	2	2.59%	59,301,949	1	10.48%
Lincolnshire Senior Care LLC	14,811,703	3	2.64%	-		
GA Tri-State Office Park, LLC	14,219,963	4	2.53%	-		
Property Tax Unit- N16WC	12,271,734	5	2.18%	-		
Strategic Hotel Capital Inc.	8,218,978	6	1.46%	-		
Inland Western Half Day Rd LLC	6,854,749	7	1.22%	-		
Milbrook, Inc.	4,409,672	8	0.79%	17,851,763	4	3.15%
ECD Company	5,916,971	9	1.05%	8,067,779	6	1.43%
GGP-Lincolnshire LLC	5,531,776	10	0.98%	-		
Hewitt Properties II	-			41,992,495	2	7.42%
Beacon Properties, L.P.	-			18,584,247	3	3.28%
Indian Creek Investments (Strategic Hotel Cap, Inc.)	-			10,569,823	5	1.87%
Milbro, Inc.	-			7,200,000	7	1.27%
Forrest Properties	-			5,386,503	8	0.95%
LaSalle Bank/Hawthorn Suites	-			2,997,620	9	0.53%
Trinent Essential Facilities	-			2,821,921	10	0.50%
	<u>\$ 102,461,383</u>		<u>18.23%</u>	<u>\$ 174,774,100</u>		<u>30.88%</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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food	17	18	24	26	34	33	16	7	18	59
Drinking and eating places	483	508	590	659	657	574	539	685	956	974
Apparel	64	68	69	80	126	113	111	116	177	159
Furniture	498	530	493	523	439	435	334	406	745	754
Lumber, building hardware	429	475	534	519	135	-	4	23	66	38
Automobile and filling stations	55	58	62	56	60	49	37	70	86	100
Drugs and miscellaneous retail	788	977	893	935	888	491	273	330	431	399
Agriculture and all others	636	454	748	619	735	626	939	1,188	1,818	1,684
Manufacturers	26	18	19	29	44	57	64	45	47	36
TOTAL	\$ 2,996	\$ 3,106	\$ 3,432	\$ 3,446	\$ 3,118	\$ 2,378	\$ 2,317	\$ 2,870	\$ 4,344	\$ 4,203
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%	0.50%	0.50%	0.50%

Data Source

Illinois Department of Revenue

VILLAGE OF LINCOLNSHIRE, ILLINOIS

DIRECT AND OVERLAPPING SALES TAX RATES

Last Ten Fiscal Years

Fiscal Year	Lake County Rate	RTA Lake County Rate	Village Direct Rate	State Rate	Village Home Rule Sales Tax¹
2005	0.25%	0.25%	1.00%	5.00%	0.00%
2006	0.25%	0.25%	1.00%	5.00%	0.00%
2006*	0.25%	0.25%	1.00%	5.00%	0.00%
2007	0.25%	0.25%	1.00%	5.00%	0.00%
2008	0.25%	0.25%	1.00%	5.00%	0.00%
2009	0.50%	0.50%	1.00%	5.00%	0.00%
2010	0.50%	0.50%	1.00%	5.00%	0.00%
2011	0.50%	0.50%	1.00%	5.00%	0.50%
2012	0.50%	0.50%	1.00%	5.00%	0.50%
2013	0.50%	0.50%	1.00%	5.00%	0.50%

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

¹ Effective January 1, 2011.

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 ²	Per Capita ²
	Special Service Area Bonds	North Park Loan	Schelter Road Loan	Consolidated North Park/Schelter Road Loan	Tax Increment Financing	Utility Line Loan			
2004	\$ -	\$ 4,754,000	\$ -	\$ -	\$ 4,000,000	\$ 3,790,000	\$ 12,544,000	3.19%	\$ 1,919
2005	-	4,204,000	-	-	4,000,000	3,361,000	11,565,000	2.94%	1,769
2006	15,000,000	3,766,000	-	-	4,000,000	2,928,000	25,694,000	6.54%	3,931
2006 ¹	15,000,000	3,300,000	-	-	4,000,000	2,338,000	24,638,000	6.27%	3,769
2007	15,000,000	2,882,000	-	-	3,900,000	2,029,000	23,811,000	6.06%	3,383
2008	14,765,000	2,589,000	-	-	3,775,000	1,720,000	22,849,000	5.40%	3,247
2009	14,515,000	2,286,000	1,452,000	-	3,590,000	1,405,000	23,248,000	5.49%	3,303
2010	14,255,000	1,970,000	1,319,000	-	3,170,000	1,263,000	21,977,000	4.35%	3,123
2011 ³	13,980,000	-	-	2,853,250	2,419,600	1,109,595	20,362,000	4.52%	2,799
2012	13,690,000	-	-	2,444,415	1,906,965	951,600	18,991,980	4.22%	2,611
2013	13,385,000	-	-	2,024,000	-	787,000	16,196,000	3.60%	2,226

Note:

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

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 ended December 31, 2006.

² See the schedule of Demographic and Economic Information on page 96 for personal income and population data.

³ North Park, Schelter Road, Utility Lines and TIF Loan were all refinanced in 2011.

Data Source

Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	(1) General Obligation Bonds	(1) Special Service Area Bonds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004	\$ -	\$ -	\$ -	0.00%	\$ -
2005	-	-	-	0.00%	-
2006	-	15,000,000	15,000,000	0.78%	2,295
2006*	-	15,000,000	15,000,000	0.78%	2,295
2007	-	15,000,000	15,000,000	0.73%	2,295
2008	-	14,765,000	14,765,000	0.70%	2,259
2009	-	14,515,000	14,515,000	0.70%	2,062
2010	-	14,255,000	14,255,000	0.74%	2,025
2011	-	13,980,000	13,980,000	0.76%	1,922
2012	-	13,690,000	13,690,000	0.81%	1,922
2013	-	13,385,000	13,385,000	0.79%	1,840

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

Data Source

(1) Audited Financial Statements

VILLAGE OF LINCOLNSHIRE, ILLINOIS

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

December 31, 2013

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	\$ 4,447,480	8.9%	\$ 394,258
School District No. 103	2,933,435	55.7%	1,634,103
School District No. 106	-	50.0%	-
School District No. 109	13,642,003	0.5%	6,200
School District No. 113	92,422,214	0.0%	43,105
School District No. 125	41,895,689	18.3%	7,672,573
Community College No. 532	14,685,000	2.6%	378,717
Deerfield-Bannockburn Fire District	-	0.1%	-
Lincolnshire-Riverwoods Fire Protection District	-	48.5%	-
Long Grove Fire Protection District	-	1.5%	-
Vernon Area Public Library	-	25.1%	-
Buffalo Grove Park District	15,075,429	0.4%	54,147
Township of Vernon	-	16.7%	-
Township of West Deerfield	-	0.1%	-
Lake County	151,065,824	2.4%	3,694,607
Lake County Forest Preserve	401,798,623	2.4%	9,826,763
Total overlapping debt	<u>737,965,697</u>		<u>23,704,473</u>
Direct debt			
Village of Lincolnshire	<u>2,611,653</u>		<u>2,611,653</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 740,577,350</u>		<u>\$ 26,316,126</u>

Data Source

Lake County Extension Office

VILLAGE OF LINCOLNSHIRE, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

December 31, 2013

The Village is a home rule municipality.

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

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

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

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

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

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

EQUALIZED ASSESSED VALUATION - 2013*	<u>\$ 561,725,434</u>
Legal Debt Limit - 8.625%	\$ 48,448,819
Amount of debt applicable to limit:	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 48,448,819</u>

* 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
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%
2011	7,275	450,403	61,911	9.7%
2012	7,275	450,403	61,911	8.6%
2013	7,275	450,403	61,911	7.9%*

* Lake County unemployment rate as of August 2013.

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

Data Source

Illinois Department of Employment (IDES)

VILLAGE OF LINCOLNSHIRE, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Seven Years Ago

Employer	2013			2006		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Aon-Hewitt	4,203	1	16.8%	4,079	1	20.4%
Hydraforce, Inc.	940	3	3.8%			
Adlai Stevenson High School	1,034	2	4.1%	364	5	1.8%
Walgreens Co.	660	4	2.6%			
W. W. Grainger	600	5	2.4%	1,100	2	5.5%
Quill Corporation	520	6	2.1%	1,000	3	5.0%
Sedgebrook	362	8	1.4%			
Marriott's Lincolnshire Resort	415	7	1.7%	650	4	3.3%
Klein Tools, Inc.	260	10	1.2%			
Wealshire	300	9	1.2%			
	<u>9,294</u>		<u>37.3%</u>	<u>7,193</u>		<u>36.0%</u>
Village day time population (est.)			25,000			20,000

Data Source

Village of Lincolnshire Community Development Department (2013)

Village of Lincolnshire-2006 CAFR

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

VILLAGE OF LINCOLNSHIRE, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2005	2006	2006(1)	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT										
Executive Services	3.90	3.90	3.90	3.90	3.90	3.90	4.30	3.50	3.50	3.20
Finance	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
PUBLIC SAFETY										
Police	31.70	31.00	31.00	31.00	31.10	31.10	30.00	28.80	28.80	28.00
E911	5.00	5.00	5.00	5.00	5.40	5.40	5.00	4.20	4.20	4.20
COMMUNITY DEVELOPMENT										
Development	6.25	6.25	6.25	6.75	7.00	7.00	7.25	6.75	5.75	5.75
Forestry ¹	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
PUBLIC WORKS										
Administration	2.25	2.50	2.50	2.50	2.50	2.50	1.75	1.75	1.75	2.00
Streets	5.25	5.25	5.25	5.25	5.25	5.25	4.25	4.25	4.25	4.25
Buildings	1.00	1.00	1.00	1.00	1.00	1.00	0.25	0.50	0.50	0.50
Water	8.15	8.15	8.15	8.15	8.15	8.15	8.15	8.15	7.75	7.75
Vehicle Maintenance	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Forestry ¹	-	-	-	-	-	-	2.87	2.87	2.87	-
PARKS AND RECREATION										
Parks	9.80	9.80	9.80	10.00	10.00	10.00	7.87	8.13	8.13	8.13
Recreation ²	3.35	3.35	3.35	3.35	3.35	3.35	2.35	-	-	-
TOTAL	82.30	81.85	81.85	82.55	83.30	83.30	78.69	73.55	72.15	68.43

Note: 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 ended December 31, 2006.

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

In FY2010, position was reorganized into Environmental Services

² In 2011, the Recreation division was discontinued.

Data Source

Operating Budget-Personnel Summary by Department-FTE

VILLAGE OF LINCOLNSHIRE, ILLINOIS

OPERATING INDICATORS

Last Ten Calendar Years

Function/Program	2005	2006	2006(1)	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT										
Residential mailings	13	13	9	13	13	14	6	5	5	4
Taxable property transfers	194	176	105	118	98	91	110	117	157	165
Fine revenues collected (in thousands)	403,000	377,000	230,000	295,000	388,000	442,000	369,000	372,000	406,900	488,200
POLICE										
Calls for service	43,089	46,216	N/A	48,315	46,445	43,003	41,269	33,501	26,797	19,743
Total reports	2,776	2,609	N/A	2,501	2,279	2,002	1,983	1,981	1,766	1,950
Arrests (includes traffic)	429	690	N/A	577	572	575	534	134	472	429
DUI arrests	118	100	N/A	88	73	49	54	99	93	85
COMMUNITY DEVELOPMENT										
Building permits issued	441	469	340	435	300	444	301	312	325	356
PUBLIC WORKS - GENERAL										
Street resurfacing (miles)	1.77	3.01	0.98	1.46	1.61	1.42	1.31	1.11	1.03	1.05
Project inspections	450	472	267	500	245	200	200	318	225	251
Street cleaned - miles	464	597	575	500	327	350	314	303	300	340
Cubic yards of leaves collected	4,580	6,420	5,490	5,930	6,110	6,000	8,340	7,052	6,500	6,500
PUBLIC WORKS - WATER AND SEWER										
Average daily pumpage metered (millions of gallons)	1.419	1.524	1.387	1.488	1.380	1.310	1.310	1.255	1.402	1,367
JULIE utility locates	2,154	3,217	3,305	2,755	2,674	2,905	1,760	2,133	2,013	2,100
PARKS AND RECREATION										
Trees planted	50	68	77	87	110	117	110	118	200	205
Playground inspection hours	173	269	194	210	190	235	177	142	26	137
Special event hours	711	484	569	541	595	637	741	727	800	800
Number of programs	438	351	345	194	240	286	389	-	-	-
Number of participants	1,475	995	860	560	588	541	388	-	-	-

Note: 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 ended December 31, 2006.

Data Source

Various village departments

VILLAGE OF LINCOLNSHIRE, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

Function/Program	2005	2006	2006	2007	2008	2009	2010	2011	2012	2013
POLICE										
Patrol units	14	14	14	14	14	15	14	14	14	15
Stations	1	1	1	1	1	1	1	1	1	1
PUBLIC WORKS										
Streets (miles)	33	33	33	34	34		35	40	40	40
Building facilities maintained	6	6	6	6	6	6	6	6	6	6
PARKS AND RECREATION										
Acreage	307.0	307.0	307.0	311.0	311.0	311.0	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	831	831	833	835	835	835	846	848	856	854
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)	59.4	59.4	59.5	61.0	61.0	67.0	59.8	67.0	67.0	62.2
Sanitary sewers (miles)	42.0	42.0	43.0	43.0	43.0	45.0	47.3	50.0	50.0	50.0
Storm sewers (miles)	38.0	41.4	43.3	43.3	43.3	43.3	44.6	105.0	105.0	105.0

Note: 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 ended December 31, 2006.

Data Source

Various village departments