
Village of Lake Zurich, Illinois

Comprehensive Annual Financial Report



For Fiscal Year Ended

April 30, 2012

VILLAGE OF LAKE ZURICH, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2012

Prepared by Finance Department

Jodie K. Andrew
Finance Director/Treasurer

Maria Forrest
Assistant Finance Director

VILLAGE OF LAKE ZURICH, ILLINOIS
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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Village of Lake Zurich including:

- List of elected and Appointed Officials
- Organizational Chart
- Certificate of Achievement for Excellence in Financial Reporting
- Letter of Transmittal from the Finance Director and Treasurer

VILLAGE OF LAKE ZURICH, ILLINOIS

LIST OF ELECTED AND APPOINTED OFFICIALS

April 30, 2012

VILLAGE BOARD OF TRUSTEES

Suzanne K. Branding, Village President

Jeffrey M. Halen

Dana Rzeznik

Terry Mastandrea

Jonathan W. Sprawka

Thomas M. Poynton

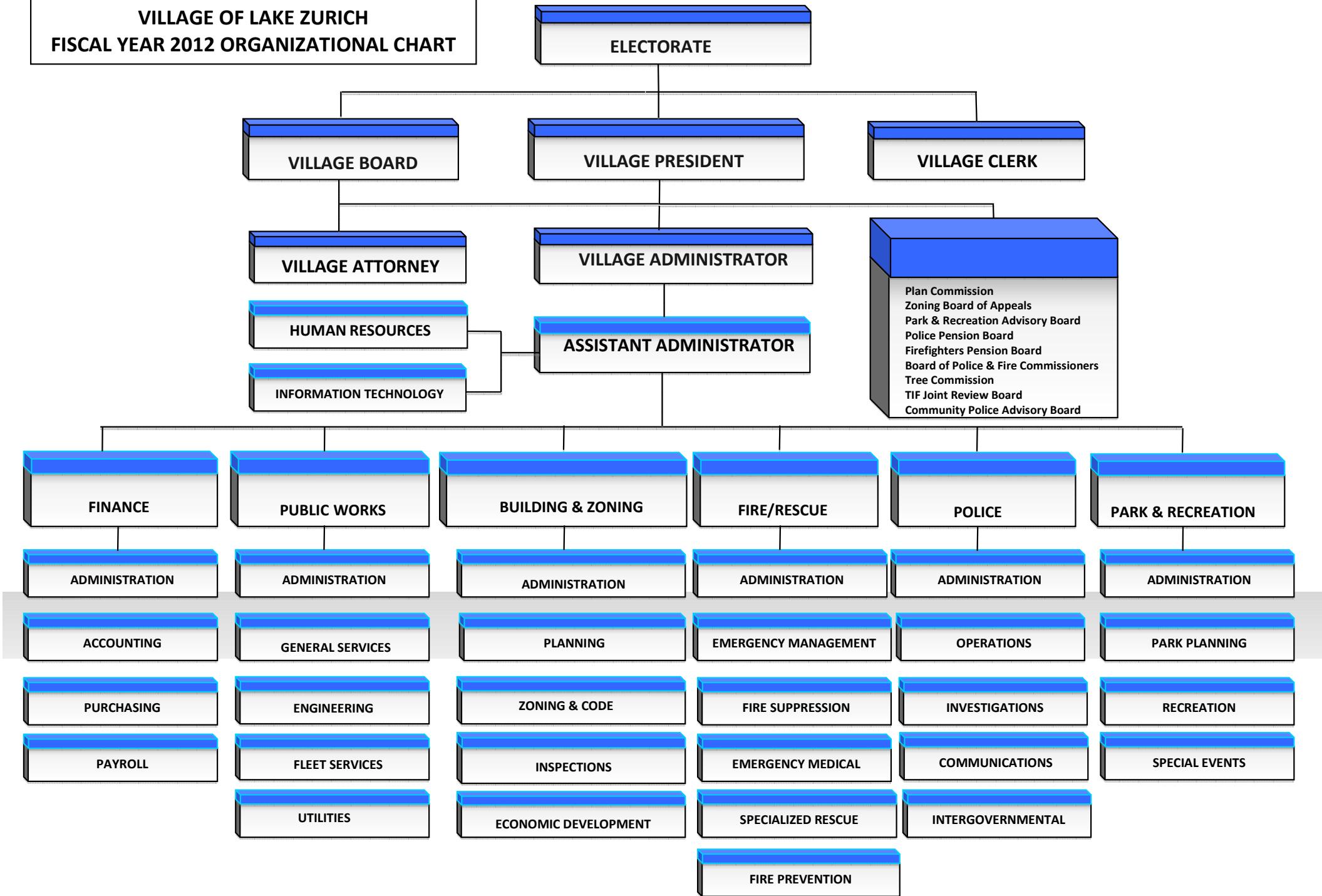
Richard C. Sustich

Kathleen Johnson, Village Clerk

Roy Witherow, Interim Village Administrator

Jodie K. Andrew, Finance Director/Treasurer

**VILLAGE OF LAKE ZURICH
FISCAL YEAR 2012 ORGANIZATIONAL CHART**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Lake Zurich
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey P. Emer

Executive Director

70 E. Main Street
Lake Zurich, IL 60047-3226



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October 8, 2012

The Honorable Suzanne Branding, Village President
Members of the Village Board of Trustees
Citizens of the Village of Lake Zurich, Illinois

The Finance Department is pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) of the Village of Lake Zurich, Illinois (the Village) for the fiscal year ended April 30, 2012. This report provides a broad view of the Village's financial activities for the 2012 fiscal year and its financial position at April 30, 2012. Although addressed to the elected officials and citizens of the Village, this report has a number of other users. Foremost among these other users are bondholders of the Village, financial institutions, credit rating agencies, educational institutions, and other government entities. Illinois statutes require that Illinois municipalities publish financial statements on an annual basis that are prepared in accordance with generally accepted accounting principles and are audited by independent accountants. In producing a CAFR, the Village of Lake Zurich has chosen to provide financial information that is significantly greater than that which is required under state law.

Responsibility for both the accuracy of the information presented in the CAFR as well as the completeness and fairness of the presentation, including all disclosures, rests with the Village. We believe that the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial affairs have been included.

Sikich LLP (Certified Public Accountants) has issued an unqualified ("clean") opinion on the Village's financial statements for the fiscal year ended April 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

The management of the Village has established a system of internal control that is designed to assure that the assets of the Village are safeguarded against loss, theft, or misuse. The system of internal control also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management.

This letter of transmittal should be read in conjunction with management's discussion and analysis to obtain the most complete assessment of the Village's current financial status and its future prospects.

Profile of the Government

The Village of Lake Zurich is located in southwestern Lake County approximately 37 miles northwest of downtown Chicago. The Village is an established residential community which traditionally served as a market center for surrounding rural areas and, earlier in the 20th century, as a popular summer resort. The population has increased by more than five times since 1960, as the Village has shared in the economic growth that has come from an expanding Chicago metropolitan area. Lake Zurich has developed into a community with above-average wealth and housing values, and a balanced tax and revenue base.

Settlers first came to the area in the 1830's. George Ela settled in the area of Deer Grove, not far from Cedar Lake (now Lake Zurich) in 1935. Seth Paine, a Chicagoan, came to the area in 1836, and built a number of commercial establishments in what is now downtown Lake Zurich. New England farmers and German immigrants followed, and the Village was incorporated on September 19, 1896.

The Village grew slowly after its incorporation. The Palatine and Lake Zurich and Wauconda Railroad was built in 1910, but the line was discontinued in 1920. Rand Road (now U.S. Route 12) was paved through town in 1922, and helped establish Lake Zurich, with its rural setting and 250-acre lake, as a summer resort community. The east-west State Route 22, which also runs through Lake Zurich, was constructed in 1927. Population growth accelerated after World War II, with the Village's population increasing from 850 in 1950 to 3,458 in 1960, and further to 4,082 in 1970, 8,225 in 1980, and 14,927 in 1990 (up 81.5% from 1980). The 2000 Census reported a population of 18,104 up 21.3% from 1990. The Village estimates its current population at 19,932. The land area of the Village is 6.9 square miles.

The Village's municipal neighbors include North Barrington to the west, Deer Park to the south, Kildeer to the southeast and east, and Hawthorn Woods to the north. Transportation links include U.S. Route 12 and State Route 22, and freight rail service by the CN Railroad. Commuter train service to Chicago is available in Barrington, five miles from Lake Zurich. O'Hare International Airport is approximately 30 miles from the Village.

The Village is a non-home rule community that operates under the management form of municipal government as provided in 65 ICLS 5. Lake Zurich is governed by a President and a six-member Board of Trustees. All are elected at an at-large basis in non-partisan elections to overlapping four year terms. The Board and President are charged with (among other things) setting policy, passing ordinances, adopting the budget and hiring the Village Administrator. In turn, the Village Administrator oversees the day-to-day operations of the Village.

Additional demographic information about the Village can be found in the statistical section of this report.

The Reporting Entity

This report includes all activities and functions of the Village that are under the jurisdiction of the Board of Trustees, as set forth in state and local law. There are two blended component units included in this report, those being the Police Pension Fund and the Firefighters' Pension Fund. These two pension plans are governed by separate boards, but the Village is obligated to fund the two plans based on actuarial valuations.

Accounting System and Budgetary Control

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Village's accounting records are generally maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available to liquidate obligations of the current period and expenditures are recorded when a liability is incurred that is expected to draw upon current financial resources. The modified accrual accounting records are the basis for assessing budgetary compliance. After the end of the year, the Village's management makes certain adjustments to the accounting records to permit the preparation of certain financial statements on the accrual basis of accounting to comply with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

The annual budget serves as the foundation for the Village's financial planning and control. It also serves as the legal authority to spend public funds. The Village Board has adopted the Budget Act for purposes of legally appropriating public funds. The Interim Village Administrator, now the Assistant Administrator, was designated by the Village Board as the Budget Officer. All departments submit their budget requests to the Village Administrator around January 1st of each year. The Director of Finance prepares an estimate of revenues to be received during the fiscal year. The Village Administrator, Director of Finance, and appropriate staff review all budget requests and revenue estimates and develop a proposed budget. The proposed budget is presented to the Village Board and a formal public hearing is held in April. By state law, the annual budget must be adopted by the Village Board prior to the first day of the fiscal year. The Budget Officer may approve the transfer of budgeted funds from one account to another, provided the two accounts are within the same object class and within the same department and fund. Any other amendments or increases to the annual budget may be done only by a two-thirds vote of the Village Board.

Factors Affecting Economic Condition

Local Economy: Like all other local governments, the Village of Lake Zurich has been strongly affected by the recent economic downturn which has caused declines in retail sales and property values compared to 2007. The 2011 Equalized Assessed Value for the Village has been set at \$839,863,132 which decreased from the prior year by approximately 3.7%. The unemployment rate in Lake County is 8.8% as of June, 2012, slightly lower than the Illinois rate of 9.3, and above the U.S. unemployment rate of 8.4%. Lake Zurich is primarily a white collar community and therefore the residents have been less affected by the loss of manufacturing jobs impacting other states and counties. Revenues are just starting to show modest increases, while expenditures continued to increase, especially in the areas of pension and health care costs.

Lake Zurich has a very strong retail sales tax base primarily located on the Rand Road Corridor. Sales tax revenue for the Village has remained relatively constant despite the recessionary economic condition. Adding to the sales tax revenue, the Village enacted a non-home rule sales tax of 0.5% effective July 1, 2011, which brought in just under \$1.5 million during this fiscal year. The village has a strong mix of retail superstores, such as Costco, Home Depot, Wal-Mart and Target which has helped in weathering the recession. The Village is also home to Peapod, a nationwide grocery delivery company. Peapod's sales have increased significantly the last five years and the Village has a sales tax sharing incentive with Peapod. Despite a strong sales tax base, the rising cost of operations limits the Village's ability to properly maintain and improve the citizens' investment in Village infrastructure. Village Management is continuously looking for ways to cut costs and/or increase revenues. However, a large proportion of the increasing costs are mandated by statute, regulatory agencies, and/or labor contracts.

The Village has fared relatively well regarding retaining businesses. The retail vacancy rate as of June 2012 was 10.36%, which is a dramatic improvement from the 13.18% reported at the end of June of 2011. During the past year, several new businesses located within Lake Zurich, including C&G Systems, Micromedic, Back To Bed, and MTech CNC Machinery. Many of the existing businesses completed expansions during the fiscal year, including Wal-Mart which converted their current location to a 24 hour Super Wal-Mart location and Echo Industries who completed a 127,000 sq. ft. expansion of their world-wide headquarters. Other expansions in the industrial park included Smalley Steel Ring and Termax. The new senior housing facility, Zurich Meadows, opened in January of 2012 and currently has occupancy of 91 of the 95 units and a waiting list for certain size units.

The Village is directly impacted by the financial condition of the State of Illinois. Due to the state's budget shortfall, shared revenue payments to the Village are no longer occurring on time. We are also closely monitoring the political environment in Springfield. Staff is concerned that leaders in the state government may consider removing money from the Local Government Distribution Fund in order to meet their obligations. Such a decision would further decrease the resources available to the Village and in turn the level of services we can provide our residents.

During the fiscal year, the Village collected its second year of utility tax revenues on gas and electricity. The annual total for this year was \$693,535. Only one month of revenue will be received for next fiscal year, as the tax sunsets on May 31, 2012. The purpose of the tax is to fund general operations, partially offsetting the increasing cost of funding the Police and Fire Pensions. For 2011 tax levy, the pension funding of almost \$2.6 million accounts for 33.76% of the total levy, up slightly from the 33.06% for the 2010 levy.

Long-term Financial Planning. The Village uses a number of processes and resultant planning documents to accomplish its financial planning. As discussed above, the Village adopts an annual budget. In addition to the strategic plan, the Village Board enacted budget guiding principles in February of 2012 to direct the future budgeting processes. Among other points, the principles stress transparency, sustainability and limited to no reliance on new revenue sources. Priorities will be given to items that 1) protect human health, 2) preserve private and public assets and 3) enhance the quality of life.

The Finance Department has developed five-year financial forecasts for funds, which are updated at least quarterly. These forecasts project revenues, expenditures, fund balance levels, and cash and investment levels. The forecasts are used for purposes of monitoring the long-term financial outlook of

the Village, determining available funding for the capital projects, and assisting the Village Administrator in setting budget goals for department directors.

Major Accomplishments and Initiatives

The fiscal year ended April 30, 2012 saw many accomplishments and major initiatives come to fruition, including:

- Despite an expected budgetary deficit of \$476,140 in the General Fund, the Village was able to report instead a surplus of \$1.9 million. This is due to both higher than expected revenues and lower than expected expenditures due to cost saving efforts and deferral of some expenditures.
- Service levels remain high amidst lower than expected expenditures. In addition to core services of police, fire and public works, community recreational programs were also maintained, such as beaches staffed with lifeguards and a Fourth of July festival, complete with fireworks.
- The Police Department received numerous grants and awards, including first place in the International Association of Illinois Chief of Police Illinois Traffic Safety Challenge. The department successfully ran campaigns to promote occupant restraint enforcement, crime prevention and roadside safety checks.
- The Fire Department also qualified for several grants, specifically support for the Local Community Emergency Response Team and a grant to purchase intravenous fluid coolers used in the care and treatment of patients recovering from cardiac arrest.
- The village received the Government Finance Officer Association's Distinguished Budget Presentation Award for the 2011/12 annual budget document. In order to receive this award, the government 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 device.
- Through active efforts, staff has reduced the total number and severity of workers compensations claims, resulting in lower premiums.

Some of the more significant initiatives planned for the 2012/13 fiscal year are as follows:

- Complete a comprehensive organizational analysis to balance the operating budget and maximize efficiencies.
- Continue to evaluate alternatives regarding improving the viability of the downtown area, particularly in the TIF district.
- Evaluate choices regarding water and sewer service delivery to residents.
- Develop a more formal capital improvement process to better plan for long term capital needs according to the strategic plan, available resources and requirements.
- Continue delivering high quality core services to the community while keeping costs minimized.
- Revising the industrial zoning regulations in the comprehensive plan to more accurately reflect twenty-first century trends.

Awards and Acknowledgements

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 of Lake Zurich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2011. This represented the twenty-fourth consecutive year that the Village has received this prestigious award. In

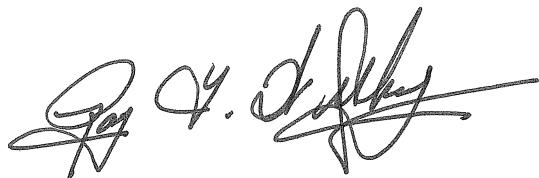
represented the twenty-fourth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. In particular, we would like to acknowledge the work of Maria Forrest, Assistant Director of Finance and Sylvia Liedtke, Accountant.

The Village President and Village Board of Trustees must be acknowledged and thanked for setting the highest standards of professionalism in the oversight and management of the Village's finances.

Respectfully submitted,



Roy T. Witherow
Assistant Village Administrator



Jodie K. Andrew, CPA
Director of Finance/
Village Treasurer

FINANCIAL SECTION

This section includes:

- Independent Auditor's Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Financial Statements and Schedules
- Supplemental Data

INDEPENDENT AUDITOR'S REPORT



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT

The Honorable President
Members of the Board of Trustees
Village of Lake Zurich, 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 Lake Zurich, Illinois, as of and for the year ended April 30, 2012, which collectively comprise the Village of Lake Zurich, Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Lake Zurich, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represent 92.54%, 100%, and 100%, respectively, of the assets, net assets, and additions of the fiduciary funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as it relates to the amounts included in the Pension Trust Funds, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to previously 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 Lake Zurich, Illinois, as of April 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Village of Lake Zurich, Illinois adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on the any of the Village of Lake Zurich, Illinois' governmental funds' assets or liabilities, nor was there any effect to the total amount of any of the Village of Lake Zurich, Illinois' governmental fund balances as of and for the year ended April 30, 2012.

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 and the other auditors 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Zurich, Illinois' basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, supplemental data 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 and schedules and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, 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 by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Naperville, Illinois
October 1, 2012

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

This section of the financial report is management's overview and analysis of the financial position and financial performance of the Village of Lake Zurich for the fiscal year ended April 30, 2012. It should be read along with the transmittal letter and financial statements for the most complete understanding of the Village of Lake Zurich's financial activities for the year.

FINANCIAL HIGHLIGHTS

- Total assets of the village exceeded liabilities by \$111,950,880.
- Total net assets of the village increased \$2,512,953. Governmental net assets increased by \$2,396,894 and Business-Type Activities net assets increased by \$116,059.
- Combined revenues totaled \$35,261,304, an increase of 12.2% from the preceding year.
- Overall expenses totaled \$33,456,745, an increase of 3.37% from the preceding year.
- General Fund reported revenues exceeded expenditures resulting in a net increase in fund balance of \$1,928,681. Total fund balance in the General Fund was \$7,273,103 at April 30, 2012. Unrestricted fund balance in the General Fund totaled \$5,382,483, representing 23.65% of total General Fund expenditures for the current fiscal year and 21.39% of the 2012/13 fiscal year's budget for expenditures.
- The Village's Waterworks and Sewerage Fund reported net assets increasing \$8,750 from operations and donations and an additional \$107,309 as a prior period adjustment for water billing, resulting in an overall increase to net assets compared of \$116,059.
- Total short and long-term debt decreased \$1,275,036 to \$42,035,590 outstanding as of April 30, 2012, including bonded debt and other long term liabilities, such as compensated absences and capital leases. Bonded debt alone decreased \$1,707,017 to \$36,402,971 outstanding as of April 30, 2012.
- Capital assets, net of accumulated depreciation, as of April 30, 2012 amounted to \$128,446,260. Assets capitalized include land, buildings and related improvements, machinery and equipment and infrastructure.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with generally accepted accounting principles, the village presents its financial statements so as to offer two perspectives of its financial position and results of operation. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the village for specific purposes. The focus of the fund statements is on major funds. Both perspectives (government-wide and major fund) address likely user questions, provide a broad basis for comparison, and enhance the village's accountability.

Government wide statements

The government-wide statements are intended to provide a view of the financial position and operations of the Village of Lake Zurich in a manner similar to the private sector. These statements provide a long-term view of the financial position of the Village of Lake Zurich. The *Statement of Net Assets* reflects all of the Village's assets, liabilities, with the net difference between the two reported as net assets. Over time, the change in net assets may serve as a useful indicator to reflect the improving or deteriorating position of the Village.

The government-wide *Statement of Activities* reflects the change in Village net assets for the current year. These activities are reported on a full accrual basis. Thus revenues and expenses are recorded as they are incurred, regardless of when cash flow is affected. Both the *Statement of Net Assets* and the *Statement of Activities* include the Village's governmental and business-type activities.

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

Governmental activities encompass general government, public safety, highways and streets, parks and recreation and economic development. In general, taxes and intergovernmental revenues support governmental funds. The business-type activities of the Village consist of water and wastewater operations, which are funded primarily from user fees. Revenues generated from water and sewer operations are intended to cover all or a significant amount of total costs.

The government-wide financial statements can be found on pages 3-5 of this report.

Fund Financial Statements

The Village of Lake Zurich utilizes fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with specific financial and legal requirements. The Village of Lake Zurich has three fund types; governmental, proprietary and fiduciary.

Governmental funds

Governmental funds included in the fund financial statements are fundamentally the same as those reflected in the government-wide statements. The major difference is that the fund statements focus almost entirely on the short-term with emphasis on fiscal responsibility with relation to the current budgetary year. As such, the statements are prepared on the modified accrual basis. A reconciliation provided on the face of the governmental fund financial statements provides those items that were used to convert the fund modified accrual basis to the governmental-wide full accrual basis.

The Village of Lake Zurich has ten (10) governmental funds to account for its governmental functions. Of these funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, TIF Tax Allocation Fund, Debt Service Fund, TIF Debt Service Fund, Capital Improvements Fund and the Downtown TIF Fund, all of which are considered to be "major" funds. The purposes of these major funds are as follows:

The General Fund is the general operating fund for the Village and is utilized to account for all activity that is not accounted for in another fund.

The TIF Tax Allocation Fund accounts for all restricted revenues and transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act.

The Debt Service Fund accounts for the accumulation of restricted financial resources to pay principal and interest for general obligation bond issues, including the debt generated by the establishment of the Tax Increment Financing District.

The TIF Debt Service Fund accounts for the accumulation of restricted financial resources to pay principal and interest expenses generated related to the Tax Increment Financing District.

The Capital Improvements Fund accounts for the financial resources used for the acquisition and construction of capital projects. This fund includes street construction costs financed by the motor fuel tax allocation and park and recreation facility improvements financed by park donations, grants and contributions.

**VILLAGE OF LAKE ZURICH
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The Downtown TIF Capital Projects Fund captures all the costs and restricted revenue associated with the construction and improvements to the TIF district.

Data from the other four (4) funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

Budgetary comparisons are included at the fund level in the basic financial statements. The basic governmental fund financial statements can be found on pages 6 through 11 of this report.

Proprietary Funds

The Village of Lake Zurich maintains one proprietary fund – the Waterworks and Sewerage Fund. This proprietary fund is categorized as an enterprise fund, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. As proprietary funds are reported on a full accrual basis, the Village of Lake Zurich fund statements for its Waterworks and Sewerage fund mirror the government-wide statements.

The basic proprietary fund financial statements can be found on pages 12 through 15 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Hence, fiduciary funds are not included in the government-wide statements, as their resources are not available to support the Village's own programs. The Village of Lake Zurich has three fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and the Performance Escrow Fund. Like proprietary funds, fiduciary funds are accounted for on a full accrual basis.

The basic fiduciary fund statements can be found on pages 16 and 17 of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are on pages 18 through 57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Included in this report is a budgetary comparison statement for the General Fund and the special revenue funds, as well as information regarding the Village's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information is available on pages 58 through 64.

Amendments to Budget

Amendments to the budget are made throughout the year. The Village Administrator, as Budget Officer, is authorized to implement a budget transfer between accounts within the same object class, provided it is within the same department and fund. Numerous transfers were authorized by the Budget Officer during the year. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board. The Village Board approved various amendments to the budget on December 19, 2011, February 6, 2012 and on February 21, 2012.

**VILLAGE OF LAKE ZURICH
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In total, the budget for revenues and expenditures was increased by \$41,500 to account for unplanned reimbursement revenue and corresponding expenses regarding property and liability insurance claims. Other amendments produced a net effect on revenues and expenditures, reallocating funds from one expenditure account to another. \$240,000 was reallocated from the contingency account in the General Fund Administration budget to the Fire department to fund salaries and overtime. In the Waterworks and Sewerage Fund, \$55,000 was reallocated to fund lift station improvements from the electricity accounts.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The combined net assets for the fiscal year ended April 30, 2012 totaled \$111,950,880 and consisted of positive net assets from both governmental activities and business-type activities of \$69,603,922 and \$42,346,958 respectively. Following is a table that shows total net assets of the Village as of April 30, 2012 with a comparison to the preceding fiscal year.

Statement of Net Assets
As of April 30, 2012 and 2011

	Governmental Activities	Business-type Activities	Total Village Wide		
Category	4/30/2012	4/30/2011	4/30/2012	4/30/2011	4/30/2012
Current and other assets	\$ 36,623,589	\$ 32,808,441	\$ 1,774,322	\$ 3,100,466	\$ 38,397,911
Capital assets	81,894,696	82,101,869	46,551,564	46,953,937	128,446,260
Total assets	118,518,285	114,910,310	48,325,886	50,054,403	166,844,171
Current and other liabilities	12,575,541	11,270,847	1,990,583	2,981,341	14,566,124
Long-term liabilities	36,338,822	36,432,435	3,988,345	4,842,163	40,327,167
Total liabilities	48,914,363	47,703,282	5,978,928	7,823,504	54,893,291
Net assets*:					
Invested in capital assets, net of related debt	76,652,153	80,013,336	41,753,593	40,968,949	118,405,746
Restricted	17,592,724	3,222,374	-	-	17,592,724
Unrestricted	(24,640,955)	(16,028,682)	593,365	1,261,950	(24,047,590)
Total net assets	\$ 69,603,922	\$ 67,207,028	\$ 42,346,958	\$ 42,230,899	\$ 111,950,880
					\$ 109,437,927

*Net Assets for Governmental Activities FYE 2011 has been restated to redistribute funds properly between the net assets categories.

The Village's investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets still outstanding, is by far the largest portion of the Village's net assets. As of April 30, 2012, capital assets net of related debt totaled \$118,405,746. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Some significant changes have been implemented to the distribution of net assets, affecting the governmental activities. The village adopted a new fund balance policy in order to comply with the Governmental Accounting Standard's Board (GASB) statement 54 relating to net asset categorization. As

**VILLAGE OF LAKE ZURICH
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a result, the governmental activity's restricted assets have increased considerably, with a large shift of funds from Unrestricted to Restricted for Tax Increment Financing net assets. For fiscal year end April 30, 2012, this amounts to \$12.5 million. A second change was in the calculation of invested in capital assets, net of related debt. The TIF debt no longer affects that calculation, which has inflated the capital asset number and drastically reduced the unrestricted category to a negative \$24.6 million. Both of these categories have been adjusted for the prior fiscal year shown as well for comparability purposes.

For the business-type activities, total net assets increased by \$116,059. Non-capital assets (cash, investments, receivables, etc.) decreased by \$1.7 million and total liabilities decreased \$1.8 million, primarily for the scheduled debt payments.

During the current fiscal year, total net assets of the Village increased by \$2,512,953. A more detailed explanation of the change in net assets of the governmental activities and business-type activities is provided below.

Statement of Activities

The following summarizes the changes in the Village's net assets for the fiscal year ended April 30, 2012:

**Change in Net Assets
For the Fiscal Years Ended April 30, 2012 and 2011**

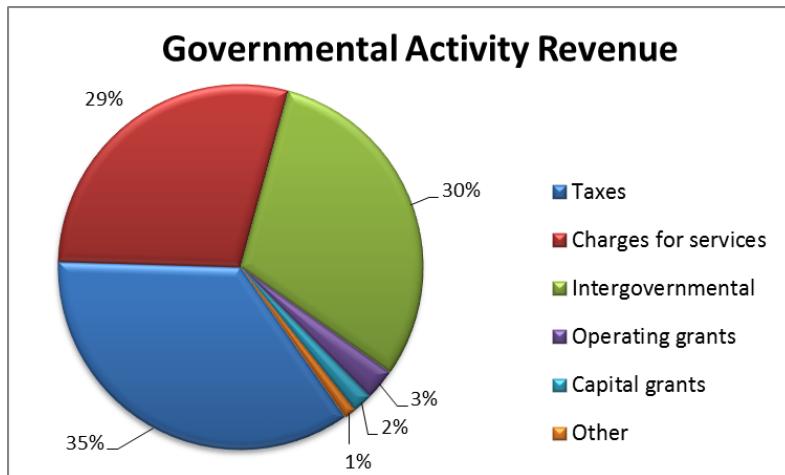
Category	Governmental Activities		Business-type Activities		Total Village Wide	
	4/30/2012	4/30/2011	4/30/2012	4/30/2011	4/30/2012	4/30/2011
Revenues:						
Program revenues:						
Charges for services	\$ 8,798,507	\$ 7,445,246	\$ 3,682,437	\$ 3,716,174	\$ 12,480,944	\$ 11,161,420
Operating grants	835,918	-	-	-	835,918	-
Capital grants	537,892	1,718,995	989,110	-	1,527,002	1,718,995
General revenues:						
Taxes	10,762,405	10,667,029	-	-	10,762,405	10,667,029
Intergovernmental	9,321,002	7,687,997	-	(11,706)	9,321,002	7,676,291
Investment earnings	86,173	48,447	10,873	3,859	97,046	52,306
Other	236,987	149,873	-	-	236,987	149,873
Total revenues	30,578,884	27,717,587	4,682,420	3,708,327	35,261,304	31,425,914
Expenses:						
General Government	3,074,208	3,396,022	-	-	3,074,208	3,396,022
Public Safety	17,950,169	16,529,348	-	-	17,950,169	16,529,348
Highways and Streets	4,439,375	4,021,341	-	-	4,439,375	4,021,341
Parks and Recreation	1,347,279	1,332,039	-	-	1,347,279	1,332,039
Economic Development	926,436	1,098,934	-	-	926,436	1,098,934
Interest on long-term debt	1,045,608	1,233,206	-	-	1,045,608	1,233,206
Water/Sewer	-	-	4,673,670	4,753,896	4,673,670	4,753,896
Total expenses	28,783,075	27,610,890	4,673,670	4,753,896	33,456,745	32,364,786
Excess/(deficit) before transfers	1,795,809	106,697	8,750	(1,045,569)	1,804,559	(938,872)
Transfers	-	500,000	-	(500,000)	-	-
Change in net assets	1,795,809	606,697	8,750	(1,545,569)	1,804,559	(938,872)
Beginning net assets	67,207,028	66,600,331	42,230,899	43,776,468	109,437,927	110,376,799
Prior Period Adjustment	601,085	-	107,309	-	708,394	-
Ending net assets - April 30	69,603,922	67,207,028	42,346,958	42,230,899	111,950,880	109,437,927

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

Governmental Activities

As is typical for governmental activities of local governments, program revenues cover a smaller percentage of program expenses, with general revenues covering the majority of expenses. For 2011/12, governmental program expenses of \$28,783,075 exceeded program revenues of \$10,172,317 by \$18,610,758. General revenues made up all of the deficiency. The following graph indicates the breakdown of 2011/12 revenues by type.



Total revenues of \$30,578,884 increased from last year by approximately ten percent, or \$2,861,297. While a few revenue sources decreased from the prior year (e.g.: fines and forfeits, motor fuel tax and TIF increment revenue), other notable revenue sources outperformed last year, such as cable franchise fees, hotel tax and the local share of the state's income tax and of the state sales tax. The Village also enacted a non-home rule sales tax effective July 1, 2011, which brought in \$1,497,214 in new revenue during the fiscal year to be used for capital project needs.

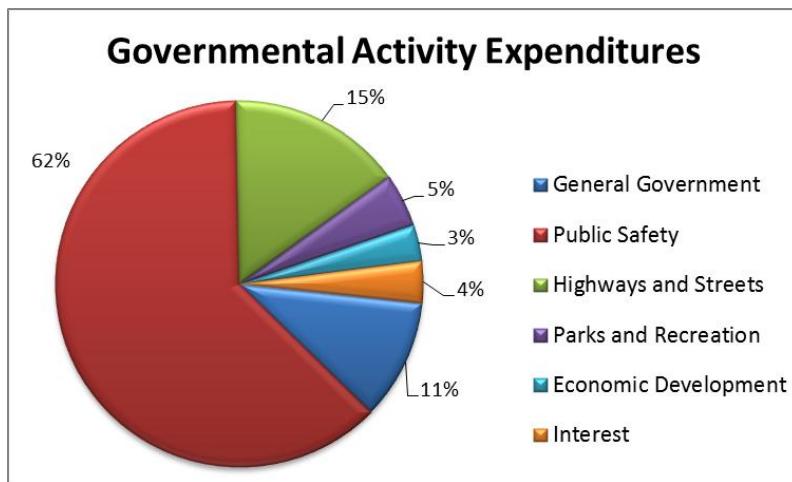
Telecommunications tax, which has been unpredictable in the past few years, increased slightly over the past year. Formerly allocated solely to the Capital Improvements Fund, revenues for this fiscal year were allocated between the Capital Improvements Fund and the General Fund to help offset operational costs. In their place, the Capital Improvement Fund received funding from both the MFT fund and the Non-Home Rule Sales Tax Fund.

Sales tax revenue was up approximately \$85,000 from last year, about 1.5% increase. Lake Zurich's mix of retailers has weathered the recession better than localities that are selling more luxury or specialty products. Revenue from the Fire Protection District is up about \$500,000; however the increase corresponds to additional expenditures in the fire department as the District reimburses the village for approximately 49% of fire department expenditures. Charges for Services make up nearly 30% of the village's governmental revenue. Charges for services increased by \$1,353,261, mostly due to the increase from the fire protection district mentioned above and charges for dispatch services.

Governmental activity expenditures represent the costs to operate the village core services, excluding the water and sewer service. The following pie chart shows the breakdown of governmental expenditures by activity.

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As previously mentioned, expenses associated with governmental activities increased about \$1.1 million, or 3.4%, from the preceding year. By far the most significant category of expenditures relate to public safety, which totaled \$17,950,169. This represents an increase of 8.6%, or \$1,420,821 from the previous year. Expenditures for salaries (full-time, part-time and overtime) increased about \$318,000 (3.28%) to \$10 million and accounts for 58% of the public safety expenditures. There was an increase in sworn pension cost of approximately \$667,000, up to just under \$2.5 million, representing 14% of public safety expenditures.

Business Type Activities

For business-type activities, net assets increased a total of \$116,059. Program expenses of \$4,673,670 exceeded program revenues of \$4,671,547 by \$2,123, mostly due to capital grants and proceeds in the amount of \$989,110 for the Route 12 Force Main Grant and contributed infrastructure of \$509,110 from the Coventry Creek development. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1,649,345, which is not budgeted.

Revenues associated with business-type activities totaled \$4.7 million, an increase of \$1 million, or 26% from the preceding year due to the grant proceeds and capital contributions mentioned above. Charges for services decreased \$33,737, or 0.91% to \$3.7 million. This is primarily attributable to lower volume of connection fees. Last fiscal year, the Zurich Meadows project generated \$331,000 in connection fees alone. This year, total connection fees were only \$156,757.

Business-type expenses were also down compared to the prior fiscal year, decreasing from \$4,753,896 to \$4,673,670, a drop of about \$80,000. This is partial due to the elimination of the operating transfer from the water fund to the general fund, formerly used to offset operations. No such transfer was made this fiscal year.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental Funds

As noted earlier, the focus of fund reporting is the short-term inflow and outflow of expendable resources. Fund balance is a useful indicator in assessing available resources with respect to meeting future obligations.

At April 30, 2012, governmental funds reported combined fund balances of \$24,882,882. Of this amount, \$5,000,926 is unreserved and is available for future obligations. The largest amount of fund balance,

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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\$17.9 million, is restricted. \$12.9 is restricted for Tax Increment Financing purposes, most of which is land held for resale. \$1.8 million is restricted for future payments related to noise mitigation along the CN railway tracks. Another \$1.4 million is restricted for capital projects and \$791,581 for debt service. The remainder of restricted funds relate to special recreation, public safety, highway and streets and a small amount for tourism, generated by the hotel tax.

The General Fund is the Village's primary operating fund. For the fiscal year ended April 30, 2012, fund balance in the General Fund increased by \$1,928,681 from current year activities and an additional \$182,746 in prior period adjustments. The increase in fund balance is a combination of increased revenues of approximately \$1.5 million compared to an increase in expenditures of approximately \$352,000. The prior period adjustments are comprised of accounting corrections relating to revenue recognition on major revenue sources as well as an accounting correction to reduce reserves related to insurance. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$7,273,103.

The Debt Service Fund has a positive fund balance of \$791,581 that is restricted entirely for the payment of future debt service, similar to the \$588,020 in the TIF Debt Service Fund. The Capital Improvements fund balance decreased \$601,134 to \$3,150,868 and will be used for street and park improvements. The reserve of \$1,858,736 is earmarked for noise mitigation related to the CN rail. The Downtown TIF fund balance of \$11,965,967 is earmarked exclusively to fund improvements to the downtown TIF district and includes reserve fund balance for and capitalized interest proceeds.

Proprietary Funds

The focus for the proprietary fund at the fund level is synonymous with that found at the government-wide level. Reporting is on a full-accrual basis with short-term and long-term emphasis on financial data. The Waterworks and Sewerage Fund is the sole proprietary fund for the Village of Lake Zurich. This fund records all financial activity relating to the municipality's water and sewer operations. The Waterworks and Sewerage Fund provides the same type of information in the government-wide financial statements reflected as "Business-type" activities, but in more detail.

At April 30, 2011, net assets of the proprietary fund totaled \$42,346,958. Cash and investments at April 30, 2012 totaled \$937,263, a decrease of \$1,358,327. Operating revenues increased \$262,744 (8%) over the previous year to \$3,525,680. Revenue from water and sewer billings increased 6.9% from the prior year. There was a 25% rate increase to the Lake Zurich portion of water bills that took effect January 1, 2012, but there was a 1.25% reduction in water consumption during the year. Operating expenses (including depreciation) of \$4,508,853 were 1% lower than the previous year.

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced solid growth in the fiscal year ended April 30, 2012. Combined, the funds reported a \$3,322,713 increase in net assets, with investment earnings net related expenses of \$1,224,468 (approximately 5%). Cash and investments totaled \$27,459,435 as of April 30, 2012.

GENERAL FUND HIGHLIGHTS

Amendments to Budget

As mentioned earlier, amendments to the budget are made throughout the year. The Interim Village Administrator, as Budget Officer, is authorized to implement a budget transfer between accounts within the same object class, provided it is within the same department and fund. Budget transfers between

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

object classes and any increases or decreases to the total budget must be approved by the Village Board. The Village Board approved various amendments to the budget on December 19, 2011, February 6, 2012 and on February 21, 2012. The only amendment affecting General Fund was on February 6, 2012, where funds were reallocated from one expenditure account to another, without increasing the total budget. \$240,000 was reallocated from the contingency account in the General Fund Administration budget to the Fire department to fund salaries and overtime.

Change in Fund Balance

When the original budget was adopted in April of 2011, a deficit of \$476,140 was expected for the General Fund. As staff worked to reduce or delay expenditures and revenues continued to increase, the year-end results reflect a significant surplus. Fund Balance for General Fund showed a healthy increase of \$1.9 million. Revenues and other financing sources came in at \$24.7 million for the year, \$701,000 more than the original budget and revised budget. Expenditures and other financing uses totaled \$22.8 million, which was \$2.5 million less than the original budget and \$1.7 million less than the revised budget. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended April 30, 2011.

General Fund Budgetary Highlights
Fiscal Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
Revenues & Other Financing Sources			
Taxes	\$ 7,981,962	\$ 7,981,962	\$ 7,909,415
Licenses and permits	552,250	550,500	598,732
Intergovernmental	7,874,250	7,874,250	8,397,435
Charges for services	6,124,760	6,126,510	6,170,629
Fines and forfeits	911,288	911,288	762,168
Other revenue	1,386,850	540,555	847,649
Sub-total revenues	\$ 24,831,360	\$ 23,985,065	\$ 24,686,028
Other financing sources	61,774	61,774	61,774
Total Revenues and Other Financing Sources	\$ 24,893,134	\$ 24,046,839	\$ 24,747,802
Expenditures and Other Financing Uses			
General government	\$ 4,201,017	\$ 3,114,422	\$ 2,978,971
Public safety	17,980,107	18,221,107	17,184,405
Highways and streets	1,881,238	1,880,538	1,491,661
Culture and recreation	1,220,352	1,220,352	1,086,760
Economic development	24,786	24,786	15,550
Sub-total expenditures	\$ 25,307,500	\$ 24,461,205	\$ 22,757,347
Other financing uses	61,774	61,774	61,774
Total Expenditures and Other Financing Sources	\$ 25,369,274	\$ 24,522,979	\$ 22,819,121
Change in Fund Balance	\$ (476,140)	\$ (476,140)	\$ 1,928,681

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$129,055,806 at April 30, 2012. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 12	FYE 11	FYE 12	FYE 11	FYE 12	FYE 11
Land and Improvements	\$ 33,998,983	\$ 34,155,424	\$ 249,652	\$ 249,652	\$ 34,248,635	\$ 34,405,076
Building and Improvements	9,024,392	9,319,155	-	-	9,024,392	9,319,155
Machinery & Equipment	2,318,865	2,424,867	511,963	369,619	2,830,828	2,794,486
Infrastructure	36,552,456	36,202,423	45,789,949	46,334,666	82,342,405	82,537,089
Total	\$ 81,894,696	\$ 82,101,869	\$ 46,551,564	\$ 46,953,937	\$ 128,446,260	\$ 129,055,806

Capital additions for the year totaled \$2,953,336 and included the following major additions:

- \$35,681 on Land and Improvements, for the demolition of property within the TIF district.
- \$144,590 on Vehicles, for a utility interceptor and four (4) utility trucks for use by the water and sewer fund, police and general services.
- \$170,384 on Machinery and Equipment, for automatic meter reading devices for water services.
- \$1,556,456 on Infrastructure (Governmental), for the annual street resurfacing program and donated infrastructure within Coventry Creek.
- \$1,046,225 on Infrastructure (Business-type), for water and sewer infrastructure improvements specifically the Route 12 sanitary force main and additional donated infrastructure within Coventry Creek.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 33 and 34.

DEBT ADMINISTRATION

During the fiscal year, bonded debt was reduced by \$1,707,017. One small issuance of \$471,000 was issued on a short-term basis and was repaid before the end of the fiscal year. No new long-term debt was issued. Outstanding long-term debt at April 30, 2012 is as follows:

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 12	FYE 11	FYE 12	FYE 11	FYE 12	FYE 11
General Obligation Bonds	\$ 3,455,000	\$ 3,815,000	\$ -	\$ -	\$ 3,455,000	\$ 3,815,000
TIF Alternate Revenue Bonds	7,915,000	8,045,000	1,665,000	2,690,000	9,580,000	10,735,000
TIF Revenue Bonds	20,235,000	20,265,000	-	-	20,235,000	20,265,000
IEPA Loan	-	-	3,132,971	3,294,988	3,132,971	3,294,988
Bonded Debt Total	31,605,000	32,125,000	4,797,971	5,984,988	36,402,971	38,109,988

On March 24, 2012, Standard & Poor's reaffirmed the Village's bond rating as a stable AA rating. The stable outlook reflects Standard & Poor's expectation that the Village will gradually build strong reserves, despite some dependency on economically sensitive revenues, as it carries out its major downtown redevelopment plans. The Village's participation in the deep and diverse Chicago metropolitan area economy provides further stability to the rating.

**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village is directly impacted by the financial condition of the State of Illinois. Shared revenue payments to the Village are no longer occurring on time. The State owes the Village over \$2 million in combined shared revenue as of April 30, 2012. The political environment in Springfield is being closely monitored for legislation that could reduce the shared revenue, and in turn impact the level of service to the residents.
- The Illinois Department of Revenue has certified the CPI used for calculating the Villages Tax Levy to be 1.5%. It is anticipated the CPI increase along with the value of new construction will bring in approximately \$160,000 of new revenue.
- The Village will continue to monitor the residential housing market during fiscal year 2012. Downtown redevelopment is predicated on residential and commercial development. Past agreements have been terminated due to lack of viability and/or progress in the current market conditions. Village management continues to work with an outside consultant to develop and execute a plan of action for the Downtown TIF. Village management is looking at all options available in this economic arena instead of focusing on one developer with one master plan. It is anticipated that incremental revenues from the 2011 levy will be lower than the past few years, increasing the sense of urgency on development to fund the debt service payments and to provide the residents with a viable downtown district that they can take pride in.
- Final negotiated rates for salary and benefits for union employees, as well as marginal increases for non-union employees will increase funding requirements for personnel in the upcoming fiscal year budget and into the future. No union contracts are currently expired, aiding in forecasting of salary and benefit expenditures. The ability of the Village to meet increased public safety obligations concurrent with increased insurance costs will have an impact on available financing.
- For the fiscal year ending April 30, 2013, the village board has passed a bridge budget, with approximately \$1 million in unsustainable cuts. The village board has directed staff to undertake an organization analysis for expenditure cuts and revenue enhancements. The village board will be reviewing the analysis to determine critical, long-term changes for future fiscal years.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. As noted under budgetary highlights, the Village has increased its governmental fund balance by \$2,396,894. At April 30, 2012 the fund balance of the General Fund was 23.65% of total expenditures.

The Water/Sewer Fund had cash and investments of \$937,263 at April 30, 2012. The fund also had unrestricted net assets of \$593,365. Unrestricted net assets have dropped to 13% of operating expenses. The Village conducted a rate study to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund. The Board approved a 25% increase effective January 1, 2012 and has tentatively agreed to another increase during fiscal year 2012/13 to be decided upon further analysis.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Lake Zurich's financial position and activities for the fiscal year ended April 30, 2012. Questions and requests for additional information should be directed to the Finance Director, Village of Lake Zurich, 70 E. Main Street, Lake Zurich, Illinois 60047.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and investments	\$ 9,224,520	\$ 937,263	\$ 10,161,783
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	8,963,930	-	8,963,930
Accounts	2,052,477	698,376	2,750,853
Accrued interest	10,303	689	10,992
Due from other governments	2,711,013	-	2,711,013
Deposits	-	2,000	2,000
Prepays	1,012,792	-	1,012,792
Inventory	1,456	135,994	137,450
Unamortized bond issuance costs	303,165	-	303,165
Inventory - land held for resale	12,343,933	-	12,343,933
 Total current assets	 36,623,589	 1,774,322	 38,397,911
NONCURRENT ASSETS			
Capital assets not being depreciated	30,463,170	249,652	30,712,822
Capital assets (net of accumulated depreciation)	51,431,526	46,301,912	97,733,438
 Total noncurrent assets	 81,894,696	 46,551,564	 128,446,260
 Total assets	 118,518,285	 48,325,886	 166,844,171
LIABILITIES			
Accounts payable	644,633	1,042,655	1,687,288
Accrued payroll	492,053	32,588	524,641
Accrued interest payable	308,733	48,182	356,915
Unearned revenues	10,300,857	-	10,300,857
Noncurrent liabilities			
Due within one year	829,265	867,158	1,696,423
Due in more than one year	36,338,822	3,988,345	40,327,167
 Total liabilities	 48,914,363	 5,978,928	 54,893,291
NET ASSETS			
Investment in capital assets, net of related debt	76,652,153	41,753,593	118,405,746
Restricted for			
Special Recreation	165,319	-	165,319
Public Safety	329,701	-	329,701
TIF	12,553,987	-	12,553,987
Debt Service	791,581	-	791,581
Noise Mitigation	1,858,736	-	1,858,736
Capital Projects	1,378,684	-	1,378,684
Highways and Streets	328,739	-	328,739
Tourism	185,977	-	185,977
Unrestricted	(24,640,955)	593,365	(24,047,590)
 TOTAL NET ASSETS	 \$ 69,603,922	 \$ 42,346,958	 \$ 111,950,880

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2012

FUNCTIONS/PROGRAMS PRIMARY GOVERNMENT	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental Activities				
General government	\$ 3,074,208	\$ 838,464	\$ 14,042	\$ -
Public safety	17,950,169	6,844,127	81,429	-
Highways and streets	4,439,375	439,467	740,447	449,563
Culture and recreation	1,347,279	676,449	-	-
Economic development	926,436	-	-	88,329
Interest	1,045,608	-	-	-
Total governmental activities	<u>28,783,075</u>	<u>8,798,507</u>	<u>835,918</u>	<u>537,892</u>
Business-Type Activities				
Waterworks and sewerage	4,673,670	3,682,437	-	989,110
Total business-type activities	<u>4,673,670</u>	<u>3,682,437</u>	<u>-</u>	<u>989,110</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 33,456,745</u>	<u>\$ 12,480,944</u>	<u>\$ 835,918</u>	<u>\$ 1,527,002</u>

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
\$ (2,221,702)	\$ -	\$ (2,221,702)	
(11,024,613)	-	(11,024,613)	
(2,809,898)	-	(2,809,898)	
(670,830)	-	(670,830)	
(838,107)	-	(838,107)	
(1,045,608)	-	(1,045,608)	
			(18,610,758)
			(2,123)
			(2,123)
			(18,610,758)
			(2,123)
			(18,612,881)
General Revenues			
Taxes			
Property	9,060,819	-	9,060,819
Utility	639,535	-	639,535
Telecommunications	1,055,231	-	1,055,231
Other	6,820	-	6,820
Intergovernmental			
Replacement	57,242	-	57,242
Sales	7,375,471	-	7,375,471
Local use	286,374	-	286,374
Shared income tax	1,601,915	-	1,601,915
Investment income	86,173	10,873	97,046
Miscellaneous	236,987	-	236,987
Total	20,406,567	10,873	20,417,440
CHANGE IN NET ASSETS			
	1,795,809	8,750	1,804,559
NET ASSETS, MAY 1, AS PREVIOUSLY STATED	67,207,028	42,230,899	109,437,927
Prior period adjustment	601,085	107,309	708,394
NET ASSETS, MAY 1, RESTATED	67,808,113	42,338,208	110,146,321
NET ASSETS, APRIL 30	\$ 69,603,922	\$ 42,346,958	\$ 111,950,880

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2012

	General	TIF Tax Allocation	Debt Service
ASSETS			
Cash and investments	\$ 2,596,385	\$ 10	\$ 791,598
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	6,572,156	-	1,040,389
Accounts	1,992,605	7,280	-
Accrued interest	275	-	-
Due from other funds	299,775	-	-
Advances to other funds	1,344,911	360,091	-
Due from other governments	2,285,864	-	-
Prepaid items	1,012,792	-	-
Inventory	1,456	-	-
Inventory - land held for resale	-	-	-
TOTAL ASSETS	\$ 16,106,219	\$ 367,381	\$ 1,831,987
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 455,785	\$ 8,527	\$ 17
Accrued payroll	468,248	1,854	-
Due to other funds	-	500	-
Advances due to other funds	-	-	-
Unearned/deferred revenues	7,909,083	-	1,040,389
Total liabilities	8,833,116	10,881	1,040,406
FUND BALANCES			
Nonspendable			
Prepaid items	204,808	-	-
Inventory	1,456	-	-
Advances to other funds	1,344,911	360,091	-
Restricted			
Special Recreation	165,319	-	-
Public Safety	174,126	-	-
TIF	-	-	-
Debt Service	-	-	791,581
Noise Mitigation	-	-	-
Capital Projects	-	-	-
Highways and Streets	-	-	-
Tourism	-	-	-
Unrestricted			
Unassigned	5,382,483	(3,591)	-
Total fund balances	7,273,103	356,500	791,581
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,106,219	\$ 367,381	\$ 1,831,987

TIF Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental	Total
------------------	----------------------	--------------	-----------------------	-------

\$ 1,229,470 \$ 3,206,765 \$ 716,944 \$ 683,348 \$ 9,224,520

1,351,385	-	-	-	8,963,930
-	5,469	-	47,123	2,052,477
2,762	4,966	1,611	689	10,303
-	-	-	-	299,775
-	-	-	-	1,705,002
-	-	-	425,149	2,711,013
-	-	-	-	1,012,792
-	-	-	-	1,456
-	-	12,343,933	-	12,343,933

\$ 2,583,617 \$ 3,217,200 \$ 13,062,488 \$ 1,156,309 \$ 38,325,201

\$ 1,017	\$ 66,332	\$ 34,714	\$ 78,240	\$ 644,632
-	-	-	21,951	492,053
-	-	-	299,275	299,775
643,195	-	1,061,807	-	1,705,002
1,351,385	-	-	-	10,300,857
<u>1,995,597</u>	<u>66,332</u>	<u>1,096,521</u>	<u>399,466</u>	<u>13,442,319</u>

-	-	-	-	204,808
-	-	-	-	1,456
-	-	-	-	1,705,002
-	-	-	-	-
-	-	-	-	165,319
-	-	-	155,575	329,701
588,020	-	12,343,933	-	12,931,953
-	-	-	-	791,581
-	1,858,736	-	-	1,858,736
-	1,292,132	-	86,552	1,378,684
-	-	-	328,739	328,739
-	-	-	185,977	185,977
-	-	(377,966)	-	5,000,926
<u>588,020</u>	<u>3,150,868</u>	<u>11,965,967</u>	<u>756,843</u>	<u>24,882,882</u>

\$ 2,583,617 \$ 3,217,200 \$ 13,062,488 \$ 1,156,309 \$ 38,325,201

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2012

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 24,882,882
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	81,894,696
Unamortized bond issuance costs	303,165
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(31,605,000)
Unamortized loss on refunding	1,699,611
Unamortized discount on debt issuance	15,449
Other postemployment benefit payable	(102,663)
Net pension obligation payable	(5,446,305)
Compensated absences payable	(1,639,277)
Capital lease obligation	(89,902)
Accrued interest payable	<u>(308,733)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 69,603,923</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	General	TIF Tax Allocation	Debt Service
REVENUES			
Taxes	\$ 7,909,415	\$ 1,474,494	\$ 1,008,939
Licenses and permits	598,732	-	-
Intergovernmental	8,397,435	-	-
Charges for services	6,170,629	-	-
Fines and forfeits	762,168	-	-
Investment income	12,888	162	253
Miscellaneous	834,761	191,618	-
 Total revenues	 24,686,028	 1,666,274	 1,009,192
EXPENDITURES			
Current			
General government	2,978,971	-	-
Public safety	17,184,405	-	-
Highways and streets	1,491,661	-	-
Culture and recreation	1,086,760	-	-
Economic development	15,550	897,821	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	360,000
Interest and fiscal charges	-	-	172,605
 Total expenditures	 22,757,347	 897,821	 532,605
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1,928,681	 768,453	 476,587
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	(528,903)	(463,600)
 Total other financing sources (uses)	 -	 (528,903)	 (463,600)
 NET CHANGE IN FUND BALANCES	 1,928,681	 239,550	 12,987
 FUND BALANCES, MAY 1, AS PREVIOUSLY STATED	 5,161,676	 116,950	 778,594
Prior period adjustment	182,746	-	-
 FUND BALANCES, MAY 1, RESTATED	 5,344,422	 116,950	 778,594
 FUND BALANCES, APRIL 30	 \$ 7,273,103	 \$ 356,500	 \$ 791,581

TIF Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental	Total
\$ -	\$ -	\$ 1,627,519	\$ 12,020,367	
-	-	-	-	598,732
-	464,042	-	584,323	9,445,800
-	-	-	-	6,170,629
-	-	-	-	762,168
19,816	36,096	11,527	5,432	86,174
	16,236	2,718	118	1,045,451
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
19,816	516,374	14,245	2,217,392	30,129,321
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	43,633	3,022,604
-	-	-	4,339	17,188,744
-	-	-	1,395,001	2,886,662
-	-	-	-	1,086,760
-	-	12,182	-	925,553
-	1,394,085	107,109	-	1,501,194
160,000	-	-	-	520,000
747,271	-	-	-	919,876
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
907,271	1,394,085	119,291	1,442,973	28,051,393
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(887,455)	(877,711)	(105,046)	774,419	2,077,928
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
887,455	498,906	105,048	222,329	1,713,738
-	(222,329)	-	(498,906)	(1,713,738)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
887,455	276,577	105,048	(276,577)	-
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	(601,134)	2	497,842	2,077,928
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
588,020	3,752,002	11,965,965	259,001	22,622,208
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	-	182,746
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
588,020	3,752,002	11,965,965	259,001	22,804,954
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 588,020	\$ 3,150,868	\$ 11,965,967	\$ 756,843	\$ 24,882,882
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, 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 April 30, 2012

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 2,077,928
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	1,256,800
Contribution of capital assets are not a current financial resource of governmental funds	449,563
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	(2,036,231)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds	
Additions to compensated absences payable	(235,643)
Additions to net pension obligation payable	(95,321)
Additions to net other pension obligation payable	(22,652)
Issuance of debt	(471,000)
Retirement of debt	991,000
Amortization of gain on refunding	(99,977)
Amortization of discount of debt issuance	(908)
Capital lease obligation	24,930
Changes to accrued interest on long-term debt in the statement of activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(24,847)
The issuance costs related to the issuance of long-term debt are reported as an expenditure in the governmental funds but are amortized over the life of the debt on the statement of activities	
Amortization of bond issue costs	<u>(17,833)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,795,809</u>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUND

April 30, 2012

	Waterworks and Sewerage
CURRENT ASSETS	
Cash and investments	\$ 937,263
Receivables - net of allowances	
Accounts	698,376
Accrued interest	689
Deposits	2,000
Prepays	-
Inventories	<u>135,994</u>
Total current assets	<u>1,774,322</u>
NONCURRENT ASSETS	
Capital assets	
Nondepreciable	249,652
Depreciable	72,413,123
Accumulated depreciation	<u>(26,111,211)</u>
Net capital assets	<u>46,551,564</u>
Total assets	<u>48,325,886</u>
CURRENT LIABILITIES	
Accounts payable	1,042,655
Accrued payroll	32,588
Accrued interest payable	48,182
Compensated absences payable	11,065
IEPA loan payable	166,093
Alternate revenue bonds payable	<u>690,000</u>
Total current liabilities	<u>1,990,583</u>
NONCURRENT LIABILITIES	
Compensated absences payable	44,261
Other postemployment benefit	2,206
IEPA loan payable	2,966,878
Alternate revenue bonds payable	<u>975,000</u>
Total noncurrent liabilities	<u>3,988,345</u>
Total liabilities	<u>5,978,928</u>
NET ASSETS	
Invested in capital assets, net of related debt	41,753,593
Unrestricted	<u>593,365</u>
TOTAL NET ASSETS	<u><u>\$ 42,346,958</u></u>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Waterworks and <u>Sewerage</u>
OPERATING REVENUES	
Charges for services	<u>\$ 3,525,680</u>
Total operating revenues	<u>3,525,680</u>
OPERATING EXPENSES	
Administration	1,233,767
Operations	1,625,741
Depreciation	<u>1,649,345</u>
Total operating expenses	<u>4,508,853</u>
OPERATING INCOME (LOSS)	<u>(983,173)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	156,757
Interest income	10,873
Interest and fiscal charges	<u>(164,817)</u>
Total nonoperating revenues (expenses)	<u>2,813</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(980,360)</u>
Capital grants	480,000
Capital contributions	<u>509,110</u>
CHANGE IN NET ASSETS	<u>8,750</u>
NET ASSETS, MAY 1, AS PREVIOUSLY STATED	42,230,899
Prior period adjustment	<u>107,309</u>
NET ASSETS, MAY 1, RESTATED	<u>42,338,208</u>
NET ASSETS, APRIL 30	<u>\$ 42,346,958</u>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended April 30, 2012

	<u>Waterworks and Sewerage</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,435,852
Payments to employees	(1,529,938)
Payments to suppliers	<u>(1,806,491)</u>
Net cash from operating activities	<u>99,423</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	<u>-</u>
Net cash from noncapital financing activities	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(737,862)
Grants	480,000
Other income - connection fees	156,757
Principal paid on capital debt	(1,187,017)
Interest paid on capital debt	<u>(181,144)</u>
Net cash from capital and related financing activities	<u>(1,469,266)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>11,516</u>
Net cash from investing activities	<u>11,516</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,358,327)</u>
CASH AND CASH EQUIVALENTS, MAY 1	<u>2,295,590</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 937,263</u>

(This schedule is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2012

Waterworks
and
Sewerage

RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH FLOWS FROM
OPERATING ACTIVITIES

Operating income (loss)	\$ (983,173)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	1,649,345
Changes in assets and liabilities	
Accounts receivable	(89,828)
Prepays	170,542
Inventories	(6,231)
Accounts payable	(651,776)
Accrued payroll	8,135
Compensated absences payable	203
Other postemployment benefit	2,206
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 99,423</u>

SCHEDULE OF NONCASH CAPITAL AND
RELATED FINANCING ACTIVITIES

Contributed public improvements	\$ 509,111
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VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

April 30, 2012

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 202,017	\$ 2,198,686
Investments		
U.S. Treasury obligations	3,518,464	-
U.S. agencies securities	7,650,374	-
Mutual funds	12,698,089	-
Common stocks	151,138	-
Corporate bonds	1,992,532	-
State and local obligations	837,873	-
Money market funds	163,537	-
Insurance contracts	245,411	-
Receivables		
Accrued interest	145,914	-
Other	-	27,653
Prepays	1,574	-
 Total assets	 27,606,923	 \$ 2,226,339
 LIABILITIES		
Accounts payable	7,540	\$ 18,788
Deposits payable	-	2,207,551
 Total liabilities	 7,540	 \$ 2,226,339
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
		 \$ 27,599,383

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS**

For the Year Ended April 30, 2012

ADDITIONS

Contributions - employer	\$ 2,461,464
Contributions - employee	<u>773,855</u>
Total contributions	<u>3,235,319</u>
Investment income	
Net appreciation in fair value of investments	570,054
Interest earned on investments	<u>731,380</u>
Total investment income	1,301,434
Less investment expense	<u>(76,966)</u>
Net investment income	<u>1,224,468</u>
Total additions	<u>4,459,787</u>

DEDUCTIONS

Benefits and refunds	1,076,837
Administrative	<u>60,237</u>
Total deductions	<u>1,137,074</u>

NET INCREASE 3,322,713

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

May 1	<u>24,276,670</u>
April 30	<u>\$ 27,599,383</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lake Zurich, 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 in 1896. The Village is a municipal corporation governed by an elected seven-member board. As required by GAAP, these financial statements present the Village (the primary government).

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 President, 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.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

The Village's firefighters' employees participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected firefighters' employees constitute the pension board. The Village and FPERS participants are obligated to fund all FPERS 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, FPERS 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 firefighters' employees and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund.

b. Fund Accounting

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

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

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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). Pursuant to GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Village has chosen to apply all GASB pronouncements as well as those pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 to account for its enterprise 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 is used. The Village has police and firefighters' pension funds. 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 assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

VILLAGE OF LAKE ZURICH, 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 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 TIF Tax Allocation Fund is used to account for all restricted revenues and to record fund transfers to pay for administrative, debt service and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act.

The Debt Service Fund is used to account for the accumulation of restricted resources for, and the payment of, general long-term debt principal and interest.

The TIF Debt Service Fund is used to account for the accumulation of restricted resources for, and the payment of, TIF long-term debt principal and interest.

The Capital Improvements Fund is used to account for all restricted, committed or assigned resources used for the acquisition of general capital assets including infrastructure capital assets.

The Downtown TIF Fund is used to account for all restricted revenues and activities associated with improvements within the Tax Increment Financing District.

The Village reports the following major proprietary fund:

The Waterworks and Sewerage Fund is used to account for the provision of potable water and wastewater treatment 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 and maintenance, financing and related debt service, billing and collection.

The Village reports pension trust funds as Fiduciary Funds to account for the Police and Firefighters' Pension Funds. The Village also reports Agency Funds to account for performance deposits (Escrow Performance Fund) for refundable deposits held by the Village to ensure the completion of public improvements by private developers that the Village holds on behalf of others as their agent.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (agency funds have no measurement focus). 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 enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under 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, 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 also are recognized as revenue. Permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments with a maturity of less than one year when purchased and nonnegotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of April 30, 2012 for debt and equity securities.

f. Short-Term Interfund Receivables/Payables

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

g. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances between funds in the fund financial statements.

h. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

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.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system 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 \$10,000 to \$250,000 as shown in the table below, depending on classification and an estimated useful life in excess of one year.

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

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

Depreciation of buildings, equipment, water/sewer systems and vehicles is computed using the straight-line method over the following useful lives:

	Threshold	Years
Land improvements	\$ 25,000	20-30
Buildings	50,000	45
Building improvements	50,000	10-30
Vehicles	15,000	3-25
Computers and software	10,000	5
Furniture and fixtures	15,000	5-20
Machinery and equipment	25,000	10-30
Infrastructure	250,000	40-50

k. Compensated Absences

Vested or accumulated vacation leave, including related social security and medicare, that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements and the remainder is reported in long-term debt. Vested or accumulated vacation leave and vested sick leave of proprietary funds at both levels and governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

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 issuance costs and gains/losses on refundings, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and gains/losses on refundings. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

m. Fund Equity/Net Assets

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable 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, which is considered the Village's highest level of decision making authority. Formal actions include resolutions and 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 Village's finance director through the approved fund balance policy of the Village. Any residual fund balance of the General Fund 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.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Balance/Net Assets (Continued)

The Village has not established formal fund balance policies for their governmental funds.

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the Village's net assets are restricted as a result of enabling legislation adopted by the Village. Invested in capital assets, net of related debt, represents the Village's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

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.

2. DEPOSITS AND INVESTMENTS

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

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

Permitted Deposits and Investments - Statutes and the Village's investment policy authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, 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, Illinois Funds, and the Illinois Metropolitan Investment Fund.

The deposits and investments of the pension funds are held separately from those of other village funds. Statutes and the pension funds' authorize the pension funds to make deposits/invest in interest bearing direct obligations of agencies of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specific restrictions, general accounts of life insurance companies and separate accounts of life insurance provided the investment in separate accounts does not exceed 10% of the pension fund's net assets. Pension funds of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to 45% of the plan's net assets in common and preferred stocks that meet specific restrictions.

Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

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

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Village's agent in the Village's name.

b. Village Investments

The following table presents the Village's investments in and maturities of debt securities as of April 30, 2012:

Fair Value	Investment Maturities (in Years)			
	Less than 1	1-5	6-10	Greater than 10
Federal National Mortgage Association	\$ 750,890	\$ -	\$ 750,890	\$ -
Federal Home Loan Bank	1,085,041	-	1,085,041	-
Federal Farm Credit Banks	1,980,396	277,139	1,703,257	-
TOTAL	\$ 3,816,327	\$ 277,139	\$ 3,539,188	\$ -

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio in a manner that provides sufficient liquidity to enable the Village to meet all operating requirements which may be reasonably anticipated in any fund. The investment policy limits the maximum maturity length of investments to three years from the date of purchase unless the funds invested are earmarked for a special purpose, in which case the maximum maturity length shall be five years from the date of purchase, but must coincide as nearly as possible with the expected use of the funds.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

Besides investing in security instruments authorized under State Statute, the Village's investment policy does not further limit investment choices to mitigate credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity.

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. To limit its exposure, the Village's investment policy requires 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 the Village; in safekeeping by the Village's custodian bank; or by a third party bank trust department, acting as agent for the Village under the terms of a custody or trustee agreement executed by the bank and by the Village. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk - The Village's investment policy states that no more than 25% of the Village's total investment portfolio may be invested in a single security type or with a single financial institution, with the exception of U.S. Treasury securities and authorized pools. At year-end, the Village's investments in the Federal National Mortgage Association, the Federal Home Loan Bank, and the Federal Farm Credit Banks represented, respectively, 15.35%, 28.01%, and 51.22% of the Village's total investments.

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

c. Police Pension Fund's Deposits with Financial Institutions

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

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2012:

Fair Value	Investment Maturities (in Years)				Greater than 10
	Less than 1	1-5	6-10		
U.S. Treasury obligations	\$ 2,122,174	\$ 253,047	\$ 1,110,952	\$ 758,175	\$ -
U.S. agency obligations	3,796,802	-	1,482,841	2,213,830	100,131
Municipal bonds	284,205	-	-	21,240	262,965
TOTAL	\$ 6,203,181	\$ 253,047	\$ 2,593,793	\$ 2,993,245	\$ 363,096

In accordance with its investment policy, the Police Pension Fund 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 one-year period. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

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 primarily investing in obligations guaranteed by the U.S. Government or securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government. The U.S. agency obligations are rated by Moody's AA2 and the municipal bonds are rated between BBB and Aaa. Illinois Funds and IMET are rated AAA by Standard and Poor's. The investment policy is silent on minimum ratings required.

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. To limit its exposure, the Police Pension Fund's investment policy requires 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 Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name. Illinois Funds and IMET are not subject to custodial credit risk.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

Concentration of credit risk - The Police Pension Fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle. With the exception of U.S. Treasury securities and authorized pools, no more than 60% of the Police Pension Fund's total investment portfolio can be invested in a single security type or with a single financial institution.

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

e. Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of April 30, 2012:

Fair Value	Investment Maturities (in Years)				Greater than 10
	Less than 1	1-5	6-10	10	
U.S. Treasury obligations	\$ 1,396,290	\$ -	\$ 725,500	\$ 670,790	\$ -
U.S. agency obligations	3,853,572	285,854	1,105,599	2,318,493	143,626
State and local obligations	553,668	-	345,059	156,684	51,925
Corporate bonds	1,992,532	-	632,347	1,360,185	-
TOTAL	\$ 7,796,062	\$ 285,854	\$ 2,808,505	\$ 4,506,152	\$ 195,551

In accordance with its investment policy, the Firefighters' Pension Fund 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 one-year period. The investment policy does not limit the maximum maturity length of investments in the Firefighters' Pension Fund.

The Firefighters' 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 primarily investing in obligations guaranteed by the U.S. Government or securities issued by agencies of the U.S. Government that are explicitly or implicitly guaranteed by the U.S. Government. The U.S. agency obligations are rated by Moody's AA2 and the municipal bonds are rated between BBB and Aaa. Illinois Funds and IMET are rated AAA by Standard and Poor's. The investment policy is silent on minimum ratings required.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

e. Firefighters' Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters' Pension Fund's investment policy requires 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 Firefighters' Pension Fund's agent separate from where the investment was purchased in the Firefighters' Pension Fund's name. Illinois Funds and IMET are not subject to custodial credit risk.

Concentration of credit risk - The Firefighters' Pension Fund's investment policy limits the amount of the portfolio that can be invested in any one investment vehicle. With the exception of U.S. Treasury securities and authorized pools, no more than 60% of the Firefighters' Pension Fund's total investment portfolio can be invested in a single security type or with a single financial institution.

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

3. RECEIVABLES - TAXES

Property taxes for 2011 attach as an enforceable lien on January 1, 2011 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, 2012 and August 1, 2012 and are payable in two installments, on or about June 1, 2012 and September 1, 2012. The County collects such taxes and remits them periodically.

The 2011 tax levy collections are intended to finance the 2013 fiscal year and are not considered available for current operations and are, therefore, shown as unearned/deferred revenue.

The 2012 tax levy, which attached as an enforceable lien on property as of January 1, 2012, has not been recorded as a receivable as of April 30, 2012 as the tax has not yet been levied by the Village and will not be levied until December 2012 and, therefore, the levy is not measurable at April 30, 2012.

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2012 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 30,463,170	\$ -	\$ -	\$ 30,463,170
Total capital assets not being depreciated	<u>30,463,170</u>	<u>-</u>	<u>-</u>	<u>30,463,170</u>
Capital assets being depreciated				
Land improvements	4,922,004	35,681	-	4,957,685
Buildings	13,091,072	-	-	13,091,072
Building improvements	77,000	-	-	77,000
Vehicles	4,352,770	114,226	-	4,466,996
Machinery and equipment	2,167,593	-	-	2,167,593
Computers/software	223,326	-	-	223,326
Furniture and fixtures	43,182	-	-	43,182
Infrastructure	59,932,997	1,556,456	-	61,489,453
Total capital assets being depreciated	<u>84,809,944</u>	<u>1,706,363</u>	<u>-</u>	<u>86,516,307</u>
Less accumulated depreciation for				
Land improvements	1,229,750	192,122	-	1,421,872
Buildings	3,813,583	290,913	-	4,104,496
Building improvements	35,334	3,850	-	39,184
Vehicles	3,101,566	192,676	-	3,294,242
Machinery and equipment	930,004	131,678	-	1,061,682
Computers/software	164,559	18,569	-	183,128
Furniture and fixtures	43,180	-	-	43,180
Infrastructure	23,730,574	1,206,423	-	24,936,997
Total accumulated depreciation	<u>33,048,550</u>	<u>2,036,231</u>	<u>-</u>	<u>35,084,781</u>
Total capital assets being depreciated, net	<u>51,761,394</u>	<u>(329,868)</u>	<u>-</u>	<u>51,431,526</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 82,224,564	\$ (329,868)	\$ -	\$ 81,894,696

Machinery and equipment was restated by \$ 122,695 to include equipment purchased under capital lease not previously capitalized.

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Total capital assets not being depreciated	249,652	-	-	249,652
Capital assets being depreciated				
Infrastructure	69,990,417	1,046,225	-	71,036,642
Machinery and equipment	584,654	170,384	-	755,038
Vehicles	591,080	30,364	-	621,444
Total capital assets being depreciated	71,166,151	1,246,973	-	72,413,124
Less accumulated depreciation for				
Infrastructure	23,655,751	1,590,942	-	25,246,693
Machinery and equipment	382,736	32,216	-	414,952
Vehicles	423,379	26,188	-	449,567
Total accumulated depreciation	24,461,866	1,649,346	-	26,111,212
Total capital assets being depreciated, net	46,704,285	(402,373)	-	46,301,912
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 46,953,937	\$ (402,373)	\$ -	\$ 46,551,564

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

GOVERNMENTAL ACTIVITIES

General government	\$ 102,418
Public safety	367,033
Highways and streets	1,353,734
Culture and recreation	213,046

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES

\$ 2,036,231

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. These risks are provided for through insurance from private insurance companies. The Village currently reports all its risk management activities in the General Fund and Waterworks and Sewerage Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA)

The Village participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperations Statute to pool its risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

6. SHORT-TERM DEBT

Changes in Short-Term Liabilities

During the year ended April 30, 2012, the following changes occurred in short-term liabilities:

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation Bond Series of 2011A (\$471,000 dated July 28, 2011; maturing October 15, 2011; payable in annual installments; interest rate of 3.0%)	Debt Service	\$ -	\$ 471,000	\$ 471,000	\$ -	\$ -
TOTAL		\$ -	\$ 471,000	\$ 471,000	\$ -	\$ -

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT

a. General Obligation TIF Alternate Revenue Bonds

The Village issues general obligation tax increment financing alternate revenue bonds to provide funds for the acquisition and construction of tax increment financing projects. General obligation tax increment financing alternate revenue source bonds provide for the collection, segregation and distribution of certain taxes received by the Village for the payment of principal and interest on the general obligation tax increment financing alternate revenue bonds.

General obligation tax increment financing alternate revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation TIF Alternate Revenue Bonds Series of 2003A (\$4,200,000 dated March 17, 2003; maturing December 15, 2021, payable in annual installments; interest rates from 3.625% to 3.750%)	TIF Debt Service	\$ 2,650,000	\$ -	\$ -	\$ 2,650,000	\$ -
General Obligation TIF Alternate Revenue Bonds Series of 2009A (\$7,830,000 dated April 1, 2009; maturing February 1, 2029, payable in annual installments; interest rates from 3.30% to 6.15%)	TIF Debt Service	7,830,000	-	30,000	7,800,000	65,000
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2009B (\$1,525,000 dated April 17, 2009; maturing December 15, 2020; payable in annual installments; interest rates from 4.10% to 5.10%)	TIF Debt Service	1,525,000	-	-	1,525,000	-
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2009C (\$4,255,000 dated April 1, 2009; maturing December 15, 2024, payable in annual installments; interest rates from 4.00% to 4.20%)	TIF Debt Service	4,255,000	-	-	4,255,000	-
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2011B (\$2,800,000 dated April 21, 2011; maturing December 15, 2021, payable in annual installments; interest rates from 1.88% to 4.25%)	TIF Debt Service	2,800,000	-	-	2,800,000	-

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

a. General Obligation TIF Alternate Revenue Bonds (Continued)

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2011C (\$1,205,000 dated April 21, 2011; maturing December 15, 2021; payable in annual installments; interest rates from 2.00% to 4.25%)	TIF Debt Service	\$ 1,205,000	\$ -	\$ -	\$ 1,205,000	\$ -
TOTAL		\$ 20,265,000	\$ -	\$ 30,000	\$ 20,235,000	\$ 65,000

b. General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation Bond Series of 2008A (\$4,265,000 dated August 1, 2008; maturing January 1, 2020, payable in annual installments; interest rates from 3.5% to 5.0%)	Debt Service	\$ 3,815,000	\$ -	\$ 360,000	\$ 3,455,000	\$ 370,000
TOTAL		\$ 3,815,000	\$ -	\$ 360,000	\$ 3,455,000	\$ 370,000

c. TIF Revenue Bonds

The Village issues bonds where the Village pledges incremental tax income derived from a separately created tax increment financing district. These bonds are not an obligation of the government and are secured by the incremental tax revenue generated within the district. Tax increment bonds outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
TIF Revenue Bonds Series of 2005A (\$8,500,000 dated August 1, 2005; maturing December 15, 2024, payable in annual installments; interest rates from 3.75% to 4.00%)	TIF Debt Service	\$ 7,550,000	\$ -	\$ -	\$ 7,550,000	\$ -
TIF Revenue Bonds Series of 2005B (\$1,500,000 dated April 15, 2003; maturing December 15, 2014, payable in annual installments; interest rates from 4.30% to 4.80%)	TIF Debt Service	495,000	-	130,000	365,000	140,000
TOTAL		\$ 8,045,000	\$ -	\$ 130,000	\$ 7,915,000	\$ 140,000

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (CONTINUED)

d. General Obligation Waterworks and Sewerage Alternate Revenue Bonds

The Village issues general obligation waterworks and sewerage alternate revenue bonds to provide funds for the acquisition and construction of waterworks and sewerage capital projects. General obligation waterworks and sewerage alternate revenue source bonds provide for the collection, segregation and distribution of revenues received by the village for the payment of principal and interest on the general obligation waterworks and sewerage alternate revenue bonds.

General obligation waterworks and sewerage alternate revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2002 (\$685,000 dated March 18, 2002; maturing December 15, 2012, payable in annual installments; interest rates from 4.00% to 4.25%)	Waterworks and Sewerage	\$ 465,000	\$ -	\$ 225,000	\$ 240,000	\$ 240,000
General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2003B (\$275,000 dated April 15, 2003; maturing May 1, 2011, payable in annual installments; interest rate of 2.5%)	Waterworks and Sewerage	275,000	-	275,000	-	-
Taxable General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2003D (\$100,000 dated April 15, 2003; maturing May 1, 2011, payable in annual installment; interest rate of 3.35%)	Waterworks and Sewerage	100,000	-	100,000	-	-
General Obligation Waterworks and Sewerage System Revenue Bond Series of 2006 (\$2,050,000 dated May 1, 2006; maturing December 15, 2014; payable in annual installments; interest rate of 4.0%)	Waterworks and Sewerage	1,850,000	-	425,000	1,425,000	450,000
TOTAL		\$ 2,690,000	\$ -	\$ 1,025,000	\$ 1,665,000	\$ 690,000

Water and sewerage fees are pledged for the retirement of the 2002, 2003B, 2003D and the 2006 Alternate Revenue Bonds. Property taxes have been abated to date.

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

e. Illinois EPA Loans

The Village entered into loan agreements with the Illinois EPA for the construction of waterworks and sewerage capital assets. Illinois EPA loans currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
Illinois EPA loan of 2006 , due in annual installments of \$65,107, including interest at 2.5% through December 16, 2026	Debt Service	\$ 1,699,569	\$ -	\$ 88,273	\$ 1,611,296	\$ 90,494
Illinois EPA loan of 2008 , due in annual installments of \$56,600, including interest at 1.25% through August 11, 2028	Debt Service	1,595,419	-	73,744	1,521,675	75,599
TOTAL		\$ 3,294,988	\$ -	\$ 162,017	\$ 3,132,971	\$ 166,093

f. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Governmental Activities

Fiscal Year Ending April 30,	General Obligation TIF Alternate Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2013	\$ 65,000	\$ 821,410	\$ 370,000	\$ 149,963
2014	735,000	916,249	385,000	136,550
2015	805,000	897,161	395,000	121,150
2016	875,000	872,999	420,000	105,350
2017	1,065,000	843,074	435,000	84,350
2018 - 2022	8,285,000	3,397,750	1,450,000	122,400
2023 - 2027	6,790,000	1,405,860	-	-
2028 - 2029	1,615,000	149,975	-	-
TOTAL	\$ 20,235,000	\$ 9,304,478	\$ 3,455,000	\$ 719,763

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

f. Debt Service Requirements to Maturity (Continued)

Governmental Activities (Continued)

Fiscal Year Ending April 30,	TIF Revenue Bonds				Total	
	Principal	Interest	Principal	Interest		
2013	\$ 140,000	\$ 18,726	\$ 575,000	\$ 990,099		
2014	500,000	307,864	1,620,000	1,360,663		
2015	525,000	287,926	1,725,000	1,306,237		
2016	550,000	267,188	1,845,000	1,245,537		
2017	575,000	246,562	2,075,000	1,173,986		
2018 - 2022	3,275,000	875,000	13,010,000	4,395,150		
2023 - 2027	2,350,000	191,000	9,140,000	1,596,860		
2028 - 2029	-	-	1,615,000	149,975		
TOTAL	\$ 7,915,000	\$ 2,194,266	\$ 31,605,000	\$ 12,218,507		

Business-Type Activities

Fiscal Year Ending April 30,	General Obligation					
	Waterworks and Sewerage		Illinois EPA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 690,000	\$ 67,194	\$ 166,093	\$ 77,321	\$ 856,093	\$ 144,515
2014	700,000	39,000	170,271	73,143	870,271	112,143
2015	275,000	11,000	174,555	68,859	449,555	79,859
2016	-	-	178,946	64,468	178,946	64,468
2017	-	-	183,447	59,967	183,447	59,967
2018 - 2022	-	-	988,825	228,245	988,825	228,245
2013 - 2027	-	-	1,105,193	97,452	1,105,193	97,452
2028 - 2029	-	-	165,641	4,158	165,641	4,158
TOTAL	\$ 1,665,000	\$ 117,194	\$ 3,132,971	\$ 673,613	\$ 4,797,971	\$ 790,807

g. Capital Leases

During fiscal year 2011, the Village entered into a capital lease obligation for phone equipment. The beginning long-term liabilities were restated to include this capital lease obligation. The interest rate for the lease is 9.10%.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

g. Capital Leases (Continued)

The asset acquired through capital lease and included in governmental activities is as follows:

Equipment	\$ 122,695
Less: accumulated depreciation	<u>10,533</u>
TOTAL	\$ 112,162

The following is a schedule of future minimum lease payments under the capital lease and the present value of the minimum lease payments:

<u>Fiscal Year Ending</u>	
2013	\$ 34,356
2014	34,356
2015	<u>34,356</u>
Total minimum lease payments	103,068
Amount representing interest	<u>13,166</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	\$ 89,902

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

h. Changes in Long-Term Liabilities

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

	Fund Debt Retired By	Balances May 1, Restated	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES						
General Obligation TIF Alternate Revenue Bonds	Debt Service Debt Service	\$ 20,265,000	\$ -	\$ 30,000	\$ 20,235,000	\$ 65,000
General obligation bonds	Debt Service Debt Service	3,815,000	-	360,000	3,455,000	370,000
TIF Alternate Revenue Bonds Unamortized loss on refunding	Debt Service N/A	8,045,000 (1,799,588)	-	130,000 (99,977)	7,915,000 (1,699,611)	140,000 (99,977)
Unamortized discount on debt issuance	N/A	(16,358)	-	(909)	(15,449)	(909)
Compensated absences	General	1,403,634	516,370	280,727	1,639,277	327,855
Capital lease obligation	General	114,832	-	24,930	89,902	27,296
Net pension obligation	General	5,350,984	95,321	-	5,446,305	-
Other postemployment benefit	General	80,011	22,652	-	102,663	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 37,258,515	\$ 634,343	\$ 724,771	\$ 37,168,087	\$ 829,265

The unamortized loss on refunding and the unamortized discount on debt issuance were restated to reflect the proper beginning balances, less amortization to date.

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
BUSINESS-TYPE ACTIVITIES						
General obligation waterworks and sewerage alternate revenue bonds	Waterworks and Sewerage	\$ 2,690,000	\$ -	\$ 1,025,000	\$ 1,665,000	\$ 690,000
Illinois EPA loans	Waterworks and Sewerage	3,294,988	-	162,017	3,132,971	166,093
Compensated absences	Waterworks and Sewerage	55,123	13,608	13,405	55,326	11,065
Other postemployment benefit	Waterworks and Sewerage	-	2,206	-	2,206	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 6,040,111	\$ 15,814	\$ 1,200,422	\$ 4,855,503	\$ 867,158

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

i. Noncommitment Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial property deemed to be in the public interest. The bonds are secured by the property financed and payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability on these financial statements. As of the date of this report, there was one IDRB outstanding with a principal amount of \$790,000.

j. Defeased Debt

In prior years, the Village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Village's financial statements. Outstanding General Obligation Police Building Bonds of \$3,345,000; General Obligation Alternate Revenue Source Bonds of \$560,000; and TIF Revenue Bonds of \$335,000 are considered defeased.

k. Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979.

ASSESSED VALUATION - 2011	<u>\$ 839,863,132</u>
Legal debt limit - 8.625% of assessed value	72,438,195
Amount of debt applicable to limit	
General obligation bonds	<u>3,455,000</u>
LEGAL DEBT MARGIN	<u>\$ 68,983,195</u>

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ASSETS/LIABILITIES

a. Interfund Transfers

Transfers From	Transfers To	Amount
TIF Tax Allocation	TIF Debt Service	\$ 423,855
TIF Tax Allocation	Debt Service	105,048
Debt Service	TIF Debt Service	463,600
Nonmajor Governmental	Capital Projects	498,906
Capital Projects	Nonmajor Governmental	222,329
TOTAL		\$ 1,713,738

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

- \$463,600 transferred from the Debt Service Fund to the TIF Debt Service Fund for property taxes remaining after debt service requirements to be used for other TIF purposes.
- \$105,048 transferred from the TIF Tax Allocation Fund to the Downtown TIF Fund for future TIF capital projects and \$423,855 from the TIF Tax Allocation Fund to the TIF Debt Service Fund.
- \$498,906 transferred from the Nonmajor Governmental Funds, Motor Fuel Tax Fund and Non-Home Rule Sales Tax Fund, to the Capital Projects Fund for future capital projects.
- \$222,329 transferred from the Capital Projects Fund to the Nonmajor Governmental Funds, Motor Fuel Tax Fund, to establish the Motor Fuel Tax Fund as a separate Special Revenue Fund.

b. Due to/from Other Funds

Due from/to other funds at April 30, 2012 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 299,775
TOTAL		\$ 299,775

The due to/from other funds represent temporary financing that will be repaid within one year.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ASSETS/LIABILITIES (Continued)

c. Advance to/from Other Funds

Advances to/from other funds at April 30, 2012 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Debt Service	\$ 283,104
General	Downtown TIF	1,061,807
TIF Tax Allocation	Debt Service	360,091
TOTAL		\$ 1,705,002

The advances to/from other funds represent amounts advanced for operational and capital activities due to cash flow issues in the funds. These amounts will be repaid.

9. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, the Village provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental and business-type activities.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

b. Benefits Provided

The Village provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the Village's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the Illinois Municipal Retirement Fund.

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2012, retirees contributed \$126,731. Active employees do not contribute to the plan until retirement.

c. Membership

At April 30, 2012, membership consisted of:

Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	157
 TOTAL	 169
 Participating employers	 1

d. Funding Policy

The Village is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of May 1, 2010 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the last three years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 54,264	\$ 26,863	51.8%	\$ 52,395
2011	56,091	28,475	49.5%	80,011
2012	51,721	26,863	56.6%	104,869

The net OPEB obligation as of April 30, 2012 was calculated as follows:

Annual required contribution	\$ 51,188
Interest on net OPEB obligation	3,200
Adjustment to annual required contribution	<u>(2,667)</u>
Annual OPEB cost	51,721
Contributions made	<u>26,863</u>
Increase in net OPEB obligation	24,858
Net OPEB obligation, beginning of year	<u>80,011</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 104,869</u>

Funded Status and Funding Progress - The funded status of the plan as of April 30, 2012 was as follows:

Actuarial accrued liability (AAL)	\$ 1,512,374
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,512,374
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 14,410,729
UAAL as a percentage of covered payroll	10.49%

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

In the April 30, 2012 actuarial valuation, the entry-age normal actuarial cost method was used. The actuarial assumptions included 4.0% investment rate of return and a healthcare cost trend rate of 8.0% with an ultimate rate of 6.0 %. Both rates include a 3.0% inflation assumption and 4.0% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at May 1, 2012 was 30 years.

11. EMPLOYEE RETIREMENT SYSTEMS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan and the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension Plans issue separate financial reports which may be obtained by writing them at the Village of Lake Zurich Village Hall. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for IMRF as a whole, but not for individual employers. That report can be obtained from IMRF on-line at www.imrf.org.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' Pension Plans) 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.

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.

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 4.50% 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 the calendar 2012 and 2011 was 12.88% and 13.39% of covered payroll, respectively.

Police Pension Plan

Police sworn personnel are covered by the Police 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 (40 ILCS 5/3-1) and can be amended only by the Illinois legislature. The Village accounts for the Police Pension Plan as a pension trust fund. At April 30, 2012, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	28
Nonvested	6
TOTAL	48

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes.

The Police Pension Plan provides retirement 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.

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 \$106,800, plus the lesser of $\frac{1}{2}$ 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., $\frac{1}{2}\%$ 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 $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2012, the Village's contribution was 40.88% of covered payroll.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and can be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund. At April 30, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	7
Terminated employees entitled to benefits but not yet receiving them	2
Current employees	
Vested	44
Nonvested	11
TOTAL	64

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.

The Firefighters' 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 at the date of retirement. 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 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 covered employee 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.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Firefighters' 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 firefighter 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. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ 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., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter 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 $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' 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 finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past services costs for the Firefighters' Pension Plan. For the year ended April 30, 2012, the Village's contribution was 25.83% of covered payroll.

b. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Significant Investments - There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or Firefighters' Pension Plans, except as below. Information for the IMRF is not available.

Plan	Organization	Amount
Police Pension	T. Rowe Price Growth Vanguard 500	\$ 955,454 939,558
	Pioneer Equity Income	688,594
	LSV Value	<u>679,046</u>
		<u>\$ 3,262,652</u>
Plan	Organization	Amount
Firefighters' Pension	American Beacon Fidelity Advisor New Insights Vanguard Institutional Index	\$ 1,222,232 1,341,415 <u>1,941,175</u>
		<u>\$ 4,504,822</u>

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	Firefighters' Pension
Actuarial valuation date	December 31, 2009	April 30, 2010	April 30, 2010
Actuarial cost method	Entry-age Normal	Entry-age Normal Level Dollar	Entry-age Normal Level Dollar
Asset valuation method	5 Year Smoothed Market	Market Value	Market Value

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Amortization method	Level Percentage of Payroll	Level Dollar	Level Dollar
Amortization period	30 Years, Open	29 Years, Closed	29 Years, Closed
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	6.75% Compounded Annually	6.75% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	3.50% Compounded Annually	3.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	3.00%	3.00%
d) Postretirement benefit increases	3.00%	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	Firefighters' Pension
Annual pension cost (APC)	2010	\$ 610,176	\$ 893,061	\$ 982,731
	2011	663,227	1,087,553	1,168,828
	2012	695,917	1,281,181	1,275,604
Actual contribution	2010	\$ 610,176	\$ 698,244	\$ 742,436
	2011	663,227	861,471	933,261
	2012	695,917	1,235,081	1,226,383
Percentage of APC contributed	2010	100.00%	78.19%	75.55%
	2011	100.00%	79.21%	79.85%
	2012	100.00%	96.40%	96.14%
NPO liability (asset)	2010	\$ -	\$ 2,426,337	\$ 2,462,998
	2011	-	2,652,419	2,698,565
	2012	-	2,698,519	2,747,786

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

c. Annual Pension Cost (Continued)

The Village's annual pension cost and net pension obligation for the Police and Firefighters' Pension Plan for April 30, 2012 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,237,597	\$ 1,231,261
Interest on net pension obligation (asset)	185,669	188,900
Adjustment to annual required contribution	<u>(142,085)</u>	<u>(144,557)</u>
Annual pension cost	1,281,181	1,275,604
Contributions made	<u>1,235,081</u>	<u>1,226,383</u>
Increase in net pension obligation	46,100	49,221
Net pension obligation, beginning of year	<u>2,652,419</u>	<u>2,698,565</u>
NET PENSION OBLIGATION, END OF YEAR	<u><u>\$ 2,698,519</u></u>	<u><u>\$ 2,747,786</u></u>

Funded Status and Funding Progress - The funded status of the plans as of December 31, 2011 for IMRF and April 30, 2012 for the Police and Firefighters' Pension Plans were as follows. The actuarial assumptions used to determine the funded status of the Police and Firefighters' Pension Plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note above.

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial accrued liability (AAL)	\$ 15,307,649	\$ 27,991,374	\$ 30,819,201
Actuarial value of plan assets	10,403,258	11,690,416	15,908,967
Unfunded actuarial accrued liability (UAAL)	4,904,391	16,300,958	14,910,234
Funded ratio (actuarial value of plan assets/AAL)	67.96%	41.76%	51.62%
Covered payroll (active plan members)	\$ 5,133,014	\$ 3,021,139	\$ 4,748,485
UAAL as a percentage of covered payroll	95.55%	539.56%	314.00%

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.

VILLAGE OF LAKE ZURICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. CONTRACTUAL COMMITMENTS

Economic Incentive Agreements

The Village has entered into economic incentive agreements with a commercial entity whereby the Village has agreed to reimburse the commercial entity through sales tax rebates. The amount of the rebates is limited to specified time period and are payable over 30 years solely from sales taxes generated by the commercial entity. The rebates are to be paid quarterly with the agreement expiring 30 years after commencement. At April 30, 2012, the Village has accrued a rebate liability of \$68,329 for amounts collected by the state but not yet paid to the commercial entity. To date, the Village has paid \$2,696,774 to the commercial entity. The agreement has no stated maximum.

13. SUBSEQUENT EVENT

The Village issued the \$2,650,000 General Obligation Refunding Bonds (Alternative Revenue Source), Series 2012 and 2012A Taxable General Obligation Refunding Bonds (Limited Tax) in the amount of \$505,000 in July 2012 to refund a portion of the Taxable General Obligation Funding Bonds, Series 2009A and the Obligation Refunding Bonds (Alternative Revenue Source), Series 2003A. The interest rate on the bonds is 2% and 3% and the maturity date is December 15, 2021 and October 15, 2012, respectively.

14. RESTATEMENTS

The following restatements were made to beginning net assets and/or fund balance:

	General Fund	Waterworks and Sewerage Fund	Governmental Activities	Business-Type Activities
FUND BALANCE/NET ASSETS, MAY 1, (as previously stated)	\$ 5,161,676	\$ 42,230,899	\$ 67,207,028	\$ 42,230,899
Restated for:				
Accounting correction to correct revenue recognition of governmental revenues	470,737	-	470,737	-
Accounting correction to correct revenue recognition on a service contract	397,121	-	397,121	-
Accounting correction to remove IRMA reserve that the Village does not have legal entitlement to	(685,112)	-	(685,112)	-
Accounting correction to correct revenue recognition of unbilled revenue	-	107,309	-	107,309

VILLAGE OF LAKE ZURICH, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

14. RESTATEMENTS (Continued)

	General Fund	Waterworks and Sewerage Fund	Governmental Activities	Business-Type Activities
Accounting correction to report capital assets purchased through issuance of a capital lease obligation which was not previously reflected	\$ -	\$ -	\$ 122,695	\$ -
Accounting correction to report capital lease obligation which was not previously reflected	-	-	(114,832)	-
Accounting correction to reflect proper beginning balance of the unamortized deferred loss on refunding	-	-	(80,210)	-
Accounting correction to reflect proper beginning balance of the unamortized bond discount	-	-	169,688	-
Accounting correction to reflect proper beginning balance of the unamortized bond issuance costs	-	-	320,998	-
Subtotal restatements	<u>182,746</u>	<u>107,309</u>	<u>601,085</u>	<u>107,309</u>
FUND BALANCE/NET ASSETS MAY 1, RESTATED	\$ 5,344,422	\$ 42,338,208	\$ 67,808,113	\$ 42,338,208

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 7,981,962	\$ 7,981,962	\$ 7,909,415
Licenses and permits	552,250	550,500	598,732
Intergovernmental	7,874,250	7,874,250	8,397,435
Charges for services	6,124,760	6,126,510	6,170,629
Fines and forfeits	911,288	911,288	762,168
Investment income	2,000	2,000	12,888
Miscellaneous	1,384,850	538,555	834,761
 Total revenues	 24,831,360	 23,985,065	 24,686,028
EXPENDITURES			
General administration	4,201,017	3,114,422	2,978,971
Public safety	17,980,107	18,221,107	17,184,405
Highways and streets	1,881,238	1,880,538	1,491,661
Culture and recreation	1,220,352	1,220,352	1,086,760
Economic development	24,786	24,786	15,550
 Total expenditures	 25,307,500	 24,461,205	 22,757,347
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(476,140)	(476,140)	1,928,681
OTHER FINANCING SOURCES (USES)			
Transfers in	61,774	61,774	61,774
Transfers (out)	(61,774)	(61,774)	(61,774)
 Total other financing sources (uses)	 -	 -	 -
NET CHANGE IN FUND BALANCE			
	<u>\$ (476,140)</u>	<u>\$ (476,140)</u>	<u>1,928,681</u>
FUND BALANCE, MAY 1, AS PREVIOUSLY STATED			
		5,161,676	
Prior period adjustment			182,746
FUND BALANCES, MAY 1, RESTATED			
			<u>5,344,422</u>
FUND BALANCE, APRIL 30			
		<u>\$ 7,273,103</u>	

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF TAX ALLOCATION FUND**

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,524,925	\$ 1,524,925	\$ 1,474,494
Interest	-	-	162
Miscellaneous	1,399,576	1,399,576	191,618
 Total revenues	 2,924,501	 2,924,501	 1,666,274
 EXPENDITURES			
Economic development	1,006,246	1,006,246	897,821
 Total expenditures	 1,006,246	 1,006,246	 897,821
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	1,918,255	1,918,255	768,453
 OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,003,290)	(1,003,290)	(528,903)
 Total other financing sources (uses)	 (1,003,290)	 (1,003,290)	 (528,903)
 NET CHANGE IN FUND BALANCE			
	\$ 914,965	\$ 914,965	239,550
 FUND BALANCE, MAY 1			 116,950
 FUND BALANCE, APRIL 30			 \$ 356,500

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date December 31,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry-Age	Actuarial Percentage (Funded) (1) / (2)	Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	Actuarial Accrued Liability (5) Annual Covered Payroll	Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2006	\$ 11,406,364	\$ 13,065,836	87.30%	\$ 1,659,472	\$ 4,834,675	34.32%
2007	12,106,236	13,860,429	87.34%	1,754,193	5,195,342	33.76%
2008	11,037,150	14,164,791	77.92%	3,127,641	5,328,787	58.69%
2009	11,916,709	15,697,255	75.92%	3,780,546	5,433,449	69.58%
2010	11,205,690	15,480,635	72.39%	4,274,945	5,237,306	81.62%
2011	11,916,709	15,697,255	75.92%	3,780,546	5,433,449	69.58%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 565,160	\$ 565,160	100.00%
2008	591,986	591,986	100.00%
2009	602,248	602,248	100.00%
2010	637,863	637,863	100.00%
2011	663,227	663,227	100.00%
2012	695,917	695,917	100.00%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION FUND

April 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(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 Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
2007	\$ 8,520,926	\$ 16,584,974	51.38%	\$ 8,064,048	\$ 3,028,587	266.26%
2008	8,774,202	19,008,281	46.16%	10,234,079	3,066,128	333.78%
2009	7,496,618	20,749,711	36.13%	13,253,093	2,720,516	487.15%
2010	8,819,170	23,663,521	37.27%	14,844,351	2,915,744	509.11%
2011	10,362,377	25,765,989	40.22%	15,403,612	2,915,744	528.29%
2012	11,690,416	27,991,374	41.76%	16,300,958	3,021,139	539.56%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 165,717	\$ 412,012	40.22%
2008	184,860	577,274	32.02%
2009	194,781	692,295	28.14%
2010	698,244	863,038	80.91%
2011	861,471	1,058,795	81.36%
2012	1,235,081	1,237,597	99.80%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' PENSION FUND

April 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(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)
2007	\$ 8,264,970	\$ 13,751,211	60.10%	\$ 5,486,241	\$ 4,285,543	128.02%
2008	9,203,095	17,500,606	52.59%	8,297,511	4,490,884	184.76%
2009	8,674,291	19,825,903	43.75%	11,151,612	4,519,520	246.74%
2010	11,472,268	23,155,303	49.54%	11,683,035	4,509,280	259.09%
2011	13,914,293	27,676,269	50.28%	13,761,976	4,663,741	295.08%
2012	15,908,968	30,819,201	51.62%	14,910,233	4,748,485	314.00%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2007	\$ 327,346	\$ 491,616	66.59%
2008	368,340	518,020	71.11%
2009	404,709	739,593	54.72%
2010	742,436	952,492	77.95%
2011	933,261	1,139,635	81.89%
2012	1,226,383	1,231,261	99.60%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2012

Schedule of Funding Progress

Actuarial Valuation Date April 30,	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL) Entry-Age	Percentage Funded (1) / (2)	Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	Annual Covered Payroll	Actuarial Liability as a Percentage of Covered Payroll (4) / (5)
						(6) Unfunded (Overfunded)
2009	\$ -	\$ 1,032,756	0.00%	\$ 1,032,756	\$ 13,938,923	7.41%
2010	-	1,032,756	0.00%	1,032,756	13,938,924	7.41%
2011	-	1,032,756	0.00%	1,032,756	13,938,925	7.41%
2012	-	1,512,374	0.00%	1,512,374	14,410,729	10.49%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	\$ 26,863	\$ 51,857	51.80%
2010	26,863	51,680	51.98%
2011	28,475	54,781	51.98%
2012	26,863	51,188	52.48%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF LAKE ZURICH, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2012

BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue, Debt Service, Capital Projects (except the Foreign Fire Insurance Tax Fund), Enterprise, Internal Service and Pension Trust Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level, or, where no departmental segregation of a fund exists, the fund level. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting—under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

All departments of the Village submit requests for appropriation to the Village's manager so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and can add to, subtract from or change appropriations; but cannot change the form of the budget.

Management cannot amend the total budget for individual funds without seeking the approval of the governing body.

Expenditures cannot legally exceed budgeted appropriations at the fund level, and the Board must approve any over expenditures of appropriation or transfers of appropriated amounts. During the year, no supplementary appropriations were necessary.

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING BALANCE SHEET
GENERAL FUND BY SUBFUND

April 30, 2012

	General	Medical Self Insurance	Vehicle Maintenance	Risk Management	Total
ASSETS					
Cash and investments	\$ 2,596,385	\$ -	\$ -	\$ -	\$ 2,596,385
Receivables - net of allowancea					
Property taxes	6,572,156	-	-	-	6,572,156
Accounts	1,964,648	-	27,957	-	1,992,605
Accrued interest	275	-	-	-	275
Due from other funds	915,298	(212,645)	(10,157)	(392,721)	299,775
Advances due from other funds	1,344,911	-	-	-	1,344,911
Due from other governments	2,285,864	-	-	-	2,285,864
Prepays	204,808	216,671	-	591,313	1,012,792
Inventory	1,456	-	-	-	1,456
TOTAL ASSETS	\$ 15,885,801	\$ 4,026	\$ 17,800	\$ 198,592	\$ 16,106,219
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 399,512	\$ 111	\$ 45,942	\$ 10,220	\$ 455,785
Accrued payroll	459,878	-	6,454	1,916	468,248
Unearned/deferred revenues	7,909,083	-	-	-	7,909,083
Total liabilities	8,768,473	111	52,396	12,136	8,833,116
FUND BALANCES					
Nonspendable					
Prepaid items	204,808	216,671	-	591,313	1,012,792
Inventory	1,456	-	-	-	1,456
Advances to other funds	1,344,911	-	-	-	1,344,911
Restricted					
Special Recreation	165,319	-	-	-	165,319
Public Safety	174,126	-	-	-	174,126
Unrestricted	5,226,708	(212,756)	(34,596)	(404,857)	4,574,499
Total fund balances	7,117,328	3,915	(34,596)	186,456	7,273,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,885,801	\$ 4,026	\$ 17,800	\$ 198,592	\$ 16,106,219

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
TAXES			
Property			
Corporate	\$ 2,265,087	\$ 2,265,087	\$ 2,261,416
Police protection	679,525	679,525	678,425
Fire protection	679,525	679,525	669,727
Ambulance	135,905	135,905	130,466
Pension	51,957	51,957	52,187
Police pension	1,237,597	1,237,597	1,235,081
Fire pension	1,231,261	1,231,261	1,226,383
SRA	180,000	180,000	184,691
Road and bridge	9,105	9,105	8,706
Telecommunication tax	650,000	650,000	605,231
Television franchise	181,000	181,000	217,567
Utility - electric	502,000	502,000	504,675
Utility - gas	179,000	179,000	134,860
 Total taxes	 7,981,962	 7,981,962	 7,909,415
LICENSES AND PERMITS			
Licenses			
Liquor	80,000	80,000	80,299
Other business	100,000	100,000	95,290
Permits			
Administrative plan review	65,000	65,000	103,313
Building	110,000	108,000	63,187
Electrical	24,000	24,000	33,986
Plumbing	20,000	20,000	70,678
Occupancy certificates	17,750	18,000	20,825
Park	27,500	27,500	29,848
Truck permits	8,000	8,000	8,455
Other	100,000	100,000	92,851
 Total licenses and permits	 552,250	 550,500	 598,732
INTERGOVERNMENTAL			
State income tax	1,560,000	1,560,000	1,601,915
Municipal sales	5,600,000	5,600,000	5,878,258
State replacement tax	52,000	52,000	57,242
Street maintenance reimbursement	18,000	18,000	38,830
Local use tax	260,000	260,000	286,374
Auto rental tax	2,400	2,400	4,773
Pull tax	2,350	2,350	2,047
Reimbursements			
Grants	55,500	55,500	81,429
Governmental agency	322,500	322,500	445,128
Training	1,500	1,500	1,439
 Total intergovernmental	 7,874,250	 7,874,250	 8,397,435

(This schedule is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Police alarm fees	\$ 57,000	\$ 57,000	\$ 51,643
Public safety special detail	35,000	35,000	37,077
Police administration tow fees	90,000	90,000	88,800
Police Lock out fees	7,000	7,000	6,050
Fire/rescue fees			
Special detail	5,500	5,500	7,350
Ambulance fees	333,500	333,500	385,014
Service contract	4,655,085	4,655,085	4,627,170
Public education	-	-	1,086
Miscellaneous	3,000	3,000	-
Site plan review	74,510	74,510	114,410
Elevator inspections	14,080	16,080	23,765
Exterior appearance review	2,400	2,400	1,500
Subdivision applications	1,000	1,000	-
Planned unit development review	2,000	2,000	600
Printing and reproduction fees	4,450	4,450	4,635
Special use permits	6,500	6,500	16,735
Zoning text	1,000	1,000	1,850
Variances - single family	1,000	1,000	750
Variances - other	725	475	475
Engineering review	45,000	45,000	42,485
Watershed development	15,160	15,160	12,470
Park fees	47,900	47,900	51,887
Park program fees	571,750	589,250	569,152
Park special events	17,500	2,500	1,916
Park outings	2,500	-	-
Park concessions	19,500	19,500	17,856
Vehicle maintenance fees	111,700	111,700	105,953
 Total charges for services	 6,124,760	 6,126,510	 6,170,629
FINES AND FORFEITS			
Circuit court fines	411,288	411,288	342,664
Other fines	500,000	500,000	419,504
 Total fines and forfeits	 911,288	 911,288	 762,168
INVESTMENT INCOME			
	2,000	2,000	12,888
MISCELLANEOUS			
Miscellaneous revenues	1,092,500	246,205	576,779
Donations	4,100	4,100	3,390
Sale of capital assets	23,000	23,000	25,324
Rent income	265,250	265,250	229,268
 Total miscellaneous	 1,384,850	 538,555	 834,761
TOTAL REVENUES			
	\$ 24,420,072	\$ 23,573,777	\$ 24,686,028

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
General administration	\$ 841,775	\$ 604,325	\$ 597,247
Village administration	1,464,821	614,176	650,126
Finance department	927,209	924,209	833,620
Building and zoning	<u>967,212</u>	<u>971,712</u>	<u>897,978</u>
Total general government	<u>4,201,017</u>	<u>3,114,422</u>	<u>2,978,971</u>
PUBLIC SAFETY			
Police department	8,332,255	8,332,755	7,782,595
Fire department	<u>9,647,852</u>	<u>9,888,352</u>	<u>9,401,810</u>
Total public safety	<u>17,980,107</u>	<u>18,221,107</u>	<u>17,184,405</u>
HIGHWAYS AND STREETS			
Public works department - general services	<u>1,881,238</u>	<u>1,880,538</u>	<u>1,491,661</u>
CULTURE AND RECREATION			
Parks and recreation department	<u>1,220,352</u>	<u>1,220,352</u>	<u>1,086,760</u>
ECONOMIC DEVELOPMENT			
Building and zoning	<u>24,786</u>	<u>24,786</u>	<u>15,550</u>
TOTAL EXPENDITURES	<u>\$ 25,307,500</u>	<u>\$ 24,461,205</u>	<u>\$ 22,757,347</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
TIF TAX ALLOCATION FUND**

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
ECONOMIC DEVELOPMENT			
Personnel services			
Full-time	\$ 61,111	\$ 60,611	\$ 54,116
Overtime	-	500	82
IMRF	8,183	8,183	7,314
FICA	3,789	3,789	3,267
Medicare	886	886	764
Health insurance	16,030	16,018	12,286
Life insurance	132	144	137
Contractual services			
Legal fees	20,000	100,000	89,120
Memberships/dues/subscriptions	375	375	375
Training and business meetings	590	590	-
Legal notices	150	150	-
SD #95 reimbursement	650,000	592,431	592,431
Lake County real estate taxes	67,000	67,500	66,237
Electricity	24,000	24,000	11,304
Natural gas	6,000	7,000	6,290
Other professional services	109,000	86,069	33,230
Equipment rental	1,500	1,500	-
Environmental cleanup	1,000	1,000	-
Street supplies	5,000	4,000	-
Building and grounds maintenance	31,500	31,500	20,868
TOTAL EXPENDITURES	\$ 1,006,246	\$ 1,006,246	\$ 897,821

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 996,912	\$ 996,912	\$ 1,008,939
Interest	7,500	7,500	253
 Total revenues	 1,004,412	 1,004,412	 1,009,192
 EXPENDITURES			
Debt service			
Principal retirement	831,000	831,000	360,000
Interest and fiscal charges	166,512	166,512	172,605
 Total expenditures	 997,512	 997,512	 532,605
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 6,900	 6,900	 476,587
 OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	(463,600)
 Total other financing sources (uses)	 -	 -	 (463,600)
 NET CHANGE IN FUND BALANCE	 \$ 6,900	 \$ 6,900	 12,987
 FUND BALANCE, MAY 1			 778,594
 FUND BALANCE, APRIL 30			 \$ 791,581

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF DEBT SERVICE FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Interest	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 19,816</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>19,816</u>
EXPENDITURES			
Debt service			
Principal retirement	160,000	160,000	160,000
Interest and fiscal charges	<u>856,322</u>	<u>856,322</u>	<u>747,271</u>
Total expenditures	<u>1,016,322</u>	<u>1,016,322</u>	<u>907,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,006,322)</u>	<u>(1,006,322)</u>	<u>(887,455)</u>
OTHER FINANCING SOURCES (USES)			
Bond issuance	463,032	463,032	-
Transfer in	<u>543,290</u>	<u>543,290</u>	<u>887,455</u>
Total other financing sources (uses)	<u>1,006,322</u>	<u>1,006,322</u>	<u>887,455</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
FUND BALANCE, MAY 1			<u>588,020</u>
FUND BALANCE, APRIL 30			<u>\$ 588,020</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND**

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Telecommunication tax	\$ 450,000	\$ 450,000	\$ 450,000
Grants	1,241,508	1,241,508	14,042
Interest	2,500	2,500	36,096
Miscellaneous	-	-	16,236
Total revenues	<u>1,694,008</u>	<u>1,694,008</u>	<u>516,374</u>
EXPENDITURES			
Capital outlay			
Infrastructure improvements	-	2,410,164	1,237,562
Park improvements	183,000	157,000	26,324
Capital projects improvements	3,583,414	1,329,271	130,199
Total expenditures	<u>3,766,414</u>	<u>3,896,435</u>	<u>1,394,085</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>(2,072,406)</u>	<u>(2,202,427)</u>	<u>(877,711)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	498,906	498,906	498,906
Transfer (out)	-	-	(222,329)
Total other financing sources (uses)	<u>498,906</u>	<u>498,906</u>	<u>276,577</u>
NET CHANGE IN FUND BALANCE			
	<u>\$ (1,573,500)</u>	<u>\$ (1,703,521)</u>	<u>(601,134)</u>
FUND BALANCE, MAY 1			<u>3,752,002</u>
FUND BALANCE, APRIL 30			<u>\$ 3,150,868</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Interest	\$ 1,500	\$ 1,500	\$ 11,527
Miscellaneous	- -	- -	2,718
 Total revenues	 1,500	 1,500	 14,245
EXPENDITURES			
Economic development	- -	18,665	12,182
Capital outlay			
Capital projects improvements	463,500	453,500	107,109
 Total expenditures	 463,500	 472,165	 119,291
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(462,000)	(470,665)	(105,046)
OTHER FINANCING SOURCES (USES)			
Transfer in	460,000	460,000	105,048
 Total other financing sources (uses)	 460,000	 460,000	 105,048
NET CHANGE IN FUND BALANCE			
	\$ (2,000)	\$ (10,665)	2
 FUND BALANCE, MAY 1			 11,965,965
 FUND BALANCE, APRIL 30			 \$ 11,965,967

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Foreign Fire Tax Fund - to account for the restricted revenues and related expenditures of this source.

Hotel Tax Fund - to account for the restricted revenues and related expenditures of this source.

Motor Fuel Tax Fund - to account for activity funded by the restricted state share of tax on the use of motor fuels.

Non-Home Rule Sales Tax Fund - to account for the restricted revenues and related expenditures of this source.

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2012

	Special Revenue Funds					Total
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Non-Home Rule Sales Tax		
ASSETS						
Cash and investments	\$ 155,575	\$ 178,155	\$ 349,618	\$ -	\$ 683,348	
Receivables						
Accounts	-	7,822	38,111	1,190	47,123	
Accrued interest	-	-	689	-	689	
Due from other governments	-	-	-	425,149	425,149	
TOTAL ASSETS	\$ 155,575	\$ 185,977	\$ 388,418	\$ 426,339	\$ 1,156,309	
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 59,679	\$ 18,561	\$ 78,240	
Accrued payroll	-	-	-	21,951	21,951	
Due to other funds	-	-	-	299,275	299,275	
Total liabilities	-	-	59,679	339,787	399,466	
FUND BALANCES						
Restricted						
Public safety	155,575	-	-	-	155,575	
Capital Projects	-	-	-	86,552	86,552	
Highways and Streets	-	-	328,739	-	328,739	
Tourism	-	185,977	-	-	185,977	
Total fund balances	155,575	185,977	328,739	86,552	756,843	
TOTAL LIABILITIES AND FUND BALANCES	\$ 155,575	\$ 185,977	\$ 388,418	\$ 426,339	\$ 1,156,309	

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Special Revenue Funds				
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Non-Home Rule Sales Tax	Total
REVENUES					
Taxes	\$ 36,122	\$ 94,183	\$ -	\$ 1,497,214	\$ 1,627,519
Intergovernmental					
Motor fuel tax allocations	-	-	584,323	-	584,323
Interest	186	32	5,074	140	5,432
Miscellaneous	-	-	-	118	118
Total revenues	36,308	94,215	589,397	1,497,472	2,217,392
EXPENDITURES					
General government	-	43,633	-	-	43,633
Public safety	4,339	-	-	-	4,339
Highways and streets	-	-	282,987	1,112,014	1,395,001
Total expenditures	4,339	43,633	282,987	1,112,014	1,442,973
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	31,969	50,582	306,410	385,458	774,419
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	222,329	-	222,329
Transfer (out)	-	-	(200,000)	(298,906)	(498,906)
Total other financing sources (uses)	-	-	22,329	(298,906)	(276,577)
NET CHANGE IN FUND BALANCES	31,969	50,582	328,739	86,552	497,842
FUND BALANCES, MAY 1	123,606	135,395	-	-	259,001
FUND BALANCES, APRIL 30	\$ 155,575	\$ 185,977	\$ 328,739	\$ 86,552	\$ 756,843

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL TAX FUND**

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 65,000	\$ 65,000	\$ 94,183
Interest	-	-	32
 Total revenues	 65,000	 65,000	 94,215
 EXPENDITURES			
General government	48,100	48,100	43,633
 Total expenditures	 48,100	 48,100	 43,633
 NET CHANGE IN FUND BALANCE	 <u>\$ 16,900</u>	 <u>\$ 16,900</u>	 50,582
 FUND BALANCE, MAY 1			 <u>135,395</u>
 FUND BALANCE, APRIL 30			 <u>\$ 185,977</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allocations	\$ 537,100	\$ 537,100	\$ 584,323
Interest	-	1,700	5,074
Miscellaneous	200	200	-
 Total revenues	 537,300	 539,000	 589,397
EXPENDITURES			
Highways and Streets	301,000	301,000	282,987
 Total expenditures	 301,000	 301,000	 282,987
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	236,300	238,000	306,410
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	222,329
Transfer (out)	(200,000)	(200,000)	(200,000)
 Total other financing sources (uses)	 (200,000)	 (200,000)	 22,329
NET CHANGE IN FUND BALANCE			
	<u>\$ 36,300</u>	<u>\$ 38,000</u>	<u>328,739</u>
FUND BALANCE, MAY 1			
			-
FUND BALANCE, APRIL 30			
			<u>\$ 328,739</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NON-HOME RULE SALES TAX FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,497,214
Interest	-	-	140
Miscellaneous	-	-	118
 Total revenues	 1,700,000	 1,700,000	 1,497,472
EXPENDITURES			
Highways and Streets	1,401,094	1,401,094	1,112,014
 Total expenditures	 1,401,094	 1,401,094	 1,112,014
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	298,906	298,906	385,458
OTHER FINANCING SOURCES (USES)			
Transfer (out)	(298,906)	(298,906)	(298,906)
 Total other financing sources (uses)	 (298,906)	 (298,906)	 (298,906)
 NET CHANGE IN FUND BALANCE	 <u>\$ 597,812</u>	 <u>\$ 597,812</u>	 86,552
 FUND BALANCE, MAY 1			 -
 FUND BALANCE, APRIL 30			 <u>\$ 86,552</u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS - BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	<u>\$ 4,723,316</u>	<u>\$ 4,723,316</u>	<u>\$ 3,525,680</u>
Total operating revenues	<u>4,723,316</u>	<u>4,723,316</u>	<u>3,525,680</u>
OPERATING EXPENSES			
Administration	1,228,093	1,275,893	1,233,767
Operations	3,116,352	3,076,307	1,625,741
Depreciation	-	-	1,649,345
Total operating expenses	<u>4,344,445</u>	<u>4,352,200</u>	<u>4,508,853</u>
OPERATING INCOME (LOSS)	<u>378,871</u>	<u>371,116</u>	<u>(983,173)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees	275,000	275,000	156,757
Grants	471,000	471,000	480,000
Investment income	3,000	3,000	10,873
Interest and fiscal charges	(202,654)	(202,654)	(164,817)
Total nonoperating revenues (expenses)	<u>546,346</u>	<u>546,346</u>	<u>482,813</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>925,217</u>	<u>917,462</u>	<u>(500,360)</u>
Capital contributions	-	-	<u>509,110</u>
CHANGE IN NET ASSETS	<u>\$ 925,217</u>	<u>\$ 917,462</u>	<u>8,750</u>
NET ASSETS, MAY 1, AS PREVIOUSLY STATED			42,230,899
Prior period adjustment			<u>107,309</u>
NET ASSETS, MAY 1, RESTATED			<u>42,338,208</u>
NET ASSETS, APRIL 30			<u>\$ 42,346,958</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF OPERATING REVENUES - BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Water charges	\$ 2,391,000	\$ 2,391,000	\$ 1,927,924
Sewer charges	2,073,750	2,073,750	1,372,520
Meter sales	17,500	17,500	12,135
Late fees	67,000	67,000	78,978
Wastewater service agreements	157,816	157,816	116,812
Inspection fees	500	500	1,219
Other	15,750	15,750	16,092
TOTAL OPERATING REVENUES	\$ 4,723,316	\$ 4,723,316	\$ 3,525,680

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Personnel services	\$ 691,563	\$ 738,363	\$ 744,911
Contractual services	466,180	467,180	436,627
Commodities	70,350	70,350	52,229
TOTAL ADMINISTRATION	\$ 1,228,093	\$ 1,275,893	\$ 1,233,767
OPERATIONS			
Water production and storage			
Personnel services	\$ 199,019	\$ 180,519	\$ 163,357
Contractual services	48,600	102,655	101,343
Commodities	597,050	547,050	397,478
Total water production and storage	844,669	830,224	662,178
Water distribution			
Personnel services	235,085	204,285	178,943
Contractual services	45,850	47,950	46,165
Commodities	69,150	69,150	39,501
Total water distribution	350,085	321,385	264,609
Meter reading			
Personnel services	140,132	144,132	129,685
Contractual services	32,380	33,380	27,534
Commodities	27,468	27,468	11,749
Total meter reading	199,980	204,980	168,968
Industrial pretreatment monitoring			
Personnel services	10,247	10,247	5,469
Contractual services	7,650	6,600	2,219
Commodities	950	700	-
Total industrial pretreatment monitoring	18,847	17,547	7,688
Interceptor sewer			
Personnel services	106,108	106,108	68,555
Contractual services	62,200	43,785	18,882
Commodities	15,500	15,500	(1,955)
Total interceptor sewer	183,808	165,393	85,482

(This schedule is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL (Continued)
WATERWORKS AND SEWERAGE FUND

For the Year Ended April 30, 2012

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Lift stations			
Personnel services	\$ 164,908	\$ 166,408	\$ 130,714
Contractual services	45,720	60,035	45,184
Commodities	87,250	82,250	62,047
Total lift stations	<u>297,878</u>	<u>308,693</u>	<u>237,945</u>
Collection system			
Personnel services	159,965	156,965	118,848
Contractual services	69,570	70,470	17,363
Commodities	27,150	26,250	3,491
Total collection system	<u>256,685</u>	<u>253,685</u>	<u>139,702</u>
Capital outlay and maintenance			
Less nonoperating items			
Capital assets capitalized	-	-	(737,862)
TOTAL OPERATIONS	<u>\$ 3,116,352</u>	<u>\$ 3,076,307</u>	<u>\$ 1,625,741</u>
DEPRECIATION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,649,345</u>
DEBT SERVICE			
Principal retirement	\$ 809,241	\$ 809,241	\$ 1,037,017
Interest and fiscal charges	202,654	202,654	164,817
Subtotal	1,011,895	1,011,895	1,201,834
Less nonoperating items			
Debt service	<u>(1,011,895)</u>	<u>(1,011,895)</u>	<u>(1,201,834)</u>
TOTAL DEBT SERVICE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING STATEMENT OF NET PLAN ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2012

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 53,292	\$ 148,725	\$ 202,017
Investments			
U.S. Treasury obligations	2,122,174	1,396,290	3,518,464
U.S. agencies securities	3,796,802	3,853,572	7,650,374
Mutual funds	5,224,252	7,473,837	12,698,089
Common stocks	-	151,138	151,138
Corporate bonds	-	1,992,532	1,992,532
State and local obligations	284,205	553,668	837,873
Money market funds	163,537	-	163,537
Insurance contracts		245,411	245,411
Receivables			
Accrued interest	46,834	99,080	145,914
Prepays	517	1,057	1,574
 Total assets	 11,691,613	 15,915,310	 27,606,923
 LIABILITIES			
Accounts payable	1,197	6,343	7,540
 Total liabilities	 1,197	 6,343	 7,540
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	 \$ 11,690,416	 \$ 15,908,967	 \$ 27,599,383

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS**

For the Year Ended April 30, 2012

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions - employer	\$ 1,235,081	\$ 1,226,383	\$ 2,461,464
Contributions - employee	328,173	445,682	773,855
 Total contributions	 1,563,254	 1,672,065	 3,235,319
 Investment income			
Net appreciation in fair value of investments	298,191	271,863	570,054
Interest earned on investments	290,413	440,967	731,380
 Total investment income	 588,604	 712,830	 1,301,434
Less investment expense	(32,233)	(44,733)	(76,966)
 Net investment income	 556,371	 668,097	 1,224,468
 Total additions	 2,119,625	 2,340,162	 4,459,787
 DEDUCTIONS			
Benefits and refunds			
Pension payments and refunds	766,090	310,747	1,076,837
Administrative	25,496	34,741	60,237
 Total deductions	 791,586	 345,488	 1,137,074
 CHANGE IN NET ASSETS	 1,328,039	 1,994,674	 3,322,713
 NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	10,362,377	13,914,293	24,276,670
 April 30	 \$ 11,690,416	 \$ 15,908,967	 \$ 27,599,383

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ESCROW PERFORMANCE FUND

For the Year Ended April 30, 2012

	Balances			Balances
	May 1	Additions	Deductions	April 30
ASSETS				
Cash and investments	\$ 1,639,863	\$ 793,289	\$ 234,466	\$ 2,198,686
Receivables				
Other	260,042	55,649	288,038	27,653
TOTAL ASSETS	\$ 1,899,905	\$ 848,938	\$ 522,504	\$ 2,226,339
LIABILITIES				
Accounts payable	\$ 28,593	\$ 202,398	\$ 212,203	\$ 18,788
Deposits payable	1,871,312	576,118	239,879	2,207,551
TOTAL LIABILITIES	\$ 1,899,905	\$ 778,516	\$ 452,082	\$ 2,226,339

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE BONDS SERIES OF 2003A

April 30, 2012

Date of Issue	March 17, 2003
Date of Maturity	December 15, 2021
Authorized Issue	\$4,200,000
Denomination of Bonds	\$5,000
Interest Rates	3.625% to 3.750%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2011	\$ -	\$ -	\$ -	2012	\$ -	2012	\$ -
2012	250,000	97,146	347,146	2013	48,573	2013	48,573
2013	260,000	88,084	348,084	2014	44,042	2014	44,042
2014	270,000	78,658	348,658	2015	39,329	2015	39,329
2015	280,000	68,872	348,872	2016	34,436	2016	34,436
2016	290,000	58,722	348,722	2017	29,361	2017	29,361
2017	305,000	48,208	353,208	2018	24,104	2018	24,104
2018	320,000	37,152	357,152	2019	18,576	2019	18,576
2019	330,000	25,313	355,313	2020	12,656	2020	12,657
2020	345,000	12,938	357,938	2021	6,469	2021	6,469
	<u>\$ 2,650,000</u>	<u>\$ 515,093</u>	<u>\$ 3,165,093</u>		<u>\$ 257,546</u>		<u>\$ 257,547</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE BONDS SERIES OF 2009A

April 30, 2012

Date of Issue	April 1, 2009
Date of Maturity	February 1, 2029
Authorized Issue	\$7,830,000
Denomination of Bonds	\$5,000
Interest Rates	3.30% to 6.15%
Interest Dates	August 1 and February 1
Principal Maturity Date	February 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy				Interest Due on			
	Principal	Interest	Total	August 1	Amount	February 1	Amount	
2011	\$ 65,000	\$ 432,074	\$ 497,074	2012	\$ 216,037	2013	\$ 216,037	
2012	100,000	429,764	529,764	2013	214,882	2014	214,882	
2013	150,000	426,116	576,116	2014	213,058	2015	213,058	
2014	200,000	420,266	620,266	2015	210,133	2016	210,133	
2015	240,000	411,964	651,964	2016	205,982	2017	205,982	
2016	300,000	401,404	701,404	2017	200,702	2018	200,702	
2017	350,000	387,456	737,456	2018	193,728	2019	193,728	
2018	405,000	370,306	775,306	2019	185,153	2020	185,153	
2019	515,000	349,852	864,852	2020	174,926	2021	174,926	
2020	550,000	322,816	872,816	2021	161,408	2022	161,408	
2021	590,000	292,564	882,564	2022	146,282	2023	146,282	
2022	625,000	259,230	884,230	2023	129,615	2024	129,615	
2023	660,000	223,292	883,292	2024	111,646	2025	111,646	
2024	695,000	184,682	879,682	2025	92,341	2026	92,341	
2025	740,000	143,330	883,330	2026	71,665	2027	71,665	
2026	785,000	98,930	883,930	2027	49,465	2028	49,465	
2027	830,000	51,044	881,044	2028	25,522	2029	25,522	
	<u>\$ 7,800,000</u>	<u>\$ 5,205,090</u>	<u>\$ 13,005,090</u>		<u>\$ 2,602,545</u>		<u>\$ 2,602,545</u>	

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE REFUNDING BONDS SERIES OF 2009B

April 30, 2012

Date of Issue	April 17, 2009
Date of Maturity	December 15, 2020
Authorized Issue	\$1,525,000
Denomination of Bonds	\$5,000
Interest Rates	4.10% to 5.10%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2011	\$ -	\$ 71,825	\$ 71,825	2012	\$ 35,913	2012	\$ 35,913
2012	-	71,825	71,825	2013	35,913	2013	35,913
2013	-	71,825	71,825	2014	35,913	2014	35,913
2014	-	71,825	71,825	2015	35,913	2015	35,913
2015	125,000	71,825	196,825	2016	35,913	2016	35,913
2016	225,000	66,700	291,700	2017	33,350	2017	33,350
2017	325,000	57,026	382,026	2018	28,513	2018	28,513
2018	425,000	42,076	467,076	2019	21,038	2019	21,038
2019	425,000	21,673	446,673	2020	10,836	2020	10,837
	<u>\$ 1,525,000</u>	<u>\$ 546,600</u>	<u>\$ 2,071,600</u>		<u>\$ 273,302</u>		<u>\$ 273,303</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE REFUNDING BONDS SERIES OF 2009C

April 30, 2012

Date of Issue	April 1, 2009
Date of Maturity	December 15, 2024
Authorized Issue	\$4,255,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% to 4.20%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2011	\$ -	\$ 174,030	\$ 174,030	2012	\$ 87,015	2012	\$ 87,015
2012	-	174,030	174,030	2013	87,015	2013	87,015
2013	-	174,030	174,030	2014	87,015	2014	87,015
2014	-	174,030	174,030	2015	87,015	2015	87,015
2015	-	174,030	174,030	2016	87,015	2016	87,015
2016	-	174,030	174,030	2017	87,015	2017	87,015
2017	-	174,030	174,030	2018	87,015	2018	87,015
2018	-	174,030	174,030	2019	87,015	2019	87,015
2019	125,000	174,030	299,030	2020	87,015	2020	87,015
2020	650,000	169,030	819,030	2021	84,515	2021	84,515
2021	1,000,000	143,030	1,143,030	2022	71,515	2022	71,515
2022	1,130,000	103,030	1,233,030	2023	51,515	2023	51,515
2023	1,350,000	56,700	1,406,700	2024	28,350	2024	28,350
	<u>\$ 4,255,000</u>	<u>\$ 2,038,060</u>	<u>\$ 6,293,060</u>		<u>\$ 1,019,030</u>		<u>\$ 1,019,030</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE REFUNDING BONDS SERIES OF 2011B

April 30, 2012

Date of Issue April 21, 2011
 Date of Maturity December 15, 2021
 Authorized Issue \$2,800,000
 Denomination of Bonds \$5,000
 Interest Rates 1.88% to 4.25%
 Interest Dates June 15 and December 15
 Principal Maturity Date December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on				
	Principal	Interest	Total	June 15	Amount	December 15	Amount	
2011	\$ -	\$ 104,720	\$ 104,720	2012	\$ 52,360	2012	\$ 52,360	
2012	265,000	104,720	369,720	2013	52,360	2013	52,360	
2013	270,000	100,745	370,745	2014	50,373	2014	50,372	
2014	280,000	94,670	374,670	2015	47,335	2015	47,335	
2015	290,000	86,270	376,270	2016	43,135	2016	43,135	
2016	305,000	76,120	381,120	2017	38,060	2017	38,060	
2017	320,000	64,377	384,377	2018	32,189	2018	32,188	
2018	335,000	50,938	385,938	2019	25,469	2019	25,469	
2019	355,000	35,863	390,863	2020	17,932	2020	17,931	
2020	380,000	19,000	399,000	2021	9,500	2021	9,500	
	<u>\$ 2,800,000</u>	<u>\$ 737,423</u>	<u>\$ 3,537,423</u>		<u>\$ 368,713</u>		<u>\$ 368,710</u>	

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE REFUNDING BONDS SERIES OF 2011C

April 30, 2012

Date of Issue April 21, 2011
 Date of Maturity December 15, 2021
 Authorized Issue \$1,205,000
 Denomination of Bonds \$5,000
 Interest Rates 2.00% to 4.25%
 Interest Dates June 15 and December 15
 Principal Maturity Date December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2011	\$ -	\$ 38,762	\$ 38,762	2012	\$ 19,381	2012	\$ 19,381
2012	120,000	38,762	158,762	2013	19,381	2013	19,381
2013	125,000	36,362	161,362	2014	18,181	2014	18,181
2014	125,000	33,550	158,550	2015	16,775	2015	16,775
2015	130,000	30,112	160,112	2016	15,056	2016	15,056
2016	135,000	26,538	161,538	2017	13,269	2017	13,269
2017	135,000	22,150	157,150	2018	11,075	2018	11,075
2018	140,000	17,426	157,426	2019	8,713	2019	8,713
2019	145,000	12,176	157,176	2020	6,088	2020	6,088
2020	150,000	6,375	156,375	2021	3,188	2021	3,187
	<u>\$ 1,205,000</u>	<u>\$ 262,213</u>	<u>\$ 1,467,213</u>		<u>\$ 131,107</u>		<u>\$ 131,106</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS
 LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BONDS SERIES OF 2008A

April 30, 2012

Date of Issue	August 1, 2008
Date of Maturity	January 1, 2020
Authorized Issue	\$4,265,000
Denomination of Bonds	\$5,000
Interest Rates	3.50% to 5.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	July 1	Amount	January 1	Amount
2011	\$ 370,000	\$ 149,963	\$ 519,963	2012	\$ 74,981	2013	\$ 74,982
2012	385,000	136,550	521,550	2013	68,275	2014	68,275
2013	395,000	121,150	516,150	2014	60,575	2015	60,575
2014	420,000	105,350	525,350	2015	52,675	2016	52,675
2015	435,000	84,350	519,350	2016	42,175	2017	42,175
2016	460,000	62,600	522,600	2017	31,300	2018	31,300
2017	485,000	39,600	524,600	2018	19,800	2019	19,800
2018	505,000	20,200	525,200	2019	10,100	2020	10,100
	<u>\$ 3,455,000</u>	<u>\$ 719,763</u>	<u>\$ 4,174,763</u>		<u>\$ 359,881</u>		<u>\$ 359,882</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION WATERWORKS AND SEWERAGE
ALTERNATE REVENUE BONDS SERIES OF 2002

April 30, 2012

Date of Issue	March 18, 2002
Date of Maturity	December 15, 2012
Authorized Issue	\$2,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% to 4.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on		
	Principal	Interest	Total	June 15	Amount	December 15
2011	\$ 240,000	\$ 10,194	\$ 250,194	2012	\$ 5,100	2012
	<u>\$ 240,000</u>	<u>\$ 10,194</u>	<u>\$ 250,194</u>		<u>\$ 5,100</u>	<u>\$ 5,094</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION WATERWORKS AND SEWERAGE BONDS SERIES OF 2006

April 30, 2012

Date of Issue	May 1, 2006
Date of Maturity	December 15, 2014
Authorized Issue	\$2,050,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			June 15	Interest Due on		
	Principal	Interest	Total		Amount	December 15	Amount
2011	\$ 450,000	\$ 57,000	\$ 507,000	2012	\$ 28,500	2012	\$ 28,500
2012	700,000	39,000	739,000	2013	19,500	2013	19,500
2013	<u>275,000</u>	<u>11,000</u>	<u>286,000</u>	2014	<u>5,500</u>	2024	<u>5,500</u>
	<u><u>\$ 1,425,000</u></u>	<u><u>\$ 107,000</u></u>	<u><u>\$ 1,532,000</u></u>		<u><u>\$ 53,500</u></u>		<u><u>\$ 53,500</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS IEPA LOAN OF 2006

April 30, 2012

Date of Issue	October 15, 2005
Date of Maturity	December 16, 2026
Authorized Issue	\$2,000,000
Interest Rates	2.50%
Interest Dates	June 16 and December 16
Principal Maturity Date	June 16 and December 16
Payable at	Illinois Environmental Protection Agency

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 16	Amount	December 16	Amount
2013	\$ 90,494	\$ 39,720	\$ 130,214	2012	\$ 20,141	2012	\$ 19,579
2014	92,771	37,444	130,215	2013	19,010	2013	18,434
2015	95,105	35,110	130,215	2014	17,850	2014	17,260
2016	97,497	32,717	130,214	2015	16,661	2015	16,056
2017	99,950	30,265	130,215	2016	15,443	2016	14,822
2018	102,464	27,750	130,214	2017	14,193	2017	13,557
2019	105,042	25,173	130,215	2018	12,913	2018	12,260
2020	107,684	22,531	130,215	2019	11,600	2019	10,931
2021	110,393	19,822	130,215	2020	10,254	2020	9,568
2022	113,170	17,045	130,215	2021	8,874	2021	8,171
2023	116,017	14,197	130,214	2022	7,459	2022	6,738
2024	118,936	11,279	130,215	2023	6,009	2023	5,270
2025	121,927	8,287	130,214	2024	4,522	2024	3,765
2026	124,994	5,220	130,214	2025	2,998	2025	2,222
2027	114,852	2,076	116,928	2026	1,436	2026	640
	\$ 1,611,296	\$ 328,636	\$ 1,939,932		\$ 169,363		\$ 159,273

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
IEPA LOAN OF 2008

April 30, 2012

Date of Issue	September 27, 2007
Date of Maturity	August 11, 2028
Authorized Issue	\$1,673,182
Interest Rates	1.25%
Interest Dates	August 11 and February 11
Principal Maturity Date	August 11 and February 11
Payable at	Illinois Environmental Protection Agency

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				August 11	Amount	February 11	Amount
2013	\$ 75,599	\$ 37,601	\$ 113,200	2012	\$ 19,035	2013	\$ 18,566
2014	77,500	35,699	113,199	2013	18,090	2014	17,609
2015	79,450	33,749	113,199	2014	17,121	2015	16,628
2016	81,449	31,750	113,199	2015	16,128	2016	15,622
2017	83,498	29,702	113,200	2016	15,110	2017	14,592
2018	85,598	27,601	113,199	2017	14,066	2018	13,535
2019	87,751	25,447	113,198	2018	12,996	2019	12,451
2020	89,959	23,241	113,200	2019	11,900	2020	11,341
2021	92,222	20,977	113,199	2020	10,775	2021	10,202
2022	94,542	18,657	113,199	2021	9,622	2022	9,035
2023	96,920	16,280	113,200	2022	8,441	2023	7,839
2024	99,358	13,841	113,199	2023	7,229	2024	6,612
2025	101,858	11,341	113,199	2024	5,987	2025	5,354
2026	104,420	8,779	113,199	2025	4,714	2026	4,065
2027	105,910	6,153	112,063	2026	3,409	2027	2,744
2028	109,740	3,460	113,200	2027	2,071	2028	1,389
2029	55,901	699	56,600	2028	699		-
	<u>\$ 1,521,675</u>	<u>\$ 344,977</u>	<u>\$ 1,866,652</u>		<u>\$ 177,393</u>		<u>\$ 167,584</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
TIF REVENUE BONDS SERIES OF 2005A

April 30, 2012

Date of Issue	July 18, 2005
Date of Maturity	December 15, 2024
Authorized Issue	\$8,500,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% - 4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			June 15	Interest Due on		
	Principal	Interest	Total		Amount	December 15	Amount
2011	\$ -	\$ -	\$ -	2012	\$ -	2012	\$ -
2012	375,000	297,188	672,188	2013	148,594	2013	148,594
2013	425,000	283,126	708,126	2014	141,563	2014	141,563
2014	550,000	267,188	817,188	2015	133,594	2015	133,594
2015	575,000	246,562	821,562	2016	123,281	2016	123,281
2016	600,000	225,000	825,000	2017	112,500	2017	112,500
2017	625,000	201,000	826,000	2018	100,500	2018	100,500
2018	650,000	176,000	826,000	2019	88,000	2019	88,000
2019	675,000	150,000	825,000	2020	75,000	2020	75,000
2020	725,000	123,000	848,000	2021	61,500	2021	61,500
2021	750,000	94,000	844,000	2022	47,000	2022	47,000
2022	775,000	64,000	839,000	2023	32,000	2023	32,000
2023	825,000	33,000	858,000	2024	16,500	2024	16,500
	<u>\$ 7,550,000</u>	<u>\$ 2,160,064</u>	<u>\$ 9,710,064</u>		<u>\$ 1,080,032</u>		<u>\$ 1,080,032</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
TIF REVENUE BONDS SERIES OF 2005B

April 30, 2012

Date of Issue	July 18, 2005
Date of Maturity	December 15, 2014
Authorized Issue	\$1,500,000
Denomination of Bonds	\$5,000
Interest Rates	4.30% - 4.80%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2011	\$ 140,000	\$ 18,726	\$ 158,726	2012	\$ 9,363	2012	\$ 9,363
2012	125,000	10,676	135,676	2013	5,338	2013	5,338
2013	100,000	4,800	104,800	2014	2,400	2014	2,400
	<u>\$ 365,000</u>	<u>\$ 34,202</u>	<u>\$ 399,202</u>		<u>\$ 17,101</u>		<u>\$ 17,101</u>

(See independent auditor's report.)

STATISTICAL SECTION

This part of the Village of Lake Zurich's 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.	98-104
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	105-108
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.	109-113
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.	114-115
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.	116-119

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Village implemented GASB Statement 34 in FY 2004; schedules presenting government-wide information include information beginning in that year.

VILLAGE OF LAKE ZURICH, ILLINOIS

NET ASSETS BY COMPONENT

Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES									
Invested in capital assets									
net of related debt	\$ 73,594,963	\$ 77,029,970	\$ 83,037,308	\$ 82,437,689	\$ 84,175,365	\$ 81,219,210	\$ 80,849,072	\$ 80,013,336	\$ 76,652,153
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808	1,952,723	3,262,355	3,222,374	17,592,724
Unrestricted	(9,766,291)	(7,089,250)	(17,037,931)	(17,600,923)	(20,215,178)	(18,868,258)	(17,511,096)	(16,028,682)	(24,640,955)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 66,516,371	\$ 71,595,241	\$ 69,531,326	\$ 67,687,972	\$ 65,812,995	\$ 64,303,675	\$ 66,600,331	\$ 67,207,028	\$ 69,603,922
BUSINESS-TYPE ACTIVITIES									
Invested in capital assets									
net of related debt	\$ 40,022,303	\$ 42,723,063	\$ 43,445,971	\$ 44,411,651	\$ 43,220,026	\$ 42,163,703	\$ 41,351,561	\$ 40,968,949	\$ 41,753,593
Unrestricted	6,255,492	5,022,235	4,796,240	2,785,925	3,311,111	2,589,565	2,424,907	1,261,950	593,365
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 46,277,795	\$ 47,745,298	\$ 48,242,211	\$ 47,197,576	\$ 46,531,137	\$ 44,753,268	\$ 43,776,468	\$ 42,230,899	\$ 42,346,958
PRIMARY GOVERNMENT									
Invested in capital assets									
net of related debt	\$ 113,617,266	\$ 119,753,033	\$ 126,483,279	\$ 126,849,340	\$ 127,395,391	\$ 123,382,913	\$ 122,200,633	\$ 120,982,285	\$ 118,405,746
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808	1,952,723	3,262,355	3,222,374	17,592,724
Unrestricted	(3,510,799)	(2,067,015)	(12,241,691)	(14,814,998)	(16,904,067)	(16,278,693)	(15,086,189)	(14,766,732)	(24,047,590)
TOTAL PRIMARY GOVERNMENT	\$ 112,794,166	\$ 119,340,539	\$ 117,773,537	\$ 114,885,548	\$ 112,344,132	\$ 109,056,943	\$ 110,376,799	\$ 109,437,927	\$ 111,950,880

The Village implemented GASB No. 34 in fiscal year 2004.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET ASSETS

Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES									
Governmental activities									
General government	\$ 2,413,846	\$ 2,442,432	\$ 2,416,410	\$ 2,675,926	\$ 3,156,278	\$ 3,529,170	\$ 2,952,818	\$ 3,396,022	\$ 3,074,208
Public safety	11,303,728	12,496,702	14,598,186	15,419,714	16,081,083	16,767,143	15,425,916	16,529,348	17,950,169
Highways and streets	4,054,985	3,486,514	3,296,350	3,311,564	3,722,055	3,972,096	4,183,379	4,021,341	4,439,375
Culture and recreation	1,631,428	1,770,940	1,862,749	1,868,893	2,034,648	2,242,138	1,574,777	1,332,039	1,347,279
Economic development	2,939,519	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	926,436
Interest on long-term debt	915,673	1,087,578	1,449,772	1,528,564	2,045,277	1,695,254	1,146,842	1,233,206	1,045,608
Total governmental activities expenses	23,259,179	21,992,866	27,579,956	27,190,140	27,464,700	29,119,728	27,203,742	27,610,890	28,783,075
Business-type activities									
Waterworks and sewerage	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885	5,170,570	5,013,468	4,753,896	4,673,670
Total business-type activities expenses	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885	5,170,570	5,013,468	4,753,896	4,673,670
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 27,264,607	\$ 26,012,936	\$ 32,214,270	\$ 32,602,389	\$ 32,613,585	\$ 34,290,298	\$ 32,217,210	\$ 32,364,786	\$ 33,456,745
PROGRAM REVENUES									
Governmental activities									
Charges for services									
General government	\$ 1,988,492	\$ 2,817,894	\$ 3,107,316	\$ 2,622,108	\$ 2,603,229	\$ 2,136,166	\$ 2,175,734	\$ 1,967,590	\$ 838,464
Public safety	5,206,007	3,767,347	5,581,866	4,434,714	4,488,006	4,560,817	5,264,203	5,643,674	6,844,127
Highways and streets	-	-	-	-	-	-	-	-	439,467
Culture and recreation	578,319.00	603,016	585,138	641,046	619,381	629,882	478,097	642,923	676,449
Operating grants	-	-	-	-	-	-	-	-	835,918
Capital grants	1,959,365	3,678,879	796,765	838,607	633,667	677,672	1,738,582	1,718,995	537,892
Total governmental activities program revenues	9,732,183	10,867,136	10,071,085	8,536,475	8,344,283	8,004,537	9,656,616	9,973,182	10,172,317
Business-type activities									
Charges for services									
Waterworks and sewerage	3,737,934	4,507,218	4,970,094	4,091,890	4,290,807	3,846,907	4,512,406	3,716,174	3,682,437
Capital grants	-	2,300,184.00	-	-	-	-	5,560	-	989,110
Total business-type activities program revenues	3,737,934	6,807,402	4,970,094	4,091,890	4,290,807	3,846,907	4,517,966	3,716,174	4,671,547
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 13,470,117	\$ 17,674,538	\$ 15,041,179	\$ 12,628,365	\$ 12,635,090	\$ 11,851,444	\$ 14,174,582	\$ 13,689,356	\$ 14,843,864

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Nine Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
NET (EXPENSE) REVENUE									
Governmental activities	\$ (13,526,996)	\$ (11,125,730)	\$ (17,508,871)	\$ (18,653,665)	\$ (19,120,417)	\$ (21,115,191)	\$ (17,547,126)	\$ (17,637,708)	\$ (18,610,758)
Business-type activities	(267,494)	2,787,332	335,780	(1,320,359)	(858,078)	(1,323,663)	(495,502)	(1,037,722)	(2,123)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (13,794,490)	\$ (8,338,398)	\$ (17,173,091)	\$ (19,974,024)	\$ (19,978,495)	\$ (22,438,854)	\$ (18,042,628)	\$ (18,675,430)	\$ (18,612,881)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS									
Governmental activities									
Taxes									
Property	\$ 6,168,186	\$ 6,601,029	\$ 6,747,900	\$ 7,685,714	\$ 8,091,060	\$ 8,248,091	\$ 8,887,061	\$ 8,841,223	\$ 9,060,819
Sales	4,589,414	4,976,532	4,972,070	5,296,357	5,458,214	5,592,133	5,476,150	5,793,566	7,375,471
Intergovernmental									
State income	1,117,985	1,322,612	1,468,210	1,637,119	1,788,320	1,683,021	1,536,443	1,541,627	1,601,915
Other	434,417	857,267	1,336,548	958,527	815,847	825,019	592,692	734,484	2,045,202
Investment income	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,173
Miscellaneous	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	236,987
Transfers in	421,506	1,411,207	-	-	-	500,000	500,000	500,000	-
Total governmental activities	13,265,306	16,204,600	15,444,956	16,810,311	17,245,440	19,605,871	19,843,782	18,244,405	20,406,567
Business-type activities									
Property taxes	11,723	11,723	11,728	11,733	11,732	11,724	11,719	(11,706)	-
Investment income	55,994	79,655	149,405	263,991	179,907	34,070	6,983	3,859	10,873
Transfers (out)	(421,506)	(1,411,207)	-	-	-	(500,000)	(500,000)	(500,000)	-
Total business-type activities	(353,789)	(1,319,829)	161,133	275,724	191,639	(454,206)	(481,298)	(507,847)	10,873
TOTAL PRIMARY GOVERNMENT	\$ 12,911,517	\$ 14,884,771	\$ 15,606,089	\$ 17,086,035	\$ 17,437,079	\$ 19,151,665	\$ 19,362,484	\$ 17,736,558	\$ 20,417,440
CHANGE IN NET ASSETS									
Governmental activities	\$ (261,690)	\$ 5,078,870	\$ (2,063,915)	\$ (1,843,354)	\$ (1,874,977)	\$ (1,509,320)	\$ 2,296,656	\$ 606,697	\$ 1,795,809
Business-type activities	(621,283)	1,467,503	496,913	(1,044,635)	(666,439)	(1,777,869)	(976,800)	(1,545,569)	8,750
TOTAL PRIMARY GOVERNMENT CHANGE IN NET ASSETS	\$ (882,973)	\$ 6,546,373	\$ (1,567,002)	\$ (2,887,989)	\$ (2,541,416)	\$ (3,287,189)	\$ 1,319,856	\$ (938,872)	\$ 1,804,559

The Village implemented GASB No. 34 in fiscal year 2004.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL FUND										
Reserved	\$ 2,666,951	\$ 798,926	\$ 796,981	\$ 791,673	\$ 815,783	\$ 835,582	\$ 1,029,890	\$ 1,107,457	\$ 1,137,365	\$ -
Unreserved	225,278	616,104	3,445,055	3,607,077	3,290,597	2,323,035	2,167,788	2,410,450	4,024,311	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	339,445
Unrestricted	-	-	-	-	-	-	-	-	-	5,382,483
TOTAL GENERAL FUND	\$ 2,892,229	\$ 1,415,030	\$ 4,242,036	\$ 4,398,750	\$ 4,106,380	\$ 3,158,617	\$ 3,197,678	\$ 3,517,907	\$ 5,161,676	\$ 5,721,928
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 8,780,692	\$ 5,841,511	\$ 11,593,828	\$ 15,297,012	\$ 14,804,655	\$ 13,847,115	\$ 14,010,393	\$ 15,787,496	\$ 15,710,939	\$ -
Unreserved, reported in										
Special Revenue Funds	-	-	-	-	-	31,762	59,940	151,872	259,001	-
Capital Project Funds	614,468	1,485,423	1,681,280	2,201,914	2,191,034	670,718	587,586	954,551	1,490,591	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	17,631,245
Unrestricted	-	-	-	-	-	-	-	-	-	(381,557)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 9,395,160	\$ 7,326,934	\$ 13,275,108	\$ 17,498,926	\$ 16,995,689	\$ 14,549,595	\$ 14,657,919	\$ 16,893,919	\$ 17,460,531	\$ 17,249,688

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH, ILLINOIS

GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Taxes	\$ 10,294,390	\$ 10,757,600	\$ 1,577,561	\$ 11,719,970	\$ 12,982,071	\$ 13,549,274	\$ 13,840,224	\$ 14,363,211	\$ 14,634,789	\$ 12,020,367
Licenses and permits	1,441,802	1,561,404	2,478,365	2,610,400	2,192,802	2,223,784	1,912,348	1,892,129	1,639,048	598,732
Intergovernmental	5,057,565	2,897,367	2,864,902	3,601,523	3,434,253	3,237,834	3,185,712	3,867,717	3,995,106	9,445,800
Charges for services	4,484,078	5,674,514	4,259,682	6,175,199	5,030,420	5,005,354	5,005,802	5,236,050	5,804,830	6,170,629
Fines and forfeits	577,039	536,900	450,210	488,721	474,646	481,478	408,715	789,855	810,309	762,168
Interest income	159,260	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,174
Miscellaneous	1,134,743	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451
TOTAL	\$ 23,148,877	\$ 21,961,583	\$ 12,666,673	\$ 25,516,041	\$ 25,346,786	\$ 25,589,723	\$ 27,110,408	\$ 29,000,398	\$ 27,717,587	\$ 30,129,321

Note: Includes all governmental funds

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Source	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	\$ 3,442,196	\$ 2,291,206	\$ 2,251,949	\$ 2,357,302	\$ 2,508,671	\$ 2,849,795	\$ 3,083,437	\$ 3,063,431	\$ 2,939,988	\$ 3,022,604
Public safety	11,700,045	11,659,477	11,836,203	13,648,751	14,389,260	15,024,150	14,471,695	14,934,390	15,670,720	17,188,744
Highways and streets	4,713,035	2,854,762	3,186,134	2,814,329	3,079,508	2,962,734	2,809,433	2,982,812	2,778,043	2,886,662
Culture and recreation	1,695,000	1,527,115	1,662,954	1,746,509	1,782,675	1,943,021	2,004,690	1,367,164	1,115,371	1,086,760
Economic development	1,648,969	2,939,519		708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934
Capital outlay	746,520	1,105,306		699,772	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580
Debt service										
Principal	1,398,573	2,668,573	1,663,573	6,598,573	2,023,573	1,665,000	1,900,000	1,250,000	905,000	520,000
Interest and fiscal charges	700,829	882,556	989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876
TOTAL	\$ 26,045,167	\$ 25,928,514	\$ 22,998,664	\$ 32,979,251	\$ 28,459,538	\$ 28,983,580	\$ 29,887,875	\$ 27,450,313	\$ 26,546,062	\$ 28,051,393

Note: Includes all governmental funds

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 10,294,390	\$ 10,757,600	\$ 11,577,561	\$ 11,719,970	\$ 12,982,071	\$ 13,549,274	\$ 13,840,224	\$ 14,363,211	\$ 14,634,789	\$ 12,020,367
Licenses and permits	1,441,802	1,561,404	2,478,365	2,610,400	2,192,802	2,223,784	1,912,348	1,892,129	1,639,048	598,732
Intergovernmental	5,057,565	2,897,367	2,864,902	3,601,523	3,434,253	3,237,834	3,185,712	3,867,717	3,995,106	9,445,800
Charges for services	4,484,078	5,674,514	4,259,682	6,175,199	5,030,420	5,005,354	5,005,802	5,236,050	5,804,830	6,170,629
Fines and forfeitures	577,039	536,900	450,210	488,721	474,646	481,478	408,715	789,855	810,309	762,168
Investment income	159,260	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,174
Miscellaneous	1,134,743	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451
Total revenues	23,148,877	21,961,583	22,666,673	25,516,041	25,346,786	25,589,723	27,110,408	29,000,398	27,717,587	30,129,321
EXPENDITURES										
General government	3,442,196	2,291,206	2,251,949	2,357,302	2,508,671	2,849,795	3,083,437	3,063,431	2,939,988	3,022,604
Public safety	11,700,045	11,659,477	11,836,203	13,648,751	14,389,260	15,024,150	14,471,695	14,934,390	15,670,720	17,188,744
Highways and streets	4,713,035	2,854,762	3,186,134	2,814,329	3,079,508	2,962,734	2,809,433	2,982,812	2,778,043	2,886,662
Culture and recreation	1,695,000	1,527,115	1,662,954	1,746,509	1,782,675	1,943,021	2,004,690	1,367,164	1,115,371	1,086,760
Economic development	1,648,969	2,939,519	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553
Capital outlay	746,520	1,105,306	699,772	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194
Debt service										
Principal	1,398,573	2,668,573	1,663,573	6,598,573	2,023,573	1,665,000	1,900,000	1,250,000	905,000	520,000
Interest	700,829	882,556	989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876
Total expenditures	26,045,167	25,928,514	22,998,664	32,979,251	28,459,538	28,983,580	29,887,875	27,450,313	26,546,062	28,051,393
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES										
	(2,896,290)	(3,966,931)	(331,991)	(7,463,210)	(3,112,752)	(3,393,857)	(2,777,467)	1,550,085	1,171,525	2,077,928
OTHER FINANCING SOURCES (USES)										
Bonds issued	12,390,000	-	7,695,964	11,843,742	2,317,145	-	18,145,000	475,000	4,445,000	-
Premium on bonds issued	-	-	-	-	-	-	170,367	-	-	-
Payment to escrow agent	-	-	-	-	-	-	(15,890,515)	-	(3,875,000)	-
Transfers in	116,357	421,506	1,598,207	6,507,635	-	-	8,747,910	1,375,643	1,505,934	1,713,738
Transfers (out)	-	-	(187,000)	(6,507,635)	-	-	(8,247,910)	(875,643)	(1,005,934)	(1,713,738)
Total other financing sources (uses)	12,506,357	421,506	9,107,171	11,843,742	2,317,145	-	2,924,852	975,000	1,070,000	-
NET CHANGE IN FUND BALANCES	\$ 9,610,067	\$ (3,545,425)	\$ 8,775,180	\$ 4,380,532	\$ (795,607)	\$ (3,393,857)	\$ 147,385	\$ 2,525,085	\$ 2,241,525	\$ 2,077,928

Debt service as a percentage of noncapital expenditures

8.30% 14.31% 11.90% 24.42% 12.91% 13.86% 14.14% 8.14% 8.09% 5.37%

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH, ILLINOIS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
2003	\$ 430,136,293	\$ 134,714,931	\$ 564,851,224	\$ 21,060	\$ 564,872,284	1.025
2004	494,201,355	139,929,161	634,130,516	32,647	634,163,163	1.003
2005	528,188,250	142,547,903	670,736,153	33,510	670,769,663	0.907
2006	567,359,961	153,118,205	720,478,166	30,833	720,508,999	0.866
2007	600,225,289	169,303,669	769,528,958	33,174	769,562,132	0.813
2008	660,488,632	188,391,102	848,879,734	45,081	848,924,815	0.825
2009	684,983,790	200,512,583	885,496,373	61,540	885,557,913	0.804
2010	692,693,597	205,270,180	897,963,777	70,478	898,034,255	0.856
2011	670,744,254	201,024,795	871,769,049	352,395	872,121,444	0.907
2012	632,208,141	207,333,243	839,541,384	321,748	839,863,132	N/A

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Tax Levy Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
TAX RATES										
Village of Lake Zurich										
Corporate	0.195	0.187	0.173	0.170	0.154	0.145	0.008	0.012	0.260	0.256
Police protection	0.131	0.120	0.118	0.116	0.117	0.111	0.111	0.097	0.078	0.078
Fire protection	0.119	0.109	0.108	0.106	0.107	0.101	0.101	0.088	0.077	0.078
Ambulance	0.111	0.102	0.101	0.099	0.100	0.095	0.096	0.083	0.015	0.016
Illinois municipal retirement	0.022	0.027	0.027	0.027	0.028	0.027	0.027	0.027	0.006	0.023
Federal social security	0.111	0.108	0.107	0.105	0.106	0.1	0.096	0.094	-	-
Insurance	0.056	0.042	0.042	0.042	0.043	0.041	0.076	0.074	-	-
Debt service	0.288	0.275	0.269	0.176	0.140	0.125	0.126	0.109	0.116	0.124
Special recreation	-	0.013	0.012	0.020	0.023	0.022	0.021	0.020	0.021	0.022
Police pension	0.025	0.021	0.023	0.023	0.024	0.023	0.079	0.096	0.142	0.136
Firefighters' pension	0.025	0.021	0.023	0.023	0.024	0.023	0.084	0.104	0.141	0.174
Total direct tax rate	1.083	1.025	1.003	0.907	0.866	0.813	0.825	0.804	0.856	0.907
OVERLAPPING RATES										
Lake County	0.502	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505	0.554
Lake County Forest Preserve	0.232	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198	0.201
Ela Area Library District	0.371	0.343	0.334	0.323	0.317	0.306	0.308	0.308	0.329	0.356
School District #95	4.366	4.092	4.082	4.040	3.992	3.830	3.899	3.901	4.136	4.446
School District #96	3.013	2.940	3.038	3.000	2.989	2.772	2.869	2.916	3.086	3.453
High School District #125	1.890	1.940	2.062	2.112	2.134	2.114	2.139	2.185	2.306	2.465
Community College #532	0.208	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218	0.240
Ela Township - Corp. and GA	0.093	0.086	0.085	0.085	0.086	0.082	0.084	0.084	0.091	0.099
Ela Township - road and bridge	0.013	0.011	0.011	0.010	0.010	0.010	0.005	0.007	0.008	0.009
Ela Township - gravel or R.I.	0.030	0.029	0.030	0.030	0.032	0.032	0.038	0.036	0.039	0.042
Lake County Public Building Commission	0.054	0.051	-	-	-	-	-	-	-	-
Barrington Public Library District	0.182	0.177	0.193	0.155	0.169	0.152	0.150	0.161	0.170	0.185
TOTAL DIRECT AND OVERLAPPING TAX RATE										
	12.037	11.610	11.722	11.523	11.444	10.948	11.165	11.266	11.942	12.957

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
			Valuation			Valuation
Village Square Retail Center LLC	\$ 7,150,410	1	0.82%			
Landings Capital Partners, LLC	5,971,829	2	0.68%			
Deerpath Commons Retail Center	5,933,745	3	0.68%			
Echo Incorporated	5,524,018	4	0.63%	\$ 5,054,962	3	0.98%
Individual Taxpayer	5,438,922	5	0.62%	4,570,564	4	0.88%
Deerpath Court Retail Center LLC	4,602,063	6	0.53%			
Costco	3,811,148	7	0.44%	2,542,534	9	0.49%
Liberty Realty Lake Zurich LLC	3,471,851	8	0.40%			
HD Development of Maryland LLC	2,994,764	9	0.34%			
Target Corporation	2,884,806	10	0.33%			
Fidelity Group LP				12,575,950	1	2.43%
Tredegar Film Products				2,673,047	6	0.52%
The Jung Partnership				2,671,711	7	0.52%
Lincoln Property Co.				5,920,918		1.15%
HP/R LLC - Home Depot				3,243,963	5	0.63%
National Industries Prop.				2,559,745	8	0.50%
Wal-Mart Properties, Inc.				2,371,123	10	0.46%
	<u>\$ 47,783,556</u>		<u>5.47%</u>	<u>\$ 44,184,517</u>		<u>8.56%</u>

Data Source

Office of the County Clerk and Ela Township Assessor

VILLAGE OF LAKE ZURICH, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Fiscal Year Ended	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2003	2002	\$ 6,117,566	\$ 6,117,622	100.00%	N/A	\$ 6,117,622	100.00%
2004	2003	6,500,172	6,454,060	99.29%	N/A	6,454,060	99.29%
2005	2004	6,728,155	6,721,078	99.89%	N/A	6,721,078	99.89%
2006	2005	6,535,016	6,534,252	99.99%	N/A	6,534,252	99.99%
2007	2006	6,664,408	6,661,241	99.95%	N/A	6,661,241	99.95%
2008	2007	6,901,759	6,895,811	99.91%	N/A	6,895,811	99.91%
2009	2008	7,305,853	7,291,787	99.81%	N/A	7,291,787	99.81%
2010	2009	7,220,195	7,214,819	99.93%	N/A	7,214,819	99.93%
2011	2010	7,465,360	7,445,276	99.73%	N/A	7,445,276	99.73%
2012	2011	* N/A	* N/A	* N/A	* N/A	* N/A	* N/A

N/A - Currently not available

* To be collected in the subsequent fiscal year in accordance with Illinois Law.

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business-Type Activities				Total Equalized Assessed Value (EAV)	Percentage of Personal Income*	Percentage of Population	Per Capita*
	General Obligation Bonds	General Obligation TIF Alternate Revenue Bonds	TIF Revenue Bonds	Installment Contracts	Notes Payable	Waterworks and Sewerage Revenue Bonds	IEPA Loan	Total Primary Government					
2003	\$ 11,395,000	\$ 10,000,000	\$ -	\$ 2,389,292	\$ -	\$ 7,530,000	\$ -	\$ 31,314,292	\$ 564,872,284	5.54%	3.93%	\$ 1,647.69	
2004	10,005,000	10,000,000	-	880,719	-	4,490,000	-	25,375,719	634,163,163	4.00%	2.99%	1,335.21	
2005	8,560,000	10,000,000	-	1,872,146	6,485,964	4,010,000	-	30,928,110	670,769,663	4.61%	3.59%	1,628.48	
2006	6,970,000	10,000,000	10,000,000	1,418,573	3,774,706	3,520,000	355,509	36,038,788	720,508,999	5.00%	4.66%	1,897.58	
2007	5,855,000	9,555,000	10,000,000	955,000	6,091,851	5,075,000	1,941,834	39,473,685	769,562,132	5.13%	4.66%	2,078.44	
2008	5,095,000	9,100,000	10,000,000	505,000	6,091,851	4,510,000	2,489,808	37,791,659	848,924,815	4.45%	4.27%	1,989.87	
2009	4,575,000	20,135,000	8,270,000	255,000	-	3,925,000	3,542,854	40,702,854	885,557,913	4.60%	5.66%	2,042.09	
2010	4,160,000	20,135,000	8,165,000	-	-	3,320,000	3,450,320	39,230,320	898,034,255	4.37%	5.24%	1,920.51	
2011	3,815,000	20,265,000	8,165,000	-	-	2,690,000	3,294,988	38,229,988	872,121,444	4.38%	5.19%	1,947.43	
2012	3,455,000	20,235,000	7,915,000	-	-	1,665,000	3,132,971	36,402,971	839,863,132	4.33%	4.52%	1,837.33	

Note:

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

* See the schedule of Demographic and Economic Statistics on page 114 for personal income and population data.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Gross General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Equalized Assessed Value	Per Capita
2003	\$ 11,395,000	\$ 586,227	\$ 10,808,773	1.91%	\$ 568.73
2004	10,005,000	377,989	9,627,011	1.52%	506.55
2005	8,560,000	450,950	8,109,050	1.21%	426.97
2006	6,970,000	309,524	6,660,476	0.92%	350.70
2007	5,855,000	155,410	5,699,590	0.74%	300.10
2008	5,095,000	196,268	4,898,732	0.58%	257.94
2009	4,575,000	259,631	4,315,369	0.49%	216.50
2010	4,160,000	723,398	3,436,602	0.38%	168.24
2011	3,815,000	778,594	3,036,406	0.35%	154.67
2012	3,455,000	791,581	2,663,419	0.32%	134.43

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES

April 30, 2012

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 3,455,000	(2) 100.000%	\$ 3,455,000
Lake County	84,330,000	3.140%	2,647,962
Lake County Forest Preserve	295,270,000	3.140%	9,271,478
Lake Zurich Rural Fire Protection District	375,000	0.010%	38
Ela Area Library District	8,230,000	44.510%	3,663,173
School District 95	40,741,023	50.270%	20,480,512
School District #96	2,555,000	2.090%	53,400
High School District #125	23,680,000	0.780%	184,704
Community College #532	24,350,000	3.310%	805,985
	479,531,023		37,107,252
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 482,986,023		\$ 40,562,252

(1) Determined by the ratio of assessed value of property in the Village subject to taxation by the governmental unit to the total assessed value of property of the governmental unit.
Consists of General Obligation Bonds of
(2) 2008A.

* Amount of column (2) multiplied by amount in column (1).

Data Source

Lake County Tax Extension Department

VILLAGE OF LAKE ZURICH, ILLINOIS

LEGAL DEBT MARGIN INFORMATION

April 30, 2012

EQUALIZED ASSESSED VALUATION - 2011*	<u>\$ 839,863,132</u>
Legal debt limit - 8.625% of assessed valuation	\$ 72,438,195
Amount of debt applicable to debt limit:	
General obligation bonds	<u>3,455,000</u>
LEGAL DEBT MARGIN	<u>\$ 68,983,195</u>

* Most Recent EAV Available

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 300,000 shall become indebted in any manner or for any purpose, to an including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

VILLAGE OF LAKE ZURICH, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Revenues*	Principal	Interest	Coverage
2003	\$ 3,620,412	\$ 255,000	\$ 141,390	9.13
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-
2012	-	-	-	-

Revenue bonds were retired during fiscal year 2003.

*As defined in applicable bond indentures and governing laws.

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Personal Income (in Thousands)	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate
2003	19,005	\$ 796,252	\$ 41,897	36.9	6,529	3.9%
2004	19,005	849,847	44,717	37.2	6,570	2.1%
2005	18,992	860,490	45,308	36.8	6,512	2.1%
2006	18,992	773,810	40,744	35.8	6,614	1.7%
2007	18,992	846,827	44,589	35.7	6,477	1.8%
2008	18,992	884,640	46,580	35.8	6,366	2.2%
2009	19,932	718,927	36,069	34.7	6,188	6.7%
2010	20,427	749,303	36,682	34.7	6,207	10.3%
2011	19,631	737,085	37,547	38.6	6,023	8.5%
2012	19,813	805,220	40,641	39.8	5,944	8.8%

Data Source

- (1) Based on U.S. Census Bureau 2010, ESRI Community Analyst data set for 2011
- (2) Based on U.S. Census Bureau (Reported by Zip Code), ESRA Community Analyst data set for 2011
- (3) Annual School Census by Community Unit School District #95
- (4) Illinois Department of Employment Security June 2012

VILLAGE OF LAKE ZURICH, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2012			2003		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Echo Inc.	750	1	4%	600	2	3%
Lake Zurich Community School Dist. #95	650	2	3%	650	1	4%
B&B Maintenance, Inc.	500	3	3%			
Dovenmuehle Mortgage, Inc.	500	3	3%			
Fenwal, Inc.	350	4	2%			
Smalley Steel Ring Co.	250	5	1%	260	4	1%
Tredegar Film Products	250	5	1%	116	10	1%
Food Equipment Technologies Co.	197	6	1%			
Termax Corp	195	7	1%			
CM Packaging, Inc.	135	8	1%	300	3	2%
All American Exterior Solutions	110	9	1%			
Insight Beverages	100	10	1%			
Sylvania Inc.				250	5	1%
Village of Lake Zurich				185	6	1%
Priority Food Processing, Inc.				175	7	1%
Dycast Inc./Citation				150	8	1%
Lexington Lake Zurich				140	9	1%
	<hr/> <u>3,987</u>	<hr/> <u>22%</u>		<hr/> <u>2,826</u>	<hr/> <u>16%</u>	
Village population			19,631			18,144

Data Source

2012 Illinois Manufacturers Directory. 2012 Illinois Services Directory and a selective telephone survey.

2003 statistics are from a canvass of employers in November, 2002. This table excludes the Village's larger retail establishments, which include food stores (Dominick's and Jewel) and department stores (Home Depot, Costco, Wal-Mart, Target, and Kohl's).

VILLAGE OF LAKE ZURICH, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Eight Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL GOVERNMENT								
Administration	2	2	2	2	7	3	4	4
Finance	8	9	9	8	4	6	7	7
PUBLIC WORKS								
POLICE	18	17	16	19	19	23	20	20
POLICE	52	55	55	58	55	55	53	53
FIRE	56	61	61	62	62	61	60	60
COMMUNITY DEVELOPMENT	8	8	9	10	10	9	8	8
WATER AND SEWER	11	13	13	13	12	12	12	12
ENGINEERING	4	4	4	4	3	3	3	3
RECREATION	10	10	9	11	10	5	3	3
TOTAL	169	179	178	187	182	177	170	170

Information prior to 2005 is not available.

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	2003	2004	2005
PUBLIC WORKS			
Forestry			
Number of parkway trees planted	55	53	57
Number of parkway trees trimmed	1,200	1,230	1,235
Fleet services			
Number of vehicles maintained	90	91	89
Preventative maintenance	694	706	751
PUBLIC SAFETY			
Fire			
Number of fire calls	1,585	1,551	1,617
Number of EMS calls	1,646	1,746	1,784
Number of training hours	12,243	12,243	12,474
Police			
Part I crime	N/A	N/A	N/A
Part II crime	N/A	N/A	N/A
Calls for service	12,207	11,647	10,982
State tickets issued	4,843	4,750	5,077
Compliance tickets issued	N/A	N/A	N/A
Parking tickets issued	2,286	1,718	1,998
Red light citations	N/A	N/A	N/A
COMMUNITY DEVELOPMENT			
Number of building permits issued	1,046	1,373	1,040
Number of building inspections	6,295	8,237	5,821
Number of food service inspections	N/A	N/A	N/A
HIGHWAYS AND STREETS			
Sidewalk replaced (square feet)	4,600	4,300	4,400
Annual resurfacing program (\$)	793,620	932,150	877,342
Crack sealing (lbs. installed)	12,500	12,752	13,020
Curb replaced (ln. ft.)	N/A	N/A	N/A
WATER AND SEWER			
Water main breaks	39	27	41
Hydrants flushed	3,140	3,160	3,180
Water meters read	75,600	76,200	76,500
Water meter service requests	437	967	N/A
Total distribution pumpage (1,000 gallons)	747MG	732MG	811MG
Average daily consumption (1,000 gallons)	2.04MG	2.0MG	2.22MG
Sanitary sewer televising (feet)	15,000	10,000	20,000
Sanitary sewer repairs	24	6	14

N/A - Currently not available

Data Source

Village records

2006	2007	2008	2009	2010	2011	2012
61 1,268	74 692	42 737	40 527	48 600	102 800	N/A N/A
93 713	93 690	95 736	94 739	93 676	92 969	N/A N/A
1,582 1,664 11,750	1,745 1,694 6,279	1,793 1,665 11,817	1,401 1,694 10,753	1,453 1,672 9,476	1,401 1,735 11,366	N/A N/A N/A
N/A N/A 10,423 5,563 N/A 1,905 N/A	N/A N/A 10,101 5,116 N/A 1,866 N/A	N/A N/A 9,860 4,672 N/A 1,983 N/A	N/A N/A 9,650 4,885 N/A 1,944 N/A	N/A N/A 9,113 4,515 101 1,902 4,854	N/A N/A 9,063 3,773 103 1,674 4,506	N/A N/A N/A N/A N/A
1,100 5,409 N/A	1,341 4,808 N/A	1,135 5,142 N/A	1,325 4,000 N/A	1,343 3,368 N/A	1,492 5,533 N/A	N/A N/A N/A
7,680 684,866 12,060 N/A	10,093 925,000 13,000 N/A	3,140 100,000 13,000 N/A	2,800 400,000 13,000 N/A	11,748 350,000 - 3,282	5,625 1,106,893 - 262	N/A N/A N/A N/A
32 3,200 76,884 988 731MG 2.0MG 12,000 12	18 1,610 75,628 551 718MG 1.8MG 4,000 2	35 3,520 79,878 819 687MG 1.88MG 3,000 1	43 3,560 80,088 873 621MG 1.70MG 2,500 6	38 3,560 79,716 869 624MG 1.71MG 2,500 1	31 1,765 80,676 910 600MG 1.4MG 2,250 1	N/A N/A N/A N/A N/A N/A N/A N/A

VILLAGE OF LAKE ZURICH, ILLINOIS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
POLICE										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	N/A	1	1	1						
Patrol units	21	21	20	20	20	22	21	22	23	23
FIRE STATIONS	4									
PUBLIC WORKS										
Streets (lane miles)	152.5	152.5	158.2	158.2	158.2	159.0	159.0	159.0	159.0	159.4
Sidewalks (miles)	84	88	89	90	90	91	91	91	91	91
Streetlights	N/A	N/A	N/A	N/A	170	175	175	175	175	175
WATER AND SEWER										
Water mains (miles)	96	99	104	107	107	108	108	108	108	109
Fire hydrants	1,620	1,647	1,731	1,739	1,739	1,760	1,760	1,760	1,760	1,765
Sanitary sewers (miles)	97	99	103	106	106	107	107	107	107	107

N/A - Currently not available

Data Source

Village records