



FOR FISCAL YEAR ENDED  
APRIL 30, 2016

COMPREHENSIVE ANNUAL  
**FINANCIAL  
REPORT**

VILLAGE OF LAKE ZURICH, ILLINOIS



**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

For the Year Ended  
April 30, 2016

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, 2016

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**VILLAGE BOARD OF TRUSTEES**

Tom Poynton, Mayor

Jim Beaudoin

Jeffrey Halen

John Shaw

Marc Spacone

Jonathan W. Sprawka

Dan Stanovich

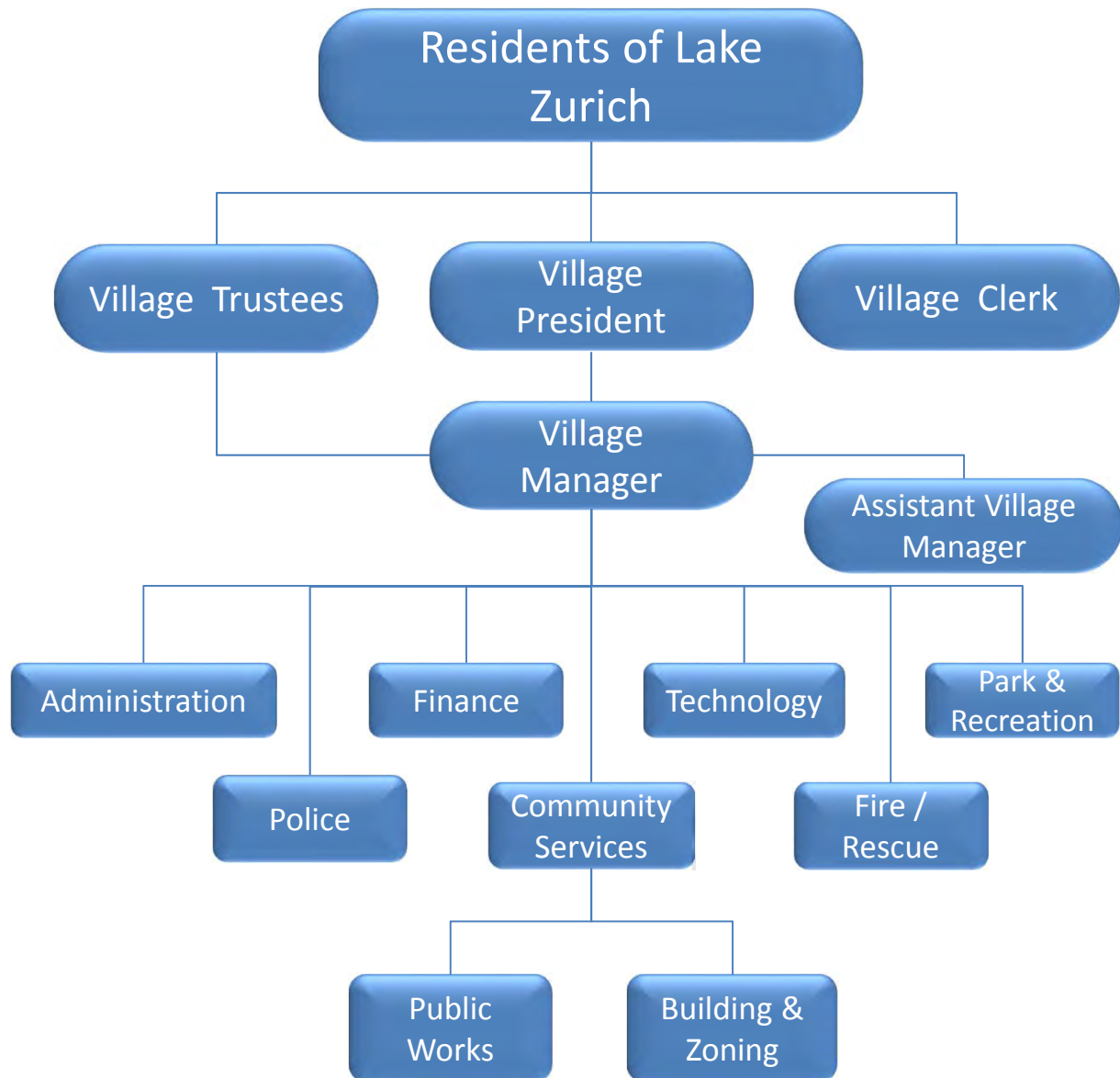
Kathleen Johnson, Village Clerk

Ray Keller, Village Manager

Jodie K. Hartman, Finance Director/Treasurer

# Village of Lake Zurich

## Organization Chart for Fiscal Year 2016





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, 2015**



Executive Director/CEO



OFFICE OF THE VILLAGE MANAGER

Ray Keller

October 20, 2016

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, 2016. This report provides a broad view of the Village's financial activities for the 2016 fiscal year and its financial position at April 30, 2016. 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, 2016. 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 stable 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. 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 approximately four months before the start of the next fiscal 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 prior to its adoption by the Village Board, which is required by state law 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.

Fiscal Year 2016 will be the last fiscal period to start on May 1 and end on April 30. An eight-month budget was adopted for FY 2016B, which will run from May 1, 2016 to December 31, 2016. Thereafter, the Village's fiscal periods will coincide with the calendar year starting on January 1, 2017.

### **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 2015 Equalized Assessed Value for the Village has been set at \$794,190,580 which increased from the prior year by approximately 3%. The unemployment rate in Lake County was 4.8% as of August 2016, slightly lower than the Illinois rate of 5.5% and the U.S. unemployment rate of 5.0%. 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 stable despite the recessionary economic condition, continues to be stable, growing 1.5% from last fiscal year to this fiscal year. The Village has a strong mix of retail superstores, such as Costco, Home Depot, Wal-Mart, Target and Mariano's 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.

Retail vacancy rates decreased slightly over the last year, with the latest analysis indicating a retail vacancy rate of 7.0%<sup>1</sup> reported as of the end of Quarter 1 of 2016 with a continued trend of decreasing towards the end of the financial year in April 2016. The local retail vacancy rate was still favorable when compared to the estimated Chicagoland retail vacancy rate of 8.9%<sup>2</sup>. The industrial vacancy rate on the other hand has shown a slight increase from the previous year with the latest rate of 6.8%<sup>1</sup> as of the end of Quarter 1 of 2016, but with a beginning trend of decreasing towards the end of the financial year in April 2016. However, the local industrial vacancy rate was also favorable when compared to the estimated Chicagoland industrial vacancy rate of 7.37%<sup>3</sup>.

Interest in new construction remained high with several new projects getting underway or completed between mid-2015 and early 2016, including 19 residential townhome units within three new buildings in the downtown area, a 120-unit senior living facility, a new 1,500 sq. ft. gas station convenience store, a 20,000 sq. ft. industrial bakery and a new 5,400 sq. ft. 2-tenant commercial building. Multiple projects went through the zoning entitlement process, the most notable of which included an 8,300 sq. ft. retail building to accommodate up to 4 tenants, and a new retail shopping center containing a gas station, a multi-tenant building with drive-through restaurant and a child daycare center. The Village did not enter into any economic incentive agreements during the 15/16 fiscal year, but began discussion on two development agreements for downtown residential projects.

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. The State is looking at freezing property tax rates and/or reducing revenue sharing with local governments, both of which could be of severe financial detriment to the Village. We are closely monitoring the political environment in Springfield. Either change alone would further decrease the

resources available to the Village, especially if both are adopted, and in turn the level of services we can provide our residents would likely be impacted. As a non-home rule community, options for replacing the lost revenue are virtually non-existent.

***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 January 2016, 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, 2016 saw many accomplishments and major initiatives come to fruition, including:

- Through efficiencies, dedication to cost reduction and vacancies, the Village was able to generate a surplus of \$460,000 for the year, when only about \$5,000 had been in the original plans. This is due to both higher than expected revenues and lower than expected spending.
- 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, summer camp and preschool.
- Taking an active role in recruiting for economic development within the downtown and in the main retail corridors of the community. Developer interest has increased dramatically with several potential agreements slated for review next fiscal year.
- Conducted the first-ever National Citizen Survey to benchmark service quality, enact local policies that advance resident priorities, and evaluate the progress of initiatives. This engagement exercise facilitates informed decision making during budget workshops and goal-setting sessions.
- Implementation began on the International City/County Management Association operational assessment of the Fire/Rescue Department in order to maintain excellent service quality with greater efficiencies of public funds.
- The Employee Health & Wellness Subcommittee initiated wellness programs to support Village employees. These programs featured challenges and incentives to boost staff health, morale, and productivity while further reducing claims on the Village's self-insurance liability.
- Actively implemented objectives identified in the formal multi-year strategic plan through in-depth analysis of priorities, vision and opportunities. Updates were reported to the board and the community to keep the strategic plan a dynamic priority with results.
- Implemented a technology consortium to launch a police records management system that benefits all the members and minimizes costs to each organization.
- Conducted a water distribution leak study to address unaccounted for water loss which is estimated at 20%. Staff is targeting the standard of 12% set by the Illinois Department of Natural Resources (IDNR) for water suppliers that receive Lake Michigan water. Construct a shared salt down on village property, to be shared with the township. This will allow for larger reserves and bulk pricing savings, as well as support intergovernmental cooperation.

- Enhanced the annual holiday celebration to involve more of the community, bringing the residents, business owners and staff, and the local government together for a joint celebration of the season. Event was relocated to downtown to encourage foot traffic and exposure to downtown businesses.
- Multi-year intergovernmental agreements were implemented for permit and plan reviews, fleet repairs, a records management system consortium and consolidated dispatch services. Each of the agreements focuses on streamlining services and efficiencies with local partners to maximize the quality of service without duplication of efforts where possible.

Some of the more significant initiatives planned for the 2016B fiscal year are as follows:

- Focus on reinventing government by slashing through needless bureaucratic red tape and antiquated regulations that do more to shackle progress than enhance the quality of life for the community
- Join an insurance pool for health insurance to gain stability and increased buying power as well as protection against large claims.
- Develop initiatives to provide permitting, planning and licensing services more efficiently. First level initiatives include streamlining the permit process, outsourcing to Lake County where appropriate and simplifying the liquor code. The sign code will also be evaluated for improvements.
- Launch a parkway tree planting program that allows for property owners to share in the cost of upgrading parkway trees as slated for replacement.
- Actively implement objectives identified in the formal multi-year strategic plan through in-depth analysis of priorities, vision and opportunities. Updates will be reported to the board and the community to keep the strategic plan a dynamic priority with results.
- Implement consortium related to evaluating and purchasing a records management system that benefits all the members and minimizes costs to each organization.
- Continue comprehensive water system evaluation to address unaccounted for water loss. The second phase will include a performance contract to address aged water meters.
- Perform work necessary to receive accreditation for the park programming offered through the Village.
- Continue delivering high quality core services to the community while keeping costs minimized.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2015. This represented the twenty-seventh 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 Salena Kaur, 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,



Ray Keller  
Village Manager



Jodie Hartman  
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**



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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, 2016 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, 2016, 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.

## **Change in Accounting Principle**

As described in Note 13, the Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; modified certain disclosures in the notes to financial statements; and the required supplementary information. Our opinion is not modified with respect to these matters.

## **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.

*Sikich LLP*

Naperville, Illinois  
October 20, 2016

**GENERAL PURPOSE EXTERNAL  
FINANCIAL STATEMENTS**

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

**April 30, 2016**

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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, 2016. 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**

**VILLAGE FUNDS AS A WHOLE:**

- Total assets of the village exceeded liabilities by \$78 million.
- Total net position of the village increased \$2.9 million, before posting a change in accounting principle.
- Said change in accounting principle was for implementing GASB 68, recording the full liability of village pension funds. This adjustment caused a restatement of the beginning net position, reducing the net position by \$38.2 million. This was a non-cash adjustment.
- Combined revenues totaled \$38.8 million, an increase of 1.7% from the preceding year.
- Overall expenses totaled \$35.9 million, an increase of 2.2% from the preceding year.

**GENERAL FUND:**

- Fund balance increased by \$460k.
- Total fund balance at the end of the year was \$10.1 million, of which \$1.8 million was nonspendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$6.5 million

**BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)**

- Net position increased \$720k.
- Total net position at the end of the year was \$43.2 million, of which \$39.1 million was invested in fixed assets and \$4.1 million in unrestricted funds.
- From an operations perspective, the fund had operating income of \$321k for the year.
- Working capital of the fund decreased from \$5.7 million to \$5 million. This includes \$778k of unspent bond proceeds at year end, down from \$2.6 million the year before.

**LONG-TERM DEBT**

- Total long-term debt increased about \$8.2 million to \$90 million outstanding as of April 30, 2016. This includes the change in accounting principle to record the full pension liability of \$54 million.
- Bonded debt alone decreased \$2 million to \$31 million outstanding as of April 30, 2016.

**CAPITAL ASSETS**

- Total capital assets, net of accumulated depreciation, increased \$1.75 million to \$128.6 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$879,000 to \$84.2 million.

**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.



# VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2016

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## **Government wide statements**

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

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

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

The government-wide financial statements can be found on pages 4-7 of this report.

## **Fund Financial Statements**

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

### ***Governmental Funds***

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

The Village of Lake Zurich has thirteen (13) 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, Downtown TIF Capital Fund and the Downtown TIF #2 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.

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

**April 30, 2016**

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*The TIF (#1) 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 Tax Increment Finance (TIF) Act.

*The Downtown TIF #2 Special Revenue Fund* captures all the costs and revenue associated with the construction and improvements to TIF District #2.

*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 TIF District #1.

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

*The Downtown TIF Capital Projects Fund* captures all the costs and revenue associated with the construction and improvements to TIF District #1.

Data from the other six (6) funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. Budgetary comparisons are included at the fund level in the combining and individual fund financial statements. The basic governmental fund financial statements can be found on pages 8 through 13 of this report.

***Proprietary Funds***

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

The basic proprietary fund financial statements can be found on pages 14 through 18 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 19 and 20 of this report.

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

**April 30, 2016**

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***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 21 through 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 71 through 83.

***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. Two (2) budget amendments were approved during the fiscal year.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net position**

The combined net position for the fiscal year ended April 30, 2016 totaled \$78 million and consisted of net position from both governmental activities and business-type activities of \$35 million and \$43 million respectively. Following is a table that shows total net position of the Village as of April 30, 2016 with a comparison to the preceding fiscal year. Note: The historical data for fiscal year ending April 30, 2015 has been adjusted for the change in accounting principal of \$37.6 million in additional governmental long-term liabilities and \$630k in business-type long-term liabilities.

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

**April 30, 2016**

Statement of Net Position  
As of April 30, 2016 and 2015

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
Current and other assets	\$ 33,119,252	\$ 33,303,374	\$ 6,565,768	\$ 7,521,858	\$ 39,685,020	\$ 40,825,232
Capital assets	84,216,487	83,337,061	44,385,469	43,509,783	128,601,956	126,846,844
Deferred Outflows	12,793,168	2,834,344	374,474	-	13,167,642	2,834,344
<b>Total assets &amp; deferred outflows</b>	<b>130,128,907</b>	<b>119,474,779</b>	<b>51,325,711</b>	<b>51,031,641</b>	<b>181,454,618</b>	<b>170,506,420</b>
Current and other liabilities	3,988,663	4,734,839	1,556,139	1,797,321	5,544,802	6,532,160
Long-term liabilities	81,070,543	72,364,388	6,505,880	6,744,959	87,576,423	79,109,347
Deferred Inflows	10,484,302	9,969,924	54,548	-	10,538,850	9,969,924
<b>Total liabilities and deferred inflows</b>	<b>95,543,508</b>	<b>87,069,151</b>	<b>8,116,567</b>	<b>8,542,280</b>	<b>103,660,075</b>	<b>95,611,431</b>
Net position:						
Net investment in capital assets	82,125,245	80,503,360	39,130,472	39,678,649	121,255,717	120,182,009
Restricted	10,779,838	10,960,283	-	-	10,779,838	10,960,283
Unrestricted	(58,319,684)	(59,058,015)	4,078,672	2,810,712	(54,241,012)	(56,247,303)
<b>Total net position</b>	<b>\$ 34,585,399</b>	<b>\$ 32,405,628</b>	<b>\$ 43,209,144</b>	<b>\$ 42,489,361</b>	<b>\$ 77,794,543</b>	<b>\$ 74,894,989</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, 2016, capital assets net of related debt totaled \$121 million. 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 increased by \$2.18 million. Of this amount, almost \$900k is attributable to the increase in governmental capital assets. Another \$750k is from a reduction in current liabilities, as the village continues to pay down the existing debt. For a single fund, the greatest benefit was the better than anticipated performance in the General Fund. Revenues exceeded expectations by \$160,000, but more impactful was expenditure reductions/delays of almost \$280,000. Including other financing sources and uses (sale of capital assets and transfers to other funds), the General Fund ended the year with a surplus just shy of \$460,000 compared to the amended budget surplus of \$5,600.

Cash and investments for governmental funds remained relatively stable, with a change of only \$7,300. Total assets and deferred outflows for the governmental funds increased to \$130 million. Total liabilities grew to over \$95 million, primarily in noncurrent liabilities due in more than one year.

For the business-type activities, total net position decreased by \$720,000. Residual bond funds were drawn-down during the year to fund major capital projects, such as a major sewer line collapse. Non-capital assets (cash, investments, receivables, etc.) decrease by roughly \$300,000. Total liabilities decreased \$474,000, with the largest reduction in long-term liabilities as the village continues to pay down the existing debt.

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

**April 30, 2016**

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

**Statement of Activities**

The following summarizes the changes in the Village's net position for the 2015/16 fiscal year:

**Change in Net Position  
For the Fiscal Years Ended April 30, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,573,549	\$ 8,846,292	\$ 5,382,500	\$ 4,949,523	\$ 13,956,049	\$ 13,795,815
Operating grants	594,937	905,163	-	-	594,937	905,163
Capital grants	47,133	-	-	336,000	47,133	336,000
General revenues:						
Taxes	12,364,341	11,764,388	-	-	12,364,341	11,764,388
Intergovernmental	11,377,715	11,022,668	-	-	11,377,715	11,022,668
Investment earnings	76,417	69,306	12,191	7,228	88,608	76,534
Other	349,724	241,171	5,044	-	354,768	241,171
<b>Total revenues</b>	<b>33,383,816</b>	<b>32,848,988</b>	<b>5,399,735</b>	<b>5,292,751</b>	<b>38,783,551</b>	<b>38,141,739</b>
<b>Expenses:</b>						
General Government	1,522,322	1,802,610	-	-	1,522,322	1,802,610
Public Safety	20,687,223	19,438,857	-	-	20,687,223	19,438,857
Highways and Streets	4,855,446	4,969,501	-	-	4,855,446	4,969,501
Parks and Recreation	1,147,881	1,143,280	-	-	1,147,881	1,143,280
Economic Development	1,515,262	1,128,755	-	-	1,515,262	1,128,755
Interest on long-term debt	1,475,911	1,738,490	-	-	1,475,911	1,738,490
Water/Sewer	-	-	4,679,952	4,901,767	4,679,952	4,901,767
<b>Total expenses</b>	<b>31,204,045</b>	<b>30,221,493</b>	<b>4,679,952</b>	<b>4,901,767</b>	<b>35,883,997</b>	<b>35,123,260</b>
<b>Change in Net Position</b>	<b>2,179,771</b>	<b>2,627,495</b>	<b>719,783</b>	<b>390,984</b>	<b>2,899,554</b>	<b>3,018,479</b>
Beginning net position	32,405,628	67,346,469	42,489,361	42,727,914	74,894,989	110,074,383
Change in Acct. Principle	-	(37,568,336)	-	(629,537)	-	(38,197,873)
<b>Ending net position - April 30</b>	<b>34,585,399</b>	<b>32,405,628</b>	<b>43,209,144</b>	<b>42,489,361</b>	<b>77,794,543</b>	<b>74,894,989</b>

**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 2015/16, governmental program expenses of \$31.2 million exceeded program revenues of \$9.2 million by \$22 million. General revenues of \$24.2 million made up for the deficiency.

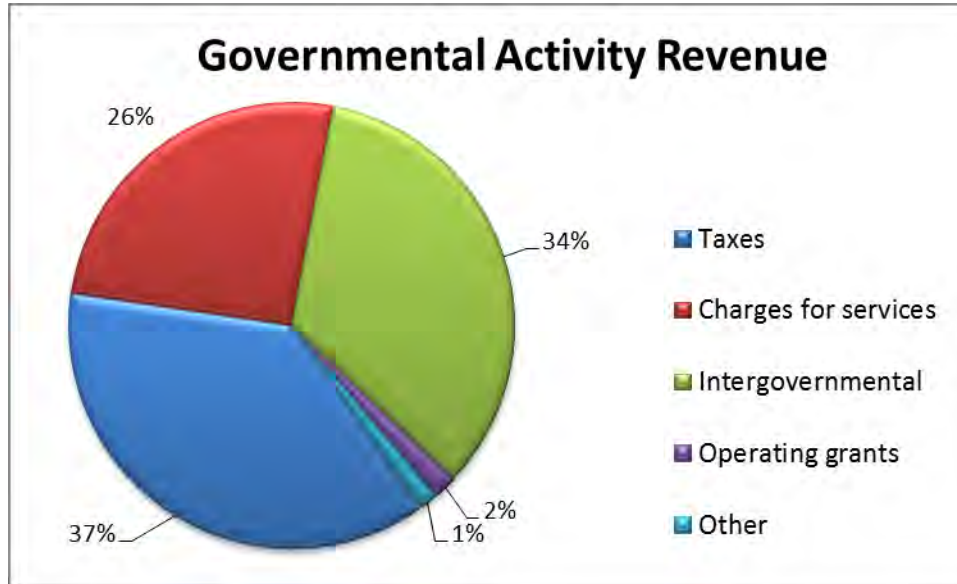
**VILLAGE OF LAKE ZURICH  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2016**

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*Revenues*

The following graph indicates the breakdown of 2015/16 revenues by type.



Total revenues of \$33.4 million were higher than last year by approximately 1.6%, or \$535,000. With no new major revenue sources, the small increase is attributed to the growth in the economy and decline in unemployment rates, as several revenue sources subject to the economy performed well for the year.

The utility taxes on electricity and on natural gas received their first full fiscal year of revenue since reinstatement in the prior year. The accounted for an increase of \$323,000.

Telecommunications tax, which has been unpredictable in the past few years, began to stabilize from severe decline witnessed the past several years. Compared to the prior year loss of 7.5%, receipts from this revenue source of \$842,000 declined only 1% from last year. Receipts have been declining to due changes in how customers receive their phone service, such as free long-distance with most cellular plans.

Sales tax revenue was up approximately \$127,000 from last year, about a 1.5% increase. Lake Zurich's mix of retailers has weathered the recession better than localities that are selling more luxury or specialty products. A major construction project of the state road that services the main retail corridor impacted sales the first few months of the year. Neighboring towns along the same corridor experienced similar results. The addition of a new major retailer just before the fiscal year started, a Mariano's Grocer, was a nice boost to retail sales, replacing the Dominicks' Grocery store that had been struggling previously and closed the prior December.

The State Income Tax receipts of \$2.1 million have grew considerably compared to the prior year, up approximately \$170,000 from last year (9%). Receipts for May were uncharacteristically high due to changes 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 26% of the village's governmental revenue. Charges for services decreased by \$273,000, primarily related to public safety.

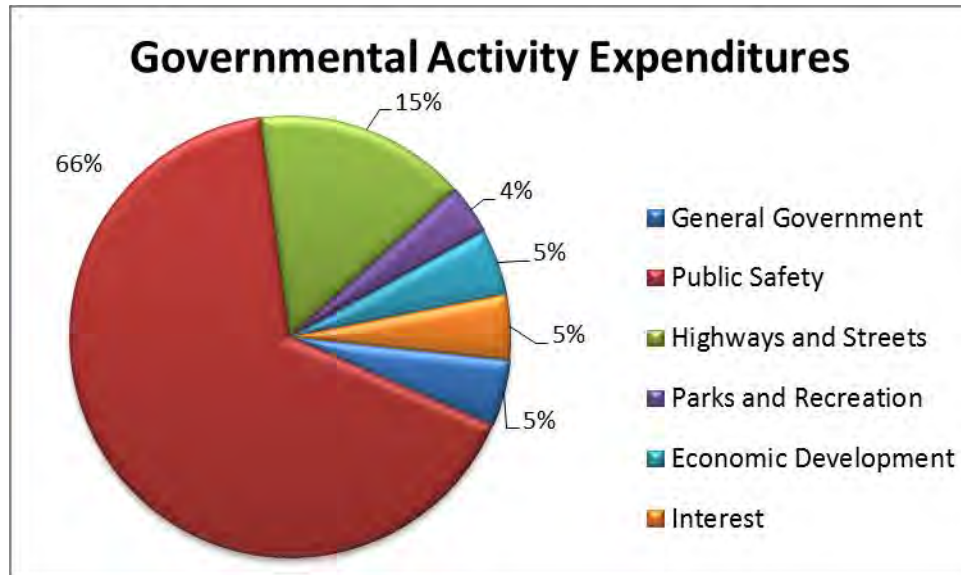
**VILLAGE OF LAKE ZURICH  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2016**

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*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 increased by \$1 million, or 3%, from the preceding year. By far the most significant category of expenditures relate to public safety, which totaled \$20.7 million of the total \$31.2 million. Public safety expenses increased \$1.25 million. Expenditures for public safety salaries (full-time, part-time and overtime) increased about \$247,000 (2.5%) to \$10.3 million and accounts for 54% of the public safety expenditures. Expenditures decreased due to retirements, reorganization of duties and resulting vacancies during recruitment periods or position evaluations. Sworn pension costs remained relatively stable at \$3.3 million and represent about 17% of public safety expenditures.

**Business Type Activities**

For business-type activities, net position increased a total of \$720,000. Program revenues of \$5.4 million exceeded program expenses of \$4.7 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1.7 million (38% of operating expenses).

Revenues associated with business-type activities totaled \$5.4 million, an increase of \$90,000, or 2%, from the preceding year. No capital grants were recorded this fiscal year, compared to \$336,000 the prior year. Charges for services grew from \$4.95 to \$5.38 million (8%). An increase to water and sewer rates was effective the first day of the fiscal year.

Business-type expenses decreased \$222,000 compared to the prior fiscal year, down to \$4.7 million from \$4.9 million in fiscal 2015. Administration expenses have only grown slightly, at \$643,000 compared to \$626,000 the prior year. Operation related expenses decreased from \$2.4 million to \$2.2 million, a decrease of \$235,000.

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

**April 30, 2016**

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**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, 2016 governmental funds reported combined fund balances of \$33.4 million. Of this amount, \$6.4 million is unreserved and is available for future obligations. About \$10.8 million is restricted, with \$4.9 million restricted for Tax Increment Financing (TIF), \$2 million for capital projects and \$841,000 for debt service. The remainder of restricted funds relate to special recreation, public safety, highway and streets, special events and a small amount for tourism, generated by the hotel tax.

**GENERAL FUND:**

The General Fund is the Village's primary operating fund. For the fiscal year ended April 30, 2016, fund balance in the General Fund increased by \$460,000 from current year activities. Change to fund balance is a combination of revenues of \$27.5 million compared to expenditures of \$26.4 million, adjusted for other financing sources and uses of a net -\$660,000. Other financing sources include \$49,000 from the sale of capital assets. Other financing uses of \$708,000 are also included, representing a transfer of \$570,000 to the Capital Improvement Fund and \$138,000 to the Special Events Fund. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$10.1 million.

**OTHER MAJOR FUNDS:**

- The TIF Tax Allocation Fund has a fund balance of \$32,000, restricted entirely for TIF purposes. This is \$185,000 lower than the previous year.
- The Debt Service Fund has a positive fund balance of \$841,000 that is restricted entirely for the payment of future debt service. This is \$15,000 higher than the previous year.
- All fund balance of the TIF Debt Service Fund, -\$1.3 million, is restricted for payment of future debt service. This is \$158,000 lower than the previous year. The TIF Debt Service Fund has received a long-term advance of over \$1.5 million to cover its expenditures to date. Now that the TIF has been extended, the debt restructured and several negative increment parcels removed, the TIF will work on rebuilding the fund balance of future years.
- The Capital Improvements Fund fund balance increased about \$142,000 to \$826,000. The majority of the increase is due to the delay of a few capital projects, such as the completion of the right turn lane for Ela Road. \$307,000 of this fund balance is earmarked for noise mitigation related to the CN rail, which will be drawn down over the next few fiscal years.
- The Downtown TIF Fund had no activity for the year, holding the fund balance to -\$182,000. The fund has received \$185,000 from the General Fund as a long-term advance to cover expenditures to date. Now that the TIF has been extended, the debt restructured and several negative increment parcels removed, the TIF will work on rebuilding the fund balance of future years.
- The Downtown TIF Fund #2 increased fund balance by \$37,000 over the year. The first distribution of increment will be received next fiscal year. Fund balance at year-end of \$4.8 million is restricted entirely for TIF purposes, nearly all of which is land held for resale.



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

**April 30, 2016**

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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, 2016, net position of the proprietary fund totaled \$43.2 million. Cash and investments totaled \$5.7 million, a decrease of \$1 million (-15%). Bond proceeds from the 2013A issuance of \$778,000 remains at year end. This was a major factor in maintaining working capital above \$5 million. Operating revenues increased 3% from the previous year to \$4.8 million. Despite the almost 5% rate increase to the Lake Zurich portion of water bills that took effect May 1, 2015, consumption was down dramatically over the prior year due to an unusually dry summer and changes to water usage behaviors. Operating expenses (including depreciation) of \$4.5 million were 4% lower than the previous year. For the third year in a row, detailed review of necessary expenses has led to the administration component of operating expenses decreasing from the prior year, with a decrease of about \$17,000 (3%) for this fiscal year. Depreciation increased by \$21,000 (1%).

***Fiduciary Funds***

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced growth in the fiscal year ended April 30, 2016. Combined, the funds reported a \$1.7 million increase in plan fiduciary net position. Investment earnings (net related expenses) struggled during the fiscal year, putting up a combined loss of \$85,000 between the two funds. The losses were expected based on market conditions during the year, which will hopefully reverse in the coming fiscal year. Deductions for benefits and other smaller items increased about 32%, from \$1.7 million in the prior year to \$2.3 million this year. Cash and investments totaled \$44.4 million as of April 30<sup>th</sup>.

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 decreased over last fiscal year by \$826,000, primarily as reductions to deposits payable. Total cash and investments as of April 30, 2016 was \$1.8 million, about \$806,000 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.

**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.

Two budget amendments were approved for this fiscal year that affected the General Fund. Overall, revenues were increased by \$155,000. Of that amount, \$118,000 is attributable to higher than originally anticipated engineering review activity. The budget for expenditures decreased by \$527,000 for the General

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

**April 30, 2016**

Fund. Public safety expenditures decreased \$290,000 alone, due to vacancies and improved efficiencies within the departments. Expenditures for highway and streets were also reduced for similar reasons, a reduction of \$110,000. With the additional savings apparent, increases were made to transfers to out to the Capital Improvement Fund to help fund several upcoming expensive but necessary capital projects.

**Change in Fund Balance**

*General Fund*

When the original budget was adopted in April of 2016, a surplus of \$5,100 was expected for the General Fund. After the budget amendments, the expected surplus was adjusted to \$5,569. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$460,000. Revenues and other financing sources came in at \$27.5 million for the year, \$174,000 more than budgeted. Expenditures and other financing uses totaled \$27.1 million, which was \$280,000 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, 2016.

**General Fund Budgetary Highlights  
Fiscal Year Ended April 30, 2016**

	Final Budget	Actual
<b>Revenues &amp; Other Financing Sources</b>		
Taxes	\$ 9,575,489	\$ 9,642,536
Licenses and permits	826,826	861,876
Intergovernmental	14,626,391	14,589,188
Charges for services	1,611,543	1,681,998
Fines and forfeits	593,500	593,134
Other revenue	111,260	136,092
Sub-total revenues	\$ 27,345,009	\$ 27,504,824
Other financing sources	34,000	48,698
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 27,379,009</b>	<b>\$ 27,553,522</b>
<b>Expenditures and Other Financing Uses</b>		
General government	\$ 2,289,872	\$ 2,192,464
Public safety	20,044,926	20,064,903
Highways and streets	2,504,238	2,272,442
Culture and recreation	922,279	888,270
Economic development	903,975	967,550
Sub-total expenditures	\$ 26,665,290	\$ 26,385,629
Other financing uses		
Transfers to Other Funds	708,150	708,150
<b>Total Expenditures and Other Financing Sources</b>	<b>\$ 27,373,440</b>	<b>\$ 27,093,779</b>
<b>Change in Fund Balance</b>	<b>\$ 5,569</b>	<b>\$ 459,743</b>

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

**April 30, 2016**

**CAPITAL ASSETS**

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$128.6 million at April 30, 2016. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>FYE 16</b>	<b>FYE 15</b>	<b>FYE 16</b>	<b>FYE 15</b>	<b>FYE 16</b>	<b>FYE 15</b>
Land and Improvements	\$ 34,908,979	\$ 34,930,202	\$ 249,652	\$ 249,652	\$ 35,158,631	\$ 35,179,854
Building and Improvements	7,918,172	8,249,031	-	-	7,918,172	8,249,031
Machinery & Equipment	1,231,246	866,723	825,036	741,410	2,056,282	1,608,133
Vehicles	1,639,489	1,419,019	137,583	162,694	1,777,072	1,581,713
Other	381,708	405,704	2,054,919	14,341	2,436,627	420,045
Infrastructure	38,136,893	37,466,382	41,118,279	42,341,686	79,255,172	79,808,068
Total	<u>\$ 84,216,487</u>	<u>\$ 83,337,061</u>	<u>\$ 44,385,469</u>	<u>\$ 43,509,783</u>	<u>\$ 128,601,956</u>	<u>\$ 126,846,844</u>

Capital additions for the year totaled \$3.1 million for governmental funds and \$876,000 for the business-type activities of the water and sewer fund. Additions included the following major projects:

**Governmental Funds:**

- \$250,000 on Land Improvements, for the noise mitigation improvements related to the CN Rail and replacement of the playground at Zurites Park.
- \$108,000 on Building Improvements, for roof replacement and additional deicing system for Fire Station 1 on Buesching Road.
- \$485,000 on Machinery and Equipment, for dispatch radio consoles, Starcom radios, and a power cot load system for the new ambulance.
- \$473,000 on Vehicles, for a replacement ambulance, fire command car, dump truck and public works truck.
- \$21,000 on a records management system for the Police Department and new network infrastructure
- \$2 million on Infrastructure, for the annual street resurfacing program, roadwork improvement on Ela Road, stormwater improvements on Grand Avenue and within Cedar Creek, and additions to safe routes to school.

**Business-Type Fund:**

- \$400,000 on Infrastructure, for improvements to the Maple and Terrace intersection.
- \$134,000 on Machinery and Equipment, for water meter replacements and a submersible motor.
- \$2 million in construction in progress, for the ongoing work to repair the Cuba Road sanitary line collapse and the sanitary transmission lining projects.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 32 and 33.

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

**April 30, 2016**

**DEBT ADMINISTRATION**

During the fiscal year, bonded debt was decreased by \$1.9 million. One small issuance of \$1,070,000 was issued on a short-term basis and was repaid before the end of the fiscal year. The Series 2009A bonds were refunded for interest savings shortly after the fiscal year end, as were \$1 million in water bonds to fund the Cuba Road emergency sewer repairs. Neither of these transactions is reflected in the numbers below, but will be reflected in fiscal year 2016B's financial statements.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 16	FYE 15	FYE 16	FYE 15	FYE 16	FYE 15
General Obligation Bonds	\$ 1,885,000	\$ 2,305,000	\$ -	\$ -	\$ 1,885,000	\$ 2,305,000
TIF Alternate Revenue Bonds	25,375,000	25,865,000	-	-	25,375,000	25,865,000
TIF Revenue Bonds	-	550,000	-	-	-	550,000
Water Alternate Revenue Bonds	-	-	3,390,000	3,800,000	3,390,000	3,800,000
<b>Bonded Debt Total</b>	<b>27,260,000</b>	<b>28,720,000</b>	<b>3,390,000</b>	<b>3,800,000</b>	<b>30,650,000</b>	<b>32,520,000</b>
IEPA Loan	-	-	2,444,245	2,623,189	2,444,245	2,623,189
Compensated Absences	1,645,349	1,765,604	75,331	78,213	1,720,680	1,843,817
Net Pension Liability	52,875,989	42,645,074	1,001,740	677,573	53,877,729	43,322,647
Capital Lease Obligation	599,590	764,956	-	-	599,590	764,956
Other	513,173	544,747	219,062	244,591	732,235	789,338
<b>Total Other LT Debt</b>	<b>55,634,101</b>	<b>45,720,381</b>	<b>3,740,378</b>	<b>3,623,566</b>	<b>59,374,479</b>	<b>49,343,947</b>
<b>Combined LT Debt Total</b>	<b>82,894,101</b>	<b>74,440,381</b>	<b>7,130,378</b>	<b>7,423,566</b>	<b>90,024,479</b>	<b>81,863,947</b>

The village maintains a AAA, stable outlook, bond rating from Standard and Poors, which had been upgraded from AA in 2013. Maintaining the AA stable 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.

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 45.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The Village is directly impacted by the financial condition of the State of Illinois. 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. While the State is not withholding anything significant at this time, the Village expects to experience delays of funds from the State until the budget crises is resolved.
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2016 Tax Levy to be 0.7%. Any increase in CPI along with the value of new construction will be used to offset the growing cost of funding for both police and fire pension funds for the village.
- The new downtown TIF district has begun to see serious interest from the development community. With the first distribution of increment due with the 2015 levy (payable in 2016) and a healthy interest from the development community, the Village hopes to see several projects come to fruition within the next few years.

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

**April 30, 2016**

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- Minimizing retail vacancies continue to be a priority for the village, as sales tax is a significant revenue source. The village will continue to monitor economic trends relating to retail sales and adjust forecasts/spending as appropriate.
- All union contracts are currently in place with no expirations until 2017. Negotiated salary and benefit increases were reasonable and in-line with market conditions, allowing for increased stability in the operating budget of the village.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. At April 30, 2016 the unrestricted fund balance of the General Fund was 30% of total expenditures of the current year. While above the current minimum of 20%, the policy is under review to determine the most appropriate level given the Village's mix of revenue sources and upcoming capital projects.

The Water/Sewer Fund had cash and investments of \$5.7 million at April 30, 2016, including \$778,000 of unspent bond proceeds for infrastructure projects. The fund also had unrestricted net position of \$4 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 increases effective May 1, 2015 and May 1, 2016.

**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, 2016. 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, 2016

	<b>Primary Government</b>		
	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 13,297,079	\$ 5,686,024	\$ 18,983,103
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	10,256,249	-	10,256,249
Accounts	1,290,591	848,483	2,139,074
Accrued interest	9,325	1,118	10,443
Due to/from other funds	(13,162)	13,162	-
Due to/from fiduciary funds	849	12,637	13,486
Due from other governments	2,809,698	-	2,809,698
Deposits	-	2,000	2,000
Prepays	625,925	695	626,620
Inventory	9,608	1,649	11,257
Land held for resale	4,833,090	-	4,833,090
Total current assets	33,119,252	6,565,768	39,685,020
<b>NONCURRENT ASSETS</b>			
Capital assets not being depreciated	30,844,878	2,304,571	33,149,449
Capital assets (net of accumulated depreciation)	53,371,609	42,080,898	95,452,507
Total noncurrent assets	84,216,487	44,385,469	128,601,956
Total assets	117,335,739	50,951,237	168,286,976
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension items	10,140,112	374,474	10,514,586
Unamortized loss on refunding	2,653,056	-	2,653,056
Total deferred outflows of resources	12,793,168	374,474	13,167,642
Total assets and deferred outflows of resources	130,128,907	51,325,711	181,454,618
<b>CURRENT LIABILITIES</b>			
Accounts payable	397,917	818,877	1,216,794
Accrued payroll	570,002	51,271	621,273
Other payables	540,077	-	540,077
Claims payable	190,263	-	190,263
Accrued interest payable	377,130	61,494	438,624
Unearned revenues	89,716	-	89,716
Due within one year	1,823,558	624,497	2,448,055
Total current liabilities	3,988,663	1,556,139	5,544,802
<b>NONCURRENT LIABILITIES</b>			
Due in more than one year	81,070,543	6,505,880	87,576,423
Total liabilities	85,059,206	8,062,019	93,121,225

(This statement is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension items	\$ 228,053	\$ 54,548	\$ 282,601
Deferred property taxes	10,256,249	-	10,256,249
Total deferred inflows of resources	10,484,302	54,548	10,538,850
Total liabilities and deferred inflows of resources	95,543,508	8,116,567	103,660,075
<b>NET POSITION</b>			
Net investment in capital assets	82,125,245	39,130,472	121,255,717
Restricted for			
Special recreation	294,976	-	294,976
Public safety	241,440	-	241,440
TIF	4,863,253	-	4,863,253
Debt service	841,020	-	841,020
Noise mitigation	306,913	-	306,913
Capital projects	1,976,061	-	1,976,061
Highways and streets	1,929,416	-	1,929,416
Tourism	304,486	-	304,486
Special events	22,273	-	22,273
Unrestricted	(58,319,684)	4,078,672	(54,241,012)
<b>TOTAL NET POSITION</b>	<b>\$ 34,585,399</b>	<b>\$ 43,209,144</b>	<b>\$ 77,794,543</b>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2016

<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges</b>	<b>Operating</b>	<b>Capital</b>
<b>PRIMARY GOVERNMENT</b>		<b>for Services</b>	<b>Grants and</b>	<b>Grants and</b>
			<b>Contributions</b>	<b>Contributions</b>
Governmental Activities				
General government	\$ 1,522,322	\$ 651,761	\$ -	\$ -
Public safety	20,687,223	7,096,281	34,878	-
Highways and streets	4,855,446	74,080	560,059	43,150
Culture and recreation	1,147,881	655,848	-	3,983
Economic development	1,515,262	95,579	-	-
Interest	1,475,911	-	-	-
Total governmental activities	31,204,045	8,573,549	594,937	47,133
Business-Type Activities				
Waterworks and sewerage	4,679,952	5,382,500	-	-
Total business-type activities	4,679,952	5,382,500	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 35,883,997</b>	<b>\$ 13,956,049</b>	<b>\$ 594,937</b>	<b>\$ 47,133</b>



<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>
	\$ (870,561)	\$ -	\$ (870,561)
	(13,556,064)	-	(13,556,064)
	(4,178,157)	-	(4,178,157)
	(488,050)	-	(488,050)
	(1,419,683)	-	(1,419,683)
	(1,475,911)	-	(1,475,911)
	(21,988,426)	-	(21,988,426)
	-	702,548	702,548
	-	702,548	702,548
	(21,988,426)	702,548	(21,285,878)
General Revenues			
Taxes			
Property	10,134,009	-	10,134,009
Utility	1,278,409	-	1,278,409
Telecommunications	841,823	-	841,823
Other	110,100	-	110,100
Intergovernmental			
Replacement	56,747	-	56,747
Sales	8,767,277	-	8,767,277
Local use	461,567	-	461,567
Shared income tax	2,092,124	-	2,092,124
Special events	108,533	-	108,533
Investment income	76,417	12,191	88,608
Gain on sale of capital assets	-	5,044	5,044
Miscellaneous	241,191	-	241,191
Total	24,168,197	17,235	24,185,432
CHANGE IN NET POSITION	2,179,771	719,783	2,899,554
NET POSITION, MAY 1	69,973,964	43,118,898	113,092,862
Change in accounting principle	(37,568,336)	(629,537)	(38,197,873)
NET POSITION, MAY 1, RESTATED	32,405,628	42,489,361	74,894,989
NET POSITION, APRIL 30	\$ 34,585,399	\$ 43,209,144	\$ 77,794,543

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2016

	General	TIF Tax Allocation	Debt Service	TIF Debt Service	Capital Improvements	Downtown TIF	Downtown TIF #2	Nonmajor Governmental	Total
<b>ASSETS</b>									
Cash and investments	\$ 6,512,866	\$ 38,512	\$ 841,020	\$ 212,648	\$ 1,042,432	\$ 2,659	\$ 39,384	\$ 3,684,965	\$ 12,374,486
Receivables (net, where applicable, of allowances for uncollectibles)									
Property taxes	7,341,684	1,231,492	1,621,520	-	-	-	61,553	-	10,256,249
Accounts	775,693	-	-	-	-	-	8,717	496,177	1,280,587
Accrued interest	6,905	-	-	468	1,535	-	-	417	9,325
Due from other funds	849	-	-	-	-	-	-	-	849
Advances to other funds	1,760,000	-	-	-	-	-	-	-	1,760,000
Due from other governments	2,809,698	-	-	-	-	-	-	-	2,809,698
Prepaid items	33,379	-	-	3,960	-	-	-	26,621	63,960
Inventory	9,608	-	-	-	-	-	-	-	9,608
Land held for resale	-	-	-	-	-	-	4,833,090	-	4,833,090
<b>TOTAL ASSETS</b>	<b>\$ 19,250,682</b>	<b>\$ 1,270,004</b>	<b>\$ 2,462,540</b>	<b>\$ 217,076</b>	<b>\$ 1,043,967</b>	<b>\$ 2,659</b>	<b>\$ 4,942,744</b>	<b>\$ 4,208,180</b>	<b>\$ 33,397,852</b>

	General	TIF Tax Allocation	Debt Service	TIF Debt Service	Capital Improvements	Downtown TIF	Downtown TIF #2	Nonmajor Governmental	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable	\$ 291,829	\$ 6,450	\$ -	\$ -	\$ 2,424	\$ -	\$ -	\$ 87,549	\$ 388,252
Accrued payroll	566,437	-	-	-	-	-	-	3,565	570,002
Other payables	321,176	-	-	-	215,000	-	-	3,901	540,077
Due to other funds	192,275	-	-	-	-	-	-	-	192,275
Advances due to other funds	-	-	-	1,525,000	-	185,000	50,000	-	1,760,000
Unearned revenue	59,694	-	-	-	-	-	-	30,022	89,716
Total liabilities	1,431,411	6,450	-	1,525,000	217,424	185,000	50,000	125,037	3,540,322
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Unavailable revenue - due from other governments	379,299	-	-	-	-	-	-	-	379,299
Unavailable revenue - property taxes	7,341,684	1,231,492	1,621,520	-	-	-	61,553	-	10,256,249
Total deferred inflows of resources	7,720,983	1,231,492	1,621,520	-	-	-	61,553	-	10,635,548
Total liabilities and deferred inflows of resources	9,152,394	1,237,942	1,621,520	1,525,000	217,424	185,000	111,553	125,037	14,175,870
<b>FUND BALANCES</b>									
Nonspendable									
Prepaid items	33,379	-	-	3,960	-	-	-	26,621	63,960
Inventory	9,608	-	-	-	-	-	-	-	9,608
Advances to other funds	1,760,000	-	-	-	-	-	-	-	1,760,000
Restricted									
Special recreation	294,976	-	-	-	-	-	-	-	294,976
Public safety	68,332	-	-	-	-	-	-	173,108	241,440
TIF	-	32,062	-	-	-	-	4,831,191	-	4,863,253
Debt service	-	-	841,020	-	-	-	-	-	841,020
Noise mitigation	-	-	-	-	306,913	-	-	-	306,913
Capital projects	-	-	-	-	519,630	-	-	1,456,431	1,976,061
Highways and streets	-	-	-	-	-	-	-	1,929,416	1,929,416
Tourism	-	-	-	-	-	-	-	304,486	304,486
Special events	-	-	-	-	-	-	-	22,273	22,273
Assigned									
Capital projects	-	-	-	-	-	-	-	170,808	170,808
Unrestricted									
Unassigned	7,931,993	-	-	(1,311,884)	-	(182,341)	-	-	6,437,768
Total fund balances (deficit)	10,098,288	32,062	841,020	(1,307,924)	826,543	(182,341)	4,831,191	4,083,143	19,221,982
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,250,682</b>	<b>\$ 1,270,004</b>	<b>\$ 2,462,540</b>	<b>\$ 217,076</b>	<b>\$ 1,043,967</b>	<b>\$ 2,659</b>	<b>\$ 4,942,744</b>	<b>\$ 4,208,180</b>	<b>\$ 33,397,852</b>

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, 2016

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<b>FUND BALANCES OF GOVERNMENTAL FUNDS</b>		<b>\$ 19,221,982</b>
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		
Total governmental capital assets	84,216,487	
Less internal service fund portion	<u>1,119,011</u>	83,097,476
The loss on refunding of bonds is capitalized as amortized over the life of the bonds on the statement of net position		
		2,653,056
Certain assets are not available to report as revenue in the governmental funds but are revenue on the accrual basis of accounting		
		379,299
Net pension liability for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position		
		(3,661,743)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows of resources on the statement of net position		
		1,169,452
Net pension liability for the Police Pension Fund and Firefighters' Pension Fund are shown as a liability on the statement of net position		
		(49,214,246)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the Police Pension Fund and Firefighters' Pension Fund are recognized as deferred outflows and inflows of resources on the statement of net position		
		8,742,607
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable		(27,260,000)
Unamortized premium		(332,137)
Other postemployment benefit payable		(181,036)
Compensated absences payable		(1,645,349)
Capital lease obligation		(599,590)
Accrued interest payable		(377,130)
The net position of the internal service funds is included in the governmental activities in the statement of net position		
		<u>2,592,758</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b><u>\$ 34,585,399</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, 2016

	<b>General</b>	<b>TIF Tax Allocation</b>	<b>Debt Service</b>	<b>TIF Debt Service</b>	<b>Capital Improvements</b>	<b>Downtown TIF</b>	<b>Downtown TIF #2</b>	<b>Nonmajor Governmental</b>	<b>Total</b>
<b>REVENUES</b>									
Taxes	\$ 9,642,536	\$ 1,181,485	\$ 1,618,122	\$ -	\$ -	\$ -	\$ -	\$ 2,133,258	\$ 14,575,401
Licenses and permits	861,876	-	-	-	-	-	-	-	861,876
Intergovernmental	14,589,188	-	-	-	126,825	-	-	538,286	15,254,299
Charges for services	1,681,998	-	-	-	-	-	-	-	1,681,998
Fines and forfeits	593,134	-	-	-	-	-	-	-	593,134
Special events	-	-	-	-	-	-	-	108,533	108,533
Investment income	56,163	1,839	1,280	2,812	7,925	-	50	6,348	76,417
Miscellaneous	79,929	-	-	-	-	-	109,079	-	189,008
<b>Total revenues</b>	<b>27,504,824</b>	<b>1,183,324</b>	<b>1,619,402</b>	<b>2,812</b>	<b>134,750</b>	<b>-</b>	<b>109,129</b>	<b>2,786,425</b>	<b>33,340,666</b>
<b>EXPENDITURES</b>									
Current									
General government	2,192,464	-	-	-	-	-	-	286,000	2,478,464
Public safety	20,064,903	-	-	-	-	-	-	22,482	20,087,385
Highways and streets	2,272,442	-	-	-	-	-	-	2,713,719	4,986,161
Culture and recreation	888,270	-	-	-	-	-	-	-	888,270
Economic development	967,550	468,415	-	-	-	-	71,692	-	1,507,657
Capital outlay	-	-	-	-	562,660	-	-	82,636	645,296
Debt service									
Principal retirement	-	-	420,000	1,040,000	-	-	-	-	1,460,000
Interest and fiscal charges	-	-	114,444	1,090,851	-	-	-	-	1,205,295
<b>Total expenditures</b>	<b>26,385,629</b>	<b>468,415</b>	<b>534,444</b>	<b>2,130,851</b>	<b>562,660</b>	<b>-</b>	<b>71,692</b>	<b>3,104,837</b>	<b>33,258,528</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,119,195</b>	<b>714,909</b>	<b>1,084,958</b>	<b>(2,128,039)</b>	<b>(427,910)</b>	<b>-</b>	<b>37,437</b>	<b>(318,412)</b>	<b>82,138</b>

	General	TIF Tax Allocation	Debt Service	TIF Debt Service	Capital Improvements	Downtown TIF	Downtown TIF #2	Nonmajor Governmental	Total
<b>OTHER FINANCING SOURCES (USES)</b>									
Proceeds from sale of capital assets	\$ 48,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,698
Transfers in	-	-	-	1,970,000	570,000	-	-	211,426	2,751,426
Transfers (out)	(708,150)	(900,000)	(1,070,000)	-	-	-	-	(73,276)	(2,751,426)
Total other financing sources (uses)	(659,452)	(900,000)	(1,070,000)	1,970,000	570,000	-	-	138,150	48,698
NET CHANGE IN FUND BALANCES	459,743	(185,091)	14,958	(158,039)	142,090	-	37,437	(180,262)	130,836
FUND BALANCES, MAY 1	9,638,545	217,153	826,062	(1,149,885)	684,453	(182,341)	4,793,754	4,263,405	19,091,146
<b>FUND BALANCES (DEFICIT), APRIL 30</b>	<b>\$ 10,098,288</b>	<b>\$ 32,062</b>	<b>\$ 841,020</b>	<b>\$ (1,307,924)</b>	<b>\$ 826,543</b>	<b>\$ (182,341)</b>	<b>\$ 4,831,191</b>	<b>\$ 4,083,143</b>	<b>\$ 19,221,982</b>

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, 2016

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<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 130,836</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	2,402,640
The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(153,050)
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 the governmental funds	(2,274,996)
Contributions of capital assets are reported only in the statement of activities	43,150
The change in the net pension liability for the Illinois Municipal Retirement Fund is reported only in the statement of activities	(1,184,952)
The change in deferred inflows and outflows of resources for the Illinois Municipal Retirement Fund is reported only in the statement of activities	993,860
The change in the net pension liability for the Police Pension Fund and the Firefighters' Pension Fund are reported only in the statement of activities	(9,045,963)
The change in deferred inflows and outflows for the Police Pension Fund and the Firefighters' Pension Fund are reported only in the statement of activities	8,742,607
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	120,255
Change in net other postemployment benefit payable	(4,014)
Retirement of debt	1,460,000
Amortization of loss on refunding	(181,288)
Amortization of premium/discount of debt issuance	35,588
Capital lease obligation payments	70,541
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 as expenditures in the governmental funds	(124,916)
The change in net position of certain activities of internal service funds is in governmental funds Less internal service fund depreciation	1,073,792 <u>75,681</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>2,179,771</u></b>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

April 30, 2016

	<b>Business-Type Activities Waterworks and Sewerage</b>	<b>Governmental Activities Internal Service</b>
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 5,686,024	\$ 922,593
Receivables - net of allowances		
Accounts	848,483	10,004
Accrued interest	1,118	-
Due from other funds	25,799	179,113
Deposits	2,000	-
Prepaid items	695	561,965
Inventories	1,649	-
	<hr/>	<hr/>
Total current assets	6,565,768	1,673,675
	<hr/>	<hr/>
<b>NONCURRENT ASSETS</b>		
Capital assets		
Nondepreciable	2,304,571	-
Depreciable	74,100,522	1,206,556
Accumulated depreciation	(32,019,624)	(87,545)
	<hr/>	<hr/>
Net capital assets	44,385,469	1,119,011
	<hr/>	<hr/>
Total assets	50,951,237	2,792,686
	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension items - IMRF	374,474	-
	<hr/>	<hr/>
Total deferred outflows of resources	374,474	-
	<hr/>	<hr/>
Total assets and deferred outflows of resources	51,325,711	-
	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>		
Accounts payable	818,877	9,665
Accrued payroll	51,271	-
Accrued interest payable	61,494	-
Claims payable	-	190,263
Due to other funds	-	-
Compensated absences payable	15,066	-
Unamortized bond premium	25,983	-
IEPA loan payable	183,448	-
Alternate revenue bonds payable	400,000	-
	<hr/>	<hr/>
Total current liabilities	1,556,139	199,928
	<hr/>	<hr/>

(This statement is continued on the following page.)



**VILLAGE OF LAKE ZURICH, ILLINOIS**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (Continued)

April 30, 2016

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Waterworks and Sewerage</b>	<b>Internal Service</b>
<b>NONCURRENT LIABILITIES</b>		
Compensated absences payable	\$ 60,265	\$ -
Other postemployment benefit	19,856	-
IMRF net pension liability	1,001,740	-
Unamortized bond premium	173,223	-
IEPA loan payable	2,260,796	-
Alternate revenue bonds payable	2,990,000	-
	<hr/>	<hr/>
Total noncurrent liabilities	6,505,880	-
	<hr/>	<hr/>
Total liabilities	8,062,019	199,928
	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension items - IMRF	54,548	-
	<hr/>	<hr/>
Total deferred inflows of resources	54,548	-
	<hr/>	<hr/>
Total liabilities deferred inflows of resources	8,116,567	199,928
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net investment in capital assets	39,130,472	1,119,011
Unrestricted	4,078,672	1,473,747
	<hr/>	<hr/>
<b>TOTAL NET POSITION</b>	<u>\$ 43,209,144</u>	<u>\$ 2,592,758</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, 2016

	<b>Business-Type Activities Waterworks and Sewerage</b>	<b>Governmental Activities Internal Service</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,840,131	\$ -
Contributions	-	4,583,740
Total operating revenues	4,840,131	4,583,740
<b>OPERATING EXPENSES</b>		
Administration	642,634	-
Operations	2,176,520	45,172
Insurance and claims	-	3,608,808
Depreciation	1,699,451	75,681
Total operating expenses	4,518,605	3,729,661
OPERATING INCOME	321,526	854,079
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Gain on disposal of capital assets	5,044	-
Connection fees	542,369	-
Investment income	12,191	863
Interest and fiscal charges	(161,347)	-
Total non-operating revenues (expenses)	398,257	863
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	-	218,850
CHANGE IN NET POSITION	719,783	1,073,792
NET POSITION, MAY 1	43,118,898	1,518,966
Change in accounting principle	(629,537)	-
NET POSITION, MAY 1, RESTATED	42,489,361	1,518,966
<b>NET POSITION, APRIL 30</b>	\$ 43,209,144	\$ 2,592,758

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended April 30, 2016

	<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	\$ 4,806,934	\$ 278,839
Receipts from internal service transactions	-	4,315,052
Payments to employees	(1,529,503)	(1,229,348)
Payments to suppliers	(2,017,199)	(2,755,376)
	<hr/>	<hr/>
Net cash from operating activities	1,260,232	609,167
	<hr/>	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipt on interfund loan	(8,331)	-
Repayment on interfund loan	-	-
	<hr/>	<hr/>
Net cash from noncapital financing activities	(8,331)	-
	<hr/>	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants	-	218,850
Purchase of capital assets	(2,026,233)	(861,682)
Sale of capital assets	4,776	-
Other income - connection fees	542,369	-
Principal paid on capital debt	(588,946)	-
Interest paid on capital debt	(193,268)	-
	<hr/>	<hr/>
Net cash from capital and related financing activities	(2,261,302)	(642,832)
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	12,047	863
Investments purchased	(104,856)	-
	<hr/>	<hr/>
Net cash from investing activities	(92,809)	863
	<hr/>	<hr/>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,102,210)	(32,802)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS, MAY 1</b>	6,361,976	955,395
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS, APRIL 30</b>	\$ 5,259,766	\$ 922,593
	<hr/>	<hr/>

(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, 2016

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Waterworks and Sewerage</b>	<b>Internal Service</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 321,526	\$ 854,079
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,699,451	75,681
Changes in assets and liabilities		
Accounts receivable	(33,197)	36,064
Prepays	(695)	(34,536)
Due from other funds	-	(168,321)
Inventories	1,103	-
Accounts payable	(788,067)	(106,117)
Accrued payroll	10,262	(6,086)
Claims payable	-	(41,597)
Compensated absences payable	(2,882)	-
Pension related items	52,277	-
Other postemployment benefit	454	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 1,260,232</b>	<b>\$ 609,167</b>
<b>CASH AND INVESTMENTS</b>		
Cash and cash equivalents	\$ 5,259,766	\$ 922,593
Investments	426,258	-
<b>TOTAL CASH AND INVESTMENTS</b>	<b>\$ 5,686,024</b>	<b>\$ 922,593</b>

See accompanying notes to financial statements.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

April 30, 2016

	<b>Pension Trust</b>	<b>Agency</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 266,859	\$ 1,833,150
Investments		
U.S. Treasury obligations	1,570,442	-
U.S. agencies securities	9,757,389	-
Mutual funds	18,324,659	-
Common stocks	6,963,839	-
Corporate bonds	4,227,115	-
State and local obligations	2,430,286	-
Money market funds	516,666	-
Insurance contracts	368,516	-
Receivables		
Accrued interest	180,517	-
Other	-	19,483
Prepays	6,862	-
	<u>44,613,150</u>	<u>\$ 1,852,633</u>
<b>LIABILITIES</b>		
Accounts payable	17,767	\$ 606,247
Due to primary government	-	13,486
Deposits payable	-	1,232,900
	<u>17,767</u>	<u>\$ 1,852,633</u>
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<u>\$ 44,595,383</u>	

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, 2016

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### ADDITIONS

Contributions - employer	\$ 3,350,621
Contributions - employee	<u>781,455</u>
Total contributions	<u>4,132,076</u>
Investment income	
Net (depreciation) in fair value of investments	(1,648,524)
Interest earned on investments	<u>1,563,828</u>
Total investment income	(84,696)
Less investment expense	<u>(107,928)</u>
Net investment income	<u>(192,624)</u>
Total additions	<u>3,939,452</u>

### DEDUCTIONS

Benefits and refunds	2,169,477
Administrative	<u>93,430</u>
Total deductions	<u>2,262,907</u>

NET INCREASE	1,676,545
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### NET POSITION RESTRICTED FOR PENSIONS

May 1	<u>42,918,838</u>
April 30	<u>\$ 44,595,383</u>

See accompanying notes to financial statements.

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **NOTES TO FINANCIAL STATEMENTS**

April 30, 2016

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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. Reporting Entity**

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

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

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

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

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

b. Fund Accounting

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

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

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

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).



**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 Downtown TIF #2 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

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

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

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.

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 deferred/unavailable revenue on its financial statements. Deferred/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 deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

**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

Cash and Cash Equivalents

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

Investments

Investments with a maturity of less than one year when purchased and 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, 2016 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.

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

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

j. Capital Assets

Capital assets, which include property, plant, equipment, water and sewer system and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost in excess of \$10,000 to \$250,000 as shown in the table below, depending on classification and an estimated useful life in excess of one year.

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

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

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

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

k. Compensated Absences

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

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

**l. Long-Term Obligations**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts and gains/losses on refundings, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains/losses on refunding are reported as deferred inflows of resources.

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

**m. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. 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 of Trustees. Any residual fund balance of the General Fund and deficit fund balances in other funds are reported as unassigned.

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

n. Fund Equity/Net Position (Continued)

The Village's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the Village considers committed funds to be expended first followed by assigned and then unassigned funds.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the Village's book value of capital assets to construct or acquire the capital assets less any outstanding debt issued.

o. Interfund Transactions

Interfund services are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services and reimbursements, are reported as transfers.

p. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

The Village maintains a cash and investment pool that is available for use by all funds, except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, investments are separately held by several of the Village's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

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

Permitted Deposits and Investments - Statutes and the Village's investment policy authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States 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.

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.

**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. The Village had no uninsured uncollateralized deposits at April 30, 2016.



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

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

b. Village Investments

The following table presents the Village's investments in and maturities of debt securities as of April 30, 2016:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable CDs	\$ 2,897,301	\$ 998,950	\$ 1,898,351	\$ -	\$ -
U.S. agency obligations	2,192,333	306,711	1,885,622	-	-
Municipal bonds	101,333	101,333	-	-	-
<b>TOTAL</b>	<b>\$ 5,190,967</b>	<b>\$ 1,406,994</b>	<b>\$ 3,783,973</b>	<b>\$ -</b>	<b>\$ -</b>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 AAA and AA+ by Standard & Poor's (S&P). The municipal bonds are rated between AA by Standard & Poor's (S&P). Illinois Funds is rated AAA by Standard & Poor's (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.

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

b. Village Investments (Continued)

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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 United States Government agencies securities and negotiable CDs represented 55.8% and 42.2%, 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.

**3. RECEIVABLES - TAXES**

Property taxes for 2015 attach as an enforceable lien on January 1, 2015 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, 2016 and August 1, 2016 and are payable in two installments, on or about June 1, 2016 and September 1, 2016. The County collects such taxes and remits them periodically.

The 2015 tax levy collections are intended to finance the 2016 fiscal year and are not considered available for current operations and are; therefore, shown as deferred/unavailable revenue.

The 2016 tax levy, which attached as an enforceable lien on property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016 as the tax has not yet been levied by the Village and will not be levied until December 2016 and, therefore, the levy is not measurable at April 30, 2016.

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

**4. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 30,463,170	\$ -	\$ -	\$ 30,463,170
Construction in progress	405,704	2,045,332	2,069,328	381,708
Total capital assets not being depreciated	30,868,874	2,045,332	2,069,328	30,844,878
Capital assets being depreciated				
Land improvements	6,523,796	250,532	-	6,774,328
Buildings	12,568,788	-	348,900	12,219,888
Building improvements	519,870	108,731	-	628,601
Vehicles	4,196,729	473,310	95,510	4,574,529
Machinery and equipment	1,986,405	485,333	29,800	2,441,938
Computers/software	290,575	20,597	-	311,172
Infrastructure	66,230,341	1,992,965	-	68,223,306
Total capital assets being depreciated	92,316,504	3,331,468	474,210	95,173,762
Less accumulated depreciation for				
Land improvements	2,056,764	271,755	-	2,328,519
Buildings	4,772,806	278,660	204,170	4,847,296
Building improvements	66,821	16,200	-	83,021
Vehicles	2,777,710	252,840	95,510	2,935,040
Machinery and equipment	1,179,089	114,758	21,480	1,272,367
Computers/software	231,168	18,329	-	249,497
Infrastructure	28,763,959	1,322,454	-	30,086,413
Total accumulated depreciation	39,848,317	2,274,996	321,160	41,802,153
Total capital assets being depreciated, net	52,468,187	1,056,472	153,050	53,371,609
<b>GOVERNMENTAL ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 83,337,061	\$ 3,101,804	\$ 2,222,378	\$ 84,216,487

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

**4. CAPITAL ASSETS (Continued)**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Construction in progress	14,341	2,040,578	-	2,054,919
Total capital assets not being depreciated	263,993	2,040,578	-	2,304,571
Capital assets being depreciated				
Infrastructure	71,780,317	400,265	-	72,180,582
Machinery and equipment	1,250,858	134,294	-	1,385,152
Vehicles	559,010	-	24,221	534,789
Total capital assets being depreciated	73,590,185	534,559	24,211	74,100,523
Less accumulated depreciation for				
Infrastructure	29,438,631	1,623,672	-	31,062,303
Machinery and equipment	509,448	50,668	-	560,116
Vehicles	396,316	25,111	24,221	397,206
Total accumulated depreciation	30,344,395	1,699,451	24,211	32,019,625
Total capital assets being depreciated, net	43,245,790	(1,164,892)	-	42,080,898
<b>BUSINESS-TYPE ACTIVITIES</b>				
CAPITAL ASSETS, NET	\$ 43,509,783	\$ 875,686	\$ -	\$ 44,385,469

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

**GOVERNMENTAL ACTIVITIES**

General government	\$ 105,894
Public safety	401,094
Highways and streets	1,551,504
Culture and recreation	216,504

**DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES** \$ 2,274,996

**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. During the fiscal year ended April 30, 2015, the Village became self-insured for employee health insurance. All other risks are provided for through participation in a public entity risk pool. The Village has established internal service funds to account for these activities as they relate to governmental activities/fund, while self-insurance activity related to enterprise funds is accounted for directly in the

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

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**5. RISK MANAGEMENT (Continued)**

Waterworks and Sewerage Fund. Each participating governmental fund makes payments to the Medical Self-Insurance Fund and the Risk Management Fund. Such payments are displayed on the financial statements as revenues and expenditures/expenses to the extent that the charge to the other funds is based on the actual expenses of the fund plus an additional amount for catastrophic losses. Payments in excess of these amounts, if any, are reported as transfers. There were no significant changes in insurance coverages with private insurance companies from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

The Village has contracted with a third party administrator (TPA) to administer the employee health insurance program and to review and process claims. In addition, the Village has contracted with third party carriers for specific and aggregate stop loss coverage to limit the Village's exposure to losses. Losses have not exceeded coverages for the last three years. The specific and aggregate stop loss coverage is as follows:

Health Insurance - The Village is self-insured with a specific stop loss of \$100,000 per individual per year.

The Village has recorded a liability for claims which were reported but unpaid as of the end of the fiscal year as well as an estimated liability for claims incurred but not reported. A reconciliation of claims payable for the fiscal year ended April 30, 2016 is as follows:

	<u>2016</u>
CLAIMS PAYABLE, MAY 1	\$ 231,860
Add claims incurred	1,959,866
Less claims paid	<u>2,001,463</u>
CLAIMS PAYABLE, APRIL 30	<u><u>\$ 190,263</u></u>

Intergovernmental Risk Management Agency

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.

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

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**5. RISK MANAGEMENT (Continued)**

Intergovernmental Risk Management Agency (Continued)

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, 2016, 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 2016 (\$1,070,000 dated July 15, 2016; maturing October 15, 2016; payable in annual installments; interest rate of 3%)	Debt Service	\$ -	\$ 1,070,000	\$ 1,070,000	\$ -	\$ -
<b>TOTAL</b>		<u>\$ -</u>	<u>\$ 1,070,000</u>	<u>\$ 1,070,000</u>	<u>\$ -</u>	<u>\$ -</u>

The General Obligation Series 2016 Bonds were issued to refund certain outstanding general obligation alternate bonds.

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

**7. LONG-TERM DEBT**

a. General Obligation TIF Alternate Revenue Bonds

The Village has issued TIF Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2009A, 2009C, 2011B, 2014A, and 2015A 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 \$36,188,492 and the bonds maturing between December 15, 2020 and December 15, 2034. During the current fiscal year, the pledge of sales tax revenues of \$1,547,105 was approximately 22.8% 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	\$ 7,485,000	\$ -	\$ 200,000	\$ 7,285,000	\$ 240,000
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	280,000	-	280,000	-	-
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2014A (\$6,325,000 dated September 8, 2014; maturing December 15, 2024; payable in annual installments; interest rates from 2% to 3%)	TIF Debt Service	6,325,000	-	10,000	6,315,000	625,000
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2015A (\$11,775,000 dated April 23, 2015; maturing December 15, 2034; payable in annual installments; interest rates from 3.25% to 3.75%)	TIF Debt Service	11,775,000	-	-	11,775,000	-
<b>TOTAL</b>		<b>\$ 25,865,000</b>	<b>\$ -</b>	<b>\$ 490,000</b>	<b>\$ 25,375,000</b>	<b>\$ 865,000</b>

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

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

**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	\$ 2,305,000	\$ -	\$ 420,000	\$ 1,885,000	\$ 435,000
<b>TOTAL</b>		<b>\$ 2,305,000</b>	<b>\$ -</b>	<b>\$ 420,000</b>	<b>\$ 1,885,000</b>	<b>\$ 435,000</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:

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	\$ 550,000	\$ -	\$ 550,000	\$ -	\$ -
<b>TOTAL</b>		<b>\$ 550,000</b>	<b>\$ -</b>	<b>\$ 550,000</b>	<b>\$ -</b>	<b>\$ -</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 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 \$3,945,050 and the bonds maturing December 15, 2023. During the current fiscal year, the pledge of water and sewerage fees of \$538,800 was approximately 11.1% of total water and sewerage fees.



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

**7. LONG-TERM DEBT (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 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	\$ -	\$ 410,000	\$ 3,390,000	\$ 400,000
<b>TOTAL</b>		<b>\$ 3,800,000</b>	<b>\$ -</b>	<b>\$ 410,000</b>	<b>\$ 3,390,000</b>	<b>\$ 400,000</b>

Water and sewerage fees are pledged for the retirement of the 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	Waterworks and Sewerage	\$ 1,332,927	\$ -	\$ 97,497	\$ 1,235,430	\$ 99,950
Illinois EPA loan of 2008, due in annual installments of \$56,600, including interest at 1.25% through August 11, 2028	Waterworks and Sewerage	1,290,263	-	81,449	1,208,814	83,498
<b>TOTAL</b>		<b>\$ 2,623,190</b>	<b>\$ -</b>	<b>\$ 178,945</b>	<b>\$ 2,444,244</b>	<b>\$ 183,448</b>

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

**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 Alternate Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 865,000	\$ 1,032,284	\$ 435,000	\$ 84,350
2018	945,000	966,089	460,000	62,600
2019	1,005,000	939,241	485,000	39,600
2020	1,075,000	908,991	505,000	20,200
2021	1,200,000	875,137	-	-
2022-2026	6,965,000	3,582,459	-	-
2027-2031	7,310,000	1,942,731	-	-
2032-2036	6,010,000	566,560	-	-
<b>TOTAL</b>	<b>\$ 25,375,000</b>	<b>\$ 10,813,492</b>	<b>\$ 1,885,000</b>	<b>\$ 206,750</b>

Fiscal Year Ending April 30,	Total	
	Principal	Interest
2017	\$ 1,300,000	\$ 1,116,634
2018	1,405,000	1,028,689
2019	1,490,000	978,841
2020	1,580,000	929,191
2021	1,200,000	875,137
2022-2026	6,965,000	3,582,459
2027-2031	7,310,000	1,942,731
2032-2036	6,010,000	566,560
<b>TOTAL</b>	<b>\$ 27,260,000</b>	<b>\$ 11,020,242</b>

**Business-Type Activities**

Fiscal Year Ending April 30,	General Obligation Waterworks and Sewerage Alternate Revenue Bonds		Illinois EPA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 400,000	\$ 116,500	\$ 183,448	\$ 59,967	\$ 583,448	\$ 176,467
2018	400,000	104,500	188,062	55,351	588,062	159,851
2019	435,000	92,500	192,793	50,620	627,793	143,120
2020	450,000	79,450	197,643	45,772	647,643	125,222
2021	450,000	64,825	202,615	40,799	652,615	105,624
2022-2026	1,255,000	97,275	1,092,141	124,926	2,347,141	222,201
2027-2031	-	-	387,542	12,188	387,542	12,188
<b>TOTAL</b>	<b>\$ 3,390,000</b>	<b>\$ 555,050</b>	<b>\$ 2,444,244</b>	<b>\$ 389,623</b>	<b>\$ 5,834,244</b>	<b>\$ 944,673</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%.

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%.

During fiscal year 2015, the Village entered into a capital lease obligation for a police records management system. The interest rate for the lease is 3.02%.

The cost of equipment acquired through capital lease and included in governmental activities is \$1,237,491.

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>	
2017	\$ 189,193
2018	187,927
2019	133,361
2020	<u>131,976</u>
Total minimum lease payments	642,457
Amount representing interest	<u>42,867</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u>\$ 599,590</u>

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

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

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

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

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
<b>GOVERNMENTAL ACTIVITIES</b>						
General obligation TIF alternate revenue bonds	Debt Service	\$ 25,865,000	\$ -	\$ 490,000	\$ 25,375,000	\$ 865,000
General obligation bonds	Debt Service	2,305,000	-	420,000	1,885,000	435,000
TIF alternate revenue bonds	TIF Debt Service	550,000	-	550,000	-	-
Unamortized premium (discount) on debt issuance	N/A	367,725	-	35,588	332,137	23,725
Compensated absences	General	1,765,604	232,866	353,121	1,645,349	329,070
Capital lease obligation	General	764,956	-	165,366	599,590	170,763
Net pension liability	General	42,645,074	10,230,915	-	52,875,989	-
Other postemployment benefit	General	177,022	4,014	-	181,036	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>		<b>\$ 74,440,381</b>	<b>\$ 10,467,795</b>	<b>\$ 2,014,075</b>	<b>\$ 82,894,101</b>	<b>\$ 1,823,558</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
General obligation waterworks and sewerage alternate revenue bonds	Waterworks and Sewerage	\$ 3,800,000	\$ -	\$ 410,000	\$ 3,390,000	\$ 400,000
Unamortized premium (discount) on debt issuance	Waterworks and Sewerage	225,189	-	25,983	199,206	25,983
Illinois EPA loans	Waterworks and Sewerage	2,623,189	-	178,945	2,444,244	183,448
Compensated absences	Waterworks and Sewerage	78,213	12,762	15,644	75,331	15,066
Net pension liability	Waterworks and Sewerage	677,573	324,167	-	1,001,740	-
Other postemployment benefit	Waterworks and Sewerage	19,402	454	-	19,856	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>		<b>\$ 7,423,566</b>	<b>\$ 337,383</b>	<b>\$ 630,572</b>	<b>\$ 7,130,377</b>	<b>\$ 624,497</b>

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

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

i. Defeased Debt

In prior years, the Village defeased the General Obligation Bonds (Alternative Revenue Source) Series 2009B, 2009C, 2011B, 2011C and 2012 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 bonds for these issues are considered defeased. A total of \$10,825,000 remains outstanding at April 30, 2016.

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 - 2015	\$ 794,190,580
Legal debt limit - 8.625% of assessed value	\$ 68,498,938
Amount of debt applicable to debt limit: General obligation bonds	1,885,000
LEGAL DEBT MARGIN	\$ 66,613,938

**8. INTERFUND ASSETS/LIABILITIES**

a. Interfund Transfers

Transfers From	Transfers To	Amount
General	Capital Improvements	\$ 570,000
General	Nonmajor governmental	138,150
Park Improvements	Special Events	7,275
Hotel Tax	Special Events	66,000
TIF Tax Allocation	TIF Debt Service	900,000
TOTAL		\$ 1,681,425

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

- \$570,000 transferred from the General Fund to the Capital Improvements Fund to fund new capital projects.

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

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

a. Interfund Transfers (Continued)

- \$138,150 transferred from the General Fund to the Special Events Fund to fund the administration of multiple events held by the Village.
- \$7,275 transferred from the Park Improvements Fund to the Special Events Fund to transfer the farmer's market reserve balance.
- \$66,000 transferred from the Hotel Tax Fund to the Special Events Fund to fund the administration of multiple events held by the Village.
- \$900,000 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.

b. Due to/from Other Funds

Due to/from other funds at April 30, 2016 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Performance Escrow Fund	\$ 849
Waterworks and Sewerage	General	13,162
Equipment Replacement Fund	General	179,113
Waterworks and Sewerage	Special Service Area	12,637
TOTAL		<u>\$ 205,761</u>

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

c. Advance to/from Other Funds

Advances to/from other funds at April 30, 2016 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	TIF Debt Service	\$ 1,525,000
General	Downtown TIF	185,000
General	Downtown TIF #2	50,000
TOTAL		<u>\$ 1,760,000</u>

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

**9. CONTINGENT LIABILITIES**

a. Litigation

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

b. Grants

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

**10. OTHER POSTEMPLOYMENT BENEFITS**

a. Plan Description

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

b. Benefits Provided

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ended April 30, 2016, retirees contributed \$115,203. Active employees do not contribute to the plan until retirement.

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

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

c. Membership

At April 30, 2014 (the most recent valuation performed), membership consisted of:

Retirees and beneficiaries currently receiving benefits	15
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>153</u>
 TOTAL	 <u><u>168</u></u>
 Participating employers	 <u>1</u>

d. Funding Policy

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

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 97,394	\$ 63,517	65.2%	\$ 172,398
2015	156,146	132,120	84.6%	196,424
2016	156,306	151,838	97.1%	200,892



**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)

The net OPEB obligation as of April 30, 2016 was calculated as follows:

Annual required contribution	\$ 154,997
Interest on net OPEB obligation	7,857
Adjustment to annual required contribution	<u>(6,547)</u>
Annual OPEB cost	156,307
Contributions made	<u>151,839</u>
Increase in net OPEB obligation	4,468
Net OPEB obligation, beginning of year	<u>196,424</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 200,892</u>

Funded Status and Funding Progress - The funded status of the plan as of April 30, 2014 was as follows (the most recent valuation performed):

Actuarial accrued liability (AAL)	\$ 2,583,239
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 2,583,239
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

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

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

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

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

In the April 30, 2014 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 7% with an ultimate rate of 5%. 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 30-year basis.

**11. DEFINED BENEFIT PENSION PLANS**

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 (ILCS) and can only be amended by the Illinois General Assembly. Neither of the pension funds issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

*Plan Administration*

All employees (other than those covered by the Police Pension and Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Plan Administration (Continued)*

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

*Plan Membership*

At December 31, 2015, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	94
Inactive employees entitled to but not yet receiving benefits	99
Active employees	<u>66</u>
 TOTAL	 <u><u>259</u></u>

*Benefits Provided*

All employees (other than those covered by the Police Pension and Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

## 11. DEFINED BENEFIT PENSION PLANS (Continued)

### a. Plan Descriptions (Continued)

#### Illinois Municipal Retirement Fund (Continued)

##### *Contributions*

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 year ended December 31, 2015 was 12.71% of covered payroll.

##### *Actuarial Assumptions*

The Village's net pension liability was measured as of December 31, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 7.48%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was blended with the index rate of 3.57% for tax exempt general obligation bonds rated AA or better at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability.

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2015	\$ 30,701,554	\$ 27,547,190	\$ 3,154,364
Changes for the period			
Service cost	551,596	-	551,596
Interest	2,268,919	-	2,268,919
Difference between expected and actual experience	(359,277)	-	(359,277)
Changes in assumptions	41,608	-	41,608
Employer contributions	-	653,377	(653,377)
Employee contributions	-	231,267	(231,267)
Net investment income	-	136,524	(136,524)
Benefit payments and refunds	(1,369,411)	(1,369,411)	-
Other (net transfer)	-	(27,440)	27,440
Net changes	1,133,435	(375,683)	1,509,118
BALANCES AT DECEMBER 31, 2015	\$ 31,834,989	\$ 27,171,507	\$ 4,663,482

Changes in assumptions related to retirement age and mortality were made since the prior measurement date.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2016, the Village recognized pension expense of \$858,782.

At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 253,942
Changes in assumption	29,409	-
Contributions made after measurement date	185,666	-
Net difference between projected and actual earnings on pension plan investments	1,528,246	-
TOTAL	<u>\$ 1,743,321</u>	<u>\$ 253,942</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Period Ending April 30,</u>	
2017	\$ 474,591
2018	288,925
2019	343,800
2020	382,063
2021	-
Thereafter	-
TOTAL	<u><u>\$ 1,489,379</u></u>

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

*Discount Rate Sensitivity*

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 7.48% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Net pension liability	\$ 9,207,412	\$ 4,663,482	\$ 1,013,708

Police Pension Plan

*Plan Administration*

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 contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Plan Membership*

At April 30, 2016, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>34</u>
TOTAL	<u><u>55</u></u>

*Benefits Provided*

The Police 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 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 ½ 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



**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Benefits Provided (Continued)*

and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 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 ½ of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions*

Employees are required by ILCS 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 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 service cost for the Police Pension Plan. For the year ended April 30, 2016, the Village's contribution was 46.5% of covered payroll.

*Investment Policy*

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, direct obligations of the State of Israel, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations; interest-bearing bonds of the State of Illinois; interest-bearing bonds or tax anticipation warrants of any county, township or municipal corporation of the State of Illinois; mutual funds; and corporate equity securities and real estate investment trusts. During the year, there were no changes to the Fund's investment policy.

## 11. DEFINED BENEFIT PENSION PLANS (Continued)

### a. Plan Descriptions (Continued)

#### Police Pension Plan (Continued)

#### *Investment Policy (Continued)*

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	45.00%	1.20%
Large cap domestic equities	38.50%	6.40%
Small cap domestic equities	11.00%	8.40%
International equities	5.50%	6.70%
Cash and cash equivalents	0.00%	0.00%

ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in March 2015 in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

#### *Investment Valuations*

All investments in the plan are stated at fair value and are recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds and contract values for insurance contracts. Illinois Funds, an investment pool created by the state legislature under the control of the State Treasurer, is a money market mutual fund that maintains a \$1 per share value.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Investment Rate of Return*

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*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 Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,041,594	\$ 150,562	\$ 681,219	\$ 209,813	\$ -
U.S. agency securities	5,391,986	-	1,090,886	3,930,718	370,382
State and local obligations	1,182,668	152,532	446,888	538,188	45,060
<b>TOTAL</b>	<b>\$ 7,616,248</b>	<b>\$ 303,094</b>	<b>\$ 2,218,993</b>	<b>\$ 4,678,719</b>	<b>\$ 415,442</b>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the 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 for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

*Credit Risk*

The 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, securities issued by agencies of the

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

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Credit Risk (Continued)*

United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The municipal bonds are rated at or above AA+ by Standard and Poor's and Baa1 or above by Moody's.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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 Fund 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 Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 38,484,991	\$ 17,356,857	\$ 21,128,134
Changes for the period			
Service cost	618,479	-	618,479
Interest	2,554,948	-	2,554,948
Difference between expected and actual experience	(28,659)	-	(28,659)
Changes in assumptions	2,501,228	-	2,501,228
Employer contributions	-	1,445,052	(1,445,052)
Employee contributions	-	302,885	(302,885)
Net investment income	-	127,632	(127,632)
Benefit payments and refunds	(1,267,820)	(1,267,820)	-
Administrative expense	-	(31,815)	31,815
Net changes	4,378,176	575,934	3,802,242
BALANCES AT APRIL 30, 2016	\$ 42,863,167	\$ 17,932,791	\$ 24,930,376

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.50%
Interest rate	6.75%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 31,361,714	\$ 24,930,376	\$ 19,707,042

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2016, the Village recognized police pension expense of \$1,714,567. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 28,659
Changes in assumption	2,501,228	-
Net difference between projected and actual earnings on pension plan investments	1,060,159	-
<b>TOTAL</b>	<b>\$ 3,561,387</b>	<b>\$ 28,659</b>

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the police pension will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2017	\$ 727,150
2018	727,150
2019	727,150
2020	727,150
2021	624,128
Thereafter	<u>-</u>
TOTAL	<u>\$ 3,532,728</u>

Firefighters' Pension Plan

*Plan Administration*

Firefighter sworn personnel are covered by the Firefighters' Pension Plan, a single-employer defined benefit pension plan sponsored by the Village. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-101) and may be amended only by the Illinois legislature. The Village accounts for the Firefighters' Pension Plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the Board of Trustees are appointed by the Village's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Plan Membership*

At April 30, 2016, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	<u>55</u>
TOTAL	<u><u>79</u></u>

*Benefits Provided*

The following is a summary of benefits of the plan as provided for in ILCS:

The Firefighters' 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 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 at \$106,800, plus the lesser of ½ 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



**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Benefits Provided (Continued)*

receive a reduced benefit (i.e.,  $\frac{1}{2}\%$  for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or  $\frac{1}{2}$  of the change in the Consumer Price Index for the proceeding calendar year.

*Contributions*

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's 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 plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended April 30, 2016, the Village's contribution was 37.1% of covered payroll.

*Investment Policy*

ILCS limits the Firefighters' Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations; interest-bearing bonds of the State of Illinois; interest-bearing bonds or tax anticipation warrants of any county, township or municipal corporation of the State of Illinois; mutual funds; and corporate equity securities and real estate investment trusts. During the year, there were no changes to the Fund's investment policy.

## 11. DEFINED BENEFIT PENSION PLANS (Continued)

### a. Plan Descriptions (Continued)

#### Firefighters' Pension Plan (Continued)

#### *Investment Policy (Continued)*

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	40.00%	2.00%
Domestic equities	35.00%	5.00%
International equities	14.00%	5.25%
Real estate	6.00%	4.25%
Blended	4.00%	5.00%
Cash and cash equivalents	1.00%	0.00%

ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major assets class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2016 are listed in the table above.

#### *Concentrations*

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Investment Rate of Return*

For the year ended April 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.18%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*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 Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

*Interest Rate Risk*

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2016:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 528,848	\$ 50,088	\$ 478,760	\$ -	\$ -
U.S. agency securities	4,365,403	416,216	2,325,433	1,361,927	261,827
State and local obligations	1,247,618	102,550	280,546	864,522	-
Corporate bonds	4,227,115	380,759	2,101,963	1,744,393	-
<b>TOTAL</b>	<b>\$ 10,368,984</b>	<b>\$ 949,613</b>	<b>\$ 5,186,702</b>	<b>\$ 3,970,842</b>	<b>\$ 261,827</b>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the 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 for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

*Credit Risk*

The 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, securities issued by agencies of the

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

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Credit Risk (Continued)*

United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The municipal bonds are rated at or above AA- by Standard and Poor's and Aa2 or above by Moody's. The corporate bonds are rated at or above BBB- by Standard and Poor's and Baa2 or above by Moody's.

*Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the 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 Fund 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 Fund's agent separate from where the investment was purchased in the Fund's name. Money market mutual funds and mutual funds are not subject to custodial credit risk.

*Changes in the Net Pension Liability*

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2015	\$ 44,602,130	\$ 25,561,981	\$ 19,040,149
Changes for the period			
Service cost	1,149,541	-	1,149,541
Interest	2,980,213	-	2,980,213
Difference between expected and actual experience	305,055	-	305,055
Changes in assumptions	2,811,180	-	2,811,180
Employer contributions	-	1,905,569	(1,905,569)
Employee contributions	-	478,570	(478,570)
Net investment income	-	(320,256)	320,256
Benefit payments and refunds	(901,657)	(901,657)	-
Administrative expense	-	(61,615)	61,615
Net changes	6,344,332	1,100,611	5,243,721
BALANCES AT APRIL 30, 2016	\$ 50,946,462	\$ 26,662,592	\$ 24,283,870

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Actuarial Assumptions*

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2016
Actuarial cost method	Entry-age Normal
Assumptions	
Inflation	2.50%
Salary increases	3.50%
Interest rate	6.75%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates were based on the RP 2014 Mortality Table (BCHA) projected to 2016 using improvement scale MP-2015. The other non-economic actuarial assumptions used in the April 30, 2016 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.75%.

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Discount Rate Sensitivity*

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the Village calculated using the discount rate of 6.75% as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 32,250,831	\$ 24,283,870	\$ 17,795,452

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended April 30, 2016, the Village recognized firefighters' pension expense of \$1,939,411. At April 30, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to the firefighters' pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 305,055	\$ -
Changes in assumption	2,811,180	-
Net difference between projected and actual earnings on pension plan investments	2,093,644	-
<b>TOTAL</b>	<b>\$ 5,209,879</b>	<b>\$ -</b>

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

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**11. DEFINED BENEFIT PENSION PLANS (Continued)**

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the firefighters' pension will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	
2017	\$ 1,067,945
2018	1,067,945
2019	1,067,945
2020	1,067,945
2021	938,099
Thereafter	<u>-</u>
TOTAL	<u>\$ 5,209,879</u>

**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, 2016, the Village has an accrued rebate liability of \$226,807 for amounts collected by the state but not yet paid to the Village and/or due to the other entities. Of this amount, \$174,135 is due to commercial entities and \$52,672 to governmental entities. For the fiscal year-to-date, the Village recorded \$891,866 in payment across all sales tax rebate agreements.

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

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**13. CHANGE IN ACCOUNTING PRINCIPLE**

	Increase (Decrease)
CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	
Change in accounting principle	
To write-off the net pension obligation	\$ 4,901,146
To record the Police Pension Plan net pension liability	(19,040,149)
To record the Firefighters' Pension Plan net pension liability	(21,128,134)
To record the deferred outflow of resources for contributions after the measurement date	175,592
To record the IMRF net pension liability	<u>(2,476,791)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - GOVERNMENTAL ACTIVITIES	<u>\$ (37,568,336)</u>
CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	
To record the deferred outflow of resources for contributions after the measurement date	\$ 48,037
To record the IMRF net pension liability	<u>(677,574)</u>
TOTAL CHANGE IN ACCOUNTING PRINCIPLE - BUSINESS-TYPE ACTIVITIES	<u>\$ (629,537)</u>

With the implementation of GASB Statements No. 68 and No. 71, the Village is required to retroactively record the net pension liability and related deferred outflow of resources and write-off any net pension assets.

**14. SUBSEQUENT EVENTS**

On May 16, 2016, the Village issued \$6,785,000 General Obligation Refunding Bonds, Series 2016A due in annual installments of \$120,000 to \$795,000 plus interest at 1.10% to 3.05% through February 1, 2029.

On August 1, 2016, the Village issued \$1,000,000 General Obligation Bonds, Series 2016B due in annual installments of \$90,000 to \$110,000 plus interest at 2% through December 15, 2026.



## **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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 9,690,847	\$ 9,575,489	\$ 9,642,536
Licenses and permits	742,441	826,826	861,876
Intergovernmental	14,691,640	14,626,391	14,589,188
Charges for services	1,392,541	1,611,543	1,681,998
Fines and forfeits	593,500	593,500	593,134
Investment income	14,000	46,000	56,163
Miscellaneous	65,260	65,260	79,929
Total revenues	27,190,229	27,345,009	27,504,824
<b>EXPENDITURES</b>			
General government	2,372,727	2,289,872	2,192,464
Public safety	20,335,299	20,044,926	20,064,903
Highways and streets	2,614,238	2,504,238	2,272,442
Culture and recreation	901,250	922,279	888,270
Economic development	968,965	903,975	967,550
Total expenditures	27,192,479	26,665,290	26,385,629
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,250)	679,719	1,119,195
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	515,500	34,000	48,698
Transfers (out)	(508,150)	(708,150)	(708,150)
Total other financing sources (uses)	7,350	(674,150)	(659,452)
NET CHANGE IN FUND BALANCE	\$ 5,100	\$ 5,569	459,743
FUND BALANCE, MAY 1			9,638,545
FUND BALANCE, APRIL 30			\$ 10,098,288

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,181,485
Investment income	50	50	1,839
Total revenues	1,200,050	1,200,050	1,183,324
<b>EXPENDITURES</b>			
Economic development	479,743	479,743	468,415
Total expenditures	479,743	479,743	468,415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	720,307	720,307	714,909
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(900,000)	(900,000)	(900,000)
Total other financing sources (uses)	(900,000)	(900,000)	(900,000)
NET CHANGE IN FUND BALANCE	<u>\$ (179,693)</u>	<u>\$ (179,693)</u>	(185,091)
FUND BALANCE, MAY 1			<u>217,153</u>
FUND BALANCE, APRIL 30			<u>\$ 32,062</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 #2 FUND**

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 50
Miscellaneous	106,200	106,200	109,079
Total revenues	106,200	106,200	109,129
<b>EXPENDITURES</b>			
Economic development	71,725	89,725	71,692
Total expenditures	71,725	89,725	71,692
NET CHANGE IN FUND BALANCE	<u>\$ 34,475</u>	<u>\$ 16,475</u>	37,437
FUND BALANCE, MAY 1			<u>4,793,754</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 4,831,191</u></u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2016

Schedule of Funding Progress

<b>Actuarial Valuation Date April 30,</b>	<b>(1) Actuarial Value of Plan Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age</b>	<b>(3) Percentage Funded (1) / (2)</b>	<b>(4) Unfunded AAL (UAAL) (2) - (1)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) UAAL as a Percentage of Covered Payroll (4) / (5)</b>
2011	N/A	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	N/A
2014	-	2,583,239	0.00%	2,583,239	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage Contributed</b>
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%
2015	132,120	154,997	85.24%
2016	151,838	154,997	97.96%

N/A - actuary valuation not performed or information not available

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2016

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	<u>2016</u>
Actuarially determined contribution	\$ 613,312
Contributions in relation to the actuarially determined contribution	<u>613,312</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 5,139,246
Contributions as a percentage of covered-employee payroll	11.9%

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND**

April 30, 2016

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	<b>2015</b>	<b>2016</b>
Actuarially determined contribution	\$ 1,392,968	\$ 1,402,842
Contributions in relation to the actuarially determined contribution	<u>1,395,130</u>	<u>1,445,052</u>
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u><u>\$ (2,162)</u></u>	<u><u>\$ (42,210)</u></u>
Covered-employee payroll	\$ 3,053,408	\$ 3,109,454
Contributions as a percentage of covered-employee payroll	45.7%	46.5%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 3.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

April 30, 2016

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	2015	2016
Actuarially determined contribution	\$ 1,905,372	\$ 1,815,433
Contributions in relation to the actuarially determined contribution	1,931,996	1,905,569
<b>CONTRIBUTION DEFICIENCY (Excess)</b>	<u>\$ (26,624)</u>	<u>\$ (90,136)</u>
Covered-employee payroll	\$ 5,140,563	\$ 5,130,269
Contributions as a percentage of covered-employee payroll	37.6%	37.1%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 3.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.



**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND**

April 30, 2016

	<u><b>2016</b></u>
<b>TOTAL PENSION LIABILITY</b>	
Service cost	\$ 551,596
Interest	2,268,919
Changes of benefit terms	-
Differences between expected and actual experience	(359,277)
Changes of assumptions	41,608
Benefit payments, including refunds of member contributions	<u>(1,369,411)</u>
Net change in total pension liability	1,133,435
Total pension liability - beginning	<u>30,701,554</u>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u><u>\$ 31,834,989</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - employer	\$ 653,377
Contributions - member	231,267
Net investment income	136,524
Benefit payments, including refunds of member contributions	(1,369,411)
Other (net transfer)	<u>(27,440)</u>
Net change in plan fiduciary net position	(375,683)
Plan net position - beginning	<u>27,547,190</u>
<b>PLAN NET POSITION - ENDING</b>	<u><u>\$ 27,171,507</u></u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u><u>\$ 4,663,482</u></u>
Plan fiduciary net position as a percentage of the total pension liability	85.35%
Covered-employee payroll	\$ 5,139,246
Employer's net pension liability as a percentage of covered-employee payroll	90.74%

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF CHANGES IN THE EMPLOYER'S  
NET PENSION LIABILITY AND RELATED RATIOS  
POLICE PENSION FUND**

April 30, 2016

	<b>2015</b>	<b>2016</b>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 677,265	\$ 618,479
Interest	2,218,436	2,554,948
Changes of benefit terms	-	-
Differences between expected and actual experience	500,612	(28,659)
Changes of assumptions	2,735,157	2,501,228
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)
Net change in total pension liability	5,107,076	4,378,176
Total pension liability - beginning	33,377,915	38,484,991
<b>TOTAL PENSION LIABILITY - ENDING</b>	<b>\$ 38,484,991</b>	<b>\$ 42,863,167</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 1,398,130	\$ 1,445,052
Contributions - member	301,323	302,885
Net investment income	1,301,083	127,632
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)
Administrative expense	(28,758)	(31,815)
Net change in plan fiduciary net position	1,947,384	575,934
Plan fiduciary net position - beginning	15,409,473	17,356,857
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<b>\$ 17,356,857</b>	<b>\$ 17,932,791</b>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<b>\$ 21,128,134</b>	<b>\$ 24,930,376</b>
Plan fiduciary net position as a percentage of the total pension liability	45.1%	41.8%
Covered-employee payroll	\$ 3,053,408	\$ 3,109,454
Employer's net pension liability as a percentage of covered-employee payroll	692.0%	801.8%

(See independent auditor's report.)

# VILLAGE OF LAKE ZURICH, ILLINOIS

## SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS' PENSION FUND

April 30, 2016

	<u>2015</u>	<u>2016</u>
<b>TOTAL PENSION LIABILITY</b>		
Service cost	\$ 1,134,464	\$ 1,149,541
Interest	2,701,567	2,980,213
Changes of benefit terms	-	-
Differences between expected and actual experience	(173,195)	305,055
Changes of assumptions	1,221,986	2,811,180
Benefit payments, including refunds of member contributions	(611,825)	(901,657)
	<hr/>	<hr/>
Net change in total pension liability	4,272,997	6,344,332
Total pension liability - beginning	40,329,133	44,602,130
	<hr/>	<hr/>
<b>TOTAL PENSION LIABILITY - ENDING</b>	<u>\$ 44,602,130</u>	<u>\$ 50,946,462</u>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contributions - employer	\$ 1,904,487	\$ 1,905,569
Contributions - member	457,701	478,570
Net investment income	1,562,177	(320,256)
Benefit payments, including refunds of member contributions	(611,825)	(901,657)
Administrative expense	(54,703)	(61,615)
	<hr/>	<hr/>
Net change in plan fiduciary net position	3,257,837	1,100,611
Plan fiduciary net position - beginning	22,304,144	25,561,981
	<hr/>	<hr/>
<b>PLAN FIDUCIARY NET POSITION - ENDING</b>	<u>\$ 25,561,981</u>	<u>\$ 26,662,592</u>
<b>EMPLOYER'S NET PENSION LIABILITY</b>	<u>\$ 19,040,149</u>	<u>\$ 24,283,870</u>
Plan fiduciary net position as a percentage of the total pension liability	57.3%	52.3%
Covered-employee payroll	\$ 5,140,563	\$ 5,130,269
Employer's net pension liability as a percentage of covered-employee payroll	370.4%	473.3%

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
POLICE PENSION FUND**

April 30, 2016

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	<b>2015</b>	<b>2016</b>
Annual money-weighted rate of return, net of investment expense	8.08%	0.72%

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF INVESTMENT RETURNS  
FIREFIGHTERS' PENSION FUND**

April 30, 2016

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	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	6.53%	(1.18%)

(See independent auditor's report.)

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

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

April 30, 2016

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#### **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 restrict that portion of the applicable appropriation - is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as restrictions 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 or department (General Fund) level, and the Board of Trustees must approve any over expenditures of appropriation or transfers of appropriated amounts. During the year, two supplementary appropriations were necessary.

**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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>TAXES</b>			
Property			
Corporate	\$ 1,892,160	\$ 1,892,160	\$ 1,926,149
Police protection	679,990	679,990	679,169
Fire protection	679,990	679,990	679,169
Ambulance	150,280	150,280	150,099
Pension	202,500	202,500	202,258
Police pension	1,445,000	1,445,000	1,445,052
Fire pension	1,905,500	1,905,500	1,905,569
SRA	180,000	180,000	179,784
Road and bridge	11,000	11,000	11,030
Utility			
Electric	1,054,945	1,054,945	1,053,197
Gas	330,358	215,000	225,212
Telecommunication tax	824,996	824,996	841,823
Television franchise	334,128	334,128	344,025
 Total taxes	 9,690,847	 9,575,489	 9,642,536
<b>LICENSES AND PERMITS</b>			
Licenses			
Liquor	125,000	150,000	151,158
Contractor registration	61,000	61,000	73,700
Other business	99,100	99,100	99,885
Permits			
Administrative plan review	91,000	91,000	94,832
Building	81,100	81,100	94,403
Electrical	31,785	50,000	47,799
Plumbing	58,830	100,000	106,250
Occupancy certificates	23,000	23,000	28,021
Park	26,000	26,000	23,112
Truck permits	3,500	3,500	5,665
Other	142,126	142,126	137,051
 Total licenses and permits	 742,441	 826,826	 861,876
<b>INTERGOVERNMENTAL</b>			
State income tax	1,950,532	2,125,000	2,092,124
Municipal sales	6,792,482	6,792,482	6,790,142
State replacement tax	54,992	54,992	56,747
Street maintenance reimbursement	18,500	18,500	18,776
Local use tax	390,685	390,685	461,567
Auto rental tax	6,000	6,000	6,533
Pull tax	18,100	92,100	103,567
Fire/rescue service contract	4,933,717	4,620,000	4,512,645
Reimbursements			
Grants	18,000	18,000	34,878
Governmental agency	507,882	507,882	512,209
Training	750.00	750.00	-
 Total intergovernmental	 14,691,640	 14,626,391	 14,589,188

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>CHARGES FOR SERVICES</b>			
Police alarm fees	\$ 50,000	\$ 50,000	\$ 57,826
Public safety special detail	28,000	28,000	34,919
Police administration tow fees	45,000	45,000	46,890
Police lock out fees	7,000	7,000	8,900
Fire/rescue fees			
Special detail	10,245	10,245	9,028
Ambulance fees	496,000	496,000	538,678
Inspection fees	31,200	31,200	33,612
Public education	2,000	2,000	1,250
Site plan review	98,223	121,225	124,842
Elevator inspections	16,580	16,580	17,882
Exterior appearance review	2,400	2,400	5,500
Subdivision applications	850	850	2,300
Planned unit development review	2,000	2,000	6,900
Printing and reproduction fees	3,500	3,500	6,198
Engineering review	22,000	140,000	142,930
Watershed development	5,000	23,000	13,150
Reimbursements	3,000	3,000	5,131
Park fees	62,950	62,950	69,099
Park program fees	505,193	565,193	554,773
Park special events	1,400	1,400	2,190
Total charges for services	1,392,541	1,611,543	1,681,998
<b>FINES AND FORFEITS</b>			
Circuit court fines	243,000	243,000	253,274
Other fines	350,500	350,500	339,860
Total fines and forfeits	593,500	593,500	593,134
<b>INVESTMENT INCOME</b>	14,000	46,000	56,163
<b>MISCELLANEOUS</b>			
Miscellaneous revenues	28,500	28,500	26,562
Donations	1,400	1,400	625
Rent income	35,360	35,360	52,742
Total miscellaneous	65,260	65,260	79,929
<b>TOTAL REVENUES</b>	<u>\$ 27,190,229</u>	<u>\$ 27,345,009</u>	<u>\$ 27,504,824</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>GENERAL GOVERNMENT</b>			
General administration	\$ 67,911	\$ 70,411	\$ 67,353
Village administration	663,140	633,140	620,436
Finance department	507,725	507,725	490,096
Technology department	559,966	576,011	531,751
Community services - administration	573,985	502,585	482,828
Total general government	2,372,727	2,289,872	2,192,464
<b>PUBLIC SAFETY</b>			
Police department	8,521,404	8,394,514	8,192,914
Fire department	10,957,824	10,850,841	11,043,408
Community services - building and zoning	856,071	799,571	828,581
Total public safety	20,335,299	20,044,926	20,064,903
<b>HIGHWAYS AND STREETS</b>			
Community services - public works	2,614,238	2,504,238	2,272,442
<b>CULTURE AND RECREATION</b>			
Parks and recreation department	901,250	922,279	888,270
<b>ECONOMIC DEVELOPMENT</b>	968,965	903,975	967,550
<b>TOTAL EXPENDITURES</b>	<u>\$ 27,192,479</u>	<u>\$ 26,665,290</u>	<u>\$ 26,385,629</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,181,485
Investment income	50	50	1,839
Total revenues	1,200,050	1,200,050	1,183,324
<b>EXPENDITURES</b>			
Economic development			
Contractual services			
Legal fees	3,000	3,000	1,680
Memberships/dues/subscriptions	650	650	650
Professional accounting	1,093	1,093	1,093
SD #95 reimbursement	470,000	470,000	464,992
Other professional services	5,000	5,000	-
Total expenditures	479,743	479,743	468,415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	720,307	720,307	714,909
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(900,000)	(900,000)	(900,000)
NET CHANGE IN FUND BALANCE	<u>\$ (179,693)</u>	<u>\$ (179,693)</u>	(185,091)
FUND BALANCE, MAY 1			<u>217,153</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 32,062</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 #2 FUND**

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ 50
Miscellaneous	106,200	106,200	109,079
Total revenues	106,200	106,200	109,129
<b>EXPENDITURES</b>			
Economic development			
Contractual services			
Legal fees	7,000	7,000	4,830
Other professional services	40,000	39,000	33,151
Building & Grounds Maintenance	8,225	36,225	26,849
Enhancement Reimbursement	12,000	3,000	3,000
Lake County Real Estate Taxes	4,500	4,500	3,862
Total expenditures	71,725	89,725	71,692
NET CHANGE IN FUND BALANCE	<u>\$ 34,475</u>	<u>\$ 16,475</u>	37,437
FUND BALANCE, MAY 1			<u>4,793,754</u>
FUND BALANCE, APRIL 30			<u>\$ 4,831,191</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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes			
Property	\$ 1,620,760	\$ 1,620,760	\$ 1,618,122
Investment income	250	700	1,280
Total revenues	1,621,010	1,621,460	1,619,402
<b>EXPENDITURES</b>			
Debt service			
Principal retirement	420,000	420,000	420,000
Interest and fiscal charges	114,775	114,895	114,444
Total expenditures	534,775	534,895	534,444
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,086,235	1,086,565	1,084,958
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(1,070,000)	(1,070,000)	(1,070,000)
NET CHANGE IN FUND BALANCE	\$ 16,235	\$ 16,565	14,958
FUND BALANCE, MAY 1			826,062
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 841,020</b>

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ 100	\$ 100	\$ 2,812
Total revenues	100	100	2,812
<b>EXPENDITURES</b>			
Debt service			
Principal retirement	1,450,000	1,040,000	1,040,000
Interest and fiscal charges	1,071,275	1,095,831	1,090,851
Total expenditures	2,521,275	2,135,831	2,130,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,521,175)	(2,135,731)	(2,128,039)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	1,970,000	1,970,000	1,970,000
Total other financing sources (uses)	1,970,000	1,970,000	1,970,000
NET CHANGE IN FUND BALANCE	<u>\$ (551,175)</u>	<u>\$ (165,731)</u>	(158,039)
FUND BALANCE (DEFICIT), MAY 1			<u>(1,149,885)</u>
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (1,307,924)</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Grants	\$ 15,000	\$ 15,000	\$ 3,983
Reimbursements	76,643	76,643	122,842
Investment income	1,000	1,000	7,925
Total revenues	92,643	92,643	134,750
<b>EXPENDITURES</b>			
Capital outlay			
Infrastructure improvements	120,000	40,000	17,712
Capital project improvements	936,187	776,000	544,948
Total expenditures	1,056,187	816,000	562,660
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(963,544)</b>	<b>(723,357)</b>	<b>(427,910)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	370,000	570,000	570,000
Total other financing sources (uses)	370,000	570,000	570,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (593,544)</b>	<b>\$ (153,357)</b>	<b>142,090</b>
<b>FUND BALANCE, MAY 1</b>			<b>684,453</b>
<b>FUND BALANCE, APRIL 30</b>			<b>\$ 826,543</b>

(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.

Special Events - to account revenues and expenditures restricted for special events

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 restricted 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, 2016

	Special Revenue Funds				Capital Projects			
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Special Events	Park Improvements	Non-Home Rule Sales Tax Capital Projects	Total	
ASSETS								
Cash and investments	\$ 173,108	\$ 295,593	\$ 1,897,888	\$ 58,596	\$ 170,391	\$ 1,089,389	\$ 3,684,965	
Receivables (net, where applicable, of allowances for uncollectibles)								
Accounts	-	9,081	44,676	965	-	441,455	496,177	
Accrued interest	-	-	-	-	417	-	417	
Prepaid items	-	-	-	26,621	-	-	26,621	
TOTAL ASSETS	\$ 173,108	\$ 304,674	\$ 1,942,564	\$ 86,182	\$ 170,808	\$ 1,530,844	\$ 4,208,180	
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ 13,148	\$ 3,889	\$ -	\$ 70,512	\$ 87,549	
Accrued payroll	-	188	-	3,377	-	-	3,565	
Unearned revenue	-	-	-	30,022	-	-	30,022	
Other payables	-	-	-	-	-	3,901	3,901	
Total liabilities	-	188	13,148	37,288	-	74,413	125,037	
FUND BALANCES								
Nonspendable								
Prepaid Items	-	-	-	26,621	-	-	26,621	
Restricted								
Public Safety	173,108	-	-	-	-	-	173,108	
Capital Projects	-	-	-	-	-	1,456,431	1,456,431	
Highways and Streets	-	-	1,929,416	-	-	-	1,929,416	
Tourism	-	304,486	-	-	-	-	304,486	
Special Events	-	-	-	22,273	-	-	22,273	
Assigned								
Capital Projects	-	-	-	-	170,808	-	170,808	
Total fund balances	173,108	304,486	1,929,416	48,894	170,808	1,456,431	4,083,143	
TOTAL LIABILITIES AND FUND BALANCES	\$ 173,108	\$ 304,674	\$ 1,942,564	\$ 86,182	\$ 170,808	\$ 1,530,844	\$ 4,208,180	

(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, 2016

	Special Revenue Funds				Capital Projects		
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Special Events	Park Improvements	Non-Home Rule Sales Tax Capital Projects	Total
<b>REVENUES</b>							
Taxes	\$ 45,574	\$ 110,549	\$ -	\$ -	\$ -	\$ 1,977,135	\$ 2,133,258
Intergovernmental							
Motor fuel tax allocations	-	-	518,286	-	-	-	518,286
Capital grants	-	-	-	-	-	20,000	20,000
Special Events	-	-	-	108,533	-	-	108,533
Investment income	-	310	2,343	64	2,115	1,516	6,348
Total revenues	45,574	110,859	520,629	108,597	2,115	1,998,651	2,786,425
<b>EXPENDITURES</b>							
Current							
General government	-	14,871	-	271,129	-	-	286,000
Public safety	22,482	-	-	-	-	-	22,482
Highways and streets	-	-	573,665	-	-	2,140,054	2,713,719
Capital outlay							
Park improvements	-	-	-	-	82,636	-	82,636
Total expenditures	22,482	14,871	573,665	271,129	82,636	2,140,054	3,104,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,092	95,988	(53,036)	(162,532)	(80,521)	(141,403)	(318,412)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	211,426	-	-	211,426
Transfers (out)	-	(66,000)	-	-	(7,276)	-	(73,276)
Total other financing sources (uses)	-	(66,000)	-	211,426	(7,276)	-	138,150
NET CHANGE IN FUND BALANCES	23,092	29,988	(53,036)	48,894	(87,797)	(141,403)	(180,262)
FUND BALANCES, MAY 1	150,016	274,498	1,982,452	-	258,605	1,597,834	4,263,405
<b>FUND BALANCES, APRIL 30</b>	<u>\$ 173,108</u>	<u>\$ 304,486</u>	<u>\$ 1,929,416</u>	<u>\$ 48,894</u>	<u>\$ 170,808</u>	<u>\$ 1,456,431</u>	<u>\$ 4,083,143</u>

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Taxes	\$ 100,592	\$ 110,592	\$ 110,549
Investment income	50	50	310
Total revenues	100,642	110,642	110,859
<b>EXPENDITURES</b>			
General government	15,462	15,462	14,871
Total expenditures	15,462	15,462	14,871
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(56,000)	(66,000)	(66,000)
Total other financing sources (uses)	(56,000)	(66,000)	(66,000)
NET CHANGE IN FUND BALANCE	<u>\$ 29,180</u>	<u>\$ 29,180</u>	29,988
FUND BALANCE, MAY 1			<u>274,498</u>
FUND BALANCE, APRIL 30			<u><u>\$ 304,486</u></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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Intergovernmental			
Motor fuel tax allocations	\$ 488,208	\$ 488,208	\$ 518,286
Investment income	100	100	2,343
Total revenues	488,308	488,308	520,629
<b>EXPENDITURES</b>			
Highways and streets	585,500	585,500	573,665
Total expenditures	585,500	585,500	573,665
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,192)	(97,192)	(53,036)
NET CHANGE IN FUND BALANCE	<u>\$ (97,192)</u>	<u>\$ (97,192)</u>	(53,036)
FUND BALANCE, MAY 1			<u>1,982,452</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 1,929,416</u></u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL EVENTS FUND**

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Special events	\$ 94,300	\$ 94,300	\$ 108,533
Investment income	100	100	64
Total revenues	94,400	94,400	108,597
<b>EXPENDITURES</b>			
General government	272,557	279,925	271,129
Total expenditures	272,557	279,925	271,129
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer in	201,426	211,426	211,426
Total other financing sources (uses)	201,426	211,426	211,426
NET CHANGE IN FUND BALANCE	<u>\$ 23,269</u>	<u>\$ 25,901</u>	48,894
FUND BALANCE, MAY 1			-
FUND BALANCE, APRIL 30			<u>\$ 48,894</u>

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>REVENUES</b>			
Investment income	\$ 1,000	\$ 1,000	\$ 2,115
Total revenues	1,000	1,000	2,115
<b>EXPENDITURES</b>			
Park improvements	245,500	86,750	82,636
Total expenditures	245,500	86,750	82,636
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers (out)	(7,276)	(7,276)	(7,276)
Total other financing sources (uses)	(7,276)	(7,276)	(7,276)
NET CHANGE IN FUND BALANCE	<u>\$ (251,776)</u>	<u>\$ (93,026)</u>	(87,797)
FUND BALANCE, MAY 1			<u>258,605</u>
<b>FUND BALANCE, APRIL 30</b>			<u><u>\$ 170,808</u></u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2016

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<hr/>			
<b>REVENUES</b>			
Taxes	\$ 2,020,355	\$ 1,951,500	\$ 1,977,135
Capital grants	50,000	50,000	20,000
Investment income	250	250	1,516
	<hr/>		
Total revenues	2,070,605	2,001,750	1,998,651
	<hr/>		
<b>EXPENDITURES</b>			
Highways and streets	2,641,100	2,569,600	2,233,975
Less reimbursements	-	-	(93,921)
	<hr/>		
Total expenditures	2,641,100	2,569,600	2,140,054
	<hr/>		
NET CHANGE IN FUND BALANCE	<u>\$ (570,495)</u>	<u>\$ (567,850)</u>	(141,403)
FUND BALANCE, MAY 1			<hr/> 1,597,834
FUND BALANCE, APRIL 30			<u><u>\$ 1,456,431</u></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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 5,109,394	\$ 4,799,280	\$ 4,840,131
Total operating revenues	5,109,394	4,799,280	4,840,131
<b>OPERATING EXPENSES</b>			
Administration	601,406	606,451	642,634
Operations	6,292,419	5,743,562	2,176,520
Depreciation	1,650,000	1,680,000	1,699,451
Total operating expenses	8,543,825	8,030,013	4,518,605
OPERATING INCOME (LOSS)	(3,434,431)	(3,230,733)	321,526
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Gain on disposal of capital assets	500	500	5,044
Connection fees	220,000	530,000	542,369
Investment income	2,000	2,000	12,191
Interest and fiscal charges	(193,269)	(193,269)	(161,347)
Total non-operating revenues (expenses)	29,231	339,231	398,257
CHANGE IN NET POSITION	\$ (3,405,200)	\$ (2,891,502)	719,783
NET POSITION, MAY 1			43,118,898
Change in accounting principle			(629,537)
NET POSITION, MAY 1, RESTATED			42,489,361
<b>NET POSITION, APRIL 30</b>			<b>\$ 43,209,144</b>

(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, 2016

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<hr/>			
<b>CHARGES FOR SERVICES</b>			
Water charges	\$ 3,030,564	\$ 2,734,230	\$ 2,685,770
Sewer charges	1,942,180	1,843,400	1,868,520
Meter sales	18,000	18,000	33,445
Late fees	102,850	102,850	105,430
Wastewater service agreements	15,000	100,000	121,984
Inspection fees	800	800	1,200
Other	-	-	23,782
	<hr/>		
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 5,109,394</b>	<b>\$ 4,799,280</b>	<b>\$ 4,840,131</b>
	<hr/>		

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>ADMINISTRATION</b>			
Personnel services	\$ 343,698	\$ 348,743	\$ 399,791
Contractual services	197,603	197,603	188,152
Commodities	60,105	60,105	54,691
<b>TOTAL ADMINISTRATION</b>	<u>\$ 601,406</u>	<u>\$ 606,451</u>	<u>\$ 642,634</u>
<b>OPERATIONS</b>			
Water production and storage			
Personnel services	\$ 641,019	\$ 646,734	\$ 628,784
Contractual services	321,465	320,764	278,106
Commodities	565,450	541,450	450,728
Total water production and storage	<u>1,527,934</u>	<u>1,508,948</u>	<u>1,357,618</u>
Water distribution			
Personnel services	554,113	578,342	561,039
Contractual services	214,242	181,642	138,572
Commodities	100,380	89,130	79,338
Total water distribution	<u>868,735</u>	<u>849,114</u>	<u>778,949</u>
Capital outlay and maintenance	6,470,886	5,960,636	2,615,089
Less non-operating items			
Capital assets capitalized	<u>(2,575,136)</u>	<u>(2,575,136)</u>	<u>(2,575,136)</u>
<b>TOTAL OPERATIONS</b>	<u>\$ 6,292,419</u>	<u>\$ 5,743,562</u>	<u>\$ 2,176,520</u>
<b>DEPRECIATION</b>	<u>\$ 1,650,000</u>	<u>\$ 1,680,000</u>	<u>\$ 1,699,451</u>
<b>DEBT SERVICE</b>			
Interest and fiscal charges	<u>\$ 193,269</u>	<u>\$ 193,269</u>	<u>\$ 161,347</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.

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

Equipment Replacement Fund - to account for the financial activity of the Village's funding for replacement of Village equipment.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2016

	<b>Medical Self-Insurance</b>	<b>Risk Management</b>	<b>Equipment Replacement</b>	<b>Total</b>
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 522,474	\$ 322,824	\$ 77,295	\$ 922,593
Accounts receivable	9,089	915	-	10,004
Prepaid items	29,775	532,190	-	561,965
Due from other funds	-	-	179,113	179,113
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	561,338	855,929	256,408	1,673,675
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NONCURRENT ASSETS</b>				
Capital assets				
Depreciable	-	-	1,206,556	1,206,556
Accumulated depreciation	-	-	(87,545)	(87,545)
	<hr/>	<hr/>	<hr/>	<hr/>
Net capital assets	-	-	1,119,011	1,119,011
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	561,338	855,929	1,375,419	2,792,686
	<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>				
Accounts payable	6,366	3,299	-	9,665
Claims payable	190,263	-	-	190,263
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	196,629	3,299	-	199,928
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LONG-TERM LIABILITIES</b>				
None	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total long-term liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
None	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	196,629	3,299	-	199,928
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	1,119,011	1,119,011
Unrestricted	364,709	852,630	256,408	1,473,747
	<hr/>	<hr/>	<hr/>	<hr/>
Total net position	\$ 364,709	\$ 852,630	\$ 1,375,419	\$ 2,592,758
	<hr/>	<hr/>	<hr/>	<hr/>

(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, 2016

	Medical Self-Insurance	Risk Management	Equipment Replacement	Total
<b>OPERATING REVENUES</b>				
Contributions				
Employer	\$ 2,591,317	\$ 800,000	\$ 923,735	\$ 4,315,052
Employee	147,733	-	-	147,733
Pensioner	115,203	-	-	115,203
Miscellaneous	-	-	5,752	5,752
Total operating revenues	2,854,253	800,000	929,487	4,583,740
<b>OPERATING EXPENSES</b>				
Insurance and claims				
Personal services	27,397	100,937	-	128,334
Claims	1,959,864	-	-	1,959,864
Contractual services	952,520	812,925	-	1,765,445
Less reimbursements	(65,599)	(179,236)	-	(244,835)
Operations				
Commodities	-	-	45,172	45,172
Depreciation	-	-	75,681	75,681
Total operating expenses	2,874,182	734,626	120,853	3,729,661
OPERATING INCOME (LOSS)	(19,929)	65,374	808,634	854,079
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Investment income	486	-	377	863
Total non-operating revenue (expense)	486	-	377	863
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	-	-	218,850	218,850
CHANGE IN NET POSITION	(19,443)	65,374	1,027,861	1,073,792
NET POSITION, MAY 1	384,152	787,256	347,558	1,518,966
<b>NET POSITION, APRIL 30</b>	<b>\$ 364,709</b>	<b>\$ 852,630</b>	<b>\$ 1,375,419</b>	<b>\$ 2,592,758</b>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2016

	Self-Insurance Retention	Risk Management	Equipment Replacement	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 273,087	\$ -	\$ 5,752	\$ 278,839
Receipts from internal services transactions	2,591,317	800,000	923,735	4,315,052
Payments to employees	(969,125)	(81,110)	(179,113)	(1,229,348)
Payments to suppliers	(1,970,025)	(673,709)	(111,642)	(2,755,376)
Net cash from operating activities	(74,746)	45,181	638,732	609,167
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
None	-	-	-	-
Net cash from noncapital financing activities	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital grants	-	-	218,850	218,850
Purchase of capital assets	-	-	(861,682)	(861,682)
Net cash from capital and related financing activities	-	-	(642,832)	(642,832)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	486	-	377	863
Net cash from investing activities	486	-	377	863
NET INCREASE IN CASH AND CASH EQUIVALENTS	(74,260)	45,181	(3,723)	(32,802)
CASH AND CASH EQUIVALENTS, MAY 1	596,734	277,643	81,018	955,395
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 522,474	\$ 322,824	\$ 77,295	\$ 922,593
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>				
Cash and cash equivalents	\$ 522,474	\$ 322,824	\$ 77,295	\$ 922,593
TOTAL CASH AND INVESTMENTS	\$ 522,474	\$ 322,824	\$ 77,295	\$ 922,593
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (19,929)	\$ 65,374	\$ 808,634	\$ 854,079
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	-	-	75,681	75,681
(Increase) decrease in				
Accounts receivable	10,151	25,913	-	36,064
Prepaid items	847	(35,383)	-	(34,536)
Due from other funds	10,792	-	(179,113)	(168,321)
Increase (decrease) in				
Accounts payable	(35,010)	(4,637)	(66,470)	(106,117)
Accrued payroll	-	(6,086)	-	(6,086)
Claims payable	(41,597)	-	-	(41,597)
NET CASH FROM OPERATING ACTIVITIES	\$ (74,746)	\$ 45,181	\$ 638,732	\$ 609,167

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Contributions			
Employer	\$ 2,291,314	\$ 2,591,317	\$ 2,591,317
Employee	247,210	247,210	147,733
Pensioner	137,640	137,640	115,203
Total operating revenues	2,676,164	2,976,167	2,854,253
<b>OPERATING EXPENSES</b>			
Insurance and claims			
Personnel services	45,000	30,000	27,397
Claims	1,000	1,990,000	1,959,864
Contractual services	2,584,410	1,003,552	952,520
Less reimbursements	-	-	(65,599)
Total operating expenses	2,630,410	3,023,552	2,874,182
OPERATING INCOME (LOSS)	45,754	(47,385)	(19,929)
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Investment income	-	-	486
Total non-operating revenue (expense)	-	-	486
CHANGE IN NET POSITION	\$ 45,754	\$ (47,385)	(19,443)
NET POSITION, MAY 1			384,152
NET POSITION, APRIL 30			\$ 364,709

(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, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Contributions			
Employer	\$ 800,000	\$ 800,000	\$ 800,000
Total operating revenues	800,000	800,000	800,000
<b>OPERATING EXPENSES</b>			
Insurance and claims			
Personnel services	51,100	151,100	100,937
Contractual services	917,630	842,900	812,925
Less reimbursements	(100,000)	(180,000)	(179,236)
Total operating expenses	868,730	814,000	734,626
CHANGE IN NET POSITION	\$ (68,730)	\$ (14,000)	\$ 65,374
NET POSITION, MAY 1			787,256
NET POSITION, APRIL 30			\$ 852,630

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
EQUIPMENT REPLACEMENT FUND**

For the Year Ended April 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>OPERATING REVENUES</b>			
Contributions			
Employer	\$ 926,670	\$ 744,622	\$ 923,735
Miscellaneous	-	5,750	5,752
Total operating revenues	926,670	750,372	929,487
<b>OPERATING EXPENSES</b>			
Operations			
Vehicles	479,000	379,400	376,349
Technology	93,500	296,500	263,032
Equipment	336,000	280,000	267,473
Depreciation	-	-	75,681
Total operating expenses	908,500	955,900	982,535
OPERATING INCOME	18,170	(205,528)	(53,048)
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Investment income	30	30	377
Total non-operating revenue (expense)	30	30	377
<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>	-	218,850	218,850
CHANGE IN NET POSITION - BUDGETARY BASIS	\$ 18,200	\$ 13,352	166,179
<b>ADJUSTMENTS TO GAAP BASIS</b>			
Vehicle costs capitalized			376,349
Equipment costs capitalized			485,333
CHANGE IN NET POSITION - GAAP BASIS			1,027,861
NET POSITION, MAY 1			347,558
NET POSITION, APRIL 30			\$ 1,375,419

(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, 2016

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<hr/>			
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,000	\$ 256,859	\$ 266,859
Investments			
U.S. Treasury obligations	1,041,594	528,848	1,570,442
U.S. agencies securities	5,391,986	4,365,403	9,757,389
Mutual funds	10,134,805	8,189,854	18,324,659
Common stocks	-	6,963,839	6,963,839
Corporate bonds	-	4,227,115	4,227,115
State and local obligations	1,182,668	1,247,618	2,430,286
Money market funds	117,126	399,540	516,666
Insurance contracts	-	368,516	368,516
Receivables			
Accrued interest	54,850	125,667	180,517
Prepays	5,330	1,532	6,862
	<hr/>		
Total assets	17,938,359	26,674,791	44,613,150
	<hr/>		
<b>LIABILITIES</b>			
Accounts payable	5,568	12,199	17,767
	<hr/>		
Total liabilities	5,568	12,199	17,767
	<hr/>		
<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b>\$ 17,932,791</b>	<b>\$ 26,662,592</b>	<b>\$ 44,595,383</b>
	<hr/> <hr/>		

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS****COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
PENSION TRUST FUNDS**

For the Year Ended April 30, 2016

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions - employer	\$ 1,445,052	\$ 1,905,569	\$ 3,350,621
Contributions - employee	302,885	478,570	781,455
Total contributions	1,747,937	2,384,139	4,132,076
Investment income			
Net depreciation in fair value of investments	(492,084)	(1,156,440)	(1,648,524)
Interest earned on investments	673,460	890,368	1,563,828
Total investment income	181,376	(266,072)	(84,696)
Less investment expense	(53,744)	(54,184)	(107,928)
Net investment income	127,632	(320,256)	(192,624)
Total additions	1,875,569	2,063,883	3,939,452
<b>DEDUCTIONS</b>			
Benefits and refunds			
Pension payments and refunds	1,267,820	901,657	2,169,477
Administrative	31,815	61,615	93,430
Total deductions	1,299,635	963,272	2,262,907
CHANGE IN NET POSITION	575,934	1,100,611	1,676,545
<b>NET POSITION RESTRICTED FOR PENSIONS</b>			
May 1	17,356,857	25,561,981	42,918,838
April 30	\$ 17,932,791	\$ 26,662,592	\$ 44,595,383

(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, 2016

	<b>Balances May 1</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances April 30</b>
<b>Total All Agency Funds</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,638,904	\$ 1,355,556	\$ 2,161,310	\$ 1,833,150
Receivables				
Other	25,331	27,276	33,124	19,483
Due from other funds	14,716	17,329	32,045	-
<b>TOTAL ASSETS</b>	<b>\$ 2,678,951</b>	<b>\$ 1,400,161</b>	<b>\$ 2,226,479</b>	<b>\$ 1,852,633</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 560,496	\$ 1,491,012	\$ 1,445,261	\$ 606,247
Due to other funds	17,468	849	4,831	13,486
Deposits payable	2,100,987	617,397	1,485,484	1,232,900
<b>TOTAL LIABILITIES</b>	<b>\$ 2,678,951</b>	<b>\$ 2,109,258</b>	<b>\$ 2,935,576</b>	<b>\$ 1,852,633</b>
<b>1. Escrow Performance</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,079,934	\$ 1,287,758	\$ 2,140,139	\$ 1,227,553
Receivables				
Other	10,965	27,276	31,364	6,877
Due from other funds	14,716	17,329	32,045	-
<b>TOTAL ASSETS</b>	<b>\$ 2,105,615</b>	<b>\$ 1,332,363</b>	<b>\$ 2,203,548</b>	<b>\$ 1,234,430</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,628	\$ 1,424,974	\$ 1,428,921	\$ 681
Due to other funds	-	849	-	849
Deposits payable	2,100,987	617,397	1,485,484	1,232,900
<b>TOTAL LIABILITIES</b>	<b>\$ 2,105,615</b>	<b>\$ 2,043,220</b>	<b>\$ 2,914,405</b>	<b>\$ 1,234,430</b>
<b>2. Special Service Areas</b>				
<b>ASSETS</b>				
Cash and investments	\$ 558,970	\$ 67,798	\$ 21,171	\$ 605,597
Receivables				
Other	14,366	-	1,760	12,606
<b>TOTAL ASSETS</b>	<b>\$ 573,336</b>	<b>\$ 67,798</b>	<b>\$ 22,931</b>	<b>\$ 618,203</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 555,868	\$ 66,038	\$ 16,340	\$ 605,566
Due to other funds	17,468	-	4,831	12,637
<b>TOTAL LIABILITIES</b>	<b>\$ 573,336</b>	<b>\$ 66,038</b>	<b>\$ 21,171</b>	<b>\$ 618,203</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, 2016

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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**

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	August 1	Amount	February 1	Amount
2015	\$ 240,000	\$ 411,964	\$ 651,964	2016	\$ 205,982	2017	\$ 205,982
2016	300,000	401,404	701,404	2017	200,702	2018	200,702
2017	350,000	387,456	737,456	2018	193,728	2019	193,728
2018	405,000	370,306	775,306	2019	185,153	2020	185,153
2019	515,000	349,852	864,852	2020	174,926	2021	174,926
2020	550,000	322,816	872,816	2021	161,408	2022	161,408
2021	590,000	292,564	882,564	2022	146,282	2023	146,282
2022	625,000	259,230	884,230	2023	129,615	2024	129,615
2023	660,000	223,292	883,292	2024	111,646	2025	111,646
2024	695,000	184,682	879,682	2025	92,341	2026	92,341
2025	740,000	143,330	883,330	2026	71,665	2027	71,665
2026	785,000	98,930	883,930	2027	49,465	2028	49,465
2027	830,000	51,044	881,044	2028	25,522	2029	25,522
<u>\$ 7,285,000   \$ 3,496,870   \$ 10,781,870</u>				<u>\$ 1,748,435</u>		<u>\$ 1,748,435</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, 2016

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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>
2015	\$ -	\$ 43,135	\$ 43,135	2016	\$ 43,135	2016	\$ -
	<u>\$ -</u>	<u>\$ 43,135</u>	<u>\$ 43,135</u>		<u>\$ 43,135</u>		<u>\$ -</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2016

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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**

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	July 1	Amount	January 1	Amount
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>\$ 1,885,000</u>	<u>\$ 206,750</u>	<u>\$ 2,091,750</u>		<u>\$ 103,375</u>		<u>\$ 103,375</u>

(See independent auditor's report.)

LONG-TERM DEBT REQUIREMENTS  
GENERAL OBLIGATION REFUNDING BONDS  
(ALTERNATE REVENUE SOURCE) SERIES OF 2014A

Date of Issue	September 8, 2014
Date of Maturity	December 15, 2024
Authorized Issue	\$6,325,000
Interest Rates	2% to 3%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2017	\$ 625,000	\$ 163,500	\$ 788,500	2016	\$ 81,750	2016	\$ 81,750
2018	645,000	151,000	796,000	2017	75,500	2017	75,500
2019	655,000	138,100	793,100	2018	69,050	2018	69,050
2020	670,000	125,000	795,000	2019	62,500	2019	62,500
2021	685,000	111,600	796,600	2020	55,800	2020	55,800
2022	725,000	91,050	816,050	2021	45,525	2021	45,525
2023	745,000	69,300	814,300	2022	34,650	2022	34,650
2024	760,000	46,950	806,950	2023	23,475	2023	23,475
2025	805,000	24,150	829,150	2024	12,075	2024	12,075
	<u>\$ 6,315,000</u>	<u>\$ 920,650</u>	<u>\$ 7,235,650</u>		<u>\$ 460,325</u>		<u>\$ 460,325</u>

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**VILLAGE OF LAKE ZURICH, ILLINOIS**  
**LONG-TERM DEBT REQUIREMENTS**  
**GENERAL OBLIGATION REFUNDING BONDS**  
**(ALTERNATE REVENUE SOURCE) SERIES OF 2015A**

April 30, 2016

Date of Issue	April 23, 2015
Date of Maturity	December 15, 2034
Authorized Issue	\$11,775,000
Interest Rates	3.25% to 3.75%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

**FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2017	\$ -	\$ 413,685	\$ 413,685	2016	\$ 206,842	2016	\$ 206,843
2018	-	413,685	413,685	2017	206,842	2017	206,843
2019	-	413,685	413,685	2018	206,842	2018	206,843
2020	-	413,685	413,685	2019	206,842	2019	206,843
2021	-	413,685	413,685	2020	206,842	2020	206,843
2022	-	413,685	413,685	2021	206,842	2021	206,843
2023	-	413,685	413,685	2022	206,842	2022	206,843
2024	-	413,685	413,685	2023	206,842	2023	206,843
2025	-	413,685	413,685	2024	206,842	2024	206,843
2026	810,000	413,685	1,223,685	2025	206,842	2025	206,843
2027	840,000	387,360	1,227,360	2026	193,680	2026	193,680
2028	875,000	360,060	1,235,060	2027	180,030	2027	180,030
2029	915,000	331,622	1,246,622	2028	165,811	2028	165,811
2030	955,000	301,428	1,256,428	2029	150,714	2029	150,714
2031	1,370,000	268,957	1,638,957	2030	134,478	2030	134,479
2032	1,415,000	221,008	1,636,008	2031	110,504	2031	110,504
2033	1,480,000	170,067	1,650,067	2032	85,033	2032	85,034
2034	1,530,000	116,048	1,646,048	2033	58,024	2033	58,024
2035	1,585,000	59,438	1,644,438	2034	29,719	2034	29,719
<u>\$ 11,775,000   \$ 6,352,838   \$ 18,127,838</u>				<u>\$ 3,176,413</u>			
				<u>\$ 3,176,425</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 2013A**

April 30, 2016

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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**

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
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>\$ 3,390,000</u> <u>\$ 555,050</u> <u>\$ 3,945,050</u>				<u>\$ 277,524</u>		<u>\$ 277,526</u>	

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2016

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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**

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 16	Amount	December 16	Amount
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	114,853	2,076	116,929	2026	1,436	2026	640
	<u>\$ 1,235,430</u>	<u>\$ 183,645</u>	<u>\$ 1,419,075</u>		<u>\$ 95,701</u>		<u>\$ 87,944</u>

(See independent auditor's report.)

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2016

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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**

Fiscal Year	Principal	Interest	Total	Interest Due on			
				August 11	Amount	February 11	Amount
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>\$ 1,208,814</u>	<u>\$ 206,178</u>	<u>\$ 1,414,992</u>		<u>\$ 107,019</u>		<u>\$ 99,159</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>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	119-130
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	131-134
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	135-140
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	141-142
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	143-146

*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>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GOVERNMENTAL ACTIVITIES</b>				
Net investment in capital assets	\$ 82,437,689	\$ 84,175,365	\$ 81,219,210	\$ 80,849,072
Restricted	2,851,206	1,852,808	1,952,723	3,262,355
Unrestricted	(17,600,923)	(20,215,178)	(18,868,258)	(17,511,096)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 67,687,972</b>	<b>\$ 65,812,995</b>	<b>\$ 64,303,675</b>	<b>\$ 66,600,331</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Net investment in capital assets	\$ 44,411,651	\$ 43,220,026	\$ 42,163,703	\$ 41,351,561
Unrestricted	2,785,925	3,311,111	2,589,565	2,424,907
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 47,197,576</b>	<b>\$ 46,531,137</b>	<b>\$ 44,753,268</b>	<b>\$ 43,776,468</b>
<b>PRIMARY GOVERNMENT</b>				
Net investment in capital assets	\$ 126,849,340	\$ 127,395,391	\$ 123,382,913	\$ 122,200,633
Restricted	2,851,206	1,852,808	1,952,723	3,262,355
Unrestricted	(14,814,998)	(16,904,067)	(16,278,693)	(15,086,189)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 114,885,548</b>	<b>\$ 112,344,132</b>	<b>\$ 109,056,943</b>	<b>\$ 110,376,799</b>

### Data Source

Audited Financial Statements

\* The Village implemented GASB Statemetn No. 68 which resulted in a decrease in unrestricted net position

2011	2012	2013	2014	2015	2016*
\$ 80,013,336	\$ 76,652,153	\$ 76,983,201	\$ 79,602,577	\$ 80,503,360	\$ 82,125,245
3,222,374	17,592,724	18,839,037	10,192,895	10,960,283	10,779,838
(16,028,682)	(24,640,955)	(22,946,143)	(22,692,562)	(21,489,679)	(58,319,684)
\$ 67,207,028	\$ 69,603,922	\$ 72,876,095	\$ 67,102,910	\$ 69,973,964	\$ 34,585,399
\$ 40,968,949	\$ 41,753,593	\$ 41,029,978	\$ 41,321,810	\$ 39,678,649	\$ 39,130,472
1,261,950	593,365	1,228,483	1,406,104	3,440,249	4,078,672
\$ 42,230,899	\$ 42,346,958	\$ 42,258,461	\$ 42,727,914	\$ 43,118,898	\$ 43,209,144
\$ 120,982,285	\$ 118,405,746	\$ 118,013,179	\$ 121,167,946	\$ 120,182,009	\$ 121,255,717
3,222,374	17,592,724	18,839,037	10,192,895	10,960,283	10,779,838
(14,766,732)	(24,047,590)	(21,717,660)	(21,286,458)	(18,049,430)	(54,241,012)
\$ 109,437,927	\$ 111,950,880	\$ 115,134,556	\$ 110,074,383	\$ 113,092,862	\$ 77,794,543

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**CHANGE IN NET POSITION**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>EXPENSES</b>				
Governmental activities				
General government	\$ 2,675,926	\$ 3,156,278	\$ 3,529,170	\$ 2,952,818
Public safety	15,419,714	16,081,083	16,767,143	15,425,916
Highways and streets	3,311,564	3,722,055	3,972,096	4,183,379
Culture and recreation	1,868,893	2,034,648	2,242,138	1,574,777
Economic development	2,385,479	425,359	913,927	1,920,010
Interest on long-term debt	1,528,564	2,045,277	1,695,254	1,146,842
Total governmental activities expenses	27,190,140	27,464,700	29,119,728	27,203,742
Business-type activities				
Waterworks and sewerage	5,412,249	5,148,885	5,170,570	5,013,468
Total business-type activities expenses	5,412,249	5,148,885	5,170,570	5,013,468
<b>TOTAL PRIMARY GOVERNMENT EXPENSES</b>	<b>\$ 32,602,389</b>	<b>\$ 32,613,585</b>	<b>\$ 34,290,298</b>	<b>\$ 32,217,210</b>
<b>PROGRAM REVENUES</b>				
Governmental activities				
Charges for services				
General government	\$ 2,622,108	\$ 2,603,229	\$ 2,136,166	\$ 2,175,734
Public safety	4,434,714	4,488,006	4,560,817	5,264,203
Highways and streets	-	-	-	-
Culture and recreation	641,046	619,381	629,882	478,097
Economic development	-	-	-	-
Operating grants	-	-	-	-
Capital grants	838,607	633,667	677,672	1,738,582
Total governmental activities program revenues	8,536,475	8,344,283	8,004,537	9,656,616
Business-type activities				
Charges for services				
Waterworks and sewerage	4,091,890	4,290,807	3,846,907	4,512,406
Capital grants	-	-	-	5,560
Total business-type activities program revenues	4,091,890	4,290,807	3,846,907	4,517,966
<b>TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES</b>	<b>\$ 12,628,365</b>	<b>\$ 12,635,090</b>	<b>\$ 11,851,444</b>	<b>\$ 14,174,582</b>

2011	2012	2013	2014	2015	2016
\$ 3,396,022	\$ 3,074,208	\$ 3,140,972	\$ 1,613,068	\$ 1,802,610	\$ 1,522,322
16,529,348	17,950,169	18,486,450	18,582,961	19,438,857	20,687,223
4,021,341	4,439,375	4,290,953	4,647,467	4,969,501	4,855,446
1,332,039	1,347,279	1,205,021	1,109,942	1,143,280	1,147,881
1,098,934	926,436	479,102	940,077	1,128,755	1,515,262
1,233,206	1,045,608	1,254,435	1,409,508	1,738,490	1,475,911
27,610,890	28,783,075	28,856,933	28,303,023	30,221,493	31,204,045
4,753,896	4,673,670	4,986,492	4,871,170	4,901,767	4,679,952
4,753,896	4,673,670	4,986,492	4,871,170	4,901,767	4,679,952
\$ 32,364,786	\$ 33,456,745	\$ 33,843,425	\$ 33,174,193	\$ 35,123,260	\$ 35,883,997
\$ 1,967,590	\$ 838,464	\$ 1,965,735	\$ 535,567	\$ 617,962	\$ 651,761
5,643,674	6,844,127	7,205,320	7,086,380	7,392,854	7,096,281
-	439,467	520,172	469,234	186,992	74,080
642,923	676,449	599,609	529,221	613,484	655,848
-	-	-	-	35,000	95,579
-	835,918	1,165,632	688,520	905,163	594,937
1,718,995	537,892	516	-	-	47,133
9,973,182	10,172,317	11,456,984	9,308,922	9,751,455	9,215,619
3,716,174	3,682,437	4,784,199	4,782,300	4,949,523	5,382,500
-	989,110	110,136	530,814	336,000	-
3,716,174	4,671,547	4,894,335	5,313,114	5,285,523	5,382,500
\$ 13,689,356	\$ 14,843,864	\$ 16,351,319	\$ 14,622,036	\$ 15,036,978	\$ 14,598,119

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**CHANGE IN NET POSITION (Continued)**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>NET (EXPENSE) REVENUE</b>				
Governmental activities	\$ (18,653,665)	\$ (19,120,417)	\$ (21,115,191)	\$ (17,547,126)
Business-type activities	(1,320,359)	(858,078)	(1,323,663)	(495,502)
<b>TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE</b>	<b>\$ (19,974,024)</b>	<b>\$ (19,978,495)</b>	<b>\$ (22,438,854)</b>	<b>\$ (18,042,628)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>				
Governmental activities				
Taxes				
Property	\$ 7,685,714	\$ 8,091,060	\$ 8,248,091	\$ 8,887,061
Intergovernmental				
Sales	5,296,357	5,458,214	5,592,133	5,476,150
State income	1,637,119	1,788,320	1,683,021	1,536,443
Other	958,527	815,847	825,019	592,692
Special events	-	-	-	-
Investment income	541,148	407,397	107,426	25,419
Miscellaneous	691,446	684,602	2,650,181	2,826,017
Transfers in (out)	-	-	500,000	500,000
Total governmental activities	16,810,311	17,245,440	19,605,871	19,843,782
Business-type activities				
Property taxes	11,733	11,732	11,724	11,719
Investment income	263,991	179,907	34,070	6,983
Gain on sale of capital assets	-	-	-	-
Transfers in (out)	-	-	(500,000)	(500,000)
Total business-type activities	275,724	191,639	(454,206)	(481,298)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 17,086,035</b>	<b>\$ 17,437,079</b>	<b>\$ 19,151,665</b>	<b>\$ 19,362,484</b>
<b>SPECIAL ITEM</b>				
Governmental activities	\$ -	\$ -	\$ -	\$ -
<b>CHANGE IN NET POSITION</b>				
Governmental activities	\$ (1,843,354)	\$ (1,874,977)	\$ (1,509,320)	\$ 2,296,656
Business-type activities	(1,044,635)	(666,439)	(1,777,869)	(976,800)
<b>TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION</b>	<b>\$ (2,887,989)</b>	<b>\$ (2,541,416)</b>	<b>\$ (3,287,189)</b>	<b>\$ 1,319,856</b>

Data Source

Audited Financial Statements

2011	2012	2013	2014	2015	2016
\$ (17,637,708)	\$ (18,610,758)	\$ (17,399,949)	\$ (18,994,101)	\$ 20,470,038	\$ 21,988,426
(1,037,722)	(2,123)	(92,157)	441,944	(383,756)	(702,548)
\$ (18,675,430)	\$ (18,612,881)	\$ (17,492,106)	\$ (18,552,157)	\$ 20,086,282	\$ 21,285,878
\$ 8,841,223	\$ 9,060,819	\$ 9,096,330	\$ 9,342,465	\$ 9,927,632	\$ 10,134,009
5,793,566	7,375,471	7,940,113	8,145,378	8,640,078	8,767,277
1,541,627	1,601,915	1,769,156	1,912,965	1,922,554	2,092,124
734,484	2,045,202	1,445,829	1,336,144	2,296,792	2,748,646
-	-	-	-	-	108,533
48,447	86,173	69,478	17,587	69,306	76,417
785,058	236,987	654,381	247,071	241,171	241,191
500,000	-	-	(26,291)	-	-
18,244,405	20,406,567	20,975,287	20,975,319	23,097,533	24,168,197
(11,706)	-	-	-	-	-
3,859	10,873	3,660	1,218	7,228	12,191
-	-	-	-	-	5,044
(500,000)	-	-	26,291	-	-
(507,847)	10,873	3,660	27,509	7,228	17,235
\$ 17,736,558	\$ 20,417,440	\$ 20,978,947	\$ 21,002,828	\$ 23,104,761	\$ 24,185,432
\$ -	\$ -	\$ -	\$ (7,018,317)	\$ -	\$ -
\$ 606,697	\$ 1,795,809	\$ 3,575,338	\$ (5,037,099)	\$ 2,627,495	\$ 2,179,771
(1,545,569)	8,750	(88,497)	469,453	390,984	719,783
\$ (938,872)	\$ 1,804,559	\$ 3,486,841	\$ (4,567,646)	\$ 3,018,479	\$ 2,899,554

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**FUND BALANCES OF GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>GENERAL FUND</b>				
Reserved	\$ 815,783	\$ 835,582	\$ 1,029,890	\$ 1,107,457
Unreserved	3,290,597	2,323,035	2,167,788	2,410,450
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
<b>TOTAL GENERAL FUND</b>	<b>\$ 4,106,380</b>	<b>\$ 3,158,617</b>	<b>\$ 3,197,678</b>	<b>\$ 3,517,907</b>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>				
Reserved	\$ 14,804,655	\$ 13,847,115	\$ 14,010,393	\$ 15,787,496
Unreserved, reported in				
Special Revenue Funds	-	31,762	59,940	151,872
Capital Project Funds	2,191,034	670,718	587,586	954,551
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unrestricted	-	-	-	-
<b>TOTAL ALL OTHER GOVERNMENTAL FUNDS</b>	<b>\$ 16,995,689</b>	<b>\$ 14,549,595</b>	<b>\$ 14,657,919</b>	<b>\$ 16,893,919</b>

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

Data Source

Audited Financial Statements



2011	2012	2013	2014	2015	2016
\$ 1,137,365	\$ -	\$ -	\$ -	\$ -	\$ -
4,024,311	-	-	-	-	-
-	-	1,888,744	1,552,148	1,874,738	1,802,987
-	339,445	328,685	348,816	434,061	363,308
-	5,382,483	7,368,345	7,667,560	7,329,746	7,931,993
\$ 5,161,676	\$ 5,721,928	\$ 9,585,774	\$ 9,568,524	\$ 9,638,545	\$ 10,098,288
\$ 15,710,939	\$ -	\$ -	\$ -	\$ -	\$ -
259,001	-	-	-	-	-
1,490,591	-	-	-	-	-
-	-	-	2,187	4,013	30,581
-	17,631,245	18,510,352	9,844,079	10,526,222	10,416,530
-	-	-	-	258,605	170,808
-	(381,557)	-	-	(1,336,239)	(1,494,225)
\$ 17,460,531	\$ 17,249,688	\$ 18,510,352	\$ 9,846,266	\$ 9,452,601	\$ 9,123,694

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE**

Last Ten Fiscal Years

<b>Source</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>2015</b>	<b>2016</b>
Taxes	\$ 8,997,906	\$ 9,429,834	\$ 9,585,231	\$ 10,160,886	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401
Licenses and permits	878,610	885,010	575,208	618,304	830,107	598,732	669,712	821,173	1,030,867	861,876
Intergovernmental	8,732,610	8,696,048	8,777,845	9,343,867	8,771,807	9,445,800	10,972,018	14,288,150	15,103,784	15,254,299
Charges for services	5,030,420	5,005,354	5,005,802	5,236,050	5,804,830	6,170,629	6,491,618	1,395,081	1,587,616	1,681,998
Fines and forfeits	474,646	481,478	408,715	789,855	810,309	762,168	753,126	812,169	785,685	593,134
Special events	-	-	-	-	-	-	-	-	-	108,533
Interest income	541,148	407,397	107,426	25,419	48,447	86,174	69,478	17,587	69,306	76,417
Miscellaneous	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451	1,227,043	513,757	224,545	189,008
<b>TOTAL</b>	<u>\$ 25,346,786</u>	<u>\$ 25,589,723</u>	<u>\$ 27,110,408</u>	<u>\$ 29,000,398</u>	<u>\$ 27,717,587</u>	<u>\$ 30,129,321</u>	<u>\$ 32,432,270</u>	<u>\$ 30,310,532</u>	<u>\$ 32,848,988</u>	<u>\$ 33,340,666</u>

Note: Includes all governmental funds.

Data Source

Village records

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**

Last Ten Fiscal Years

<b>Source</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>2015</b>	<b>2016</b>
General government	\$ 2,508,671	\$ 2,849,795	\$ 3,083,437	\$ 3,063,431	\$ 2,939,988	\$ 3,022,604	\$ 3,012,651	\$ 2,028,374	\$ 2,576,664	\$ 2,478,464
Public safety	14,389,260	15,024,150	14,471,695	14,934,390	15,670,720	17,188,744	18,380,336	18,557,096	19,097,605	20,087,385
Highways and streets	3,079,508	2,962,734	2,809,433	2,982,812	2,778,043	2,886,662	3,837,520	4,328,310	4,668,487	4,986,161
Culture and recreation	1,782,675	1,943,021	2,004,690	1,367,164	1,115,371	1,086,760	952,048	879,566	885,710	888,270
Economic development	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553	478,179	938,891	1,128,464	1,507,657
Capital outlay	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194	1,239,971	1,450,335	1,401,055	645,296
Debt service										
Principal	2,023,573	1,665,000	1,900,000	1,250,000	905,000	520,000	1,105,000	2,162,000	2,790,000	1,460,000
Interest and fiscal charges	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876	1,028,952	1,331,090	1,585,100	1,205,295
<b>TOTAL</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>	<b>\$ 34,133,085</b>	<b>\$ 33,258,528</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>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>REVENUES</b>				
Taxes	\$ 8,997,906	\$ 9,429,834	\$ 9,585,231	\$ 10,160,886
Licenses and permits	878,610	885,010	575,208	618,304
Intergovernmental	8,732,610	8,696,048	8,777,845	9,343,867
Charges for services	5,030,420	5,005,354	5,005,802	5,236,050
Fines and forfeitures	474,646	481,478	408,715	789,855
Special events	-	-	-	-
Investment income	541,148	407,397	107,426	25,419
Miscellaneous	691,446	684,602	2,650,181	2,826,017
Total revenues	25,346,786	25,589,723	27,110,408	29,000,398
<b>EXPENDITURES</b>				
General government	2,508,671	2,849,795	3,083,437	3,063,431
Public safety	14,389,260	15,024,150	14,471,695	14,934,390
Highways and streets	3,079,508	2,962,734	2,809,433	2,982,812
Culture and recreation	1,782,675	1,943,021	2,004,690	1,367,164
Economic development	2,385,479	425,359	913,927	1,920,010
Capital outlay	735,561	2,044,233	2,771,192	1,031,091
Debt service				
Principal	2,023,573	1,665,000	1,900,000	1,250,000
Interest	1,554,811	2,069,288	1,933,501	901,415
Total expenditures	28,459,538	28,983,580	29,887,875	27,450,313
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,112,752)	(3,393,857)	(2,777,467)	1,550,085
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from bond issuance, at par	2,317,145	-	18,145,000	475,000
Premium on bonds issued	-	-	170,367	-
Payment to escrow agent	-	-	(15,890,515)	-
Proceeds from capital lease obligation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	8,747,910	1,375,643
Transfers (out)	-	-	(8,247,910)	(875,643)
Total other financing sources (uses)	2,317,145	-	2,924,852	975,000
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (795,607)</b>	<b>\$ (3,393,857)</b>	<b>\$ 147,385</b>	<b>\$ 2,525,085</b>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>				
	12.91%	13.22%	13.77%	8.72%

Data Source

Audited Financial Statements

2011	2012	2013	2014	2015	2016
\$ 10,667,029	\$ 12,020,367	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401
830,107	598,732	669,712	821,173	1,030,867	861,876
8,771,807	9,445,800	10,972,018	14,288,150	15,103,784	15,254,299
5,804,830	6,170,629	6,491,618	1,395,081	1,587,616	1,681,998
810,309	762,168	753,126	812,169	785,685	593,134
-	-	-	-	-	108,533
48,447	86,174	69,478	17,587	69,306	76,417
785,058	1,045,451	1,227,043	513,757	224,545	189,008
27,717,587	30,129,321	32,432,270	30,310,532	32,848,988	33,340,666
2,939,988	3,022,604	3,012,651	2,028,374	2,576,664	2,478,464
15,670,720	17,188,744	18,380,336	18,557,096	19,097,605	20,087,385
2,778,043	2,886,662	3,837,520	4,328,310	4,668,487	4,986,161
1,115,371	1,086,760	952,048	879,566	885,710	888,270
1,098,934	925,553	478,179	938,891	1,128,464	1,507,657
865,580	1,501,194	1,239,971	1,450,335	1,401,055	645,296
905,000	520,000	1,105,000	2,162,000	2,790,000	1,460,000
1,172,426	919,876	1,028,952	1,331,090	1,585,100	1,205,295
26,546,062	28,051,393	30,034,657	31,675,662	34,133,085	33,258,528
1,171,525	2,077,928	2,397,613	(1,365,130)	(1,284,097)	82,138
4,445,000	-	2,650,000	537,000	19,155,000	-
-	-	588,025	-	397,596	-
(3,875,000)	-	(2,674,286)	-	(18,746,704)	-
-	-	251,892	-	129,856	-
-	-	-	-	24,705	48,698
1,505,934	1,713,738	1,519,953	2,376,589	7,075,090	2,751,426
(1,005,934)	(1,713,738)	(1,519,953)	(2,725,982)	(7,075,090)	(2,751,426)
1,070,000	-	815,631	187,607	960,453	48,698
\$ 2,241,525	\$ 2,077,928	\$ 3,213,244	\$ (1,177,523)	\$ (323,644)	\$ 130,836
8.14%	5.30%	7.42%	12.08%	12.10%	8.17%

**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>
2006	\$ 567,359,961	\$ 153,118,205	\$ 720,478,166	\$ 30,833	\$ 720,508,999	\$ 0.870
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
2014	553,285,740	215,022,246	768,307,986	671,745	768,979,731	1.143
2015	579,562,017	213,818,454	793,380,471	810,109	794,190,580	1.131

Data Source

Office of the County Clerk

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

Last Ten Levy Years

<b>Tax Levy Year</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>2015</b>
<b>TAX RATES</b>										
Village of Lake Zurich										
Corporate	0.154	0.145	0.008	0.012	0.260	0.256	0.261	0.247	0.251	0.011
Police protection	0.117	0.111	0.111	0.097	0.078	0.078	0.080	0.084	0.088	0.196
Fire protection	0.107	0.101	0.101	0.088	0.077	0.078	0.080	0.084	0.088	0.196
Ambulance	0.100	0.095	0.096	0.083	0.015	0.016	0.018	0.019	0.020	0.020
Illinois Municipal Retirement	0.028	0.027	0.027	0.027	0.006	0.023	0.023	0.026	0.026	0.042
Federal social security	0.106	0.1	0.096	0.094	-	-	-	-	-	-
Insurance	0.043	0.041	0.076	0.074	-	-	-	-	-	-
Debt service	0.140	0.125	0.126	0.109	0.116	0.124	0.136	0.211	0.211	0.204
Special recreation	0.023	0.022	0.021	0.020	0.021	0.022	0.023	0.024	0.023	0.023
Police pension	0.024	0.023	0.079	0.096	0.142	0.136	0.159	0.185	0.188	0.197
Firefighters' pension	0.024	0.023	0.084	0.104	0.141	0.174	0.218	0.252	0.248	0.241
Total direct tax rate	0.866	0.813	0.825	0.804	0.856	0.907	0.998	1.132	1.143	1.130
<b>OVERLAPPING RATES</b>										
Lake County	0.450	0.444	0.453	0.464	0.505	0.554	0.608	0.663	0.682	0.663
Lake County Forest Preserve	0.204	0.201	0.199	0.200	0.198	0.201	0.212	0.218	0.210	0.208
Ela Area Library District	0.317	0.306	0.308	0.308	0.329	0.356	0.386	0.409	0.410	0.398
School District #95	3.992	3.830	3.899	3.901	4.136	4.446	4.914	5.242	5.291	5.191
School District #96	2.989	2.772	2.869	2.916	3.086	3.453	3.756	3.976	4.040	3.870
High School District #125	2.134	2.114	2.139	2.185	2.306	2.465	2.751	2.989	3.049	3.004
Community College #532	0.195	0.192	0.196	0.200	0.218	0.240	0.272	0.296	0.306	0.299
Ela Township - Corp. and GA	0.086	0.082	0.084	0.084	0.091	0.099	0.088	0.100	0.100	0.098
Ela Township - road and bridge	0.010	0.010	0.005	0.007	0.008	0.009	0.010	0.011	0.010	0.010
Ela Township - gravel or R.I.	0.032	0.032	0.038	0.036	0.039	0.042	0.030	0.046	0.045	0.045
Barrington Public Library District	0.169	0.152	0.150	0.161	0.170	0.185	0.213	0.228	0.231	0.225
<b>TOTAL DIRECT AND OVERLAPPING TAX RATE</b>	<b>11.444</b>	<b>10.948</b>	<b>11.165</b>	<b>11.266</b>	<b>11.942</b>	<b>12.957</b>	<b>14.238</b>	<b>15.310</b>	<b>15.517</b>	<b>15.141</b>

Data Source

Office of the County Clerk

# VILLAGE OF LAKE ZURICH, ILLINOIS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Village Square Retail Center LLC	\$ 7,637,308	1	0.96%	\$ 6,376,941	1	0.83%
Landings Capital Partners, LLC	6,146,637	2	0.77%	6,273,252	2	0.82%
Individual Taxpayer (North Lake Commons)	5,854,717	3	0.74%	5,212,404	3	0.68%
Echo Incorporated	5,742,027	4	0.72%	4,666,200	4	0.61%
Deerpath Court Retail Center LLC	5,109,461	5	0.64%	4,116,887	5	0.53%
Deerpath Commons Retail Center	4,868,775	6	0.61%			0.00%
Liberty Realty Lake Zurich LLC			0.00%	3,333,289	6	0.43%
Costco	3,796,729	7	0.48%	3,329,023	7	0.43%
Roundys Supermarkets, Inc	3,658,811	8	0.46%			0.00%
HD Development of Maryland LLC			0.00%	2,791,139	8	0.36%
Greenhill Company LLC	3,657,305	9	0.46%	2,551,194	10	0.33%
Wal-Mart Properties, Inc.	3,652,117	10	0.46%	2,686,750	9	0.35%
<b>TOTAL</b>	<b>\$ 50,123,887</b>		<b>6.30%</b>	<b>\$ 41,337,079</b>		<b>5.37%</b>

### Data Source

Office of the County Clerk and Ela Township Assessor



**VILLAGE OF LAKE ZURICH, ILLINOIS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Levy Years

Fiscal Year Ended	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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	8,637,807	8,624,832	99.85%	N/A	8,624,832	99.85%
2015	2014	8,794,144	\$ 8,780,768	99.85%	* N/A	8,780,768	99.85%
2016	2015	9,012,955	* N/A	* N/A	* N/A	* N/A	* N/A

N/A - Currently not available.

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

Data Source

Office of the County Clerk

# VILLAGE OF LAKE ZURICH, ILLINOIS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					
	General Obligation Bonds	General Obligation		TIF Revenue Bonds	Capital Lease Obligation	Installment Contracts
		TIF Alternate Revenue Bonds				
						Notes Payable
2007	\$ 5,855,000	\$ 9,555,000	\$ 10,000,000	\$ -	\$ 955,000	\$ 6,091,851
2008	5,095,000	9,100,000	10,000,000	-	505,000	6,091,851
2009	4,575,000	20,135,000	8,270,000	-	255,000	-
2010	4,160,000	20,135,000	8,165,000	-	-	-
2011	3,815,000	20,265,000	8,165,000	-	-	-
2012	3,455,000	20,235,000	7,915,000	-	-	-
2013	3,085,000	20,145,000	7,775,000	313,563	-	-
2014	2,700,000	19,405,000	7,275,000	243,559	-	-
2015	2,305,000	25,865,000	550,000	764,956	-	-
2016	1,885,000	25,375,000	-	599,590	-	-

\* See the schedule of Demographic and Economic Information on page 141 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

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<b><u>Business-Type Activities</u></b>							
<b>Waterworks and Sewerage Revenue Bonds</b>	<b>IEPA Loan</b>	<b>Total Primary Government</b>	<b>Total Equalized Assessed Value (EAV)</b>	<b>Percentage of EAV</b>	<b>Percentage of Personal Income*</b>	<b>Per Capita*</b>	
\$ 5,075,000	\$ 1,941,834	\$ 39,473,685	\$ 769,562,132	5.13%	4.66%	\$ 2,078.44	
4,510,000	2,489,808	37,791,659	848,924,815	4.45%	4.27%	1,989.87	
3,925,000	3,542,854	40,702,854	885,557,913	4.60%	5.66%	2,042.09	
3,320,000	3,450,320	39,230,320	898,034,255	4.37%	5.24%	1,920.51	
2,690,000	3,294,988	38,229,988	872,121,444	4.38%	5.19%	1,947.43	
1,665,000	3,132,971	36,402,971	839,863,132	4.33%	4.52%	1,837.33	
975,000	2,968,015	35,261,578	872,121,444	4.04%	4.78%	1,770.43	
4,075,000	2,797,744	36,496,303	756,892,029	4.82%	4.68%	1,832.42	
3,800,000	2,623,190	35,908,146	768,979,731	4.67%	4.59%	1,795.14	
3,390,000	2,444,244	33,693,834	794,190,580	4.24%	4.09%	1,685.28	

# 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 In Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Equalized Assessed Value</b>		<b>Per Capita</b>
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		796,996	1,903,004	0.22%		95.55
2015		2,305,000		825,140	1,479,860	0.17%		73.98
2016		1,885,000		841,020	1,043,980	0.13%		52.22

### Data Source

Village records

**VILLAGE OF LAKE ZURICH, ILLINOIS**

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

April 30, 2016

<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	\$ 1,885,000 (2)	100.000%	\$ 1,885,000
Lake County	190,055,000	3.390%	6,442,865
Lake County Forest Preserve	284,615,000	3.390%	9,648,449
Ela Area Library District	3,195,000	44.600%	1,424,970
School District No. 95	17,288,415	50.580%	8,744,480
School District No. 96	405,000	2.820%	11,421
High School District No. 125	33,420,000	1.060%	354,252
Community College No. 532	72,220,000	3.570%	2,578,254
	601,198,415		29,204,691
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 603,083,415</b>		<b>\$ 31,089,691</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, 2016

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<b>EQUALIZED ASSESSED VALUATION - 2015*</b>	<b>\$ 794,190,580</b>
Legal debt limit - 8.625% of assessed valuation	\$ 68,498,938
Amount of debt applicable to debt limit:	
General obligation bonds	<u>1,885,000</u>
<b>LEGAL DEBT MARGIN</b>	<b><u>\$ 66,613,938</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

### PLEDGED-REVENUE COVERAGE

Last Five Fiscal Years

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<b>Fiscal Year</b>	<b>Revenues*</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2012	\$ 5,878,258	\$ 30,000	\$ 717,266	787%
2013	6,069,546	90,000	749,724	723%
2014	6,234,680	740,000	871,603	387%
2015	6,658,825	815,000	856,478	398%
2016	6,790,142	490,000	1,057,105	439%

Alternative revenue bonds were issued during fiscal year 2012.

\*As defined in applicable bond indentures and governing laws.

#### Data Source

Village records

**VILLAGE OF LAKE ZURICH, ILLINOIS**  
**DEMOGRAPHIC AND ECONOMIC INFORMATION**

Last Ten Fiscal Years

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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>
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	20,003	782,677	39,128	41.1	5,892	6.7%
2015	20,054	787,541	39,271	39.9	5,716	4.5%
2016	19,993	823,072	41,168	38.8	5,769	5.5%

Data Sources

- (1) Based on U.S. Census Bureau for Lake County, Illinois
- (2) Annual School Census by Community Unit School District No. 95
- (3) Illinois Department of Employment Security - Calendar Year



# VILLAGE OF LAKE ZURICH, ILLINOIS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Lake Zurich Community School Dist. #95	890	1	4%	844	1	4%
Echo Inc.	865	2	4%	640	2	3%
Smalley Steel Ring Co.	500	3	3%	285	4	2%
Performance Contracting	220	4	1%			
Termax Corp	190	5	1%			
Village of Lake Zurich	160	6	1%	178	6	1%
Tredegar Film Products	134	7	1%	125	8	1%
All American Exterior Solutions	130	8	1%			
YMCA	122	9	1%			
Insight Beverages	110	10	1%			
CM Packaging, Inc.				320	3	2%
Pinnacle Food Products				175	5	1%
Lexington Lake Zurich				155	7	1%
Dycast Inc./Citation				120	9	1%
Sylvania Inc.				90	10	
	<u>3,321</u>		<u>18%</u>	<u>2,932</u>		<u>16%</u>
Village population			19,993			18,992

### Data Sources

2015: State of Illinois records and verification by employers when available.

2007 statistics are from a canvass of employers in May 2006. 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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GENERAL GOVERNMENT</b>										
Administration	2	2	7	3	4	4	4	5	5	4
Finance	9	8	4	6	7	7	5	5	5	5
Technology	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
<b>COMMUNITY SERVICES</b>										
Building and zoning	9	10	10	9	8	8	8	7	7	7
Public works - general services	16	19	19	23	20	20	18	17	17	17
Public works - water and sewer	13	13	12	12	12	12	13	14	14	13
<b>POLICE</b>	55	58	55	55	53	53	51	51	51	51
<b>FIRE</b>	61	62	62	61	60	60	58	58	58	58
<b>ENGINEERING</b>	4	4	3	3	3	3	-	-	-	
<b>RECREATION</b>	9	11	10	5	3	3	2	2	2	2
<b>TOTAL</b>	178	187	182	177	170	170	160	160	160	158

N/A - Technology was separated from finance in 2013

Data Source

Village records

# VILLAGE OF LAKE ZURICH, ILLINOIS

## OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010
<b>PUBLIC WORKS</b>				
Forestry				
Number of parkway trees planted	74	42	40	48
Number of parkway trees trimmed	692	737	527	600
Fleet services				
Number of vehicles maintained	93	95	94	93
Preventative maintenance	690	736	739	676
<b>PUBLIC SAFETY</b>				
Fire				
Number of fire calls	1,745	1,793	1,401	1,453
Number of EMS calls	1,694	1,665	1,694	1,672
Number of training hours	6,279	11,817	10,753	9,476
Police				
Part I crime	N/A	N/A	N/A	N/A
Calls for service	10,101	9,860	9,650	9,113
State tickets issued	5,116	4,672	4,885	4,515
Compliance tickets issued	N/A	N/A	N/A	101
Parking tickets issued	1,866	1,983	1,944	1,902
Red light citations	N/A	N/A	N/A	4,854
<b>COMMUNITY DEVELOPMENT</b>				
Number of building permits issued	1,341	1,135	1,325	1,343
Number of building inspections	4,808	5,142	4,000	3,368
Number of food service inspections	N/A	N/A	N/A	N/A
<b>HIGHWAYS AND STREETS</b>				
Sidewalk replaced (square feet)	10,093	3,140	2,800	11,748
Annual resurfacing program (\$)	925,000	100,000	400,000	350,000
Crack sealing (lbs. installed)	13,000	13,000	13,000	-
Curb replaced (ln. ft.)	N/A	N/A	N/A	3,282
<b>WATER AND SEWER</b>				
Water main breaks	18	35	43	38
Hydrants flushed	1,610	3,520	3,560	3,560
Water meters read	75,628	79,878	80,088	79,716
Water meter service requests	551	819	873	869
Total distribution pumpage (1,000 gallons)	718MG	687MG	621MG	624MG
Average daily consumption (1,000 gallons)	1.8MG	1.88MG	1.70MG	1.71MG
Sanitary sewer televising (feet)	4,000	3,000	2,500	2,500
Sanitary sewer repairs	2	1	6	1

N/A - Not available

### Data Source

Village records

2011	2012	2013	2014	2015	2016
102	54	122	140	24	21
800	638	707	800	902	1,148
92	91	91	85	92	81
969	346	324	664	964	753
1,401	1,382	1,398	1,483	1,844	1,633
1,735	1,746	1,787	1,848	2,150	2,204
11,366	11,949	9,651	8,877	10,075	8,566
N/A	257	293	324	344	276
9,063	9,168	N/A	9,392	9,067	8,757
3,773	3,774	3,474	2,786	2,637	2,318
103	108	46	29	36	42
1,674	1,693	1,609	1,640	1,389	856
4,506	4,237	3,692	4,536	5,262	3,548
1,492	1,539	1,506	1,639	3,487	829
5,533	6,317	4,813	5,611	6,484	2,128
N/A	N/A	N/A	N/A	N/A	N/A
5,625	5,825	5,025	3,150	15,345	23,114
1,106,893	-	-	1,109,353	1,323,465	1,442,109
-	-	-	11,515	55,564	55,000
262	267	614	427	3,892	4,366
31	30	70	51	40	30
1,765	1,780	1,780	1,790	1,790	1,797
80,676	80,796	80,916	81,000	81,000	81,000
910	893	1,019	1,053	1,172	997
600MG	599MG	681MG	630MG	640MG	593MG
1.4MG	1.4MG	1.5MG	1.4MG	1.3MG	1.3MG
2,250	2,000	2,829	10,920	33,974	3,182
1	1	1	3	2	3

# VILLAGE OF LAKE ZURICH, ILLINOIS

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>POLICE</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	N/A	N/A	N/A	1	1	1	1	1	1	1
Patrol units	20	22	21	22	23	23	23	23	23	22
<b>FIRE STATIONS</b>	4	4	4	4	4	4	4	4	4	4
<b>PUBLIC WORKS</b>										
Streets (lane miles)	158.2	159.0	159.0	159.0	159.0	159.4	159.7	159.7	160.0	161.6
Sidewalks (miles)	90	91	91	91	91	91	91	91	91	101
Streetlights	170	175	175	175	175	175	180	180	180	215
<b>WATER AND SEWER</b>										
Water mains (miles)	107	108	108	108	108	109	109	110	110	111
Fire hydrants	1,739	1,760	1,760	1,760	1,760	1,765	1,765	1,790	1,790	1,797
Sanitary sewers (miles)	106	107	107	107	107	107	107	107	107	107

N/A - Not available

### Data Source

Village records