



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Village of  
Lake  
Zurich,  
Illinois

FOR FISCAL YEAR ENDED  
APRIL 30, 2014

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
April 30, 2014

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
- 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, 2014

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**VILLAGE BOARD OF TRUSTEES**

Tom Poynton, Village President

Jim Beaudoin

Jeff Halen

Mark Loewes

Steve O'Connor

Jonathan W. Sprawka

Dan Stanovich

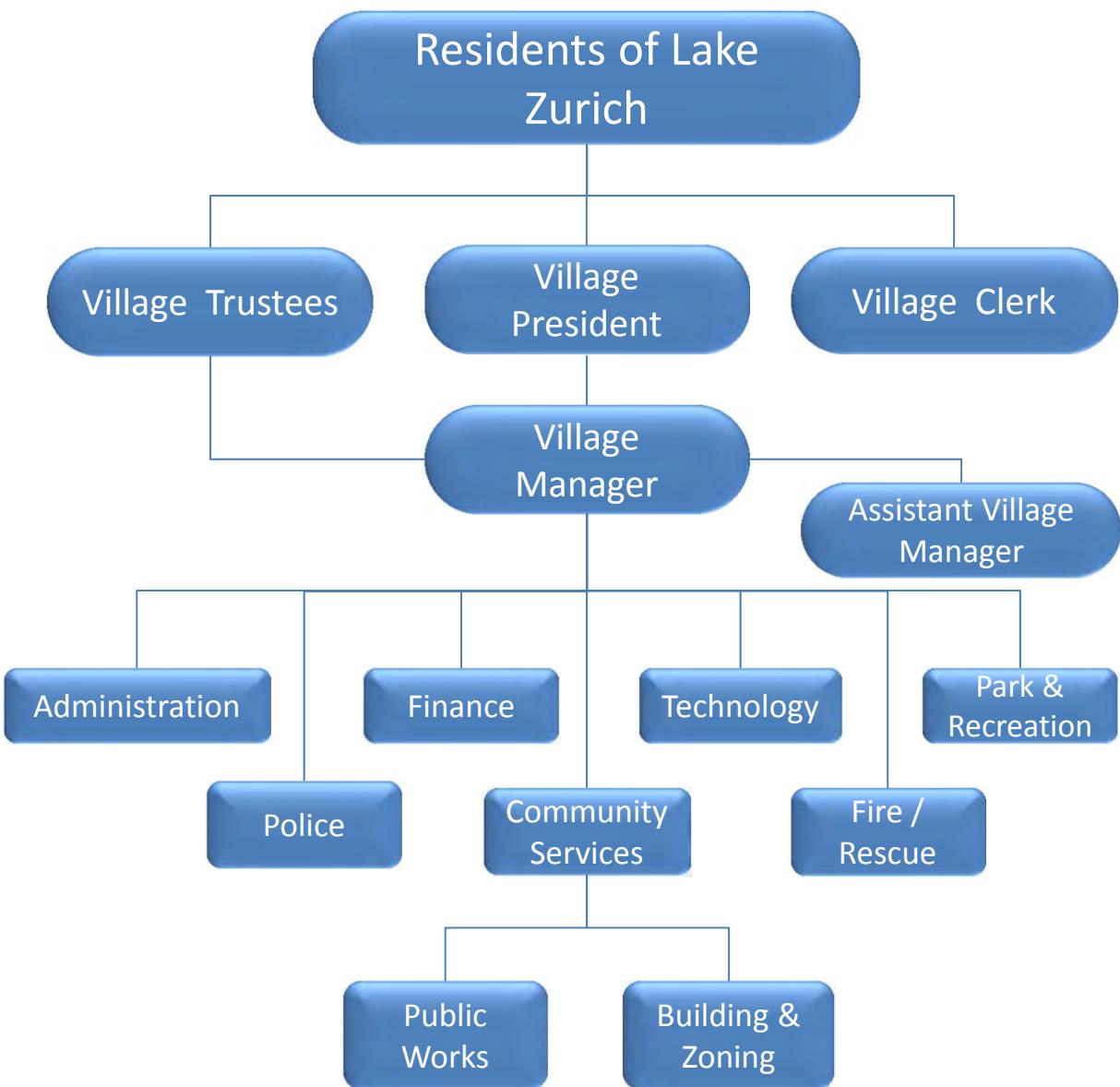
Kathleen Johnson, Village Clerk

Jason Slowinski, Village Manager

Jodie K. Hartman, Finance Director/Treasurer

# Village of Lake Zurich

## Organization Chart for Fiscal Year 2014





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, 2013**

A handwritten signature in black ink that reads "Jeffrey R. Evans". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Evans" on the bottom line.

Executive Director/CEO



OFFICE OF THE VILLAGE MANAGER

Jason T. Slowinski

September 15, 2014

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, 2014. This report provides a broad view of the Village's financial activities for the 2014 fiscal year and its financial position at April 30, 2014. 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 unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended April 30, 2014. 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 1<sup>st</sup> 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 2013 Equalized Assessed Value for the Village has been set at \$756,892,029 which decreased from the prior year by approximately 2%. The unemployment rate in Lake County is 6.7% as of June, 2014, slightly lower than the Illinois rate of 7.1, and above the U.S. unemployment rate of 6.1%. 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 showing 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 which has remained relatively constant despite the recessionary economic condition, continues to grow steadily at 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 2014 was 7.99%, which demonstrates increasing vitality when compared to the 11.7% vacancy rate for the Chicago region. During the past year, several new businesses have located within Lake Zurich, including Mariano's Fresh Market, American Sale and a second Jewel Osco in the former Dominick's Finer Foods location. The Village also implemented two tax rebate incentive agreements to bring new business to the Village. The first is with Midwest Motors Inc., a luxury used car dealership, which took occupancy of a vacant 26,000 sq. ft. retail building and opened for business in 2012. The second agreement was with Bradford Group relating to the 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.

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 continue to lag. 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. The village board adopted the formal Capital Improvement Plan in December 2013, 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. Priorities will be given to items that 1) protect human health, 2) preserve private and public assets and 3) enhance the quality of life.

The Finance Department has developed five-year financial forecasts for funds, which are updated at least quarterly. These forecasts project revenues, expenditures, fund balance levels, and cash and investment levels. The forecasts are used for purposes of monitoring the long-term financial outlook of the Village, determining available funding for the capital projects, and assisting the Village Manager in setting budget goals for department directors.

## **Major Accomplishments and Initiatives**

The fiscal year ended April 30, 2014 saw many accomplishments and major initiatives come to fruition, including:

- Despite an expected budgetary deficit of \$196,543 in the General Fund, the Village was able to report instead a minor deficit of just \$17,250. This is due to both higher than expected revenues and lower than expected expenditures due to cost saving efforts and deferral of some expenditures.
- The village implemented changes for a unified Community Services Department, bringing together the functions of building and zoning with public works into one centralized department for streamlined customer service and inspection activities.
- Service levels remain high amidst lower than expected expenditures. In addition to core services of police, fire and public works, community recreational programs were also maintained, such as beaches staffed with lifeguards and a Fourth of July festival, complete with fireworks.
- The village hosted the first annual Rock the Block community event, attracting over 5,000 participants to a single-night event for enhancing a sense of community and encouraging attention on the village's downtown businesses. The village also launched a successful Farmer's Market on Friday afternoons during the summer season, attracting both local traffic and out-of-town traffic traveling through the village on Friday afternoons towards Wisconsin.
- Implemented a formal, comprehensive capital improvement process to better plan for long term capital needs according to the strategic plan, available resources and requirements.
- For addressing the development options within the downtown TIF area, the Village Manager's office created a six point downtown action plan to identify enhancements to the overall appearance of downtown in order to encourage development and visitors to the downtown area. The plan was formally adopted by the village board in November.
- Launched the presentation of metric driven monthly reports from each department to the Village Board to enable more informed decision making.
- The Police Department updated surveillance capabilities within the police facility for monitoring the interview rooms, exterior of the building and other key areas. The department also increased their reliance on volunteer hours from the LZ Police Explorers

for civic events, providing valuable experience to the volunteers and reducing village personnel costs.

- Several technological advancements were implemented, particularly a new scheduling software for police offices, an early flood warning system for assisting with storm water management concerns, and launched a new civic engagement strategy to use the village website and social media to better reach the community.
- The Fire Department strengthened engineering controls through the use of power cots and a power load system for an ambulance, both advancements in reducing EMS related lifting injures. The village also invested significantly in leadership training for the department to maximize department cohesion and efficiencies.
- The Community Services Department launched an aggressive multi-year plan for addressing the damage of the Emerald Ash Borer Beetle to the village's urban forest. The damaged trees possess a life safety risk as well as the aesthetic concerns. The department also conducted a permit satisfaction survey, of which the results are being used to improve customer service.

Some of the more significant initiatives planned for the 2014/15 fiscal year are as follows:

- Adoption of a Global Financial Sustainability Plan to focus on the major components that all play a part in the long-term financial stability of the village.
- Complete a comprehensive organizational analysis of the Fire Department, as well as overall village operations, to balance the operating budget and maximize efficiencies.
- Cultivate a formal multi-year strategic plan through in-depth analysis of priorities, vision and opportunities.
- 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.
- Initiate and build a consortium related to evaluating and purchasing a records management system that benefits all the members and minimizes costs to each organization.
- Create a community garden where volunteers will come together to grow food for the community using under-utilized village land for the good of the region.
- 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 and the surrounding area. One even in the planning process is a craft beer festival, enticing tourists and residents together to sample local libations and join together for a community event.
- Develop a pavement management plan to best allocate limit resources for necessary road resurfacing and improvements.
- Continue delivering high quality core services to the community while keeping costs minimized.
- Utilize health and wellness options for village employees to maximize productivity and minimize health care costs through maintaining a healthier work force.

## Awards and Acknowledgements

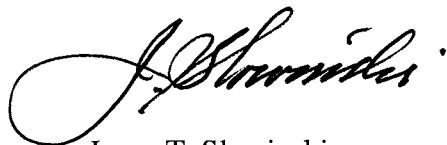
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2013. This represented the twenty-sixth 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.

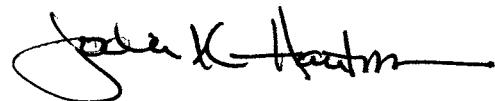
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. In particular, we would like to acknowledge the work of Miriam Hernandez, Accounting Supervisor, and Sylvia Liedtke, Accountant.

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**



1415 W. Diehl Road, Suite 400  
Naperville, Illinois 60563

630.566.8400 // [www.sikich.com](http://www.sikich.com)

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

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Lake Zurich, Illinois (the Village), as of and for the year ended April 30, 2014, and the related notes to 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.



Naperville, Illinois  
August 26, 2014

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

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

**April 30, 2014**

---

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, 2014. 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 \$110,074,383.
- Total net position of the village decreased \$5,060,173. Governmental net position decreased by \$5,529,626, primarily due to a special item reducing the reported value of land held for resale by \$7,018,317. Business-Type Activities net position increased by \$469,453. Net position of the governmental funds was also affected by a prior period adjustment of \$(492,527).
- Combined revenues totaled \$35,624,864, a decrease of 4.6% from the preceding year.
- Overall expenses totaled \$33,174,193, a decrease of 2% from the preceding year.
- General Fund reported expenditures and other financing uses exceeded revenues and other financing sources resulting in a net decrease in fund balance of \$17,250. Total fund balance in the General Fund was \$9,568,524 at April 30, 2014. Unrestricted fund balance in the General Fund totaled \$7,667,560, representing 31% of total General Fund expenditures for the current fiscal year and 29% of the 2014/15 fiscal year's budget for expenditures.
- The Village's Waterworks and Sewerage Fund reported an operating loss of \$200,870 from operations and depreciation of assets. With non-operating revenues and expenditures, the fund resulted in an overall increase to net position of \$469,453. Working Capital of the fund has increased from \$424,853 to \$4.9 million. The bulk of the increase is attributable to almost \$4 million in bond proceeds, of which \$3.6 million remains unspent at year end.
- Total long-term debt increased \$1.1 million to \$43,755,404 outstanding as of April 30, 2014, including bonded debt and other long term liabilities, such as compensated absences and capital leases. Bonded debt alone increased \$1.3 million to \$33,455,000 outstanding as of April 30, 2014, due in part to the issuance of \$3.8 million in new alternate revenue bonds for the Water and Sewer Fund.
- Capital assets, net of accumulated depreciation, as of April 30, 2014 amounted to \$127,102,606. 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.

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

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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.

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 3-6 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

**VILLAGE OF LAKE ZURICH  
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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.

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 7 through 12 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 13 through 16 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 17 and 18 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 19 through 56 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 57 through 63.

***Amendments to Budget***

Amendments to the budget are typically made throughout the year. 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. No 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. One budget amendment was approved during the fiscal year.

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

**April 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

The combined net position for the fiscal year ended April 30, 2014 totaled \$110,074,383 and consisted of net position from both governmental activities and business-type activities of \$67,346,469 and \$42,727,914 respectively. Following is a table that shows total net position of the Village as of April 30, 2014 with a comparison to the preceding fiscal year.

Statement of Net Position  
As of April 30, 2014 and 2013

Category	Governmental Activities		Business-type Activities		Total Village Wide	
	4/30/2014	4/30/2013	4/30/2014	4/30/2013	4/30/2014	4/30/2013
Current and other assets	\$ 31,930,288	\$ 38,465,732	\$ 6,214,884	\$ 2,552,188	\$ 38,145,172	\$ 41,017,920
Capital assets	82,546,136	82,212,659	44,556,470	44,972,993	127,102,606	127,185,652
Deferred Outflows	1,519,085	1,621,491	-	-	1,519,085	1,621,491
<b>Total assets &amp; deferred outflows</b>	<b>115,995,509</b>	<b>122,299,882</b>	<b>50,771,354</b>	<b>47,525,181</b>	<b>166,766,863</b>	<b>169,825,063</b>
Current and other liabilities	4,471,739	3,626,724	1,314,426	2,127,335	5,786,165	5,754,059
Long-term liabilities	34,401,737	36,559,328	6,729,014	3,139,385	41,130,751	39,698,713
Deferred Inflows	9,775,564	9,237,735	-	-	9,775,564	9,237,735
<b>Total liabilities and deferred inflows</b>	<b>48,649,040</b>	<b>49,423,787</b>	<b>8,043,440</b>	<b>5,266,720</b>	<b>56,692,480</b>	<b>54,690,507</b>
Net position:						
Net investment in capital assets	79,846,136	76,983,201	41,321,810	41,029,978	121,167,946	118,013,179
Restricted	10,192,895	18,839,037	-	-	10,192,895	18,839,037
Unrestricted	(22,692,562)	(22,946,143)	1,406,104	1,228,483	(21,286,458)	(21,717,660)
<b>Total net position</b>	<b>\$ 67,346,469</b>	<b>\$ 72,876,095</b>	<b>\$ 42,727,914</b>	<b>\$ 42,258,461</b>	<b>\$ 110,074,383</b>	<b>\$ 115,134,556</b>

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, 2014, capital assets net of related debt totaled \$121,167,946. 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.

In the governmental funds, the total net position decreased by \$5.53 million. This decrease is attributable to a special item related to the Tax Increment Financing (TIF) Funds, of which recorded a \$7 million reduction to the value of land held for resale. This land was purchased mid-2000's before the severe decline of property values and had not been revalued since that time. Without this write-down of property value, governmental funds would have recorded a \$1.49 million increase to net position.

Cash and investments, a component of current and other assets, increased about \$651,000. Total liabilities decreased about \$1.3 million, of which the major component of noncurrent liabilities was

**VILLAGE OF LAKE ZURICH  
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**April 30, 2014**

reduced by almost \$2.1 million with the repayment of \$1.625 million in outstanding bond principal and reductions to compensated absences, capital lease and net pension obligations

For the business-type activities, total net position increased by \$469,453. Non-capital assets (cash, investments, receivables, etc.) increased by roughly \$3.67 million, of which \$3.6 million is the result of unspent bond proceeds received during the year. Also related to the \$3.8 million bond issuance, total liabilities increased about \$2.8 million, with current liabilities decreasing \$803,000 and long term liabilities increasing roughly \$3.6 million.

During the current fiscal year, total net position of the Village decreased by \$5,060,173. 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 2013/14 fiscal year:

**Change in Net Position  
For the Fiscal Years Ended April 30, 2014 and 2013**

<b>Category</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Village Wide</b>	
	<b>4/30/2014</b>	<b>4/30/2013</b>	<b>4/30/2014</b>	<b>4/30/2013</b>	<b>4/30/2014</b>	<b>4/30/2013</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,620,402	\$ 10,290,836	\$ 4,782,300	\$ 4,784,199	\$ 13,402,702	\$ 15,075,035
Operating grants	688,520	1,165,632	-	-	688,520	1,165,632
Capital grants	-	516	530,814	110,136	530,814	110,652
General revenues:						
Taxes	10,271,093	10,174,683	-	-	10,271,093	10,174,683
Intergovernmental	10,465,859	10,076,745	-	-	10,465,859	10,076,745
Investment earnings	17,587	69,478	1,218	3,660	18,805	73,138
Other	247,071	654,381	-	-	247,071	654,381
<b>Total revenues</b>	<b>30,310,532</b>	<b>32,432,271</b>	<b>5,314,332</b>	<b>4,897,995</b>	<b>35,624,864</b>	<b>37,330,266</b>
<b>Expenses:</b>						
General Government	1,613,068	3,140,972	-	-	1,613,068	3,140,972
Public Safety	18,582,961	18,486,450	-	-	18,582,961	18,486,450
Highways and Streets	4,647,467	4,290,953	-	-	4,647,467	4,290,953
Parks and Recreation	1,109,942	1,205,021	-	-	1,109,942	1,205,021
Economic Development	940,077	479,102	-	-	940,077	479,102
Interest on long-term debt	1,409,508	1,254,435	-	-	1,409,508	1,254,435
Water/Sewer	-	-	4,871,170	4,986,492	4,871,170	4,986,492
<b>Total expenses</b>	<b>28,303,023</b>	<b>28,856,933</b>	<b>4,871,170</b>	<b>4,986,492</b>	<b>33,174,193</b>	<b>33,843,425</b>
Excess/(deficit) before transfers	2,007,509	3,575,338	443,162	(88,497)	2,450,671	3,486,841
Transfers	(26,291)	-	26,291	-	-	-
<b>Change in Net Position</b>	<b>1,981,218</b>	<b>3,575,338</b>	<b>469,453</b>	<b>(88,497)</b>	<b>2,450,671</b>	<b>3,486,841</b>
Beginning net position	72,876,095	69,603,922	42,258,461	42,346,958	115,134,556	111,950,880
Special item	(7,018,317)	-	-	-	(7,018,317)	-
Prior Period Adjustment	(492,527)	(303,165)	-	-	(492,527)	(303,165)
<b>Ending net position - April 30</b>	<b>67,346,469</b>	<b>72,876,095</b>	<b>42,727,914</b>	<b>42,258,461</b>	<b>110,074,383</b>	<b>115,134,556</b>

**VILLAGE OF LAKE ZURICH  
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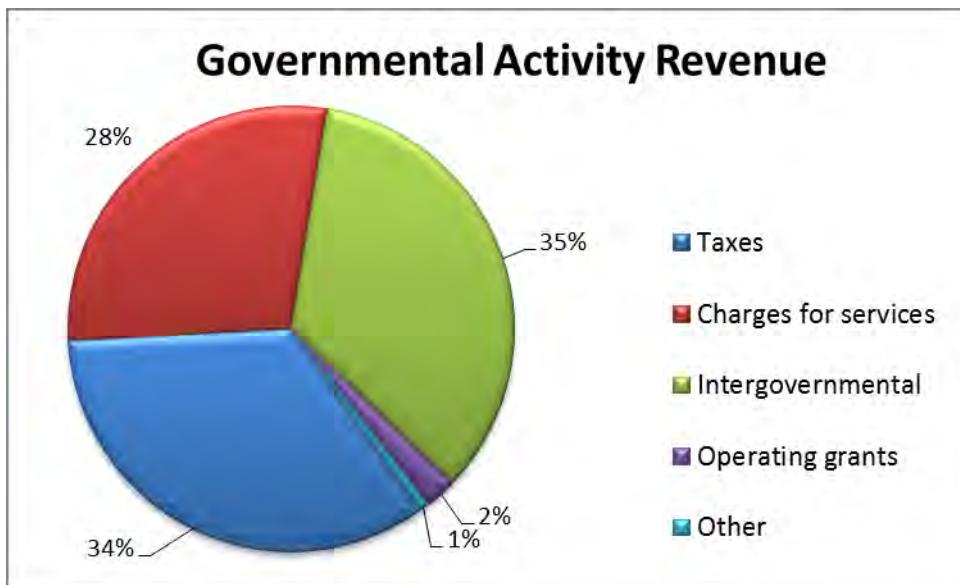
April 30, 2014

### **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 2013/14, governmental program expenses of \$28,303,023 exceeded program revenues of \$9,308,922 by \$18,994,101. General revenues of \$20,754,539 made up for the deficiency.

#### *Revenues*

The following graph indicates the breakdown of 2013/14 revenues by type.



Total revenues of \$30,310,532 decreased from last year by approximately 6.5%, or \$2.1 million. A large contributor to this decrease was the prior year included a one-time receipt of funds from the State of Illinois in the amount of \$1.27 million for the jurisdictional transfer of Main Street. Revenues from operating grants also decreased by about \$477,000 due to project timing and grant fund availability.

Telecommunications tax, which has been unpredictable in the past few years, continues to decline from previous years. Compared to the prior year, receipts from this revenue source of \$920,300 were down just almost \$106,000 (10%) from last year. While receipts have been declining to due changes in how customers receive their phone service, such as free long-distance with most cellular plans, a recent court ruling found a major telecom provider had been over charging the tax to their customers and ordered municipalities to refund the related taxes accordingly. The impact to Lake Zurich was about \$68,000 in reduced revenues.

Sales tax revenue was up approximately \$205,265 from last year, about a 2.6% increase. Lake Zurich's mix of retailers has weathered the recession better than localities that are selling more luxury or specialty products. The extreme cold weather negatively impacted sales this past year, particularly during January through March. The village lost one major retailer, Dominicks, as the company closed all their stores in Illinois. Another major retailer opened shortly thereafter, Mariano's, mitigating the loss of revenue from Dominicks.

The State Income Tax receipts of \$1,912,965 have also exceeded the prior year, up approximately \$144,000 from last year, about 8%. Receipts for May 2013 were uncharacteristically high due to changes

**VILLAGE OF LAKE ZURICH  
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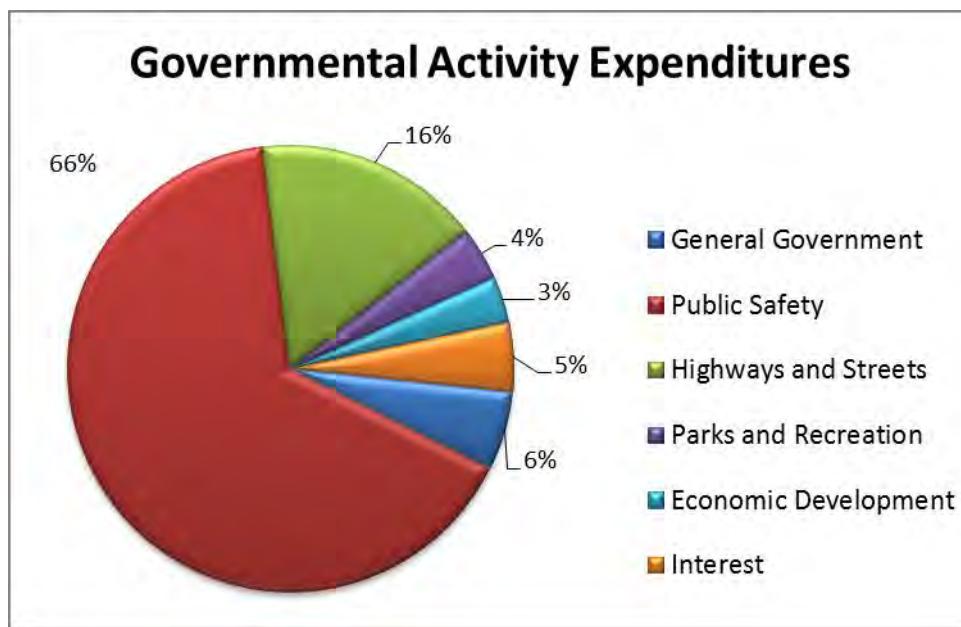
**April 30, 2014**

in tax laws, causing a rash of reported income recognition. This spike is not expected to be duplicated in future years.

Charges for Services make up just under 30% of the village's governmental revenue. Charges for services decreased by \$1.67 million, primarily due to the prior year one-time receipt of the \$1.27 million relating to Main Street.

*Expenditures*

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 decreased by \$554,000, or 2%, from the preceding year. By far the most significant category of expenditures relate to public safety, which totaled \$18.6 million of the \$28.3 million. This represents an increase of 0.5%, or \$96,500, from the previous year despite growing pension funding costs. Expenditures for public safety salaries (full-time, part-time and overtime) decreased about \$180,000 (2%) to \$10.06 million and accounts for 54% of the public safety expenditures. Expenditures decreased due to retirements and resulting vacancies during recruitment periods or position evaluations. Sworn pension costs have increased from approximately \$2.6 million to \$3 million and represent about 16% of public safety expenditures.

**Business Type Activities**

For business-type activities, net position increased a total of \$469,453. Program revenues of \$5.3 million exceeded program expenses of \$4.87 million by \$441,944. Business-type activities also received an equity transfer from the former vehicle maintenance fund of \$26,291 during the year, as that function was absorbed within governmental activities going forward. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1.65 million (34%).

**VILLAGE OF LAKE ZURICH  
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**April 30, 2014**

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Revenues associated with business-type activities totaled \$5.3 million, an increase of \$416,000, or 8.5%, from the preceding year due to an increase in water and sewer rates effective the first day of the fiscal year and above expected connection fees. Charges for services held steady at \$4.78 million.

Business-type expenses were decreased compared to the prior fiscal year, dropping from \$4.986 million in fiscal 2013 to \$4.871 million in fiscal 2014, a decrease of about \$115,000 (2.3%). Administration expenses continue to decline, decreasing from \$1.1 million to \$797,000 as the budget officer continues to evaluate the necessary items to be charged against the enterprise fund. Operation related expenses increased slightly from \$2.079 million to \$2.129 million, an increase of about \$50,000, spread fairly equally among divisions.

## **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, 2014, governmental funds reported combined fund balances of \$19.4 million. Of this amount, \$7.67 million is unreserved and is available for future obligations. The largest amount of fund balance, \$10.2 million, is restricted. \$4.7 million is restricted for Tax Increment Financing purposes, most of which is land held for resale. \$1.2 million is restricted for future payments related to noise mitigation along the CN railway tracks. Another \$2.16 million is restricted for capital projects and \$843,523 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, 2014, fund balance in the General Fund decreased by a minimal \$17,250 from current year activities. Change to fund balance is a combination of revenues of \$25.2 million compared to expenditures of \$24.6 million. Other financing sources include a transfer in of \$161,506 from the former vehicle maintenance fund and represents the General Fund's share of the equity at fund closure. Other financing uses of \$710,899 are also included, representing a transfer out of \$200,000 to the Capital Improvement Fund and \$510,899 to show the internal service funds of Medical Insurance and Risk Management for reporting purposes. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of 9,568,524.

The Debt Service Fund has a positive fund balance of \$810,182 that is restricted entirely for the payment of future debt service, similar to the \$33,923 in the TIF Debt Service Fund. The Capital Improvements fund balance decreased about \$1.47 million to \$1.5 million with a deliberate drawn down of fund balance during the year, primarily using funds restricted for noise mitigation related to the CN rail line. The reserve of \$1.2 million is earmarked for noise mitigation related to the CN rail, which will be expended by the end of next fiscal year. The Downtown TIF fund balance of \$4.6 million is mostly comprised of land held for resale. A special item is reported against the fund balance of the Downtown TIF fund balance, as the value of the land held for resale has been drastically reduced by \$7 million to reflect more current market conditions. 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.

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***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, 2014, net position of the proprietary fund totaled \$42.7 million. Cash and investments at April 30, 2014 totaled \$5.28 million \$1,548,103, an increase of \$3.7 million (241%). This is primarily due to the receipt of \$4 million in bond funds during the year, of which \$3.6 million remains at year end. This was a major factor in improving the working capital of the fund from \$424,853 last fiscal year end to \$4.9 million this fiscal year end. Operating revenues decreased a minor \$33,051 (-0.8%) from the previous year to \$4.37 million. Despite the almost 8% rate increase to the Lake Zurich portion of water bills that took effect May 1, 2013, consumption was down dramatically over the prior year due to an unusually dry summer. Operating expenses (including depreciation) of \$4.57 million were 5.7% lower than the previous year, due to reductions in consumption and in overall program management. For the second year in a row, detailed review of necessary expenses has led to the administration component of operating expenses decreased significantly from the prior year, with a decrease of about \$318,000 (30%) for this fiscal year. Depreciation decreased by a meager 0.5%.

***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, 2014. Combined, the funds reported a \$5.3 million increase in net position held in trust for pension benefits, with investment earnings net related expenses of \$2.86 million, a 4% increase over the prior year net investment earnings. Deductions for benefits and other smaller items increased about 12.5%, from \$1.3 million in the prior year to \$1.47 million this year. Cash and investments totaled \$37.55 million as of April 30, 2014.

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 creased over last fiscal year by \$220,249. Total cash and investments as of April 30, 2014 was \$2.1 million, about \$274,000 lower than the end of the previous fiscal year. The activity of the special service areas has been broken out from the escrow performance fund activity for transparent reporting.

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

**April 30, 2014**

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**GENERAL FUND HIGHLIGHTS**

**Amendments to Budget**

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 stay in compliance with the fund level budgetary policy.

While amendments to the budget can be made throughout the year, only one budget amendment was made for this fiscal year. Overall, revenues were increased by \$213,797, representing an increase in Motor Fuel Tax allotment for the Illinois Jobs Now distribution (\$86,000), an increase to the expected equity transfers from the former vehicle maintenance fund (\$87,797) and for unanticipated reimbursements from the village's risk management insurance (\$40,000).

In total, the budget for expenditures/expenses increased by \$1,557,762. Increases to expenditures based on the annual activity included additional funds to draw down the monies for the rail line noise mitigation project (\$495,000), salt, deicing and other expenditures related to the harsh winter (\$86,000), increased obligation to School District 95 for the annual TIF impact fee (\$89,236), as well as higher than anticipated risk management claims activity (\$60,000). Expense budget changes in the Water and Sewer fund included change of budget protocol with removing the budget for debt principal (reduction of \$870,271) and addition of a budget for depreciation expense (addition of \$1,660,000). Both better represent the accrual basis for accounting and thus, better match the expectations for year-end expenses. Finally, there was a small adjustment (\$9,000) to reallocated bond issuance fees from the Village Debt Service Fund to the TIF Debt Service Fund, where they should have been budgeted originally.

**Change in Fund Balance**

*General Fund*

When the original budget was adopted in April of 2013, a deficit of \$272,048 was expected for the General Fund. After the budget amendment, the expected deficit was reduced to \$196,543. The actual Fund Balance for General Fund showed a much smaller final deficit of just \$17,250. For prior reports, the fund balance of the internal service funds (Medical Insurance, Risk Management and the former Vehicle Maintenance Funds) were included in a combined total for the General Fund for reporting purposes only. For this report, the internal service funds have been separated out for transparency and clarity. Without this change, the General Fund Balance would have reflected a change in fund balance of \$293,000 surplus. Revenues and other financing sources came in at \$25.3 million for the year, \$477,215 less than budgeted. Expenditures and other financing uses totaled \$25.3 million, which was \$1.4 million 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, 2013.

**VILLAGE OF LAKE ZURICH  
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**April 30, 2014**

**General Fund Budgetary Highlights  
Fiscal Year Ended April 30, 2014**

	Budget	Actual
<b>Revenues &amp; Other Financing Sources</b>		
Taxes	\$ 8,045,669	\$ 8,041,309
Licenses and permits	626,588	821,173
Intergovernmental	14,475,922	13,665,885
Charges for services	1,379,375	1,395,081
Fines and forfeits	800,000	812,169
Other revenue	316,680	424,370
Sub-total revenues	\$ 25,644,234	\$ 25,159,987
Other financing sources	161,505	168,537
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 25,805,739</b>	<b>\$ 25,328,524</b>
<b>Expenditures and Other Financing Uses</b>		
General government	\$ 2,141,345	\$ 1,976,053
Public safety	19,364,320	18,518,888
Highways and streets	2,773,829	2,722,322
Culture and recreation	1,020,906	879,566
Economic development	501,882	538,046
Sub-total expenditures	\$ 25,802,282	\$ 24,634,875
Other financing uses		
Transfer to Capital Improvement Fund	200,000	200,000
Internal Service Fund "Transfers"	-	510,899
<b>Total Expenditures and Other Financing Sources</b>	<b>\$ 26,002,282</b>	<b>\$ 25,345,774</b>
<b>Change in Fund Balance</b>	<b>\$ (196,543)</b>	<b>\$ (17,250)</b>

**CAPITAL ASSETS**

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$127,102,606 at April 30, 2014. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 14	FYE 13	FYE 14	FYE 13	FYE 14	FYE 13
Land and Improvements	\$ 34,359,757	\$ 33,770,486	\$ 249,652	\$ 249,652	\$ 34,609,409	\$ 34,020,138
Building and Improvements	8,339,669	8,828,545	-	-	8,339,669	8,828,545
Machinery & Equipment	940,038	1,077,787	485,330	361,371	1,425,368	1,439,158
Vehicles	1,477,100	1,298,380	187,952	180,316	1,665,052	1,478,696
Other	82,661	23,275	14,341	-	97,002	23,275
Infrastructure	37,346,911	37,214,186	43,619,195	44,181,654	80,966,106	81,395,840
<b>Total</b>	<b>\$ 82,546,136</b>	<b>\$ 82,212,659</b>	<b>\$ 44,556,470</b>	<b>\$ 44,972,993</b>	<b>\$ 127,102,606</b>	<b>\$ 127,185,652</b>

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

**April 30, 2014**

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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:**

- \$797,626 on Land Improvements, for the work on the rail line noise wall, replacement of the main playground at Paulus Park and work on the parking lot for Countryside West field.
- \$138,677 on Building Improvements, for a new roof for 351 Lions Drive and renovations at village hall.
- \$394,882 on Vehicles, for two police vehicles, a fire admin vehicle, two large trucks for the public works division and a sweeper truck.
- \$23,290 on Computers, for Microsoft Office licensing lease.
- \$1,402,984 on Infrastructure, for the annual street resurfacing program.

**Business-Type Fund:**

- \$1,107,675 on Infrastructure, for painting of the Midlothian water tower and work on the Pine/Elm water main.
- \$149,104 on Machinery and Equipment, for flow monitors, radio read meter replacement and equipment for the Deerpath lift station.
- \$32,524 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 33 and 34.

### **DEBT ADMINISTRATION**

During the fiscal year, bonded debt was increased by \$1,304,729. One small issuance of \$537,000 was issued on a short-term basis and was repaid before the end of the fiscal year. Series 2013A bonds were issued to fund necessary infrastructure improvements in the amount of \$3.8 million.

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Village Wide</b>	
	<b>FYE 14</b>	<b>FYE 13</b>	<b>FYE 14</b>	<b>FYE 13</b>	<b>FYE 14</b>	<b>FYE 13</b>
General Obligation Bonds	\$ 2,700,000	\$ 3,085,000		\$ -	\$ 2,700,000	\$ 3,085,000
TIF Alternate Revenue Bonds	7,275,000	7,775,000		-	7,275,000	7,775,000
TIF Revenue Bonds	19,405,000	20,145,000		-	19,405,000	20,145,000
Water Alternate Revenue Bonds	-	-	4,075,000	975,000	4,075,000	975,000
IEPA Loan	-	-	2,797,744	2,968,015	2,797,744	2,968,015
<b>Bonded Debt Total</b>	<b>29,380,000</b>	<b>31,005,000</b>	<b>6,872,744</b>	<b>3,943,015</b>	<b>36,252,744</b>	<b>34,948,015</b>

On December 20, 2013, Standard & Poor's improved the Village's bond rating from AA, stable outlook, to AAA, stable outlook. This is a two level increase from Standard and Poor's. The increase was based on the following factors:

- Very strong economy, with a projected per capita buying income at 167% the national average.
- Very strong budgetary flexibility
- Strong overall budgetary performance.
- Strong debt and contingent liabilities profile.

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

**April 30, 2014**

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Additional information on the Village's long-term debt is presented in the notes to the basic financial statements, note seven (7), on pages 36 through 43.

**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 not occurring on time. The State owes the Village over \$2 million in combined shared revenue as of April 30, 2014. 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 2014 Tax Levy to be 1.5%. It is anticipated the CPI increase along with the value of new construction will bring in new revenue which will be used to offset the growing cost of funding for both police and fire pension funds for the village.
- 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 2013 levy will be consistent with that of the 2012 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. All four union contracts expired between April 30, 2014 and June 30, 2014. Management is confident all four will be settled with minimal impact to the finances of the village. 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, 2015, the village board has passed a budget with significant reductions and has re-adopted the utility taxes for both gas and electric to balance operational activities for the General Fund. Approved positions have been held steady for the new fiscal year at 160 authorized full-time positions, after reductions of eleven positions took place for the 2013 fiscal year. Administrative costs were reduced and/or removed from the Water and Sewer Fund better allocate the limited resources of the latter fund. 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 decreased its governmental fund balance by \$5,060,173, considering a special non-cash item to reduce the value of land in excess of \$7 million. Without the special item, fund balance would have increased by \$1.96 million for governmental funds. At April 30, 2014 the unrestricted fund balance of the General Fund was 31% of total expenditures of the current year and 29% of the budgeted expenditures for the fiscal year ending April 30, 2015.

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

**April 30, 2014**

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The Water/Sewer Fund had cash and investments of \$5.28 million at April 30, 2014, including \$3.6 million of unspent bond proceeds for infrastructure projects. The fund also had unrestricted net position of \$42.7 million. 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. The Village Board approved a two-step rate increase plan, with increased 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, 2014. 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, 2014

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 13,538,006	\$ 5,277,508	\$ 18,815,514
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	9,775,564	-	9,775,564
Accounts	769,346	800,825	1,570,171
Accrued interest	10,555	938	11,493
Due to/from other funds	10,202	(10,202)	-
Due to/from fiduciary funds	(30,345)	29,919	(426)
Due from other governments	2,274,373	-	2,274,373
Deposits	-	2,000	2,000
Prepays	729,644	-	729,644
Inventory	19,853	113,896	133,749
Inventory - land held for resale	<u>4,833,090</u>	-	<u>4,833,090</u>
Total current assets	<u>31,930,288</u>	<u>6,214,884</u>	<u>38,145,172</u>
<b>NONCURRENT ASSETS</b>			
Capital assets not being depreciated	30,545,831	263,993	30,809,824
Capital assets (net of accumulated depreciation)	<u>52,000,305</u>	<u>44,292,477</u>	<u>96,292,782</u>
Total noncurrent assets	<u>82,546,136</u>	<u>44,556,470</u>	<u>127,102,606</u>
Total assets	<u>114,476,424</u>	<u>50,771,354</u>	<u>165,247,778</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized loss on refunding	<u>1,519,085</u>	-	<u>1,519,085</u>
Total assets and deferred outflows of resources	<u>115,995,509</u>	<u>50,771,354</u>	<u>166,766,863</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	740,998	681,059	1,422,057
Accrued payroll	495,997	42,525	538,522
Other payables	540,291	-	540,291
Claims payable	67,859	-	67,859
Accrued interest payable	418,070	100,330	518,400
Unearned revenues	74,383	-	74,383
Total current liabilities	<u>2,337,598</u>	<u>823,914</u>	<u>3,161,512</u>
<b>NONCURRENT LIABILITIES</b>			
Due within one year	2,134,141	490,512	2,624,653
Due in more than one year	<u>34,401,737</u>	<u>6,729,014</u>	<u>41,130,751</u>
Total noncurrent liabilities	<u>36,535,878</u>	<u>7,219,526</u>	<u>43,755,404</u>
Total liabilities	<u>38,873,476</u>	<u>8,043,440</u>	<u>46,916,916</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned property taxes	<u>9,775,564</u>	-	<u>9,775,564</u>
Total liabilities and deferred inflows of resources	<u>48,649,040</u>	<u>8,043,440</u>	<u>56,692,480</u>

(This statement is continued on the following page.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

STATEMENT OF NET POSITION (Continued)

April 30, 2014

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<b>NET POSITION</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net investment in capital assets	\$ 79,846,136	\$ 41,321,810	\$ 121,167,946
Restricted for			
Special Recreation	244,182	-	244,182
Public Safety	275,093	-	275,093
TIF	4,674,760	-	4,674,760
Debt Service	843,523	-	843,523
Noise Mitigation	1,217,988	-	1,217,988
Capital Projects	2,164,678	-	2,164,678
Highways and Streets	495,383	-	495,383
Tourism	277,288	-	277,288
Unrestricted	<u>(22,692,562)</u>	<u>1,406,104</u>	<u>(21,286,458)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 67,346,469</u></b>	<b><u>\$ 42,727,914</u></b>	<b><u>\$ 110,074,383</u></b>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2014

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<b>FUNCTIONS/PROGRAMS</b> <b>PRIMARY GOVERNMENT</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants</b>	<b>Capital Grants</b>
Governmental Activities				
General government	\$ 1,613,068	\$ 535,567	\$ 20,275	\$ -
Public safety	18,582,961	7,086,380	37,882	-
Highways and streets	4,647,467	469,234	630,363	-
Culture and recreation	1,109,942	529,221	-	-
Economic development	940,077	-	-	-
Interest	1,409,508	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities	28,303,023	8,620,402	688,520	-
Business-Type Activities				
Waterworks and sewerage	4,871,170	4,782,300	-	530,814
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities	4,871,170	4,782,300	-	530,814
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 33,174,193</b>	<b>\$ 13,402,702</b>	<b>\$ 688,520</b>	<b>\$ 530,814</b>
	<hr/>	<hr/>	<hr/>	<hr/>

<b>Net (Expense) Revenue and Change in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$ (1,057,226)	\$ -	\$ (1,057,226)	
(11,458,699)	- -	(11,458,699)	
(3,547,870)	- -	(3,547,870)	
(580,721)	- -	(580,721)	
(940,077)	- -	(940,077)	
(1,409,508)	- -	(1,409,508)	
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
(18,994,101)	- -	(18,994,101)	
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
- -	441,944	441,944	
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
- -	441,944	441,944	
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
(18,994,101)	441,944	(18,552,157)	
<b>General Revenues</b>			
Taxes			
Property	9,342,465	- -	9,342,465
Telecommunications	920,300	- -	920,300
Other	8,328	- -	8,328
<b>Intergovernmental</b>			
Replacement	63,764	- -	63,764
Sales	8,145,378	- -	8,145,378
Local use	343,752	- -	343,752
Shared income tax	1,912,965	- -	1,912,965
Investment income	17,587	1,218	18,805
Miscellaneous	247,071	- -	247,071
Transfers in (out)	(26,291)	26,291	- -
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
Total	20,975,319	27,509	21,002,828
<b>SPECIAL ITEM</b>			
<b>CHANGE IN NET POSITION</b>			
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
NET POSITION, MAY 1, AS PREVIOUSLY STATED	72,876,095	42,258,461	115,134,556
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
Prior period adjustment	(492,527)	- -	(492,527)
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
NET POSITION, MAY 1, RESTATED	72,383,568	42,258,461	114,642,029
<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>	<hr style="border-top: 1px solid black; border-bottom: none; border-left: none; border-right: none;"/>
<b>NET POSITION, APRIL 30</b>	<b>\$ 67,346,469</b>	<b>\$ 42,727,914</b>	<b>\$ 110,074,383</b>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

April 30, 2014

	<b>General</b>	<b>TIF Tax Allocation</b>	<b>Debt Service</b>
<b>ASSETS</b>			
Cash and investments	\$ 6,718,488	\$ 71,624	\$ 810,182
Receivables (net, where applicable, of allowances for uncollectibles)	6,957,034	1,224,682	1,593,848
Property taxes	271,609	7,281	-
Accounts	4,592	51	-
Accrued interest	60,915	-	-
Due from other funds	1,470,000	-	-
Advances to other funds	2,274,373	-	-
Due from other governments	62,295	-	-
Prepaid items	19,853	-	-
Inventory	-	-	-
Inventory - land held for resale	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 17,839,159</b>	<b>\$ 1,303,638</b>	<b>\$ 2,404,030</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 454,476	\$ 9,040	\$ -
Accrued payroll	495,699	-	-
Other payables	198,659	-	-
Claims payable	67,859	-	-
Due to other funds	30,642	-	-
Advances due to other funds	-	16,450	-
Unearned revenue	66,266	-	-
<b>TOTAL LIABILITIES</b>	<b>1,313,601</b>	<b>25,490</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	6,957,034	1,224,682	1,593,848
Total liabilities and deferred inflows of resources	<b>8,270,635</b>	<b>1,250,172</b>	<b>1,593,848</b>
<b>FUND BALANCES</b>			
Nonspendable	62,295	-	-
Prepaid items	19,853	-	-
Inventory	1,470,000	-	-
Advances to other funds	-	-	-
Restricted			
Special Recreation	244,182	-	-
Public Safety	104,634	-	-
TIF	-	53,466	-
Debt Service	-	-	810,182
Noise Mitigation	-	-	-
Capital Projects	-	-	-
Highways and Streets	-	-	-
Tourism	-	-	-
Unrestricted			
Unassigned	7,667,560	-	-
Total fund balances	<b>9,568,524</b>	<b>53,466</b>	<b>810,182</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 17,839,159</b>	<b>\$ 1,303,638</b>	<b>\$ 2,404,030</b>

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

\$ 1,286,891 \$ 1,820,141 \$ 4,634 \$ 2,594,804 \$ 13,306,764

-	-	-	-	9,775,564
-	-	-	482,402	761,292
-	5,161	-	751	10,555
-	-	-	1,671	62,586
-	-	-	-	1,470,000
-	-	-	-	2,274,373
582	-	-	1,605	64,482
-	-	-	-	19,853
-	-	4,833,090	-	4,833,090

\$ 1,287,473 \$ 1,825,302 \$ 4,837,724 \$ 3,081,233 \$ 32,578,559

\$ -	\$ 60,752	\$ 16,430	\$ 165,150	\$ 705,848
-	-	-	298	495,997
-	243,810	-	97,822	540,291
-	-	-	-	67,859
-	2,669	-	515	33,826
1,253,550	-	200,000	-	1,470,000
-	-	-	8,118	74,384

1,253,550 307,231 216,430 271,903 3,388,205

-	-	-	-	9,775,564
1,253,550	307,231	216,430	271,903	13,163,769

582	-	-	1,605	64,482
-	-	-	-	19,853
-	-	-	-	1,470,000
-	-	-	-	244,182
-	-	-	170,459	275,093
-	-	4,621,294	-	4,674,760
33,341	-	-	-	843,523
-	1,217,988	-	-	1,217,988
-	300,083	-	1,864,595	2,164,678
-	-	-	495,383	495,383
-	-	-	277,288	277,288
-	-	-	-	7,667,560
33,923	1,518,071	4,621,294	2,809,330	19,414,790

\$ 1,287,473 \$ 1,825,302 \$ 4,837,724 \$ 3,081,233 \$ 32,578,559

See accompanying 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, 2014

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>	\$ 19,414,790
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	82,546,136
The loss on refunding of bonds is capitalized as amortized over the life of the bonds on the statement of net position	1,519,085
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(29,380,000)
Unamortized premium	(57,328)
Other postemployment benefit payable	(155,988)
Net pension obligation payable	(5,156,017)
Compensated absences payable	(1,542,986)
Capital lease obligation	(243,559)
Accrued interest payable	(418,070)
The unrestricted net position of the internal service funds is included in the governmental activities in the statement of net position	<u>820,406</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 67,346,469</u></b>

See accompanying 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, 2014

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	<b>General</b>	<b>TIF Tax Allocation</b>	<b>Debt Service</b>
<b>REVENUES</b>			
Taxes	\$ 8,041,309	\$ 1,296,284	\$ 1,076,005
Licenses and permits	821,173	-	-
Intergovernmental	13,665,885	-	-
Charges for services	1,395,081	-	-
Fines and forfeits	812,169	-	-
Investment income	19,619	(7,158)	200
Miscellaneous	404,751	99,973	-
 Total revenues	 25,159,987	 1,389,099	 1,076,205
<b>EXPENDITURES</b>			
Current			
General government	1,976,053	-	-
Public safety	18,518,888	-	-
Highways and streets	2,722,322	-	-
Culture and recreation	879,566	-	-
Economic development	538,046	387,574	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	922,000
Interest and fiscal charges	-	-	141,018
 Total expenditures	 24,634,875	 387,574	 1,063,018
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>525,112</b>	<b>1,001,525</b>	<b>13,187</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of refunding bonds	-	-	-
Proceeds from capital lease obligation	7,031	-	-
Transfers in	161,506	-	-
Transfers (out)	(710,899)	(1,275,000)	-
 Total other financing sources (uses)	 (542,362)	 (1,275,000)	 -
<b>SPECIAL ITEM</b>	 -	 -	 -
<b>NET CHANGE IN FUND BALANCES</b>	<b>(17,250)</b>	<b>(273,475)</b>	<b>13,187</b>
<b>FUND BALANCES, MAY 1, AS PREVIOUSLY STATED</b>	<b>9,585,774</b>	<b>326,941</b>	<b>796,995</b>
Prior period adjustment	-	-	-
<b>FUND BALANCES, MAY 1, RESTATED</b>	<b>9,585,774</b>	<b>326,941</b>	<b>796,995</b>
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 9,568,524</b>	<b>\$ 53,466</b>	<b>\$ 810,182</b>

TIF Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental	Total
\$ -	\$ -	\$ -	\$ 2,049,017	\$ 12,462,615
-	-	-	-	821,173
-	34,941	-	587,324	14,288,150
-	-	-	-	1,395,081
-	-	-	-	812,169
128	3,970	1	827	17,587
2,232	-	-	6,801	513,757
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,360	38,911	1	2,643,969	30,310,532
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	52,321	2,028,374
-	-	-	38,208	18,557,096
-	-	-	1,605,988	4,328,310
-	-	-	-	879,566
-	-	13,271	-	938,891
-	967,907	204,925	277,503	1,450,335
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,240,000	-	-	-	2,162,000
1,190,072	-	-	-	1,331,090
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2,430,072	967,907	218,196	1,974,020	31,675,662
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(2,427,712)	(928,996)	(218,195)	669,949	(1,365,130)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
537,000	-	-	-	537,000
-	-	-	-	7,031
1,275,000	200,000	-	740,083	2,376,589
-	(740,083)	-	-	(2,725,982)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
1,812,000	(540,083)	-	740,083	194,638
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	(7,018,317)	-	(7,018,317)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(615,712)	(1,469,079)	(7,236,512)	1,410,032	(8,188,809)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
649,635	2,987,150	12,350,333	1,399,298	28,096,126
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
-	-	(492,527)	-	(492,527)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
649,635	2,987,150	11,857,806	1,399,298	27,603,599
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 33,923	\$ 1,518,071	\$ 4,621,294	\$ 2,809,330	\$ 19,414,790

See accompanying 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, 2014

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<b>NET CHANGE IN FUND BALANCES -</b>	
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ (8,188,809)</b>

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	2,816,845
--------------------------	-----------

The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense

	(366,575)
--	-----------

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

	(2,116,793)
--	-------------

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	211,810
--	---------

Changes in net pension obligation payable	199,089
---	---------

Change in net other postemployment benefit payable	(29,658)
--	----------

Issuance of debt	(537,000)
------------------	-----------

Retirement of debt	2,162,000
--------------------	-----------

Amortization of gain on refunding	(102,406)
-----------------------------------	-----------

Amortization of premium/discount of debt issuance	7,962
---	-------

Proceeds from capital lease obligation	(7,032)
--	---------

Capital lease obligation payments	77,036
-----------------------------------	--------

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

	16,026
--	--------

The change in net position of certain activities of internal service funds is in governmental funds

	820,406
--	---------

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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (5,037,099)</b>
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**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

April 30, 2014

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Waterworks and Sewerage</b>	<b>Internal Service</b>
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 5,277,508	\$ 231,242
Receivables - net of allowances		
Accounts	800,825	8,054
Accrued interest	938	-
Due from other funds	29,919	-
Deposits	2,000	-
Prepaid items	-	665,162
Inventories	<u>113,896</u>	-
Total current assets	<u>6,225,086</u>	<u>904,458</u>
<b>NONCURRENT ASSETS</b>		
Capital assets		
Nondepreciable	263,993	-
Depreciable	73,064,377	-
Accumulated depreciation	<u>(28,771,900)</u>	-
Net capital assets	<u>44,556,470</u>	-
Total assets	<u>50,781,556</u>	<u>904,458</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	681,059	35,150
Accrued payroll	42,525	-
Accrued interest payable	100,330	-
Due to other funds	10,202	48,902
Compensated absences payable	15,840	-
Unamortized bond premium	25,117	-
IEPA loan payable	174,555	-
Alternate revenue bonds payable	<u>275,000</u>	-
Total current liabilities	<u>1,324,628</u>	<u>84,052</u>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences payable	63,360	-
Other postemployment benefit	16,410	-
Unamortized bond premium	226,055	-
IEPA loan payable	2,623,189	-
Alternate revenue bonds payable	<u>3,800,000</u>	-
Total noncurrent liabilities	<u>6,729,014</u>	-
Total liabilities	<u>8,053,642</u>	<u>84,052</u>
<b>NET POSITION</b>		
Net investment in capital assets	41,321,810	-
Unrestricted	<u>1,406,104</u>	<u>820,406</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 42,727,914</u></u>	<u><u>\$ 820,406</u></u>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2014

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	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Waterworks and Sewerage</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,373,267	\$ -
Contributions	- 4,373,267	3,774,960 3,774,960
<b>OPERATING EXPENSES</b>		
Administration	796,697	-
Operations	2,128,731	-
Insurance and claims	- 1,648,709	3,277,656 -
Depreciation		
Total operating expenses	4,574,137	3,277,656
<b>OPERATING INCOME (LOSS)</b>	<b>(200,870)</b>	<b>497,304</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Gain/(loss) on disposal of capital assets	(71,193)	-
Connection fees	409,033	-
Investment income	1,218	-
Interest and fiscal charges	(225,840)	-
Total non-operating revenues (expenses)	113,218	-
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>(87,652)</b>	<b>497,304</b>
<b>TRANSFERS</b>		
Transfers in	26,291	510,899
Transfers (out)	- 26,291	(187,797) 323,102
Total transfers		
<b>CONTRIBUTIONS</b>		
Developer donations	290,950	-
Capital grants	239,864	-
Total capital contributions	530,814	-
<b>CHANGE IN NET POSITION</b>	<b>469,453</b>	<b>820,406</b>
<b>NET POSITION, MAY 1</b>	<b>42,258,461</b>	<b>-</b>
<b>NET POSITION, APRIL 30</b>	<b>\$ 42,727,914</b>	<b>\$ 820,406</b>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

For the Year Ended April 30, 2014

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Waterworks and Sewerage</b>	<b>Internal Service</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 4,439,924	\$ 309,641
Receipts from internal service transactions	-	3,458,600
Payments to employees	(1,505,853)	(2,426,836)
Payments to suppliers	(1,966,100)	(1,482,167)
Net cash from operating activities	<u>967,971</u>	<u>(140,762)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payment on interfund loan	(14,016)	-
Receipt on interfund loan	-	48,902
Transfers in	26,291	510,899
Transfers (out)	-	(187,797)
Net cash from noncapital financing activities	<u>12,275</u>	<u>372,004</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(930,179)	-
Sale of capital assets	10,469	-
Grants	(51,086)	-
Other income - connection fees	409,033	-
Other income - developer donations	290,950	-
Issuance of capital debt	3,800,000	-
Premium on issuance of capital debt	276,289	-
Principal paid on capital debt	(870,271)	-
Interest paid on capital debt	(187,095)	-
Net cash from capital and related financing activities	<u>2,748,110</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	1,049	-
Investments purchased	25,890	-
Net cash from investing activities	<u>26,939</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	3,755,295	231,242
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	<u>1,252,682</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<u>\$ 5,007,977</u>	<u>\$ 231,242</u>

(This statement is continued on the following page.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**

For the Year Ended April 30, 2014

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	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Waterworks and Sewerage</b>	<b>Internal Service</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (200,870)	\$ 497,304
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,648,709	-
Changes in assets and liabilities		
Accounts receivable	66,657	(8,054)
Prepays	4,035	(665,162)
Accounts payable	(566,785)	35,150
Accrued payroll	868	-
Compensated absences payable	11,138	-
Other postemployment benefit	4,219	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<hr/> <hr/> \$ 967,971	<hr/> <hr/> \$ (140,762)
<b>NONCASH ITEMS</b>		
Contributions from developers	<hr/> <hr/> \$ 290,950	<hr/> <hr/> \$ -
<b>CASH AND INVESTMENTS</b>		
Cash and cash equivalents	\$ 5,007,977	\$ 231,242
Investments	<hr/> 269,531	<hr/> -
<b>TOTAL CASH AND INVESTMENTS</b>	<hr/> <hr/> \$ 5,277,508	<hr/> <hr/> \$ 231,242

See accompany notes to financial statements.

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

# STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

April 30, 2014

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,473	\$ 2,063,466
Investments		
U.S. Treasury obligations	1,878,510	-
U.S. agencies securities	7,926,641	-
Mutual funds	17,279,677	-
Common stocks	3,824,731	-
Corporate bonds	3,975,159	-
State and local obligations	1,912,104	-
Money market funds	396,927	-
Insurance contracts	341,627	-
Receivables		
Accrued interest	169,826	-
Other	-	38,250
Due from other funds	-	33,054
Prepays	8,739	-
 Total assets	 37,729,414	 \$ 2,134,770
 <b>LIABILITIES</b>		
Accounts payable	15,797	\$ 520,478
Due to other funds	-	32,628
Deposits payable	-	1,581,664
 Total liabilities	 15,797	 \$ 2,134,770
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>		
	\$ 37,713,617	

See accompanying 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, 2014

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#### **ADDITIONS**

Contributions - employer	\$ 2,983,188
Contributions - employee	<u>949,120</u>
Total contributions	<u>3,932,308</u>
Investment income	
Net appreciation in fair value of investments	1,747,611
Interest earned on investments	<u>1,201,763</u>
Total investment income	2,949,374
Less investment expense	<u>(92,188)</u>
Net investment income	<u>2,857,186</u>
Total additions	<u>6,789,494</u>

#### **DEDUCTIONS**

Benefits and refunds	1,367,804
Administrative	<u>107,254</u>
Total deductions	<u>1,475,058</u>

NET INCREASE 5,314,436

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

May 1	<u>32,399,181</u>
April 30	<u>\$ 37,713,617</u>

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS**

April 30, 2014

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### **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. Financial Reporting Entity

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

The Village's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The Village and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the Village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

a. Financial 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.

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).

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

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Fund Accounting (Continued)**

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.

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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 Village has elected to present this fund as a major fund.

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 Village has elected to present this fund as a major fund.

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.

**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 non-operating.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. 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.

**e. Cash and Investments**

**Cash and Cash Equivalents**

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

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e. Cash and Investments (Continued)

Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of 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. Prepaid items/expenses are recorded using the consumption method.

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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j. Capital Assets (Continued)**

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:

	<u>Threshold</u>	<u>Years</u>
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.

**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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

1. Long-Term Obligations

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

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.

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.

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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 Government 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.

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

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 not-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.

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.

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

a. Village Deposits with Financial Institutions

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

b. Village Investments

The following table presents the Village's investments in and maturities of debt securities as of April 30, 2014:

Fair Value	Investment Maturities (in Years)				
	Less than 1	1-5	6-10	Greater than 10	
Negotiable CDs	\$ 1,862,399	\$ 1,110,648	\$ 751,751	\$ -	\$ -
U.S. agency obligations	2,333,983	-	2,333,983	-	-
Municipal bonds	105,370	-	105,370	-	-
<b>TOTAL</b>	<b>\$ 4,301,752</b>	<b>\$ 1,110,648</b>	<b>\$ 3,191,104</b>	<b>\$ -</b>	<b>\$ -</b>

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. Treasury and agency obligations are rated AA+ by Standard & Poor's (S&P). The municipal bonds are rated between AAA and AA+ by Standard & Poor's (S&P). Illinois Funds and IMET are rated AAA by S&P.

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.

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

b. Village Investments (Continued)

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 55.1% and 26.1%, respectively, 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, 2014:

Fair Value	Investment Maturities (in Years)			
	Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,103,139	\$ -	\$ 1,026,499	\$ 76,640
U.S. agency obligations	4,383,082	-	2,584,960	1,798,122
Municipal bonds	996,151	-	451,907	482,458
<b>TOTAL</b>	<b>\$ 6,482,372</b>	<b>\$ -</b>	<b>\$ 4,063,366</b>	<b>\$ 61,786</b>

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.

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

**d. Police Pension Fund Investments (Continued)**

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 United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The 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.

**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	\$ 775,372	\$ -	\$ 775,372	\$ -	\$ -
U.S. agency obligations	3,543,559	527,168	1,670,980	711,990	633,421
Municipal bonds	915,953	70,635	185,664	338,343	321,311
Corporate bonds	3,975,159	510,910	2,179,205	1,285,044	-
<b>TOTAL</b>	<b>\$ 9,210,043</b>	<b>\$ 1,108,713</b>	<b>\$ 4,811,221</b>	<b>\$ 2,335,377</b>	<b>\$ 954,732</b>

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

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**2. DEPOSITS AND INVESTMENTS (Continued)**

e. Firefighters' Pension Fund Investments (Continued)

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 United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The 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.

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 2013 attach as an enforceable lien on January 1, 2013 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2014 and August 1, 2014 and are payable in two installments, on or about June 1, 2014 and September 1, 2014. The County collects such taxes and remits them periodically.

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

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**3. RECEIVABLES - TAXES (Continued)**

The 2013 tax levy collections are intended to finance the 2015 fiscal year and are not considered available for current operations and are, therefore, shown as unearned/unavailable revenue.

The 2014 tax levy, which attached as an enforceable lien on property as of January 1, 2014, has not been recorded as a receivable as of April 30, 2014 as the tax has not yet been levied by the Village and will not be levied until December 2014 and, therefore, the levy is not measurable at April 30, 2014.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2014 was as follows:

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 30,463,170	\$ -	\$ -	\$ 30,463,170
Construction in progress	23,275	59,386	-	82,661
Total capital assets not being depreciated	<u>30,486,445</u>	<u>59,386</u>	-	<u>30,545,831</u>
Capital assets being depreciated				
Land improvements	4,922,004	797,626	-	5,719,630
Buildings	13,091,072	-	522,284	12,568,788
Building improvements	177,231	138,677	-	315,908
Vehicles	4,434,514	394,882	527,626	4,301,770
Machinery and equipment	2,152,995	-	139,400	2,013,595
Computers/software	251,567	23,290	-	274,857
Furniture and fixtures	43,182	-	43,182	-
Infrastructure	63,414,300	1,402,984	-	64,817,284
Total capital assets being depreciated	<u>88,486,865</u>	<u>2,757,459</u>	<u>1,232,492</u>	<u>90,011,832</u>
Less accumulated depreciation for				
Land improvements	1,614,688	208,355	-	1,823,043
Buildings	4,395,409	279,306	181,215	4,493,500
Building improvements	44,349	7,178	-	51,527
Vehicles	3,136,134	216,162	527,626	2,824,670
Machinery and equipment	1,129,874	117,727	113,894	1,133,707
Computers/software	196,901	17,806	-	214,707
Furniture and fixtures	43,182	-	43,182	-
Infrastructure	26,200,114	1,270,259	-	27,470,373
Total accumulated depreciation	<u>36,760,651</u>	<u>2,116,793</u>	<u>865,917</u>	<u>38,011,527</u>
Total capital assets being depreciated, net	<u>51,726,214</u>	<u>640,666</u>	<u>366,575</u>	<u>52,000,305</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 82,212,659</b>	<b>\$ 700,052</b>	<b>\$ 366,575</b>	<b>\$ 82,546,136</b>

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

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**4. CAPITAL ASSETS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Construction in progress	-	14,341	-	14,341
Total capital assets not being depreciated	249,652	14,341	-	263,993
Capital assets being depreciated				
Infrastructure	71,036,642	1,107,675	700,000	71,444,317
Machinery and equipment	805,670	149,104	-	954,774
Vehicles	650,185	32,524	17,423	665,286
Total capital assets being depreciated	72,492,497	1,289,303	717,423	73,064,377
Less accumulated depreciation for				
Infrastructure	26,854,988	1,598,676	628,542	27,825,122
Machinery and equipment	444,299	25,145	-	469,444
Vehicles	469,869	24,888	17,423	477,334
Total accumulated depreciation	27,769,156	1,648,709	645,965	28,771,900
Total capital assets being depreciated, net	44,723,341	(359,405)	71,459	44,292,477
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 44,972,993</b>	<b>\$ (345,064)</b>	<b>\$ 71,459</b>	<b>\$ 44,556,470</b>

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

<b>GOVERNMENTAL ACTIVITIES</b>	
General government	\$ 101,468
Public safety	365,504
Highways and streets	1,439,528
Culture and recreation	210,293
<b>DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,116,793</b>

**5. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions, injuries to employees; illnesses of employees; and natural disasters. These risks are provided for through insurance from private insurance companies. The Village currently reports all its risk management activities in the General Fund and Waterworks and Sewerage Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

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

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**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, 2014, 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 2013 (\$537,000 dated July 15, 2013; maturing October 15, 2013; payable in annual installments; interest rate of 3%)	Debt Service	\$ -	\$ 537,000	\$ 537,000	\$ -	\$ -
<b>TOTAL</b>		<b>\$ -</b>	<b>\$ 537,000</b>	<b>\$ 537,000</b>	<b>\$ -</b>	<b>\$ -</b>

The General Obligation Series 2013 Bonds were issued to refund certain outstanding general obligation alternate bonds.

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

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**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 \$18,320,000 and the bonds maturing between December 15, 2020 and February 1, 2029. During the current fiscal year, the pledge of sales tax revenues of \$1,452,840 was approximately 23.53% 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 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	\$ 7,735,000	\$ -	\$ 100,000	\$ 7,635,000	\$ 150,000
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 4.1% to 5.1%)	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 4.0% to 4.2%)	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	-	265,000	2,535,000	270,000

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

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**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	\$ -	\$ 120,000	\$ 1,085,000	\$ 125,000
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%)	TIF Debt Service	2,625,000	-	255,000	2,370,000	270,000
<b>TOTAL</b>		<b>\$ 20,145,000</b>	<b>\$ -</b>	<b>\$ 740,000</b>	<b>\$ 19,405,000</b>	<b>\$ 815,000</b>

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	\$ 3,085,000	\$ -	\$ 385,000	\$ 2,700,000	\$ 395,000
<b>TOTAL</b>		<b>\$ 3,085,000</b>	<b>\$ -</b>	<b>\$ 385,000</b>	<b>\$ 2,700,000</b>	<b>\$ 395,000</b>

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)

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**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	\$ -	\$ 375,000	\$ 7,175,000	\$ 425,000
TIF Revenue Bonds Series of 2005B (\$1,500,000 dated August 1, 200; maturing December 15, 2014, payable in annual installments; interest rates from 4.3% to 4.8%)	TIF Debt Service	225,000	-	125,000	100,000	100,000
<b>TOTAL</b>		<b>\$ 7,775,000</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ 7,275,000</b>	<b>\$ 525,000</b>

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 \$275,000 and the bonds maturing December 15, 2014. During the current fiscal year, the pledge of water and sewerage fees of \$739,000 was approximately 16.9% of total water and sewerage fees.

During the fiscal year, the Village has issued General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2013A 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 \$3,800,000 and the bonds maturing December 15, 2023. During the current fiscal year, no principal or interest payments were due on the bonds.

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

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**7. LONG-TERM DEBT (Continued)**

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

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 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%)	Waterworks and Sewerage	\$ 975,000	\$ -	\$ 700,000	\$ 275,000	\$ 275,000
General Obligation Waterworks and Sewerage System Alternate Revenue Bonds Series of 2013A (\$3,800,000 dated September 4, 2013; maturing December 15, 2023; payable in annual installments; interest rates from 3% to 4%).	Waterworks and Sewerage	-	3,800,000	-	3,800,000	-
<b>TOTAL</b>		<b>\$ 975,000</b>	<b>\$ 3,800,000</b>	<b>\$ 700,000</b>	<b>\$ 4,075,000</b>	<b>\$ 275,000</b>

Water and sewerage fees are pledged for the retirement of the 2006 and 2013A 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	\$ 1,520,802	\$ -	\$ 92,771	\$ 1,428,031	\$ 95,105
Illinois EPA loan of 2008, due in annual installments of \$56,600, including interest at 1.25% through August 11, 2028	Debt Service	1,447,213	-	77,500	1,369,713	79,450
<b>TOTAL</b>		<b>\$ 2,968,015</b>	<b>\$ -</b>	<b>\$ 170,271</b>	<b>\$ 2,797,744</b>	<b>\$ 174,555</b>

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

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**7. LONG-TERM DEBT (Continued)**

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			General Obligation Bonds	
	Principal	Interest	Alternate Revenue Bonds	Principal	Interest
2015	\$ 815,000	\$ 856,478	\$ 395,000	\$ 121,150	
2016	890,000	836,341	420,000	105,350	
2017	1,075,000	810,501	435,000	84,350	
2018	1,260,000	775,292	460,000	62,600	
2019	1,430,000	729,640	485,000	39,600	
2020 - 2024	8,875,000	2,600,843	505,000	20,200	
2025 - 2029	5,060,000	757,977	-	-	
<b>TOTAL</b>	<b>\$ 19,405,000</b>	<b>\$ 7,367,072</b>	<b>\$ 2,700,000</b>	<b>\$ 433,250</b>	

Fiscal Year Ending April 30,	TIF Revenue Bonds			Total	
	Principal	Interest	Principal	Interest	
2015	\$ 525,000	\$ 287,926	\$ 1,735,000	\$ 1,265,554	
2016	550,000	267,188	1,860,000	1,208,879	
2017	575,000	246,562	2,085,000	1,141,413	
2018	600,000	225,000	2,320,000	1,062,892	
2019	625,000	201,000	2,540,000	970,240	
2020 - 2024	3,575,000	607,000	12,955,000	3,228,043	
2025 - 2029	825,000	33,000	5,885,000	790,977	
<b>TOTAL</b>	<b>\$ 7,275,000</b>	<b>\$ 1,867,676</b>	<b>\$ 29,380,000</b>	<b>\$ 9,667,998</b>	

Business-Type Activities

Fiscal Year Ending April 30,	General Obligation					
	Waterworks and Sewerage		Illinois EPA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 275,000	\$ 175,936	\$ 174,555	\$ 68,859	\$ 449,555	\$ 244,795
2016	410,000	128,800	178,946	64,468	588,946	193,268
2017	400,000	116,500	183,447	59,967	583,447	176,467
2018	400,000	104,500	188,062	55,352	588,062	159,852
2019	435,000	92,500	192,793	50,620	627,793	143,120
2020 - 2024	2,155,000	241,550	1,039,200	177,870	3,194,200	419,420
2025 - 2029	-	-	840,741	45,815	840,741	45,815
<b>TOTAL</b>	<b>\$ 4,075,000</b>	<b>\$ 859,786</b>	<b>\$ 2,797,744</b>	<b>\$ 522,951</b>	<b>\$ 6,872,744</b>	<b>\$ 1,382,737</b>

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

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**7. LONG-TERM DEBT (Continued)**

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%.

During fiscal year 2013, the Village entered into a capital lease obligation for copier equipment. The interest rate for the lease is 6.0%.

During fiscal year 2013, the Village entered into a capital lease obligation for street sweeper. The interest rate for the lease is 2.69%.

During fiscal year 2014, the Village entered into a capital lease obligation for copier equipment. The interest rate for the lease is 6.78%.

The cost of equipment acquired through capital lease and included in governmental activities is \$633,511.

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

<u>Fiscal Year Ending April 30,</u>	
2015	\$ 91,574
2016	57,218
2017	57,217
2018	55,952
2019	<u>1,385</u>
Total minimum lease payments	263,346
Amount representing interest	<u>19,787</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$ 243,559</u>

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

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**7. LONG-TERM DEBT (Continued)**

**h. Changes in Long-Term Liabilities**

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

	Fund Debt Retired By	Balances May 1,	Additions	Reductions	Balances April 30	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
General obligation TIF alternate revenue bonds	Debt Service	\$ 20,145,000	\$ -	\$ 740,000	\$ 19,405,000	\$ 815,000
General obligation bonds	Debt Service	3,085,000	-	385,000	2,700,000	395,000
TIF alternate revenue bonds	Debt Service	7,775,000	-	500,000	7,275,000	525,000
Unamortized premium (discount) on debt issuance	N/A	65,290	-	7,962	57,328	7,961
Compensated absences	General	1,754,796	139,149	350,959	1,542,986	308,597
Capital lease obligation	General	313,563	7,032	77,036	243,559	82,583
Net pension obligation	General	5,355,106	-	199,089	5,156,017	-
Other postemployment benefit	General	126,330	29,658	-	155,988	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>		<b>\$ 38,620,085</b>	<b>\$ 175,839</b>	<b>\$ 2,260,046</b>	<b>\$ 36,535,878</b>	<b>\$ 2,134,141</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
General obligation waterworks and sewerage alternate revenue bonds	Waterworks and Sewerage	\$ 975,000	\$ 3,800,000	\$ 700,000	\$ 4,075,000	\$ 275,000
Unamortized premium (discount) on debt issuance	Waterworks and Sewerage	-	276,289	25,117	251,172	25,117
Illinois EPA loans	Waterworks and Sewerage	2,968,015	-	170,271	2,797,744	174,555
Compensated absences	Waterworks and Sewerage	68,062	24,750	13,612	79,200	15,840
Other postemployment benefit	Waterworks and Sewerage	12,191	4,219	-	16,410	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>		<b>\$ 4,023,268</b>	<b>\$ 4,105,258</b>	<b>\$ 909,000</b>	<b>\$ 7,219,526</b>	<b>\$ 490,512</b>

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

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**7. LONG-TERM DEBT (Continued)**

i. Defeased Debt

In prior years, the Village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Village's financial statements. Outstanding General Obligation Police Building Bonds of \$3,000,000 are considered defeased. \$2,635,000 remains outstanding at April 30, 2014.

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 - 2013	\$ 756,892,029
Legal debt limit - 8.625% of assessed value	\$ 65,281,937
Amount of debt applicable to limit	-
General obligation bonds	2,700,000
LEGAL DEBT MARGIN	\$ 62,581,937

**8. INTERFUND ASSETS/LIABILITIES**

a. Interfund Transfers

Transfers From	Transfers To	Amount
Internal Service	General	\$ 161,506
General	Capital Improvements	200,000
General	Internal Service	510,899
Capital Improvements	Nonmajor governmental	740,083
TIF Tax Allocation	TIF Debt Service	1,275,000
Internal Service	Waterworks and Sewerage	26,291
<b>TOTAL</b>		<b>\$ 2,913,779</b>

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

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**8. INTERFUND ASSETS/LIABILITIES (Continued)**

a. Interfund Transfers (Continued)

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

- \$1,275,000 transferred 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.
- \$740,083 transferred from the Capital Improvements Fund to the Park Improvements Fund to establish that fund.
- \$510,899 transferred from the General Fund to the Internal Service Funds to establish those funds.
- \$200,000 transferred from the General Fund to the Capital Improvements Fund to fund capital projects.

b. Due to/from Other Funds

Due from/to other funds at April 30, 2014 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Waterworks and sewerage	\$ 10,202
General	Capital improvements	1,296
General	Internal service	48,902
General	Nonmajor governmental funds	515
General	Fiduciary	30,345
Fiduciary	Fiduciary	2,709
Nonmajor governmental funds	General Fund	298
Nonmajor governmental funds	Capital improvements	858
Waterworks and sewerage	Special service area	29,919
<hr/>		
<b>TOTAL</b>		<b>\$ 125,044</b>

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

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

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**8. INTERFUND ASSETS/LIABILITIES (Continued)**

c. Advance to/from Other Funds

Advances to/from other funds at April 30, 2014 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	TIF Tax Allocation	\$ 16,450
General	TIF Debt Service	1,253,550
General	Downtown TIF	<u>200,000</u>
<b>TOTAL</b>		<b><u>\$ 1,470,000</u></b>

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.

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

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

b. Benefits Provided

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ended April 30, 2014, retirees contributed \$143,823. Active employees do not contribute to the plan until retirement.

c. Membership

At April 30, 2014, membership consisted of:

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

d. Funding Policy

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

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:

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

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 51,721	\$ 26,863	51.9%	\$ 104,869
2013	97,169	63,517	65.4%	138,521
2014	97,394	63,517	65.2%	172,398

The net OPEB obligation as of April 30, 2014 was calculated as follows:

Annual required contribution	\$ 96,470
Interest on net OPEB obligation	5,541
Adjustment to annual required contribution	<u>(4,617)</u>
Annual OPEB cost	97,394
Contributions made	<u>63,517</u>
Increase in net OPEB obligation	33,877
Net OPEB obligation, beginning of year	<u>138,521</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 172,398</u>

Funded Status and Funding Progress - The funded status of the plan as of April 30, 2012 was as follows (the most recent valuation performed):

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)	0.00%
Covered payroll (active plan members)	\$ 14,410,729
UAAL as a percentage of covered payroll	10.49%

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.

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

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**10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

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% investment rate of return and a healthcare cost trend rate of 8% with an ultimate rate of 6%. Both rates include a 3% inflation assumption and 4% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at May 1, 2012 was 30 years.

**11. EMPLOYEE RETIREMENT SYSTEMS**

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

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

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**11. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions and Provisions (Continued)

Illinois Municipal Retirement Fund (Continued)

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 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the calendar 2014 and 2013 was 13.32% and 13.71%, respectively, of covered payroll

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, 2014, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	28
Nonvested	5
<b>TOTAL</b>	<b>48</b>

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

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

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**11. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions and Provisions (Continued)

Police Pension Plan (Continued)

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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 1<sup>st</sup> 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% 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.

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

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**11. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions and Provisions (Continued)

Firefighters' Pension Plan (Continued)

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and can be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund. At April 30, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	4
Current employees	
Vested	39
Nonvested	18
 TOTAL	 76

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 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the 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

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

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**11. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

a. Plan Descriptions and Provisions (Continued)

Firefighters' Pension Plan (Continued)

at \$106,800, plus the lesser of  $\frac{1}{2}$  of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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 1<sup>st</sup> 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% 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.

**Significant Investments** - There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5% or more of plan net position for either the Police or Firefighters' Pension Plans, except as below. Information for IMRF is not available.

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

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**11. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

Plan	Organization	Amount
Police Pension	Vanguard 500	\$ 1,821,267
	T. Rowe Price Growth	1,815,849
	LSV Value	1,066,285
	Pioneer Equity Income	<u>1,025,669</u>
		\$ 5,729,070
Firefighters' Pension	Fidelity Advisor New Insights	\$ 1,376,296
	American Beacon Large Cap Value	<u>1,392,224</u>
		\$ 2,768,520

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, 2013	April 30, 2014	April 30, 2014
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market Value	Market Value
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	30 Years, Open	27 Years, Closed	27 Years, Closed

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

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**11. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

c. Annual Pension Cost (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
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%	Tier 1- 3.00%, Tier 2 - 2.00%	Tier 1 - 3.00%, Tier 2 – 2.00%
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)	2012	\$ 695,917	\$ 1,281,181	\$ 1,275,604
	2013	715,341	1,176,564	1,332,114
	2014	687,757	1,294,313	1,494,631
Actual contribution	2012	\$ 695,917	\$ 1,235,081	\$ 1,226,383
	2013	715,341	1,142,537	1,461,776
	2014	687,757	1,258,410	1,724,777
Percentage of APC contributed	2012	100.00%	96.40%	96.14%
	2013	100.00%	97.14%	109.73%
	2014	100.00%	97.22%	115.40%
NPO liability (asset)	2012	\$ -	\$ 2,698,519	\$ 2,747,786
	2013	-	2,732,136	2,618,124
	2014	-	2,768,039	2,387,978

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

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**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 Plans for April 30, 2014 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,258,003	\$ 1,459,837
Interest on net pension obligation (asset)	184,419	176,723
Adjustment to annual required contribution	<u>(148,109)</u>	<u>(141,929)</u>
Annual pension cost	1,294,313	1,494,631
Contributions made	<u>1,258,410</u>	<u>1,724,777</u>
Increase (decrease) in net pension obligation	35,903	(230,146)
Net pension obligation, beginning of year	<u>2,732,136</u>	<u>2,618,124</u>
<b>NET PENSION OBLIGATION, END OF YEAR</b>	<b>\$ 2,768,039</b>	<b>\$ 2,387,978</b>

**Funded Status and Funding Progress** - The funded status of the plans as of December 31, 2013 for IMRF and April 30, 2014 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 11 c above.

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial accrued liability (AAL)	\$ 15,868,163	\$ 33,377,915	\$ 40,329,133
Actuarial value of plan assets	11,833,200	15,409,473	22,304,144
Unfunded actuarial accrued liability (UAAL)	4,034,963	17,968,442	18,024,989
Funded ratio (actuarial value of plan assets/AAL)	74.57%	46.2%	55.3%
Covered payroll (active plan members)	\$ 5,127,993	\$ 3,076,624	\$ 4,985,425
UAAL as a percentage of covered payroll	78.69%	584.0%	361.6%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

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

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**12. CONTRACTUAL COMMITMENTS**

Economic Incentive Agreements

The Village has entered into economic incentive agreements with three commercial entities, as well as with two other government agencies, whereby the Village has agreed to rebate a portion of sales taxes generated by particular businesses to each entity. Each agreement for rebate with the commercial entities is limited to a specified time period and are limited to sales taxes generated by the commercial entity. The commercial rebates are paid monthly or quarterly, depending on specific terms, with the agreements expiring between 10 and 30 years after commencement. The agreements with the government agencies exist in perpetuity based on an intergovernmental agreement to rebate portions of sales taxes generated by any businesses on particular properties. These payments are made monthly in accordance with the agreements.

As of April 30, 2014, the village has an accrued rebate liability of \$198,659 for amounts collected by the state but not yet paid to the village and/or due to the other entities. Of this amount, \$159,952 is due to commercial entities and \$38,707 to commercial entities. For the fiscal year-to-date, the village recorded \$532,088 in payment across all sales tax rebate agreements.

**13. SUBSEQUENT EVENT**

The Village issued the 2014 Taxable General Obligation Refunding Bonds (Limited Tax) in the amount of \$1,055,000 in July 2014 to refund a portion of the Taxable General Obligation Funding Bonds, Series 2009A and the Obligation Refunding Bonds (Alternative Revenue Source), Series 2009C. The interest rate on the bonds is 3% and the maturity date is October 15, 2014. The Village issued the General Obligation Refunding Bonds (Sales Tax Alternate Revenue Source) Series 2014A in September 2014 to refund the Series 2005A General Obligation TIF Alternate Revenue Bonds. The 2014A bonds require annual installments through December 15, 2024 and semi-annual interest payments between 3.75% and 4%.

**14. SPECIAL ITEM**

The Downtown TIF Fund and the governmental activities report a special item of \$(7,018,317) resulting from the decrease in value of land held for resale derived from an independent appraisal performed for the Village.

**15. RESTATEMENTS**

The Village has restated net position of the governmental activities and fund balance of the Downtown TIF Fund by \$(492,527) to remove the cost of land held for resale for certain parcels that were sold by the Village in 2005, but not previously recorded as sold.

**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, 2014

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 8,045,669	\$ 8,045,669	\$ 8,041,309
Licenses and permits	626,588	626,588	821,173
Intergovernmental	14,475,922	14,475,922	13,665,885
Charges for services	1,379,375	1,379,375	1,395,081
Fines and forfeits	800,000	800,000	812,169
Investment income	13,000	13,000	19,619
Miscellaneous	303,680	303,680	404,751
 Total revenues	 25,644,234	 25,644,234	 25,159,987
<b>EXPENDITURES</b>			
General government	2,141,345	2,141,345	1,976,053
Public safety	19,364,320	19,364,320	18,518,888
Highways and streets	2,773,829	2,773,829	2,722,322
Culture and recreation	1,020,906	1,020,906	879,566
Economic development	501,882	501,882	538,046
 Total expenditures	 25,802,282	 25,802,282	 24,634,875
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (158,048)	 (158,048)	 525,112
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital lease obligation	-	-	7,031
Transfers in	86,000	161,505	161,506
Transfers (out)	(200,000)	(200,000)	(710,899)
 Total other financing sources (uses)	 (114,000)	 (38,495)	 (542,362)
 NET CHANGE IN FUND BALANCE	 \$ (272,048)	 \$ (196,543)	 (17,250)
 FUND BALANCE, MAY 1			 9,585,774
 <b>FUND BALANCE, APRIL 30</b>			 \$ 9,568,524

(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, 2014

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,296,284
Investment income	150	150	(7,158)
Miscellaneous	<u>98,376</u>	<u>98,376</u>	<u>99,973</u>
 Total revenues	 <u>1,398,526</u>	 <u>1,398,526</u>	 <u>1,389,099</u>
<b>EXPENDITURES</b>			
Economic development	385,905	475,141	387,574
 Total expenditures	 <u>385,905</u>	 <u>475,141</u>	 <u>387,574</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>1,012,621</u>	 <u>923,385</u>	 <u>1,001,525</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(1,300,000)	(1,300,000)	(1,275,000)
 Total other financing sources (uses)	 <u>(1,300,000)</u>	 <u>(1,300,000)</u>	 <u>(1,275,000)</u>
 NET CHANGE IN FUND BALANCE	 <u>\$ (287,379)</u>	 <u>\$ (376,615)</u>	 <u>(273,475)</u>
 FUND BALANCE, MAY 1			 <u>326,941</u>
 <b>FUND BALANCE, APRIL 30</b>			 <u>\$ 53,466</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2014

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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 AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
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%
2013	11,833,200	15,868,163	74.57%	4,034,963	5,127,993	78.69%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	687,757	687,757	100.00%

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
POLICE PENSION FUND**

April 30, 2014

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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 AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
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	13,478,738	31,695,264	42.53%	18,216,526	3,106,394	586.42%
2014	15,409,473	33,377,915	46.17%	17,968,442	3,076,624	584.03%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,258,410	1,258,003	100.03%

N/A - actuary valuation not performed.

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
FIREFIGHTERS' PENSION FUND**

April 30, 2014

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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 AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
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	18,920,441	36,634,366	51.65%	17,713,925	4,601,952	384.92%
2014	22,304,144	40,329,133	55.31%	18,024,989	4,985,425	361.55%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
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%
2014	1,724,777	1,459,837	118.15%

N/A - actuary valuation not performed.

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2014

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Schedule of Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
April 30,						
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
2014	-	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%
2014	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, 2014

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#### **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**

Fund	Excess
TIF Tax Allocation	\$ 78,139

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

## **MAJOR GOVERNMENTAL FUNDS**

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2014

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>TAXES</b>			
Property			
Corporate	\$ 2,123,339	\$ 2,123,339	\$ 2,068,359
Police protection	637,002	637,002	637,207
Fire protection	637,002	637,002	637,207
Ambulance	135,894	135,894	135,940
Pension	176,056	176,056	176,115
Police pension	1,258,003	1,258,003	1,258,410
Fire pension	1,723,339	1,723,339	1,724,777
SRA	180,000	180,000	181,972
Road and bridge	8,200	8,200	11,870
Telecommunication tax	935,772	935,772	920,300
Television franchise	231,062	231,062	289,152
 Total taxes	 8,045,669	 8,045,669	 8,041,309
<b>LICENSES AND PERMITS</b>			
Licenses			
Liquor	80,000	80,000	89,140
Contractor registration	46,700	46,700	83,500
Other business	96,000	96,000	102,780
Permits			
Administrative plan review	80,000	80,000	129,646
Building	108,980	108,980	117,351
Electrical	28,000	28,000	44,691
Plumbing	40,108	40,108	87,989
Occupancy certificates	20,150	20,150	32,384
Park	28,500	28,500	19,754
Truck permits	5,000	5,000	5,805
Other	93,150	93,150	108,133
 Total licenses and permits	 626,588	 626,588	 821,173
<b>INTERGOVERNMENTAL</b>			
State income tax	1,809,338	1,809,338	1,912,965
Municipal sales	6,174,409	6,174,409	6,234,680
State replacement tax	50,918	50,918	63,764
Street maintenance reimbursement	22,500	22,500	18,437
Local use tax	310,327	310,327	343,752
Auto rental tax	3,000	3,000	5,997
Pull tax	2,000	2,000	2,332
Fire/rescue service contract	4,975,230	4,975,230	4,549,033
Reimbursements			
Grants	674,000	674,000	47,882
Governmental agency	453,615	453,615	487,043
Training	585	585	-
 Total intergovernmental	 14,475,922	 14,475,922	 13,665,885

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CHARGES FOR SERVICES</b>			
Police alarm fees	\$ 51,000	\$ 51,000	\$ 55,337
Public safety special detail	35,000	35,000	50,906
Police administration tow fees	91,250	91,250	54,645
Police lock out fees	7,000	7,000	7,825
Fire/rescue fees			
Special detail	12,450	12,450	11,763
Ambulance fees	408,540	408,540	428,059
Inspection fees	33,000	33,000	25,732
Public education	-	-	2,193
Miscellaneous	-	-	3,355
Site plan review	108,855	108,855	165,327
Elevator inspections	18,080	18,080	18,090
Exterior appearance review	3,000	3,000	4,400
Subdivision applications	850	850	-
Planned unit development review	2,000	2,000	4,600
Printing and reproduction fees	5,550	5,550	4,750
Engineering review	80,000	80,000	38,628
Watershed development	8,000	8,000	6,000
Reimbursements	-	-	15,741
Park fees	60,000	60,000	68,759
Park program fees	439,150	439,150	417,829
Park special events	12,150	12,150	11,142
Park concessions	3,500	3,500	-
 Total charges for services	 1,379,375	 1,379,375	 1,395,081
<b>FINES AND FORFEITS</b>			
Circuit court fines	400,000	400,000	396,120
Other fines	400,000	400,000	416,049
 Total fines and forfeits	 800,000	 800,000	 812,169
<b>INVESTMENT INCOME</b>			
 13,000	 13,000	 19,619	
<b>MISCELLANEOUS</b>			
Miscellaneous revenues	58,580	58,580	110,000
Donations	700	700	11,291
Sale of capital assets	20,000	20,000	48,294
Rent income	224,400	224,400	235,166
 Total miscellaneous	 303,680	 303,680	 404,751
<b>TOTAL REVENUES</b>			
 \$ 25,644,234	 \$ 25,644,234	 \$ 25,159,987	

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>GENERAL GOVERNMENT</b>			
General administration	\$ 69,515	\$ 69,515	\$ 71,279
Village administration	682,550	682,550	625,942
Finance department	492,281	492,281	470,100
Technology department	540,310	540,310	486,273
Community services - administration	<u>356,689</u>	<u>356,689</u>	<u>322,459</u>
Total general government	<u>2,141,345</u>	<u>2,141,345</u>	<u>1,976,053</u>
<b>PUBLIC SAFETY</b>			
Police department	8,146,678	8,146,678	7,789,384
Fire department	10,386,702	10,386,702	9,924,875
Community services - building and zoning	<u>830,940</u>	<u>830,940</u>	<u>804,629</u>
Total public safety	<u>19,364,320</u>	<u>19,364,320</u>	<u>18,518,888</u>
<b>HIGHWAYS AND STREETS</b>			
Community services - public works	<u>2,773,829</u>	<u>2,773,829</u>	<u>2,722,322</u>
<b>CULTURE AND RECREATION</b>			
Parks and recreation department	<u>1,020,906</u>	<u>1,020,906</u>	<u>879,566</u>
<b>ECONOMIC DEVELOPMENT</b>			
	<u>501,882</u>	<u>501,882</u>	<u>538,046</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 25,802,282</u></b>	<b><u>\$ 25,802,282</u></b>	<b><u>\$ 24,634,875</u></b>

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,296,284
Investment income	150	150	(7,158)
Miscellaneous	<u>98,376</u>	<u>98,376</u>	<u>99,973</u>
 Total revenues	 <u>1,398,526</u>	 <u>1,398,526</u>	 <u>1,389,099</u>
<b>EXPENDITURES</b>			
Economic development			
Contractual services			
Legal fees	\$ 15,000	\$ 15,000	\$ 3,348
Memberships/dues/subscriptions	375	375	650
Professional accounting	1,030	1,030	1,030
Enhancement reimbursement	12,000	12,000	-
SD #95 reimbursement	250,000	339,236	339,236
Lake County real estate taxes	53,000	53,000	14,584
Other professional services	54,500	54,500	27,651
Building and grounds maintenance	-	-	1,075
 <b>TOTAL EXPENDITURES</b>	 <u>\$ 385,905</u>	 <u>\$ 475,141</u>	 <u>\$ 387,574</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	1,012,621	923,385	1,001,525
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,275,000)</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 <u>\$ (287,379)</u>	<u>\$ (376,615)</u>	<u>(273,475)</u>
 <b>FUND BALANCE, MAY 1</b>			 <u>326,941</u>
 <b>FUND BALANCE, APRIL 30</b>			 <u>\$ 53,466</u>

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property	\$ 1,067,787	\$ 1,067,787	\$ 1,076,005
Investment income	500	500	200
 Total revenues	 1,068,287	 1,068,287	 1,076,205
<b>EXPENDITURES</b>			
Debt service			
Principal retirement	922,000	922,000	922,000
Interest and fiscal charges	153,528	144,528	141,018
 Total expenditures	 1,075,528	 1,066,528	 1,063,018
 NET CHANGE IN FUND BALANCE	 \$ (7,241)	 \$ 1,759	 13,187
 FUND BALANCE, MAY 1			 796,995
 <b>FUND BALANCE, APRIL 30</b>			 \$ 810,182

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ 4,000	\$ 4,000	\$ 128
Miscellaneous	- -	- -	2,232
 Total revenues	 4,000	 4,000	 2,360
 <b>EXPENDITURES</b>			
Debt service			
Principal retirement	1,240,000	1,240,000	1,240,000
Interest and fiscal charges	1,182,665	1,191,665	1,190,072
 Total expenditures	 2,422,665	 2,431,665	 2,430,072
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (2,418,665)	 (2,427,665)	 (2,427,712)
 <b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of refunding bonds	537,000	537,000	537,000
Transfer in	1,300,000	1,300,000	1,275,000
 Total other financing sources (uses)	 1,837,000	 1,837,000	 1,812,000
 NET CHANGE IN FUND BALANCE	 \$ (581,665)	 \$ (590,665)	 \$ (615,712)
 FUND BALANCE, MAY 1			 649,635
 <b>FUND BALANCE, APRIL 30</b>			 \$ 33,923

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ 182,030	\$ 182,030	\$ 20,275
Reimbursements	-	-	14,666
Investment income	16,000	16,000	3,970
Total revenues	<u>198,030</u>	<u>198,030</u>	<u>38,911</u>
<b>EXPENDITURES</b>			
Capital outlay			
Infrastructure improvements	257,537	257,537	56,224
Capital project improvements	1,579,136	2,074,136	911,683
Total expenditures	<u>1,836,673</u>	<u>2,331,673</u>	<u>967,907</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>(1,638,643)</u>	<u>(2,133,643)</u>	<u>(928,996)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	200,000	200,000	200,000
Transfer (out)	-	-	(740,083)
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>(540,083)</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	<u><u>\$ (1,438,643)</u></u>	<u><u>\$ (1,933,643)</u></u>	<u><u>(1,469,079)</u></u>
<b>FUND BALANCE, MAY 1</b>			
			<u><u>2,987,150</u></u>
<b>FUND BALANCE, APRIL 30</b>			
			<u><u>\$ 1,518,071</u></u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Investment income	\$ 5,000	\$ 1
Total revenues	<u>5,000</u>	<u>1</u>
<b>EXPENDITURES</b>		
Economic development	10,000	13,271
Capital outlay		
Capital projects improvements	<u>405,000</u>	<u>204,925</u>
Total expenditures	<u>415,000</u>	<u>218,196</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(410,000)	(218,195)
<b>SPECIAL ITEM</b>	<u>-</u>	<u>(7,018,317)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (410,000)</u>	<u>(7,236,512)</u>
FUND BALANCE, MAY 1, AS PREVIOUSLY STATED	12,350,333	
Prior period adjustment	<u>(492,527)</u>	
FUND BALANCE, MAY 1, RESTATED	<u>11,857,806</u>	
<b>FUND BALANCE, APRIL 30</b>	<u>\$ 4,621,294</u>	

(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.

Park Improvements Fund - to account for the revenues, expenditures and receipt of transfers assigned for improvements to the Village's parks.

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

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

April 30, 2014

	Special Revenue Funds			Capital Projects			Non-Home Rule Sales Tax Capital Projects	Total
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Park Improvements	Rule Sales Tax Capital Projects			
<b>ASSETS</b>								
Cash and investments	\$ 170,459	\$ 269,091	\$ 492,041	\$ 539,373	\$ 1,123,840	\$ 2,594,804		
Receivables (net, where applicable, of allowances for uncollectibles)								
Accounts	-	8,197	36,191	-	438,014	482,402		
Accrued interest	-	-	-	751	-	751		
Prepaid items	-	1,605	-	-	-	1,605		
Due from other funds	-	298	-	-	1,373	1,671		
<b>TOTAL ASSETS</b>	<b>\$ 170,459</b>	<b>\$ 279,191</b>	<b>\$ 528,232</b>	<b>\$ 540,124</b>	<b>\$ 1,563,227</b>	<b>\$ 3,081,233</b>		
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ 32,849	\$ 62,093	\$ 70,208	\$ 165,150		
Accrued payroll	-	298	-	-	-	298		
Other payables	-	-	-	-	97,822	97,822		
Due to other funds	-	-	-	-	515	515		
Unearned revenue	-	-	-	8,118	-	8,118		
Total liabilities	-	298	32,849	70,211	168,545	271,903		
<b>FUND BALANCES</b>								
Nonspendable								
Prepaid items	-	1,605	-	-	-	1,605		
Restricted								
Public Safety	170,459	-	-	-	-	170,459		
Capital Projects	-	-	-	469,913	1,394,682	1,864,595		
Highways and Streets	-	-	495,383	-	-	495,383		
Tourism	-	277,288	-	-	-	277,288		
Total fund balances	170,459	278,893	495,383	469,913	1,394,682	2,809,330		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 170,459</b>	<b>\$ 279,191</b>	<b>\$ 528,232</b>	<b>\$ 540,124</b>	<b>\$ 1,563,227</b>	<b>\$ 3,081,233</b>		

(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, 2014

	Special Revenue Funds			Capital Projects			Non-Home Rule Sales Tax Capital Projects	Total
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Park Improvements	Capital Projects			
<b>REVENUES</b>								
Taxes	\$ 35,511	\$ 102,808	\$ -	\$ -	\$ 1,910,698	\$ 2,049,017		
Intergovernmental								
Motor fuel tax allocations	-	-	587,324	-	-	587,324		
Investment income	-	35	79	532	181	827		
Miscellaneous	-	-	-	6,801	-	6,801		
Total revenues	35,511	102,843	587,403	7,333	1,910,879	2,643,969		
<b>EXPENDITURES</b>								
Current								
General government	-	52,321	-	-	-	52,321		
Public safety	38,208	-	-	-	-	38,208		
Highways and streets	-	-	339,383	-	1,266,605	1,605,988		
Capital outlay								
Park improvements	-	-	-	277,503	-	277,503		
Total expenditures	38,208	52,321	339,383	277,503	1,266,605	1,974,020		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,697)	50,522	248,020	(270,170)	644,274	669,949		
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfer in	-	-	-	740,083	-	740,083		
Total other financing sources (uses)	-	-	-	740,083	-	740,083		
NET CHANGE IN FUND BALANCES	(2,697)	50,522	248,020	469,913	644,274	1,410,032		
FUND BALANCES, MAY 1	173,156	228,371	247,363	-	750,408	1,399,298		
<b>FUND BALANCES, APRIL 30</b>	<b>\$ 170,459</b>	<b>\$ 278,893</b>	<b>\$ 495,383</b>	<b>\$ 469,913</b>	<b>\$ 1,394,682</b>	<b>\$ 2,809,330</b>		

(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, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes	\$ 92,938	\$ 102,808
Investment income	100	35
Total revenues	<u>93,038</u>	<u>102,843</u>
<b>EXPENDITURES</b>		
General government	<u>82,605</u>	<u>52,321</u>
Total expenditures	<u>82,605</u>	<u>52,321</u>
NET CHANGE IN FUND BALANCE	<u>\$ 10,433</u>	<u>50,522</u>
FUND BALANCE, MAY 1		<u>228,371</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 278,893</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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Motor fuel tax allocations	\$ 479,592	\$ 565,592	\$ 587,324
Investment income	2,000	2,000	79
Total revenues	<u>481,592</u>	<u>567,592</u>	<u>587,403</u>
<b>EXPENDITURES</b>			
Highways and Streets	<u>459,500</u>	<u>545,500</u>	<u>339,383</u>
Total expenditures	<u>459,500</u>	<u>545,500</u>	<u>339,383</u>
NET CHANGE IN FUND BALANCE	<u>\$ 22,092</u>	<u>\$ 22,092</u>	<u>248,020</u>
FUND BALANCE, MAY 1			<u>247,363</u>
<b>FUND BALANCE, APRIL 30</b>			<b><u>\$ 495,383</u></b>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Investment income	\$ 2,000	\$ 532
Miscellaneous	<u>8,200</u>	<u>6,801</u>
Total revenues	<u>10,200</u>	<u>7,333</u>
<b>EXPENDITURES</b>		
Park improvements	<u>385,000</u>	<u>277,503</u>
Total expenditures	<u>385,000</u>	<u>277,503</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>		
	<u>(374,800)</u>	<u>(270,170)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer in	<u>-</u>	<u>740,083</u>
Total other financing sources (uses)	<u>-</u>	<u>740,083</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (374,800)</u>	<u>469,913</u>
<b>FUND BALANCE, MAY 1</b>		<u>-</u>
<b>FUND BALANCE, APRIL 30</b>		<u>\$ 469,913</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 FUND**

For the Year Ended April 30, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>		
Taxes	\$ 1,906,113	\$ 1,910,698
Intergovernmental	936,000	-
Investment income	750	181
 Total revenues	 2,842,863	 1,910,879
<b>EXPENDITURES</b>		
Highways and Streets	2,215,500	1,266,605
 Total expenditures	 2,215,500	 1,266,605
 NET CHANGE IN FUND BALANCE	 <u>\$ 627,363</u>	 644,274
 FUND BALANCE, MAY 1		 750,408
 <b>FUND BALANCE, APRIL 30</b>		 <u>\$ 1,394,682</u>

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 4,469,055	\$ 4,469,055	\$ 4,373,267
Total operating revenues	<u>4,469,055</u>	<u>4,469,055</u>	<u>4,373,267</u>
<b>OPERATING EXPENSES</b>			
Administration	840,341	840,341	796,697
Operations	4,079,430	4,079,430	2,128,731
Depreciation	-	1,660,000	1,648,709
Total operating expenses	<u>4,919,771</u>	<u>6,579,771</u>	<u>4,574,137</u>
<b>OPERATING INCOME (LOSS)</b>	<b>(450,716)</b>	<b>(2,110,716)</b>	<b>(200,870)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain (loss) on disposal of capital assets	1,000	1,000	(71,193)
Connection fees	250,000	250,000	409,033
Investment income	3,000	3,000	1,218
Issuance of bonds	4,075,000	4,075,000	-
Principal	(870,271)	-	-
Interest and fiscal charges	(187,143)	(187,143)	(225,840)
Total non-operating revenues (expenses)	<u>3,271,586</u>	<u>4,141,857</u>	<u>113,218</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>2,820,870</b>	<b>2,031,141</b>	<b>(87,652)</b>
<b>TRANSFERS</b>			
Transfers in	<u>14,000</u>	<u>26,292</u>	<u>26,291</u>
Total transfers	<u>14,000</u>	<u>26,292</u>	<u>26,291</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Developer donations	-	-	290,950
Capital grants	<u>240,000</u>	<u>240,000</u>	<u>239,864</u>
Total capital contributions	<u>240,000</u>	<u>240,000</u>	<u>530,814</u>
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,074,870</b>	<b>\$ 2,297,433</b>	<b>469,453</b>
<b>NET POSITION, MAY 1</b>			<u>42,258,461</u>
<b>NET POSITION, APRIL 30</b>			<u>\$ 42,727,914</u>

(See independent auditor's report.)

## VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2014

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	<b>Original and Final Budget</b>	<b>Actual</b>
<b>CHARGES FOR SERVICES</b>		
Water charges	\$ 2,558,051	\$ 2,355,778
Sewer charges	1,736,004	1,719,902
Meter sales	15,000	33,975
Late fees	79,500	99,059
Wastewater service agreements	80,000	163,384
Inspection fees	500	1,130
Other	-	39
<b>TOTAL OPERATING REVENUES</b>	<b><u>\$ 4,469,055</u></b>	<b><u>\$ 4,373,267</u></b>

(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, 2014

---

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>ADMINISTRATION</b>			
Personnel services	\$ 306,007	\$ 306,007	\$ 286,753
Contractual services	474,934	474,934	459,101
Commodities	59,400	59,400	50,843
<b>TOTAL ADMINISTRATION</b>	<b>\$ 840,341</b>	<b>\$ 840,341</b>	<b>\$ 796,697</b>
<b>OPERATIONS</b>			
Water production and storage			
Personnel services	\$ 197,280	\$ 197,280	\$ 198,669
Contractual services	200,421	200,421	102,549
Commodities	486,300	486,300	376,752
Total water production and storage	884,001	884,001	677,970
Water distribution			
Personnel services	271,246	271,246	274,025
Contractual services	30,168	30,168	25,473
Commodities	64,525	64,525	31,961
Total water distribution	365,939	365,939	331,459
Meter reading			
Personnel services	181,718	181,718	181,326
Contractual services	23,829	23,829	16,705
Commodities	26,377	26,377	23,881
Total meter reading	231,924	231,924	221,912
Industrial pretreatment monitoring			
Personnel services	29,244	29,244	30,161
Contractual services	4,019	4,019	3,823
Commodities	150	150	-
Total industrial pretreatment monitoring	33,413	33,413	33,984
Interceptor sewer			
Personnel services	162,126	162,126	163,752
Contractual services	66,448	66,448	62,720
Commodities	8,375	8,375	563
Total interceptor sewer	236,949	236,949	227,035

(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, 2014

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATIONS (Continued)</b>			
Lift stations			
Personnel services	\$ 198,704	\$ 198,704	\$ 199,295
Contractual services	47,698	47,698	107,882
Commodities	70,500	70,500	58,658
Total lift stations	<u>316,902</u>	<u>316,902</u>	<u>365,835</u>
Collection system			
Personnel services	189,354	189,354	188,097
Contractual services	42,748	42,748	26,414
Commodities	19,400	19,400	2,266
Total collection system	<u>251,502</u>	<u>251,502</u>	<u>216,777</u>
Capital outlay and maintenance			
Less non-operating items	2,771,494	2,771,494	1,066,453
Capital assets capitalized	(1,012,694)	(1,012,694)	(1,012,694)
<b>TOTAL OPERATIONS</b>	<u><u>\$ 4,079,430</u></u>	<u><u>\$ 4,079,430</u></u>	<u><u>\$ 2,128,731</u></u>
<b>DEPRECIATION</b>			
	<u><u>\$ -</u></u>	<u><u>\$ 1,660,000</u></u>	<u><u>\$ 1,648,709</u></u>
<b>DEBT SERVICE</b>			
Principal retirement	\$ 870,271	\$ -	\$ -
Interest and fiscal charges	187,143	187,143	225,840
Subtotal	<u>1,057,414</u>	<u>187,143</u>	<u>225,840</u>
Less non-operating items			
Debt service	<u>(1,057,414)</u>	<u>(187,143)</u>	<u>(225,840)</u>
<b>TOTAL DEBT SERVICE</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See independent auditor's report.)

## **INTERNAL SERVICE FUNDS**

Medical Self-Insurance Fund - to account for the financial activity of the Village's self-funding for excess medical liability that is above retention levels of conventionally purchased insurance.

Vehicle Maintenance Fund - to account for the financial activity of the Village's funding for repairs and maintenance to the Village's vehicles.

Risk Management Fund - to account for the financial activity of the Village's funding for liability insurance.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

April 30, 2014

---

	<b>Medical Self-Insurance</b>	<b>Vehicle Maintenance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 26,409	\$ -	\$ 204,833	\$ 231,242
Accounts receivable	6,719	-	1,335	8,054
Prepaid items	<u>195,408</u>	-	<u>469,754</u>	<u>665,162</u>
Total current assets	<u>228,536</u>	-	<u>675,922</u>	<u>904,458</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	2,410	-	32,740	35,150
Due to other funds	<u>48,902</u>	-	-	<u>48,902</u>
Total current liabilities	<u>51,312</u>	-	<u>32,740</u>	<u>84,052</u>
<b>LONG-TERM LIABILITIES</b>				
None	-	-	-	-
Total long-term liabilities	-	-	-	-
Total liabilities	<u>51,312</u>	-	<u>32,740</u>	<u>84,052</u>
<b>NET POSITION</b>				
Unrestricted	\$ 177,224	\$ -	\$ 643,182	\$ 820,406

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS**

For the Year Ended April 30, 2014

---

	<b>Medical Self-Insurance</b>	<b>Vehicle Maintenance</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Contributions				
Employer	\$ 2,183,600	\$ -	\$ 1,275,000	\$ 3,458,600
Employee	172,537	-	-	172,537
Pensioner	143,823	-	-	143,823
 Total operating revenues	 2,499,960	 -	 1,275,000	 3,774,960
<b>OPERATING EXPENSES</b>				
Insurance and claims				
Personal services	-	-	36,466	36,466
Contractual services	2,407,532	-	981,007	3,388,539
Less reimbursements	(18,497)	-	(128,852)	(147,349)
 Total operating expenses	 2,389,035	 -	 888,621	 3,277,656
 NET INCOME BEFORE TRANSFERS	 110,925	 -	 386,379	 497,304
<b>TRANSFERS</b>				
Transfers in	66,299	187,797	256,803	510,899
Transfers (out)	-	(187,797)	-	(187,797)
 Total transfers	 66,299	 -	 256,803	 323,102
 CHANGE IN NET POSITION	 177,224	 -	 643,182	 820,406
 NET POSITION, MAY 1	 -	 -	 -	 -
 <b>NET POSITION, APRIL 30</b>	 \$ 177,224	 \$ -	 \$ 643,182	 \$ 820,406

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the Year Ended April 30, 2014

	<b>Self-Insurance Retention</b>	<b>Vehicle Maintenance</b>	<b>Risk Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 309,641	-	\$ -	\$ 309,641
Receipts from internal services transactions	2,183,600	-	1,275,000	3,458,600
Payments to employees	(2,389,035)	-	(37,801)	(2,426,836)
Payments to suppliers	(192,998)	-	(1,289,169)	(1,482,167)
Net cash from operating activities	<u>(88,792)</u>	<u>-</u>	<u>(51,970)</u>	<u>(140,762)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Receipt of interfund loans	48,902	-	-	48,902
Transfers in	66,299	187,797	256,803	510,899
Transfers (out)	-	(187,797)	-	(187,797)
Net cash from noncapital financing activities	<u>115,201</u>	<u>-</u>	<u>256,803</u>	<u>372,004</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>26,409</u>	<u>-</u>	<u>204,833</u>	<u>231,242</u>
CASH AND CASH EQUIVALENTS, MAY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	<b><u>\$ 26,409</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 204,833</u></b>	<b><u>\$ 231,242</u></b>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 26,409	\$ -	\$ 204,833	\$ 231,242
Investments	-	-	-	-
<b>TOTAL CASH AND INVESTMENTS</b>	<b><u>\$ 26,409</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 204,833</u></b>	<b><u>\$ 231,242</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 110,925	\$ -	\$ 386,379	\$ 497,304
Adjustments to reconcile operating income to net cash from operating activities				
(Increase) decrease in				
Accounts receivable	(6,719)	-	(1,335)	(8,054)
Prepaid items	(195,408)	-	(469,754)	(665,162)
Increase (decrease) in				
Accounts payable	<u>2,410</u>	<u>-</u>	<u>32,740</u>	<u>35,150</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>\$ (88,792)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (51,970)</u></b>	<b><u>\$ (140,762)</u></b>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
MEDICAL SELF-INSURANCE FUND**

For the Year Ended April 30, 2014

---

	<b>Original and Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>		
Contributions		
Employer	\$ 2,146,922	\$ 2,183,600
Employee	252,472	172,537
Pensioner	<u>87,538</u>	<u>143,823</u>
 Total operating revenues	 <u>2,486,932</u>	 <u>2,499,960</u>
<b>OPERATING EXPENSES</b>		
Insurance and claims		
Contractual services	2,476,243	2,407,532
Less reimbursements	<u>-</u>	<u>(18,497)</u>
 Total operating expenses	 <u>2,476,243</u>	 <u>2,389,035</u>
 NET INCOME BEFORE TRANSFERS	 <u>10,689</u>	 <u>110,925</u>
<b>TRANSFERS</b>		
Transfers in	<u>-</u>	<u>66,299</u>
 Total transfers	 <u>-</u>	 <u>66,299</u>
 CHANGE IN NET POSITION	 <u>\$ 10,689</u>	 <u>177,224</u>
 NET POSITION, MAY 1	 <u>-</u>	 <u>-</u>
 <b>NET POSITION, APRIL 30</b>	 <u>\$ 177,224</u>	 <u>\$ 177,224</u>

(See independent auditor's report.)

# VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2014

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	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
None	\$ -	\$ -	\$ -
Total operating revenues	-	-	-
<b>OPERATING EXPENSES</b>			
None	-	-	-
Total operating expenses	-	-	-
NET INCOME BEFORE TRANSFERS	-	-	-
<b>TRANSFERS</b>			
Transfers in	-	-	187,797
Transfers (out)	(100,000)	(187,797)	(187,797)
Total transfers	(100,000)	(187,797)	-
CHANGE IN NET POSITION	\$ (100,000)	\$ (187,797)	-
NET POSITION, MAY 1			-
<b>NET POSITION, APRIL 30</b>			\$ -

(See independent auditor's report.)

# VILLAGE OF LAKE ZURICH, ILLINOIS

## SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL RISK MANAGEMENT FUND

For the Year Ended April 30, 2014

---

	Original Budget	Final Budget	Actual
<b>OPERATING REVENUES</b>			
Contributions			
Employer	\$ 1,275,000	\$ 1,275,000	\$ 1,275,000
Total operating revenues	1,275,000	1,275,000	1,275,000
<b>OPERATING EXPENSES</b>			
Insurance and claims			
Personnel services	65,600	65,600	36,466
Contractual services	987,347	997,347	981,007
Less reimbursements	(60,000)	(100,000)	(128,852)
Total operating expenses	992,947	962,947	888,621
NET INCOME BEFORE TRANSFERS	282,053	312,053	386,379
<b>TRANSFERS</b>			
Transfers in	-	-	256,803
Total transfers	-	-	256,803
CHANGE IN NET POSITION	\$ 282,053	\$ 312,053	643,182
NET POSITION, MAY 1			-
<b>NET POSITION, APRIL 30</b>			<b>\$ 643,182</b>

(See independent auditor's report.)

## **FIDUCIARY FUNDS**

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMBINING STATEMENT OF PLAN NET POSITION  
PENSION TRUST FUNDS**

For the Year Ended April 30, 2014

---

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,328	\$ 2,145	\$ 15,473
Investments			
U.S. Treasury obligations	1,103,138	775,372	1,878,510
U.S. agencies securities	4,383,082	3,543,559	7,926,641
Mutual funds	8,587,573	8,692,104	17,279,677
Common stocks	-	3,824,731	3,824,731
Corporate bonds	-	3,975,159	3,975,159
State and local obligations	996,151	915,953	1,912,104
Money market funds	281,838	115,089	396,927
Insurance contracts	-	341,627	341,627
Receivables			
Accrued interest	44,769	125,057	169,826
Prepays	4,207	4,532	8,739
 Total assets	 15,414,086	 22,315,328	 37,729,414
<b>LIABILITIES</b>			
Accounts payable	4,613	11,184	15,797
 Total liabilities	 4,613	 11,184	 15,797
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
	 \$ 15,409,473	 \$ 22,304,144	 \$ 37,713,617

(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, 2014

---

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions - employer	\$ 1,258,411	\$ 1,724,777	\$ 2,983,188
Contributions - employee	460,981	488,139	949,120
 Total contributions	 1,719,392	 2,212,916	 3,932,308
 Investment income			
Net appreciation in fair value of investments	762,855	984,756	1,747,611
Interest earned on investments	393,098	808,665	1,201,763
 Total investment income	 1,155,953	 1,793,421	 2,949,374
Less investment expense	(48,453)	(43,735)	(92,188)
 Net investment income	 1,107,500	 1,749,686	 2,857,186
 Total additions	 2,826,892	 3,962,602	 6,789,494
 <b>DEDUCTIONS</b>			
Benefits and refunds			
Pension payments and refunds	870,041	497,763	1,367,804
Administrative	26,117	81,137	107,254
 Total deductions	 896,158	 578,900	 1,475,058
 CHANGE IN NET POSITION	 1,930,734	 3,383,702	 5,314,436
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>			
May 1	13,478,739	18,920,442	32,399,181
April 30	 \$ 15,409,473	 \$ 22,304,144	 \$ 37,713,617

(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, 2014

---

	<b>Balances</b>			<b>Balances</b>
	<b>May 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>April 30</b>
Total All Agency Funds				
<b>ASSETS</b>				
Cash and investments	\$ 2,337,630	\$ 2,015,862	\$ 2,290,026	\$ 2,063,466
Receivables				
Other	17,389	38,250	17,389	38,250
Due from other funds	-	33,054	-	33,054
<b>TOTAL ASSETS</b>	<b>\$ 2,355,019</b>	<b>\$ 2,087,166</b>	<b>\$ 2,307,415</b>	<b>\$ 2,134,770</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 428,372	\$ 553,106	\$ 461,000	\$ 520,478
Due to other funds	15,903	32,628	15,903	32,628
Deposits payable	1,910,744	101,104	430,184	1,581,664
<b>TOTAL LIABILITIES</b>	<b>\$ 2,355,019</b>	<b>\$ 686,838</b>	<b>\$ 907,087</b>	<b>\$ 2,134,770</b>
1. Escrow Performance				
<b>ASSETS</b>				
Cash and investments	\$ 1,900,525	\$ 1,930,873	\$ 2,274,648	\$ 1,556,750
Receivables				
Other	17,389	10,090	17,389	10,090
Due from other funds	-	33,054	-	33,054
<b>TOTAL ASSETS</b>	<b>\$ 1,917,914</b>	<b>\$ 1,974,017</b>	<b>\$ 2,292,037</b>	<b>\$ 1,599,894</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 7,170	\$ 18,230	\$ 7,170	\$ 18,230
Deposits payable	1,910,744	101,104	430,184	1,581,664
<b>TOTAL LIABILITIES</b>	<b>\$ 1,917,914</b>	<b>\$ 119,334</b>	<b>\$ 437,354</b>	<b>\$ 1,599,894</b>
2. Special Service Areas				
<b>ASSETS</b>				
Cash and investments	\$ 437,105	\$ 84,989	\$ 15,378	\$ 506,716
Receivables				
Other	-	28,160	-	28,160
<b>TOTAL ASSETS</b>	<b>\$ 437,105</b>	<b>\$ 113,149</b>	<b>\$ 15,378</b>	<b>\$ 534,876</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 421,202	\$ 534,876	\$ 453,830	\$ 502,248
Due to other funds	15,903	32,628	15,903	32,628
<b>TOTAL LIABILITIES</b>	<b>\$ 437,105</b>	<b>\$ 567,504</b>	<b>\$ 469,733</b>	<b>\$ 534,876</b>

(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, 2014

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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**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>August 1</b>	<b>Amount</b>	<b>February 1</b>	<b>Amount</b>
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
	<b>\$ 7,635,000</b>	<b>\$ 4,343,252</b>	<b>\$ 11,978,252</b>		<b>\$ 2,171,626</b>		<b>\$ 2,171,626</b>

(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, 2014

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Date of Issue	April 17, 2009
Date of Maturity	December 15, 2020
Authorized Issue	\$1,525,000
Denomination of Bonds	\$5,000
Interest Rates	4.1% to 5.1%
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
2013	\$ -	\$ 71,825	\$ 71,825	2014	\$ 35,913	2014	\$ 35,912
2014	-	71,825	71,825	2015	35,912	2015	35,913
2015	125,000	71,825	196,825	2016	35,913	2016	35,912
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>\$ 402,950</u>	<u>\$ 1,927,950</u>		<u>\$ 201,475</u>		<u>\$ 201,475</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, 2014

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Date of Issue	April 1, 2009
Date of Maturity	December 15, 2024
Authorized Issue	\$4,255,000
Denomination of Bonds	\$5,000
Interest Rates	4.0% to 4.2%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
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>\$ 1,690,000</u>	<u>\$ 5,945,000</u>		<u>\$ 845,000</u>		<u>\$ 845,000</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, 2014

---

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**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
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>\$ 2,535,000</u>	<u>\$ 527,983</u>	<u>\$ 3,062,983</u>		<u>\$ 263,993</u>		<u>\$ 263,990</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, 2014

---

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**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
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>\$ 1,085,000</u>	<u>\$ 184,689</u>	<u>\$ 1,269,689</u>		<u>\$ 92,345</u>		<u>\$ 92,344</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2014

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Date of Issue	August 1, 2008
Date of Maturity	January 1, 2020
Authorized Issue	\$4,265,000
Denomination of Bonds	\$5,000
Interest Rates	3.5% to 5.0%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>July 1</b>	<b>Amount</b>	<b>January 1</b>	<b>Amount</b>
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>\$ 2,700,000</u>	<u>\$ 433,250</u>	<u>\$ 3,133,250</u>		<u>\$ 216,625</u>		<u>\$ 216,625</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, 2014

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

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due on</b>			
				<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
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>\$ 2,370,000</u>	<u>\$ 218,200</u>	<u>\$ 2,588,200</u>		<u>\$ 109,100</u>		<u>\$ 109,100</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, 2014

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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%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2013	\$ 275,000	\$ 11,000	\$ 286,000	2014	\$ 5,500	2014	\$ 5,500
	<u>\$ 275,000</u>	<u>\$ 11,000</u>	<u>\$ 286,000</u>		<u>\$ 5,500</u>		<u>\$ 5,500</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION WATERWORKS AND SEWERAGE BONDS  
(ALTERNATE REVENUE SOURCE) SERIES OF 2013**

April 30, 2014

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Date of Issue	September 4, 2013
Date of Maturity	December 15, 2023
Authorized Issue	\$3,800,000
Denomination of Bonds	\$5,000
Interest Rates	3% to 4%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due on</b>			
				<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2015	\$ -	\$ 164,936	\$ 164,936	2014	\$ 100,536	2014	\$ 64,400
2016	410,000	128,800	538,800	2015	64,400	2015	64,400
2017	400,000	116,500	516,500	2016	58,250	2016	58,250
2018	400,000	104,500	504,500	2017	52,250	2017	52,250
2019	435,000	92,500	527,500	2018	46,250	2018	46,250
2020	450,000	79,450	529,450	2019	39,725	2019	39,725
2021	450,000	64,825	514,825	2020	32,412	2020	32,413
2022	450,000	49,075	499,075	2021	24,537	2021	24,538
2023	405,000	32,200	437,200	2022	16,100	2022	16,100
2024	400,000	16,000	416,000	2023	8,000	2023	8,000
	<u>\$ 3,800,000</u>	<u>\$ 848,786</u>	<u>\$ 4,648,786</u>		<u>\$ 442,460</u>		<u>\$ 406,326</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS**  
**IEPA LOAN OF 2006**

April 30, 2014

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Date of Issue	October 15, 2005
Date of Maturity	December 16, 2026
Authorized Issue	\$2,000,000
Interest Rates	2.5%
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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due on</b>			
				<b>June 16</b>	<b>Amount</b>	<b>December 16</b>	<b>Amount</b>
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>\$ 1,428,031</u>	<u>\$ 251,472</u>	<u>\$ 1,679,503</u>		<u>\$ 130,212</u>		<u>\$ 121,260</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**LONG-TERM DEBT REQUIREMENTS  
IEPA LOAN OF 2008**

April 30, 2014

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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**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Interest Due on</b>			
				<b>August 11</b>	<b>Amount</b>	<b>February 11</b>	<b>Amount</b>
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>\$ 1,369,713</u>	<u>\$ 271,677</u>	<u>\$ 1,641,390</u>		<u>\$ 140,268</u>		<u>\$ 131,409</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2014

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Date of Issue	August 1, 2005
Date of Maturity	December 15, 2024
Authorized Issue	\$8,500,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% to 4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
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
	<b>\$ 7,175,000</b>	<b>\$ 1,862,876</b>	<b>\$ 9,037,876</b>		<b>\$ 931,438</b>		<b>\$ 931,438</b>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2014

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Date of Issue	August 1, 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**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Interest Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2013	\$ 100,000	\$ 4,800	\$ 104,800	2014	\$ 2,400	2014	\$ 2,400
	<u>\$ 100,000</u>	<u>\$ 4,800</u>	<u>\$ 104,800</u>		<u>\$ 2,400</u>		<u>\$ 2,400</u>

(See independent auditor's report.)

## STATISTICAL SECTION

This part of the Village of Lake Zurich, Illinois' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Village's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	104-110
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	111-114
<b>Debt Capacity</b> 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.	115-118
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	119-120
<b>Operating Information</b> 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.	121-124

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

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 79,846,136
Restricted	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	10,192,895
Unrestricted	(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)	(22,692,562)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 71,595,241</b>	<b>\$ 69,531,326</b>	<b>\$ 67,687,972</b>	<b>\$ 65,812,995</b>	<b>\$ 64,303,675</b>	<b>\$ 66,600,331</b>	<b>\$ 67,207,028</b>	<b>\$ 69,603,922</b>	<b>\$ 72,876,095</b>	<b>\$ 67,346,469</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ 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	\$ 41,321,810
Unrestricted	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	1,406,104
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 47,745,298</b>	<b>\$ 48,242,211</b>	<b>\$ 47,197,576</b>	<b>\$ 46,531,137</b>	<b>\$ 44,753,268</b>	<b>\$ 43,776,468</b>	<b>\$ 42,230,899</b>	<b>\$ 42,346,958</b>	<b>\$ 42,258,461</b>	<b>\$ 42,727,914</b>
<b>PRIMARY GOVERNMENT</b>										
Net investment in capital assets	\$ 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	\$ 121,167,946
Restricted	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	10,192,895
Unrestricted	(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)	(21,286,458)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 119,340,539</b>	<b>\$ 117,773,537</b>	<b>\$ 114,885,548</b>	<b>\$ 112,344,132</b>	<b>\$ 109,056,943</b>	<b>\$ 110,376,799</b>	<b>\$ 109,437,927</b>	<b>\$ 111,950,880</b>	<b>\$ 115,134,556</b>	<b>\$ 110,074,383</b>

Data Source

Audited Financial Statements

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**CHANGE IN NET POSITION**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>EXPENSES</b>										
Governmental activities										
General government	\$ 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	\$ 1,613,068
Public safety	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	18,582,961
Highways and streets	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	4,647,467
Culture and recreation	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	1,109,942
Economic development	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	926,436	479,102	940,077
Interest on long-term debt	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	1,409,508
Total governmental activities expenses	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	28,303,023
Business-type activities										
Waterworks and sewerage	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	4,871,170
Total business-type activities expenses	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	4,871,170
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 26,012,936</b>	<b>\$ 32,214,270</b>	<b>\$ 32,602,389</b>	<b>\$ 32,613,585</b>	<b>\$ 34,290,298</b>	<b>\$ 32,217,210</b>	<b>\$ 32,364,786</b>	<b>\$ 33,456,745</b>	<b>\$ 33,843,425</b>	<b>\$ 33,174,193</b>
<b>PROGRAM REVENUES</b>										
Governmental activities										
Charges for services										
General government	\$ 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	\$ 535,567
Public safety	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	7,086,380
Highways and streets	-	-	-	-	-	-	-	439,467	520,172	469,234
Culture and recreation	603,016	585,138	641,046	619,381	629,882	478,097	642,923	676,449	599,609	529,221
Operating grants	-	-	-	-	-	-	-	835,918	1,165,632	688,520
Capital grants	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	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	9,308,922
Business-type activities										
Charges for services										
Waterworks and sewerage	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	4,782,300
Capital grants	2,300,184.00	-	-	-	-	5,560	-	989,110	110,136	530,814
Total business-type activities program revenues	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	5,313,114
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 17,674,538</b>	<b>\$ 15,041,179</b>	<b>\$ 12,628,365</b>	<b>\$ 12,635,090</b>	<b>\$ 11,851,444</b>	<b>\$ 14,174,582</b>	<b>\$ 13,689,356</b>	<b>\$ 14,843,864</b>	<b>\$ 16,351,319</b>	<b>\$ 14,622,036</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>NET (EXPENSE) REVENUE</b>										
Governmental activities	\$ (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)	\$ (18,994,101)
Business-type activities	2,787,332	335,780	(1,320,359)	(858,078)	(1,323,663)	(495,502)	(1,037,722)	(2,123)	(92,157)	441,944
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>										
	<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>	<u>\$ (18,552,157)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities										
Taxes										
Property	\$ 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	\$ 9,342,465
Intergovernmental										
Sales	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	8,145,378
State income	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	1,912,965
Other	857,267	1,336,548	958,527	815,847	825,019	592,692	734,484	2,045,202	1,445,829	1,336,144
Investment income	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,173	69,478	17,587
Miscellaneous	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	236,987	654,381	247,071
Transfers in (out)	1,411,207	-	-	-	500,000	500,000	500,000	-	-	(26,291)
Total governmental activities	16,204,600	15,444,956	16,810,311	17,245,440	19,605,871	19,843,782	18,244,405	20,406,567	20,975,287	20,975,319
Business-type activities										
Property taxes	11,723	11,728	11,733	11,732	11,724	11,719	(11,706)	-	-	-
Investment income	79,655	149,405	263,991	179,907	34,070	6,983	3,859	10,873	3,660	1,218
Transfers (out)	(1,411,207)	-	-	-	(500,000)	(500,000)	(500,000)	-	-	26,291
Total business-type activities	(1,319,829)	161,133	275,724	191,639	(454,206)	(481,298)	(507,847)	10,873	3,660	27,509
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 14,884,771</b>	<b>\$ 15,606,089</b>	<b>\$ 17,086,035</b>	<b>\$ 17,437,079</b>	<b>\$ 19,151,665</b>	<b>\$ 19,362,484</b>	<b>\$ 17,736,558</b>	<b>\$ 20,417,440</b>	<b>\$ 20,978,947</b>	<b>\$ 21,002,828</b>
<b>SPECIAL ITEM</b>										
Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,018,317)
<b>CHANGE IN NET POSITION</b>										
Governmental activities	\$ 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	\$ (5,037,099)
Business-type activities	1,467,503	496,913	(1,044,635)	(666,439)	(1,777,869)	(976,800)	(1,545,569)	8,750	(88,497)	469,453
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,546,373</b>	<b>\$ (1,567,002)</b>	<b>\$ (2,887,989)</b>	<b>\$ (2,541,416)</b>	<b>\$ (3,287,189)</b>	<b>\$ 1,319,856</b>	<b>\$ (938,872)</b>	<b>\$ 1,804,559</b>	<b>\$ 3,486,841</b>	<b>\$ (4,567,646)</b>

Data Source

Audited Financial Statements

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GENERAL FUND</b>										
Reserved	\$ 796,981	\$ 791,673	\$ 815,783	\$ 835,582	\$ 1,029,890	\$ 1,107,457	\$ 1,137,365	\$ -	\$ -	\$ -
Unreserved	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	1,552,148
Restricted	-	-	-	-	-	-	-	339,445	328,685	348,816
Unrestricted	-	-	-	-	-	-	-	5,382,483	7,368,345	7,667,560
<b>TOTAL GENERAL FUND</b>	<b>\$ 4,242,036</b>	<b>\$ 4,398,750</b>	<b>\$ 4,106,380</b>	<b>\$ 3,158,617</b>	<b>\$ 3,197,678</b>	<b>\$ 3,517,907</b>	<b>\$ 5,161,676</b>	<b>\$ 5,721,928</b>	<b>\$ 9,585,774</b>	<b>\$ 9,568,524</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	\$ 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	1,681,280	2,201,914	2,191,034	670,718	587,586	954,551	1,490,591	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	2,187
Restricted	-	-	-	-	-	-	-	17,631,245	18,510,352	9,844,079
Unrestricted	-	-	-	-	-	-	-	(381,557)	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 13,275,108</b>	<b>\$ 17,498,926</b>	<b>\$ 16,995,689</b>	<b>\$ 14,549,595</b>	<b>\$ 14,657,919</b>	<b>\$ 16,893,919</b>	<b>\$ 17,460,531</b>	<b>\$ 17,249,688</b>	<b>\$ 18,510,352</b>	<b>\$ 9,846,266</b>

Note: GASB Statement No. 54 was implemented in 2012.

Data Source

Audited Financial Statements

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE**

Last Ten Fiscal Years

<b>Source</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Taxes	\$ 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	\$ 12,462,615
Licenses and permits	1,556,443	1,160,733	878,610	885,010	575,208	618,304	830,107	598,732	669,712	821,173
Intergovernmental	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	14,288,150
Charges for services	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	1,395,081
Fines and forfeits	450,210	488,721	474,646	481,478	408,715	789,855	810,309	762,168	753,126	812,169
Interest income	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,174	69,478	17,587
Miscellaneous	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451	1,227,043	513,757
<b>TOTAL</b>	<b>\$ 22,666,673</b>	<b>\$ 25,516,041</b>	<b>\$ 25,346,786</b>	<b>\$ 25,589,723</b>	<b>\$ 27,110,408</b>	<b>\$ 29,000,398</b>	<b>\$ 27,717,587</b>	<b>\$ 30,129,321</b>	<b>\$ 32,432,270</b>	<b>\$ 30,310,532</b>

Note: Includes all governmental funds.

Data Source

Village records

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**

Last Ten Fiscal Years

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<b>Source</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General government	\$ 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	\$ 2,028,374
Public safety	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	18,557,096
Highways and streets	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	4,328,310
Culture and recreation	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	879,566
Economic development	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553	478,179	938,891
Capital outlay	699,772	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194	1,239,971	1,450,335
Debt service										
Principal	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	2,162,000
Interest and fiscal charges	989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876	1,028,952	1,331,090
<b>TOTAL</b>	<b>\$ 22,998,664</b>	<b>\$ 32,979,251</b>	<b>\$ 28,459,538</b>	<b>\$ 28,983,580</b>	<b>\$ 29,887,875</b>	<b>\$ 27,450,313</b>	<b>\$ 26,546,062</b>	<b>\$ 28,051,393</b>	<b>\$ 30,034,657</b>	<b>\$ 31,675,662</b>

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

<b>Fiscal Year</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>REVENUES</b>										
Taxes	\$ 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	\$ 12,462,615
Licenses and permits	1,556,443	1,160,733	878,610	885,010	575,208	618,304	830,107	598,732	669,712	821,173
Intergovernmental	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	14,288,150
Charges for services	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	1,395,081
Fines and forfeitures	450,210	488,721	474,646	481,478	408,715	789,855	810,309	762,168	753,126	812,169
Investment income	139,474	332,962	541,148	407,397	107,426	25,419	48,447	86,174	69,478	17,587
Miscellaneous	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451	1,227,043	513,757
Total revenues	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	30,310,532
<b>EXPENDITURES</b>										
General government	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	2,028,374
Public safety	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	18,557,096
Highways and streets	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	4,328,310
Culture and recreation	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	879,566
Economic development	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553	478,179	938,891
Capital outlay	699,772	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194	1,239,971	1,450,335
Debt service										
Principal	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	2,162,000
Interest	989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876	1,028,952	1,331,090
Total expenditures	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	31,675,662
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(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	(1,365,130)
<b>OTHER FINANCING SOURCES (USES)</b>										
Proceeds from bond issuance	7,695,964	11,843,742	2,317,145	-	18,145,000	475,000	4,445,000	-	2,650,000	537,000
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	1,598,207	6,507,635	-	-	8,747,910	1,375,643	1,505,934	1,713,738	1,519,953	2,376,589
Transfers (out)	(187,000)	(6,507,635)	-	-	(8,247,910)	(875,643)	(1,005,934)	(1,713,738)	(1,519,953)	(2,725,982)
Total other financing sources (uses)	9,107,171	11,843,742	2,317,145	-	2,924,852	975,000	1,070,000	-	815,631	187,607
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 8,775,180</b>	<b>\$ 4,380,532</b>	<b>\$ (795,607)</b>	<b>\$ (3,393,857)</b>	<b>\$ 147,385</b>	<b>\$ 2,525,085</b>	<b>\$ 2,241,525</b>	<b>\$ 2,077,928</b>	<b>\$ 3,213,244</b>	<b>\$ (1,177,523)</b>

Debt service as a percentage of noncapital expenditures 11.90% 24.42% 12.91% 13.86% 14.14% 8.14% 8.09% 5.37% 7.83% 12.10%

Data Source

Audited Financial Statements

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Levy Years

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<b>Levy Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Total</b>	<b>Railroad</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>
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	0.998
2013	586,319,303	205,938,281	792,257,584	258,669	792,516,253	1.132

Data Source

Office of the County Clerk

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Levy Years

Tax Levy Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>TAX RATES</b>										
Village of Lake Zurich										
Corporate	0.173	0.170	0.154	0.145	0.008	0.012	0.260	0.256	0.261	0.247
Police protection	0.118	0.116	0.117	0.111	0.111	0.097	0.078	0.078	0.080	0.084
Fire protection	0.108	0.106	0.107	0.101	0.101	0.088	0.077	0.078	0.080	0.084
Ambulance	0.101	0.099	0.100	0.095	0.096	0.083	0.015	0.016	0.018	0.019
Illinois municipal retirement	0.027	0.027	0.028	0.027	0.027	0.027	0.006	0.023	0.023	0.026
Federal social security	0.107	0.105	0.106	0.1	0.096	0.094	-	-	-	-
Insurance	0.042	0.042	0.043	0.041	0.076	0.074	-	-	-	-
Debt service	0.269	0.176	0.140	0.125	0.126	0.109	0.116	0.124	0.136	0.211
Special recreation	0.012	0.020	0.023	0.022	0.021	0.020	0.021	0.022	0.023	0.024
Police pension	0.023	0.023	0.024	0.023	0.079	0.096	0.142	0.136	0.159	0.185
Firefighters' pension	0.023	0.023	0.024	0.023	0.084	0.104	0.141	0.174	0.218	0.252
Total direct tax rate	1.003	0.907	0.866	0.813	0.825	0.804	0.856	0.907	0.998	1.132
<b>OVERLAPPING RATES</b>										
Lake County	0.465	0.454	0.450	0.444	0.453	0.464	0.505	0.554	0.608	0.663
Lake County Forest Preserve	0.219	0.210	0.204	0.201	0.199	0.200	0.198	0.201	0.212	0.218
Ela Area Library District	0.334	0.323	0.317	0.306	0.308	0.308	0.329	0.356	0.386	0.409
School District #95	4.082	4.040	3.992	3.830	3.899	3.901	4.136	4.446	4.914	5.242
School District #96	3.038	3.000	2.989	2.772	2.869	2.916	3.086	3.453	3.756	3.976
High School District #125	2.062	2.112	2.134	2.114	2.139	2.185	2.306	2.465	2.751	2.989
Community College #532	0.200	0.197	0.195	0.192	0.196	0.200	0.218	0.240	0.272	0.296
Ela Township - Corp. and GA	0.085	0.085	0.086	0.082	0.084	0.084	0.091	0.099	0.088	0.100
Ela Township - road and bridge	0.011	0.010	0.010	0.010	0.005	0.007	0.008	0.009	0.010	0.011
Ela Township - gravel or R.I.	0.030	0.030	0.032	0.032	0.038	0.036	0.039	0.042	0.030	0.046
Barrington Public Library District	0.193	0.155	0.169	0.152	0.150	0.161	0.170	0.185	0.213	0.228
<b>TOTAL DIRECT AND OVERLAPPING TAX RATE</b>										
	11.722	11.523	11.444	10.948	11.165	11.266	11.942	12.957	14.238	15.310

Data Source

Office of the County Clerk

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**PRINCIPAL PROPERTY TAXPAYERS**

Current Year and Nine Years Ago

Taxpayer	2014			2005			Percentage of Total Village Taxable Assessed Valuation	
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank			
Village Square Retail Center LLC	\$ 6,423,511	1	0.85%	\$ 5,942,480	1	0.89%		
Deerpath Commons Retail Center	6,208,375	2	0.82%					
Individual Taxpayer (North Lake Commons)	6,130,529	3	0.81%	4,877,150	3	0.73%		
Echo Incorporated	5,303,472	4	0.70%	4,787,068	4	0.71%		
Deerpath Court Retail Center LLC	4,905,330	5	0.65%	3,832,561	5	0.57%		
Costco	3,866,191	6	0.51%	3,099,110	7	0.46%		
Wal-Mart Properties, Inc.	3,775,589	7	0.50%	2,501,194	9	0.37%		
Liberty Realty Lake Zurich LLC	3,333,737	8	0.44%					
HD Development of Maryland LLC	2,906,620	9	0.38%	2,598,374	8	0.39%		
Target Corporation	2,302,063	10	0.30%					
Lincoln Property Co.				5,840,020	2	0.87%		
Regal Cinemas Inc.				3,137,225	6	0.47%		
Greenhill Company LLC				2,375,000	10	0.35%		
	<u>\$ 45,155,417</u>		<u>5.96%</u>	<u>\$ 38,990,182</u>		<u>5.81%</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

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<b>Fiscal Year Ended</b>	<b>Tax Levy Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
			<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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	7,895,992	99.83%	N/A	7,895,992	99.83%
2014	2013	8,568,018	* 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

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Fiscal Year Ended	Governmental Activities					Business-Type Activities				Total Equalized Assessed Value (EAV)	Percentage of EAV	Percentage of Personal Income*	
	General Obligation Bonds	TIF Alternate Revenue Bonds	TIF Revenue Bonds	Capital Lease Obligation	Installment Contracts	Notes Payable	Waterworks and Sewerage Revenue Bonds	IEPA Loan	Total Primary Government			Per Capita*	Per Capita*
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
2014	2,700,000	19,405,000	7,275,000	243,559	-	-	4,075,000	2,797,744	36,496,303	756,892,029	4.82%	4.68%	1,832.42

\* See the schedule of Demographic and Economic Information on page 119 for personal income and population data.

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

Data Source

Audited Financial Statements

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Gross General Obligation Bonds</b>	<b>Less: Amounts Available</b>			<b>Percentage of Equalized Assessed Value</b>			<b>Per Capita</b>
		<b>In Debt</b>	<b>Service Fund</b>	<b>Total</b>				
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		
2014	2,700,000	810,182	1,889,818	0.22%		94.88		

Data Source

Village records

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2014

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<b>Governmental Unit</b>	<b>Gross Debt</b>	<b>(1) Percentage of Debt Applicable to Government</b>	<b>* Village's Share of Debt</b>
Village of Lake Zurich	\$ 2,700,000	(2) 100.000%	\$ 2,700,000
Lake County	111,050,000	3.290%	3,653,545
Lake County Forest Preserve	288,495,000	3.290%	9,491,486
Ela Area Library District	5,280,000	45.030%	2,377,584
School District #95	23,675,000	50.730%	12,010,328
School District #96	1,015,000	2.430%	24,665
High School District #125	17,735,000	0.900%	159,615
Community College #532	77,990,000	3.470%	2,706,253
	<hr/> 525,240,000		<hr/> 30,423,476
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b><u>\$ 527,940,000</u></b>		<b><u>\$ 33,123,476</u></b>

- (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 Clerk

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN INFORMATION**

April 30, 2014

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<b>EQUALIZED ASSESSED VALUATION - 2013*</b>	<b><u>\$ 756,892,029</u></b>
Legal debt limit - 8.625% of assessed valuation	\$ 65,281,938
Amount of debt applicable to debt limit:	
General obligation bonds	<u>2,700,000</u>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 62,581,938</u></b>

\* 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 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.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>(1) Population</b>	<b>(1) Personal Income (in Thousands)</b>	<b>(1) Per Capita Personal Income</b>	<b>(1) Median Age</b>	<b>(2) School Enrollment</b>	<b>(3) Unemployment Rate</b>
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%
2014	19,917	779,312	39,128	41.1	5,892	6.7%

Data Source

- (1) Based on U.S. Census Bureau for Lake County, Illinois
- (2) Annual School Census by Community Unit School District #95
- (3) Illinois Department of Employment Security - Calendar Year

## VILLAGE OF LAKE ZURICH, ILLINOIS

### PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

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Employer	2014			2005		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Echo Inc.	822	1	4%	640	2	3%
Peapod	700	2	4%			
Lake Zurich Community School Dist. #95	611	3	3%	844	1	4%
Smalley Steel Ring Co.	496	4	2%	285	4	2%
Termax Corp	362	5	2%			
YMCA	279	6	1%			
Insight Beverages	199	7	1%			
D&W Fine Pack	180	8	1%			
Village of Lake Zurich	160	9	1%	173	6	1%
All American Exterior Solutions	151	10	1%			
Tredegar Film Products				125	8	1%
CM Packaging, Inc.				320	3	2%
Sylvania Inc.				90	10	0%
Pinnacle Food Products				175	5	1%
Lexington Lake Zurich				155	7	1%
Dyecast Inc./Citation				120	9	1%
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,960</u>	<u>20%</u>	<u>2,927</u>	<u>16%</u>		
Village population			19,917			18,992

#### Data Source

2014: State of Illinois records and verification by employers when available.

2005 statistics are from a canvass of employers in May 2005. 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 Ten Fiscal Years

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<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>GENERAL GOVERNMENT</b>										
Administration	2	2	2	2	7	3	4	4	4	5
Finance	8	9	9	8	4	6	7	7	5	5
Technology	N/A	1	1							
<b>COMMUNITY SERVICES</b>										
Building and Zoning	8	8	9	10	10	9	8	8	8	7
Public Works - General Services	18	17	16	19	19	23	20	20	18	17
Public Works - Water and Sewer	11	13	13	13	12	12	12	12	13	14
<b>POLICE</b>	<b>52</b>	<b>55</b>	<b>55</b>	<b>58</b>	<b>55</b>	<b>55</b>	<b>53</b>	<b>53</b>	<b>51</b>	<b>51</b>
<b>FIRE</b>	<b>56</b>	<b>61</b>	<b>61</b>	<b>62</b>	<b>62</b>	<b>61</b>	<b>60</b>	<b>60</b>	<b>58</b>	<b>58</b>
<b>ENGINEERING</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>
<b>RECREATION</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>11</b>	<b>10</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>
<b>TOTAL</b>	<b>169</b>	<b>179</b>	<b>178</b>	<b>187</b>	<b>182</b>	<b>177</b>	<b>170</b>	<b>170</b>	<b>160</b>	<b>160</b>

Data Source

Village records

# VILLAGE OF LAKE ZURICH, ILLINOIS

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

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<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>PUBLIC WORKS</b>			
Forestry			
Number of parkway trees planted	57	61	74
Number of parkway trees trimmed	1,235	1,268	692
Fleet services			
Number of vehicles maintained	89	93	93
Preventative maintenance	751	713	690
<b>PUBLIC SAFETY</b>			
Fire			
Number of fire calls	1,617	1,582	1,745
Number of EMS calls	1,784	1,664	1,694
Number of training hours	12,474	11,750	6,279
Police			
Part I crime	N/A	N/A	N/A
Calls for service	10,982	10,423	10,101
State tickets issued	5,077	5,563	5,116
Compliance tickets issued	N/A	N/A	N/A
Parking tickets issued	1,998	1,905	1,866
Red light citations	N/A	N/A	N/A
<b>COMMUNITY DEVELOPMENT</b>			
Number of building permits issued	1,040	1,100	1,341
Number of building inspections	5,821	5,409	4,808
Number of food service inspections	N/A	N/A	N/A
<b>HIGHWAYS AND STREETS</b>			
Sidewalk replaced (square feet)	4,400	7,680	10,093
Annual resurfacing program (\$)	877,342	684,866	925,000
Crack sealing (lbs. installed)	13,020	12,060	13,000
Curb replaced (ln. ft.)	N/A	N/A	N/A
<b>WATER AND SEWER</b>			
Water main breaks	41	32	18
Hydrants flushed	3,180	3,200	1,610
Water meters read	76,500	76,884	75,628
Water meter service requests	N/A	988	551
Total distribution pumpage (1,000 gallons)	811MG	731MG	718MG
Average daily consumption (1,000 gallons)	2.22MG	2.0MG	1.8MG
Sanitary sewer televising (feet)	20,000	12,000	4,000
Sanitary sewer repairs	14	12	2

N/A - Not available

Data Source

Village records

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2008	2009	2010	2011	2012	2013	2014
42 737	40 527	48 600	102 800	54 638	122 707	140 800
95 736	94 739	93 676	92 969	91 346	91 324	85 664
1,793 1,665 11,817	1,401 1,694 10,753	1,453 1,672 9,476	1,401 1,735 11,366	1,382 1,746 11,949	1,398 1,787 9,651	1,483 1,848 8,877
N/A 9,860 4,672 N/A 1,983 N/A	N/A 9,650 4,885 N/A 1,944 N/A	N/A 9,113 4,515 101 1,902 4,854	N/A 9,063 3,773 103 1,674 4,506	257 9,168 3,774 108 1,693 4,237	293 N/A 3,474 46 1,609 3,692	324 9,392 2,786 29 1,640 4,536
1,135 5,142 N/A	1,325 4,000 N/A	1,343 3,368 N/A	1,492 5,533 N/A	1,539 6,317 N/A	1,506 4,813 N/A	1,639 5,611 N/A
3,140 100,000 13,000 N/A	2,800 400,000 13,000 N/A	11,748 350,000 - 3,282	5,625 1,106,893 - 262	5,825 - - 267	5,025 - - 614	3,150 1,109,353 11,515 427
35 3,520 79,878 819 687MG 1.88MG 3,000 1	43 3,560 80,088 873 621MG 1.70MG 2,500 6	38 3,560 79,716 869 624MG 1.71MG 2,500 1	31 1,765 80,676 910 600MG 1.4MG 2,250 1	30 1,780 80,796 893 599MG 1.4MG 2,000 1	70 1,780 80,916 1,019 681MG 1.5MG 2,829 1	51 1,790 81,000 1,053 630MG 1.4MG 10,920 3

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

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<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>POLICE</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Patrol units	20	20	20	22	21	22	23	23	23	23
<b>FIRE STATIONS</b>	<b>4</b>									
<b>PUBLIC WORKS</b>										
Streets (lane miles)	158.2	158.2	158.2	159.0	159.0	159.0	159.0	159.4	159.7	159.7
Sidewalks (miles)	89	90	90	91	91	91	91	91	91	91
Streetlights	N/A	N/A	170	175	175	175	175	175	180	180
<b>WATER AND SEWER</b>										
Water mains (miles)	104	107	107	108	108	108	108	109	109	110
Fire hydrants	1,731	1,739	1,739	1,760	1,760	1,760	1,760	1,765	1,765	1,790
Sanitary sewers (miles)	103	106	106	107	107	107	107	107	107	107

N/A - Not available

Data Source

Village records