

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR FISCAL YEAR ENDED
APRIL 30, 2013

*Village
of Lake
Zurich,
Illinois*

VILLAGE OF LAKE ZURICH, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2013

Prepared by Finance Department

Jodie K. Hartman
Finance Director/Treasurer

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INTRODUCTORY SECTION

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

- List of elected and Appointed Officials
- Village Organizational Chart
- Finance Department 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, 2013

VILLAGE BOARD OF TRUSTEES

Tom Poynton, Village President

Jim Beaudoin

Jeff Halen

Mark Loewes

Dana Rzeznik

Jonathan W. Sprawka

Dan Stanovich

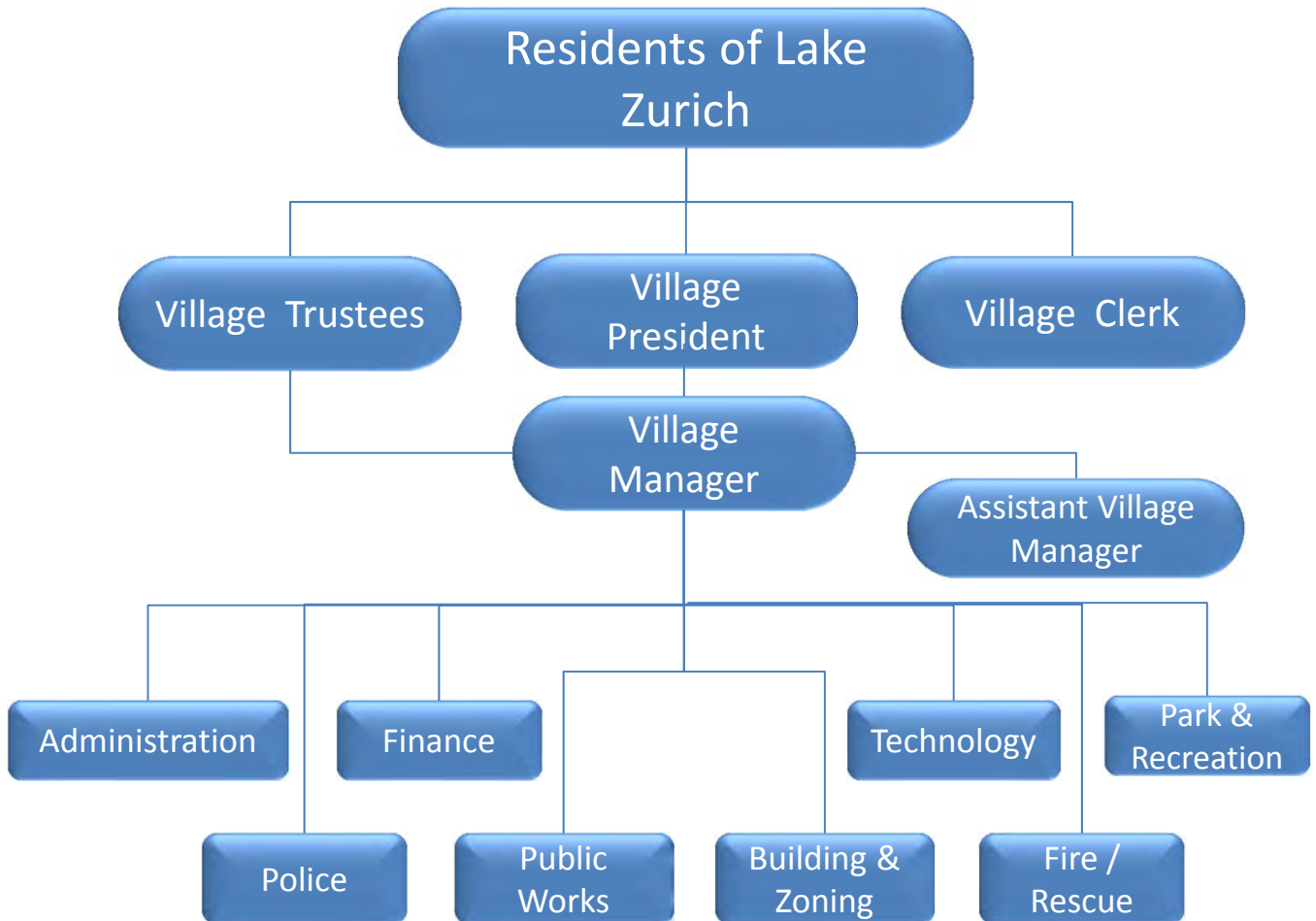
Kathleen Johnson, Village Clerk

Jason Slowinski, Village Manager

Jodie Hartman, Finance Director/Treasurer

Village of Lake Zurich

Organization Chart for Fiscal Year 2013





Government Finance Officers Association

**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, 2012

Executive Director/CEO

70 E. Main Street
Lake Zurich, IL 60047



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

August 26, 2013

The Honorable Tom Poynton, 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, 2013. This report provides a broad view of the Village's financial activities for the 2013 fiscal year and its financial position at April 30, 2013. 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, 2013. 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 Manager. In turn, the Village Manager 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 Village Manager was designated by the Village Board as the Budget Officer. All departments submit their budget requests to the Village Manager around January 1st of each year. The Director of Finance prepares an estimate of revenues to be received during the fiscal year. The Village Manager, 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 2012 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, growing 2.6% from last fiscal year to 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 continues to fare well with regards to business retention. The retail vacancy rate as of June 2013 was 9.37%, which demonstrates increasing vitality when compared to the 10.36% vacancy rate from one year ago. During the past year, several new businesses have located within Lake Zurich, including Chaser's Bar and Grill and Savannah Furniture. The Village also executed two tax rebate incentive agreements to bring new business to the Village. First, Midwest Motors Inc., a luxury used car dealership took occupancy of a vacant 26,000 sq. ft. retail building and opened for business in 2012. The second agreement for a Mariano's Grocery store and retail development on recently annexed territory on the Village's east side. The most significant gains have been achieved by large numbers of smaller businesses that have located within the vacant units of existing retail centers. Similarly, the industrial park continues to see new construction on vacant lots and occupancy of vacant structures. During the last year over 200,000 sq. ft. of vacant industrial space has been occupied with businesses such as Heidt's Automotive, Morgan Bronze, and CTI Industries. Construction of a brand new 80-unit senior care facility is nearing completion, with full occupancy anticipated in 2014.

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.

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 2013 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 village board adopted the formal Capital Improvement Plan in December 2012, forecasting out funding needs for capital items that are expected to exceed \$10,000 and have a useful life of more than a year, such as road improvements, large machinery and equipment, and building improvements.

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 Manager in setting budget goals for department directors.

Major Accomplishments and Initiatives

The fiscal year ended April 30, 2013 saw many accomplishments and major initiatives come to fruition, including:

- Despite an expected budgetary deficit of \$643,432 in the General Fund, the Village was able to report instead a surplus of \$2.3 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. An unbudgeted payment of \$1.27 million from the State of Illinois for the jurisdictional transfer of Main Street was also a factor.
- 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.
- Developed and implemented a formal capital improvement process to better plan for long term capital needs according to the strategic plan, available resources and requirements.
- The Finance Department successfully implemented credit card acceptance for customers both in person and via the website for the first time in the history of the village. By passing on the convenience fee, the village was able to offer an additional benefit to customers without reducing any services or affecting the budget.
- The Police Department continued to receive traffic safety enforcement grants based on agency performance. The department also received CALEA re-accreditation for the second time.
- Reorganized the village technology function to prioritize efficiency and functionality, including a migration from antiquated software programs such as Novell GroupWise to Microsoft Office 365.
- The Fire Department maximized some efficiencies within their fleet by taking advantage of a new fire engine while selling an existing underutilized truck for approximately the cost of the new one. The department now has the benefit of a true reserve engine, as well as an additional ambulance. The Fire Department also received a grant for video conferencing between stations and between seven other area departments through a collaborative process. This technology allows for more flexibility and options in training opportunities as well as enhanced communication.
- Through active efforts, staff has reduced the total number and severity of workers compensation claims, resulting in lower premiums.
- Performed a comprehensive review of health insurance options, ultimately migrating to a new provider with significantly lower rates without sacrificing benefit levels.

Some of the more significant initiatives planned for the 2013/14 fiscal year are as follows:

- Complete a comprehensive organizational analysis to balance the operating budget and maximize efficiencies.
- Cultivate a formal multi-year strategic plan through in-depth analysis of priorities, vision and opportunities.
- Deliver metric-driven monthly reports to the Village Board to enable more informed decision making.
- 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 and implement park and recreation programming to allow for an enrichment of quality of life for our community.

- Provide additional community centered events for the residents of Lake Zurich such as a farmers market with fresh produce and other items as well as a community block party to enhance the community participation within the village and centers on the redevelopment of a vibrant downtown area.
- Continue delivering high quality core services to the community while keeping costs minimized.

Awards and Acknowledgements

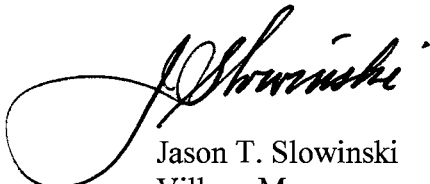
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2012. This represented the twenty-fifth 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.

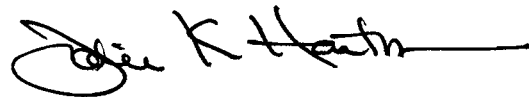
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. In particular, we would like to acknowledge the work of Miriam Hernandez, Accounting Supervisor, and Sylvia Liedtke, Accountant.

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,



Jason T. Slowinski
Village Manager



Jodie K. Hartman, 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

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 Village of Lake Zurich, Illinois (the Village), as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lake Zurich, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Village adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the year ended April 30, 2013. Statement No. 63 added new classifications on the statements of net position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of net position to the new classifications contained in GASB Statement No 63. The adoption of these statements had no effect on any of the Village's net positions or fund balances as of and for the year ended April 30, 2013, except as disclosed in note 14. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. 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 basic 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. Such information has been subjected to the auditing procedures applied 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, the combining and individual fund financial statements and schedules and supplemental data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink, appearing to read "David L. P.", is positioned to the right of the text block.

Naperville, Illinois
August 26, 2013

GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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, 2013. 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 \$115,134,556.
- Total net position of the village increased \$3,183,676. Governmental net position increased by \$3,272,173 and Business-Type Activities net position decreased by \$88,497.
- Combined revenues totaled \$37,330,266, an increase of 5.87% from the preceding year.
- Overall expenses totaled \$33,843,425, an increase of 1.16% from the preceding year.
- General Fund reported revenues and other financing sources exceeded expenditures resulting in a net increase in fund balance of \$2,312,671. Total fund balance in the General Fund was \$9,585,774 at April 30, 2013. Unrestricted fund balance in the General Fund totaled \$7,368,345, representing 29.86% of total General Fund expenditures for the current fiscal year and 28.34% of the 2013/14 fiscal year's budget for expenditures.
- The Village's Waterworks and Sewerage Fund reported net position decreasing \$446,230 from operations and depreciation of assets. With non-operating revenues and expenditures, the fund resulted in an overall decrease to net position of \$88,497. Working Capital of the fund has increased from -\$216,261 to a positive \$424,853.
- Total short and long-term debt decreased \$389,848 to \$41,668,353 outstanding as of April 30, 2013, including bonded debt and other long term liabilities, such as compensated absences and capital leases. Bonded debt alone decreased \$764,956 to \$33,973,015 outstanding as of April 30, 2013.
- Capital assets, net of accumulated depreciation, as of April 30, 2013 amounted to \$127,185,652. 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 Position* reflects all of the Village's assets, liabilities, with the net difference between the two reported as net position. Over time, the change in net position 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 position 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 Position* 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, 2013

Governmental activities encompass general government, public safety, highways and streets, culture 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 sewer 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 4-7 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 eleven (11) 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 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 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 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.

The Downtown TIF Capital Projects Fund captures all the costs and revenue associated with the construction and improvements to the TIF district.

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

Data from the other five (5) 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 combining and individual fund financial statements. The basic governmental fund financial statements can be found on pages 8 through 13 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 14 through 17 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 18 and 19 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 20 through 58 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 59 through 65.

Amendments to Budget

Amendments to the budget are typically 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. No budget amendments were necessary during the fiscal year.

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

April 30, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

The combined net position for the fiscal year ended April 30, 2013 totaled \$115,134,556 and consisted of net position from both governmental activities and business-type activities of \$72,876,095 and \$42,258,461 respectively. Following is a table that shows total net position of the Village as of April 30, 2013 with a comparison to the preceding fiscal year.

Statement of Net Position
As of April 30, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
Current and other assets	\$ 38,465,732	\$ 36,623,589	\$ 2,552,188	\$ 1,774,322	\$ 41,017,920	\$ 38,397,911
Capital assets	82,212,659	81,894,696	44,972,993	46,551,564	127,185,652	128,446,260
Deferred Outflows	1,621,491	-	-	-	1,621,491	-
Total assets & deferred outflows	122,299,882	118,518,285	47,525,181	48,325,886	169,825,063	166,844,171
Current and other liabilities	3,626,724	12,575,541	2,127,335	1,990,583	5,754,059	14,566,124
Long-term liabilities	36,559,328	36,338,822	3,139,385	3,988,345	39,698,713	40,327,167
Deferred Inflows	9,237,735	-	-	-	9,237,735	-
Total liabilities and deferred inflows	49,423,787	48,914,363	5,266,720	5,978,928	54,690,507	54,893,291
Net position:						
Net investment						
in capital assets	76,983,201	76,652,153	41,029,978	41,753,593	118,013,179	118,405,746
Restricted	18,839,037	17,592,724	-	-	18,839,037	17,592,724
Unrestricted	(22,946,143)	(24,640,955)	1,228,483	593,365	(21,717,660)	(24,047,590)
Total net position	\$ 72,876,095	\$ 69,603,922	\$ 42,258,461	\$ 42,346,958	\$ 115,134,556	\$ 111,950,880

The Village's net 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 position. As of April 30, 2013, capital assets net of related debt totaled \$118,013,179. 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 this statement. The village has revised the statement in order to comply with the Governmental Accounting Standard's Board (GASB) statement 63 relating to net position, as opposed to the former net position. Application of GASB 63 also introduced the concept of deferred outflows and inflows. As their names suggest, items now reported in these categories account for items that relate to a future period. These items were formerly reported as assets and/or liabilities. The deferred outflow relates to unamortized loss on debt refunding from prior years. The deferred inflow represents the 2012 tax levy, to be collected during fiscal year 2013/14.

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

April 30, 2013

In the governmental funds, the total net position increased by \$3.27 million. The majority of this increase is due to positive changes in current assets, as well from the addition of the deferred outflows. Cash and investments, a component of current and other assets, increased \$3.66 million alone. The amount due as a receivable from other governments, such as sales tax and income tax, decreased about \$665,700, resulting in cash receipts. The change to total liabilities account for \$509,424, 15.6%, of the total \$3.27 million increase.

For the business-type activities, total net position decreased by \$88,497. Non-capital assets (cash, investments, receivables, etc.) increased by \$777,866 and total liabilities decreased about \$712,000 for the scheduled debt payments. The decrease in overall net position is attributable to the change in capital assets, mostly from depreciation, of a negative \$1,578,571. While not a cash related item, depreciation still affects the bottom line net position of the fund.

During the current fiscal year, total net position of the Village increased by \$3,183,676. A more detailed explanation of the change in net position of the governmental activities and business-type activities is provided below.

Statement of Activities

The following summarizes the changes in the Village's net position for the 2012/13 fiscal year:

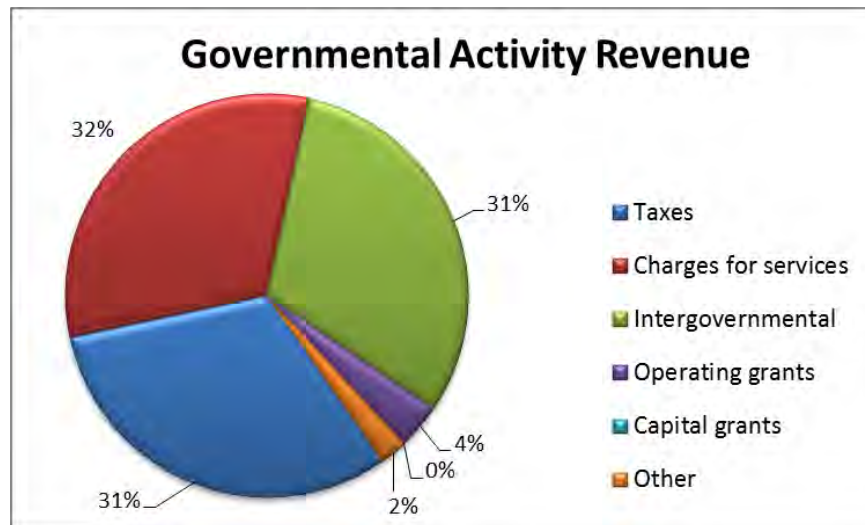
Change in Net Position For the Fiscal Years Ended April 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total Village Wide	
Category	4/30/2013	4/30/2012	4/30/2013	4/30/2012	4/30/2013	4/30/2012
Revenues:						
Program revenues:						
Charges for services	\$ 10,290,836	\$ 8,798,507	\$ 4,784,199	\$ 3,682,437	\$ 15,075,035	\$ 12,480,944
Operating grants	1,165,632	835,918	-	-	1,165,632	835,918
Capital grants	516	537,892	110,136	989,110	110,652	1,527,002
General revenues:						
Taxes	10,174,683	10,762,405	-	-	10,174,683	10,762,405
Intergovernmental	10,076,745	9,321,002	-	-	10,076,745	9,321,002
Investment earnings	69,478	86,173	3,660	10,873	73,138	97,046
Other	654,380	236,987	-	-	654,380	236,987
Total revenues	32,432,270	30,578,884	4,897,995	4,682,420	37,330,265	35,261,304
Expenses:						
General Government	3,140,972	3,074,208	-	-	3,140,972	3,074,208
Public Safety	18,486,450	17,950,169	-	-	18,486,450	17,950,169
Highways and Streets	4,290,953	4,439,375	-	-	4,290,953	4,439,375
Parks and Recreation	1,205,021	1,347,279	-	-	1,205,021	1,347,279
Economic Development	479,102	926,436	-	-	479,102	926,436
Interest on long-term debt	1,254,435	1,045,608	-	-	1,254,435	1,045,608
Water/Sewer	-	-	4,986,492	4,673,670	4,986,492	4,673,670
Total expenses	28,856,933	28,783,075	4,986,492	4,673,670	33,843,425	33,456,745
Excess/(deficit) before transfers	3,575,337	1,795,809	(88,497)	8,750	3,486,840	1,804,559
Transfers	-	-	-	-	-	-
Change in Net Position	3,575,337	1,795,809	(88,497)	8,750	3,486,840	1,804,559
Beginning net position	69,603,922	67,207,028	42,346,958	42,230,899	111,950,880	109,437,927
Prior Period Adjustment	(303,165)	601,085	-	107,309	(303,165)	708,394
Ending net position - April 30	72,876,094	69,603,922	42,258,461	42,346,958	111,513,555	111,950,880

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

April 30, 2013

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 fiscal year 2012/13, governmental program expenses of \$28,856,933 exceeded program revenues of \$11,456,984 by \$17,399,949. General revenues made up all of the deficiency. The following graph indicates the breakdown of 2012/13 revenues by type.



Total revenues of \$32,432,270 increased from last year by approximately six percent, or \$1,853,387. A few revenue sources decreased from the prior year (e.g.: fines and forfeits, investment income, motor fuel tax and TIF increment revenue), and the utility tax was eliminated effective May 30, 2012. Other notable revenue sources however outperformed last year, such as the local share of the state's income tax and of the state sales tax. The village also received the first full year of non-home rule sales tax, enacted July 2011 to address some of the village capital needs. The village also received a payment from the State of Illinois for \$1,270,000 to coincide with the jurisdictional transfer of Main Street.

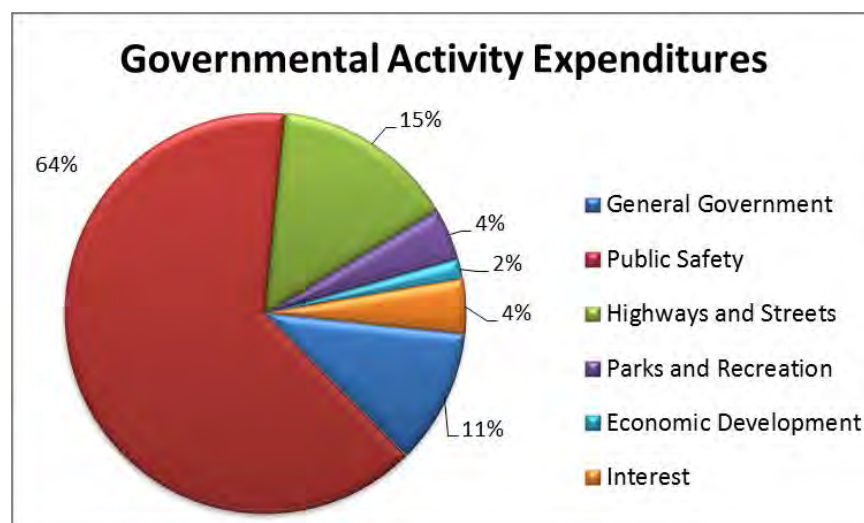
Telecommunications tax, which has been unpredictable in the past few years, decreased slightly over the past year. Compared to the prior year, receipts from this revenue source of \$1,026,166 were down just over \$29,000 (2.7%) from last year. Formerly allocated either solely to the Capital Improvements Fund or allocated between the Capital Improvement Fund and the General Fund (FY12), revenues for this fiscal year were recorded solely in the General Fund to help offset operational costs.

Sales tax revenue was up approximately \$191,000 from last year, about a 3.2% increase. Lake Zurich's mix of retailers has weathered the recession better than localities that are selling more luxury or specialty products. The State Income Tax receipts of \$1,769,156 have also exceeded the prior year, up approximately \$167,000 from last year, about 10%. Charges for Services make up just over 30% of the village's governmental revenue. Charges for services increased by \$1,492,329, primarily due to the one-time revenue source from the State of Illinois for Main Street in the amount of \$1,270,000.

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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.



Expenditures associated with governmental activities increased by only \$73,858, or 0.26%, from the preceding year. By far the most significant category of expenditures relate to public safety, which totaled \$18,486,450. This represents an increase of 3%, or \$536,281, from the previous year. Expenditures for public safety salaries (full-time, part-time and overtime) increased about \$216,000 (2%) to \$10.2 million and accounts for 55% of the public safety expenditures. Sworn pension costs of approximately \$2.6 million represent about 14% of public safety expenditures.

Business Type Activities

For business-type activities, net position decreased a total of \$88,497. Program expenses of just under \$5 million exceeded program revenues of \$4.78 million by \$202,293. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1,657,944, which is not budgeted.

Revenues associated with business-type activities totaled \$4.78 million, an increase of \$1.1 million, or 30%, from the preceding year due to an increase in water and sewer rates effective late in the prior year, unusually high consumption due to the summer draught conditions and above expected connection fees. Charges for services increased \$880,638, or 25%, to \$4.4 million. Connection fees collected were \$377,881, compared to \$156,757 in the prior year.

Business-type expenses were also up compared to the prior fiscal year, but not by such a large margin. Expenses increased from \$4.673 million to \$4.986 million, an increase of about \$313,000, or 6.7%. Administration expenses were down almost 10% from \$1.2 million to \$1.1 million. Operation related expenses increased from \$1.6 million to \$2 million, primarily in the areas of water distribution, interceptor sewer and sewer collection system.

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

April 30, 2013

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, 2013, governmental funds reported combined fund balances of \$28,096,126. Of this amount, \$7,368,345 is unreserved and is available for future obligations. The largest amount of fund balance, \$18.8 million, is restricted. \$13.3 million 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 \$1.95 million is restricted for capital projects and \$796,995 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, 2013, fund balance in the General Fund increased by \$2.3 million from current year activities. The increase in fund balance is a combination of revenues and other financing sources of almost \$27 million compared to expenditures and other financing uses of about \$24.7 million. Included in the revenue and other financing sources is \$1.27 million from the State of Illinois for the jurisdictional transfer of Main Street. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$9,585,774.

The Debt Service Fund has a positive fund balance of \$796,995 that is restricted entirely for the payment of future debt service, similar to the \$649,635 in the TIF Debt Service Fund. The Capital Improvements fund balance decreased about \$164,000 to \$3 million and will be used for street and park improvements. The reserve of \$1,783,407 is earmarked for noise mitigation related to the CN rail. The Downtown TIF fund balance of \$12,350,333 is mostly comprised of land held for resale. Any residual TIF fund balance 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, 2013, net position of the proprietary fund totaled \$42,258,461. Cash and investments at April 30, 2013 totaled \$1,548,103, an increase of \$610,840 (65%). This was a major factor in improving the working capital of the fund from -\$216,261 last fiscal year end to \$424,853 this fiscal year end. Operating revenues increased \$880,638 (25%) over the previous year to \$4,406,318. This can be attributed to a combination of the rate increase to the Lake Zurich portion of water bills that took effect January 1, 2012, during the previous fiscal year as well as a 7.2% increase in total annual consumption during the year. Operating expenses (including depreciation) of \$4,852,548 were 7.6% higher than the previous year, in line with the increased consumption figures. As mentioned earlier, the administration component of operating expenses decreased almost 10% from the prior year. Depreciation increased by a meager 0.5%, leaving the remainder of the increase in the operations category for 28% from the prior year.

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

April 30, 2013

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, 2013. Combined, the funds reported a \$4,799,798 increase in net position held in trust for pension benefits, with investment earnings net related expenses of \$2,741,079, a 124% increase over the prior year net investment earnings. Deductions for benefits and other smaller items increased about 15%, from \$1,137,074 in the prior year to \$1,311,497 this year. Cash and investments totaled \$32,252,897 as of April 30, 2013.

Agency Funds: The village has several agency funds, including an escrow performance fund and several special service area funds. These funds do not have budgets, nor do they have measures of operations. They are used to account for assets and liabilities of funds kept in a custodial manner. Total assets of agency funds increased over last fiscal year by \$128,680. Total cash and investments as of April 30, 2013 was \$2,337,630, about \$139,000 higher than the end of the previous fiscal year. Starting with this report, the activity of the special service areas has been broken out from the escrow performance fund activity for more transparent reporting.

GENERAL FUND HIGHLIGHTS

Amendments to Budget

As mentioned earlier, while amendments to the budget can be made throughout the year, no budget amendments were made for this fiscal year as it was not necessary. The Village Manager 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 object classes and any increases or decreases to the total budget must be approved by the Village Board. The revenues and expenditures were monitored closely throughout the year compared to budget and revealed no need for a budget amendment to stay in compliance with the fund level budgetary policy.

Change in Fund Balance

When the original budget was adopted in April of 2012, a deficit of \$643,432 was expected for the General Fund, combined with the internal service funds of health insurance, vehicle maintenance and risk management. As staff worked to reduce or delay expenditures and revenues continued to increase, plus the \$1.27 million for Main Street, the year-end results reflect a significant surplus. Fund Balance for General Fund showed a healthy increase of \$2.3 million, which was \$2.9 million higher than expected at budget time. Revenues and other financing sources came in at \$27 million for the year, \$2.3 million more than budgeted. Expenditures and other financing uses totaled \$24.7 million, which was \$653,625 less than the budget. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended April 30, 2012.

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

April 30, 2013

**General Fund Budgetary Highlights
Fiscal Year Ended April 30, 2013**

	Budget	Actual
Revenues & Other Financing Sources		
Taxes	\$ 7,997,666	\$ 7,868,762
Licenses and permits	635,390	669,712
Intergovernmental	8,331,356	9,875,107
Charges for services	6,308,524	6,491,618
Fines and forfeits	856,288	753,126
Other revenue	559,230	1,080,715
Sub-total revenues	\$ 24,688,454	\$ 26,739,040
Other financing sources	-	251,892
Total Revenues and Other Financing Sources	\$ 24,688,454	\$ 26,990,932
Expenditures and Other Financing Uses		
General government	\$ 3,098,662	\$ 2,962,663
Public safety	18,362,247	18,362,605
Highways and streets	2,664,042	2,372,585
Culture and recreation	1,184,099	952,048
Economic development	22,836	28,360
Sub-total expenditures	\$ 25,331,886	\$ 24,678,261
Other financing uses	-	-
Total Expenditures and Other Financing Sources	\$ 25,331,886	\$ 24,678,261
Change in Fund Balance	\$ (643,432)	\$ 2,312,671

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$127,185,652 at April 30, 2013. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 13	FYE 12	FYE 13	FYE 12	FYE 13	FYE 12
Land and Improvements	\$ 33,793,761	\$ 33,998,983	\$ 249,652	\$ 249,652	\$ 34,043,413	\$ 34,248,635
Building and Improvements	8,828,545	9,024,392	-	-	8,828,545	9,024,392
Machinery & Equipment	2,376,167	2,318,865	541,687	511,963	2,917,854	2,830,828
Infrastructure	37,214,186	36,552,456	44,181,654	45,789,949	81,395,840	82,342,405
Total	\$ 82,212,659	\$ 81,894,696	\$ 44,972,993	\$ 46,551,564	\$ 127,185,652	\$ 128,446,260

Capital additions for the year totaled \$2.7 million for governmental funds and \$79,373 for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- \$64,550 on Building Improvements, for a new roof for 7-15 South Old Rand Road.
- \$677,130 on Vehicles, for two (2) police squad cars, a fire truck, and an ambulance

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

April 30, 2013

- \$51,906 on Machinery and Equipment, for Video conferencing equipment and televising unit equipment.
- \$1,924,847 on Infrastructure, for the annual street resurfacing program.

Business-Type Fund:

- \$50,632 on Machinery and Equipment, for column pipe replacement and televising unit equipment.
- \$28,741 on Vehicles, for a utility truck for water and sewer operation support.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 35 and 36.

DEBT ADMINISTRATION

During the fiscal year, bonded debt was reduced by \$1,454,956. One small issuance of \$505,000 was issued on a short-term basis and was repaid before the end of the fiscal year. Series 2012 bonds were issued to advance refund the Series 2003A as favorable interest rates could be obtained to generated savings over the remaining life of the bonds.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 13	FYE 12	FYE 13	FYE 12	FYE 13	FYE 12
General Obligation Bonds	\$ 3,085,000	\$ 3,455,000	\$ -	\$ -	\$ 3,085,000	\$ 3,455,000
TIF Alternate Revenue Bonds	7,775,000	7,915,000	-	-	7,775,000	7,915,000
TIF Revenue Bonds	20,145,000	20,235,000	-	-	20,145,000	20,235,000
Water Alternate Revenue Bonds	-	-	975,000	1,665,000	975,000	1,665,000
IEPA Loan	-	-	2,968,015	3,132,971	2,968,015	3,132,971
Bonded Debt Total	31,005,000	31,605,000	3,943,015	4,797,971	34,948,015	36,402,971

On August 9, 2013, 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.

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 \$1.8 million in combined shared revenue as of April 30, 2013. The political environment in Springfield is being closely monitored for legislation that could reduce or eliminate the shared revenue, and in turn impact the level of service to the residents.
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2012 Tax Levy to be 3%. It is anticipated the CPI increase along with the value of new construction will bring in approximately \$290,000 of new revenue which will be used to offset the growing cost of funding for both police and fire pension funds for the village.

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

April 30, 2013

- The Village will continue to monitor the residential housing market during fiscal year 2014. 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 2012 levy will be consistent with that of the 2011 levy. While a positive sign the incremental revenue is stabilizing instead of rapidly declining at this point, the lack of growth increases the sense of urgency on development to fund the debt service payments and to provide the residents with a viable downtown district.
- 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, 2014, the village board has passed a budget with significant reductions, relying on fund balance to account for the expected deficit of about \$170,000 for the General Fund. As an example of budget reductions, the approved positions for the 2013/14 fiscal year include 160 full-time positions, down from 171 authorized positions for fiscal year 2012/13. Several of the position reductions were made possible through attrition and planning. Administrative costs were reduced and/or removed from the Water and Sewer Fund and TIF Funds to better allocate the limited resources of the latter funds. Staff has been working on 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 \$3,272,172. At April 30, 2013 the unrestricted fund balance of the General Fund was 29.86% of total expenditures of the current year and 28.34% of the budgeted expenditures for the fiscal year ending April 30, 2014.

The Water/Sewer Fund had cash and investments of \$1,548,103 at April 30, 2013. The fund also had unrestricted net position of \$1,228,483. Unrestricted net position has increased to 25% of operating expenses, up from just 13% the prior year. The Village monitors both revenues and expenses to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund. While the 2012/13 budget planned for a rate increase in August of 2012, no rate increase was implemented due to higher than average consumption and further analysis. The Village Board did approve two rate increases for future fiscal years, effective May 1, 2013 and May 1, 2014.

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, 2013. 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 POSITION

April 30, 2013

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
CURRENT ASSETS			
Cash and investments	\$ 12,886,927	\$ 1,548,103	\$ 14,435,030
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	9,237,735	-	9,237,735
Accounts	1,319,674	867,482	2,187,156
Accrued interest	11,213	769	11,982
Due from fiduciary funds	-	15,903	15,903
Due from other governments	2,045,318	-	2,045,318
Deposits	-	2,000	2,000
Prepays	602,769	4,035	606,804
Inventory	18,163	113,896	132,059
Inventory - land held for resale	12,343,933	-	12,343,933
Total current assets	38,465,732	2,552,188	41,017,920
NONCURRENT ASSETS			
Capital assets not being depreciated	30,486,445	249,652	30,736,097
Capital assets (net of accumulated depreciation)	51,726,214	44,723,341	96,449,555
Total noncurrent assets	82,212,659	44,972,993	127,185,652
Total assets	120,678,391	47,525,181	168,203,572
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	1,621,491	-	1,621,491
Total assets and deferred outflows of resources	122,299,882	47,525,181	169,825,063
LIABILITIES			
Accounts payable	613,420	1,165,327	1,778,747
Accrued payroll	458,708	41,657	500,365
Accrued interest payable	434,096	36,468	470,564
Unearned revenues	59,743	-	59,743
Noncurrent liabilities			
Due within one year	2,060,757	883,883	2,944,640
Due in more than one year	36,559,328	3,139,385	39,698,713
Total liabilities	40,186,052	5,266,720	45,452,772
DEFERRED INFLOWS OF RESOURCES			
Unearned property taxes	9,237,735	-	9,237,735
Total liabilities and deferred inflows of resources	49,423,787	5,266,720	54,690,507

(This statement is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 76,983,201	\$ 41,029,978	\$ 118,013,179
Restricted for			
Special Recreation	243,233	-	243,233
Public Safety	258,608	-	258,608
TIF	13,326,909	-	13,326,909
Debt Service	796,995	-	796,995
Noise Mitigation	1,783,407	-	1,783,407
Capital Projects	1,954,151	-	1,954,151
Highways and Streets	247,363	-	247,363
Tourism	228,371	-	228,371
Unrestricted	(22,946,143)	1,228,483	(21,717,660)
TOTAL NET POSITION	\$ 72,876,095	\$ 42,258,461	\$ 115,134,556

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2013

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 3,140,972	\$ 1,965,735	\$ 522,570	\$ -
Public safety	18,486,450	7,205,320	35,137	-
Highways and streets	4,290,953	520,172	607,925	-
Culture and recreation	1,205,021	599,609	-	-
Economic development	479,102	-	-	516
Interest	1,254,435	-	-	-
Total governmental activities	28,856,933	10,290,836	1,165,632	516
Business-Type Activities				
Waterworks and sewerage	4,986,492	4,784,199	-	110,136
Total business-type activities	4,986,492	4,784,199	-	110,136
TOTAL PRIMARY GOVERNMENT	\$ 33,843,425	\$ 15,075,035	\$ 1,165,632	\$ 110,652

Net (Expense) Revenue and Change in Net Position			
	Primary Government		Total
	Governmental Activities	Business-Type Activities	
	\$ (652,667)	\$ -	\$ (652,667)
	(11,245,993)	-	(11,245,993)
	(3,162,856)	-	(3,162,856)
	(605,412)	-	(605,412)
	(478,586)	-	(478,586)
	(1,254,435)	-	(1,254,435)
	(17,399,949)	-	(17,399,949)
	-	(92,157)	(92,157)
	-	(92,157)	(92,157)
	(17,399,949)	(92,157)	(17,492,106)
General Revenues			
Taxes			
Property	9,096,330	-	9,096,330
Utility	44,438	-	44,438
Telecommunications	1,026,166	-	1,026,166
Other	7,749	-	7,749
Intergovernmental			
Replacement	56,224	-	56,224
Sales	7,940,113	-	7,940,113
Local use	311,252	-	311,252
Shared income tax	1,769,156	-	1,769,156
Investment income	69,478	3,660	73,138
Miscellaneous	654,381	-	654,381
Total	20,975,287	3,660	20,978,947
CHANGE IN NET POSITION	3,575,338	(88,497)	3,486,841
NET POSITION, MAY 1, AS PREVIOUSLY STATED	69,603,922	42,346,958	111,950,880
Prior period adjustment	(303,165)	-	(303,165)
NET POSITION, MAY 1, RESTATED	69,300,757	42,346,958	111,647,715
NET POSITION, APRIL 30	\$ 72,876,095	\$ 42,258,461	\$ 115,134,556

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2013

	General	TIF Tax Allocation	Debt Service
ASSETS			
Cash and investments	\$ 5,713,257	\$ 1,599,888	\$ 796,995
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	6,825,927	-	1,076,744
Accounts	832,859	9,456	-
Accrued interest	3,279	3,091	-
Due from other funds	75,787	-	-
Advances to other funds	1,270,000	-	-
Due from other governments	2,045,318	-	-
Prepaid items	600,581	-	-
Inventory	18,163	-	-
Inventory - land held for resale	-	-	-
TOTAL ASSETS	\$ 17,385,171	\$ 1,612,435	\$ 1,873,739
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 456,603	\$ 13,910	\$ -
Accrued payroll	457,124	1,584	-
Due to other funds	-	-	-
Advances due to other funds	-	1,270,000	-
Unearned revenue	59,743	-	-
TOTAL LIABILITIES	973,470	1,285,494	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	6,825,927	-	1,076,744
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,799,397	1,285,494	1,076,744
FUND BALANCES			
Nonspendable			
Prepaid items	600,581	-	-
Inventory	18,163	-	-
Advances to other funds	1,270,000	-	-
Restricted			
Special Recreation	243,233	-	-
Public Safety	85,452	-	-
TIF	-	326,941	-
Debt Service	-	-	796,995
Noise Mitigation	-	-	-
Capital Projects	-	-	-
Highways and Streets	-	-	-
Tourism	-	-	-
Unrestricted			
Unassigned	7,368,345	-	-
Total fund balances	9,585,774	326,941	796,995
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,385,171	\$ 1,612,435	\$ 1,873,739

TIF Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental	Total
\$ 649,635	\$ 3,040,193	\$ 17,425	\$ 1,069,534	\$ 12,886,927
1,335,064	-	-	-	9,237,735
-	-	-	477,359	1,319,674
-	4,843	-	-	11,213
-	-	-	-	75,787
-	-	-	-	1,270,000
-	-	-	-	2,045,318
-	-	-	2,188	602,769
-	-	-	-	18,163
-	-	12,343,933	-	12,343,933
<u>\$ 1,984,699</u>	<u>\$ 3,045,036</u>	<u>\$ 12,361,358</u>	<u>\$ 1,549,081</u>	<u>\$ 39,811,519</u>

\$ -	\$ 57,886	\$ 11,025	\$ 73,996	\$ 613,420
-	-	-	-	458,708
-	-	-	75,787	75,787
-	-	-	-	1,270,000
-	-	-	-	59,743
-	57,886	11,025	149,783	2,477,658
				(1,270,000)
1,335,064	-	-	-	9,237,735
1,335,064	57,886	11,025	149,783	11,715,393

-	-	-	-	600,581
-	-	-	-	18,163
-	-	-	-	1,270,000
-	-	-	-	243,233
-	-	-	173,156	258,608
649,635	-	12,350,333	-	13,326,909
-	-	-	-	796,995
-	1,783,407	-	-	1,783,407
-	1,203,743	-	750,408	1,954,151
-	-	-	247,363	247,363
-	-	-	228,371	228,371
-	-	-	-	7,368,345
649,635	2,987,150	12,350,333	1,399,298	28,096,126
<u>\$ 1,984,699</u>	<u>\$ 3,045,036</u>	<u>\$ 12,361,358</u>	<u>\$ 1,549,081</u>	<u>\$ 39,811,519</u>

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 POSITION

April 30, 2013

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 28,096,126
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	82,212,659
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The loss on refunding of bonds is capitalized as amortized over the life of the bonds on the statement of net position	1,621,491
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Long-term liabilities are not due and payable in the
current period and, therefore, are not reported in the
governmental funds

Bonds payable	(31,005,000)
Unamortized premium	(65,290)
Other postemployment benefit payable	(126,330)
Net pension obligation payable	(5,355,106)
Compensated absences payable	(1,754,796)
Capital lease obligation	(313,563)
Accrued interest payable	<u>(434,096)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 72,876,095</u></u>
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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, 2013

	General	TIF Tax Allocation	Debt Service
REVENUES			
Taxes	\$ 7,868,762	\$ 1,340,656	\$ 1,041,725
Licenses and permits	669,712	-	-
Intergovernmental	9,875,107	-	-
Charges for services	6,491,618	-	-
Fines and forfeits	753,126	-	-
Investment income	16,881	10,398	716
Miscellaneous	1,063,834	101,434	-
Total revenues	26,739,040	1,452,488	1,042,441
EXPENDITURES			
Current			
General government	2,962,663	-	-
Public safety	18,362,605	-	-
Highways and streets	2,372,585	-	-
Culture and recreation	952,048	-	-
Economic development	28,360	448,647	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	875,000
Interest and fiscal charges	-	-	162,027
Total expenditures	24,678,261	448,647	1,037,027
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,060,779	1,003,841	5,414
OTHER FINANCING SOURCES (USES)			
Bonds issued, at par	-	-	-
Premium on bonds sold	-	-	-
Capital lease obligation, at par	251,892	-	-
Transfers in	-	-	-
Transfers (out)	-	(1,033,400)	-
Payment made to bond escrow agent	-	-	-
Total other financing sources (uses)	251,892	(1,033,400)	-
NET CHANGE IN FUND BALANCES	2,312,671	(29,559)	5,414
FUND BALANCES, MAY 1	7,273,103	356,500	791,581
FUND BALANCES, APRIL 30	\$ 9,585,774	\$ 326,941	\$ 796,995

TIF Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental	Total
\$ -	\$ -	\$ -	\$ 1,998,132	\$ 12,249,275
-	-	-	-	669,712
-	522,570	-	574,341	10,972,018
-	-	-	-	6,491,618
-	-	-	-	753,126
8,022	26,244	4,581	2,636	69,478
53,379	8,321	75	-	1,227,043
61,401	557,135	4,656	2,575,109	32,432,270
-	-	-	49,988	3,012,651
-	-	-	17,731	18,380,336
-	-	-	1,464,935	3,837,520
-	-	-	-	952,048
-	-	1,172	-	478,179
-	1,120,853	119,118	-	1,239,971
230,000	-	-	-	1,105,000
866,925	-	-	-	1,028,952
1,096,925	1,120,853	120,290	1,532,654	30,034,657
(1,035,524)	(563,718)	(115,634)	1,042,455	2,397,613
2,650,000	-	-	-	2,650,000
588,025	-	-	-	588,025
-	-	-	-	251,892
533,400	400,000	500,000	86,553	1,519,953
-	-	-	(486,553)	(1,519,953)
(2,674,286)	-	-	-	(2,674,286)
1,097,139	400,000	500,000	(400,000)	815,631
61,615	(163,718)	384,366	642,455	3,213,244
588,020	3,150,868	11,965,967	756,843	24,882,882
\$ 649,635	\$ 2,987,150	\$ 12,350,333	\$ 1,399,298	\$ 28,096,126

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, 2013

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 3,213,244

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	2,769,949

The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(354,246)
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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	(2,097,740)
--	-------------

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	
Change in compensated absences payable	(115,518)
Changes in net pension obligation payable	91,199
Change in net other postemployment benefit payable	(23,667)
Issuance of debt	(3,155,000)
Retirement of debt	3,755,000
Loss on refunding	24,286
Amortization of gain on refunding	(102,406)
Premium on bonds sold	(83,025)
Amortization of premium/discount of debt issuance	2,286
Issuance of capital lease obligation	(251,892)
Capital lease obligation payments	28,231

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	(125,363)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3,575,338
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See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND

April 30, 2013

	<u>Waterworks and Sewerage</u>
CURRENT ASSETS	
Cash and investments	\$ 1,548,103
Receivables - net of allowances	
Accounts	867,482
Accrued interest	769
Due from other funds	15,903
Deposits	2,000
Prepays	4,035
Inventories	<u>113,896</u>
Total current assets	<u>2,552,188</u>
NONCURRENT ASSETS	
Capital assets	
Nondepreciable	249,652
Depreciable	72,492,496
Accumulated depreciation	<u>(27,769,155)</u>
Net capital assets	<u>44,972,993</u>
Total assets	<u>47,525,181</u>
CURRENT LIABILITIES	
Accounts payable	1,165,327
Accrued payroll	41,657
Accrued interest payable	36,468
Compensated absences payable	13,612
IEPA loan payable	170,271
Alternate revenue bonds payable	<u>700,000</u>
Total current liabilities	<u>2,127,335</u>
NONCURRENT LIABILITIES	
Compensated absences payable	54,450
Other postemployment benefit	12,191
IEPA loan payable	2,797,744
Alternate revenue bonds payable	<u>275,000</u>
Total noncurrent liabilities	<u>3,139,385</u>
Total liabilities	<u>5,266,720</u>
NET POSITION	
Net investment in capital assets	41,029,978
Unrestricted	<u>1,228,483</u>
TOTAL NET POSITION	<u><u>\$ 42,258,461</u></u>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2013

	Waterworks and Sewerage
	<u> </u>
OPERATING REVENUES	
Charges for services	\$ 4,406,318
	<u> </u>
Total operating revenues	<u>4,406,318</u>
OPERATING EXPENSES	
Administration	1,115,090
Operations	2,079,514
Depreciation	<u>1,657,944</u>
Total operating expenses	<u>4,852,548</u>
OPERATING INCOME (LOSS)	<u>(446,230)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	377,881
Investment income	3,660
Interest and fiscal charges	<u>(133,944)</u>
Total nonoperating revenues (expenses)	<u>247,597</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(198,633)</u>
Capital grants	<u>110,136</u>
CHANGE IN NET POSITION	(88,497)
NET POSITION, MAY 1	<u>42,346,958</u>
NET POSITION, APRIL 30	<u><u>\$ 42,258,461</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, 2013

	<u>Waterworks and Sewerage</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 4,237,212
Payments to employees	(1,649,730)
Payments to suppliers	<u>(1,372,349)</u>
Net cash from operating activities	<u>1,215,133</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payment on (receipt on) interfund loan	<u>(15,903)</u>
Net cash from noncapital financing activities	<u>(15,903)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(79,373)
Grants	110,136
Other income - connection fees	377,881
Principal paid on capital debt	(854,956)
Interest paid on capital debt	<u>(145,658)</u>
Net cash from capital and related financing activities	<u>(591,970)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	3,580
Investments purchased	<u>(295,421)</u>
Net cash from investing activities	<u>(291,841)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	315,419
CASH AND CASH EQUIVALENTS, MAY 1	<u>937,263</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 1,252,682</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, 2013

	<u>Waterworks and Sewerage</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (446,230)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	1,657,944
Changes in assets and liabilities	
Accounts receivable	(169,106)
Prepays	(4,035)
Inventories	22,098
Accounts payable	122,672
Accrued payroll	9,069
Compensated absences payable	12,736
Other postemployment benefit	<u>9,985</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,215,133</u>
CASH AND INVESTMENTS	
Cash and cash equivalents	\$ 1,252,682
Investments	<u>295,421</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 1,548,103</u>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

April 30, 2013

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 14,760	\$ 2,337,630
Investments		
U.S. Treasury obligations	2,012,470	-
U.S. agencies securities	8,514,512	-
Mutual funds	15,029,325	-
Common stocks	1,958,895	-
Corporate bonds	2,498,428	-
State and local obligations	1,663,556	-
Money market funds	276,696	-
Insurance contracts	284,255	-
Receivables		
Accrued interest	154,325	-
Other	-	17,389
Prepays	1,574	-
	<hr/>	
Total assets	32,408,796	\$ 2,355,019
	<hr/>	
LIABILITIES		
Accounts payable	9,615	\$ 428,372
Due to other funds	-	15,903
Deposits payable	-	1,910,744
	<hr/>	
Total liabilities	9,615	\$ 2,355,019
	<hr/>	
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 32,399,181</u>	

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2013

ADDITIONS

Contributions - employer	\$ 2,604,313
Contributions - employee	<u>765,903</u>
Total contributions	<u>3,370,216</u>
Investment income	
Net appreciation in fair value of investments	1,814,664
Interest earned on investments	<u>1,005,323</u>
Total investment income	2,819,987
Less investment expense	<u>(78,908)</u>
Net investment income	<u>2,741,079</u>
Total additions	<u>6,111,295</u>

DEDUCTIONS

Benefits and refunds	1,227,337
Administrative	<u>84,160</u>
Total deductions	<u>1,311,497</u>

NET INCREASE 4,799,798

NET POSITION HELD IN TRUST FOR
PENSION BENEFITS

May 1	<u>27,599,383</u>
April 30	<u><u>\$ 32,399,181</u></u>

See accompany notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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).

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 position 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 and Special Service Areas which accounts for receipts and disbursements related to maintenance within Special Service Areas within the Village.

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 and unavailable revenue on its financial statements. Unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arise when a potential revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, 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 and deferred inflows of resources for unearned and unavailable revenue are 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, 2013 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 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. Gains/losses on refunding are reported as deferred outflows of resources.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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. Deferred Outflows/Inflows of Resources

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

n. Fund Equity/Net Position

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 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 fund balance policy adopted by the Village Board. Any residual fund balance of the General Fund is reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Equity/Net Position (Continued)

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.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Village's investment to construct or acquire the capital asset.

o. 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.

p. 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 position. 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 position 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, 2013:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable CDs	\$ 1,482,129	\$ 672,432	\$ 809,697	\$ -	\$ -
U.S. agency obligations	3,124,386	465,437	2,408,484	250,465	-
Municipal bonds	108,443	-	108,443	-	-
TOTAL	\$ 4,714,958	\$ 1,137,869	\$ 3,326,624	\$ 250,465	\$ -

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.

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. The U.S. agency obligations are rated AA+ by Standard & Poor’s (S&P). The municipal bonds are rated between A3 and Aaa by Moody’s. Illinois Funds and IMET are rated AAA by S&P.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. 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 U.S. Government agencies securities and negotiable CDs represented, respectively, 55.1% and 26.1% of the Village's total investments. The negotiable CDs were held by various financial institutions.

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

c. Police Pension Fund's Deposits with Financial Institutions

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

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of April 30, 2013:

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

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,199,768	\$ 206,125	\$ 225,894	\$ 767,749	\$ -
U.S. agency obligations	4,073,269	306,431	1,731,558	1,935,354	99,926
Municipal bonds	777,522	-	383,250	332,936	61,336
TOTAL	\$ 6,050,559	\$ 512,556	\$ 2,340,702	\$ 3,036,039	\$ 161,262

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. Treasury obligations are rated AA+ by S&P, the U.S. agency obligations are rated between AA+ and AAA by S&P, and the municipal bonds are rated between A3 and Aaa by Moody'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.

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. At year end, the Police Pension Fund's in U.S. agency obligations represented 30.3% of the Police Pension Fund's total investments.

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

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

2. DEPOSITS AND INVESTMENTS (Continued)

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, 2013:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 812,702	\$ -	\$ 750,366	\$ 62,336	\$ -
U.S. agency obligations	4,441,243	104,104	1,219,313	2,212,123	905,703
Municipal bonds	886,034	147,778	186,314	209,148	342,794
Corporate bonds	2,498,428	410,480	619,324	1,468,624	-
TOTAL	\$ 8,638,407	\$ 662,362	\$ 2,775,317	\$ 3,952,231	\$ 1,248,497

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. Treasury obligations are rated AA+ by S&P, the U.S. agency obligations are rated AA+ by S&P, the municipal bonds are rated between A and AA+ by S&P and A2 or Aaa by Moody's, and the corporate bonds are rated between BBB+ and AAA by S&P. 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 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.

2. DEPOSITS AND INVESTMENTS (Continued)

e. Firefighters' Pension Fund Investments (Continued)

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 2012 attach as an enforceable lien on January 1, 2013 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2013 and August 1, 2013 and are payable in two installments, on or about June 1, 2013 and September 1, 2013. The County collects such taxes and remits them periodically.

The 2012 tax levy collections are intended to finance the 2014 fiscal year and are not considered available for current operations and are, therefore, shown as unearned/unavailable revenue.

The 2013 tax levy, which attached as an enforceable lien on property as of January 1, 2013, has not been recorded as a receivable as of April 30, 2013 as the tax has not yet been levied by the Village and will not be levied until December 2013 and, therefore, the levy is not measurable at April 30, 2013.

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

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2013 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 30,463,170	\$ -	\$ -	\$ 30,463,170
Construction in progress	-	23,275	-	23,275
Total capital assets not being depreciated	30,463,170	23,275	-	30,486,445
Capital assets being depreciated				
Land improvements	4,922,004	-	-	4,922,004
Buildings	13,091,072	-	-	13,091,072
Building improvements	112,681	64,550	-	177,231
Vehicles	4,466,996	677,130	709,612	4,434,514
Machinery and equipment	2,167,593	51,906	66,504	2,152,995
Computers/software	223,326	28,241	-	251,567
Furniture and fixtures	43,182	-	-	43,182
Infrastructure	61,489,453	1,924,847	-	63,414,300
Total capital assets being depreciated	86,516,307	2,746,674	776,116	88,486,865
Less accumulated depreciation for				
Land improvements	1,421,872	192,816	-	1,614,688
Buildings	4,104,496	290,913	-	4,395,409
Building improvements	39,184	5,165	-	44,349
Vehicles	3,294,242	213,884	371,992	3,136,134
Machinery and equipment	1,061,682	118,070	49,878	1,129,874
Computers/software	183,128	13,773	-	196,901
Furniture and fixtures	43,180	2	-	43,182
Infrastructure	24,936,997	1,263,117	-	26,200,114
Total accumulated depreciation	35,084,781	2,097,740	421,870	36,760,651
Total capital assets being depreciated, net	51,431,526	648,934	354,246	51,726,214
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 81,894,696	\$ 672,209	\$ 354,246	\$ 82,212,659

Land improvements and building improvements were restated, respectively, by \$(35,681) and \$35,681 to correct a prior classification error.

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	71,036,642	-	-	71,036,642
Machinery and equipment	755,038	50,632	-	805,670
Vehicles	621,444	28,741	-	650,185
Total capital assets being depreciated	72,413,124	79,373	-	72,492,497
Less accumulated depreciation for				
Infrastructure	25,246,693	1,608,295	-	26,854,988
Machinery and equipment	414,952	29,347	-	444,299
Vehicles	449,567	20,302	-	469,869
Total accumulated depreciation	26,111,212	1,657,944	-	27,769,156
Total capital assets being depreciated, net	46,301,912	(1,578,571)	-	44,723,341
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 46,551,564	\$ (1,578,571)	\$ -	\$ 44,972,993

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

GOVERNMENTAL ACTIVITIES

General government	\$ 102,732
Public safety	374,836
Highways and streets	1,409,246
Culture and recreation	210,926
DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2,097,740</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.

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, 2013, 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 2012A (\$505,000 dated July 26, 2012; maturing October 15, 2012; payable in annual installments; interest rate of 3.0%)	Debt Service	\$ -	\$ 505,000	\$ 505,000	\$ -	\$ -
TOTAL		\$ -	\$ 505,000	\$ 505,000	\$ -	\$ -

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

7. LONG-TERM DEBT

a. General Obligation TIF Alternate Revenue Bonds

The Village has issued TIF Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2009A, B and C, the 2011B and Series 2012 General Obligation TIF Alternate Revenue Source Bonds, issued for various TIF improvements, are payable from a pledge of the Village's sales tax revenues, with a remaining total pledge of \$18,940,000 and the bonds maturing between December 15, 2020 and February 1, 2029. During the current fiscal year, the pledge of sales tax revenues of \$839,725 was approximately 10.58% of total sales tax revenues.

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%)	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	7,800,000	-	65,000	7,735,000	100,000
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	265,000

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	\$ 120,000
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2012 (\$2,650,000 dated August 6, 2012; maturing December 15, 2021; payable in annual installments; interest rate of 2.00%)	TIF Debt Service	\$ -	\$ 2,650,000	\$ 25,000	\$ 2,625,000	\$ 255,000
TOTAL		\$ 20,235,000	\$ 2,650,000	\$ 2,740,000	\$ 20,145,000	\$ 740,000

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	\$ 3,455,000	\$ -	\$ 370,000	\$ 3,085,000	\$ 385,000
TOTAL		\$ 3,455,000	\$ -	\$ 370,000	\$ 3,085,000	\$ 385,000

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:

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

7. LONG-TERM DEBT (Continued)

c. TIF Revenue Bonds (Continued)

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	\$ 375,000
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	365,000	-	140,000	225,000	125,000
TOTAL		\$ 7,915,000	\$ -	\$ 140,000	\$ 7,775,000	\$ 500,000

d. General Obligation Waterworks and Sewerage Alternate Revenue Bonds

The Village has issued General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2006 General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds, issued for various water and sewerage system improvements, are payable from a pledge of the Village's water and sewerage fees, with a remaining total pledge of \$975,000 and the bonds maturing December 15, 2014. During the current fiscal year, the pledge of water and sewerage fees of \$757,200 was approximately 17.18% of total water and sewerage fees.

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	\$ 240,000	\$ -	\$ 240,000	\$ -	\$ -
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	1,425,000	-	450,000	975,000	700,000
TOTAL		\$ 1,665,000	\$ -	\$ 690,000	\$ 975,000	\$ 700,000

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

7. LONG-TERM DEBT (Continued)

d. General Obligation Waterworks and Sewerage Alternate Revenue Bonds
(Continued)

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

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	\$ 1,611,296	\$ -	\$ 90,494	\$ 1,520,802	\$ 92,771
Illinois EPA loan of 2008 , due in annual installments of \$56,600, including interest at 1.25% through August 11, 2028	Debt Service	1,521,675	1,137	75,599	1,447,213	77,500
TOTAL		\$ 3,132,971	\$ 1,137	\$ 166,093	\$ 2,968,015	\$ 170,271

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
2014	\$ 740,000	\$ 871,603	\$ 385,000	\$ 136,550
2015	815,000	856,478	395,000	121,150
2016	890,000	836,340	420,000	105,350
2017	1,075,000	810,503	435,000	84,350
2018	1,260,000	775,291	460,000	62,600
2019 - 2023	8,550,000	2,968,220	990,000	59,800
2024 - 2028	5,985,000	1,069,195	-	-
2029	830,000	51,045	-	-
TOTAL	\$ 20,145,000	\$ 8,238,675	\$ 3,085,000	\$ 569,800

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
2014	\$ 500,000	\$ 307,864	\$ 1,625,000	\$ 1,316,017
2015	525,000	287,926	1,735,000	1,265,554
2016	550,000	267,188	1,860,000	1,208,878
2017	575,000	246,562	2,085,000	1,141,415
2018	600,000	225,000	2,320,000	1,062,891
2019 - 2023	3,425,000	744,000	12,965,000	3,772,020
2024 - 2028	1,600,000	97,000	7,585,000	1,166,195
2029	-	-	830,000	51,045
TOTAL	\$ 7,775,000	\$ 2,175,540	\$ 31,005,000	\$ 10,984,015

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
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	-	-	188,062	55,352	188,062	55,352
2019 - 2023	-	-	1,013,700	203,369	1,013,700	203,369
2024 - 2028	-	-	1,003,133	70,236	1,003,133	70,236
2029 - 2036	-	-	55,901	699	55,901	699
TOTAL	\$975,000	\$ 50,000	\$ 2,968,015	\$ 596,093	\$ 3,943,015	\$ 646,093

g. Capital Leases

During fiscal year 2011, the Village entered into a capital lease obligation for phone equipment. The interest rate for the lease is 9.10%.

The cost of equipment acquired through capital lease and included in governmental activities is \$374,587.

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

7. LONG-TERM DEBT (Continued)

g. Capital Leases (Continued)

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

Fiscal Year Ending	
2014	\$ 89,911
2015	89,911
2016	55,555
2017	55,555
2018	<u>54,190</u>
Total minimum lease payments	345,122
Amount representing interest	<u>31,559</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u><u>\$ 313,563</u></u>

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,	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES						
General Obligation TIF	Debt					
Alternate Revenue Bonds	Service	\$ 20,235,000	\$ 2,650,000	\$ 2,740,000	\$ 20,145,000	\$ 740,000
	Debt					
General obligation bonds	Service	3,455,000	-	370,000	3,085,000	385,000
	Debt					
TIF Alternate Revenue Bonds	Service	7,915,000	-	140,000	7,775,000	500,000
Unamortized premium						
(discount) on debt issuance	N/A	(15,449)	83,025	2,286	65,290	7,961
Compensated absences	General	1,639,277	443,374	327,855	1,754,796	350,959
Capital lease obligation	General	89,902	251,892	28,231	313,563	76,837
Net pension obligation	General	5,446,305	-	91,199	5,355,106	-
Other postemployment benefit	General	102,663	23,667	-	126,330	-
TOTAL GOVERNMENTAL ACTIVITIES		<u>\$ 38,867,698</u>	<u>\$ 3,451,958</u>	<u>\$ 3,699,571</u>	<u>\$ 38,620,085</u>	<u>\$ 2,060,757</u>

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

7. LONG-TERM DEBT (Continued)

h. Changes in Long-Term Liabilities (Continued)

	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	\$ 1,665,000	\$ -	\$ 690,000	\$ 975,000	\$ 700,000
Illinois EPA loans	Waterworks and Sewerage	3,132,971	1,137	166,093	2,968,015	170,271
Compensated absences	Waterworks and Sewerage	55,326	23,801	11,065	68,062	13,612
Other postemployment benefit	Waterworks and Sewerage	2,206	9,985	-	12,191	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 4,855,503	\$ 34,923	\$ 867,158	\$ 4,023,268	\$ 883,883

i. Defeased Debt

On August 6, 2012, the Village issued \$2,650,000 General Obligation Refunding Bonds with an interest rate of 2% to advance refund \$2,650,000 of outstanding General Obligation TIF Alternate Revenue Bonds Series 2003A with an average interest rate of 3.78%. The net proceeds of \$2,674,286 (after payment of \$58,739 in underwriting fees, insurance and other issuance costs) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003A Series bonds. As a result, the 2003A Series bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position. As a result of the refunding, the Village will realize a cash flow savings of \$ 250,220, resulting in an economic gain of \$ 252,292.

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 \$3,000,000 are considered defeased. \$2,650,000 remains outstanding at April 30, 2013.

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

7. LONG-TERM DEBT (Continued)

j. 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 - 2012	<u>\$ 792,516,253</u>
Legal debt limit - 8.625% of assessed value	68,354,527
Amount of debt applicable to limit	-
General obligation bonds	<u>3,085,000</u>
LEGAL DEBT MARGIN	<u><u>\$ 65,269,527</u></u>

8. INTERFUND ASSETS/LIABILITIES

a. Interfund Transfers

Transfers From	Transfers To	Amount
Motor Fuel Tax	Capital Improvements	\$ 400,000
TIF Tax Allocation	Downtown TIF	500,000
TIF Tax Allocation	TIF Debt Service	533,400
Non-Home Rule Sales Tax	Non-Home Rule Capital	<u>86,553</u>
TOTAL		<u><u>\$ 1,519,953</u></u>

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

- \$400,000 transferred from the Motor Fuel Tax Fund to the Capital Improvements Fund for roadway improvements.
- \$500,000 transferred from the TIF Tax Allocation Fund to the Downtown TIF Fund for future TIF capital projects and \$533,400 from the TIF Tax Allocation Fund to the TIF Debt Service Fund for principal and interest payments on General Obligation TIF alternate revenue and TIF alternate revenue bonds.
- \$86,553 transferred from the Non-Home Rule Sales Tax Fund to the Capital Improvements Fund as the Non-Home Rule Sales Tax Fund was closed out and the activity is tracked in the Capital Improvements Fund instead.

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

8. INTERFUND ASSETS/LIABILITIES (Continued)

b. Due to/from Other Funds

Due from/to other funds at April 30, 2013 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Motor Fuel Tax	\$ 75,787
Waterworks and Sewerage	Special Service Area	15,903
TOTAL		<u>\$ 91,690</u>

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

c. Advance to/from Other Funds

Advances to/from other funds at April 30, 2013 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	TIF Tax Allocation	\$ 1,270,000
TOTAL		<u>\$ 1,270,000</u>

The advances to/from other funds represent amounts advanced to fund TIF debt service due to cash flow issues in the fund. This amount 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.

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, 2013, retirees contributed \$125,321. Active employees do not contribute to the plan until retirement.

c. Membership

At April 30, 2013, membership consisted of:

Retirees and beneficiaries currently receiving benefits	12
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	137
	<hr/>
TOTAL	149
	<hr/>
Participating employers	1
	<hr/>

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

e. Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of May 1, 2009 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
2011	\$ 56,091	\$ 28,475	50.8%	\$ 80,011
2012	51,721	26,863	51.9%	104,869
2013	97,169	63,517	65.4%	138,521

The net OPEB obligation as of April 30, 2013 was calculated as follows:

Annual required contribution	\$ 96,470
Interest on net OPEB obligation	4,195
Adjustment to annual required contribution	<u>(3,496)</u>
Annual OPEB cost	97,169
Contributions made	<u>63,517</u>
Increase in net OPEB obligation	33,652
Net OPEB obligation, beginning of year	<u>104,869</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 138,521</u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Funded Status and Funding Progress - The funded status of the plan as of April 30, 2013 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)	\$ 14,608,634
UAAL as a percentage of covered payroll	10.35%

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 (most recent valuation date), 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, 2013 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 online at www.imrf.org.

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 2013 and 2012 was 13.71% and 12.88% of covered payroll, respectively.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

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 (most recent data available), 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/>

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.

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the Police Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2013, the Village's contribution was 69.48% of covered payroll.

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 (most recent data available), the Firefighters' Pension Plan membership consisted of:

11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

a. Plan Descriptions and Provisions (Continued)

Firefighters' Pension Plan (Continued)

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

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, 2013, the Village's contribution was 29.65% 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 position for either the Police or Firefighters' Pension Plans, except as below. Information for the IMRF is not available.

Plan	Organization	Amount
Police Pension	Vanguard 500	\$ 1,295,854
	T. Rowe Price Growth	1,268,447
	LSV Value	978,475
	Pioneer Equity Income	968,839
		<u>\$ 4,511,615</u>
Plan	Organization	Amount
Firefighters' Pension	Fidelity Advisor New Insights	\$ 1,554,082
	American Beacon Large Cap Value	1,391,379
		<u>\$ 2,945,460</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, 2012	April 30, 2012	April 30, 2012
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
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 Percentage of Payroll	Level Percentage of Payroll
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)	2011	\$ 663,227	\$ 1,087,553	\$ 1,168,828
	2012	695,917	1,281,181	1,275,604
	2013	715,341	1,178,555	1,334,559
Actual contribution	2011	\$ 663,227	\$ 861,471	\$ 933,261
	2012	695,917	1,235,081	1,226,383
	2013	715,341	1,142,537	1,461,776
Percentage of APC contributed	2011	100.00%	79.21%	79.85%
	2012	100.00%	96.40%	96.14%
	2013	100.00%	96.94%	109.53%
NPO liability (asset)	2011	\$ -	\$ 2,652,419	\$ 2,698,565
	2012	-	2,698,519	2,747,786
	2013	-	2,734,537	2,620,569

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, 2013 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,137,126	\$ 1,292,373
Interest on net pension obligation (asset)	188,896	192,345
Adjustment to annual required contribution	(147,467)	(150,159)
Annual pension cost	1,178,555	1,334,559
Contributions made	1,142,537	1,461,776
Increase in net pension obligation	36,018	(127,217)
Net pension obligation, beginning of year	2,698,519	2,747,786
NET PENSION OBLIGATION, END OF YEAR	\$ 2,734,537	\$ 2,620,569

Funded Status and Funding Progress - The funded status of the plans as of December 31, 2012 for IMRF and April 30, 2012 (most recent data available) 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)	\$ 16,499,012	\$ 27,991,374	\$ 30,819,201
Actuarial value of plan assets	11,656,525	11,690,416	15,908,967
Unfunded actuarial accrued liability (UAAL)	4,842,487	16,300,958	14,910,234
Funded ratio (actuarial value of plan assets/AAL)	70.65%	41.76%	51.62%
Covered payroll (active plan members)	\$ 5,395,689	\$ 3,021,139	\$ 4,748,485
UAAL as a percentage of covered payroll	89.75%	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.

12. CONTRACTUAL COMMITMENTS

Economic Incentive Agreements

The Village has entered into economic incentive agreements with three commercial entities whereby the Village has agreed to reimburse the commercial entities 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 agreements expiring between 10 and 30 years after commencement. At April 30, 2013, the Village has accrued a rebate liability of \$77,693 for amounts collected by the state but not yet paid to the commercial entities. To date, the Village has paid \$3,160,002 to the commercial entities. One of the agreements has a stated maximum of \$600,000 while the other two agreements do not have a stated maximum.

13. SUBSEQUENT EVENT

The Village issued the 2013 Taxable General Obligation Refunding Bonds (Limited Tax) in the amount of \$537,000 in July 2013 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 October 15, 2013, respectively.

The Village issued General Obligation Bonds Series 2013A in the amount of \$3,800,000 on September 4, 2013. These bonds bear an interest rate of 3.00% to 4.00% and mature in increments of \$400,000 to \$450,000 through December 15, 2023.

14. RESTATEMENTS

The Village has restated net position of governmental activities by \$(303,165) to write off unamortized bond issuance costs in accordance with the provisions of GASB Statement No. 65.

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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 7,997,666	\$ 7,997,666	\$ 7,868,762
Licenses and permits	635,390	635,390	669,712
Intergovernmental	8,331,356	8,331,356	9,875,107
Charges for services	6,308,524	6,308,524	6,491,618
Fines and forfeits	856,288	856,288	753,126
Investment income	6,000	6,000	16,881
Miscellaneous	553,230	553,230	1,063,834
Total revenues	24,688,454	24,688,454	26,739,040
EXPENDITURES			
General administration	3,098,662	3,098,662	2,962,663
Public safety	18,362,247	18,362,247	18,362,605
Highways and streets	2,664,042	2,664,042	2,372,585
Culture and recreation	1,184,099	1,184,099	952,048
Economic development	22,836	22,836	28,360
Total expenditures	25,331,886	25,331,886	24,678,261
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(643,432)	(643,432)	2,060,779
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease obligation	-	-	251,892
Total other financing sources (uses)	-	-	251,892
NET CHANGE IN FUND BALANCE	\$ (643,432)	\$ (643,432)	2,312,671
FUND BALANCE, MAY 1			7,273,103
FUND BALANCE, APRIL 30			\$ 9,585,774

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,325,000	\$ 1,325,000	\$ 1,340,656
Interest	-	-	10,398
Miscellaneous	98,076	98,076	101,434
Total revenues	1,423,076	1,423,076	1,452,488
EXPENDITURES			
Economic development	908,147	908,147	448,647
Total expenditures	908,147	908,147	448,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	514,929	514,929	1,003,841
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,320,400)	(1,320,400)	(1,033,400)
Total other financing sources (uses)	(1,320,400)	(1,320,400)	(1,033,400)
NET CHANGE IN FUND BALANCE	<u>\$ (805,471)</u>	<u>\$ (805,471)</u>	(29,559)
FUND BALANCE, MAY 1			<u>356,500</u>
FUND BALANCE, APRIL 30			<u>\$ 326,941</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2013

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
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	10,403,258	15,307,649	67.96%	4,904,391	5,133,014	95.55%
2012	11,656,525	16,499,012	70.65%	4,842,487	5,395,689	89.75%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	715,341	715,341	100.00%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION FUND

April 30, 2013

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)
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%
2013	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	1,142,537	1,137,126	100.48%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
FIREFIGHTERS' PENSION FUND

April 30, 2013

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)
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%
2013	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2013	1,461,776	1,292,373	113.11%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN

April 30, 2013

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	-	N/A	N/A	N/A	N/A	N/A
2011	-	N/A	N/A	N/A	N/A	N/A
2012	-	1,512,374	0.00%	1,512,374	14,410,729	10.49%
2013	-	N/A	N/A	N/A	N/A	N/A

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%
2013	63,517	96,470	65.84%

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.

N/A - actuary valuation not performed

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2013

1. BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue (except the Foreign Fire Insurance Tax Fund), Debt Service, Capital Projects, 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 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.

2. EXPENDITURES IN EXCESS OF BUDGET

<u>Fund</u>	<u>Excess</u>
Debt Service	\$ 6,465

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING BALANCE SHEET
GENERAL FUND BY SUBFUND

April 30, 2013

	General	Medical Self-Insurance	Vehicle Maintenance	Risk Management	Eliminations	Total
ASSETS						
Cash and investments	\$ 5,421,264	\$ 34,124	\$ 226,420	\$ 31,449	\$ -	\$ 5,713,257
Receivables - net of allowances						
Property taxes	6,825,927	-	-	-	-	6,825,927
Accounts	809,889	2,030	20,940	-	-	832,859
Accrued interest	3,279	-	-	-	-	3,279
Due from other funds	365,023	-	-	-	(289,236)	75,787
Advances due from other funds	1,270,000	-	-	-	-	1,270,000
Due from other governments	2,045,318	-	-	-	-	2,045,318
Prepaid items	39,242	30,146	-	531,193	-	600,581
Inventory	18,163	-	-	-	-	18,163
TOTAL ASSETS	\$ 16,798,105	\$ 66,300	\$ 247,360	\$ 562,642	\$ (289,236)	\$ 17,385,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 391,086	\$ -	\$ 51,500	\$ 14,017	\$ -	\$ 456,603
Accrued payroll	446,476	-	8,062	2,586	-	457,124
Due to other funds	-	-	-	289,236	(289,236)	-
Unearned revenue	59,743	-	-	-	-	59,743
TOTAL LIABILITIES	897,305	-	59,562	305,839	(289,236)	973,470
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	6,825,927	-	-	-	-	6,825,927
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,723,232	-	59,562	305,839	(289,236)	7,799,397
FUND BALANCES						
Nonspendable						
Prepaid items	39,242	30,146	-	531,193	-	600,581
Inventory	18,163	-	-	-	-	18,163
Advances to other funds	1,270,000	-	-	-	-	1,270,000
Restricted						
Special Recreation	243,233	-	-	-	-	243,233
Public Safety	85,452	-	-	-	-	85,452
Unrestricted	7,418,783	36,154	187,798	(274,390)	-	7,368,345
TOTAL FUND BALANCES	9,074,873	66,300	187,798	256,803	-	9,585,774
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,798,105	\$ 66,300	\$ 247,360	\$ 562,642	\$ (289,236)	\$ 17,385,171

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual
TAXES			
Property			
Corporate	\$ 2,265,669	\$ 2,265,669	\$ 2,150,659
Police protection	663,216	663,216	655,279
Fire protection	663,216	663,216	655,279
Ambulance	132,643	132,643	134,416
Pension	192,944	192,944	193,223
Police pension	1,137,126	1,137,126	1,142,537
Fire pension	1,453,537	1,453,537	1,461,776
SRA	179,100	179,100	184,822
Road and bridge	9,378	9,378	8,392
Telecommunication tax	1,067,837	1,067,837	1,026,166
Television franchise	181,000	181,000	211,776
Utility - electric	37,000	37,000	35,988
Utility - gas	15,000	15,000	8,449
Total taxes	7,997,666	7,997,666	7,868,762
LICENSES AND PERMITS			
Licenses			
Liquor	80,000	80,000	81,040
Other business	100,000	100,000	104,603
Permits			
Administrative plan review	111,700	111,700	133,423
Building	125,095	125,095	89,300
Electrical	32,050	32,050	42,620
Plumbing	33,060	33,060	89,240
Occupancy certificates	20,325	20,325	26,350
Park	27,500	27,500	29,334
Truck permits	8,000	8,000	7,595
Other	97,660	97,660	66,207
Total licenses and permits	635,390	635,390	669,712
INTERGOVERNMENTAL			
State income tax	1,589,284	1,589,284	1,769,156
Municipal sales	6,046,138	6,046,138	6,069,546
State replacement tax	57,000	57,000	56,224
Street maintenance reimbursement	19,000	19,000	20,898
Local use tax	290,390	290,390	311,252
Auto rental tax	2,400	2,400	5,510
Pull tax	2,350	2,350	2,239
Reimbursements			
Grants	68,500	68,500	36,758
Governmental agency	255,709	255,709	1,603,001
Training	585	585	523
Total intergovernmental	8,331,356	8,331,356	9,875,107

(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, 2013

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Police alarm fees	\$ 57,000	\$ 57,000	\$ 52,990
Public safety special detail	35,000	35,000	28,652
Police administration tow fees	90,000	90,000	77,180
Police Lock out fees	7,000	7,000	7,900
Fire/rescue fees			
Special detail	7,005	7,005	8,367
Ambulance fees	404,435	404,435	528,788
Service contract	4,810,479	4,810,479	4,741,342
Public education	1,500	1,500	1,390
Miscellaneous	-	-	48
Site plan review	83,950	83,950	173,788
Elevator inspections	16,580	16,580	19,595
Exterior appearance review	2,400	2,400	4,000
Subdivision applications	850	850	10,400
Planned unit development review	2,000	2,000	3,200
Printing and reproduction fees	4,250	4,250	8,879
Special use permits	5,250	5,250	9,891
Zoning text	1,000	1,000	1,925
Variances - single family	500	500	425
Variances - other	850	850	2,025
Engineering review	35,000	35,000	145,462
Watershed development	12,000	12,000	17,590
Park fees	49,100	49,100	53,309
Park program fees	579,375	579,375	507,071
Park special events	2,500	2,500	2,110
Park concessions	2,500	2,500	3,355
Vehicle maintenance fees	98,000	98,000	81,936
Total charges for services	6,308,524	6,308,524	6,491,618
FINES AND FORFEITS			
Circuit court fines	406,288	406,288	389,271
Other fines	450,000	450,000	363,855
Total fines and forfeits	856,288	856,288	753,126
INVESTMENT INCOME	6,000	6,000	16,881
MISCELLANEOUS			
Miscellaneous revenues	300,430	300,430	405,945
Donations	4,300	4,300	1,433
Sale of capital assets	23,000	23,000	423,576
Rent income	225,500	225,500	232,880
Total miscellaneous	553,230	553,230	1,063,834
TOTAL REVENUES	<u>\$ 24,688,454</u>	<u>\$ 24,688,454</u>	<u>\$ 26,739,040</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, 2013

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
General administration	\$ 552,366	\$ 552,366	\$ 665,545
Village administration	625,982	625,982	479,170
Finance department	921,101	921,101	893,060
Building and zoning	999,213	999,213	924,888
Total general government	3,098,662	3,098,662	2,962,663
PUBLIC SAFETY			
Police department	8,382,000	8,382,000	8,048,327
Fire department	9,980,247	9,980,247	10,314,278
Total public safety	18,362,247	18,362,247	18,362,605
HIGHWAYS AND STREETS			
Public works department - general services	2,664,042	2,664,042	2,372,585
CULTURE AND RECREATION			
Parks and recreation department	1,184,099	1,184,099	952,048
ECONOMIC DEVELOPMENT			
Building and zoning	22,836	22,836	28,360
TOTAL EXPENDITURES	\$ 25,331,886	\$ 25,331,886	\$ 24,678,261

(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, 2013

	Original Budget	Final Budget	Actual
<hr/>			
EXPENDITURES			
Personnel services			
Full-time	\$ 53,336	\$ 53,336	\$ 44,961
Overtime	500	500	174
IMRF	6,870	6,870	5,948
FICA	3,307	3,307	2,720
Medicare	773	773	636
Health insurance	12,204	12,204	11,785
Life insurance	113	113	78
Contractual services			
Legal fees	20,000	20,000	3,869
Memberships/dues/subscriptions	375	375	375
Training and business meetings	950	950	-
Professional accounting	-	-	1,000
Enhancement reimbursement	-	-	12,000
Legal notices	150	150	-
SD #95 reimbursement	595,000	595,000	250,310
Lake County real estate taxes	67,500	67,500	51,652
Electricity	21,000	21,000	13,837
Natural gas	6,000	6,000	5,721
Other professional services	86,069	86,069	26,848
Equipment rental	1,500	1,500	-
Environmental cleanup	1,000	1,000	-
Street supplies	-	-	636
Building and grounds maintenance	31,500	31,500	16,097
	<hr/>		
TOTAL EXPENDITURES	\$ 908,147	\$ 908,147	\$ 448,647
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(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes			
Property	\$ 1,032,740	\$ 1,032,740	\$ 1,041,725
Investment income	600	600	716
Total revenues	1,033,340	1,033,340	1,042,441
EXPENDITURES			
Debt service			
Principal retirement	875,000	875,000	875,000
Interest and fiscal charges	155,562	155,562	162,027
Total expenditures	1,030,562	1,030,562	1,037,027
NET CHANGE IN FUND BALANCE	\$ 2,778	\$ 2,778	5,414
FUND BALANCE, MAY 1			791,581
FUND BALANCE, APRIL 30			\$ 796,995

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 10,000	\$ 10,000	\$ 8,022
Miscellaneous	-	-	53,379
Total revenues	10,000	10,000	61,401
EXPENDITURES			
Debt service			
Principal retirement	205,000	205,000	230,000
Interest and fiscal charges	843,338	843,338	866,925
Total expenditures	1,048,338	1,048,338	1,096,925
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,038,338)	(1,038,338)	(1,035,524)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds	505,000	505,000	3,238,025
Transfer in	533,400	533,400	533,400
Payment made to bond esrow agent	-	-	(2,674,286)
Total other financing sources (uses)	1,038,400	1,038,400	1,097,139
NET CHANGE IN FUND BALANCE	\$ 62	\$ 62	61,615
FUND BALANCE, MAY 1			588,020
FUND BALANCE, APRIL 30			\$ 649,635

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 1,397,701	\$ 1,397,701	\$ 522,570
Investment income	16,100	16,100	26,244
Miscellaneous	8,200	8,200	8,321
Total revenues	1,422,001	1,422,001	557,135
EXPENDITURES			
Capital outlay			
Infrastructure improvements	1,167,357	1,167,357	912,540
Park improvements	181,000	181,000	38,248
Capital projects improvements	2,161,296	2,161,296	170,065
Total expenditures	3,509,653	3,509,653	1,120,853
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,087,652)	(2,087,652)	(563,718)
OTHER FINANCING SOURCES (USES)			
Transfer in	400,000	400,000	400,000
Total other financing sources (uses)	400,000	400,000	400,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,687,652)</u>	<u>\$ (1,687,652)</u>	(163,718)
FUND BALANCE, MAY 1			<u>3,150,868</u>
FUND BALANCE, APRIL 30			<u>\$ 2,987,150</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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 5,000	\$ 5,000	\$ 4,581
Miscellaneous	-	-	75
Total revenues	5,000	5,000	4,656
EXPENDITURES			
Economic development	10,000	10,000	1,172
Capital outlay			
Capital projects improvements	395,000	395,000	119,118
Total expenditures	405,000	405,000	120,290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(400,000)	(400,000)	(115,634)
OTHER FINANCING SOURCES (USES)			
Transfer in	787,000	787,000	500,000
Total other financing sources (uses)	787,000	787,000	500,000
NET CHANGE IN FUND BALANCE	\$ 387,000	\$ 387,000	384,366
FUND BALANCE, MAY 1			11,965,967
FUND BALANCE, APRIL 30			\$ 12,350,333

(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.

Non-Home Rule Sales Tax Capital Projects Fund - to account for the revenues, expenditures and receipt of transfers assigned for improvements to Village facilities not funded by Enterprise Funds.

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2013

	Special Revenue Funds				Capital Projects	Total
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Non-Home Rule Sales Tax	Non-Home Rule Sales Tax Capital Projects	
ASSETS						
Cash and investments	\$ 173,156	\$ 218,541	\$ 347,551	\$ -	\$ 330,286	\$ 1,069,534
Accounts receivable	-	7,642	33,760	-	435,957	477,359
Prepaid items	-	2,188	-	-	-	2,188
TOTAL ASSETS	<u>\$ 173,156</u>	<u>\$ 228,371</u>	<u>\$ 381,311</u>	<u>\$ -</u>	<u>\$ 766,243</u>	<u>\$ 1,549,081</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 58,161	\$ -	\$ 15,835	\$ 73,996
Due to other funds	-	-	75,787	-	-	75,787
Total liabilities	-	-	133,948	-	15,835	149,783
FUND BALANCES						
Restricted						
Public safety	173,156	-	-	-	-	173,156
Capital Projects	-	-	-	-	750,408	750,408
Highways and Streets	-	-	247,363	-	-	247,363
Tourism	-	228,371	-	-	-	228,371
Total fund balances	173,156	228,371	247,363	-	750,408	1,399,298
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 173,156</u>	<u>\$ 228,371</u>	<u>\$ 381,311</u>	<u>\$ -</u>	<u>\$ 766,243</u>	<u>\$ 1,549,081</u>

(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, 2013

	Special Revenue Funds				Capital Projects	Total
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Non-Home Rule Sales Tax	Non-Home Rule Sales Tax Capital Projects	
REVENUES						
Taxes	\$ 35,312	\$ 92,252	\$ -	\$ -	\$ 1,870,568	\$ 1,998,132
Intergovernmental						
Motor fuel tax allocations	-	-	565,962	-	-	565,962
Grants	-	-	8,379	-	-	8,379
Investment income	-	130	2,085	1	420	2,636
Total revenues	35,312	92,382	576,426	1	1,870,988	2,575,109
EXPENDITURES						
General government	-	49,988	-	-	-	49,988
Public safety	17,731	-	-	-	-	17,731
Highways and streets	-	-	257,802	-	1,207,133	1,464,935
Total expenditures	17,731	49,988	257,802	-	1,207,133	1,532,654
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,581	42,394	318,624	1	663,855	1,042,455
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	-	-	86,553	86,553
Transfer (out)	-	-	(400,000)	(86,553)	-	(486,553)
Total other financing sources (uses)	-	-	(400,000)	(86,553)	86,553	(400,000)
NET CHANGE IN FUND BALANCES	17,581	42,394	(81,376)	(86,552)	750,408	642,455
FUND BALANCES, MAY 1	155,575	185,977	328,739	86,552	-	756,843
FUND BALANCES, APRIL 30	\$ 173,156	\$ 228,371	\$ 247,363	\$ -	\$ 750,408	\$ 1,399,298

(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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 75,000	\$ 75,000	\$ 92,252
Investment income	50	50	130
Total revenues	75,050	75,050	92,382
EXPENDITURES			
General government	58,800	58,800	49,988
Total expenditures	58,800	58,800	49,988
NET CHANGE IN FUND BALANCE	<u>\$ 16,250</u>	<u>\$ 16,250</u>	42,394
FUND BALANCE, MAY 1			<u>185,977</u>
FUND BALANCE, APRIL 30			<u>\$ 228,371</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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allocations	\$ 494,317	\$ 494,317	\$ 565,962
Grants	-	-	8,379
Investment income	1,700	1,700	2,085
Miscellaneous	200	200	-
Total revenues	496,217	496,217	576,426
EXPENDITURES			
Highways and Streets	323,000	323,000	257,802
Total expenditures	323,000	323,000	257,802
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	173,217	173,217	318,624
OTHER FINANCING SOURCES (USES)			
Transfer (out)	(400,000)	(400,000)	(400,000)
Total other financing sources (uses)	(400,000)	(400,000)	(400,000)
NET CHANGE IN FUND BALANCE	<u>\$ (226,783)</u>	<u>\$ (226,783)</u>	(81,376)
FUND BALANCE, MAY 1			<u>328,739</u>
FUND BALANCE, APRIL 30			<u>\$ 247,363</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, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 120,621	\$ 120,621	\$ -
Investment income	-	-	1
Total revenues	120,621	120,621	1
EXPENDITURES			
Highways and Streets	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	120,621	120,621	1
OTHER FINANCING SOURCES (USES)			
Transfer (out)	-	-	(86,553)
Total other financing sources (uses)	-	-	(86,553)
NET CHANGE IN FUND BALANCE	<u>\$ 120,621</u>	<u>\$ 120,621</u>	(86,552)
FUND BALANCE, MAY 1			<u>86,552</u>
FUND BALANCE, APRIL 30			<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 CAPITAL PROJECTS

For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,729,149	\$ 1,729,149	\$ 1,870,568
Investment income	1,500	1,500	420
Total revenues	1,730,649	1,730,649	1,870,988
EXPENDITURES			
Highways and Streets	1,455,380	1,455,380	1,207,133
Total expenditures	1,455,380	1,455,380	1,207,133
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	275,269	275,269	663,855
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	86,553
Total other financing sources (uses)	-	-	86,553
NET CHANGE IN FUND BALANCE	\$ 275,269	\$ 275,269	750,408
FUND BALANCE, MAY 1			-
FUND BALANCE, APRIL 30			\$ 750,408

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2013

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 4,300,994	\$ 4,300,994	\$ 4,406,318
Total operating revenues	4,300,994	4,300,994	4,406,318
OPERATING EXPENSES			
Administration	1,116,452	1,116,452	1,115,090
Operations	2,817,624	2,817,624	2,079,514
Depreciation	-	-	1,657,944
Total operating expenses	3,934,076	3,934,076	4,852,548
OPERATING INCOME (LOSS)	366,918	366,918	(446,230)
NONOPERATING REVENUES (EXPENSES)			
Sale of fixed assets	2,500	2,500	-
Connection fees	350,000	350,000	377,881
Grants	350,000	350,000	110,136
Investment income	3,000	3,000	3,660
Interest and fiscal charges	(144,516)	(144,516)	(133,944)
Total nonoperating revenues (expenses)	560,984	560,984	357,733
CHANGE IN NET POSITION	\$ 927,902	\$ 927,902	(88,497)
NET POSITION, MAY 1			42,346,958
NET POSITION, APRIL 30			\$ 42,258,461

(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, 2013

	Original Budget	Final Budget	Actual
<hr/>			
CHARGES FOR SERVICES			
Water charges	\$ 2,394,888	\$ 2,394,888	\$ 2,470,188
Sewer charges	1,678,356	1,678,356	1,646,183
Meter sales	17,500	17,500	23,480
Late fees	79,500	79,500	97,377
Wastewater service agreements	130,000	130,000	167,876
Inspection fees	500	500	1,150
Other	250	250	64
	<hr/>		
TOTAL OPERATING REVENUES	\$ 4,300,994	\$ 4,300,994	\$ 4,406,318
	<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, 2013

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Personnel services	\$ 614,620	\$ 614,620	\$ 668,125
Contractual services	434,882	434,882	397,237
Commodities	66,950	66,950	49,728
TOTAL ADMINISTRATION	<u>\$ 1,116,452</u>	<u>\$ 1,116,452</u>	<u>\$ 1,115,090</u>
OPERATIONS			
Water production and storage			
Personnel services	\$ 188,383	\$ 188,383	\$ 164,048
Contractual services	205,444	205,444	130,726
Commodities	539,450	539,450	377,924
Total water production and storage	<u>933,277</u>	<u>933,277</u>	<u>672,698</u>
Water distribution			
Personnel services	239,823	239,823	234,367
Contractual services	34,006	34,006	31,066
Commodities	63,950	63,950	50,853
Total water distribution	<u>337,779</u>	<u>337,779</u>	<u>316,286</u>
Meter reading			
Personnel services	159,605	159,605	151,299
Contractual services	33,823	33,823	26,573
Commodities	27,368	27,368	29,326
Total meter reading	<u>220,796</u>	<u>220,796</u>	<u>207,198</u>
Industrial pretreatment monitoring			
Personnel services	30,114	30,114	24,033
Contractual services	7,350	7,350	4,788
Commodities	250	250	-
Total industrial pretreatment monitoring	<u>37,714</u>	<u>37,714</u>	<u>28,821</u>
Interceptor sewer			
Personnel services	148,228	148,228	117,922
Contractual services	69,833	69,833	83,427
Commodities	16,500	16,500	3,718
Total interceptor sewer	<u>234,561</u>	<u>234,561</u>	<u>205,067</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, 2013

	Original Budget	Final Budget	Actual
OPERATIONS (Continued)			
Lift stations			
Personnel services	\$ 178,493	\$ 178,493	\$ 167,259
Contractual services	47,153	47,153	69,870
Commodities	78,400	78,400	49,450
Total lift stations	304,046	304,046	286,579
Collection system			
Personnel services	174,998	174,998	154,467
Contractual services	70,453	70,453	52,491
Commodities	26,250	26,250	4,410
Total collection system	271,701	271,701	211,368
Capital outlay and maintenance	557,123	557,123	230,870
Less nonoperating items			
Capital assets capitalized	(79,373)	(79,373)	(79,373)
TOTAL OPERATIONS	\$ 2,817,624	\$ 2,817,624	\$ 2,079,514
DEPRECIATION	\$ -	\$ -	\$ 1,657,944
DEBT SERVICE			
Principal retirement	\$ 856,094	\$ 856,094	\$ -
Interest and fiscal charges	144,516	144,516	133,944
Subtotal	1,000,610	1,000,610	133,944
Less nonoperating items			
Debt service	(1,000,610)	(1,000,610)	(133,944)
TOTAL DEBT SERVICE	\$ -	\$ -	\$ -

(See independent auditor's report.)

FIDUCIARY FUNDS

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING STATEMENT OF NET PLAN POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2013

	Police Pension	Firefighters' Pension	Total
<hr/>			
ASSETS			
Cash and cash equivalents	\$ 10,000	\$ 4,760	\$ 14,760
Investments			
U.S. Treasury obligations	1,199,768	812,702	2,012,470
U.S. agencies securities	4,073,269	4,441,243	8,514,512
Mutual funds	7,274,813	7,754,512	15,029,325
Common stocks	-	1,958,895	1,958,895
Corporate bonds	-	2,498,428	2,498,428
State and local obligations	777,522	886,034	1,663,556
Money market funds	103,183	173,513	276,696
Insurance contracts	-	284,255	284,255
Receivables			
Accrued interest	40,777	113,548	154,325
Prepays	517	1,057	1,574
	<hr/>		
Total assets	13,479,849	18,928,947	32,408,796
	<hr/>		
LIABILITIES			
Accounts payable	1,110	8,505	9,615
	<hr/>		
Total liabilities	1,110	8,505	9,615
	<hr/>		
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 13,478,739	\$ 18,920,442	\$ 32,399,181
	<hr/> <hr/>		

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS

For the Year Ended April 30, 2013

	Police Pension	Firefighters' Pension	Total
<hr/>			
ADDITIONS			
Contributions - employer	\$ 1,142,537	\$ 1,461,776	\$ 2,604,313
Contributions - employee	309,867	456,036	765,903
	<hr/>		
Total contributions	1,452,404	1,917,812	3,370,216
	<hr/>		
Investment income			
Net appreciation in fair value of investments	802,831	1,011,833	1,814,664
Interest earned on investments	393,668	611,655	1,005,323
	<hr/>		
Total investment income	1,196,499	1,623,488	2,819,987
	<hr/>		
Less investment expense	(37,475)	(41,433)	(78,908)
	<hr/>		
Net investment income	1,159,024	1,582,055	2,741,079
	<hr/>		
Total additions	2,611,428	3,499,867	6,111,295
	<hr/>		
DEDUCTIONS			
Benefits and refunds			
Pension payments and refunds	793,863	433,474	1,227,337
Administrative	29,242	54,918	84,160
	<hr/>		
Total deductions	823,105	488,392	1,311,497
	<hr/>		
CHANGE IN NET POSITION	1,788,323	3,011,475	4,799,798
	<hr/>		
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1	11,690,416	15,908,967	27,599,383
	<hr/>		
April 30	\$ 13,478,739	\$ 18,920,442	\$ 32,399,181
	<hr/>		

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2013

	Balances May 1	Additions	Deductions	Balances April 30
Total All Agency Funds				
ASSETS				
Cash and investments	\$ 2,198,686	\$ 4,922,371	\$ 4,783,427	\$ 2,337,630
Receivables				
Other	27,653	127,112	137,376	17,389
TOTAL ASSETS	<u>\$ 2,226,339</u>	<u>\$ 5,049,483</u>	<u>\$ 4,920,803</u>	<u>\$ 2,355,019</u>
LIABILITIES				
Accounts payable	\$ 18,788	\$ 1,224,479	\$ 814,895	\$ 428,372
Due to other funds	-	15,903	-	15,903
Deposits payable	2,207,551	927,017	1,223,824	1,910,744
TOTAL LIABILITIES	<u>\$ 2,226,339</u>	<u>\$ 2,167,399</u>	<u>\$ 2,038,719</u>	<u>\$ 2,355,019</u>
1. Escrow Performance				
ASSETS				
Cash and investments	\$ 2,198,686	\$ 4,016,688	\$ 4,314,849	\$ 1,900,525
Receivables				
Other	27,653	127,112	137,376	17,389
TOTAL ASSETS	<u>\$ 2,226,339</u>	<u>\$ 4,143,800</u>	<u>\$ 4,452,225</u>	<u>\$ 1,917,914</u>
LIABILITIES				
Accounts payable	\$ 18,788	\$ 759,053	\$ 770,671	\$ 7,170
Deposits payable	2,207,551	927,017	1,223,824	1,910,744
TOTAL LIABILITIES	<u>\$ 2,226,339</u>	<u>\$ 1,686,070</u>	<u>\$ 1,994,495</u>	<u>\$ 1,917,914</u>
2. Special Service Areas				
ASSETS				
Cash and investments	\$ -	\$ 905,683	\$ 468,578	\$ 437,105
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 905,683</u>	<u>\$ 468,578</u>	<u>\$ 437,105</u>
LIABILITIES				
Accounts payable	\$ -	\$ 465,426	\$ 44,224	\$ 421,202
Due to other funds	-	15,903	-	15,903
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 481,329</u>	<u>\$ 44,224</u>	<u>\$ 437,105</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2013

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
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>\$ 7,735,000</u>	<u>\$ 4,773,016</u>	<u>\$ 12,508,016</u>		<u>\$ 2,386,508</u>		<u>\$ 2,386,508</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, 2013

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
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>\$ 474,775</u>	<u>\$ 1,999,775</u>		<u>\$ 237,389</u>		<u>\$ 237,390</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, 2013

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
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>\$ 1,864,030</u>	<u>\$ 6,119,030</u>		<u>\$ 932,015</u>		<u>\$ 932,015</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, 2013

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
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>\$ 632,703</u>	<u>\$ 3,432,703</u>		<u>\$ 316,353</u>		<u>\$ 316,350</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, 2013

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
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>\$ 223,451</u>	<u>\$ 1,428,451</u>		<u>\$ 111,726</u>		<u>\$ 111,725</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION REFUNDING BONDS SERIES OF 2008A

April 30, 2013

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	July 1	Amount	January 1	Amount
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>\$ 3,085,000</u>	<u>\$ 569,800</u>	<u>\$ 3,654,800</u>		<u>\$ 284,900</u>		<u>\$ 284,900</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS (ALTERNATE REVENUE SOURCE) SERIES OF 2012

April 30, 2013

Date of Issue	August 6, 2012
Date of Maturity	December 15, 2021
Authorized Issue	\$2,650,000
Interest Rates	2.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 16	Amount	December 16	Amount
2014	\$ 255,000	\$ 52,500	\$ 307,500	2013	\$ 26,250	2013	\$ 26,250
2015	270,000	47,400	317,400	2014	23,700	2014	23,700
2016	285,000	42,000	327,000	2015	21,000	2015	21,000
2017	290,000	36,300	326,300	2016	18,150	2016	18,150
2018	295,000	30,500	325,500	2017	15,250	2017	15,250
2019	300,000	24,600	324,600	2018	12,300	2018	12,300
2020	305,000	18,600	323,600	2019	9,300	2019	9,300
2021	310,000	12,500	322,500	2020	6,250	2020	6,250
2022	315,000	6,300	321,300	2021	3,150	2021	3,150
	<u>\$ 2,625,000</u>	<u>\$ 270,700</u>	<u>\$ 2,895,700</u>		<u>\$ 135,350</u>		<u>\$ 135,350</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, 2013

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
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>\$ 975,000</u>	<u>\$ 50,000</u>	<u>\$ 1,025,000</u>		<u>\$ 25,000</u>		<u>\$ 25,000</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
IEPA LOAN OF 2006

April 30, 2013

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
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>\$ 1,520,802</u>	<u>\$ 288,916</u>	<u>\$ 1,809,718</u>		<u>\$ 149,222</u>		<u>\$ 139,694</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

LONG-TERM DEBT REQUIREMENTS
IEPA LOAN OF 2008

April 30, 2013

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
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	107,047	6,153	113,200	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>\$ 1,447,213</u>	<u>\$ 307,376</u>	<u>\$ 1,754,589</u>		<u>\$ 158,358</u>		<u>\$ 149,018</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2013

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
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, 2013

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
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>\$ 225,000</u>	<u>\$ 15,476</u>	<u>\$ 240,476</u>		<u>\$ 7,738</u>		<u>\$ 7,738</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.	100-106
Revenue Capacity	
These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	107-110
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.	111-115
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.	116-117
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.	118-121

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

VILLAGE OF LAKE ZURICH, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 76,983,201
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	18,839,037
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)	(22,946,143)
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	\$ 72,876,095
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 41,029,978
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	1,228,483
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	\$ 42,258,461
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 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	\$ 118,013,179
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	18,839,037
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)	(21,717,660)
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	\$ 115,134,556

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

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 3,140,972
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	18,486,450
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	4,290,953
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	1,205,021
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	479,102
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	1,254,435
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	28,856,933
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	4,986,492
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	4,986,492
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	\$ 33,843,425
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	\$ 1,965,735
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	7,205,320
Highways and streets	-	-	-	-	-	-	-	-	439,467	520,172
Culture and recreation	578,319.00	603,016	585,138	641,046	619,381	629,882	478,097	642,923	676,449	599,609
Operating grants	-	-	-	-	-	-	-	-	835,918	1,165,632
Capital grants	1,959,365	3,678,879	796,765	838,607	633,667	677,672	1,738,582	1,718,995	537,892	516
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	11,456,984
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	4,784,199
Capital grants	-	2,300,184.00	-	-	-	-	5,560	-	989,110	110,136
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	4,894,335
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	\$ 16,351,319

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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)	\$ (17,399,949)
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)	(92,157)
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>	<u>\$ (17,492,106)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
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	\$ 9,096,330
Intergovernmental										
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	7,940,113
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	1,769,156
Other	434,417	857,267	1,336,548	958,527	815,847	825,019	592,692	734,484	2,045,202	1,445,829
Investment income	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,173	69,478
Miscellaneous	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	236,987	654,381
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>	<u>20,975,287</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	3,660
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>	<u>3,660</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>	<u>\$ 20,978,947</u>
CHANGE IN NET POSITION										
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	\$ 3,575,338
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	(88,497)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<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>	<u>\$ 3,486,841</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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL FUND										
Reserved	\$ 798,926	\$ 796,981	\$ 791,673	\$ 815,783	\$ 835,582	\$ 1,029,890	\$ 1,107,457	\$ 1,137,365	\$ -	\$ -
Unreserved	616,104	3,445,055	3,607,077	3,290,597	2,323,035	2,167,788	2,410,450	4,024,311	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,888,744
Restricted	-	-	-	-	-	-	-	-	339,445	328,685
Unrestricted	-	-	-	-	-	-	-	-	5,382,483	7,368,345
TOTAL GENERAL FUND	\$ 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	\$ 9,585,774
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	\$ 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	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	18,510,352
Unrestricted	-	-	-	-	-	-	-	-	(381,557)	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 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	\$ 18,510,352

Data Source

Audited Financial Statements

Note: GASB 54 was implemented in 2012.

VILLAGE OF LAKE ZURICH, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE

Last Ten Fiscal Years

Source	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Taxes	\$ 6,168,186	\$ 7,522,951	\$ 8,197,567	\$ 8,997,906	\$ 9,429,834	\$ 9,585,231	\$ 10,160,886	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275
Licenses and permits	1,561,404	1,556,443	1,160,733	878,610	885,010	575,208	618,304	830,107	598,732	669,712
Intergovernmental	7,486,781	7,841,434	8,573,593	8,732,610	8,696,048	8,777,845	9,343,867	8,771,807	9,445,800	10,972,018
Charges for services	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	6,491,618
Fines and forfeits	536,900	450,210	488,721	474,646	481,478	408,715	789,855	810,309	762,168	753,126
Interest income	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,174	69,478
Miscellaneous	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451	1,227,043
TOTAL	\$ 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	\$ 32,432,270

Note: Includes all governmental funds

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Source	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	\$ 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	\$ 3,012,651
Public safety	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	18,380,336
Highways and streets	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	3,837,520
Culture and recreation	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	952,048
Economic development	2,939,519	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553	478,179
Capital outlay	1,105,306	699,772	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194	1,239,971
Debt service										
Principal	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	1,105,000
Interest and fiscal charges	882,556	989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876	1,028,952
TOTAL	<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>	<u>\$ 30,034,657</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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 6,168,186	\$ 7,522,951	\$ 8,197,567	\$ 8,997,906	\$ 9,429,834	\$ 9,585,231	\$ 10,160,886	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275
Licenses and permits	1,561,404	1,556,443	1,160,733	878,610	885,010	575,208	618,304	830,107	598,732	669,712
Intergovernmental	7,486,781	7,841,434	8,573,593	8,732,610	8,696,048	8,777,845	9,343,867	8,771,807	9,445,800	10,972,018
Charges for services	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	6,491,618
Fines and forfeitures	536,900	450,210	488,721	474,646	481,478	408,715	789,855	810,309	762,168	753,126
Investment income	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,174	69,478
Miscellaneous	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451	1,227,043
Total revenues	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	32,432,270
EXPENDITURES										
General government	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	3,012,651
Public safety	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	18,380,336
Highways and streets	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	3,837,520
Culture and recreation	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	952,048
Economic development	2,939,519	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553	478,179
Capital outlay	1,105,306	699,772	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194	1,239,971
Debt service										
Principal	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	1,105,000
Interest	882,556	989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876	1,028,952
Total expenditures	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	30,034,657
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(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	2,397,613
OTHER FINANCING SOURCES (USES)										
Proceeds from bond issuance	-	7,695,964	11,843,742	2,317,145	-	18,145,000	475,000	4,445,000	-	2,650,000
Premium on bonds issued	-	-	-	-	-	170,367	-	-	-	588,025
Payment to escrow agent	-	-	-	-	-	(15,890,515)	-	(3,875,000)	-	(2,674,286)
Proceeds from capital lease obligation	-	-	-	-	-	-	-	-	-	251,892
Transfers in	421,506	1,598,207	6,507,635	-	-	8,747,910	1,375,643	1,505,934	1,713,738	1,519,953
Transfers (out)	-	(187,000)	(6,507,635)	-	-	(8,247,910)	(875,643)	(1,005,934)	(1,713,738)	(1,519,953)
Total other financing sources (uses)	421,506	9,107,171	11,843,742	2,317,145	-	2,924,852	975,000	1,070,000	-	815,631
NET CHANGE IN FUND BALANCES	\$ (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	\$ 3,213,244
Debt service as a percentage of noncapital expenditures	14.31%	11.90%	24.42%	12.91%	13.86%	14.14%	8.14%	8.09%	5.37%	7.83%

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	\$ 494,201,355	\$ 139,929,161	\$ 634,130,516	\$ 32,647	\$ 634,163,163	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	0.988

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
TAX RATES										
Village of Lake Zurich										
Corporate	0.187	0.173	0.170	0.154	0.145	0.008	0.012	0.260	0.256	0.261
Police protection	0.120	0.118	0.116	0.117	0.111	0.111	0.097	0.078	0.078	0.080
Fire protection	0.109	0.108	0.106	0.107	0.101	0.101	0.088	0.077	0.078	0.080
Ambulance	0.102	0.101	0.099	0.100	0.095	0.096	0.083	0.015	0.016	0.018
Illinois municipal retirement	0.027	0.027	0.027	0.028	0.027	0.027	0.027	0.006	0.023	0.023
Federal social security	0.108	0.107	0.105	0.106	0.1	0.096	0.094	-	-	-
Insurance	0.042	0.042	0.042	0.043	0.041	0.076	0.074	-	-	-
Debt service	0.275	0.269	0.176	0.140	0.125	0.126	0.109	0.116	0.124	0.136
Special recreation	0.013	0.012	0.020	0.023	0.022	0.021	0.020	0.021	0.022	0.023
Police pension	0.021	0.023	0.023	0.024	0.023	0.079	0.096	0.142	0.136	0.159
Firefighters' pension	0.021	0.023	0.023	0.024	0.023	0.084	0.104	0.141	0.174	0.218
Total direct tax rate	1.025	1.003	0.907	0.866	0.813	0.825	0.804	0.856	0.907	0.998
OVERLAPPING RATES										
Lake County	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505	0.554	0.608
Lake County Forest Preserve	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198	0.201	0.212
Ela Area Library District	0.343	0.334	0.323	0.317	0.306	0.308	0.308	0.329	0.356	0.386
School District #95	4.092	4.082	4.040	3.992	3.830	3.899	3.901	4.136	4.446	4.914
School District #96	2.940	3.038	3.000	2.989	2.772	2.869	2.916	3.086	3.453	3.756
High School District #125	1.940	2.062	2.112	2.134	2.114	2.139	2.185	2.306	2.465	2.751
Community College #532	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218	0.240	0.272
Ela Township - Corp. and GA	0.086	0.085	0.085	0.086	0.082	0.084	0.084	0.091	0.099	0.088
Ela Township - road and bridge	0.011	0.011	0.010	0.010	0.010	0.005	0.007	0.008	0.009	0.010
Ela Township - gravel or R.I.	0.029	0.030	0.030	0.032	0.032	0.038	0.036	0.039	0.042	0.030
Lake County Public Building Commission	0.051	-	-	-	-	-	-	-	-	-
Barrington Public Library District	0.177	0.193	0.155	0.169	0.152	0.150	0.161	0.170	0.185	0.213
TOTAL DIRECT AND OVERLAPPING TAX RATE	11.610	11.722	11.523	11.444	10.948	11.165	11.266	11.942	12.957	14.238

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Village Square Retail Center LLC	\$ 6,468,793	1	0.82%			
Individual Taxpayer	6,173,746	2	0.78%	\$ 4,762,842	3	0.75%
Deerpath Commons Retail Center	5,868,807	3	0.74%			
Echo Incorporated	5,340,858	4	0.67%	4,674,872	4	0.74%
Deerpath Court Retail Center LLC	4,940,110	5	0.62%			
Costco	3,893,445	6	0.49%	3,026,475	7	0.48%
Wal-Mart Properties, Inc.	3,802,204	7	0.48%			0.00%
Liberty Realty Lake Zurich LLC	3,356,734	8	0.42%			
HD Development of Maryland LLC	2,927,109	9	0.37%			
Target Corporation	2,318,291	10	0.29%			
Fidelity Group LP				12,489,458	1	1.97%
Lincoln Property Co.				6,101,507	2	0.96%
HP/R LLC - Home Depot				3,880,654	5	0.61%
Regal Cinemas Inc.				3,063,697	6	
Tredegar Film Products				2,915,436	8	0.46%
The Jung Partnership				2,801,101	9	0.44%
National Industries Prop.				2,588,828	10	0.41%
	<u>\$ 45,090,097</u>		<u>5.68%</u>	<u>\$ 46,304,870</u>		<u>6.82%</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
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	7,617,559	7,619,717	100.03%	N/A	7,619,717	100.03%
2013	2012	7,909,312	* 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	
	General Obligation Bonds	General	TIF Revenue Bonds	Capital Lease Obligation	Installment Contracts	Notes Payable	Waterworks and Sewerage Revenue Bonds	IEPA Loan	Total Primary Government			Personal Income*	Per Capita*
		Obligation TIF Alternate Revenue Bonds											
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
2013	3,085,000	20,145,000	7,775,000	313,563	-	-	975,000	2,968,015	35,261,578	872,121,444	4.04%	4.78%	1,770.43

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 119 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
2004	\$ 10,005,000	\$ 377,989	\$ 9,627,011	1.52%	\$ 506.55
2005	8,560,000	450,950	8,109,050	1.28%	426.97
2006	6,970,000	309,524	6,660,476	0.99%	350.70
2007	5,855,000	155,410	5,699,590	0.79%	300.10
2008	5,095,000	196,268	4,898,732	0.64%	257.94
2009	4,575,000	259,631	4,315,369	0.51%	216.50
2010	4,160,000	723,398	3,436,602	0.39%	168.24
2011	3,815,000	778,594	3,036,406	0.34%	154.67
2012	3,815,000	791,581	3,023,419	0.32%	134.43
2013	3,085,000	796,995	2,288,005	0.26%	114.88

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS
DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES

April 30, 2013

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 3,085,000 (2)	100.000%	\$ 3,085,000
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	\$ 482,616,023		\$ 40,192,252

(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.

(2) Consists of General Obligation Bonds of 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, 2013

EQUALIZED ASSESSED VALUATION - 2012*	\$ 792,516,253
Legal debt limit - 8.625% of assessed valuation	\$ 68,354,527
Amount of debt applicable to debt limit:	
General obligation bonds	3,085,000
LEGAL DEBT MARGIN	\$ 65,269,527

* 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
DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Personal Income (in Thousands)	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
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%
2013	19,917	737,088	37,008	36.8	5,913	4.4%

Data Source

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

VILLAGE OF LAKE ZURICH, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
B&B Maintenance, Inc.	800	1	4%			
Echo Inc.	750	2	4%	600	2	3%
Dovenmuehle Mortgage, Inc.	700	3	4%			
Lake Zurich Community School Dist. #95	650	4	3%	844	1	4%
Fenwal, Inc.	350	5	2%			
Smalley Steel Ring Co.	350	5	2%	250	4	1%
Termax Corp	290	7	1%			
Tredegear Film Products	250	8	1%	125	10	1%
Food Equipment Technologies Co.	197	9	1%			
Village of Lake Zurich	160	10	1%	175	6	1%
CM Packaging, Inc.	135	11	1%	320	3	2%
Sylvania Inc.				250	5	1%
Priority Food Processing, Inc.				168	7	1%
Lexington Lake Zurich				168	8	1%
Dycast Inc./Citation				150	9	1%
	<u>4,632</u>		<u>24%</u>	<u>3,050</u>		<u>16%</u>
Village population			19,917			19,005

Data Source

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

2004 statistics are from a canvass of employers in November, 2003. 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 Nine Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT									
Administration	2	2	2	2	7	3	4	4	4
Finance	8	9	9	8	4	6	7	7	5
Technology	-	-	-	-	-	-	-	-	1
PUBLIC WORKS	18	17	16	19	19	23	20	20	18
POLICE	52	55	55	58	55	55	53	53	51
FIRE	56	61	61	62	62	61	60	60	58
COMMUNITY DEVELOPMENT	8	8	9	10	10	9	8	8	8
WATER AND SEWER	11	13	13	13	12	12	12	12	13
ENGINEERING	4	4	4	4	3	3	3	3	-
RECREATION	10	10	9	11	10	5	3	3	2
TOTAL	169	179	178	187	182	177	170	170	160

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	2004	2005	2006
PUBLIC WORKS			
Forestry			
Number of parkway trees planted	53	57	61
Number of parkway trees trimmed	1,230	1,235	1,268
Fleet services			
Number of vehicles maintained	91	89	93
Preventative maintenance	706	751	713
PUBLIC SAFETY			
Fire			
Number of fire calls	1,551	1,617	1,582
Number of EMS calls	1,746	1,784	1,664
Number of training hours	12,243	12,474	11,750
Police			
Part I crime	N/A	N/A	N/A
Calls for service	11,647	10,982	10,423
State tickets issued	4,750	5,077	5,563
Compliance tickets issued	N/A	N/A	N/A
Parking tickets issued	1,718	1,998	1,905
Red light citations	N/A	N/A	N/A
COMMUNITY DEVELOPMENT			
Number of building permits issued	1,373	1,040	1,100
Number of building inspections	8,237	5,821	5,409
Number of food service inspections	N/A	N/A	N/A
HIGHWAYS AND STREETS			
Sidewalk replaced (square feet)	4,300	4,400	7,680
Annual resurfacing program (\$)	932,150	877,342	684,866
Crack sealing (lbs. installed)	12,752	13,020	12,060
Curb replaced (ln. ft.)	N/A	N/A	N/A
WATER AND SEWER			
Water main breaks	27	41	32
Hydrants flushed	3,160	3,180	3,200
Water meters read	76,200	76,500	76,884
Water meter service requests	967	N/A	988
Total distribution pumpage (1,000 gallons)	732MG	811MG	731MG
Average daily consumption (1,000 gallons)	2.0MG	2.22MG	2.0MG
Sanitary sewer televising (feet)	10,000	20,000	12,000
Sanitary sewer repairs	6	14	12

N/A - Currently not available

Data Source

Village records

2007	2008	2009	2010	2011	2012	2013
74	42	40	48	102	54	122
692	737	527	600	800	638	707
93	95	94	93	92	91	91
690	736	739	676	969	346	324
1,745	1,793	1,401	1,453	1,401	1,382	1,398
1,694	1,665	1,694	1,672	1,735	1,746	1,787
6,279	11,817	10,753	9,476	11,366	11,949	9,651
N/A	N/A	N/A	N/A	N/A	257	293
10,101	9,860	9,650	9,113	9,063	9,168	N/A
5,116	4,672	4,885	4,515	3,773	3,774	3,474
N/A	N/A	N/A	101	103	108	46
1,866	1,983	1,944	1,902	1,674	1,693	1,609
N/A	N/A	N/A	4,854	4,506	4,237	3,692
1,341	1,135	1,325	1,343	1,492	1,539	1,506
4,808	5,142	4,000	3,368	5,533	6,317	4,813
N/A	N/A	N/A	N/A	N/A	N/A	N/A
10,093	3,140	2,800	11,748	5,625	5,825	5,025
925,000	100,000	400,000	350,000	1,106,893	-	-
13,000	13,000	13,000	-	-	-	-
N/A	N/A	N/A	3,282	262	267	614
18	35	43	38	31	30	70
1,610	3,520	3,560	3,560	1,765	1,780	1,780
75,628	79,878	80,088	79,716	80,676	80,796	80,916
551	819	873	869	910	893	1,019
718MG	687MG	621MG	624MG	600MG	599MG	681MG
1.8MG	1.88MG	1.70MG	1.71MG	1.4MG	1.4MG	1.5MG
4,000	3,000	2,500	2,500	2,250	2,000	2,829
2	1	6	1	1	1	1

VILLAGE OF LAKE ZURICH, ILLINOIS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	1	1	1	1
Patrol units	21	20	20	20	22	21	22	23	23	23
FIRE STATIONS	4	4	4	4	4	4	4	4	4	4
PUBLIC WORKS										
Streets (lane miles)	152.5	158.2	158.2	158.2	159.0	159.0	159.0	159.0	159.4	159.7
Sidewalks (miles)	88	89	90	90	91	91	91	91	91	91
Streetlights	N/A	N/A	N/A	170	175	175	175	175	175	180
WATER AND SEWER										
Water mains (miles)	99	104	107	107	108	108	108	108	109	109
Fire hydrants	1,647	1,731	1,739	1,739	1,760	1,760	1,760	1,760	1,765	1,765
Sanitary sewers (miles)	99	103	106	106	107	107	107	107	107	107

N/A - Currently not available

Data Source

Village records