
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
TABLE OF CONTENTS

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

VILLAGE OF LAKE ZURICH, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Fund

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

Fiduciary Funds

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

| | |
|-------------------------------------|-------|
| Notes to Financial Statements | 18-57 |
|-------------------------------------|-------|

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in

Fund Balance - Budget and Actual

| | |
|--------------------------|----|
| General Fund | 58 |
| Tax Allocation Fund..... | 59 |

Schedule of Funding Progress and Employer Contributions

| | |
|--|----|
| Illinois Municipal Retirement Fund | 60 |
| Police Pension Fund | 61 |
| Firefighters' Pension Fund | 62 |
| Other Postemployment Benefit Plan | 63 |

| | |
|---|----|
| Notes to Required Supplementary Information | 64 |
|---|----|

VILLAGE OF LAKE ZURICH, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

| | |
|---|-------|
| Combining Balance Sheet - General Fund by Subfund | 65 |
| Schedule of Revenues - Budget and Actual - General Fund | 66-67 |
| Schedule of Expenditures - Budget and Actual - General Fund | 68 |
| Schedule of Expenditures - Budget and Actual - TIF Tax Allocation Fund | 69 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | |
| Debt Service Fund | 70 |
| TIF Debt Service Fund | 71 |
| Capital Improvements Fund | 72 |
| Downtown TIF Fund | 73 |

NONMAJOR GOVERNMENTAL FUNDS

| | |
|---|----|
| Combining Balance Sheet | 74 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 75 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual | |
| Hotel Tax Fund | 76 |
| Motor Fuel Tax Fund | 77 |
| Non-Home Rule Sales Tax Fund | 78 |

MAJOR ENTERPRISE FUND

| | |
|---|-------|
| Waterworks and Sewerage Fund | |
| Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual | 79 |
| Schedule of Operating Revenues - Budget and Actual | 80 |
| Schedule of Operating Expenses - Budget and Actual | 81-82 |

FIDUCIARY FUNDS

| | |
|---|----|
| Pension Trust Funds | |
| Combining Statement of Plan Net Assets | 83 |
| Combining Statement of Changes in Plan Net Assets | 84 |
| Agency Fund | |
| Statement of Changes in Assets and Liabilities | |
| Escrow Performance Fund | 85 |

VILLAGE OF LAKE ZURICH, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

SUPPLEMENTAL DATA

Long-Term Debt Requirements

| | |
|--|----|
| General Obligation TIF Alternate Revenue Bonds Series of 2003A | 86 |
| General Obligation TIF Alternate Revenue Bonds Series of 2009A | 87 |
| General Obligation TIF Alternate Revenue Refunding Bonds Series of 2009B | 88 |
| General Obligation TIF Alternate Revenue Refunding Bonds Series of 2009C | 89 |
| General Obligation TIF Alternate Revenue Refunding Bonds Series of 2011B | 90 |
| General Obligation TIF Alternate Revenue Refunding Bonds Series of 2011C | 91 |
| General Obligation Refunding Bonds Series of 2008A | 92 |
| General Obligation Waterworks and Sewerage Alternate Revenue Bonds Series of 2002 | 93 |
| General Obligation Waterworks and Sewerage Bonds Series of 2006 | 94 |
| IEPA Loan of 2006 | 95 |
| IEPA Loan of 2008 | 96 |
| TIF Revenue Bonds Series of 2005A | 97 |
| TIF Revenue Bonds Series of 2005B | 98 |

STATISTICAL SECTION

Financial Trends

| | |
|--|---------|
| Net Assets by Component | 99 |
| Change in Net Assets | 100-101 |
| Fund Balances of Governmental Funds | 102 |
| General Governmental Revenues by Sources | 103 |
| General Governmental Expenditures by Function | 104 |
| Changes in Fund Balances of Governmental Funds | 105 |

Revenue Capacity

| | |
|---|-----|
| Assessed Value and Actual Value of Taxable Property | 106 |
| Property Tax Rates - Direct and Overlapping Governments | 107 |
| Principal Property Taxpayers | 108 |
| Property Tax Levies and Collections | 109 |

VILLAGE OF LAKE ZURICH, ILLINOIS
TABLE OF CONTENTS (Continued)

| | <u>Page(s)</u> |
|--|----------------|
| STATISTICAL SECTION (Continued) | |
| Debt Capacity | |
| Ratios of Outstanding Debt by Type..... | 110 |
| Ratios of General Bonded Debt Outstanding..... | 111 |
| Direct and Overlapping Bonded Debt - Governmental Activities | 112 |
| Legal Debt Margin Information | 113 |
| Pledged Revenue Coverage..... | 114 |
| Demographic and Economic Information | |
| Demographic and Economic Information..... | 115 |
| Principal Employers | 116 |
| Operating Information | |
| Full-Time Equivalent Employees | 117 |
| Operating Indicators by Function | 118-119 |
| Capital Asset Statistics by Function Program | 120 |

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

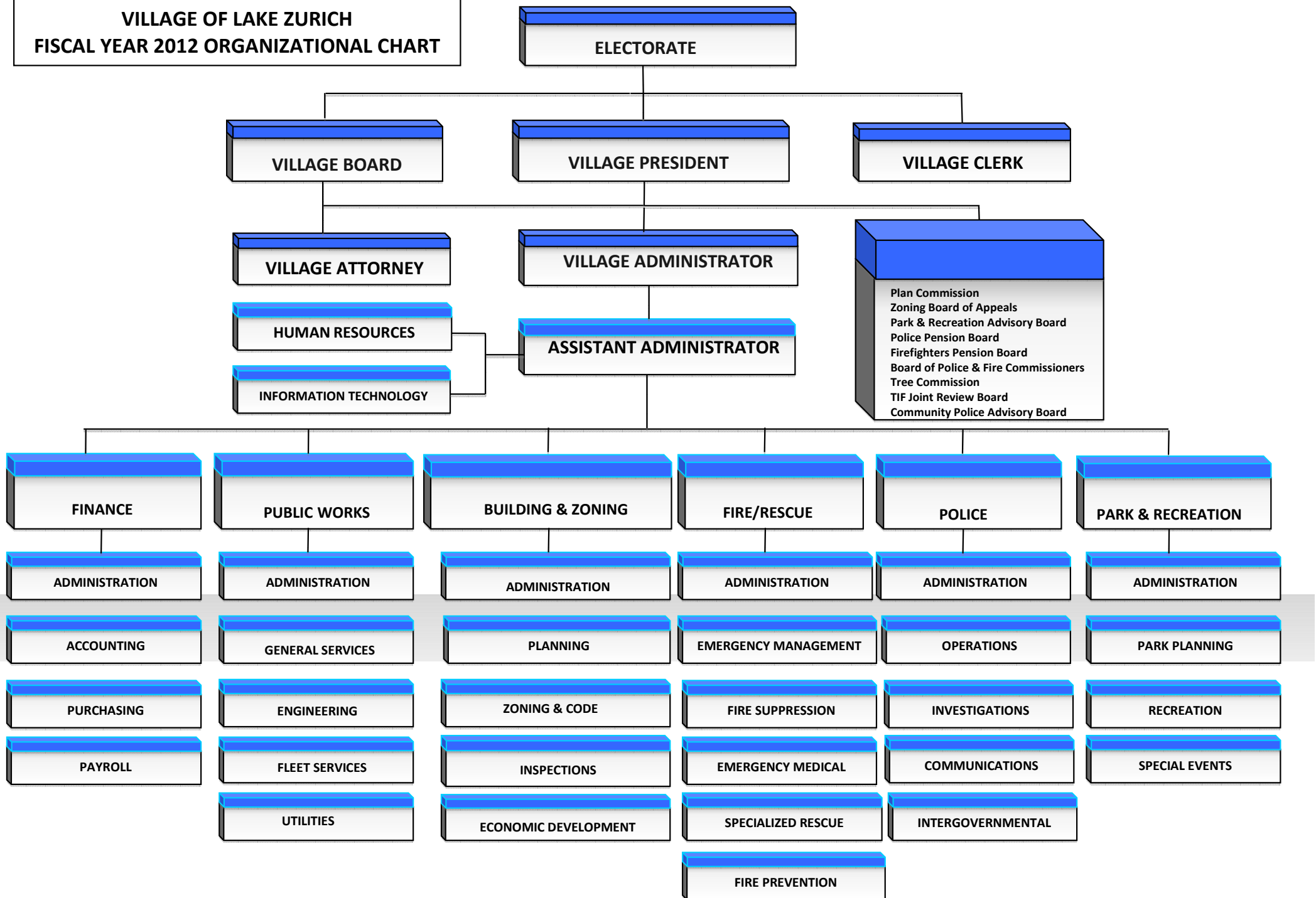
Richard C. Sustich

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. Sandison

President

Jeffrey R. Emer

Executive Director

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



Phone: (847) 438-5141
Fax: (847) 540-1768
Web: www.volz.org

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

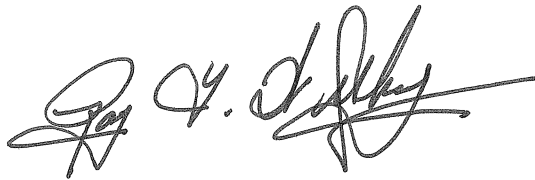
represented the twenty-fourth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable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

A handwritten signature in black ink, appearing to read "Roy T. Witherow", with a stylized flourish at the end.

Roy T. Witherow
Assistant Village Administrator

A handwritten signature in black ink, appearing to read "Jodie K. Andrew", with a horizontal line extending to the right.

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

Members of American Institute of
Certified Public Accountants

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 MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2012

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
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

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 | 4/30/2011 |
| Current and other assets | \$ 36,623,589 | \$ 32,808,441 | \$ 1,774,322 | \$ 3,100,466 | \$ 38,397,911 | \$ 35,908,907 |
| Capital assets | 81,894,696 | 82,101,869 | 46,551,564 | 46,953,937 | 128,446,260 | 129,055,806 |
| Total assets | 118,518,285 | 114,910,310 | 48,325,886 | 50,054,403 | 166,844,171 | 164,964,713 |
| Current and other liabilities | 12,575,541 | 11,270,847 | 1,990,583 | 2,981,341 | 14,566,124 | 14,252,188 |
| Long-term liabilities | 36,338,822 | 36,432,435 | 3,988,345 | 4,842,163 | 40,327,167 | 41,274,598 |
| Total liabilities | 48,914,363 | 47,703,282 | 5,978,928 | 7,823,504 | 54,893,291 | 55,526,786 |
| 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 | 120,982,285 |
| Restricted | 17,592,724 | 3,222,374 | - | - | 17,592,724 | 3,222,374 |
| Unrestricted | (24,640,955) | (16,028,682) | 593,365 | 1,261,950 | (24,047,590) | (14,766,732) |
| 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
MANAGEMENT'S DISCUSSION AND ANALYSIS**

April 30, 2012

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**

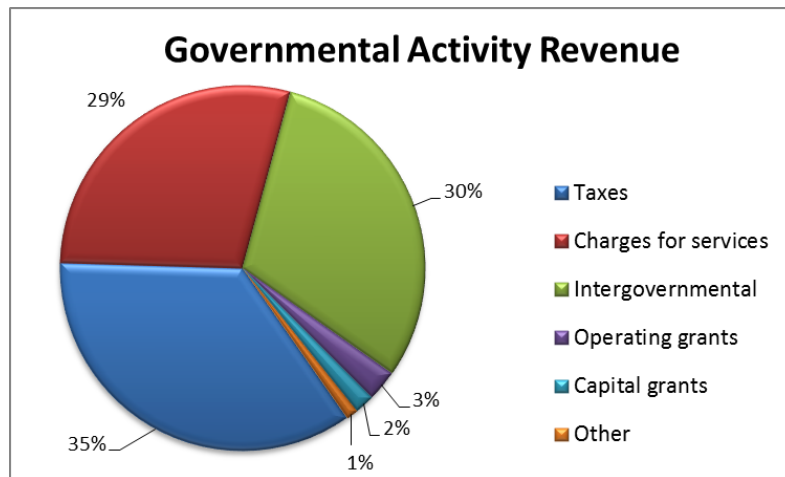
| | Governmental Activities | | Business-type Activities | | Total Village Wide | |
|-------------------------------------|------------------------------------|-------------------|-------------------------------------|--------------------|---------------------------|--------------------|
| Category | 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.

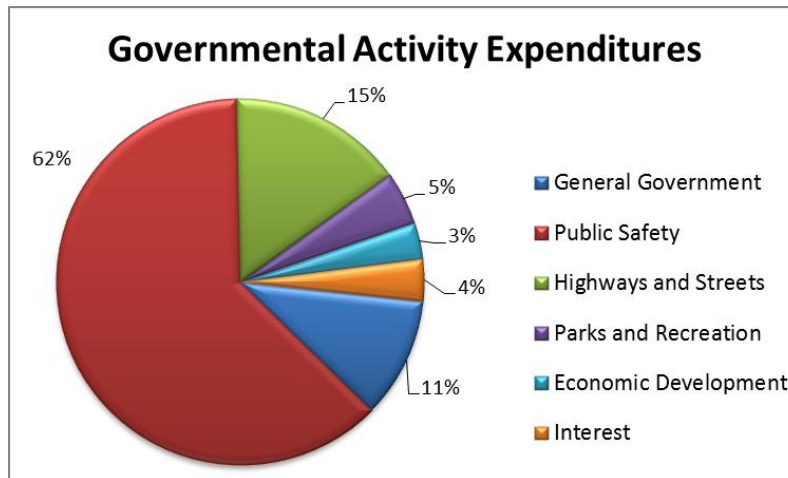
Telecommunications tax, which has been unpredictable in the past few years, increased slightly over the past year. Formerly allocated solely to the Capital Improvements Fund, revenues for this fiscal year were allocated between the Capital Improvements Fund and the General Fund to help offset operational 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.

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

April 30, 2012



As previously mentioned, expenses associated with governmental activities increased about \$1.1million, 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

April 30, 2012

\$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 | <u>\$81,894,696</u> | <u>\$82,101,869</u> | <u>\$46,551,564</u> | <u>\$46,953,937</u> | <u>\$ 128,446,260</u> | <u>\$ 129,055,806</u> |

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 | <u>31,605,000</u> | <u>32,125,000</u> | <u>4,797,971</u> | <u>5,984,988</u> | <u>36,402,971</u> | <u>38,109,988</u> |

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 | Business-Type | Total |
| | Activities | Activities | |
| 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 | Expenses | Program Revenues | | |
|--------------------------------|---------------|-------------------------|---------------------|-------------------|
| | | Charges for Services | Operating Grants | Capital Grants |
| PRIMARY GOVERNMENT | | | | |
| 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 | 28,783,075 | 8,798,507 | 835,918 | 537,892 |
| Business-Type Activities | | | | |
| Waterworks and sewerage | 4,673,670 | 3,682,437 | - | 989,110 |
| Total business-type activities | 4,673,670 | 3,682,437 | - | 989,110 |
| TOTAL PRIMARY GOVERNMENT | \$ 33,456,745 | \$ 12,480,944 | \$ 835,918 | \$ 1,527,002 |

| Net (Expense) Revenue and Change in Net Assets | | | |
|--|-------------------------|--------------------------|----------------|
| | Primary Government | | Total |
| | Governmental Activities | Business-Type Activities | |
| | \$ (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) | - | (18,610,758) |
| | - | (2,123) | (2,123) |
| | - | (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 |
| 1,995,597 | 66,332 | 1,096,521 | 399,466 | 13,442,319 |
| - | - | - | - | 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 |
| 588,020 | 3,150,868 | 11,965,967 | 756,843 | 24,882,882 |
| \$ 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><u>\$ 69,603,923</u></u> |

See accompany notes to financial statements.

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 |
| 19,816 | 516,374 | 14,245 | 2,217,392 | 30,129,321 |
| - | - | - | 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 |
| 907,271 | 1,394,085 | 119,291 | 1,442,973 | 28,051,393 |
| (887,455) | (877,711) | (105,046) | 774,419 | 2,077,928 |
| 887,455 | 498,906 | 105,048 | 222,329 | 1,713,738 |
| - | (222,329) | - | (498,906) | (1,713,738) |
| 887,455 | 276,577 | 105,048 | (276,577) | - |
| - | (601,134) | 2 | 497,842 | 2,077,928 |
| 588,020 | 3,752,002 | 11,965,965 | 259,001 | 22,622,208 |
| - | - | - | - | 182,746 |
| 588,020 | 3,752,002 | 11,965,965 | 259,001 | 22,804,954 |
| \$ 588,020 | \$ 3,150,868 | \$ 11,965,967 | \$ 756,843 | \$ 24,882,882 |

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 | (17,833) |

| | |
|---|---------------------|
| 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

| | <u>Waterworks and Sewerage</u> |
|--|--|
| 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

| | <u>Waterworks and Sewerage</u> |
|--|--|
| OPERATING REVENUES | |
| Charges for services | \$ 3,525,680 |
| 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><u>\$ 42,346,958</u></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 | (1,358,327) |
| CASH AND CASH EQUIVALENTS, MAY 1 | <u>2,295,590</u> |
| CASH AND CASH EQUIVALENTS, APRIL 30 | <u><u>\$ 937,263</u></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

| | <u>Waterworks and Sewerage</u> |
|---|--|
| 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 | <u>2,206</u> |
| NET CASH FROM OPERATING ACTIVITIES | <u><u>\$ 99,423</u></u> |
| SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Contributed public improvements | \$ 509,111 |

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

April 30, 2012

| | Pension Trust | Agency |
|--|----------------------|--------------|
| <hr/> | | |
| 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 | - |
| | <hr/> | |
| Total assets | 27,606,923 | \$ 2,226,339 |
| | <hr/> | |
| LIABILITIES | | |
| Accounts payable | 7,540 | \$ 18,788 |
| Deposits payable | - | 2,207,551 |
| | <hr/> | |
| Total liabilities | 7,540 | \$ 2,226,339 |
| | <hr/> | |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | <u>\$ 27,599,383</u> | |

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><u>\$ 27,599,383</u></u> |
|----------|-----------------------------|

See accompany notes to financial statements.

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.

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.

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.

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.

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. 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.

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.

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.

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) | | | |
|---------------------------|---------------------|----------------------------------|---------------------|---------------------|--------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 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) | | | |
|-----------------------------|---------------------|----------------------------------|---------------------|---------------------|--------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 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.

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 | 30,463,170 | - | - | 30,463,170 |
| 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 | 84,809,944 | 1,706,363 | - | 86,516,307 |
| 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 | 33,048,550 | 2,036,231 | - | 35,084,781 |
| Total capital assets being depreciated, net | 51,761,394 | (329,868) | - | 51,431,526 |
| 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 | <u><u>\$ 2,036,231</u></u> |

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; illnesses of employees; and natural disasters. 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 Alternate Revenue Bonds | | 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 | <u>\$ 112,162</u> |

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 | <u>\$ 89,902</u> |

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 | Debt | | | | | |
| Alternate Revenue Bonds | Service | \$ 20,265,000 | \$ - | \$ 30,000 | \$ 20,235,000 | \$ 65,000 |
| | Debt | | | | | |
| General obligation bonds | Service | 3,815,000 | - | 360,000 | 3,455,000 | 370,000 |
| | Debt | | | | | |
| TIF Alternate Revenue Bonds | Service | 8,045,000 | - | 130,000 | 7,915,000 | 140,000 |
| Unamortized loss on refunding | N/A | (1,799,588) | - | (99,977) | (1,699,611) | (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 | | <u>\$ 1,713,738</u> |

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 | <u>\$ 299,775</u> |
| TOTAL | | <u><u>\$ 299,775</u></u> |

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 | <u>360,091</u> |
| TOTAL | | <u>\$ 1,705,002</u> |

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.

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 | <u>157</u> |
| TOTAL | <u>169</u> |
| Participating employers | <u><u>1</u></u> |

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 | (2,667) |
| Annual OPEB cost | 51,721 |
| Contributions made | 26,863 |
| Increase in net OPEB obligation | 24,858 |
| Net OPEB obligation, beginning of year | 80,011 |
| NET OPEB OBLIGATION, END OF YEAR | \$ 104,869 |

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% |

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.

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 |
| | <hr/> |
| TOTAL | 48 |
| | <hr/> |

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 ½ 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., ½% 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 ½ 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.

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.

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 | \$ 955,454 |
| | Vanguard 500 | 939,558 |
| | Pioneer Equity Income | 688,594 |
| | LSV Value | 679,046 |
| | | <u>\$ 3,262,652</u> |
| Plan | Organization | Amount |
| Firefighters' Pension | American Beacon | \$ 1,222,232 |
| | Fidelity Advisor New Insights | 1,341,415 |
| | Vanguard Institutional Index | 1,941,175 |
| | | <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 | (142,085) | (144,557) |
| Annual pension cost | 1,281,181 | 1,275,604 |
| Contributions made | 1,235,081 | 1,226,383 |
| Increase in net pension obligation | 46,100 | 49,221 |
| Net pension obligation, beginning of year | 2,652,419 | 2,698,565 |
| NET PENSION OBLIGATION, END OF YEAR | \$ 2,698,519 | \$ 2,747,786 |

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 | 182,746 | 107,309 | 601,085 | 107,309 |
| 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 | \$ (476,140) | \$ (476,140) | 1,928,681 |
| FUND BALANCE, MAY 1, AS PREVIOUSLY STATED | | | 5,161,676 |
| Prior period adjustment | | | 182,746 |
| FUND BALANCES, MAY 1, RESTATED | | | 5,344,422 |
| FUND BALANCE, APRIL 30 | | | \$ 7,273,103 |

(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 | <u>\$ 914,965</u> | <u>\$ 914,965</u> | 239,550 |
| FUND BALANCE, MAY 1 | | | <u>116,950</u> |
| FUND BALANCE, APRIL 30 | | | <u>\$ 356,500</u> |

(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, | (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) |
|--|--|--|--|---|-------------------------------------|--|
| 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 as a Percentage of Covered Payroll (4) / (5) | (5) Annual 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, | (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) |
|---|--|--|--|---|-------------------------------------|--|
| 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.

(See independent auditor's report.)

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 | <u>\$ 24,420,072</u> | <u>\$ 23,573,777</u> | <u>\$ 24,686,028</u> |

(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 | 967,212 | 971,712 | 897,978 |
| Total general government | 4,201,017 | 3,114,422 | 2,978,971 |
| PUBLIC SAFETY | | | |
| Police department | 8,332,255 | 8,332,755 | 7,782,595 |
| Fire department | 9,647,852 | 9,888,352 | 9,401,810 |
| Total public safety | 17,980,107 | 18,221,107 | 17,184,405 |
| HIGHWAYS AND STREETS | | | |
| Public works department - general services | 1,881,238 | 1,880,538 | 1,491,661 |
| CULTURE AND RECREATION | | | |
| Parks and recreation department | 1,220,352 | 1,220,352 | 1,086,760 |
| ECONOMIC DEVELOPMENT | | | |
| Building and zoning | 24,786 | 24,786 | 15,550 |
| TOTAL EXPENDITURES | \$ 25,307,500 | \$ 24,461,205 | \$ 22,757,347 |

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

(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 | 1,694,008 | 1,694,008 | 516,374 |
| 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 | 3,766,414 | 3,896,435 | 1,394,085 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,072,406) | (2,202,427) | (877,711) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer in | 498,906 | 498,906 | 498,906 |
| Transfer (out) | - | - | (222,329) |
| Total other financing sources (uses) | 498,906 | 498,906 | 276,577 |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,573,500)</u> | <u>\$ (1,703,521)</u> | (601,134) |
| FUND BALANCE, MAY 1 | | | <u>3,752,002</u> |
| FUND BALANCE, APRIL 30 | | | <u><u>\$ 3,150,868</u></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 | | | | |
|--|-----------------------|--------------|-------------------|----------------------------|--------------|
| | Foreign Fire Tax | Hotel Tax | Motor Fuel Tax | Non-Home Rule Sales Tax | Total |
| 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 | | | | Total |
|--|-----------------------|--------------|-------------------|----------------------------|--------------|
| | Foreign Fire Tax | Hotel Tax | Motor Fuel Tax | Non-Home Rule Sales Tax | |
| 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> | 328,739 |
| FUND BALANCE, MAY 1 | | | |
| | | | <u>-</u> |
| FUND BALANCE, APRIL 30 | | | |
| | | | <u><u>\$ 328,739</u></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 | \$ 597,812 | \$ 597,812 | 86,552 |
| FUND BALANCE, MAY 1 | | | - |
| FUND BALANCE, APRIL 30 | | | \$ 86,552 |

(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 | \$ 4,723,316 | \$ 4,723,316 | \$ 3,525,680 |
| Total operating revenues | 4,723,316 | 4,723,316 | 3,525,680 |
| 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 | 4,344,445 | 4,352,200 | 4,508,853 |
| OPERATING INCOME (LOSS) | 378,871 | 371,116 | (983,173) |
| 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) | 546,346 | 546,346 | 482,813 |
| NET INCOME BEFORE CAPITAL CONTRIBUTIONS | 925,217 | 917,462 | (500,360) |
| Capital contributions | - | - | 509,110 |
| CHANGE IN NET ASSETS | \$ 925,217 | \$ 917,462 | 8,750 |
| NET ASSETS, MAY 1, AS PREVIOUSLY STATED | | | 42,230,899 |
| Prior period adjustment | | | 107,309 |
| NET ASSETS, MAY 1, RESTATED | | | 42,338,208 |
| NET ASSETS, APRIL 30 | | | \$ 42,346,958 |

(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 |
|-------------------------------|--------------------|-----------------|--------------|
| <hr/> | | | |
| 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 |
| | <hr/> | | |
| TOTAL OPERATING REVENUES | \$ 4,723,316 | \$ 4,723,316 | \$ 3,525,680 |
| | <hr/> | | |

(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 | <u>\$ 1,228,093</u> | <u>\$ 1,275,893</u> | <u>\$ 1,233,767</u> |
| 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 | <u>844,669</u> | <u>830,224</u> | <u>662,178</u> |
| 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 | <u>350,085</u> | <u>321,385</u> | <u>264,609</u> |
| 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 | <u>199,980</u> | <u>204,980</u> | <u>168,968</u> |
| 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 | <u>18,847</u> | <u>17,547</u> | <u>7,688</u> |
| 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 | <u>183,808</u> | <u>165,393</u> | <u>85,482</u> |

(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 | 297,878 | 308,693 | 237,945 |
| 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 | 256,685 | 253,685 | 139,702 |
| Capital outlay and maintenance | 964,400 | 974,400 | 797,031 |
| Less nonoperating items | | | |
| Capital assets capitalized | - | - | (737,862) |
| TOTAL OPERATIONS | \$ 3,116,352 | \$ 3,076,307 | \$ 1,625,741 |
| DEPRECIATION | \$ - | \$ - | \$ 1,649,345 |
| 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 | (1,011,895) | (1,011,895) | (1,201,834) |
| TOTAL DEBT SERVICE | \$ - | \$ - | \$ - |

(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 |
|--|-------------------|--------------------------|---------------|
| <hr/> | | | |
| 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 |
| | <hr/> | | |
| Total assets | 11,691,613 | 15,915,310 | 27,606,923 |
| | <hr/> | | |
| LIABILITIES | | | |
| Accounts payable | 1,197 | 6,343 | 7,540 |
| | <hr/> | | |
| Total liabilities | 1,197 | 6,343 | 7,540 |
| | <hr/> | | |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | \$ 11,690,416 | \$ 15,908,967 | \$ 27,599,383 |
| | <hr/> <hr/> | | |

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

(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 May 1 | Additions | Deductions | Balances 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 | | | July 1 | Interest Due on | | |
|---------------------|---------------------|-------------------|---------------------|--------|-------------------|-----------|-------------------|
| | Principal | Interest | Total | | 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 | Amount |
| 2011 | \$ 240,000 | \$ 10,194 | \$ 250,194 | 2012 | \$ 5,100 | 2012 | \$ 5,094 |
| | <u>\$ 240,000</u> | <u>\$ 10,194</u> | <u>\$ 250,194</u> | | <u>\$ 5,100</u> | | <u>\$ 5,094</u> |

(See independent auditor's report.)

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 | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|------------------|-------------|------------------|
| | Principal | Interest | Total | June 15 | 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 | 275,000 | 11,000 | 286,000 | 2014 | 5,500 | 2024 | 5,500 |
| | <u>\$ 1,425,000</u> | <u>\$ 107,000</u> | <u>\$ 1,532,000</u> | | <u>\$ 53,500</u> | | <u>\$ 53,500</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 |
| | <u>\$ 1,611,296</u> | <u>\$ 328,636</u> | <u>\$ 1,939,932</u> | | <u>\$ 169,363</u> | | <u>\$ 159,273</u> |

(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 | | | Interest Due on | | | |
|---------------------|---------------------|---------------------|---------------------|-----------------|---------------------|-------------|---------------------|
| | Principal | Interest | Total | June 15 | 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 | <u>\$ (13,794,490)</u> | <u>\$ (8,338,398)</u> | <u>\$ (17,173,091)</u> | <u>\$ (19,974,024)</u> | <u>\$ (19,978,495)</u> | <u>\$ (22,438,854)</u> | <u>\$ (18,042,628)</u> | <u>\$ (18,675,430)</u> | <u>\$ (18,612,881)</u> |
| 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 | <u>13,265,306</u> | <u>16,204,600</u> | <u>15,444,956</u> | <u>16,810,311</u> | <u>17,245,440</u> | <u>19,605,871</u> | <u>19,843,782</u> | <u>18,244,405</u> | <u>20,406,567</u> |
| 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 | <u>(353,789)</u> | <u>(1,319,829)</u> | <u>161,133</u> | <u>275,724</u> | <u>191,639</u> | <u>(454,206)</u> | <u>(481,298)</u> | <u>(507,847)</u> | <u>10,873</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 12,911,517</u> | <u>\$ 14,884,771</u> | <u>\$ 15,606,089</u> | <u>\$ 17,086,035</u> | <u>\$ 17,437,079</u> | <u>\$ 19,151,665</u> | <u>\$ 19,362,484</u> | <u>\$ 17,736,558</u> | <u>\$ 20,417,440</u> |
| 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 | <u>\$ (882,973)</u> | <u>\$ 6,546,373</u> | <u>\$ (1,567,002)</u> | <u>\$ (2,887,989)</u> | <u>\$ (2,541,416)</u> | <u>\$ (3,287,189)</u> | <u>\$ 1,319,856</u> | <u>\$ (938,872)</u> | <u>\$ 1,804,559</u> |

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

See independent auditor's report.

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 | 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 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 | <u>\$ 26,045,167</u> | <u>\$ 25,928,514</u> | <u>\$ 22,998,664</u> | <u>\$ 32,979,251</u> | <u>\$ 28,459,538</u> | <u>\$ 28,983,580</u> | <u>\$ 29,887,875</u> | <u>\$ 27,450,313</u> | <u>\$ 26,546,062</u> | <u>\$ 28,051,393</u> |

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 |
| 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% |
| Tredegear 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 Fiscal Year of the Levy | | 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 EAV | Percentage of Personal Income* | Per Capita* |
|-------------------------|--------------------------------|------------------|--------------------------|------------------|---|--------------------------|--------------------------------|---------------|---|----------------------|---|----------------|
| | General | TIF | Installment Contracts | Notes Payable | Waterworks and Sewerage Revenue Bonds | IEPA Loan | Total Primary Government | | | | | |
| | Obligation | Obligation | | | | | | | | | | |
| | TIF Alternate Revenue Bonds | Revenue Bonds | | | | | | | | | | |
| 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% |
| | <u>3,987</u> | | <u>22%</u> | <u>2,826</u> | | <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 | 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 | 74 | 42 | 40 | 48 | 102 | N/A |
| 1,268 | 692 | 737 | 527 | 600 | 800 | N/A |
| 93 | 93 | 95 | 94 | 93 | 92 | N/A |
| 713 | 690 | 736 | 739 | 676 | 969 | N/A |
| 1,582 | 1,745 | 1,793 | 1,401 | 1,453 | 1,401 | N/A |
| 1,664 | 1,694 | 1,665 | 1,694 | 1,672 | 1,735 | N/A |
| 11,750 | 6,279 | 11,817 | 10,753 | 9,476 | 11,366 | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 10,423 | 10,101 | 9,860 | 9,650 | 9,113 | 9,063 | N/A |
| 5,563 | 5,116 | 4,672 | 4,885 | 4,515 | 3,773 | N/A |
| N/A | N/A | N/A | N/A | 101 | 103 | N/A |
| 1,905 | 1,866 | 1,983 | 1,944 | 1,902 | 1,674 | N/A |
| N/A | N/A | N/A | N/A | 4,854 | 4,506 | N/A |
| 1,100 | 1,341 | 1,135 | 1,325 | 1,343 | 1,492 | N/A |
| 5,409 | 4,808 | 5,142 | 4,000 | 3,368 | 5,533 | N/A |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 7,680 | 10,093 | 3,140 | 2,800 | 11,748 | 5,625 | N/A |
| 684,866 | 925,000 | 100,000 | 400,000 | 350,000 | 1,106,893 | N/A |
| 12,060 | 13,000 | 13,000 | 13,000 | - | - | N/A |
| N/A | N/A | N/A | N/A | 3,282 | 262 | N/A |
| 32 | 18 | 35 | 43 | 38 | 31 | N/A |
| 3,200 | 1,610 | 3,520 | 3,560 | 3,560 | 1,765 | N/A |
| 76,884 | 75,628 | 79,878 | 80,088 | 79,716 | 80,676 | N/A |
| 988 | 551 | 819 | 873 | 869 | 910 | N/A |
| 731MG | 718MG | 687MG | 621MG | 624MG | 600MG | N/A |
| 2.0MG | 1.8MG | 1.88MG | 1.70MG | 1.71MG | 1.4MG | N/A |
| 12,000 | 4,000 | 3,000 | 2,500 | 2,500 | 2,250 | N/A |
| 12 | 2 | 1 | 6 | 1 | 1 | 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 | N/A | N/A | N/A | N/A | N/A | N/A | 1 | 1 | 1 |
| Patrol units | 21 | 21 | 20 | 20 | 20 | 22 | 21 | 22 | 23 | 23 |
| FIRE STATIONS | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 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