

Village of Lincolnshire, Illinois  
Operating Budget  
and  
Capital Improvement Program  
2011

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Village of Lincolnshire 2011 Annual Budget

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## Village of Lincolnshire 2011 Annual Budget

### READER'S GUIDE TO THE BUDGET

The purpose of this guide is to help you find your way around the Village of Lincolnshire's Budget.

#### Account Types and Conventions

In order to understand how our Budget is organized, let's review some basic government accounting concepts. Governmental accounting, often called "fund accounting", recognizes that all income that a government has (usually called "revenue") does not all go into one big "pot" or treasury that then can be paid out as the government officials wish. Governmental accounting recognizes that when officials approve a new source of revenue such as a tax, fee or surcharge, it is usually for some specific purpose - building roads, emergency relief, economic development, etc. - and that money should be kept for that specific purpose and not be "commingled" with money for other purposes. Toward that end, all revenue sources are accounted separately, in separate accounts or funds, and they cannot be used outside that fund without a specific, disclosed accounting entry.

The primary purpose of a municipal government is to provide services that are not provided by the private sector either because it is not reasonable for one area to have more than one provider, or because the private sector has simply never answered the call to provide that service. Citizens commonly look to their governments to regulate potentially harmful activities, or activities that they want performed according to some predetermined community standard, like building regulations or speed limits. All of these traditional public service activities, such as public safety, street maintenance and building inspection, are usually paid from a government's General Fund, or the fund which receives all revenues which haven't been specifically designated to another purpose.

In the Village of Lincolnshire budget then, you will find budget entries for a variety of funds - 10 to be exact. The General Fund is the largest, and all the accounts and line items in that fund are found in a separate index tab in this budget document. Also in a separate tab section are the Village Water and Sanitary Sewer funds. Of the two funds reflected here, the Water and Sewer Fund accounts for all the revenues and expenditures necessary to deliver water and collect sewage from all Village water and sewer customers. This fund was established as an enterprise fund, by which accountants mean the costs of operating the systems are supported by user fees. This fund cannot go in the red. The other water and sewer fund in the section is the Water and Sewer Improvements Fund. The sole source of revenue in that fund is water and sewer connection fees - a fee paid when new buildings, from houses to office buildings, connect to the Village water and sewer systems. These revenues are saved and invested (all the interest earned stays in this fund) until a capital improvement is needed in the water and sanitary sewer system. In a capital (long-term) account like this, money may accumulate for several years before it is spent.

You will find all the rest of the funds in the Village budget under a tab section called Other Funds. These funds vary in the amount they hold and in their purpose, but they are all single income/single purpose funds. They range from the Motor Fuel Tax Fund, which accounts for the Village's share of State Motor Fuel Tax allocations and can only be used for street improvements, to the Police Pension Fund, which collects and invests money contributed from the Village (employer) and Lincolnshire Police Officers (employees) to fund retirement and disability pensions for Lincolnshire Police Officers.

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**READER'S GUIDE TO THE BUDGET (continued)**

The Capital Improvement Program section summarizes the Five Year Capital Plan as well as the details for this year's proposed capital projects.

Each fund contains information regarding employee distribution by fund or division. In cases where it indicates less than 1.0 for a full-time position, it means the cost of the position is allocated over more than one fund or division. For example, the Director of Financial Systems is allocated 80% to the General Fund and 20% to the Water and Sewer Fund. All positions have been thoroughly evaluated so that they are allocated by time spent in each fund or division.

**Financial Overview**

The Financial Summary section shows all the Budget's financial information in a nutshell. It gives summary information by fund, and also by area of activity (capital projects, general government, bonded debt, etc.). One of the tables in this section, the Summary of Receipts and Disbursements, shows money from previous years that hasn't been spent, for each fund. This summary of cash and investments reflects how much money the Village has "in the bank", and thus summarizes our community's financial condition. Also included are the long term debt summary and property tax comparisons.

**Non-monetary Information**

The Organizational Information and Supplementary Information sections of the Budget give various information about Lincolnshire's history and current makeup, about the characteristics of our residents, about the Village government organization and about the budget process.

The Budget's Table of Contents is detailed, and will tell you where to find any piece of information you wish. We hope this introduction will help you focus on which areas of the budget you wish to review, and explain why that section contains the items it does. If you have any questions, please don't hesitate to contact the Village Manager's office, or the Director of Financial Systems at 847.883.8600.

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January 1, 2011

Mayor and Board of Trustees  
Village of Lincolnshire  
One Olde Half Day Road  
Lincolnshire, IL 60069

Dear Mayor and Board of Trustees:

I am pleased to present the approved Budget of the Village of Lincolnshire for the Fiscal Year beginning January 1, 2011. Adoption of the Annual Budget is one of the most important activities completed each year by the Village Board. Not only does it reflect the Village's financial plan, it also communicates significant goals and objectives, summarizes operation and capital programs and demonstrates the Village's commitment to excellence in service delivery. While this Budget reflects substantial changes from a reduction in revenues, the Village's base of strong reserve funds and diverse economy should prove to be valuable in the future as the economy recovers.

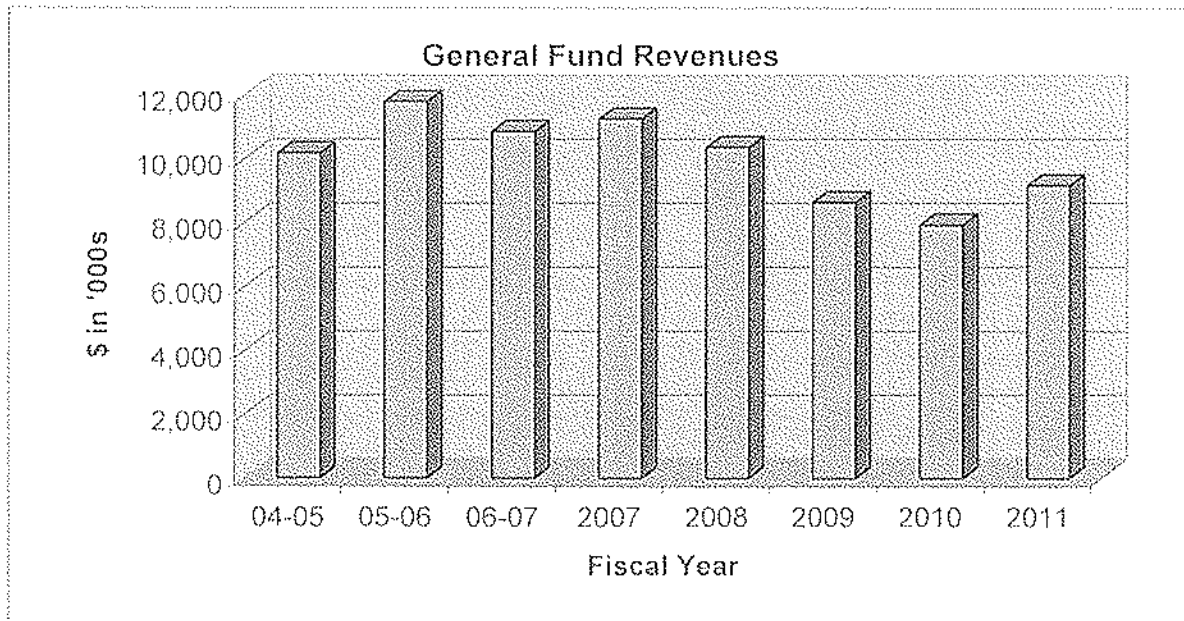
### **Budget Highlights**

- . Combined revenues of \$19,095,000 for all funds with combined expenditures of \$18,637,100. Therefore, the Budget is balanced with revenues exceeding expenditures.
- . The implementation of \$1,740,300 in capital improvement projects (found on pages 169-181). The Village has increased its level of capital improvements from last year, but it remains below capital spending from pre-recession years.
- . Village water and sewer rates will increase by 3% on January 15, 2011. The increases are necessary due to a rise in wholesale water rates of 3.1% and a 3% increase in sewerage treatment costs.
- . Total number of employees will decrease by 5.6 full-time equivalents (FTE) due to the reduction of five (5) full time and one (1) part time positions in the departments of Community Development, Police and Public Works.
- . The property tax levy will only be used to fund employee pensions and not for operational purposes.
- . Initiation of the review and implementation of providing some key municipal services through a cooperative consortium of area municipalities.

- . Initiation of a review of the Village Comprehensive Plan that was last updated in 2001.
- . Investigation into water meter reading options in light of our current vendor ending the production of our remote readers.
- . Continued implementation of the Downtown Redevelopment Plan including the relocation of the private cell tower to clear the way for future development of Village-owned land.
- . A review of the Village's internal financial controls and an update to the Village's procurement manual.
- . Continuation of the Business Task Force with the goal of business retention and recruitment.
- . Adherence to all Financial Policies found on pages 6 through 17.
- . The establishment of fourteen (14) short-term and nine (9) long-term goals adopted by the Mayor and Board of Trustees (found on pages 19 through 21).

### Planning and Priorities

The priorities established for the budget were to protect core services and reduce discretionary expenses in order to balance the budget. All of our resources and expenses were comprehensively evaluated which resulted in several changes from previous years in order to manage our services. As with many municipalities, we have seen a significant decrease in many revenue areas because of the poor economy. Since we do levy a property tax for operations, we are highly dependent on consumption taxes and fees, many of which had significant decreases in 2009 and remained low in 2010. The result of the review was significant reductions in the General Fund, the largest of the Village's many funds and the one that contains the majority of traditional municipal services. The chart below shows the last six (6) years of actual General Fund revenues and estimates for 2010 and 2011. The reduction in expenses was not enough and the Village still faced a more



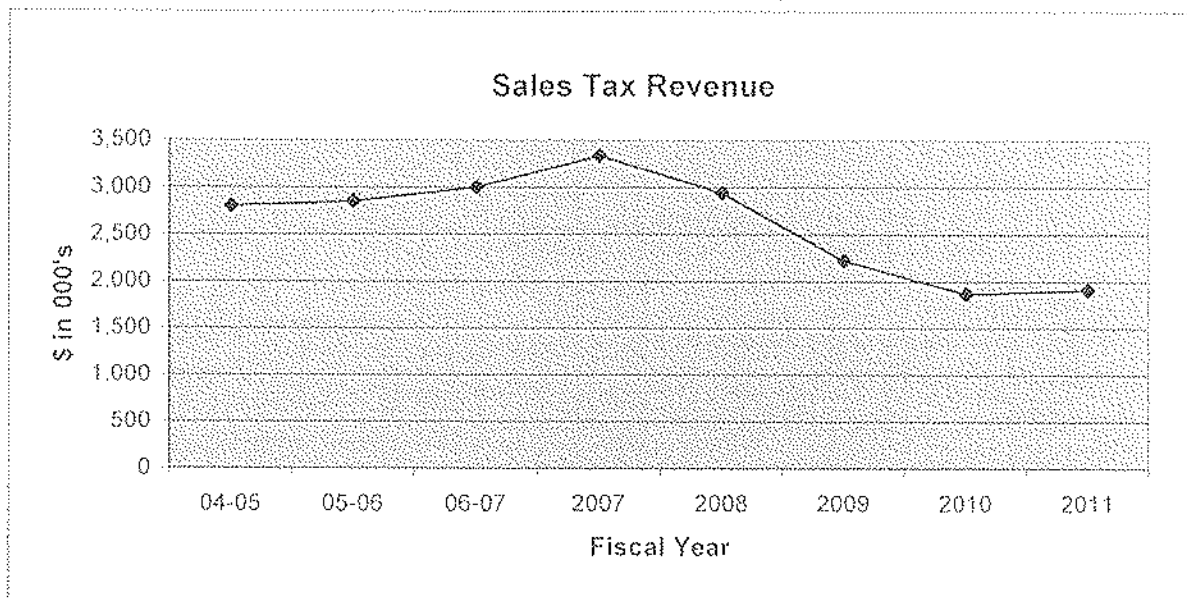
than \$700,000 deficit in 2011 without additional cuts or new revenues. Therefore, the Village Board considered several alternatives and approved a .5% sales tax increase which is covered in more detail below.

The Village Board established several short and long term goals which can be found on pages 19-21. We will continue to focus on implementation of the Downtown Development Plan which includes the last site for improvements on Village owned property in the Tax Increment Financing District (TIF) to make it more attractive for future development. The TIF Fund is separate from the General Fund and is not affected by the same decreases felt by the General Fund. The development of the short and long term goals assisted in the development of the budget. While many goals have no direct cost and require only staff resources, several of the goals and objectives have direct expenses attached to them. These total \$960,000, but none are General Fund based. Each cost can be found with the goals on pages 19-21.

The Village Board also reviewed optional revenue sources for future years, as development of the Village decreases through a continued economic downturn as well as when the Village has matured and most of the available land has been developed. Building permit and utility connection fees as well as developer donations will decrease at a time when infrastructure needs will be on the increase as the Village gets older and additional revenues sources may be necessary to meet the expenses, especially with capital improvements. The new sales tax was adopted to address these issues and will be described below with the General Fund.

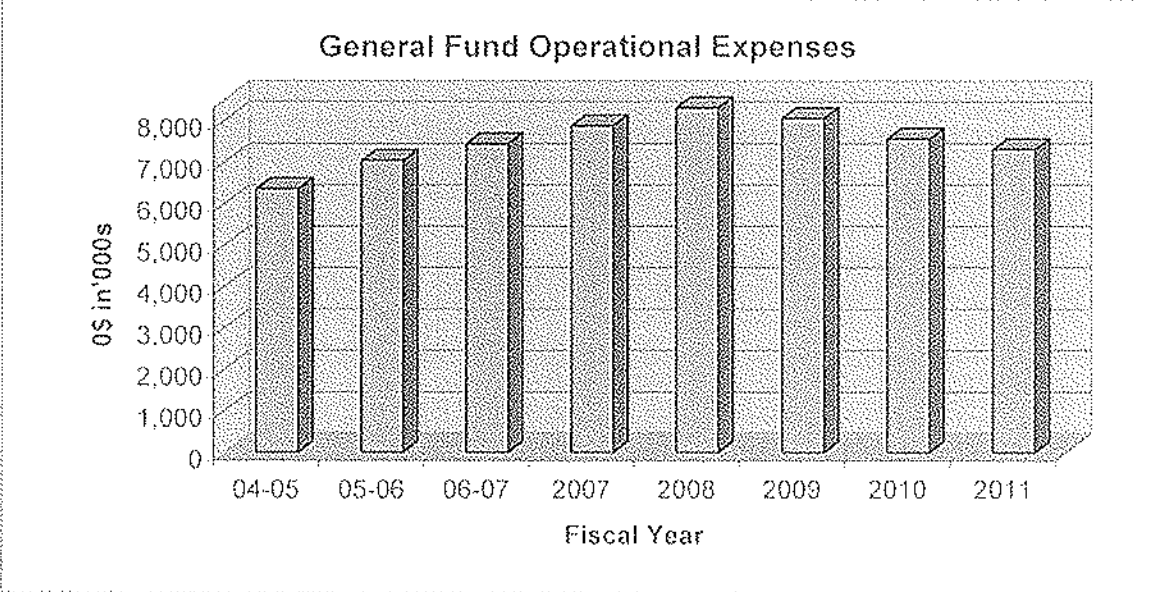
### General Fund

General Fund revenues are estimated to be \$1.22 million more than in 2010, excluding loans and use of reserve funds for capital improvements. When compared to the actual revenue for FY 2008, it is a decrease of over \$1.19 million. The hardest revenues hit include sales tax, state-shared income tax, room and admission tax, real estate transfer tax, building permit fees and investment income. As noted above, the Village relies heavily upon consumption taxes and fees and most of them have been negatively impacted during this poor economy. The Village Board discussed several options for revenue increases and a limited use of reserves for capital improvements. The decision was made to adopt a Home Rule Sales Tax of .5% which is estimated to bring \$950,000 in revenues in 2011. It goes into effect on January 1st and will be assessed each August for continuation. The additional revenues allow the budget to be in balance and provide for some needed capital improvements. The chart below features our largest revenue source (does not include increase) in the General Fund and after four (4) years of increases (peaking in 2007), the current three (3) year trend is negative. The decrease is a combination of the



economy and the loss of a major sales tax producing business in 2009. The expectation in most revenue categories for 2011 will be to follow similar numbers achieved in 2010, but with some modest increases in some of our revenue categories.

With the decline in revenues, we again reviewed all operational and capital expenses for areas that could be reduced without causing significant impacts to services. Therefore, more discretionary expenses were either eliminated or significantly reduced in order to bring expenses in line with anticipated revenues. The chart below illustrates the eight (8) year history of General Fund operational expenses.



While most service levels will remain the same, there were a number of changes made in order to balance the budget. The changes were less than 2010 as the number of discretionary programs and services were significantly reduced last year. For 2011, several programs were eliminated including the Gypsy Moth control spraying, wildlife management, curb replacement program, budget award submittals and holiday decorations. The largest program elimination was all recreation programming. Over the past several years, participation has significantly dropped and the cost of running the programs has increased, increasing the gap between user fees and the actual costs. Programs or services continuing, but in a reduced format, include tree pruning, open space management, Independence Day fireworks display and the Shop and Dine Guide, which will now be printed every two (2) years. Savings from these programs and services total approximately \$200,000.

Several positions that became vacant in 2010 were not filled and will continue to be unfilled in 2011. These include a Community Service Officer and Police Officer in the Police Department and a Building Permits Clerk in the Community Development Department. Ending the recreation program included the elimination of the Recreation Supervisor position. Also, a Telecommunicator position was eliminated in the Police Department and a General Maintenance position was eliminated in the Public Works Department. The savings from these positions is approximately \$330,000.

General Fund capital improvements total \$882,800, which is a reduction from the typical year of around \$1 million. Evaluations were made of all vehicles, equipment and facilities and only the essential projects were included in 2011. The largest of the projects is our annual street resurfacing program (\$265,000). Maintaining the streets in excellent condition has reduced the need for a large routine maintenance fund for streets.

The General Fund reserve fund has been maintained consistently over the last several years and we will begin FY 2011 with an estimated reserve fund equal to just less than 12 months of operating and debt service expenses. There are no plans to use reserve funds in 2011.

## Water and Sewer Fund

Water and Sewer rates will increase by 3% on January 15, 2011. The increases are largely due to an increased wholesale water rate of 3.1% and an increase of 3% in the cost of sanitary sewage treatment. Lake County is currently conducting a sewer rate study which could increase rates beyond a more typical 3% increase, beginning in 2012. The City of Highland Park is currently expanding its water treatment plant and has provided the Village with a schedule of estimated water rate increases over the next 25 years. They average about 3% each year. The rate increases from our suppliers will likely mean modest rate increases in our utility rates each year.

Operating expenses are dominated by the purchase of water and sanitary sewage treatment. These two (2) expenses account for 71% of the total operating budget. Therefore, the Village only has direct control over 29% of the operating costs. We were able to hold the increase to 1% or \$12,700 from last year.

A total of only \$177,500 in capital improvements is planned this year. The largest project is the replacement of the SCADA system that controls our water and sewer pumping operations. Utility capital improvements have been largely covered by water and sewer connection fees. However, with limited development projects slated for 2011 and the near future, this funding source has significantly decreased. We are using some of the new sales tax revenues to help fund these capital improvements and we plan to use this source of funding in the future.

The fund balance in the Water and Sewer Operating Fund will exceed the policy of at least 20% operating and debt service expenses at the end of the year. The balance in the Water and Sewer Improvement Fund is estimated to be only \$40,000. This fund has no specific minimum balance and the funds are solely used for capital improvements.

## Other Funds

Other funds continue to constitute a large portion of the overall budget due to the redevelopment of the downtown area and the Village's participation in the project. The **Tax Incremental Finance District (TIF) Fund** is the fund dedicated to the redevelopment effort. This year the Village will continue the capital improvements in the 12.6 acre redevelopment site owned by the Village. These improvements include the relocation of a cell tower that is currently in the middle of the site and the undergrounding of the electricity and telephone lines. We are improving the site so that a developer will be able to quickly begin a project once the plans are approved. Future sale of the property for redevelopment will be used to retire debt the Village incurred for the purchase and assembly of property and for the infrastructure improvements in the downtown area. The life of the TIF District runs through 2014. After that year, the increased property tax revenues generated in the district will begin going to each of the Village's taxing districts.

The **Park Development Fund** was responsible for the single largest project in the history of the Village: the purchase and development of North Park. Development of the 63 acre park was completed in 2003 after a four year phased-in project. The park contains soccer and ballfields, tennis and basketball courts, a playground for active users and a 30+ acre wooded, natural area containing walking trails and a picnic area. In 2010, we completed the last sections of the Village's Pedestrian and Bike Path System. Therefore, the largest projects by this fund has been completed. Revenues for this fund come from developer donations related to housing development projects. Since there are no projects currently in the planning stages, no revenues are expected in the near future.

As mandated by State law, the **Motor Fuel Tax (MFT) Fund** will be used for Village street improvements. The revenues come from State shared gasoline tax revenues and are based upon population. Approximately 1.2 miles of Village streets will be resurfaced in 2011.

Property taxes are only levied for the two employee pension funds. A history and comparison of the property taxes can be found on pages 40-42. The two pension funds are the Village maintained **Police Pension Fund** and the State of Illinois operated **Illinois Municipal Retirement Fund**.

The remaining funds include the **Vehicle Maintenance Fund**, which is responsible for servicing all vehicles and equipment, and the **E-911 Fund**, which accounts for the emergency dispatch center. The Vehicle Maintenance Fund receives its funding from the General Fund and Water and Sewer Fund based upon the vehicles and equipment serviced for each division within each fund. The E-911 Fund receives its funding through landline and wireless taxes and an outside contract for services. Dispatch service is provided to our own Police Department and for the Village of Riverwoods.

### **Personnel Changes**

There are several changes for 2011 with the Village's overall Full Time Equivalents (FTEs) dropping to 74.80, a reduction of 5.6 FTEs. All of the changes impact the General Fund. As mentioned above, the positions included the following part time position of Permits Clerk. The full time positions eliminated are Community Service Officer, Police Officer, Telecommunicator, General Maintenance-Streets/Parks and Recreation Supervisor. Also, we eliminated several seasonal positions related to recreation. The work of these positions were either eliminated or reassigned to other personnel.

### **Financial Trends/Position**

Despite recent reductions in several key revenue sources, the Village has several positive financial features. These include strong fund balances in the General Fund and Water and Sewer Operating Fund, an expanded commercial base that will benefit from a return to a growing economy and available land and buildings. Additionally, the reductions in operations and personnel could be deemed more of a "right-sizing" as opposed to a "down-sizing" in many areas since there has been a reduction in several development areas. The most pressing concern will be funding capital improvements, especially if the economy continues on its slow pace of recovery.

Cash and investment balances can be found on pages 31 and 32. The Village Board has established minimum fund balance policies for the General and Water and Sewer Funds. I am happy to report the estimates are again predicted to exceed the policies.

We anticipate small growth to occur for another five (5) years as available land is developed. Most of the development will be commercial or institutional as opposed to single family residential. Commercial property tends to cost less to service, therefore providing more revenues than expenses that can be used for other purposes.

### **Conclusion**

I believe this budget fairly, clearly and concisely presents the Village's Corporate Plan for Fiscal Year 2011. I wish to thank the staff members for their thoughtfulness and diligence in preparing this budget.

Sincerely,

VILLAGE OF LINCOLNSHIRE



Robert L. Irvin  
Village Manager





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Village of Lincolnshire**

**Illinois**

For the Fiscal Year Beginning

**January 1, 2010**

A handwritten signature in black ink, appearing to be 'H. H.', written over a horizontal line.

President

A handwritten signature in black ink, appearing to be 'Jeffrey R. ...', written over a horizontal line.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to the Village of Lincolnshire for its annual budget for the fiscal year beginning January 1, 2010.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



## Village of Lincolnshire 2011 Annual Budget

### BUDGET PROCESS

This Budget document defines Village of Lincolnshire governmental activities for the fiscal year January 1 through December 31, 2011.

The State of Illinois Statutes provide two formats by which municipalities may spend anticipated revenues. The "Budget" system, which requires appointment of a Budget Officer, provides for estimates of anticipated revenues as well as expenditures for the fiscal year. This system allows various shifts of funds between line items and the budgeting of contingency funds. Both shifts between line items and expenditure of contingency funds are governed by rules delineated by the Board of Trustees. The "Appropriations" system requires annual passage of an Appropriations Ordinance, which outlines expenditures line item by line item. Shifts of funds between line items in this system may only be made by passage of a Supplementary Appropriations Ordinance by the Mayor and Board of Trustees. Smaller municipalities usually operate under the Appropriations system, as it is simpler in process and format. Lincolnshire has operated under the Appropriations system since the Village's incorporation. As the Village has grown in size and professionalism, a budget document has been produced, but it is merely an explanation of the items outlined in the Appropriations Ordinance, and has no legal effect itself.

In preparing the budget proposals, Department Managers are given parameters by staff responsible for the budget document and by the Village Manager. These parameters change from year to year, based on goals of the Village Board and economic climate, but they always include guidelines as to acceptable levels of spending increases, a ratio of capital to operating expense and a discussion of personnel. The Director of Financial Systems and the Village Manager are responsible for compiling requests from the various departmental operations into a cohesive, balanced budget.

Village residents, appointed Boards and Commissions and civic organizations are requested to give their input regarding priorities for the coming year early in the Budget process. The Mayor and Board of Trustees want to hear and consider comments and suggestions from the public at the outset of the process. The first such meeting concerning the FY 2011 Budget was held August 23, 2010.

Following that public input session, the first draft of the Budget is prepared and distributed to the Finance Committee for review. This review focuses primarily on improving the Budget's presentation. Then it is distributed to the Mayor and Trustees. The Budget contains funding for personnel, benefits, professional services and other goods and services Village staff use in their day-to-day activities. The Budget also includes revenue projections, or estimates of Village government income for the next fiscal year, so expenditures can be tailored to meet anticipated revenues. The Budget also includes the Capital Improvement Program which explains in detail the proposed expenditures for permanent facilities and major vehicles and equipment. Village officials and staff revise the Five-Year Capital Improvement Program which allows a more comprehensive review of long-term capital needs, and the financial resources needed to support them. After they have had time to study this document, the Mayor and Board meet in several Committee of the Whole Budget meetings to discuss it.

During these processes, drafts of the Operating and Capital Budgets are available for public review at the Village Hall and the Vernon Area Public Library. When all issues have been resolved and the Budget Workbooks updated, the public will have another opportunity to comment on the Budget before its final adoption.

## Village of Lincolnshire 2011 Annual Budget

Once the Budget is approved, the Annual Appropriations Ordinance is prepared, and the required Public Hearing is held. After the Appropriations Ordinance has been passed, staff prepares the Tax Levy Ordinance, if necessary. This ordinance authorizes the County to levy taxes on property within the Lincolnshire corporate limits for the Village's portion of employee pension contributions. If the amount of the Tax Levy exceeds 105% of the previous year's levy, or the Consumer Price Index, whichever is less, a Public Hearing must be held before the Mayor and Board vote on the ordinance.

### **BUDGET BASIS**

The budgets of general government-type funds (i.e. the General Fund) are prepared on a modified accrual basis. The modified accrual basis of accounting is followed by the governmental and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. The governmental fund measurement focus is on the determination of financial position and changes in financial position, rather than on net income determination.

The Water and Sewer Fund, except for two exceptions (depreciation and compensated absences) is budgeted on a full accrual basis. The accrual basis of accounting is used by proprietary and pension trust funds, with the measurement focus on determination of net income, financial position and cash flows. Revenues are recognized when earned and expenses are recognized when incurred.

The Comprehensive Annual Financial Report (CAFR) shows the status of the Village's finances on the basis of "generally accepted accounting principles" (GAAP). In most cases this conforms to the way the Village prepares its budget. Two exceptions are the treatment of depreciation expense (these are not shown in the budget, although the full purchase price of equipment and capital improvements is, while purchase of capital improvements is depreciated in the CAFR for the Water and Sewer Fund) and compensated absences (accrued but unused sick leave) are treated slightly different in the budget and in the CAFR.

The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and budget basis for comparison purposes.

Village of Lincolnshire 2011 Annual Budget

**2011 BUDGET APPROVAL SCHEDULE**

<b>Date/Time</b>	<b>Event</b>	<b>Purpose</b>
7/1/2010	Capital Improvement Program worksheets are distributed to Department Managers	Development of Capital Improvement Program
8/2/2010	Completed Capital Improvement Program worksheets due to Village Manager	Development of Capital Improvement Program
Weeks of 8/2/10 & 8/9/10	Capital Improvement worksheets reviewed by Village Manager and returned to Department Managers with comments	Development of Capital Improvement Program
8/3/2010	Operating Worksheets distributed to Department Managers	Development of Operating Budget
8/3/2010	Letters sent from Village Manager to Village organizations regarding Budget process	Obtain comments or requests for the Budget
8/13/2010	Capital Improvement Program worksheets resubmitted to Village Manager	Development of Capital Improvement Program
8/18/2010	Personnel change requests due from Department Managers to Village Manager	Obtain requests for additional personnel or reorganizations
8/18/2010, 12:00 PM	Employee meeting held by Village Manager to obtain questions and comments from staff	Obtain comments or requests for the Budget
8/23/10, 7:00 PM	Special Committee of the Whole Meeting	Mayor & Board of Trustees to discuss goals and objectives for the 2010 Budget
9/1/2010	Completed Operating Budget worksheets due to Director of Financial Systems	Development of Operating Budget
Week of 9/6/2010	Operating and Capital Improvement Program Budget workbooks assembled by Director of Financial Systems and Village Manager	Development of Operating & Capital Improvement Program Budget
9/13/2010	Budget workbooks distributed to Department Managers	Development of Operating & Capital Improvement Program Budget
9/13/2010, 7:00 PM	Special Committee of the Whole Meeting	Mayor & Board of Trustees to hear comments/suggestions from organizations and residents

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2011 BUDGET APPROVAL SCHEDULE (continued)

Date/Time	Event	Purpose
9/16/10 & 9/17/10	Department Manager meetings with Director of Financial Systems and Village Manager	Review Operating and Capital Improvement Program Budget
Weeks of 9/20/10 & 9/27/10	Revisions made to Budget workbooks	Development of Operating & Capital Improvement Program Budget
10/14/2010	Budget workbooks delivered to the Mayor and Board of Trustees	Distribution of Proposed Budget
10/15/2010	Public inspection copies of the Budget workbooks at the Village Hall and Library	Allow interested members of the public to review the Budget
Weeks of 10/25/10 & 11/1/10	Special Committee of the Whole Budget Meetings	Mayor and Board of Trustees review of the Budget
11/8/2010	Committee of the Whole Meeting	Public comment on the proposed Budget
Weeks of 11/15/10 & 11/22/10	Special Committee of the Whole Budget Meetings	Mayor and Board of Trustees review of the Budget
Weeks of 11/23/10 & 11/29/10	Final revisions made to the Budget by Village Manager	Development of Operating & Capital Improvement Program Budget
12/9/2010	Final Budget delivered to Mayor and Board of Trustees	Distribution of final Budget
12/10/2010	Public inspection copies of the final Budget at the Village Hall and Library	Allow interested members of the public to review the Budget
12/13/10, 7:00 PM	Village Board Meeting	Adoption of FY 2011 Budget

Village of Lincolnshire 2011 Annual Budget

**FINANCIAL POLICIES**

**Overview**

The financial policies of the Village are a critical component in the budget decision-making process. Any policies that impact the budget, including reserve policies, surplus policies, capital and debt management, and fixed assets are contained in the financial policies.

**OPERATING BUDGET POLICIES**

**Accounting Basis**

The General, Motor Fuel Tax Fund (MFT), E911 Fund, Police Pension Fund, Tax Incremental Financing Fund (TIF) and Park Development Fund budgets are prepared on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized only when they become measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due, using the current financial resources measurement focus of accounting.

The budgets for the Proprietary Fund-Water and Sewer, and Internal Service Fund (Vehicle Maintenance Fund) are prepared on the full accrual basis of accounting. Under the full accrual basis, revenues are recorded when earned (i.e., Water User Fees are recognized as revenue when the bills are prepared) and expenses are reported when a liability is incurred, regardless of the timing of related cash flows, using the economic resources measurement focus of accounting. The major difference between the budget basis and the full accrual basis of accounting is that the former "expenses" the full amount of a capital expenditure in the first year of purchase while the latter "expenses" it (as depreciation) over the life time of the capital item.

**Guidelines**

The Comprehensive Annual Financial Report (CAFR) presents the status of the Village's finances on a basis consistent with "Generally Accepted Accounting Principles" (GAAP), (i.e., the governmental funds use the modified accrual basis of accounting, while the proprietary funds use the full accrual basis). In order to provide a meaningful comparison of actual results with the budget, the CAFR presents the Village's operations on a GAAP basis and also shows fund expenditures and revenues on a budget basis for the General, Debt Service and Proprietary Funds.

Current revenues will be sufficient to support current expenditures except where indicated that the Board has approved the use of fund reserves and/or loan proceeds to cover capital program needs.

The budget process and format shall be focused on maintaining and/or enhancing basic core Village operations along with a focus on annually adjusted short-term and long-term goals.

The budget will provide adequate funding for maintenance and replacement of capital plant and equipment.

The Village Board will be provided with interim budget reports comparing actual versus budgeted revenue and expense activity. Amounts presented in the budget documents shall be compared with actual revenues and expenditures for each month and year-to-date ending throughout the budget year.

## Village of Lincolnshire 2011 Annual Budget

The Village shall establish and maintain a standard of accounting practices. An audit by an independent certified public accounting firm will be performed annually. The Village will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

### **Planning**

The Village will annually prepare a Five-Year Capital Forecast. The forecast will include estimated costs of future capital improvements, such as streets, parks, pedestrian/bike paths, water and sewer infrastructure, building improvements and major pieces of equipment, including vehicles.

### **Budget Amendments**

The Village operates under the "Appropriations" system of budgeting. Amendments to the Budget may be made through a Supplemental Appropriations Ordinance approved by the Village Board. It is the intent that each additional appropriation will be matched with an additional revenue source.

### **Balanced Budget**

The Budget should be balanced with current revenues equal to, or greater than current expenditures. Use of fund balances is permissible for capital program needs as approved by the Mayor and Board of Trustees.

### **Personnel**

Control of expenditures in the area of personnel costs is provided through position control and adherence to the Village's Classification and Pay Plan which is found on page 198. No new full-time or part-time positions may be created without the approval of the Mayor and Board of Trustees.

### **Property Tax Levy**

For Fiscal Year 2011, the Village will use the property tax levy to fund employee pensions only and not for general fund operations.

## FINANCIAL RESERVE POLICIES

On an annual basis, after the year-end audit has been completed and during the budget process, the Village Manager shall produce a schedule of all projected fund surpluses and deficits, with projections of reserve requirements and a plan for the use of any excess surpluses for the current year in accordance with the Use of Financial Reserve Policy and the Use of Surplus Policy. This document will be used not only to ensure compliance with stated policies, but also to analyze the total reserve and surplus picture to ensure that the policies as provided do not inadvertently create any adverse effects.

### **Working Capital**

Reserves for the Village's various funds should be adequate to provide sufficient working capital to meet daily cash needs, provide investment earnings, handle unexpected decreases in revenues and absorb unexpected or emergency expenditures.

The General Fund's "unreserved" fund balance will be maintained in an amount greater than or equal to seventy-five percent (75%) of the annual General Fund operating budget, including the annual debt service. This amount approximates 275 days of working capital.

## Village of Lincolnshire 2011 Annual Budget

In order to provide the resources necessary to ensure continued operations of the Village's Water and Sewer programs should a natural disaster or significant changes in the weather pattern occur, the Village shall maintain a working capital reserve in an amount greater than or equal to twenty percent (20%) of the annual operating budget, including debt service, but not including depreciation and capital expenditures.

All retirement programs funded directly with Village property tax revenues (i.e. Police Pension Fund and Illinois Municipal Retirement Fund (IMRF)) will be financed in a manner that systematically funds liabilities at a minimum of 80% of the pension's obligation. The defined benefit pension plans will be funded in accordance with an independent actuarial analysis performed at a minimum of every two years, or as needed. (The Village's IMRF pension plan is sponsored and operated under the independent Illinois Municipal Retirement Fund).

### USE OF SURPLUS POLICIES

#### **Use of Surpluses**

It is the intent of the Village to use all surpluses generated to accomplish three goals: meeting reserve policies, avoidance of future debt, and reduction of outstanding debt. The Village will not use year-end surpluses to fund ongoing operating expenses.

Any surpluses realized in the General Fund at year-end shall be used first to meet reserve policies as set forth in the Financial Reserve Policies. Excess surplus will then be used for the following purposes, as determined by the Village Board:

- \* Capital Replacement Programs
- \* Cash Payments for Capital Improvement Program Projects
- \* Pension Funds
- \* Retirement or Refinancing of Existing Debt

Water and Sewer fund surpluses shall be first used to fund minimum reserve requirements as identified in the Financial Reserves Policies, with excess surpluses used to fund capital projects as follows:

#### **Capital Improvement Program**

Excess surpluses may be used to pay cash for CIP items to avoid future debt service, or to pay down existing debt.

E911 Fund and Park Development Fund surpluses will be held in the fund generating the surplus to first contribute to meeting the reserve policies in the Financial Reserves Policies. Excess surpluses shall be used to pay cash for CIP items, or to reduce interfund transfers from the General Fund, or to pay down debt.

### CAPITAL IMPROVEMENT PROGRAM POLICIES

#### **Alignment**

The Village shall coordinate the development of the Capital Improvement Plan Program with the revenues projected for the upcoming year and the Operating Budget.

## Village of Lincolnshire 2011 Annual Budget

### **Project Selection**

All capital projects submitted for approval must be justified in terms of how the project supports the achievement of the Village's strategic short-term and long-range plans. Projects are prioritized and approved based on the relevancy of the project to the Village's strategic plan and the impact on the "end customer" (i.e. resident, property owner). Approval for inclusion in the proposed budget is granted through a two-step review process. Step 1 involves presentation and analysis of the proposed capital project at the individual departmental/Village Manager level. Step 2 brings the capital project to the Board level. All potential capital items will be discussed in a budget workshop held annually with the Village Board and the Management team.

### **Capital Budget**

The Village shall adopt an annual Capital Budget based on the Capital Improvement Program. Future capital expenditures will be projected based on the needs of the Village. The Village's needs will be based on changes in population, real estate development, and/or the economic base.

The Village will identify the estimated costs and funding sources for each capital project proposal before it is submitted to the Village Board for approval.

The Village shall make all capital improvements in accordance with an adopted Capital Budget.

The Village will determine and use the most prudent financial methods for acquisitions of new capital equipment and projects based on market conditions at the time of acquisition and financial reserves projected to be available.

### **Maintenance**

The Village shall maintain all capital assets at the level adequate to protect the Village's capital investment to minimize future maintenance and replacement costs.

## DEBT MANAGEMENT POLICIES

The Village shall review its outstanding debt annually for the purpose of determining if the amount of financial debt the Village is carrying is appropriate for a village its size.

### **Debt Issuance**

When the Village finances capital projects by issuing a bank loan or bonds, it shall amortize the debt over a term not to exceed the average useful life of the projects financed.

The Village's goal is to keep the average maturity of loans, or General Obligation Bonds at or below fifteen years.

Capital improvements, equipment and facility projects shall be classified into "pay-as-you-go" and "debt financing" classifications. Pay-as-you-go capital items will be \$500,000 or less with short lives (less than ten years). Debt financing will be used for major, non-recurring items with a minimum of fifteen years of useful life.

Debt financing is generally considered appropriate for capital improvements when they cannot be funded from current revenues or from reserves. All debt is soundly financed by conservatively projecting revenue sources that will finance the debt.



## Village of Lincolnshire 2011 Annual Budget

The Village shall confine long-term borrowing to major capital improvements that have useful lives of 15-20 years or longer. When appropriate, the Village shall use special assessments or self-supporting bonds instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.

### **Debt Service Levels**

Annual General Fund debt service expense will be limited to ten percent (10%) of the total of the General Fund budget.

The Village will limit its total outstanding General Fund obligation to eight point six two five percent (8.625%) of the assessed valuation of taxable property which is the limit required of non-home rule municipalities.

The Village shall follow a policy of "full disclosure" in its Comprehensive Annual Financial Report and bond prospectus.

## **REVENUE POLICIES**

### **Revenue Projections**

During the budget process, the Village shall estimate two categories of annual revenue. Type One revenue will consist of what the current fiscal year's revenue is estimated to be at year end. This estimate is usually a composite of eight months of actual revenue and an estimation of the last four months. Type Two revenue will consist of a projection of the new fiscal year's twelve months based on prior revenue data and assumptions on such factors as the economy, local business activity and plans.

The Village shall maintain a diversified and stable revenue system to the extent provided by law to insulate it from short run fluctuations in any one revenue source.

### **User Fees**

The Village shall periodically recalculate the full cost of selected activities currently supported by user fees and charges to identify the impact of inflation and other cost increases.

The Village shall set fees and user charges for the enterprise fund (Water and Sewer) at a level that fully supports the total direct and indirect costs of operation.

### **Reporting and Analysis**

To ensure compliance with Revenue Policies, Reserve Policies, and Budget Policies, the Village shall prepare reports and analysis periodically to monitor, project and estimate revenues and expenditures:

1. One-year Forecast of Revenues and Expenditures. A planning tool used by Management and the Village Board to forecast and project various funds (General, Water and Sewer, Motor Fuel, TIF, Park Development Fund and E911 Fund).
2. Reserve Analysis. The Village will annually review the reserve levels and produce a report that indicates up-to-date reserve levels as compared to policy goals.
3. Analysis of Business Community. The Village will be alert to potential relocations of major revenue producers, both in and out of the Village and potential State legislation that could impact the Village revenue base.
4. Investment Portfolio Reports. A monthly report designed to track and analyze the performance of the Village's investment portfolio.

**FIXED-ASSET ACCOUNTING POLICIES  
AND PROCEDURES**

**Definition of a Fixed Asset**

The dollar amount to be capitalized is a unit cost of \$5,000 or greater and useful life exceeding one year. Fixed assets include equipment, computers, furniture and vehicles. Infrastructure assets such as building improvements, roads, water/sewer pipes and lift stations are capitalized when costs reach the \$200,000 threshold. An inventory of specific assets that fall below the \$5,000 unit cost threshold (i.e. computer equipment and off-the-road equipment-pumps, generators, etc.) are maintained for the purpose of insurance coverage and accountability. Once inventoried, all capital items are maintained in the physical inventory and Capital Replacement Program until disposed.

The Governmental Accounting Standards Board (GASB) Statement No. 34 now requires the following infrastructure be inventoried (capitalized and depreciated): roadways, pedestrian/bike paths, bridges, traffic lights, street and field lights, and land improvements

**Purchasing Fixed Assets**

Capital items (fixed assets) shall be identified for purchase through three methods:

1. New. Through a new initiative in the Capital Improvement Plan that justifies the feasibility of a project or program requiring the purchase.
2. Replacement. Through the Capital Replacement Program for items already in inventory that require replacement.
3. Emergency. Ad hoc needs are addressed through special meetings of the Board and Management resulting in subsequent amendments to the budget.

The procedures for purchasing fixed assets are:

1. Capital items must be approved for inclusion in the proposed budget as outlined in the Capital Improvement Program Policies.
2. Through the purchasing/payment accounting system, departments initiate, for review and approval, a purchase order and subsequent check request.

**Year-End Procedures**

At year-end, Finance records the asset(s) into their proper asset classifications in the fixed asset maintenance files. Depreciation is calculated annually on all assets (except land).

**Disposition/Transfer of Assets**

The department/division transferring/disposing of an asset shall complete a property disposition form, signed by the department head and approved by the Village Manager. The form is routed to Finance for entry into the accounting records.

At least annually the Village auctions assets that have salvage or resale value. After disposal, a list of the assets auctioned and their sales price is sent to Finance. Unsold assets are noted in a memorandum to Finance.

## Village of Lincolnshire 2011 Annual Budget

### **Physical Inventory**

Each year, as part of the Capital Replacement Program Budget, a complete inventory of fixed assets will be distributed to every department/division. At that time, all items on the inventory must be physically verified by a representative and corrections or changes made on the inventory sheets, which will then be signed and returned to Finance.

### **Fixed Asset Losses/Damages**

Damaged, lost or stolen assets should be reported to Finance so changes to the fixed assets inventory can be made and the appropriate insurance claims/coverage can be made.

### **Finance Responsibilities**

1. Review fixed asset file.
2. Maintain additions, deletions and transfers of fixed assets.
3. Update fixed asset system and record depreciation at year-end.
4. Work in conjunction with Village departments to conduct annual physical inventory of fixed assets.
5. Make adjustments of asset records when deemed necessary.
6. Review asset records to ensure adequate insurance coverage.
7. Prepare CAFR fixed asset schedules and reconcile schedule balances to fixed asset records.

### **Department Responsibilities**

1. Justify need for capital purchases through the Budgeting Process.
2. Submit Purchase Order and subsequent check request.
3. Department/division managers are responsible for proper account coding and description of asset on every purchase order and check request for all capital purchases.
4. Conduct an annual physical inventory of fixed assets.
5. Prepare property disposition forms when assets are transferred, removed from inventory, lost, stolen or damaged.

## INVESTMENT POLICIES

Investments made by the Village will be in conformance to guidelines contained in the Village's Investment Policy which is annually reviewed and adopted by the Village Board.

### **Investment Management**

The Village shall perform a cash flow analysis of all funds on a regular basis. Disbursement, collection and deposit of all funds will be scheduled to insure optimum cash availability.

Investments shall be managed to optimize cash utilization to generate and enhance interest income opportunities.

### **Investment Analysis**

The Village shall review its investment policies established for investing surplus funds to account for changes in legislation and market conditions on an annual basis.

The Village shall prepare monthly investment portfolio reports containing the overall performance of the fund.

Village of Lincolnshire 2011 Annual Budget

INVESTMENT POLICY

Scope

This investment policy applies to activities of the Village with regard to investing the financial assets of all funds, including the following:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Enterprise Fund (Water and Sewer Fund)
- Debt Service Funds

No part of this policy is intended to supersede Illinois statutes. In the event of a conflict, Illinois Statutes will govern the course of action.

Objectives

Funds of the Village will be invested in accordance with Illinois Statute sections 30ILCS235 and 5ILCS220-15 and pursuant to the Village's Home Rule powers and its policies and written administrative procedures. The Village's investment portfolio shall be managed in a manner to attain a market rate of return throughout economic cycles while at the same time preserving and protecting capital in the overall portfolio. Preservation of capital shall have priority at all times over the investment rate of return. Investments shall be made based on statutory constraints and in accordance with the investment policy statement. In order to optimize total return through active portfolio management, resources shall be allocated using a cash management program. This commitment of resources shall include financial and staffing considerations.

Delegation of Authority

The Director of Financial Systems is designated as Investment Officer of the Village and is responsible for investment decisions and activities, under the direction of the Village Manager and the Treasurer. The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program, consistent with these policies. The Investment Policy must be reviewed and approved by the Village Board.

Prudence

The standard of prudence to be applied by the Investment Officer shall be the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

## Village of Lincolnshire 2011 Annual Budget

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these changes are immediately reported by the Investment Officer to the Village Manager so that appropriate action can be taken to control adverse developments.

### Monitoring and Adjusting the Portfolio

The Investment Officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

### Internal Controls

The Village Manager shall establish a system of written internal controls, which shall be reviewed annually by the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

### Short-Term Versus Long-Term Portfolio

Limitations on instruments, diversification and maturity scheduling shall depend upon whether the funds being invested are considered short-term or long-term funds. All funds shall be considered short-term except those reserved for capital projects (i.e., bond sale proceeds), special assessment prepayments being held for debt retirement, and funds not to exceed the outstanding balance of the Village's mortgages (i.e., Village Hall, etc.).

### Short-Term Portfolio Diversification

The Village will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

### Maximum Percent of Portfolio

#### Diversification by Instrument:

U.S. Treasury Obligations (bills, notes, bonds & strips)	100%
U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations	100%
Certificates of Deposit (CDs) - Commercial Banks	33%(1)
Illinois Government Cash Fund	35%
Illinois Metropolitan Investment Fund	35%

(1) The exception to the 33% maximum percentage guideline would be when the CD's are being invested using the CDARS (Certificate of Deposit Account Registry Service), or similar system. This is an investment system that ensures each CD has complete FDIC coverage.

#### Diversification by Financial Institution:

Certificates of Deposit (CDs) - Commercial Banks  
(No more than 15 percent of the total portfolio with any one institution)

## Village of Lincolnshire 2011 Annual Budget

### Maturity Scheduling - Short Term

Investment maturities (short term) for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizeable blocks of anticipated revenue (tax turnover, franchise fee payments). Maturities in this category shall be timed to comply with the following guidelines:

Under 30 days	10% (minimum) of total short term investments
Under 90 days	25% (minimum) of total short term investments
Under 270 days	50% (minimum) of total short term investments
Under 1 year	90% (minimum) of total short term investments
Under 18 months	100% (minimum) of total short term investments

### Maturity Scheduling - Long Term

Instruments and diversification for the long-term portfolio shall be the same as for the short-term portfolio. Maturity scheduling shall be timed according to anticipated need. For example, investment of capital project funds shall be timed to meet contractor payments, usually for a term not to exceed three years. Investment of prepaid assessment funds shall be tied to bond payment dates, after cash flow projections are made using a forecasting model which considers prepayment rate, delinquency rate, interest on bonds and income on investment. Mortgage fund maturities should not exceed the mortgage term.

### Competitive Selection of Investment Instruments

Before the Village invests any surplus funds in Certificates of Deposit, a survey of competitive rates shall be conducted. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, rates will be requested for instruments which meet the maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous.

Rates will be requested from financial institutions for various options with regard to term and instrument. The Village will accept the bid which provides the highest rate of return within the maturity required and within the parameters for these policies. Records will be kept of the rates offered, the rates accepted and a brief explanation of the decision which was made regarding the investment.

### Qualified Institutions

The Village shall maintain a listing of financial institutions which are approved for investment purposes. Banks shall provide their most recent Consolidated Report of Condition ("call" report) at the request of the Village. At minimum, the Village shall conduct an annual evaluation of each bank's creditworthiness to determine whether it should be on the "Qualified Institution" listing. Securities dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers.

### Safekeeping and Collateralization

It is the policy of the Village of Lincolnshire to require that funds on deposit in excess of FDIC limits, or investments not guaranteed by the United States of America or any agency of the United States of America be secured by some form of collateral.

## Village of Lincolnshire 2011 Annual Budget

The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. The rate of fair market value of collateral to the amount of funds secured will be reviewed quarterly and additional collateral will be required when the ratio declines below 110% level. Pledged collateral will be held by the Village of Lincolnshire or in safekeeping and evidenced by a safekeeping agreement. If collateral is held in safekeeping, it may be held by a third party or by an escrow agent of the pledging institution.

The following FDIC conditions must be followed to ensure that the Village has adequate collateral arrangements with each bank. Those requirements are as follows:

1. The collateral agreement must be in writing.
2. The collateral agreement must be executed by the depository institution and the Village at the same time the collateral is being pledged for the deposits.
3. The collateral agreement must be approved by the bank's board of directors or its loan committee. The agreement must be documented in the minutes of those meetings.
4. The collateral agreement must be an official record of the financial institution continuously since the execution of the agreement.

### Reporting Requirements

The Investment Officer shall generate a monthly summary investment report to the Village Board which shall describe the portfolio in terms of investment securities, maturities and cost by fund, earnings for the current period and year to date, and market value of securities, if available.

From time to time the Investment Officer shall suggest policies and improvements that might be made in the investment program.

### Ethics and Conflicts of Interest

Officers involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which would impair their ability to make impartial investment decisions. Investment officials shall disclose to the Village of Lincolnshire Board any material financial interests in financial institutions that conduct business with the Village of Lincolnshire, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the Village of Lincolnshire's portfolio. Officers shall subordinate their personal investment transactions to those of the Village of Lincolnshire, particularly with regard to the timing of purchases and sales.

In the event such potential conflicts cannot be resolved by the aforementioned means, the involved officer must remove himself from the decision-making process specific to the institution or investment position in question. All such actions will be documented of any such investment decisions.

### Amendment

This policy shall be reviewed from time to time and any changes shall be presented to the Board of Trustees for its approval.

### Adoption

Adopted by the Village of Lincolnshire Board of Trustees on December 10, 2007.

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## Village of Lincolnshire 2011 Annual Budget

### MISSION STATEMENT

The mission of the Lincolnshire municipal corporation is to provide excellent service and program delivery in the most cost effective and efficient manner to all citizens of the community, to protect the pastoral environment and character of the residential areas of the Village, to provide an environment for a successful corporate/commercial segment and to at all times reflect the highest organizational ethics in the pursuit of accessible and forthright government.

### CODE OF ORGANIZATIONAL VALUES

(Approved by the Mayor and Board of Trustees by Ordinance - September, 1985)

1. **Open and Accessible Government.** The most fundamental of our values must be open and honest government. It is our first responsibility. Our competence is encouraged by subjecting our actions to the public arena and our ideas become better when we expose them to public scrutiny. It is crucial that we maintain an organizational reputation for honesty and integrity. In order to further our service goals, we must remain accessible to the public to whom we provide service.
2. **Fiscal Responsibility.** Proper use of public funds is a trust which must be continually guarded. These funds must be managed in the most efficient manner at all times and all rules and regulations pursuant to their use must be adhered to.
3. **Personal Honesty and Integrity.** Each employee has a responsibility to the organization and his or her colleagues to demonstrate the highest standards of personal integrity, truthfulness, honesty and fortitude in our public activities. It is in this way that we can inspire public confidence and trust in our government. With this in mind, we must and will:
  - a. Comply with all applicable laws, ordinances, regulations and resolutions in carrying out our duties.
  - b. Eliminate any and all circumstances which could result in personal gain from the performance of our official duties.
  - c. Not accept gifts of value.
  - d. Avoid all interests or activities which are in conflict with the conduct of our official duties, including political activity within the Village of Lincolnshire.
4. **Professionalism.** We must strive for personal excellence and exhibit at all times a professional attitude based upon sound judgment free of personal biases. The spirit of professionalism demands a cooperative approach to problem solving within the organization and a commitment by each of us to demand as much from ourselves as we do from the organization as a whole.
5. **A Humane Organization.** The environment in which we work is crucial to the success of our endeavors. We must realize the importance of personal qualities that contribute to this environment including open communication, creative energy, dedication, respect for others, compassion and a sense of humor. In this way we can ensure that our work is a source of enjoyment and personal satisfaction.

Village of Lincolnshire 2011 Annual Budget

**GOALS AND OBJECTIVES**

In August, 2010, the Mayor and Board of Trustees met in a series of public meetings to discuss short and long term goals for Lincolnshire's government. The following lists state their consensus of the most pressing issues facing our community. The responsible department for each goal and estimated cost, other than staff time, are listed in parentheses.

**SHORT TERM GOALS**

(To be completed by the end of FY 2011)

**COMPREHENSIVE PLAN** (Community Development - pages 77-80)

Complete the review of the 2001 Comprehensive Plan and prepare an amendment, as necessary, to effectively guide growth and development of the Village.

**BUSINESS RECRUITMENT & RETENTION** (Community Development - pages 77-80)

Complete the business recruitment and retention program with the assistance of the newly created Business Task Force.

**VILLAGE REGULATIONS PAMPHLET** (Community Development - pages 77-80)

Update the easy-reference booklet which provides a summary of rules and regulations from each Village department which are most applicable to Village residents to be made available at the Village Hall and for placement on the Village's website.

**INTERNAL & EXTERNAL POLICY REVIEW** (Executive Services - pages 60-63)

Conduct a comprehensive review of the Village's Internal and External Policies and recommend changes as necessary.

**VILLAGE WEBPAGE** (Executive Services - pages 85-88)

Conduct a comprehensive review of the Village Webpage and implement enhancements in the area of interactive uses.

**PROCUREMENT MANUAL** (Finance - pages 64-67)

Review and update the Village's internal controls in the procurement process.

**POLICE RADIO SYSTEM** (Police - pages 72-75)

Conduct a thorough review of the 15 year old Police Radio System and develop a future replacement plan.

**CONDUCT A DAYTIME POPULATION COUNT OF THE SCHOOLS, BUSINESSES AND OTHER ENTITIES WITHIN THE VILLAGE** (Police and Community Development - pages 72-75, 77-80)

Conduct a daytime population count of the schools, businesses and other entities within the Village to determine Lincolnshire's peak daytime population to be used by various Village Departments for planning and forecasting purposes.

**COMMUNITY RATING SYSTEM** (Public Works - pages 89-92)

Complete the steps necessary to move the Village from Class 5 to Class 4 of the Community Rating System under the National Flood Insurance Program for improved floodplain management and reduced property insurance premiums for residents.

Village of Lincolnshire 2011 Annual Budget

**SHORT TERM GOALS**

**RIGHT-OF-WAY OBSTRUCTIONS** (Police - pages 72-75)

In conjunction with the Public Works Department, conduct a Village-wide survey of landscape and other obstructions placed in the Village's rights-of-way. Eliminate the significant obstructions.

**INVESTIGATE WATER METERING SYSTEM OPTIONS** (Public Works - pages 128-131)

Investigate options for the water metering system since our current vendor is canceling production of a key component to our existing system. Consider the various costs and benefits to the available options.

**WATER & SEWER IMPROVEMENT CAPITAL FUND** (Public Works - pages 132-136)

Develop a plan to develop a capital improvement fund in light of reduced water and sewer connection fee revenues.

**EMERALD ASH BORER** (Public Works - pages 105-108)

Create an educational program that will help enlist residents and business owners in a comprehensive plan with the goal of reducing the effects of the Emerald Ash Borer on Village trees. Evaluate the use of treatments to healthy ash trees.

**STORMWATER MANAGEMENT** (Public Works - pages 89-92)

Investigate the establishment of a stormwater management utility system including the use of fees for the management and maintenance of the system.

**LONG TERM GOALS**

**ANNEXATION OF DESIRABLE PROPERTIES** (Community Development - pages 77-80)

Continue the evaluation of properties identified by the Mayor and Board of Trustees as desirable for annexation. Work with property owners and potential developers of strategic properties vital to ensuring the Village's vision for appropriate growth and development.

**MAINTAIN HIGH STANDARDS FOR DEVELOPMENT** (Community Development - pages 77-80)

Continue to work with representatives of the development community to achieve superior design in residential and commercial developments which will enhance and contribute to the established character of Lincolnshire.

**DOWNTOWN DEVELOPMENT** (Community Development - \$760,000 - pages 154-157)

Complete any remaining infrastructure improvements in the downtown triangle for future development and continue the process to attract a new developer and development project featuring a grocery store.

**SUSTAINABLE COMMUNITY** (Community Development/Public Works - pages 77-80, 89-92)

Investigate additional methods and alternatives to improve municipal operations with "green" initiatives which are economically and environmentally sound through education, research and evaluation.

**ZONING ORDINANCE** (Community Development - pages 77-80)

Initiate a comprehensive review of the Village's Zoning Ordinance structure and adopt necessary revisions that provide enhanced, more intuitive usage by staff, residents and developers, while also clarifying the requirements that reflect important values of the community.

**RECORDS CONVERSION** (Finance - pages 85-88)

Complete the transfer of Village archived records from paper to digital format.

Village of Lincolnshire 2011 Annual Budget

**LONG TERM GOALS**

**MAINTAIN COST EFFECTIVE LEVELS OF VILLAGE SERVICES TO RESIDENTS WITHOUT INCREASING PROPERTY TAX RATES (Finance - pages 64-67)**

Continue to provide Village operational services without the use of property taxes. Update the strategic financial plan as necessary.

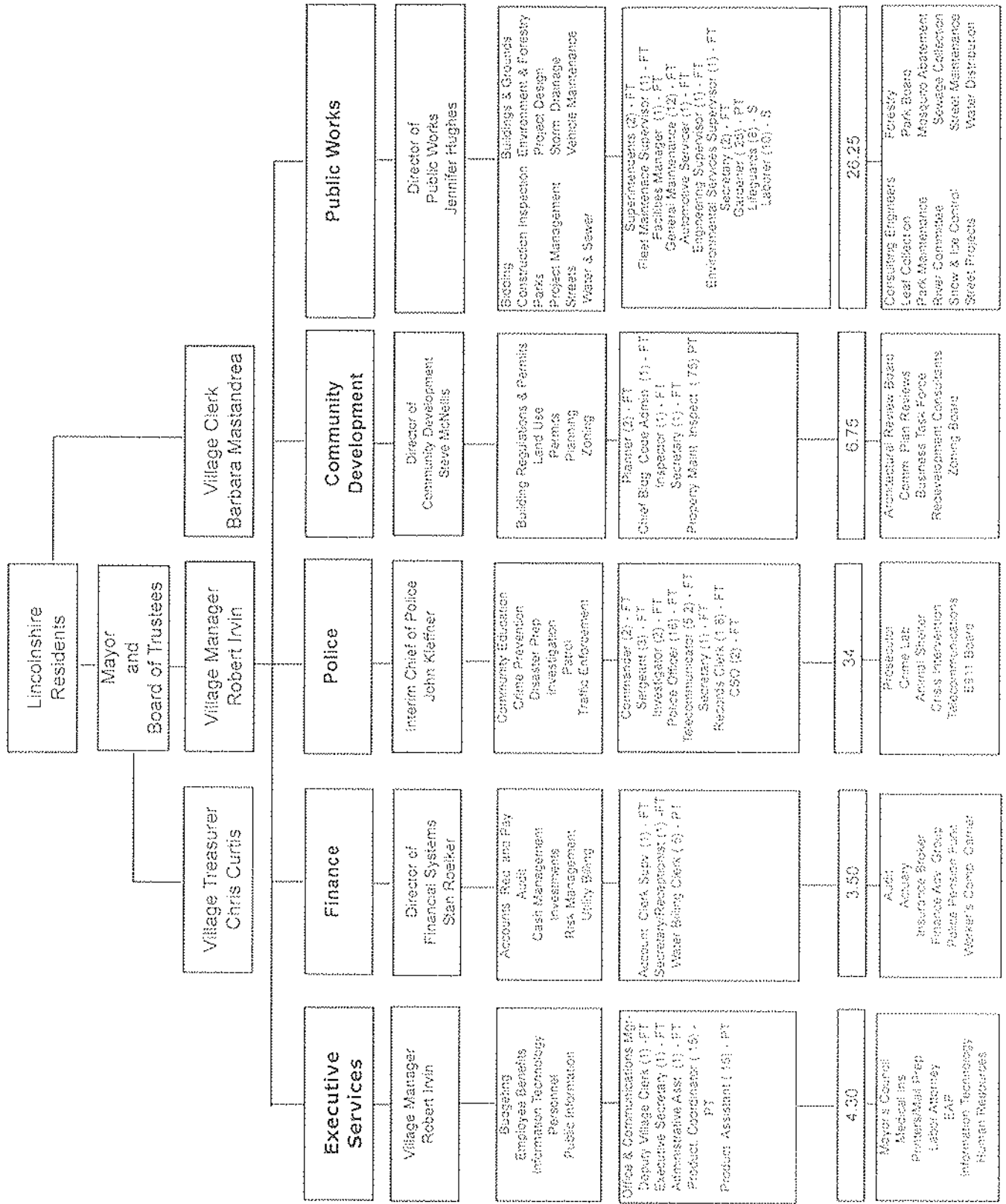
**EMERGENCY PLANNING (Police/Public Works - pages 72-76, 89-92 )**

Conduct annual exercises and evaluations of the Village's Emergency Response Plan.

**VILLAGE IDENTITY (Public Works - \$200,000 - pages 97-100)**

Implement the Corridor Identity Plan adopted in 2008 for landscape and hardscape improvements in the main transportation corridors in the Village including Route 22, Riverwoods Road, Milwaukee Avenue, Aptakisic Road and Olde Half Day Road.

VILLAGE OF LINCOLNSHIRE  
Organizational Chart (2011) - 74.8 FTEs\*



Department:

Department Manager:

Main Departmental Responsibilities:

Departmental Staffing Levels:

\* Full Time Equivalent Employees:

Department has Oversight of These Areas:

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**VILLAGE OFFICIALS**

<b>Village Board of Trustees</b>	<b>Term Expiration</b>
Mayor Brett Blomberg	2011
Trustee Tom McDonough	2011
Trustee Dan Servi	2011
Trustee Harry Walder	2011
Trustee Elizabeth Brandt	2013
Trustee Karen Feldman	2013
Trustee David Saltiel	2013
Village Clerk Barbara Mastandrea	2011
Village Treasurer Christopher Curtis	NA

**APPOINTED BOARDS**

**Architectural Review Board**

Michael McCall, Chairman	2012
Ramesh Gulate	2010
Roger Hardnock	2010
Sharon Wang	2010
Wes Grover	2012
Cherise Kennerly	2012
Peter Schlecht (Alternate)	2011

**Park Board**

Ken Borgerding, Chairman	2010
Ron Previn	2009
Ted Heiser	2009
Jamie Godshalk	2010
Lee Campbell	2012
Patricia Sanders	2012
Mara Grujanac	2013
Ken VanOverberghe (Alternate)	2011

**Police Pension Fund Board**

Steven Lee, President	2011
Patrick Quillinan	2011
Jamie Watson	2011
Mickey Herst	2012
Adam Hyde	2012

**Zoning Board**

Brian Manion, Chairman	2010
Brian Soifer	2011
Bill Rubenstein	2012
Gary Kalina	2014
Gerard Leider	2014
Michael Van de Kerckhove (Alternate)	2011

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**MANAGEMENT TEAM**

Robert L. Irvin  
Village Manager

Carol S. Marshall  
Office/Communications Manager

Stephen M. McNellis  
Director of Community Development

John Kleffner  
Interim Chief of Police

Stanley R. Roelker  
Director of Financial Systems

Jennifer M. Hughes  
Director of Public Works

**MANAGEMENT SUPPORT**

Candy Normandy, Secretary  
Finance

Gilda M. Jacobson, Secretary  
Police

Linda Jones, Secretary  
Community Development

Kimberly S. Jurco, Secretary  
Public Works

Cheryl R. Yost, Executive Secretary  
Executive Services





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## Financial Summary

The following pages summarize all revenues and expenditures of the Village through both number and graphic format. Revenues are listed for each of the ten funds maintained. Expenditures are summarized both by each fund and grouped by specific activity.

A summary of all expenditures and revenues can be found on pages 25-27 followed by a summary of available fund balances.

The remaining pages are devoted to the long-term debt and distribution of property tax dollars.

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