

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019



Village of Lake Zurich, 70 E Main Street, Lake Zurich, IL 60047

LakeZurich.org

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**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
VILLAGE OF LAKE ZURICH, ILLINOIS**
As of and for the Year Ended December 31, 2019

Prepared by the Finance Department

Bane Thomey
Finance Director / Treasurer

VILLAGE OF LAKE ZURICH

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OFFICE OF THE VILLAGE MANAGER

Ray Keller

June 12, 2020

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 December 31, 2019. This report provides a broad view of the Village's financial activities for the twelve-month 2019 fiscal year and its financial position at December 31, 2019.

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.

Baker Tilly Virchow Krause, LLP (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended December 31, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management of the Village has established a system of internal control 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, 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, 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 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 20,054. 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 operating under the management form of municipal government as provided in 65 ICLS 5. Lake Zurich is governed by a President and 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 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 by state statute 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 required 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 a projection 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. The Village's fiscal periods coincide with the calendar year.

Factors Affecting Economic Condition

Local Economy: 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 acquired through commodity retail establishments primarily located on the Rand Road Corridor. Sales tax revenue for the Village continues to be stable. The Village has a strong mix of retail superstores, such as Costco, Home Depot, Wal-Mart, Target, Jewel and Mariano's, which has helped in weathering downturns in the economy. The Village is also home to Peapod, a nationwide grocery delivery company; 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. To assist with long term planning, the Village embarked on a 20-year Community Investment Plan (CIP) to manage the over \$130 million in infrastructure, including roads, water mains, sanitary and storm sewers, buildings and equipment. 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 fluctuated over the last year showing a sharp increase in Quarter 2 to 8.1%, but then decreasing in Quarters 3 and 4, ending at 5.5%, slightly below where the year started. The retail vacancy rate decreased in Quarter 1 of 2020, to a 3% vacancy rate.

The industrial vacancy rate has remained steady, beginning with Quarter 1 at 4.4%, with minor variations in Quarters 2 & 3 and ending Quarter 4 at 4.7%. The rate remained stable in Quarter 1 of 2020 at 4.4%. The Office vacancy rate began with Quarter 1 at 7.3% and remained relatively flat, ending Quarter 4 at 7.4%. The vacancy rate decreased to 6.9% in Quarter 1 of 2020.

Interest in new construction continued to remain high throughout the year with several new projects that had either received their zoning entitlements during previous year or this year getting under way or completed in 2019.

New construction activity in the industrial sector consisted of completion of a 20,000 sq.ft. warehouse expansion at the easterly end of the industrial park for a boat manufacturer, to a 60,000 sq.ft. acquisition and interior buildout of a building at the northerly end of the industrial park for a powder coating component of a plastics manufacturer. Most remaining construction activity in the industrial district however, focused on smaller interior remodels and buildouts ranging from 7,000 sq.ft. to around 15,000 sq.ft. within industrial condominium buildings.

There was more activity in the retail/commercial sector with Life Time Athletic commencing construction of their 125,000 sq.ft. new facility, the construction and completion of two new gas stations along Rt 22 at the easterly and westerly ends of the community, and the complete demolition and rebuilding of two fast-food restaurants along Rand Road with one of these being completed. Four larger big-box retail establishments recognized the value of online shopping and reconfigured their parking lots for curb-side pickup for the convenience of their online shoppers. The demolition of three older buildings by the Village and one older industrial building all in the Main Street Area were undertaken to make such properties available and attractive for future redevelopment.

In the residential sector, two developers obtained their zoning entitlements for the development of vacant land – one with a higher density development for 38 townhouses on approximately 3.5 acres, and the other with a new development for 35 single-family homes on 19 acres that were annexed to the Village.

In the institutional sector, the Community School District 95 commenced the first of many projects for the demolition and reconstruction of one of its elementary schools on their main campus on Church Street.

The Village also updated its zoning regulations for tobacco and vape shops and also began certain initiatives for the promotion and installation of solar panels on residential and commercial properties. The process of updating the Village comprehensive plan continued through the year with the focus on the Village's Main Street Area through a study commissioned by the Village to provide a third-party review of the Village's economic development efforts, identify any gaps in the Village's economic development program and to offer ideas for stimulating interest in the downtown/Main Street.

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 be a target for fixing the State's own financial difficulties. Local share of the state Income Tax have been reduced and an administrative fee has been applied to the Non-Home Rule Sales Tax collection. The State continues to look at freezing property tax rates and/or other reductions to 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 Community Investment Plan (CIP) in September 2017, forecasting out funding needs for capital items that are expected to exceed \$20,000 and have a useful life of more than a year, such as road improvements, large machinery and equipment, and building improvements. Projects were prioritized by mandatory, essential, deferrable and contributory. The CIP covers a twenty-year span of anticipated capital needs.

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 for Fiscal Year 2019

The fiscal year ended December 31, 2019 saw many accomplishments and major initiatives come to fruition, including:

- **Pension Obligations.** Continued to fund public safety pension obligations to meet the 100% funding goal by 2044. As of November 2019, the Police Pension Fund is 50.84% funded and the Fire Pension Fund is 63.72% funded.
- **Saving Electricity.** During 2019, experts from the Northern Illinois Municipal Electric Collaborative (NIMEC) stated that Lake Zurich's aggregation program is very favorable compared to every single aggregation program in Northern Illinois. Electricity savings from the electrical aggregation program's inception as averaged \$355 per household for a Village-wide savings of \$1.87 million, according to NIMEC.
- **Creating Opportunities.** In May 2019, the Village demolished the "Block D" buildings on Old Rand Road that have been underutilized since the early 2000's, thus clearing the sites of dilapidated buildings and clearing the way for future investment opportunities.
- **38 New Housing Units Approved for Main Street Area.** This year marked the final approval of Lake Zurich's new townhouse subdivision known as *Canterbury Estates*, which will contain 38 new townhouses within nine buildings on the approximately three acres located on the north side of Route 22 and west of its intersection with Old Rand Road.
- **May Whitney Elementary School.** Our partners at School District 95 are moving forward with the complete rebuild of May Whitney Elementary School on Church Street, complete with new outdoor recreation areas and a new parking lot.
- **Sunset Pavilion Becomes Award Winning.** Following the completion of the private-public partnership that is *Sunset Pavilion* at Breezewald Park, in early 2019 the Village was awarded the American Public Works Association Lake County Branch and Chicago Metropolitan Area Chapter awards for new structures under \$5 million. The lease agreement with the successful operator, PB&S Investments Inc., was renewed for a new two-year term.

- **Lake Zurich Opens Electric Car Charging Station.** The Village announced in 2019 the opening of the ChargePoint EV station in the east parking lot of Village Hall, part of an overall effort to provide more amenities to the Main Street area and promote environmental sustainability. This was the first public charging station in Lake Zurich.
- **Lift Station Replacement.** The Thorndale lift station replacement has been in operation since the 1980's and in 2019 was replaced with a new station at the cost of some \$645,000. The new lift station was built immediately northwest of the old one on the Village-owned parcel of Chestnut Corners Park. The project included the construction of approximately 65 feet of 12-inch sanitary sewer and relocation of about 80 feet of existing 24-inch storm sewer.
- **Paulus Parking Lot.** Over \$1 million was invested in 2019 for a complete parking lot rebuild of the Paulus Park parking lot. This project included 13,000 square yards of asphalt pavement, access drives, and all asphalt walking paths include Paulus Park, as well as stormwater drainage and grading improvements.
- **Sanitary Sewer Improvements.** The Village invested some \$600,000 to replace about 1,000 feet of 8-inch sanitary sewer and reinforced other portions with new lining on North Old Rand Road between Route 12 and Pine Tree Road. Life Time Fitness contributed \$60,000 to support this infrastructure upgrade project near its new facility.
- **Water Main Improvements.** Aging water main infrastructure received investment to the tune of over \$800,000 in 2019, this year focusing on Cherokee Road and Kim Trail. The project included installation of 900 feet of 8-inch water main pipe on Kim Trail and 400 feet of 6-inch water main on Cherokee. This infrastructure upgrade included new water main, fire hydrants, valves, and connections of houses to the new services.
- **Recreation Program Growth.** Aquatics, day camp, dance programs, and early childhood preschool programs all continued to experience solid enrollment from the community in 2019, at times putting pressure on existing programming space.
- **Ensuring Public Safety.** Police Department received first place award in the Illinois Traffic Safety Challenge due to efforts on occupant protection, impaired driving, distracted driving, and bicycle and pedestrian safety.
- **Staying Prepared.** The Village received Class 3 Public Protection Classification (PPC) from the Insurance Services Office (ISO) for fire protection services. Of the 46,000+ departments evaluated nationwide, Lake Zurich scored in the top 7%. Property and casualty insurers use this rating as one component in calculating premium costs for fire insurance policies. Departments are rated on a 1 – 10 scale with a class 1 rating equating to the best and a 10 the worse.
- **Technological Advancement.** The Village undertook several technology initiatives during 2019. Interview rooms were equipped with new video and audio recording systems at the Police Station; storage arrays and electronic control systems were upgraded, and the Village launched a redesign of the Village website.
- **National Citizen Survey.** This year marked the third National Citizen Survey conducted by the Village of Lake Zurich, which has showed high levels of satisfaction with quality of life, municipal services, and civic engagement opportunities. Overall, ratings in Lake Zurich for 2019 generally remained stable compared to 2017.

- **Government Transparency.** Promoted the availability of live online broadcasts of Village public meetings, online instant notification of Village Board and Planning & Zoning Commission agenda, and social media platforms Facebook and Benchmarks.

Some of the more significant initiatives planned for the 2020 fiscal year are as follows:

- Maintain a varied community tax base that consists of a healthy balance of residential, commercial, and industrial land uses to minimize an over-reliance on any one particular type.
- Leverage technological advancements to provide resident self-service opportunities, increase the effectiveness of personnel and gain measurable efficiencies.
- Review and update strategic direction of the Main Street redevelopment area – “A Return to Main Street”, including a renewed approach to promoting the development of the Village’s Block A property.
- Facilitate the redevelopment of vacant properties, including the Cummings property, former K-Mart, Regal Cinema backlots, and properties at the northwest corner of the Lake.
- Align outreach efforts to increase the number of business and jobs in the community with a focus on recruiting manufacturing businesses with a sales tax component.
- Align community expectations with the realities of market opportunities, as the retail commercial environment continues to contract and evolve.
- Conduct Phase 2 of the Sanitary force main lining.
- Start the Kildeer Creek stream bank stabilization project.
- Begin implementation the OSLAD grant-funded improvements at Paulus Park, if awarded.
- Replace the Breezewald playground per the Playground Replacement Plan.
- Continue to enhance Kuechmann Arboretum, including invasive species removal, trail restoration and interpretive signage installation
- Adopt a new five-year Village Strategic Plan.
- Promote a customer-focused culture that values accessible, consistent, and predictable delivery of municipal services.
- Provide sustainable recreational programming that may be under served by the private sector.
- Transition from the 5th to the 6th edition of the CALEA accreditation standards manual for police.
- Finalize fire department Lexipol policies and start implementing new Tactical SOG’s into Lexipol.
- Evaluate suitability of all park facilities and fire station #1 to support future community needs, with an emphasis on the future utility of the Paulus Park Barn.
- Foster civic pride and quality of life through community events that match community expectations.
- Promote availability of live online broadcasts of Village public meetings and information available through the Village website, Benchmarks and Facebook.

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 December 31, 2018. This represented the thirty-first 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, particularly Senior Accountants' Diane Gleich and Amy Sparkowski. 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

Ray Keller
Village Manager

Bane Thomey

Bane Thomey
Director of Finance/
Village Treasurer



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

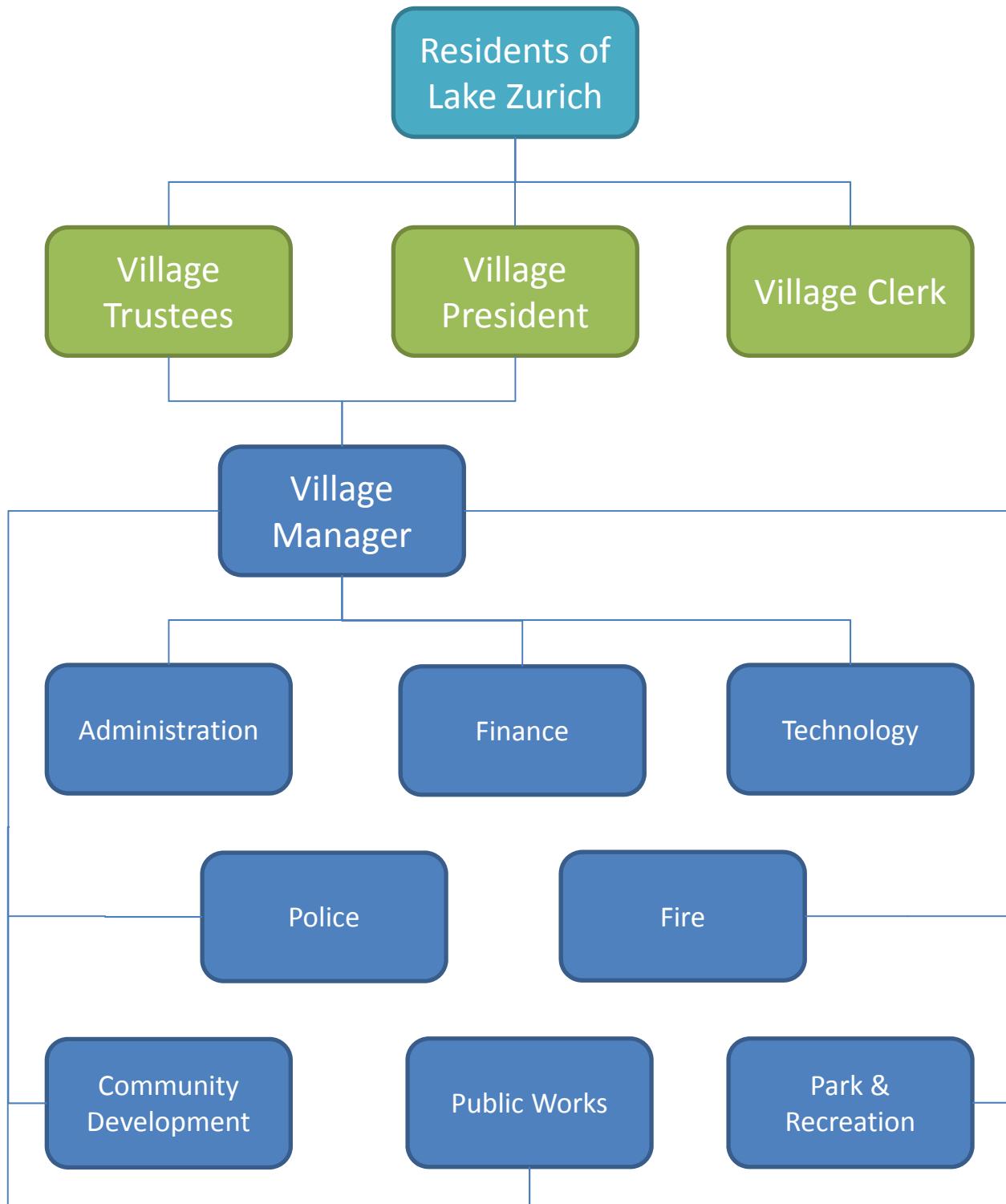
December 31, 2018

Christopher P. Monell

Executive Director/CEO

Village of Lake Zurich

Organization Chart



VILLAGE OF LAKE ZURICH, ILLINOIS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2019

VILLAGE BOARD OF TRUSTEES

Tom Poynton, Mayor

Jim Beaudion	Mary Beth Euker
Marc Spacone	Janice Gannon
Jonathan Sprawka	Greg Weider

Kathleen Johnson, Village Clerk

Ray Keller, Village Manager

Bane Thomey, Finance Director/Treasurer

INDEPENDENT AUDITORS' REPORT

To the Honorable President and
Members of the Board of Trustess
Village of Lake Zurich, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lake Zurich, Illinois, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village of Lake Zurich'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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 over financial reporting relevant to the Village of Lake Zurich'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 of Lake Zurich'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.

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

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 December 31, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Zurich's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Zurich's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2020 on our consideration of the Village of Lake Zurich's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Lake Zurich's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lake Zurich's internal control over financial reporting and compliance.

Baker Tilly Virchawwala, LLP

Oak Brook, Illinois
June 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2019

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 December 31, 2019. This statement 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 and deferred outflows of the Village exceeded liabilities and deferred inflows by \$87 million.
- Total net position of the Village increased \$5.6 million.
- Combined revenues totaled \$45.4 million, a 7% increase.
- Overall expenses totaled \$39.8 million, a 4% decrease.

GENERAL FUND:

- Fund balance increased by \$641k.
- Total fund balance at the end of the year was \$11.4 million, of which \$1.61 million was non-spendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$8.2 million.

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position increased \$2.0 million, mainly due to an increase in program revenues.
- Total net position at the end of the year was \$43.7 million, of which \$37.8 million was invested in fixed assets and \$5.9 million in unrestricted funds.
- Working capital of the fund increased from \$4.4 million to \$5.5 million.

LONG-TERM DEBT

- Total long-term debt decreased \$12.1 million to \$80 million outstanding as of December 31, 2019. Included in this figure is a \$9.6 million decrease to net pension liability.
- Bonded debt alone decreased \$2.2 million to \$25.4 million outstanding as of December 31, 2019.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, increased \$1.13 million to \$131.0 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$1.04 million to \$85.8 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**

December 31, 2019

Government wide statements

The government-wide statements are intended to provide a view of the financial position and operations of the Village 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference between them 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 4-6 of this report.

Fund Financial Statements

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

Governmental Funds

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

The Village of Lake Zurich has fifteen governmental funds to account for governmental functions. 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 these funds, all of which are considered to be "major" funds. The purposes of these major funds are as follows:

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

The TIF (#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.

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

December 31, 2019

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 (#1) 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 includes street construction costs financed by the motor fuel tax allocation and park facility improvements financed by park donations, grants and contributions.

The TIF (#1) Capital Projects Fund captures all the costs and revenue associated with the construction and improvements to TIF District #1. Note that this fund was closed into the *TIF (#1) Tax Allocation Fund* in 2019.

Data from the other eight (8) funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. Budgetary comparisons are included at the fund level in the combining and individual fund financial statements. The basic governmental fund financial statements can be found on pages 7 through 14 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 15 through 19 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 20 and 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are on pages 23 through 73 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 74 through 85.

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

December 31, 2019

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. Three (3) budget amendments were approved during the fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

The combined net position for the fiscal year ended December 31, 2019 totaled \$86.9 million and consisted of net position from both governmental activities and business-type activities of \$43.2 million and \$43.7 million respectively. Following is a table that shows total net position of the Village as of December 31, 2019 with a comparison to the preceding fiscal year.

Statement of Net Position As of December 31, 2018 and 2019						
	Governmental Activities		Business-type Activities		Total Village Wide	
Category	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Current and other assets	\$ 42,221,785	\$ 39,913,269	\$ 8,090,101	\$ 6,279,029	\$ 50,311,886	\$ 46,192,298
Capital assets	85,769,804	84,726,413	45,265,124	45,177,602	131,034,928	129,904,015
Total assets	127,991,589	124,639,682	53,355,225	51,456,631	181,346,814	176,096,313
Deferred Outflows	8,347,782	17,406,395	136,926	634,059	8,484,708	18,040,454
Total assets & deferred outflows	136,339,371	142,046,077	53,492,151	52,090,690	189,831,522	194,136,767
Current and other liabilities	4,291,216	3,933,870	2,145,207	1,401,764	6,436,423	5,335,634
Long-term liabilities	69,597,346	80,203,424	7,282,750	8,927,467	76,880,096	89,130,891
Total liabilities	73,888,562	84,137,294	9,427,957	10,329,231	83,316,519	94,466,525
Deferred Inflows	19,235,241	18,314,266	399,432	106,613	19,634,673	18,420,879
Total liabilities and deferred inflows	93,123,803	102,451,560	9,827,389	10,435,844	102,951,192	112,887,404
Net position:						
Net invest capital assets	88,305,543	83,682,136	37,783,758	36,769,636	126,089,301	120,451,772
Restricted	11,057,528	10,713,751	-	-	11,057,528	10,713,751
Unrestricted	(56,147,503)	(54,801,370)	5,881,004	4,885,210	(50,266,499)	(49,916,160)
Total net position	\$ 43,215,568	\$ 39,594,517	\$ 43,664,762	\$ 41,654,846	\$ 86,880,330	\$ 81,249,363

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 the largest portion of the Village's net position. As of December 31, 2019, capital assets net of related debt totaled \$126.1 million. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

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

December 31, 2019

In the governmental activities, the total net position increased by \$3.6 million. The General Fund was able to transfer additional funds to the Capital Improvement and the Equipment Replacement funds to accumulate resources for upcoming capital needs. General Fund was still able to post a surplus of \$641k.

Cash and investments for governmental activities increased \$4.6 million. Total assets and deferred outflows for the governmental activities decreased to \$136 million. This is attributable to the decreased deferred outflow of resources relating to pensions from \$14.6 million to \$5.7 million. Total liabilities and deferred inflows decreased as well, from \$102 million to \$93 million, due to changes for pension liabilities.

For the business-type activities, total net position increased by \$2.0 million. This is mainly due to an increase in program revenues and a decrease in operating expenses. Aside from the lease proceeds of \$3 million spent in 2018 to complete the meter replacement project, 2019 operating expenses are consistent with the prior year. The Village continues to pay down existing debt.

During the current fiscal year, total net position of the Village increased by \$5.6 million, compared to a \$2.5 million decrease, including restatement, in 2018. 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 2019 fiscal year:

Change in Net Position For the Fiscal Years Ended December 31, 2018 and 2019						
	Governmental Activities		Business-type Activities		Total Village Wide	
Category	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 10,786,317	\$ 10,131,867	\$ 7,431,278	\$ 6,191,268	\$ 18,217,595	\$ 16,323,135
Operating grants	740,143	564,495	-	-	740,143	564,495
Capital grants	19,233	17,636	-	-	19,233	17,636
General revenues:						
Taxes	13,267,664	13,012,858	-	-	13,267,664	13,012,858
Intergovernmental	12,052,144	11,760,384	-	-	12,052,144	11,760,384
Investment earnings	510,432	353,593	162,361	142,640	672,793	496,233
Other	449,173	410,874	9,604	-	458,777	410,874
Total revenues	37,825,106	36,251,707	7,603,243	6,333,908	45,428,349	42,585,615
Expenses:						
General Government	2,003,371	2,188,126	-	-	2,003,371	2,188,126
Public Safety	22,631,359	22,341,200	-	-	22,631,359	22,341,200
Highways and Streets	5,281,079	5,281,131	-	-	5,281,079	5,281,131
Culture and Recreation	1,878,294	1,803,515	-	-	1,878,294	1,803,515
Economic Development	1,408,997	1,071,579	-	-	1,408,997	1,071,579
Interest on long-term debt	1,000,955	1,045,097	-	-	1,000,955	1,045,097
Water/Sewer	-	-	5,593,327	7,912,780	5,593,327	7,912,780
Total expenses	34,204,055	33,730,648	5,593,327	7,912,780	39,797,382	41,643,428
Change in Net Position	3,621,051	2,521,059	2,009,916	(1,578,872)	5,630,967	942,187
Beginning net position	39,594,517	40,252,349	41,654,846	43,474,944	81,249,363	83,727,293
Change in Acct. Principle	-	(3,178,891)	-	(241,226)	-	(3,420,117)
Ending net position	43,215,568	39,594,517	43,664,762	41,654,846	86,880,330	81,249,363

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

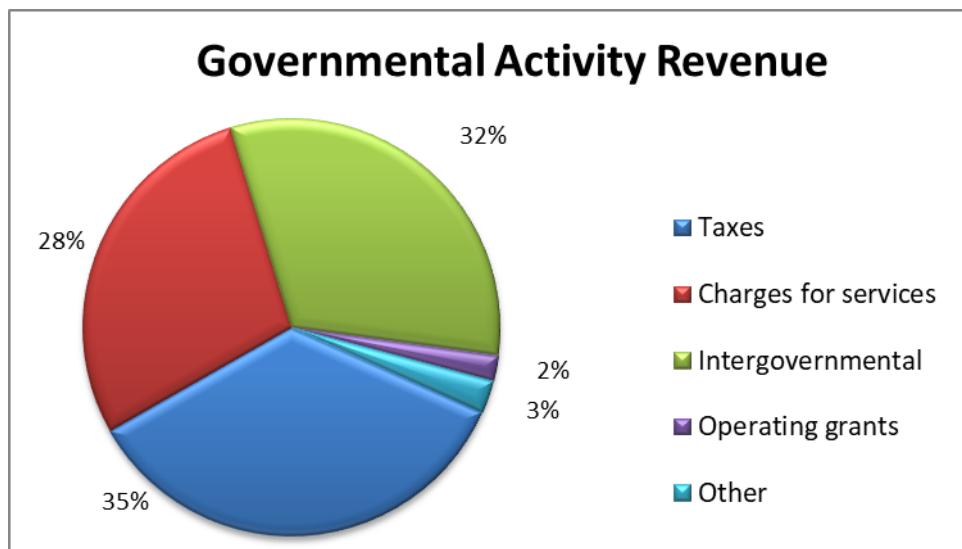
December 31, 2019

Governmental Activities

As is typical for governmental activities of local governments, program revenues cover a small percentage of program expenses, with general revenues covering the majority of expenses. For fiscal year 2019, governmental program expenses of \$34.2 million exceeded program revenues of \$11.5 million by \$22.7 million. General revenues of \$26.3 million made up for the deficiency.

Revenues

The following graph indicates the breakdown of 2019 revenues by type.



Total revenues of \$37.8 million were higher than last year by \$1.6 million (4.3%). No new major revenue sources were implemented. The increase was spread between property taxes (\$291k), shared income tax (\$210k), investment earnings (\$157k), grant revenues (\$177k), and charges for services (\$654k) as the biggest categories.

Utility taxes have been fluctuating, and ended the year down \$21k (2%). The telecommunications tax has been unpredictable in the past few years. Receipts were down 4% at \$593k. Receipts have been declining due to changes in how customers receive their phone service, such as free long-distance with most cellular plans.

Sales tax revenues came in at \$9.2 million, down slightly at \$5k (.1%). Lake Zurich's mix of retailers provides stability and consistency during more difficult financial periods better than localities that are selling more luxury or specialty products.

The State Income Tax receipts of \$2.09 million have also been fluctuating as the State of Illinois changed the total rate and sharing percentage, effective July 2017. While the tax rate was increased, the sharing rate was decreased. The State has also declared additional credits for businesses not previously offered, decreasing the amounts available for distribution to local governments. Income Tax was up \$210k for the year, an increase of 11.1%.

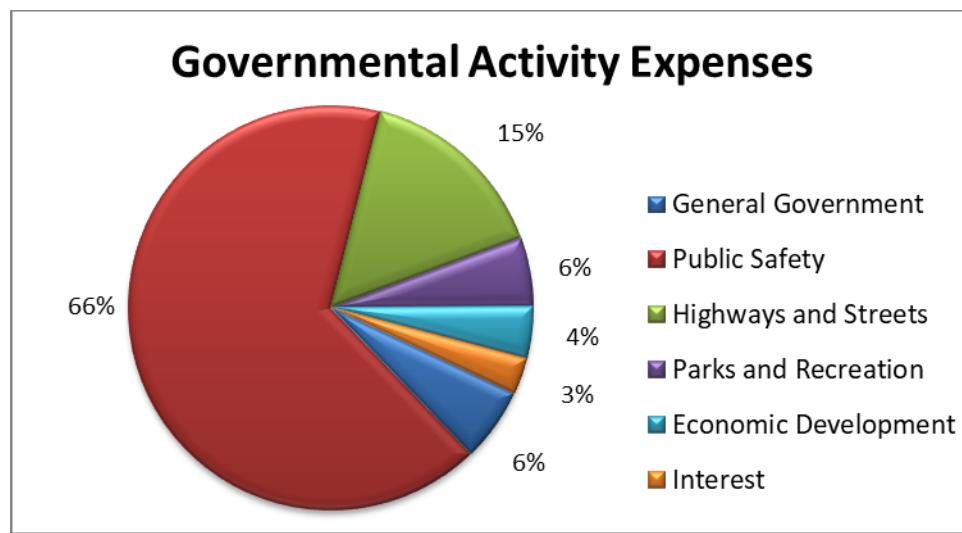
Charges for Services make up 28% of the Village's governmental revenue. Charges for services increased by \$654k (6.5%), coming in at \$10.8 million. No new charges were implemented; activity levels were up.

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

December 31, 2019

Expenses

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



Expenses associated with governmental activities increased by \$473k, or 1.4%. By far the most significant category of expenses relate to public safety, which totaled \$22.6 million of the total \$34.2 million. This includes both police and fire operational expenses, as well as annual contributions to the respective downstate pension funds of over \$4 million for the year.

Business Type Activities

For business-type activities, net position increased a total of \$2.0 million. Program revenues of \$7.4 million exceeded program expenses of \$5.6 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1.9 million (34% of operating expenses).

Revenues associated with business-type activities totaled \$7.6 million, up 20% for the year. Charges for services increased, from \$6.2 to \$7.4 million (20%). An increase to water and sewer rates was effective the first day of the fiscal year. Business-type expenses decreased \$2.3 million compared to the prior year, down to \$5.6 million from \$7.9 million in fiscal 2018. The decrease is mainly due to the \$3 million that was attributable to the water meter replacement project in 2018. The Village has prioritized a few large capital projects for the past three years, utilizing bond funds specifically issued to address these concerns. As the infrastructure continues to age, capital expenses will continue to be a large drain of resources for this fund.

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

December 31, 2019

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 December 31, 2019 governmental funds reported combined fund balances of \$24.3 million. Of this amount, \$8.6 million is unrestricted and is available for future obligations. About \$11.1 million is restricted, with \$3.5 million restricted for Tax Increment Financing (TIF), \$2.9 million for capital projects and \$1.4 million 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 December 31, 2019, fund balance in the General Fund increased by \$641k from current year activities. Change to fund balance is a combination of revenues of \$29.9 million compared to expenditures of \$27.3 million. Other financing uses of \$2.0 million are also included, representing a transfer of \$800k to the Capital Improvement Fund, \$775k to the Dispatch Services Fund, \$118k to the Special Events Fund and \$350k to the Equipment Replacement Fund. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$11.4 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund currently has a negative fund balance of \$94k. This is \$176k lower than the previous year, and is primarily due to the closing of the TIF (#1) Capital Project Fund in 2019 and the transfer of its balances including negative fund balance of \$182k to the TIF Tax Allocation Fund. Any fund balance in the TIF Tax Allocation Fund would be restricted entirely for TIF purposes.
- The Debt Service Fund has a positive fund balance of \$1.41 million that is restricted entirely for the payment of future debt service. This is \$37k higher than the previous year, as funds were set aside for the upcoming principal and interest payments in January 2020.
- The TIF (#1) Debt Service Fund currently has a negative fund balance of \$828k. While any fund balance in this fund would be restricted for payment of future debt service, the fund received a long-term advance of over \$1.5 million to cover its expenditures to date. Fund balance improved by \$40k during the year and the long-term advance has been reduced to \$1.3 million. Now that the TIF has been extended, the debt restructured, and several negative increment parcels removed, the TIF is working on rebuilding the fund balance of future years.
- The Capital Improvements Fund fund balance increased \$154k to \$3.02 million. The majority of the increase is due to advanced funding from the General Fund for upcoming capital projects. \$240k 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 TIF (#1) Capital Project Fund was closed in 2019, and its balances including negative fund balance of \$182k were transferred to the TIF Tax Allocation Fund as noted above.
- The Downtown TIF Fund #2 increased fund balance by \$140k over the year. Fund balance at year-end of \$3.51 million is restricted entirely for TIF purposes, almost solely land held for resale.

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

December 31, 2019

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 December 31, 2019, net position of the proprietary fund totaled \$43.2 million. Cash and investments totaled \$6.6 million, an increase of \$528k (9%). Operating revenues increased 19% from the previous year to \$7.2 million. A rate increase to the Lake Zurich portion of water bills took effect January 1, 2019. Completion of the water meter replacement project is providing more accurate consumption records. Gallons billed (452 million gallons) and pumped (554 million gallons) remained fairly consistent with the prior year demonstrating conservation use of water and more accurate billing. Operating expenses (including depreciation) of \$5.4 million were 34% lower than the previous year. In 2018, approximately \$3.3 million was spent as a one-time large capital expense for the water meter project. Outside of that project, expenses were relatively stable compared to 2018 expenses. Depreciation increased by \$39k (2%) to \$1.9 million.

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced growth in the fiscal year ended December 31, 2019. Combined, the funds reported a \$11.8 million increase in plan fiduciary net position. Investment earnings (net of related expenses) posted a combined gain of \$10.7 million between the two funds. Cash and investments totaled \$68 million as of December 31st.

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 \$136k, primarily due to a repayment of amounts due to other funds. Total cash and investments as of December 31, 2019 was \$1.7 million, about \$148k 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 transparency.

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.

Three budget amendments were approved for this fiscal year that affected the General Fund. Revenues and other financing sources were increased \$403,028, with matching increases to expenditures and other financing uses. The largest revenue increases were to Income Tax (\$238k), the Fire District Agreement (\$179k), Engineering Review (\$136k) and Building Permits (\$114k). For expenditures, overtime in the Fire Department was increased by \$262k and overtime in the Police Department was increased by \$107k. Additionally, SRA Programs increased by \$208k and Engineering and Architectural Fees increased \$103k. No other major changes were made to expenditures. With additional savings apparent, increases were made

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

December 31, 2019

to transfers out of the General Fund to the Equipment Replacement Fund to help fund several upcoming expensive equipment replacements.

Change in Fund Balance

General Fund

When the original budget was adopted in December of 2019, a surplus of \$10k was expected for the General Fund. After the budget amendments, the budgeted surplus increased to \$81k. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$641k. Revenues and other financing sources came in at \$30.0 million for the year, \$353k more than budgeted. Expenditures totaled \$27.3 million, which was \$198k less than budgeted. Other financing uses (transfers out) were reduced by \$8k, based on projected revenues to the recipient funds. Overall, expenditures and other financing uses totaled \$29.4 million, \$206k lower than budgeted. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended December 31, 2019.

**General Fund Budgetary Highlights
Fiscal Year Ended December 31, 2019**

	Final Budget	Actual
Revenues & Other Financing Sources		
Taxes	\$ 9,995,705	\$ 10,074,575
Licenses and permits	733,782	758,237
Intergovernmental	16,051,272	16,071,466
Charges for services	1,907,203	2,073,156
Fines and forfeits	583,760	591,896
Other revenue	331,983	387,824
Sub-total revenues	\$ 29,603,705	\$ 29,957,154
Other financing sources	43,960	43,960
Total Revenues and Other Financing Sources	\$ 29,647,665	\$ 30,001,114
Expenditures and Other Financing Uses		
General government	\$ 1,879,164	\$ 1,834,652
Public safety	20,248,218	20,256,133
Highways and streets	3,310,058	3,204,663
Culture and recreation	1,286,832	1,276,301
Economic development	791,344	746,021
Sub-total expenditures	\$ 27,515,616	\$ 27,317,770
Other financing uses		
Transfers to Other Funds	2,050,620	2,042,350
Total Expenditures and Other Financing Sources	29,566,236	29,360,120
Change in Fund Balance	\$ 81,429	\$ 640,994

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

December 31, 2019

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$131.0 million at December 31, 2019. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 19	FYE 18	FYE 19	FYE 18	FYE 19	FYE 18
Land and Improvements	\$ 35,137,670	\$ 35,375,303	\$ 249,652	\$ 249,652	\$ 35,387,322	\$ 35,624,955
Building and Improvements	8,309,722	8,582,207	-	-	8,309,722	8,582,207
Machinery & Equipment	1,691,982	1,642,233	1,493,627	1,409,874	3,185,609	3,052,107
Vehicles	3,995,615	3,474,782	581,654	519,983	4,577,269	3,994,765
Other	914,766	124,461	1,190,570	1,213,503	2,105,336	1,337,964
Infrastructure	35,720,049	35,527,427	41,749,621	41,784,590	77,469,670	77,312,017
Total	\$ 85,769,804	\$ 84,726,413	\$ 45,265,124	\$ 45,177,602	\$ 131,034,928	\$ 129,904,015

Capital additions for the year totaled \$3.7 million for governmental funds and \$2.0 million for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- Land improvements of \$61k, with \$24k on the parking lot for the Community Services Facility and \$37k on Wicklow West playground equipment.
- Building and building improvements of \$68k, with \$45k on new flooring for the Community Services Facility and \$23k on HVAC replacement.
- Infrastructure improvements of \$1.58 million for the annual road program.
- Equipment of \$289k, with \$243k for Starcom Radio purchase for Fire and Police Department and \$47k for Police Department door access control system.
- Vehicles of \$862k, with \$31k for police vehicles, \$543k for a new fire engine, \$176k for a new public works dump truck and \$112k for public works vehicles.

Business-Type Fund:

- Infrastructure improvements of \$1.71 million for sanitary sewer replacement and sanitary sewer lining.
- Machinery and Equipment of \$155k, for well valve replacements of \$34k and pump replacements of \$121k.
- Vehicles of \$112k for a platform crane for \$49k and two utility pickup trucks for \$63k.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 44 and 45.

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

December 31, 2019

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$2.2 million. Series 2019 was issued for \$1,124,000 on a short-term basis and was repaid before the end of the fiscal year. During the year, the only additional new debt was for capital leases for new office copiers for \$22k.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 19	FYE 18	FYE 19	FYE 18	FYE 19	FYE 18
General Obligation Bonds	\$ 505,000	\$ 990,000	\$ -	\$ -	\$ 505,000	\$ 990,000
TIF Alternate Revenue Bonds	22,445,000	23,585,000	-	-	22,445,000	23,585,000
TIF Revenue Bonds	-	-	-	-	-	-
Water Alternate Revenue Bonds	-	-	2,425,000	2,970,000	2,425,000	2,970,000
Bonded Debt Total	22,950,000	24,575,000	2,425,000	2,970,000	25,375,000	27,545,000
IEPA Loan	-	-	1,727,557	1,924,089	1,727,557	1,924,089
Compensated Absences	1,239,171	1,135,210	83,625	76,185	1,322,796	1,211,395
Net Pension Liability	44,026,285	52,928,556	400,291	1,127,626	44,426,576	54,056,182
Capital Lease Obligation	146,878	252,725	3,202,216	3,358,063	3,349,094	3,610,788
Other Postemployment Benefits	3,159,596	3,082,201	274,993	257,526	3,434,589	3,339,727
Other	206,395	242,222	126,593	155,814	332,988	398,036
Total Other LT Debt	48,778,325	57,640,914	5,815,275	6,899,303	54,593,600	64,540,217
Combined LT Debt Total	71,728,325	82,215,914	8,240,275	9,869,303	79,968,600	92,085,217

The Village maintains a AAA, stable outlook, bond rating from Standard and Poors, which had been upgraded from AA in 2013. Maintaining the AAA 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 on pages 48 through 52.

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. The State reduced the local sharing of the Income Tax starting July 2017 and implemented an administration fee on local taxes such as the Non-Home Rule Sales Tax. The State's upcoming budget for 2020/2021 shows a slight increase to the shared Income Tax, but a decrease in Personal Property Replacement Tax.
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2019 Tax Levy to be 1.9%. 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.
- 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.

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

December 31, 2019

- In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. In March 2020, the global economy was significantly impacted by the drastic response to the Coronavirus pandemic, whereas a large segment of commerce was temporarily suspended through governmental enforcement. This effect has led to unprecedented unemployment, due to business closures; significant market declines; temporary closures of non-life sustaining business activities, including “stay-at-home” orders for certain hard-hit areas.

As a result of these measures, certain governments have limited their office staff and contact with the public in an attempt to slow the spread and impact of COVID-19. Additionally, many governments are faced with providing essential services with limited staffing and availability of resources. While this disruption is anticipated to be temporary, with full operations and services resuming in the near future, the exact timing of a return to normal is uncertain. Furthermore, the extent of the impact of COVID-19 on the Village of Lake Zurich's operational and financial performance will depend on the developments of COVID-19, including the duration and spread of the outbreak, impact on residents, employees and vendors, all of which are uncertain and cannot be reasonably predicted at the current time.

- Two of the four union contracts expire on December 31, 2020. Negotiated salary and benefit increases are expected to be 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 December 31, 2019 the unrestricted fund balance of the General Fund was 33% of total expenditures of the upcoming year. Village policy states a minimum unrestricted fund balance be maintained of 25% with a target of 40%.

The Water/Sewer Fund had cash and investments of \$6.6 million at December 31, 2019. The fund also had unrestricted net position of \$5.4 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 rate increase effective January 1, 2019.

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 December 31, 2019. 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.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKE ZURICH

STATEMENT OF NET POSITION As of December 31, 2019

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 23,279,358	\$ 6,614,712	\$ 29,894,070
Receivables (net)			
Property taxes	10,598,910	-	10,598,910
Accounts	1,257,821	915,233	2,173,054
Accrued interest	64,739	17,579	82,318
Internal balances	(484,833)	484,833	-
Due from fiduciary funds	-	5,637	5,637
Due from other governmental units	2,519,605	-	2,519,605
Cash at paying agent	515,100	-	515,100
Prepaid items	1,044,733	49,899	1,094,632
Inventories	11,927	2,208	14,135
Land held for resale	3,414,425	-	3,414,425
Capital Assets			
Capital assets not being depreciated	31,388,317	1,440,222	32,828,539
Capital assets net of accumulated depreciation	54,381,487	43,824,902	98,206,389
Total Assets	<u>127,991,589</u>	<u>53,355,225</u>	<u>181,346,814</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	5,734,089	128,213	5,862,302
Unamortized loss on refunding	2,513,587	-	2,513,587
OPEB related amounts	100,106	8,713	108,819
Total Deferred Outflows of Resources	<u>8,347,782</u>	<u>136,926</u>	<u>8,484,708</u>
LIABILITIES			
Accounts payable	639,558	1,119,599	1,759,157
Accrued payroll	433,478	36,835	470,313
Other payables	457,843	-	457,843
Accrued interest payable	112,656	31,248	143,904
Unearned revenues	498,471	-	498,471
Due to fiduciary funds	18,231	-	18,231
Noncurrent Liabilities			
Due within one year	2,130,979	957,525	3,088,504
Due in more than one year	69,597,346	7,282,750	76,880,096
Total Liabilities	<u>73,888,562</u>	<u>9,427,957</u>	<u>83,316,519</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for future periods	10,590,445	-	10,590,445
Pension related amounts	8,445,840	382,116	8,827,956
OPEB related amounts	198,956	17,316	216,272
Total Deferred Inflows of Resources	<u>19,235,241</u>	<u>399,432</u>	<u>19,634,673</u>
NET POSITION			
Net investment in capital assets	88,305,543	37,783,758	126,089,301
Restricted for			
Special recreation	44,185	-	44,185
Public safety	324,563	-	324,563
TIF	3,505,389	-	3,505,389
Debt Service	1,408,269	-	1,408,269
Noise mitigation	239,530	-	239,530
Capital projects	2,858,431	-	2,858,431
Highways and streets	2,290,097	-	2,290,097
Tourism	387,064	-	387,064
Unrestricted	<u>(56,147,503)</u>	<u>5,881,004</u>	<u>(50,266,499)</u>
TOTAL NET POSITION	<u><u>\$ 43,215,568</u></u>	<u><u>\$ 43,664,762</u></u>	<u><u>\$ 86,880,330</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,003,371	\$ 959,564	\$ 4,470	\$ -
Public safety	22,631,359	9,010,081	-	-
Highways and streets	5,281,079	55,808	735,673	16,223
Culture and recreation	1,878,294	760,864	-	3,010
Economic development	1,408,997	-	-	-
Interest and fiscal charges	1,000,955	-	-	-
Total Governmental Activities	<u>34,204,055</u>	<u>10,786,317</u>	<u>740,143</u>	<u>19,233</u>
Business-type Activities				
Waterworks and sewerage	<u>5,593,327</u>	<u>7,431,278</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>5,593,327</u>	<u>7,431,278</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 39,797,382</u>	<u>\$ 18,217,595</u>	<u>\$ 740,143</u>	<u>\$ 19,233</u>
General Revenues				
Taxes				
Property taxes				
Utility taxes				
Telecommunications taxes				
Other taxes				
Intergovernmental - unrestricted				
Replacement				
Sales taxes				
Local use				
Shared income tax				
Other				
Special events				
Investment income				
Miscellaneous				
Total General Revenues				
Change in net position				
NET POSITION - Beginning of Year				
NET POSITION - END OF YEAR				

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business-type Activities	Totals
\$ (1,039,337)	\$ -	\$ (1,039,337)
(13,621,278)	-	(13,621,278)
(4,473,375)	-	(4,473,375)
(1,114,420)	-	(1,114,420)
(1,408,997)	-	(1,408,997)
<u>(1,000,955)</u>	<u>-</u>	<u>(1,000,955)</u>
<u>(22,658,362)</u>	<u>-</u>	<u>(22,658,362)</u>
	<u>1,837,951</u>	<u>1,837,951</u>
	<u>1,837,951</u>	<u>1,837,951</u>
<u>(22,658,362)</u>	<u>1,837,951</u>	<u>(20,820,411)</u>
11,006,718	-	11,006,718
1,276,499	-	1,276,499
592,676	-	592,676
391,771	-	391,771
70,716	-	70,716
9,230,561	-	9,230,561
662,382	-	662,382
2,089,504	-	2,089,504
(1,019)	1,500	481
158,575	-	158,575
510,432	162,361	672,793
<u>290,598</u>	<u>8,104</u>	<u>298,702</u>
<u>26,279,413</u>	<u>171,965</u>	<u>26,451,378</u>
3,621,051	2,009,916	5,630,967
<u>39,594,517</u>	<u>41,654,846</u>	<u>81,249,363</u>
<u>\$ 43,215,568</u>	<u>\$ 43,664,762</u>	<u>\$ 86,880,330</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2019

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
ASSETS				
Cash and investments	\$ 8,179,567	\$ 90,256	\$ 293,267	\$ 890,308
Receivables				
Property taxes receivable	8,049,939	1,281,007	95,095	1,172,861
Accounts receivable	506,758	-	4,490	-
Accrued interest	41,802	-	-	-
Due from other funds	42	-	-	-
Advances to other funds	1,535,000	-	-	-
Due from other governments	2,519,605	-	-	-
Cash at paying agent	-	-	-	515,100
Prepaid items	60,198	-	-	-
Inventories	11,927	-	-	-
Land held for resale	-	-	3,414,425	-
TOTAL ASSETS	<u>\$ 20,904,838</u>	<u>\$ 1,371,263</u>	<u>\$ 3,807,277</u>	<u>\$ 2,578,269</u>

See accompanying notes to financial statements.

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>TIF #1 Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ 469,863	\$ 3,280,224	\$ -	\$ 5,304,895	\$ 18,508,380
-	-	-	8	10,598,910
-	-	-	742,359	1,253,607
1,952	20,985	-	-	64,739
-	-	-	-	42
-	-	-	200,000	1,735,000
-	-	-	-	2,519,605
-	-	-	-	515,100
-	-	-	7,323	67,521
-	-	-	-	11,927
-	-	-	-	<u>3,414,425</u>
<u>\$ 471,815</u>	<u>\$ 3,301,209</u>	<u>\$ -</u>	<u>\$ 6,254,585</u>	<u>\$ 38,689,256</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 381,319	\$ -	\$ 4,904	\$ -
Accrued wages	394,959	-	-	-
Other liabilities	220,994	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	185,000	200,000	-
Due to fiduciary funds	18,231	-	-	-
Unearned revenues	375,921	-	-	-
Total Liabilities	<u>1,391,424</u>	<u>185,000</u>	<u>204,904</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	94,860	-	-	-
Property taxes levied for future periods	<u>8,043,431</u>	<u>1,280,030</u>	<u>96,984</u>	<u>1,170,000</u>
Total Deferred Inflows of Resources	<u>8,138,291</u>	<u>1,280,030</u>	<u>96,984</u>	<u>1,170,000</u>
Fund Balances				
Nonspendable for prepaid items	60,198	-	-	-
Nonspendable for inventory	11,927	-	-	-
Nonspendable for advances to other funds	1,535,000	-	-	-
Restricted for special recreation	44,185	-	-	-
Restricted for public safety	140,966	-	-	-
Restricted for TIF	-	-	3,505,389	-
Restricted for debt service	-	-	-	1,408,269
Restricted for noise mitigation	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for highways and streets	-	-	-	-
Restricted for tourism	-	-	-	-
Assigned to capital project funds	-	-	-	-
Assigned to special events	-	-	-	-
Assigned to dispatch services	-	-	-	-
Unassigned	<u>9,582,847</u>	<u>(93,767)</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficit)	<u>11,375,123</u>	<u>(93,767)</u>	<u>3,505,389</u>	<u>1,408,269</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 20,904,838</u>	<u>\$ 1,371,263</u>	<u>\$ 3,807,277</u>	<u>\$ 2,578,269</u>

See accompanying notes to financial statements.

TIF Debt Service	Capital Improvements	TIF #1 Capital Projects	Nonmajor Governmental Funds	Totals
\$ - \$ 56,084	\$ -	\$ 143,716	\$ 586,023	
- -	-	35,388	430,347	
- 215,000	-	21,849	457,843	
- -	-	42	42	
1,300,000 -	-	50,000	1,735,000	
- -	-	-	18,231	
- 5,990	-	116,560	498,471	
<u>1,300,000</u> <u>277,074</u>	<u>-</u>	<u>367,555</u>	<u>3,725,957</u>	
				94,860
				<u>10,590,445</u>
				<u>10,685,305</u>
- -	-	7,323	67,521	
- -	-	-	11,927	
- -	-	-	1,535,000	
- -	-	-	44,185	
- -	-	183,597	324,563	
- -	-	-	3,505,389	
- -	-	-	1,408,269	
- 239,530	-	-	239,530	
- -	-	2,858,431	2,858,431	
- -	-	2,290,097	2,290,097	
- -	-	387,064	387,064	
- 2,784,605	-	21,184	2,805,789	
- -	-	106,230	106,230	
- -	-	74,320	74,320	
<u>(828,185)</u> <u>-</u>	<u>-</u>	<u>(41,216)</u>	<u>8,619,679</u>	
<u>(828,185)</u> <u>3,024,135</u>	<u>-</u>	<u>5,887,030</u>	<u>24,277,994</u>	
<u>\$ 471,815</u>	<u>\$ 3,301,209</u>	<u>\$ -</u>	<u>\$ 6,254,585</u>	<u>\$ 38,689,256</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2019

Total Fund Balances - Governmental Funds	\$ 24,277,994
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	85,769,804
Less internal service fund portion	(3,068,281)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	94,860
The loss on refunding of bonds is capitalized and amortized over the life of the bonds on the statement of net position.	2,513,587
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	5,734,089
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	100,106
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(8,445,840)
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(198,956)
Internal service funds are reported in the statement of net position as governmental activities.	8,279,186
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.	
Bonds and notes payable	(22,950,000)
Capital lease payable	(146,878)
Compensated absences	(1,239,171)
Accrued interest	(112,656)
Unamortized debt discount	(206,395)
Net pension liability	(44,026,285)
Total OPEB liability	<u>(3,159,596)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 43,215,568</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	General Fund	TIF Tax Allocation	Downtown TIF #2	Debt Service
REVENUES				
Taxes	\$ 10,074,575	\$ 1,301,340	\$ 144,780	\$ 1,670,571
Licenses and permits	758,237	-	-	-
Intergovernmental	16,071,466	-	-	-
Charges for services	2,073,156	-	-	-
Fines, forfeitures and penalties	591,896	-	-	-
Special events	-	-	-	-
Investment income	206,650	6,391	3,563	22,990
Miscellaneous revenues	181,174	-	180,024	-
Total Revenues	<u>29,957,154</u>	<u>1,307,731</u>	<u>328,367</u>	<u>1,693,561</u>
EXPENDITURES				
Current				
General government	1,834,652	-	-	-
Public safety	20,256,133	-	-	-
Highways and streets	3,204,663	-	-	-
Culture and recreation	1,276,301	-	-	-
Economic development	746,021	506,843	188,858	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	-	485,000
Interest and fiscal charges	-	-	-	47,708
Total Expenditures	<u>27,317,770</u>	<u>506,843</u>	<u>188,858</u>	<u>532,708</u>
Excess (deficiency) of revenues over expenditures	<u>2,639,384</u>	<u>800,888</u>	<u>139,509</u>	<u>1,160,853</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,042,350)	(977,341)	-	(1,124,000)
Proceeds from sales of capital assets	43,960	-	-	-
Total Other Financing Sources (Uses)	<u>(1,998,390)</u>	<u>(977,341)</u>	<u>-</u>	<u>(1,124,000)</u>
Net Change in Fund Balances	640,994	(176,453)	139,509	36,853
FUND BALANCES (DEFICIT) - Beginning of Year	<u>10,734,129</u>	<u>82,686</u>	<u>3,365,880</u>	<u>1,371,416</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 11,375,123</u>	<u>\$ (93,767)</u>	<u>\$ 3,505,389</u>	<u>\$ 1,408,269</u>

See accompanying notes to financial statements.

TIF Debt Service	Capital Improvements	TIF #1 Capital Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 2,291,241	\$ 15,482,507
				758,237
	3,010		653,900	16,728,376
	-		998,483	3,071,639
	-		-	591,896
	-		158,575	158,575
11,950	86,541	-	108,679	446,764
	<u>11,542</u>			<u>372,740</u>
<u>11,950</u>	<u>101,093</u>		<u>4,210,878</u>	<u>37,610,734</u>
-	-	-	17,059	1,851,711
-	-	-	1,703,300	21,959,433
-	-	-	2,371,210	5,575,873
-	-	-	354,582	1,630,883
-	-	-	-	1,441,722
-	746,309	-	33,793	780,102
1,140,000	-	-	-	1,625,000
<u>751,386</u>	<u>-</u>			<u>799,094</u>
<u>1,891,386</u>	<u>746,309</u>		<u>4,479,944</u>	<u>35,663,818</u>
<u>(1,879,436)</u>	<u>(645,216)</u>		<u>(269,066)</u>	<u>1,946,916</u>
1,919,000	799,500	182,341	982,430	3,883,271
-	-	-	(89,580)	(4,233,271)
<u>-</u>	<u>799,500</u>	<u>182,341</u>	<u>892,850</u>	<u>43,960</u>
<u>1,919,000</u>				<u>(306,040)</u>
39,564	154,284	182,341	623,784	1,640,876
<u>(867,749)</u>	<u>2,869,851</u>	<u>(182,341)</u>	<u>5,263,246</u>	<u>22,637,118</u>
<u>\$ (828,185)</u>	<u>\$ 3,024,135</u>	<u>\$ -</u>	<u>\$ 5,887,030</u>	<u>\$ 24,277,994</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ 1,640,876

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is

capitalized in the government-wide financial statements	3,650,647
Less internal service funds	(825,403)
Depreciation is reported in the government-wide financial statements	(2,558,187)
Less: Net book value of assets retired	(49,069)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

(94,807)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid \$ 1,730,847

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt discount	35,827
Amortization of loss on refunding	(258,750)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(103,961)
Accrued interest on debt	21,065
Net pension liability	8,902,271
Total OPEB liability	(77,395)
Deferred outflows of resources related to pensions	(8,899,969)
Deferred outflows of resources related to OPEB	100,106
Deferred inflows of resources related to pensions	(1,291,317)
Deferred inflows of resources related to OPEB	27,914

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities

1,670,356

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,621,051

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Cash and investments	\$ 6,614,712	\$ 4,770,978
Accounts receivable	915,233	4,214
Accrued interest	17,579	-
Due from fiduciary funds	5,637	-
Prepaid items	49,899	977,212
Inventories	<u>2,208</u>	-
Total Current Assets	<u>7,605,268</u>	<u>5,752,404</u>
Noncurrent Assets		
Capital Assets		
Capital assets not being depreciated	1,440,222	-
Property and equipment	82,134,563	4,101,191
Less: Accumulated depreciation	<u>(38,309,661)</u>	<u>(1,032,910)</u>
Total Noncurrent Assets	<u>45,265,124</u>	<u>3,068,281</u>
Total Assets	<u>52,870,392</u>	<u>8,820,685</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	128,213	-
OPEB Related Amount	<u>8,713</u>	-
Total Deferred Outflows of Resources	<u>136,926</u>	-

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF NET POSITION PROPRIETARY FUND As of December 31, 2019

	Waterworks and Sewerage	Internal Service Funds	Governmental Activities -
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,119,599	\$ 53,535	-
Accrued wages	36,835	3,131	-
Accrued interest	31,248	-	-
Compensated absences	16,725	-	-
Unamortized bond premium	29,220	-	-
IEPA loan payable	201,476	-	-
Capital lease obligation	160,104	-	-
Alternative revenue bonds payable	<u>550,000</u>	<u> </u>	<u> </u>
Total Current Liabilities	<u>2,145,207</u>	<u> </u>	<u>56,666</u>
Noncurrent Liabilities			
Long-Term Debt			
Compensated absences	66,900	-	-
Total other postemployment benefit liability	274,993	-	-
Net pension liability	400,291	-	-
Unamortized bond premium	97,373	-	-
IEPA loan payable	1,526,081	-	-
Capital lease obligation	3,042,112	-	-
Alternative revenue bonds payable	<u>1,875,000</u>	<u> </u>	<u> </u>
Total Noncurrent Liabilities	<u>7,282,750</u>	<u> </u>	<u> </u>
Total Liabilities	<u>9,427,957</u>	<u> </u>	<u>56,666</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	382,116	-	-
OPEB related amounts	<u>17,316</u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>399,432</u>	<u> </u>	<u> </u>
NET POSITION			
Net investment in capital assets	37,783,758	3,068,281	-
Unrestricted net position	<u>5,396,171</u>	<u>5,695,738</u>	<u> </u>
TOTAL NET POSITION	<u>43,179,929</u>	<u>\$ 8,764,019</u>	<u> </u>
Reconciliation to the Statement of Net Position:			
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.	<u>484,833</u>	<u> </u>	<u> </u>
Net Position Business-type Activities	<u><u>\$ 43,664,762</u></u>	<u><u> </u></u>	<u><u> </u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND For the Year Ended December 31, 2019

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 7,228,107	\$ -
Contributions	-	5,347,294
Total Operating Revenues	<u>7,228,107</u>	<u>5,347,294</u>
OPERATING EXPENSES		
Administration	812,785	-
Operations	2,743,321	88,619
Insurance and claims	-	3,653,887
Depreciation	<u>1,866,142</u>	<u>325,793</u>
Total Operating Expenses	<u>5,422,248</u>	<u>4,068,299</u>
Operating Income (Loss)	<u>1,805,859</u>	<u>1,278,995</u>
NONOPERATING REVENUES (EXPENSES)		
Connection fees	203,171	-
Investment income	162,361	63,668
Miscellaneous revenues	1,500	2,743
Gain on sale of capital assets	8,104	-
Interest and fiscal charges	<u>(196,129)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>179,007</u>	<u>66,411</u>
Income (Loss) Before Transfers	<u>1,984,866</u>	<u>1,345,406</u>
TRANSFERS		
Transfers in	-	350,000
Total Transfers	<u>-</u>	<u>350,000</u>
Change in Net Position	1,984,866	1,695,406
NET POSITION - Beginning of Year	<u>41,195,063</u>	<u>7,068,613</u>
NET POSITION- END OF YEAR	43,179,929	\$ 8,764,019
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	25,050	
Change in Net Position of Business-type Activities	<u>\$ 2,009,916</u>	

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2019

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 7,243,918	\$ 5,352,017
Paid to suppliers for goods and services	(1,068,589)	(938,821)
Paid to employees for services	(1,671,019)	(2,902,831)
Net Cash Flows From Operating Activities	<u>4,504,310</u>	<u>1,510,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>152,793</u>	<u>63,668</u>
Net Cash Flows From Investing Activities	<u>152,793</u>	<u>63,668</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt (payment) on interfund loan	(1,263,109)	119,099
Receipt of operating transfer	-	350,000
Miscellaneous	1,500	787
Due to / from other funds	-	20,000
Net Cash Flows From Noncapital Financing Activities	<u>(1,261,609)</u>	<u>489,886</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid	(897,379)	-
Interest paid	(227,717)	-
Connection fees received	203,171	-
Acquisition and construction of capital assets	(1,953,664)	(1,151,196)
Proceeds from the sale of capital assets	8,104	-
Net Cash Flows From Capital and Related Financing Activities	<u>(2,867,485)</u>	<u>(1,151,196)</u>
Net Change in Cash and Cash Equivalents	528,009	912,723
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,086,703</u>	<u>3,858,255</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,614,712</u>	<u>\$ 4,770,978</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF CASH FLOWS PROPRIETARY FUND For the Year Ended December 31, 2019

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)		
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities	\$ 1,805,859	\$ 1,278,995
Depreciation	1,866,142	325,793
Changes in assets and liabilities		
Accounts receivable	15,811	4,723
Prepaid items	(2,923)	(49,482)
Inventories	1,776	-
Deferred outflows - pension related items	505,846	-
Deferred outflows - OPEB	(8,713)	-
Accounts payable	742,008	(52,795)
Accrued wages	7,069	-
Compensated absences	7,440	3,131
Total OPEB liability	17,467	-
Net pension liability	(727,335)	-
Deferred inflows - pension related items	275,503	-
Deferred inflows - OPEB related items	<u>(1,640)</u>	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 4,504,310</u>	<u>\$ 1,510,365</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
None		

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2019

	<u>Pension Trusts</u>	<u>Agency Fund</u>
ASSETS		
Cash and investments	\$ 14,547	\$ 1,675,103
Investments		
U.S. treasuries	1,958,797	-
U.S. agencies	15,742,786	-
Mutual funds	41,808,439	-
Corporate bonds	4,643,821	-
State and local obligations	2,875,738	-
Money markets	181,698	-
Certificates of deposit	49,999	-
Insurance contracts	495,990	-
Receivables		
Accrued interest	174,747	11,425
Accounts receivable	-	62,873
Due from primary government	-	18,231
Prepaid items	<u>5,204</u>	-
Total Assets	<u>67,951,766</u>	<u>1,767,632</u>
LIABILITIES		
Accounts payable	36,626	590,458
Due to primary government	-	5,637
Deposits	-	1,171,537
Total Liabilities	<u>36,626</u>	<u>1,767,632</u>
NET POSITION		
Restricted for retirement benefits	<u>\$ 67,915,140</u>	<u>\$ -</u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2019

	Pension Trust Funds
ADDITIONS	
Contributions	
Employer	\$ 4,091,291
Employee	<u>821,186</u>
Total Contributions	<u><u>4,912,477</u></u>
Investment income	
Net appreciation (depreciation) in fair value of investments	8,947,026
Interest on investments	<u>1,916,041</u>
Total Investment Income	<u><u>10,863,067</u></u>
Less Investment expense	127,005
Net Investment Income	<u><u>10,736,062</u></u>
Total Additions	<u><u>15,648,539</u></u>
DEDUCTIONS	
Pension payments and refunds	3,811,839
Administration	<u>77,034</u>
Total Deductions	<u><u>3,888,873</u></u>
Change in Fiduciary Net Position	11,759,666
NET POSITION - Beginning of Year	<u><u>56,155,474</u></u>
NET POSITION - END OF YEAR	<u><u>\$ 67,915,140</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

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VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lake Zurich, Illinois (the village) was incorporated in 1896. The village is a non home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The village operates under a President-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village of Lake Zurich, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

The Police Pension Employees Retirement System (PPERS) is established for the village's police employees. 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 pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. PPERS is reported as a fiduciary component unit pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the village's firefighters. 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 pension beneficiary elected by the membership; and two fire employees elected by the membership constitute the pension board. The village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except the fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds. 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:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

TIF Tax Allocation Fund - 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.

Downtown TIF #2 Fund - used to account for all restricted revenues and activities associated with improvements within the Tax Increment Financing District.

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

TIF Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of TIF debt principal, interest, and related costs.

Capital Improvements Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the village.

TIF #1 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for TIF #1.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

The village reports the following major enterprise fund:

Waterworks and Sewerage Fund - accounts for operations of the 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 the following nonmajor governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Foreign Fire Tax Fund
Hotel Tax Fund
Motor Fuel Tax Fund
Special Events Fund
Dispatch Services Fund
TIF #3 Fund

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Park Improvements Fund
Non-Home Rule Sales Tax Capital Projects Fund

In addition, the village reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the village, or to other governmental units, on a cost-reimbursement basis.

Medical Self-Insurance Fund
Risk Management Fund
Equipment Replacement Fund

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONT.)

Fund Financial Statements (cont.)

Pension (and Other Employee Benefit) Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police Pension Fund
Firefighters' Pension Fund

Agency Funds - used to account for and report assets controlled by the village and the assets are for the benefit of individuals, private organizations, and/or other governmental units.

Escrow Performance Fund	accounts for performance deposits 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
Special Service Areas Fund	accounts for receipts and disbursements related to maintenance within special service areas within the village

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONT.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property tax revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. 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.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, franchise taxes, licenses, miscellaneous taxes, public charges for services, and interest. Other general revenues such as permits, fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks and Sewerage Fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The police pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	40.0%	1.20%
Large cap domestic equities	42.0%	6.00%
Small cap domestic equities	12.0%	7.80%
International equities	6.0%	6.70%

Illinois Compiled Statutes (ILCS) limit the police pension 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.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

1. Deposits and Investments (cont.)

The long-term expected rate of return on the police pension fund's investments was determined using an asset allocation study conducted by the police pension 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 asset class. These ranges were combined to produce 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 for each major asset class included in the police pension fund's target asset allocation are listed in the table above.

The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code. The firefighters' pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	40.0%	1.20%
Large cap domestic equities	42.0%	6.00%
Small cap domestic equities	12.0%	7.80%
International equities	6.0%	6.70%

Illinois Compiled Statutes (ILCS) limit the firefighters' pension 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 firefighters' pension fund's investments was determined using an asset allocation study conducted by the firefighters' pension 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 asset class. These ranges were combined to produce 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 for each major asset class included in the firefighters' pension fund's target asset allocation are listed in the table above.

The village has adopted an investment policy. That policy follows the state statute for allowable investments.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

1. Deposits and Investments (cont.)

Interest Rate Risk

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. The police pension fund's and firefighters' pension fund's investment policy does not limit the maximum maturity length of investments in the funds.

Credit Risk

The village limits its exposure to credit risk by investing in securities issued by the United States Government, securities issued by agencies of the United States Government, which are implicitly guaranteed by the United States Government, or corporate bonds rated within the three highest classifications by at least two standard rating services. The police pension fund and the firefighters' pension fund limit exposure to credit risk by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the 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 Poors, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies.

Concentration of Credit Risk

In order to limit the exposure to concentration of credit risk, the village's investment policy states that no more than 25% of the village's total investment portfolio may be invested in a single security type or with a single financial institution, with the exception of U.S Treasury securities and authorized pools. The village's investment policy does not specifically prohibit the use of or the investment in derivatives. The police pension fund and firefighters' pension fund do not have formal written policies with regard to the concentration of credit risk for investments. The police pension fund and firefighters' pension fund are both subject to the Illinois Compiled Statutes (ILCS) which limits 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.

Custodial Credit Risk - Deposits

The village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. Both the police pension fund and the firefighters' pension fund investment policies require all bank balances to be covered by federal depository insurance.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

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. To limit exposure, the police pension fund and the firefighters' pension fund require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment 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.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and 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 IMET's share price, the price for which the investment could be sold. Investment in IMET's 1-3 year fund may be redeemed with 5 business days' notice.

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2019 attaches as an enforceable lien on January 1, 2019, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance).

Tax bills for levy year 2019 are prepared by Lake County and issued on or about May 1, 2020 and August 1, 2020, and are payable in two installments, on or about June 1, 2020 and September 1, 2020 or within 30 days of the tax bills being issued.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

2. Receivables (cont.)

The county collects such taxes and remits them periodically. The 2019 property tax levy is recognized as a receivable and deferred inflows in fiscal 2019, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2019, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2019 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Inventories and Prepaid Items

Inventories are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for on the consumption method.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for computers and software, \$15,000 for vehicles and furniture and fixtures, \$25,000 for land improvements and machinery and equipment, \$50,000 for buildings and building improvements, and \$250,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Land improvements	20-30	Years
Buildings	45	Years
Building improvements	10-30	Years
Vehicles	3-25	Years
Computers and software	5	Years
Furniture and fixtures	5-20	Years
Machinery and equipment	10-30	Years
Infrastructure	40-50	Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

7. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable, notes payable, net pension liability, total other postemployment benefit liability and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

9. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (CONT.)

9. *Equity Classifications*

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by ordinance, adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

10. *Land Held for Resale*

The village's land held for resale includes land that is being held for sale for future development of the village. The assets are valued at lower of cost or market.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Motor Fuel Tax Fund	\$ 508,306	\$ 517,600	\$ 9,294

The village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the village's year-end budget to actual report.

B. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2019, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
TIF Tax Allocation	\$ (93,767)
TIF Debt Service	(828,185)
TIF #3	(41,216)

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. The deposits and investments of the pension trust funds are held separately from those of other funds.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

The village's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Petty cash	\$ 2,500	\$ -	N/A
Deposits	19,363,850	20,111,502	Custodial credit risk - deposits
Money markets	3,175,287	3,175,287	Custodial credit risk - deposits
Illinois funds	3,810,563	3,804,444	Credit risk
Certificates of deposit	4,114,299	4,114,299	Custodial credit risk
Corporate bonds	4,643,821	4,643,821	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. treasuries	1,958,797	1,958,797	Custodial credit risk, interest rate risk
U.S. agencies	16,311,952	16,311,952	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - other than bond funds	41,808,439	41,808,439	N/A
State and local obligations	2,875,738	2,875,738	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Negotiable CDs	1,294,852	1,294,852	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Insurance contracts	<u>495,990</u>	<u>495,990</u>	Credit risk, custodial credit risk - investments, concentration of credit risk
Total Deposits and Investments	<u>\$ 99,856,088</u>	<u>\$ 100,595,121</u>	
Reconciliation to financial statements			
Per statement of net position			
Cash and investments	\$ 29,894,070		
Cash at paying agent	515,100		
Per statement of net position - fiduciary funds			
Cash and investments - pension trusts	14,547		
Cash and investments - agency fund	1,675,103		
U.S. treasuries	1,958,797		
U.S. agencies	15,742,786		
Mutual funds	41,808,439		
Corporate bonds	4,643,821		
State and local obligations	2,875,738		
Money markets	181,698		
Certificates of deposit	49,999		
Insurance contracts	<u>495,990</u>		
Total Deposits and Investments	<u>\$ 99,856,088</u>		

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2019 the village utilized the market valuation method for all recurring fair value measurements and investments were measured using the valuation inputs as follows:

Village

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Negotiable CDs	\$ -	\$ 1,294,852	\$ -	\$ 1,294,852
U.S. agencies	-	569,166	-	569,166
Total	<u>\$ -</u>	<u>\$ 1,864,018</u>	<u>\$ -</u>	<u>\$ 1,864,018</u>

Police Pension

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ 835,047	\$ -	\$ -	\$ 835,047
Mutual funds - other than bond funds	16,285,470	-	-	16,285,470
Corporate Bonds	1,385,254	-	-	1,385,254
State and local obligations	-	1,261,088	-	1,261,088
U.S. agencies	-	6,539,650	-	6,539,650
Total	<u>\$ 18,505,771</u>	<u>\$ 7,800,738</u>	<u>\$ -</u>	<u>\$ 26,306,509</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Firefighters' Pension

Investment Type	December 31, 2019				Total
	Level 1	Level 2	Level 3		
U.S. treasuries	\$ 1,123,750	\$ -	\$ -	\$ -	\$ 1,123,750
Mutual funds - other than bond funds	25,522,969	-	-	-	25,522,969
Corporate bonds	3,258,567	-	-	-	3,258,567
State and local obligations	-	1,614,650	-	-	1,614,650
U.S. agencies	-	9,203,136	-	-	9,203,136
Insurance contracts	-	-	495,990	-	495,990
Total	<u>\$ 29,905,286</u>	<u>\$ 10,817,786</u>	<u>\$ 495,990</u>		<u>\$ 41,219,062</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

The village does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Credit Risk (cont.)

As of December 31, 2019, the village's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Negotiable CDs	Not Rated	Not Rated
U.S. agencies	AA+	Aaa
Corporate bonds	AAA-BBB	Aaa-Baa1
State and local obligations	AAA-NR	Aaa-NR
Illinois funds	AAA	Not Rated
Insurance contracts	Not Rated	Not Rated

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2019, the police pension fund has over 5% of net plan assets invested in various agency securities as indicated in the table below.

The police pension board has diversified its investment holdings as follows:

Federal Farm Credit Bank	\$ 3,033,612
Federal Home Loan Bank	2,540,982

At December 31, 2019, the firefighters' pension fund has over 5% of net plan assets invested in various agency securities as indicated in the table below.

The firefighters' pension board has diversified its investment holdings as follows:

Federal Farm Credit Bank	\$ 4,139,353
Federal Home Loan Bank	4,552,502

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2019, investments were as follows:

Village

Investment Type	Fair Value	Maturity (In Years)				Greater than 10
		Less than 1	1-5	6-10		
Negotiable CDs	\$ 1,294,852	\$ 700,808	\$ 594,044	\$ -	\$ -	\$ -
U.S. agencies	569,166	569,166	-	-	-	-
Totals	\$ 1,864,018	\$ 1,269,974	\$ 594,044	\$ -	\$ -	\$ -

Police Pension

Investment Type	Fair Value	Maturity (In Years)				Greater than 10
		Less than 1	1-5	6-10		
U.S. treasuries	\$ 835,047	\$ 150,047	\$ 685,000	\$ -	\$ -	\$ -
State and local obligations	1,261,088	49,992	924,040	178,871	108,185	
U.S. agencies	6,539,650	270,317	1,097,974	5,010,831	160,528	
Corporate bonds	1,385,254	-	203,404	1,181,850		
Totals	\$ 10,021,039	\$ 470,356	\$ 2,910,418	\$ 6,371,552	\$ 268,713	

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (CONT.)

Interest Rate Risk (cont.)

Firefighters' Pension

Investment Type	Fair Value	Maturity (In Years)				Greater than 10
		Less than 1	1-5	6-10		
U.S. treasuries	\$ 1,123,750	\$ -	\$ 661,625	\$ 462,125	\$ -	-
State and local obligations	1,614,650	111,949	929,843	572,858	-	-
U.S. agencies	9,203,136	317,291	1,655,618	6,969,351	260,876	
Corporate bonds	3,258,567	-	1,831,794	1,426,773	-	
Totals	\$ 15,200,103	\$ 429,240	\$ 5,078,880	\$ 9,431,107	\$ 260,876	

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2019, the annual money-weighted rate of return on the police pension plan investments, net of pension plan investment expense, was 19.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

For the year ended December 31, 2019, the annual money-weighted rate of return on the firefighters' pension plan investments, net of pension plan investment expense, was 19.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 30,473,551	\$ -	\$ -	\$ 30,473,551
Construction in progress	<u>124,461</u>	<u>794,280</u>	<u>3,975</u>	<u>914,766</u>
Total Capital Assets Not Being depreciated	<u>30,598,012</u>	<u>794,280</u>	<u>3,975</u>	<u>31,388,317</u>
Capital assets being depreciated				
Land improvements	8,005,693	65,315	-	8,071,008
Buildings	12,258,956	-	-	12,258,956
Building improvements	2,100,587	67,748	-	2,168,335
Vehicles	6,768,673	861,913	585,932	7,044,654
Machinery and equipment	2,439,867	289,281	124,400	2,604,748
Computers/software	811,310	-	164,479	646,831
Infrastructure	<u>69,172,217</u>	<u>1,576,085</u>	<u>-</u>	<u>70,748,302</u>
Total Capital Assets Being Depreciated	<u>101,557,303</u>	<u>2,860,342</u>	<u>874,811</u>	<u>103,542,834</u>
Total Capital Assets	<u>132,155,315</u>	<u>3,654,622</u>	<u>878,786</u>	<u>134,931,151</u>
Less: Accumulated depreciation for				
Land improvements	(3,103,941)	(302,948)	-	(3,406,889)
Buildings	(5,519,093)	(272,421)	-	(5,791,514)
Building improvements	(258,243)	(67,812)	-	(326,055)
Vehicles	(3,293,891)	(341,080)	585,932	(3,049,039)
Machinery and equipment	(1,312,823)	(147,376)	75,331	(1,384,868)
Computers/software	(296,121)	(43,087)	164,479	(174,729)
Infrastructure	<u>(33,644,790)</u>	<u>(1,383,463)</u>	<u>-</u>	<u>(35,028,253)</u>
Total Accumulated depreciation	<u>(47,428,902)</u>	<u>(2,558,187)</u>	<u>825,742</u>	<u>(49,161,347)</u>
Net Capital Assets Being Depreciated	<u>54,128,401</u>	<u>302,155</u>	<u>49,069</u>	<u>54,381,487</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 84,726,413</u>	<u>\$ 1,096,435</u>	<u>\$ 53,044</u>	<u>\$ 85,769,804</u>

Depreciation expense was charged to functions as follows:

Governmental Activities			
General government			\$ 106,701
Public safety			524,964
Highways and streets			1,713,212
Culture and recreation			<u>213,310</u>
 Total Governmental Activities Depreciation Expense			 <u>\$ 2,558,187</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (CONT.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Construction in progress	<u>1,213,503</u>	<u>1,176,229</u>	<u>1,199,162</u>	<u>1,190,570</u>
Total Capital Assets Not Being depreciation	<u>1,463,155</u>	<u>1,176,229</u>	<u>1,199,162</u>	<u>1,440,222</u>
Capital assets being depreciated				
Vehicles	852,279	112,467	104,307	860,439
Machinery and equipment	1,890,011	155,211	-	2,045,222
Computer/software	240,845	-	34,815	206,030
Infrastructure	<u>77,313,953</u>	<u>1,708,919</u>	<u>-</u>	<u>79,022,872</u>
Total Capital Assets Being Depreciated	<u>80,297,088</u>	<u>1,976,597</u>	<u>139,122</u>	<u>82,134,563</u>
Total Capital Assets	<u>81,760,243</u>	<u>3,152,826</u>	<u>1,338,284</u>	<u>83,574,785</u>
Less: Accumulated depreciation for				
Vehicles	(332,296)	(50,796)	104,307	(278,785)
Machinery and equipment	(584,228)	(68,664)	-	(652,892)
Computer/software	(136,754)	(2,794)	34,815	(104,733)
Infrastructure	<u>(35,529,363)</u>	<u>(1,743,888)</u>	<u>-</u>	<u>(37,273,251)</u>
Total Accumulated depreciation	<u>(36,582,641)</u>	<u>(1,866,142)</u>	<u>139,122</u>	<u>(38,309,661)</u>
Net Capital Assets Being Depreciated	<u>43,714,447</u>	<u>110,455</u>	<u>-</u>	<u>43,824,902</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 45,177,602</u>	<u>\$ 1,286,684</u>	<u>\$ 1,199,162</u>	<u>\$ 45,265,124</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 42
Total - Fund Financial Statements		42
Add: Interfund receivables created with internal service fund eliminations		484,833
Less: Government-wide eliminations		(42)
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 484,833</u>

All amounts are due within one year.

Advances

The general fund is advancing funds to the TIF #3 fund, the TIF debt service fund, and the TIF tax allocation. The amount advanced is due to the cash flow issues in the funds since the districts' inceptions.

The non-home rule sales tax capital projects fund is advancing funds to the downtown TIF #2 fund. The amount advance is due to the cash flow issues in the fund since the district's inception.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General	TIF #3	\$ 50,000	\$ 50,000
General	TIF Debt Service	1,300,000	1,300,000
General	TIF Tax Allocation	185,000	185,000
Non-Home Rule Sales Tax Capital Projects	Downtown TIF #2	<u>200,000</u>	200,000
Total		<u>\$ 1,735,000</u>	

The principal purpose of these advances is to fund TIF eligible expenditures in advance of sufficient increment to cover costs.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (CONT.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital Improvement Internal Service	General	\$ 799,500	Funding for capital projects
	General	350,000	Funding for internal services
			Funding for special events administration and Dispatch Center
Nonmajor Governmental	General	892,850	
TIF #1 Capital Projects	TIF Tax Allocation	182,341	Funding for capital projects
TIF Debt Service	TIF Tax Allocation	795,000	Funding for debt payment
TIF Debt Service	Debt Service	1,124,000	Funding for debt payment
Nonmajor Governmental	Nonmajor Governmental	<u>89,580</u>	Funding for special events
Total - Fund Financial Statements		4,233,271	
Less: Government-wide eliminations		<u>(4,233,271)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. SHORT-TERM DEBT ACTIVITY

The village issued short-term debt for \$1,124,000. The Taxable General Obligation Refunding Bond (Limited Tax), Series 2019 dated June 12, 2019 were matured October 5, 2019; payable in annual installment with interest rate of 5.00%.

Short-term debt activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Taxable General Obligation Refunding Bond (Limited Tax), Series 2019	<u>\$ -</u>	<u>\$ 1,124,000</u>	<u>\$ 1,124,000</u>	<u>\$ -</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation debt	\$ 990,000	\$ -	\$ 485,000	\$ 505,000	\$ 505,000
Tax increment financing bonds	23,585,000	- -	1,140,000	22,445,000	1,210,000
(Discounts)/Premiums	<u>242,222</u>	- -	<u>35,827</u>	<u>206,395</u>	<u>35,827</u>
Total Bonds Payable	<u>24,817,222</u>	- -	<u>1,660,827</u>	<u>23,156,395</u>	<u>1,750,827</u>
Other Liabilities					
Vested compensated absences	1,135,210	119,910	15,949	1,239,171	247,834
Capital leases	252,725	22,404	128,251	146,878	132,318
Total other postemployment benefits liability	3,082,201	254,872	177,477	3,159,596	-
Net pension liability	<u>52,928,556</u>	<u>5,716,062</u>	<u>14,618,333</u>	<u>44,026,285</u>	<u>-</u>
Total Other Liabilities	<u>57,398,692</u>	<u>6,113,248</u>	<u>14,940,010</u>	<u>48,571,930</u>	<u>380,152</u>
Total Governmental Activities Long-Term Liabilities	<u><u>82,215,914</u></u>	<u><u>6,113,248</u></u>	<u><u>16,600,837</u></u>	<u><u>71,728,325</u></u>	<u><u>2,130,979</u></u>
Business-type Activities					
Bonds and Loans Payable					
Alternative revenue bonds	\$ 2,970,000	\$ -	\$ 545,000	\$ 2,425,000	\$ 550,000
(Discounts)/Premiums	155,814	- -	29,221	126,593	29,220
Illinois EPA loans	<u>1,924,089</u>	- -	<u>196,532</u>	<u>1,727,557</u>	<u>201,476</u>
Total Bonds and Loans Payable	<u>5,049,903</u>	- -	<u>770,753</u>	<u>4,279,150</u>	<u>780,696</u>
Other Liabilities					
Vested compensated absences	\$ 76,185	\$ 22,677	\$ 15,237	\$ 83,625	\$ 16,725
Capital leases	3,358,063	- -	155,847	3,202,216	160,104
Total other postemployment benefits liability	257,526	32,914	15,447	274,993	-
Net pension liability	<u>1,127,626</u>	- -	<u>727,335</u>	<u>400,291</u>	<u>-</u>
Total Other Liabilities	<u>4,819,400</u>	<u>55,591</u>	<u>913,866</u>	<u>3,961,125</u>	<u>176,829</u>
Total Business-type Activities Long-Term Liabilities	<u><u>9,869,303</u></u>	<u><u>55,591</u></u>	<u><u>1,684,619</u></u>	<u><u>8,240,275</u></u>	<u><u>957,525</u></u>

The compensated absences liability, total other postemployment benefits liability, and net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

The village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the village. As of December 31, 2019, the statutory debt limit for the village was \$75,302,321, providing a debt margin of \$74,797,321.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (CONT.)

General Obligation Debt

All general obligation bonds payable are backed by the full faith and credit of the village. Bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
2008A General Obligation Refunding Bonds	8/1/2008	1/1/2020	3.50% to 5.00%	\$ 4,265,000	\$ 505,000
Total Governmental Activities - General Obligation Debt					<u>\$ 505,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>General Obligation Debt</u>	<u>Principal</u>
2020		\$ 505,000
Totals		<u>\$ 505,000</u>

Alternative Revenue Debt

Business-type Activities Alternative Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2019</u>
Water and Sewerage Fund - 2013 General Obligation Bonds (Alternative Revenue)	9/4/2013	12/15/2023	3.00%-4.00%	\$ 3,800,000	\$ 1,705,000
General Obligation Waterworks and Sewerage System Alternative Revenue Bonds Series 2016B	8/1/2016	12/15/2026	2.00%	1,000,000	<u>720,000</u>
Total Business-type Activities - Alternative Revenue Debt					<u>\$ 2,425,000</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (CONT.)

Alternative Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities	
	Principal	Interest
2020	\$ 550,000	\$ 79,225
2021	550,000	61,475
2022	505,000	42,600
2023	500,000	24,400
2024	105,000	6,400
2025-2026	<u>215,000</u>	<u>6,500</u>
Totals	<u>\$ 2,425,000</u>	<u>\$ 220,600</u>

Tax Increment Financing Bonds

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district.

The village has pledged future sales tax revenues, net of specified operating expenses, to repay revenue bonds issued in 2009, 2014, 2015 and 2016. Proceeds from the bonds provided financing for the various TIF improvements.

Tax Increment Financing Bonds at December 31, 2019, consists of the following:

Governmental Activities					
Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General Obligation TIF Alternative Revenue Bonds Series 2009A	4/1/2009	2/1/2020	3.30% - 6.15%	\$ 7,830,000	\$ 405,000
General Obligation TIF Alternative Revenue Bonds Series 2014A	9/8/2014	12/15/2024	2.00% - 3.00%	6,325,000	3,720,000
General Obligation TIF Alternative Revenue Bonds Series 2015A	4/23/2015	12/15/2034	3.25% - 3.75%	11,775,000	11,775,000
General Obligation TIF Alternative Revenue Bonds Series 2016A	5/16/2016	2/1/2029	1.10% - 3.05%	6,785,000	<u>6,545,000</u>
Total Governmental Activities Tax Increment Financing Bonds					<u>\$ 22,445,000</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (CONT.)

Tax Increment Financing Bonds (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Tax Increment Financing Bonds</u>	<u>Principal</u>
	<u>Interest</u>	
2020	\$ 700,004	\$ 1,210,000
2021	662,711	1,360,000
2022	628,691	1,400,000
2023	591,978	1,440,000
2024	553,188	1,500,000
2025-2029	2,075,926	8,155,000
2030-2034	835,515	<u>7,380,000</u>
 Totals	 <u>\$ 6,048,013</u>	 <u>\$ 22,445,000</u>

Business-type Activities						Balance
	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	December 31, 2019	
<u>Illinois EPA Loans Payable</u>						
IEPA Loan 2006	10/15/2005	12/16/2026	2.5%	\$ 2,000,000	\$ 820,290	
IEPA Loan 2008	9/27/2007	8/11/2028	1.25%	1,673,182	<u>907,267</u>	
 Total Business-type Activities Illinois EPA Loans Payable					 <u>\$ 1,727,557</u>	

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities</u>	
	<u>Illinois EPA Loans Payable</u>	<u>Principal</u>
	<u>Interest</u>	
2020	\$ 41,938	\$ 201,476
2021	36,870	206,545
2022	31,673	211,741
2023	26,347	217,067
2024	20,886	222,528
2025-2028	31,740	<u>668,200</u>
 Totals	 <u>\$ 189,454</u>	 <u>\$ 1,727,557</u>

Capital Leases

Refer to Note III. G.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (CONT.)

Prior-Year Defeasance of Debt

In prior years, the village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2019, \$6,740,000 of bonds outstanding are considered defeased.

G. LEASE DISCLOSURES

Lessee - Capital Leases

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%. During fiscal year 2017, the village entered into a capital lease obligation for water meters. The interest rate for the lease is 2.50%. During fiscal year 2018, the village entered into a capital lease obligation for a sewer cleaner. The interest rate for the lease is 3.12%. During fiscal year 2019, the Village entered into two capital lease obligations for copier equipment. The interest rates for the leases are 6.57% and 5.24%.

The gross amount of these assets under capital leases is \$3,541,438, which are included in capital assets in the governmental and business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2019, are as follows:

<u>Years</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 132,318	\$ 4,833	\$ 137,151	\$ 160,104	\$ 80,828	\$ 240,932
2021	4,467	708	5,175	164,478	76,453	240,931
2022	4,736	440	5,176	168,974	71,958	240,932
2023	3,252	193	3,445	220,449	66,902	287,351
2024	2,105	46	2,151	226,376	60,975	287,351
2025-2029	-	-	-	1,128,612	222,982	1,351,594
2030-2033	-	-	-	1,133,223	62,771	1,195,994
Totals	\$ 146,878	\$ 6,220	\$ 153,098	\$ 3,202,216	\$ 642,869	\$ 3,845,085

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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 a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. 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.

Illinois Municipal Retirement Fund

Plan description. All employees (other than those covered by the Police 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 has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of 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 (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of 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 the first 15 years of service credit, plus 2% for each year of service after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased ever year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan membership. At December 31, 2019, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	119
Inactive, non-retired members	93
Active members	67
<hr/>	
Total	279
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VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Contributions. As set by statute, village employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The village's actuarially determined contribution rate for calendar year 2019 was 9.37% of annual covered payroll for IMRF. The village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2019 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Salary increases	3.35% to 14.25%, including inflation
Price inflation	2.50%

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study 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 asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00%	7.05%	5.75%
International equities	18.00%	8.10%	6.50%
Fixed income	28.00%	3.70%	3.25%
Real estate	9.00%	6.35%	5.20%
Alternatives	7.00%		
Private equity		11.30%	7.60%
Commodities		4.65%	3.60%
Cash equivalents	1.00%	1.85%	1.85%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2018 measurement date was 7.25%. 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 village contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the 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 investments was applied to all periods of projected benefits to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents net pension liability/(asset) of the village calculated using the discount rate of 7.25% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 42,251,098	\$ 37,344,453	\$ 33,363,774
Plan fiduciary net pension	35,484,344	35,484,344	35,484,344
Net pension liability/(asset)	<u>\$ 6,766,754</u>	<u>\$ 1,860,109</u>	<u>\$ (2,120,570)</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Changes in net pension liability/(asset). The changes in net pension liability/(asset) for the calendar year ended December 31, 2019 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2018	\$ 36,148,409	\$ 30,702,298	\$ 5,446,111	
Service cost	531,265	-	531,265	
Interest on total pension liability	2,580,817	-	2,580,817	
Differences between expected and actual experience of the total pension liability	(282,902)	-	(282,902)	
Benefit payments, including refunds of employee contributions	(1,633,136)	(1,633,136)	-	
Contributions - employer	-	504,915	(504,915)	
Contributions - employee	-	242,490	(242,490)	
Net investment income	-	5,705,253	(5,705,253)	
Other (net transfer)	-	(37,476)	37,476	
Balances at December 31, 2019	<u>\$ 37,344,453</u>	<u>\$ 35,484,344</u>	<u>\$ 1,860,109</u>	
Plan fiduciary net position as a percentage of the total pension liability			95.02 %	

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the village recognized pension expense of \$646,181. The village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 171,712	\$ 202,687
Assumption changes	424,086	120,892
Net difference between projected and actual earnings on pension plan investments	-	1,452,074
Total	<u>\$ 595,798</u>	<u>\$ 1,775,653</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

The amounts reported as deferred outflows and inflows of resources related to pensions \$(1,179,855) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ (199,765)
2021	(389,433)
2022	111,902
2023	(702,559)
Total	\$ (1,179,855)

Police Pension

Plan description. Police sworn personnel are covered by the police pension plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the police pension fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension 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 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Police Pension (cont.)

Plan membership. At December 31, 2019, the police pension membership consisted of:

Retirees and beneficiaries	26
Inactive, non-retired members	3
Active members	<u>33</u>
Total	<u><u>62</u></u>

Contributions. Covered employees are required to contribute 9.91% of their base salary to the police pension plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The village's actuarially determined contribution rate for the fiscal year ending December 31, 2019 was 53.70% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. The financial statements of the police pension plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Police Pension (cont.)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.75%
Inflation	2.50%
Projected salary increases	2.50% - 12.00%
Cost-of-living adjustments	1.25% - 3.00%

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2019. Ten percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

Discount rate. The discount rate used to measure the total pension liability for the police pension plan was 6.75%, the same as the prior valuation. 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 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 plan'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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 pension liability of the village calculated using the discount rate of 6.75% as well as what the net pension liability would be if it were to be 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	Current Discount Rate	1% Increase
Total pension liability	\$ 55,264,050	\$ 47,991,546	\$ 42,090,084
Plan fiduciary net position	<u>26,407,391</u>	<u>26,407,391</u>	<u>26,407,391</u>
Net pension liability	<u><u>\$ 28,856,659</u></u>	<u><u>\$ 21,584,155</u></u>	<u><u>\$ 15,682,693</u></u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Police Pension (cont.)

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2019 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2018	\$ 46,008,986	\$ 21,970,870	\$ 24,038,116
Service cost	665,520	-	665,520
Interest on total pension liability	3,088,283	-	3,088,283
Changes in benefit terms	48,258	-	48,258
Differences between expected and actual experience of the total pension liability	24,101	-	24,101
Benefit payments, including refunds of employee contributions	(1,844,332)	(1,844,332)	-
Contributions - employer	-	1,801,045	(1,801,045)
Contributions - buy back	730	730	-
Contributions - employee	-	321,876	(321,876)
Net investment income	-	4,188,319	(4,188,319)
Administration	-	(31,117)	31,117
Balances at December 31, 2019	<u>\$ 47,991,546</u>	<u>\$ 26,407,391</u>	<u>\$ 21,584,155</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the village recognized pension expense of \$2,162,640. The village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 710,297	\$ 1,411,116
Assumption changes	1,143,164	667,992
Net difference between projected and actual earnings on pension plan investments	-	801,611
Total	<u>\$ 1,853,461</u>	<u>\$ 2,880,719</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Police Pension (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,027,258) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 74,067
2021	(376,359)
2022	(337,322)
2023	(391,661)
2024	<u>4,017</u>
Total	\$ (1,027,258)

Firefighters' Pension

Plan description. Fire sworn personnel are covered by the firefighters' pension plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the firefighters' pension plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the firefighters' pension plan as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Firefighters' Pension (cont.)

Plan membership. At December 31, 2019, the firefighters' pension plan membership consisted of:

Retirees and beneficiaries	32
Inactive, non-retired members	2
Active members	<u>53</u>
Total	<u><u>87</u></u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2019, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the firefighters' pension plan is 90% funded by the year 2040. The village's actuarially determined contribution rate for the fiscal year ending December 31, 2019 was 43.02% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of significant accounting policies. The financial statements of the firefighters' pension plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Firefighters' Pension (cont.)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.75%
Inflation	2.50%
Projected salary increases	2.50% - 18.00%
Cost-of-living adjustments	1.25% - 3.00%

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2019. Twenty percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

Discount rate. The discount rate used to measure the total pension liability for the firefighters' pension plan was 6.75%, the same as the prior valuation. 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 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 plan'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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 pension liability of the village calculated using the discount rate of 6.75% as well as what the net pension liability would be if it were to be 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	Current Discount Rate	1% Increase
Total pension liability	\$ 72,459,325	\$ 62,490,061	\$ 54,455,289
Plan fiduciary net position	<u>41,507,749</u>	<u>41,507,749</u>	<u>41,507,749</u>
Net pension liability	<u><u>\$ 30,951,576</u></u>	<u><u>\$ 20,982,312</u></u>	<u><u>\$ 12,947,540</u></u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Firefighters' Pension (cont.)

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2019 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2018	\$ 58,756,559	\$ 34,184,604	\$ 24,571,955
Service cost	1,290,345	-	1,290,345
Interest on total pension liability	3,986,763	-	3,986,763
Changes in benefit terms	121,794	-	121,794
Differences between expected and actual experience of the total pension liability	302,107	-	302,107
Benefit payments, including refunds of employee contributions	(1,967,507)	(1,967,507)	-
Contributions - employer	-	2,290,246	(2,290,246)
Contributions - employee	-	498,580	(498,580)
Net investment income	-	6,547,762	(6,547,762)
Administration	-	(45,936)	45,936
Balances at December 31, 2019	<u>\$ 62,490,061</u>	<u>\$ 41,507,749</u>	<u>\$ 20,982,312</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the village recognized pension expense of \$3,130,414. The village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,027,474	\$ 1,912,904
Assumption changes	1,385,569	1,307,920
Net difference between projected and actual earnings on pension plan investments	-	950,760
Total	<u>\$ 3,413,043</u>	<u>\$ 4,171,584</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Firefighters' Pension (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$758,541) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 431,224
2021	(237,460)
2022	(305,401)
2023	(1,089,319)
2024	399,257
Thereafter	<u>43,158</u>
 Total	 <u>\$ (758,541)</u>

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and investments	\$ 10,000	\$ 4,547	\$ 14,547
Investments			
U.S. treasuries	835,047	1,123,750	1,958,797
U.S. agencies	6,539,650	9,203,136	15,742,786
Mutual funds	16,285,470	25,522,969	41,808,439
Corporate bonds	1,385,254	3,258,567	4,643,821
State and local obligations	1,261,088	1,614,650	2,875,738
Money markets	39,120	142,578	181,698
Certificates of deposit	-	49,999	49,999
Insurance contracts	-	495,990	495,990
Receivables			
Accrued interest	62,503	112,244	174,747
Prepaid items	<u>2,646</u>	<u>2,558</u>	<u>5,204</u>
Total Assets	<u>26,420,778</u>	<u>41,530,988</u>	<u>67,951,766</u>
Liabilities			
Accounts payable	13,387	23,239	36,626
Total Liabilities	<u>13,387</u>	<u>23,239</u>	<u>36,626</u>
Net Position			
Restricted for retirement benefits	<u>\$ 26,407,391</u>	<u>\$ 41,507,749</u>	<u>\$ 67,915,140</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (CONT.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employer	\$ 1,801,045	\$ 2,290,246	\$ 4,091,291
Employee	322,606	498,580	821,186
Total Contributions	<u>2,123,651</u>	<u>2,788,826</u>	<u>4,912,477</u>
Investment Income			
Net appreciation (depreciation) in fair value of investments	3,528,877	5,418,149	8,947,026
Interest on investments	<u>709,071</u>	<u>1,206,970</u>	<u>1,916,041</u>
Total Investment income	<u>4,237,948</u>	<u>6,625,119</u>	<u>10,863,067</u>
Less investment income	49,648	77,357	127,005
Net investment income	<u>4,188,300</u>	<u>6,547,762</u>	<u>10,736,062</u>
Total Additions	<u>6,311,951</u>	<u>9,336,588</u>	<u>15,648,539</u>
Deductions			
Pension payments and refunds	1,844,333	1,967,506	3,811,839
Administration	<u>31,098</u>	<u>45,936</u>	<u>77,034</u>
Total Deductions	<u>1,875,431</u>	<u>2,013,442</u>	<u>3,888,873</u>
Change in net position	4,436,520	7,323,146	11,759,666
Net position, beginning of year	<u>21,970,871</u>	<u>34,184,603</u>	<u>56,155,474</u>
Net position, end of year	<u>\$ 26,407,391</u>	<u>\$ 41,507,749</u>	<u>\$ 67,915,140</u>

Aggregate pension expense. Aggregate pension expense for IMRF, police pension, and firefighters' pension totals \$5,939,235 for the year ended December 31, 2019.

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The village participates in a public entity risk pools to provide coverage for losses from (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the village in internal service funds - the self-insurance fund and the risk management fund.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (CONT.)

Public Entity Risk Pool

IRMA

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

The village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above 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 bylaws 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 any membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

Intergovernmental Personnel Benefit Cooperative

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental, and nonprofit public service entities.

The IPBC receives, processes, and pays such claims as they may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

D. OTHER POSTEMPLOYMENT BENEFITS

Plan description. The village administers a single-employer defined contribution healthcare plan ("the Retiree Health 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a separate report. The activity of the plan is reported in the village's governmental and business-type activities.

Contributions and 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. Active employees do not contribute to the plan until retirement.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	19
Active plan members	<u>151</u>
Total	<u><u>170</u></u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

TOTAL OPEB LIABILITY

The village's total OPEB liability of \$3,434,589 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%
Healthcare cost trend rates	HMO Plan 5.50%; PPO Plan and HDHP 6.50%
Retirees' share of benefit-related costs	100%

The discount rate was based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on the RP-2014 Blue Collar Mortality projected to the valuation date with Scale MP-2015.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018 - December 31, 2018.

CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Balances at December 31, 2018	<u>\$ 3,339,727</u>
Changes for the year:	
Service cost	48,030
Interest	118,055
Changes in assumptions or other inputs	122,226
Other changes	(525)
Benefit payments	<u>(192,924)</u>
Net changes	<u>94,862</u>
Balances at December 31, 2019	<u>\$ 3,434,589</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent in 2018 to 3.26 percent in 2019.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the village, as well as what the village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.3 percent) or 1-percentage-point higher (4.3 percent) than the current discount rate:

	1% Decrease (2.3%)	Discount Rate (3.3%)	1% Increase (4.3%)
Total OPEB liability	\$ 3,742,977	\$ 3,434,589	\$ 3,168,597

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the village, as well as what the village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease (5.5%)	Healthcare Cost Trend Rates (6.5%)	1% Increase (7.5%)
	Decreasing to 3.5%)	Decreasing to 4.5%)	Decreasing to 5.5%)
Total OPEB liability	\$ 3,145,378	\$ 3,434,589	\$ 3,771,414

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2019, the village recognized negative OPEB expense of \$149,414. At December 31, 2019, the village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 108,819	\$ 216,272
Total	<u>\$ 108,819</u>	<u>\$ 216,272</u>

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (CONT.)

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

<u>Year Ended December 31:</u>	<u>Amount</u>
2020	\$ (16,671)
2021	(16,671)
2022	(16,671)
2023	(16,671)
2024	(16,671)
Thereafter	<u>(24,098)</u>
Total	<u><u>\$ (107,453)</u></u>

E. SUBSEQUENT EVENT

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to areas impacting the village. The village's evaluation of the effects of these events is ongoing; however, subsequent to December 31, 2019, the investment markets have experienced significant volatility. It is highly likely that the values of the Police Pension Fund and Firefighters' Pension Fund investments have changed by material amounts since year end.

F. TAX INCREMENT FINANCING DISTRICT

The Village of Lake Zurich has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the village and its surrounding areas. As part of the redevelopment plans, the village has made significant improvements to utilities, public parking, intersections, and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly, and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the village created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

G. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The village rebates sales tax in order to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the business and governmental entities concerned.

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 December 31, 2019, the village has an accrued rebate liability of \$209,676 for amounts collected by the state but not yet paid to the village and/or due to the other entities. Of this amount, \$151,077 is due to commercial entities and \$58,600 to governmental entities. For the fiscal year-to-date, the village recorded \$667,904 in payment across all sales tax rebate agreements.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE IV - OTHER INFORMATION (cont.)

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

When they become effective, application of these standards may restate portions of these financial statements. The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE ZURICH

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 10,093,414	\$ 9,995,705	\$ 10,074,575
Licenses and permits	716,725	733,782	758,237
Intergovernmental	15,734,408	16,051,272	16,071,466
Charges for services	1,865,420	1,907,203	2,073,156
Fines, forfeitures and penalties	617,000	583,760	591,896
Investment income	150,000	165,470	206,650
Miscellaneous revenues	<u>62,670</u>	<u>166,513</u>	<u>181,174</u>
 Total Revenues	 <u>29,239,637</u>	 <u>29,603,705</u>	 <u>29,957,154</u>
 Expenditures			
General government	1,901,162	1,879,164	1,834,652
Public safety	20,218,503	20,248,218	20,256,133
Highways and streets	3,328,396	3,310,058	3,204,663
Culture and recreation	1,057,129	1,286,832	1,276,301
Economic development	<u>843,686</u>	<u>791,344</u>	<u>746,021</u>
 Total Expenditures	 <u>27,348,876</u>	 <u>27,515,616</u>	 <u>27,317,770</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>1,890,761</u>	 <u>2,088,089</u>	 <u>2,639,384</u>
 Other Financing Sources (Uses)			
Proceeds from sale of capital assets	5,000	43,960	43,960
Transfers out	<u>(1,885,620)</u>	<u>(2,050,620)</u>	<u>(2,042,350)</u>
 Total Other Financing Sources (Uses)	 <u>(1,880,620)</u>	 <u>(2,006,660)</u>	 <u>(1,998,390)</u>
 Net Change in Fund Balances	 <u>\$ 10,141</u>	 <u>\$ 81,429</u>	 <u>640,994</u>
 Fund Balance, Beginning of Year			 <u>10,734,129</u>
 Fund Balance, End of Year			 <u>\$ 11,375,123</u>

See independent auditors' report and accompanying notes to required supplementary information

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF TAX ALLOCATION For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Property taxes	\$ 1,320,000	\$ 1,300,364	\$ 1,301,340
Investment income	2,500	6,266	6,391
Total Revenues	<u>1,322,500</u>	<u>1,306,630</u>	<u>1,307,731</u>
EXPENDITURES			
Economic development	513,850	513,850	506,843
Total Expenditures	<u>513,850</u>	<u>513,850</u>	<u>506,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>808,650</u>	<u>792,780</u>	<u>800,888</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(795,000)	(977,341)	(977,341)
Total Other Financing Sources (Uses)	<u>(795,000)</u>	<u>(977,341)</u>	<u>(977,341)</u>
Net Change in Fund Balance	<u>\$ 13,650</u>	<u>\$ (184,561)</u>	<u>(176,453)</u>
FUND BALANCE - Beginning of Year			<u>82,686</u>
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (93,767)</u>

See independent auditors' report and accompanying notes to required supplementary information

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DOWNTOWN TIF #2 For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Property taxes	\$ 102,000	\$ 143,393	\$ 144,780
Investment income	250	3,326	3,563
Miscellaneous revenues	61,950	183,338	180,024
Total Revenues	<u>164,200</u>	<u>330,057</u>	<u>328,367</u>
EXPENDITURES			
Economic development	164,200	194,683	188,858
Total Expenditures	<u>164,200</u>	<u>194,683</u>	<u>188,858</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 135,374</u>	<u>139,509</u>
FUND BALANCE - Beginning of Year			<u>3,365,880</u>
FUND BALANCE - END OF YEAR			<u>\$ 3,505,389</u>

See independent auditors' report and accompanying notes to required supplementary information

VILLAGE OF LAKE ZURICH

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY
AND RELATED RATIOS
Last Five Fiscal Years

	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 551,596	\$ 512,260	\$ 515,984	\$ 497,479	\$ 531,265
Interest	2,268,919	2,351,795	2,437,948	2,457,376	2,580,817
Differences between expected and actual experience	(359,277)	(340,738)	(97,822)	427,124	(282,902)
Changes of assumptions	41,608	(83,331)	(1,056,112)	1,054,884	-
Benefit payments, including refunds of member contributions	(1,369,411)	(1,300,032)	(1,453,935)	(1,609,460)	(1,633,136)
Net change in total pension liability	1,133,435	1,139,954	346,063	2,827,403	1,196,044
Total pension liability - beginning	30,701,554	31,834,989	32,974,943	33,321,006	36,148,409
Total pension liability - ending (a)	\$ 31,834,989	\$ 32,974,943	\$ 33,321,006	\$ 36,148,409	\$ 37,344,453
Plan fiduciary net position					
Employer contributions	\$ 653,377	\$ 628,101	\$ 619,482	\$ 631,725	\$ 504,915
Employee contributions	231,267	233,460	232,112	242,143	242,490
Net investment income	136,524	1,863,659	4,957,532	(1,685,438)	5,705,253
Benefit payments, including refunds of member contributions	(1,369,411)	(1,300,032)	(1,453,935)	(1,609,460)	(1,633,136)
Other (net transfer)	(27,440)	(27,607)	(506,291)	705,340	(37,476)
Net change in plan fiduciary net position	(375,683)	1,397,581	3,848,900	(1,715,690)	4,782,046
Plan fiduciary net position - beginning	27,547,190	27,171,507	28,569,088	32,417,988	30,702,298
Plan fiduciary net position - ending (b)	\$ 27,171,507	\$ 28,569,088	\$ 32,417,988	\$ 30,702,298	\$ 35,484,344
Employer's net pension liability - ending (a) - (b)	\$ 4,663,482	\$ 4,405,855	\$ 903,018	\$ 5,446,111	\$ 1,860,109
Plan fiduciary net position as a percentage of the total pension liability	85.35%	86.64%	97.29%	84.93%	95.02%
Covered payroll	\$ 5,139,246	\$ 4,934,022	\$ 5,158,053	\$ 5,380,953	\$ 5,388,637
Employer's net pension liability as a percentage of covered payroll	90.74%	89.30%	17.51%	101.21%	34.52%

Notes to Schedule:

The village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LAKE ZURICH

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Five Fiscal Years

	April 30, 2016	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Actuarially determined contribution	\$ 613,312	\$ 431,173	\$ 619,482	\$ 631,724	\$ 504,915
Contributions in relation to the actuarially determined contribution	<u>(613,312)</u>	<u>(431,173)</u>	<u>(619,482)</u>	<u>(631,725)</u>	<u>(504,915)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>
Covered payroll	\$ 5,139,246	\$ 3,387,062	\$ 5,158,053	\$ 5,380,953	\$ 5,388,637
Contributions as a percentage of covered payroll	11.93%	12.73%	12.01%	11.74%	9.37%

The village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Notes to Schedule:

The village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.50%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

Other information:

There were no benefit changes during the year.

VILLAGE OF LAKE ZURICH

POLICE PENSION FUND
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS
Last Six Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability						
Service cost	\$ 677,265	\$ 618,479	\$ 404,047	\$ 718,675	\$ 635,929	\$ 665,520
Interest	2,218,436	2,554,948	1,926,743	2,795,706	2,901,439	3,088,283
Change in benefit terms	-	-	-	-	-	48,258
Differences between expected and actual experience	500,612	(28,659)	(2,808,702)	985,053	190,986	24,101
Changes of assumptions	2,735,157	2,501,228	-	(1,168,984)	828,894	-
Buy back contributions	-	-	-	-	-	730
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)	(1,569,353)	(1,793,230)	(1,844,332)
Net change in total pension liability	5,107,076	4,378,176	(1,379,296)	1,761,097	2,764,018	1,982,560
Total pension liability - beginning	33,377,915	38,484,991	42,863,167	41,483,871	43,244,968	46,008,986
Total pension liability - ending (a)	\$ 38,484,991	\$ 42,863,167	\$ 41,483,871	\$ 43,244,968	\$ 46,008,986	\$ 47,991,546
Plan fiduciary net position						
Employer contributions	\$ 1,398,130	\$ 1,445,052	\$ 1,564,453	\$ 1,772,589	\$ 1,820,234	\$ 1,801,045
Employee contributions	301,323	302,885	218,169	304,715	373,412	321,876
Buy back contributions	-	-	-	-	-	730
Net investment income	1,301,083	127,632	869,361	2,535,432	(1,069,397)	4,188,319
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)	(1,569,353)	(1,793,230)	(1,844,332)
Administration	(28,758)	(31,815)	(25,420)	(26,555)	(34,947)	(31,117)
Net change in plan fiduciary net position	1,947,384	575,934	1,725,179	3,016,828	(703,928)	4,436,521
Plan fiduciary net position - beginning	15,409,473	17,356,857	17,932,791	19,657,970	22,674,798	21,970,870
Plan fiduciary net position - ending (b)	\$ 17,356,857	\$ 17,932,791	\$ 19,657,970	\$ 22,674,798	\$ 21,970,870	\$ 26,407,391
Village's net pension liability - ending (a) - (b)	\$ 21,128,134	\$ 24,930,376	\$ 21,825,901	\$ 20,570,170	\$ 24,038,116	\$ 21,584,155
Plan fiduciary net position as a percentage of the total pension liability	45.10%	41.84%	47.39%	52.43%	47.75%	55.03%
Covered payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474	\$ 3,055,082	\$ 3,081,455	\$ 3,354,032
Village's net pension liability as a percentage of covered payroll	691.95%	801.76%	703.73%	673.31%	780.09%	643.53%

*The village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Notes to Schedule:

The pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LAKE ZURICH

POLICE PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last Six Fiscal Years

	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Actuarially determined contribution	\$ 1,392,968	\$ 1,402,842	\$ 1,564,453	\$ 1,790,395	\$ 1,799,590	\$ 1,750,667
Contributions in relation to the actuarially determined contribution	1,395,130	1,445,052	1,564,453	1,772,589	1,820,234	1,801,045
Contribution deficiency (excess)	<u>\$ (2,162)</u>	<u>\$ (42,210)</u>	<u>\$ -</u>	<u>\$ 17,806</u>	<u>\$ (20,644)</u>	<u>\$ (50,378)</u>
Covered payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474	\$ 3,055,082	\$ 3,081,445	\$ 3,354,032
Contributions as a percentage of covered payroll	45.69%	46.47%	50.44%	58.02%	59.07%	53.70%

* The village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Notes to Schedule:

1) The plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	3.50% per year
Investment rate of return	6.75%
Mortality	Healthy - RP-2014 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2015
	Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2015

VILLAGE OF LAKE ZURICH

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
 Last Six Fiscal Years

	April 30, 2016	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
Annual money-weighted rate of return, net of investment expense	8.08%	0.72%	4.73%	12.80%	-4.71%	19.10%

* The village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Notes to Schedule:

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF LAKE ZURICH
FIREFIGHTERS' PENSION FUND
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS
Last Six Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability						
Service cost	\$ 1,134,464	\$ 1,149,541	\$ 751,025	\$ 1,421,674	\$ 1,281,368	\$ 1,290,345
Interest	2,701,567	2,980,213	2,314,004	3,442,447	3,600,377	3,986,763
Change in benefit terms	-	-	-	-	-	121,794
Differences between expected and actual experience	(173,195)	305,055	(3,347,579)	1,116,190	1,482,142	302,107
Changes of assumptions	1,221,986	2,811,180	-	(2,288,858)	1,010,548	-
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)	(1,072,050)	(1,350,851)	(1,967,507)
Net change in total pension liability	<u>4,272,997</u>	<u>6,344,332</u>	<u>(832,890)</u>	<u>2,619,403</u>	<u>6,023,584</u>	<u>3,733,502</u>
Total pension liability - beginning	<u>40,329,133</u>	<u>44,602,130</u>	<u>50,946,462</u>	<u>50,113,572</u>	<u>52,732,975</u>	<u>58,756,559</u>
Total pension liability - ending (a)	<u><u>\$ 44,602,130</u></u>	<u><u>\$ 50,946,462</u></u>	<u><u>\$ 50,113,572</u></u>	<u><u>\$ 52,732,975</u></u>	<u><u>\$ 58,756,559</u></u>	<u><u>\$ 62,490,061</u></u>
Plan fiduciary net position						
Employer contributions	\$ 1,904,487	\$ 1,905,569	\$ 1,911,342	\$ 2,176,385	\$ 2,304,265	\$ 2,290,246
Employee contributions	457,701	478,570	328,920	562,401	492,620	498,580
Net investment income	1,562,177	(320,256)	750,015	3,723,725	(1,554,258)	6,547,762
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)	(1,072,050)	(1,350,851)	(1,967,507)
Administration	(54,703)	(61,615)	(63,270)	(84,741)	(52,151)	(45,936)
Net change in plan fiduciary net position	<u>3,257,837</u>	<u>1,100,611</u>	<u>2,376,667</u>	<u>5,305,720</u>	<u>(160,375)</u>	<u>7,323,145</u>
Plan fiduciary net position - beginning	<u>22,304,144</u>	<u>25,561,981</u>	<u>26,662,592</u>	<u>29,039,259</u>	<u>34,344,979</u>	<u>34,184,604</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 25,561,981</u></u>	<u><u>\$ 26,662,592</u></u>	<u><u>\$ 29,039,259</u></u>	<u><u>\$ 34,344,979</u></u>	<u><u>\$ 34,184,604</u></u>	<u><u>\$ 41,507,749</u></u>
Village's net pension liability - ending (a) - (b)	<u><u>\$ 19,040,149</u></u>	<u><u>\$ 24,283,870</u></u>	<u><u>\$ 21,074,313</u></u>	<u><u>\$ 18,387,996</u></u>	<u><u>\$ 24,571,955</u></u>	<u><u>\$ 20,982,312</u></u>
Plan fiduciary net position as a percentage of the total pension liability	57.31%	52.33%	57.95%	65.13%	58.18%	66.42%
Covered payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548	\$ 5,208,600	\$ 5,214,441	\$ 5,324,271
Village's net pension liability as a percentage of covered payroll	370.39%	473.34%	395.94%	353.03%	471.23%	394.09%

Notes to Schedule:

The pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LAKE ZURICH

FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Six Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
Actuarially determined contribution	\$ 1,905,372	\$ 1,815,433	\$ 1,911,342	\$ 2,198,557	\$ 2,278,591	\$ 2,153,131
Contributions in relation to the actuarially determined contribution	1,931,966	1,905,569	1,911,342	2,176,385	2,304,265	2,290,246
Contribution deficiency (excess)	<u>\$ (26,594)</u>	<u>\$ (90,136)</u>	<u>\$ -</u>	<u>\$ 22,172</u>	<u>\$ (25,674)</u>	<u>\$ (137,115)</u>
Covered payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548	\$ 5,208,600	\$ 5,214,441	\$ 5,324,271
Contributions as a percentage of covered payroll	37.58%	37.14%	35.91%	41.78%	44.19%	43.02%

* The village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Notes to Schedule:

1) The plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	3.50% per year
Investment rate of return	6.75%
Mortality	Healthy - RP-2014 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2015
	Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2015

VILLAGE OF LAKE ZURICH

FIREFIGHTERS' PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Six Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
Annual money-weighted rate of return, net of investment expense	6.53%	-1.18%	5.05%	12.59%	-4.41%	19.12%

*The village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Notes to Schedule:

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF LAKE ZURICH
RETIREE HEALTH INSURANCE PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Two Most Recent Fiscal Years

	2018	2019
Total OPEB liability		
Service cost	\$ 43,217	\$ 48,030
Interest	118,607	118,055
Changes of assumptions	(164,052)	122,226
Benefit payments, including refunds of member contributions	(173,514)	(192,924)
Other changes	<u>(111,794)</u>	<u>(525)</u>
Net change in total OPEB liability	(287,536)	94,862
Total OPEB liability - beginning	3,627,263	3,339,727
Total OPEB liability - ending (a)	<u>\$ 3,339,727</u>	<u>\$ 3,434,589</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 13,156,588	\$ 13,156,588
District's net pension liability as a percentage of covered payroll	25.38%	26.11%

Notes to Schedule:

The District implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

VILLAGE OF LAKE ZURICH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

BUDGETARY INFORMATION

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), Debt Service, Capital Projects (except Downtown TIF), 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, three supplementary appropriations were necessary.

Excess Expenditures Over Appropriations

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Motor Fuel Tax Fund</u>			
Highway and Streets	\$ 508,306	\$ 517,600	\$ 9,294

S U P P L E M E N T A R Y I N F O R M A T I O N

VILLAGE OF LAKE ZURICH
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property			
Corporate	\$ -	\$ -	\$ -
Police protection	1,766,850	1,766,850	1,761,214
Fire protection	1,766,850	1,766,850	1,760,415
Ambulance	1,000	1,000	998
Pension	60,000	60,000	59,909
Police pension	1,804,000	1,804,000	1,807,090
Fire pension	2,294,000	2,294,000	2,297,929
SRA	180,000	180,000	179,727
Road and bridge	11,000	11,000	11,810
Utility			
Electric tax	1,022,156	897,160	970,395
Gas tax	269,156	310,309	306,104
Telecommunication taxes	567,465	573,151	592,676
Television franchise tax	<u>350,937</u>	<u>331,385</u>	<u>326,308</u>
Total Taxes	<u>10,093,414</u>	<u>9,995,705</u>	<u>10,074,575</u>
Licenses and Permits			
Licenses			
Liquor	163,000	166,000	165,371
Contractor registration	55,800	66,610	67,410
Other business	104,925	106,800	104,303
Permits			
Administrative plan review	105,000	85,905	80,827
Building	65,000	179,158	205,491
Electrical	28,000	28,000	32,453
Plumbing	25,000	25,000	27,125
Occupancy certificates	30,000	30,000	22,880
Truck permits	1,500	7,225	7,225
Other	<u>138,500</u>	<u>39,084</u>	<u>45,152</u>
Total licenses and permits	<u>716,725</u>	<u>733,782</u>	<u>758,237</u>

VILLAGE OF LAKE ZURICH
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Intergovernmental			
State income tax	\$ 1,851,898	\$ 2,089,504	\$ 2,089,504
Municipal sales	7,355,259	7,104,140	7,096,963
Personal property replacement tax	53,214	72,562	70,716
Street maintenance reimbursement	16,216	16,216	16,223
Local use tax	555,459	641,741	662,382
Auto rental tax	6,000	8,009	7,981
Pull tax	232,840	236,255	237,082
Fire/rescue service contract	5,440,522	5,619,651	5,619,651
Vehicle maintenance charge	28,000	28,000	24,737
Licenses			
Grants	30,000	70,194	81,773
Governmental agency	165,000	165,000	164,454
Total intergovernmental	<u>15,734,408</u>	<u>16,051,272</u>	<u>16,071,466</u>
Charges for services			
Police fees			
Police alarm fees	4,500	4,500	6,700
Public safety special detail	25,000	42,709	42,709
Police administration tow fees	65,000	65,000	58,000
Police lock out fees	7,500	7,500	8,250
Police contracted services	2,250	2,250	2,850
Fire/rescue fees			
Special detail	7,000	7,000	38,042
Ambulance fees	800,000	651,110	716,172
Spillage fees	-	2,200	2,200
Inspection fees	34,000	50,482	50,482
Public education	-	12,152	12,152
Site plan review	53,700	76,391	76,208
Elevator inspections	21,500	21,500	14,305
Planned unit development review	-	-	-
Printing and reproduction fees	6,000	6,000	6,873
Engineering review	40,000	175,639	175,639
Watershed development	7,500	7,500	-
Reimbursements	21,200	5,000	7,981
Park fees	85,000	85,000	115,587
Park program fees	655,270	655,270	704,323
Beach Fees	29,500	29,500	33,786
Other	500	500	897
Total charges for services	<u>1,865,420</u>	<u>1,907,203</u>	<u>2,073,156</u>

VILLAGE OF LAKE ZURICH
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Fines, forfeitures and penalties			
Circuit court fines	\$ 267,000	\$ 273,555	\$ 280,304
Other fines	<u>350,000</u>	<u>310,205</u>	<u>311,592</u>
Total fines, forfeitures and penalties	<u>617,000</u>	<u>583,760</u>	<u>591,896</u>
Investment Income	<u>150,000</u>	<u>165,470</u>	<u>206,650</u>
Miscellaneous			
Miscellaneous revenues	33,170	102,193	115,029
Donations	-	5,420	8,770
Rent	<u>29,500</u>	<u>58,900</u>	<u>57,375</u>
Total miscellaneous	<u>62,670</u>	<u>166,513</u>	<u>181,174</u>
Total Revenues	<u>\$ 29,239,637</u>	<u>\$ 29,603,705</u>	<u>\$ 29,957,154</u>

VILLAGE OF LAKE ZURICH
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Expenditures			
General Government			
General administration	\$ 72,357	\$ 73,521	\$ 65,779
Village administration	707,304	706,370	685,252
Finance department	546,270	524,176	525,242
Technology department	<u>575,231</u>	<u>575,097</u>	<u>558,379</u>
Total general government	<u>1,901,162</u>	<u>1,879,164</u>	<u>1,834,652</u>
Public Safety			
Police	7,505,787	7,416,820	7,471,286
Fire	11,897,029	11,947,230	11,881,838
Community development	<u>815,687</u>	<u>884,168</u>	<u>903,009</u>
Total public safety	<u>20,218,503</u>	<u>20,248,218</u>	<u>20,256,133</u>
Highways and Streets			
Public works	<u>3,328,396</u>	<u>3,310,058</u>	<u>3,204,663</u>
Culture and Recreation			
Parks and recreation department	<u>1,057,129</u>	<u>1,286,832</u>	<u>1,276,301</u>
Economic Development			
	<u>843,686</u>	<u>791,344</u>	<u>746,021</u>
Total Expenditures	<u>\$ 27,348,876</u>	<u>\$ 27,515,616</u>	<u>\$ 27,317,770</u>

VILLAGE OF LAKE ZURICH

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Special Events	Dispatch Services
ASSETS					
Cash and investments	\$ 183,597	\$ 378,653	\$ 2,244,283	\$ 109,244	\$ 150,278
Property taxes receivable	-	-	-	-	-
Accounts receivable	-	8,542	86,174	3,000	71,032
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	7,323	-
TOTAL ASSETS	<u>\$ 183,597</u>	<u>\$ 387,195</u>	<u>\$ 2,330,457</u>	<u>\$ 119,567</u>	<u>\$ 221,310</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 38,388	\$ 3,117	\$ -
Accrued wages	-	131	-	2,897	32,360
Unearned revenues	-	-	1,972	-	114,588
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	42
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>131</u>	<u>40,360</u>	<u>6,014</u>	<u>146,990</u>
Fund Balances					
Nonspendable	-	-	-	7,323	-
Restricted	183,597	387,064	2,290,097	-	-
Assigned	-	-	-	106,230	74,320
Unassigned	-	-	-	-	-
Total Fund Balances (Deficit)	<u>183,597</u>	<u>387,064</u>	<u>2,290,097</u>	<u>113,553</u>	<u>74,320</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 183,597</u>	<u>\$ 387,195</u>	<u>\$ 2,330,457</u>	<u>\$ 119,567</u>	<u>\$ 221,310</u>

<u>TIF #3</u>	<u>Park Improvements</u>	<u>Non-Home Rule Sales Tax Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 8,776	\$ 21,184	\$ 2,208,880	\$ 5,304,895
8	-	-	8
-	-	573,611	742,359
-	-	200,000	200,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,323</u>
<u>\$ 8,784</u>	<u>\$ 21,184</u>	<u>\$ 2,982,491</u>	<u>\$ 6,254,585</u>
\$ -	\$ -	\$ 102,211	\$ 143,716
-	-	-	35,388
-	-	-	116,560
-	-	21,849	21,849
-	-	-	42
<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<u>50,000</u>	<u>-</u>	<u>124,060</u>	<u>367,555</u>
-	-	-	7,323
-	-	2,858,431	5,719,189
-	21,184	-	201,734
<u>(41,216)</u>	<u>-</u>	<u>-</u>	<u>(41,216)</u>
<u>(41,216)</u>	<u>21,184</u>	<u>2,858,431</u>	<u>5,887,030</u>
<u>\$ 8,784</u>	<u>\$ 21,184</u>	<u>\$ 2,982,491</u>	<u>\$ 6,254,585</u>

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2019

	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Special Events	Dispatch Services
REVENUES					
Taxes	\$ 39,084	\$ 107,624	\$ -	\$ -	\$ -
Intergovernmental	-	-	653,900	-	-
Charges for services	-	-	-	-	953,354
Special events	-	-	-	158,575	-
Investment income	-	4,541	44,425	1,228	1,676
Total Revenues	<u>39,084</u>	<u>112,165</u>	<u>698,325</u>	<u>159,803</u>	<u>955,030</u>
EXPENDITURES					
Current					
General government	-	17,059	-	-	-
Public safety	78,976	-	-	-	1,624,324
Highways and streets	-	-	517,600	-	-
Culture and recreation	-	-	-	354,582	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>78,976</u>	<u>17,059</u>	<u>517,600</u>	<u>354,582</u>	<u>1,624,324</u>
Excess (deficiency) of revenues over expenditures	<u>(39,892)</u>	<u>95,106</u>	<u>180,725</u>	<u>(194,779)</u>	<u>(669,294)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	207,430	775,000
Transfers out	-	(89,580)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(89,580)</u>	<u>-</u>	<u>207,430</u>	<u>775,000</u>
Net Change in Fund Balances	<u>(39,892)</u>	<u>5,526</u>	<u>180,725</u>	<u>12,651</u>	<u>105,706</u>
FUND BALANCES (DEFICIT)					
- Beginning of Year	<u>223,489</u>	<u>381,538</u>	<u>2,109,372</u>	<u>100,902</u>	<u>(31,386)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 183,597</u>	<u>\$ 387,064</u>	<u>\$ 2,290,097</u>	<u>\$ 113,553</u>	<u>\$ 74,320</u>

TIF #3	Park Improvements	Non-Home Rule Sales Tax Capital Projects	Total Nonmajor Governmental Funds
\$ 10,935	\$ -	\$ 2,133,598	\$ 2,291,241
-	-	-	653,900
-	45,129	-	998,483
-	-	-	158,575
-	231	56,578	108,679
<u>10,935</u>	<u>45,360</u>	<u>2,190,176</u>	<u>4,210,878</u>
-	-	-	17,059
-	-	-	1,703,300
-	-	1,853,610	2,371,210
-	-	-	354,582
-	33,793	-	33,793
<u>-</u>	<u>33,793</u>	<u>1,853,610</u>	<u>4,479,944</u>
<u>10,935</u>	<u>11,567</u>	<u>336,566</u>	<u>(269,066)</u>
-	-	-	982,430
<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,580)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>892,850</u>
10,935	11,567	336,566	623,784
<u>(52,151)</u>	<u>9,617</u>	<u>2,521,865</u>	<u>5,263,246</u>
<u>\$ (41,216)</u>	<u>\$ 21,184</u>	<u>\$ 2,858,431</u>	<u>\$ 5,887,030</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HOTEL TAX For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Hotel/Motel tax	\$ 112,055	\$ 112,055	\$ 107,624
Investment income	400	400	4,541
Total Revenues	<u>112,455</u>	<u>112,455</u>	<u>112,165</u>
EXPENDITURES			
General government	17,843	17,843	17,059
Total Expenditures	<u>17,843</u>	<u>17,843</u>	<u>17,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>94,612</u>	<u>94,612</u>	<u>95,106</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(89,580)	(89,580)	(89,580)
Total Other Financing Sources (Uses)	<u>(89,580)</u>	<u>(89,580)</u>	<u>(89,580)</u>
Net Change in Fund Balance	<u>\$ 5,032</u>	<u>\$ 5,032</u>	<u>5,526</u>
FUND BALANCE - Beginning of Year			<u>381,538</u>
FUND BALANCE - END OF YEAR			<u>\$ 387,064</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX
For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Reimbursements	\$ 493,911	\$ 493,911	\$ 653,900
Investment income	22,000	22,000	44,425
Total Revenues	515,911	515,911	698,325
EXPENDITURES			
Highways and streets	559,496	508,306	517,600
Total Expenditures	559,496	508,306	517,600
Net Change in Fund Balance	\$ (43,585)	\$ 7,605	180,725
FUND BALANCE - Beginning of Year			2,109,372
FUND BALANCE - END OF YEAR			\$ 2,290,097

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL EVENTS For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Special events	\$ 168,910	\$ 159,575	\$ 158,575
Investment income	120	120	1,228
Total Revenues	<u>169,030</u>	<u>159,695</u>	<u>159,803</u>
EXPENDITURES			
Culture and recreation	371,020	368,604	354,582
Total Expenditures	<u>371,020</u>	<u>368,604</u>	<u>354,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(201,990)</u>	<u>(208,909)</u>	<u>(194,779)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	215,700	215,700	207,430
Total Other Financing Sources (Uses)	<u>215,700</u>	<u>215,700</u>	<u>207,430</u>
Net Change in Fund Balance	<u>\$ 13,710</u>	<u>\$ 6,791</u>	12,651
FUND BALANCE - Beginning of Year			<u>100,902</u>
FUND BALANCE - END OF YEAR			<u>\$ 113,553</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DISPATCH SERVICES For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Charges for services	\$ 972,516	\$ 972,516	\$ 953,354
Investment income	200	1,413	1,676
Total Revenues	<u>972,716</u>	<u>973,929</u>	<u>955,030</u>
EXPENDITURES			
Public safety	1,727,787	1,637,678	1,624,324
Total Expenditures	<u>1,727,787</u>	<u>1,637,678</u>	<u>1,624,324</u>
Excess (deficiency) of revenues over (under) expenditures	(755,071)	(663,749)	(669,294)
OTHER FINANCING SOURCES (USES)			
Transfers in	760,000	775,000	775,000
Total Other Financing Sources (Uses)	<u>760,000</u>	<u>775,000</u>	<u>775,000</u>
Net Change in Fund Balance	<u>\$ 4,929</u>	<u>\$ 111,251</u>	<u>105,706</u>
FUND BALANCE (DEFICIT) - Beginning of Year			(31,386)
FUND BALANCE - END OF YEAR			<u>\$ 74,320</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF #3 For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Property tax	\$ -	\$ 10,927	\$ 10,935
Total Revenues	<u>-</u>	<u>10,927</u>	<u>10,935</u>
EXPENDITURES			
Economic development	6,400	400	-
Total Expenditures	<u>6,400</u>	<u>400</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (6,400)</u>	<u>\$ 10,527</u>	10,935
FUND BALANCE (DEFICIT) - Beginning of Year			(52,151)
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (41,216)</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PARK IMPROVEMENTS For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Charges for services	\$ -	\$ 45,129	\$ 45,129
Investment income	<u>450</u>	<u>450</u>	<u>231</u>
Total Revenues	<u>450</u>	<u>45,579</u>	<u>45,360</u>
EXPENDITURES			
Park improvements	<u>48,895</u>	<u>33,793</u>	<u>33,793</u>
Total Expenditures	<u>48,895</u>	<u>33,793</u>	<u>33,793</u>
Net Change in Fund Balance	<u>\$ (48,445)</u>	<u>\$ 11,786</u>	<u>11,567</u>
FUND BALANCE - Beginning of Year			<u>9,617</u>
FUND BALANCE - END OF YEAR			<u>\$ 21,184</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - NON-HOME RULE SALES TAX CAPITAL PROJECTS
For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Sales tax	\$ 2,129,201	\$ 2,129,201	\$ 2,133,598
Investment income	<u>20,000</u>	<u>52,138</u>	<u>56,578</u>
Total Revenues	<u>2,149,201</u>	<u>2,181,339</u>	<u>2,190,176</u>
EXPENDITURES			
Highways and streets	2,062,000	1,872,200	1,853,610
Total Expenditures	<u>2,062,000</u>	<u>1,872,200</u>	<u>1,853,610</u>
Net Change in Fund Balance	<u>\$ 87,201</u>	<u>\$ 309,139</u>	<u>336,566</u>
FUND BALANCE - Beginning of Year			<u>2,521,865</u>
FUND BALANCE - END OF YEAR			<u>\$ 2,858,431</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Property tax	\$ 1,673,110	\$ 1,673,110	\$ 1,670,571
Investment income	8,100	15,898	22,990
Total Revenues	<u>1,681,210</u>	<u>1,689,008</u>	<u>1,693,561</u>
EXPENDITURES			
Debt Service			
Principal	1,609,000	1,609,000	485,000
Interest and fiscal charges	47,941	47,941	47,708
Total Expenditures	<u>1,656,941</u>	<u>1,656,941</u>	<u>532,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,269</u>	<u>32,067</u>	<u>1,160,853</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(1,124,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,124,000)</u>
Net Change in Fund Balance	<u>\$ 24,269</u>	<u>\$ 32,067</u>	<u>36,853</u>
FUND BALANCE - Beginning of Year			<u>1,371,416</u>
FUND BALANCE - END OF YEAR			<u>\$ 1,408,269</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DEBT SERVICE For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Investment income	\$ 2,800	\$ 9,527	\$ 11,950
Total Revenues	<u>2,800</u>	<u>9,527</u>	<u>11,950</u>
EXPENDITURES			
Debt Service			
Principal	1,140,000	1,140,000	1,140,000
Interest and fiscal charges	755,976	751,499	751,386
Total Expenditures	<u>1,895,976</u>	<u>1,891,499</u>	<u>1,891,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,893,176)</u>	<u>(1,881,972)</u>	<u>(1,879,436)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from bond issuance	1,124,000	1,124,000	-
Transfers in	795,000	795,000	1,919,000
Total Other Financing Sources (Uses)	<u>1,919,000</u>	<u>1,919,000</u>	<u>1,919,000</u>
Net Change in Fund Balance	<u>\$ 25,824</u>	<u>\$ 37,028</u>	<u>39,564</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(867,749)</u>
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (828,185)</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
REVENUES			
Grants	\$ -	\$ 9,000	\$ 3,010
Investment income	18,000	64,225	86,541
Miscellaneous revenues	2,000	8,567	11,542
Total Revenues	20,000	81,792	101,093
EXPENDITURES			
Capital Outlay			
Infrastructure improvements	183,250	213,250	37,728
Capital project improvements	1,238,060	1,185,060	708,581
Total Expenditures	1,421,310	1,398,310	746,309
Excess (deficiency) of revenues over (under) expenditures	(1,401,310)	(1,316,518)	(645,216)
OTHER FINANCING SOURCES (USES)			
Transfers in	799,500	799,500	799,500
Total Other Financing Sources (Uses)	799,500	799,500	799,500
Net Change in Fund Balance	\$ (601,810)	\$ (517,018)	154,284
FUND BALANCE - Beginning of Year			2,869,851
FUND BALANCE - END OF YEAR			\$ 3,024,135

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL WATERWORKS AND SEWERAGE FUND For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for services	\$ 6,752,878	\$ 7,188,663	\$ 7,228,107
Total operating revenues	<u>6,752,878</u>	<u>7,188,663</u>	<u>7,228,107</u>
Operating Expenses			
Administration	946,580	842,467	812,785
Operations	5,760,113	5,170,965	2,743,321
Depreciation	<u>1,800,000</u>	<u>1,900,000</u>	<u>1,866,142</u>
Total operating expenses	<u>8,506,693</u>	<u>7,913,432</u>	<u>5,422,248</u>
Operating Income (Loss)	<u>(1,753,815)</u>	<u>(724,769)</u>	<u>1,805,859</u>
Non-Operating Revenues (Expenses)			
Connection fees	150,000	196,671	203,171
Investment income	90,000	136,516	162,361
Miscellaneous revenues	-	1,500	1,500
Gain on sale of capital assets	-	-	8,104
Interest and fiscal charges	<u>(216,545)</u>	<u>(227,717)</u>	<u>(196,129)</u>
Total non-operating revenues (expenses)	<u>23,455</u>	<u>106,970</u>	<u>179,007</u>
Change in Net Position	<u>\$ (1,730,360)</u>	<u>\$ (617,799)</u>	<u>1,984,866</u>
Net Position, Beginning of Year			<u>41,195,063</u>
Net Position, End of Year			<u>\$ 43,179,929</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF OPERATING REVENUES - BUDGET TO ACTUAL WATERWORKS AND SEWERAGE FUND For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Charges for Services			
Water charges	\$ 3,295,188	\$ 3,137,168	\$ 3,150,712
Sewer charges	984,658	984,658	994,337
Capital Charge	2,297,532	2,297,532	2,312,179
Meter sales	6,000	6,000	8,180
Late fees	119,500	119,500	112,617
Wastewater service agreements	50,000	641,555	641,808
Inspection fees	-	2,250	2,250
Other	-	-	6,024
 Total operating revenues	 <u>\$ 6,752,878</u>	 <u>\$ 7,188,663</u>	 <u>\$ 7,228,107</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF OPERATING EXPENSES - BUDGET TO ACTUAL WATERWORKS AND SEWERAGE FUND For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual
Administration			
Personnel services	\$ 423,424	\$ 395,311	\$ 436,580
Contractual services	463,036	387,036	322,532
Commodities	<u>60,120</u>	<u>60,120</u>	<u>53,673</u>
 Total Administration	 <u>\$ 946,580</u>	 <u>\$ 842,467</u>	 <u>\$ 812,785</u>
 Operations			
Water Service			
Water service - personnel services	\$ 675,356	\$ 669,382	\$ 676,896
Water service - contractual services	370,654	355,682	234,864
Water service - commodities	<u>546,990</u>	<u>525,390</u>	<u>444,002</u>
 Total water service	 <u>1,593,000</u>	 <u>1,550,454</u>	 <u>1,355,762</u>
Sewer Service			
Sewer service - personnel services	626,863	626,863	633,180
Sewer service - contractual services	568,450	474,848	443,032
Sewer service - commodities	<u>87,950</u>	<u>87,950</u>	<u>86,994</u>
 Total sewer service	 <u>1,283,263</u>	 <u>1,189,661</u>	 <u>1,163,206</u>
Capital outlay	<u>2,883,850</u>	<u>2,430,850</u>	<u>2,178,017</u>
Less non-operating items			
Capital assets capitalized	<u>-</u>	<u>-</u>	<u>(1,953,664)</u>
 Total Operations	 <u>\$ 5,760,113</u>	 <u>\$ 5,170,965</u>	 <u>\$ 2,743,321</u>
Depreciation	<u>\$ 1,800,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,866,142</u>

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

	<u>Medical Self- Insurance</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Totals</u>
ASSETS				
Current Assets				
Cash and investments	\$ 1,192,168	\$ 1,119,087	\$ 2,459,723	\$ 4,770,978
Receivables				
Accounts receivable	2,258	-	1,956	4,214
Prepaid items	438,600	538,612	-	977,212
Total Current Assets	<u>1,633,026</u>	<u>1,657,699</u>	<u>2,461,679</u>	<u>5,752,404</u>
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Property and equipment	-	-	4,101,191	4,101,191
Accumulated depreciation	-	-	(1,032,910)	(1,032,910)
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>3,068,281</u>	<u>3,068,281</u>
Total Assets	<u>1,633,026</u>	<u>1,657,699</u>	<u>5,529,960</u>	<u>8,820,685</u>
LIABILITIES				
Current Liabilities				
Accounts payable	10,043	43,475	17	53,535
Accrued wages	-	3,131	-	3,131
Total Current Liabilities	<u>10,043</u>	<u>46,606</u>	<u>17</u>	<u>56,666</u>
Total Liabilities	<u>10,043</u>	<u>46,606</u>	<u>17</u>	<u>56,666</u>
NET POSITION				
Net investment in capital assets	-	-	3,068,281	3,068,281
Unrestricted net position	<u>1,622,983</u>	<u>1,611,093</u>	<u>2,461,662</u>	<u>5,695,738</u>
TOTAL NET POSITION	<u>\$ 1,622,983</u>	<u>\$ 1,611,093</u>	<u>\$ 5,529,943</u>	<u>\$ 8,764,019</u>

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2019

	Medical Self- Insurance	Risk Management	Equipment Replacement	Totals
OPERATING REVENUES				
Contributions				
Employer	\$ 2,499,120	\$ 936,000	\$ 1,471,940	\$ 4,907,060
Employee	190,554	-	-	190,554
Pensioner	249,680	-	-	249,680
Total Operating Revenues	<u>2,939,354</u>	<u>936,000</u>	<u>1,471,940</u>	<u>5,347,294</u>
OPERATING EXPENSES				
Insurance and claims				
Personnel services	18,087	202,339	-	220,426
Claims	10	-	-	10
Contractual services	2,703,623	865,324	-	3,568,947
Less reimbursements	(1,662)	(133,834)	-	(135,496)
Operations				
Commodities	-	-	88,619	88,619
Depreciation	-	-	325,793	325,793
Total Operating Expenses	<u>2,720,058</u>	<u>933,829</u>	<u>414,412</u>	<u>4,068,299</u>
Operating Income (Loss)	<u>219,296</u>	<u>2,171</u>	<u>1,057,528</u>	<u>1,278,995</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	15,704	14,198	33,766	63,668
Miscellaneous revenues	-	787	1,956	2,743
Total Nonoperating Revenues (Expenses)	<u>15,704</u>	<u>14,985</u>	<u>35,722</u>	<u>66,411</u>
Income (Loss) Before Transfers	<u>235,000</u>	<u>17,156</u>	<u>1,093,250</u>	<u>1,345,406</u>
TRANSFERS				
Transfers in	-	-	350,000	350,000
Total Transfers	-	-	350,000	350,000
Change in net position	235,000	17,156	1,443,250	1,695,406
NET POSITION - Beginning of Year	<u>1,387,983</u>	<u>1,593,937</u>	<u>4,086,693</u>	<u>7,068,613</u>
NET POSITION - END OF YEAR	<u>\$ 1,622,983</u>	<u>\$ 1,611,093</u>	<u>\$ 5,529,943</u>	<u>\$ 8,764,019</u>

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Medical Self- Insurance	Risk Management	Equipment Replacement	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 2,944,077	\$ 936,000	\$ 1,471,940	\$ 5,352,017
Paid to suppliers for goods and services	26,108	(788,361)	(176,568)	(938,821)
Paid to employees for services	<u>(2,703,623)</u>	<u>(199,208)</u>	<u>-</u>	<u>(2,902,831)</u>
Net Cash Flows From Operating Activities	<u>266,562</u>	<u>(51,569)</u>	<u>1,295,372</u>	<u>1,510,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	15,704	14,198	33,766	63,668
Net Cash Flows From Investing Activities	<u>15,704</u>	<u>14,198</u>	<u>33,766</u>	<u>63,668</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipt (payment) on interfund loan	(3,122)	-	122,221	119,099
Receipt of operating transfer	-	-	350,000	350,000
Miscellaneous	-	787	-	787
Due to / from other funds	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Net Cash Flows From Noncapital Financing Activities	<u>(3,122)</u>	<u>20,787</u>	<u>472,221</u>	<u>489,886</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>(1,151,196)</u>	<u>(1,151,196)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(1,151,196)</u>	<u>(1,151,196)</u>
Net Change in Cash and Cash Equivalents	279,144	(16,584)	650,163	912,723
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>913,024</u>	<u>1,135,671</u>	<u>1,809,560</u>	<u>3,858,255</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,192,168</u>	<u>\$ 1,119,087</u>	<u>\$ 2,459,723</u>	<u>\$ 4,770,978</u>

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 21, 2019

	<u>Medical Self- Insurance</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 219,296	\$ 2,171	\$ 1,057,528	\$ 1,278,995
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	-	-	325,793	325,793
Changes in assets and liabilities				
Accounts receivable	4,723	-	-	4,723
Prepaid items	44,200	(93,682)	-	(49,482)
Accounts payable	(1,657)	36,811	(87,949)	(52,795)
Accrued wages	<u>-</u>	<u>3,131</u>	<u>-</u>	<u>3,131</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 266,562</u>	<u>\$ (51,569)</u>	<u>\$ 1,295,372</u>	<u>\$ 1,510,365</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MEDICAL SELF-INSURANCE For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
OPERATING REVENUES			
Contributions			
Employer	\$ 2,499,120	\$ 2,499,120	\$ 2,499,120
Employee	187,900	187,900	190,554
Pensioner	<u>243,900</u>	<u>257,674</u>	<u>249,680</u>
Total Operating Revenues	<u>2,930,920</u>	<u>2,944,694</u>	<u>2,939,354</u>
OPERATING EXPENSES			
Insurance and claims			
Personnel services	15,000	20,700	18,087
Claims	1,000	1,000	10
Contractual services	2,899,910	2,765,302	2,703,623
Less reimbursements	<u>-</u>	<u>-</u>	<u>(1,662)</u>
Total Operating Expenses	<u>2,915,910</u>	<u>2,787,002</u>	<u>2,720,058</u>
Operating Income	<u>15,010</u>	<u>157,692</u>	<u>219,296</u>
NON-OPERATING REVENUES			
Investment income	<u>4,000</u>	<u>14,160</u>	<u>15,704</u>
Total Non-Operating Revenues	<u>4,000</u>	<u>14,160</u>	<u>15,704</u>
Change in net position	<u>\$ 19,010</u>	<u>\$ 171,852</u>	<u>235,000</u>
NET POSITION - Beginning of Year			<u>1,387,983</u>
NET POSITION - END OF YEAR			<u>\$ 1,622,983</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL RISK MANAGEMENT For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
OPERATING REVENUES			
Contributions Employer	\$ 936,000	\$ 936,000	\$ 936,000
Total Operating Revenues	<u>936,000</u>	<u>936,000</u>	<u>936,000</u>
OPERATING EXPENSES			
Insurance and claims			
Personnel services	110,296	194,334	202,339
Contractual services	957,000	924,035	865,324
Less reimbursements	<u>(40,000)</u>	<u>(134,853)</u>	<u>(133,834)</u>
Total Operating Expenses	<u>1,027,296</u>	<u>983,516</u>	<u>933,829</u>
Operating Income	<u>(91,296)</u>	<u>(47,516)</u>	<u>2,171</u>
NON-OPERATING REVENUES			
Investment income	6,000	12,708	14,198
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>787</u>
Total Non-Operating Revenues	<u>6,000</u>	<u>12,708</u>	<u>14,985</u>
Change in net position	<u>\$ (85,296)</u>	<u>\$ (34,808)</u>	<u>17,156</u>
NET POSITION - Beginning of Year			<u>1,593,937</u>
NET POSITION - END OF YEAR			<u>\$ 1,611,093</u>

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL EQUIPMENT REPLACEMENT For the Year Ended December 31, 2019

	Budgeted Amounts		
	Original	Final	Actual
OPERATING REVENUES			
Contributions Employer	\$ 1,487,240	\$ 1,471,940	\$ 1,471,940
Total Operating Revenues	<u>1,487,240</u>	<u>1,471,940</u>	<u>1,471,940</u>
OPERATING EXPENSES			
Operations			
Vehicles	879,000	892,335	874,125
Equipment	383,000	427,282	365,690
Depreciation	<u>342,000</u>	<u>397,000</u>	<u>325,793</u>
Total Operating Expenses	<u>1,604,000</u>	<u>1,716,617</u>	<u>1,565,608</u>
Operating Loss	<u>(116,760)</u>	<u>(244,677)</u>	<u>(93,668)</u>
NON-OPERATING REVENUES			
Investment income	14,400	30,137	33,766
Miscellaneous revenues	-	1,956	1,956
Total Non-Operating Revenues	<u>14,400</u>	<u>32,093</u>	<u>35,722</u>
Net Loss Before Transfers	<u>(102,360)</u>	<u>(212,584)</u>	<u>(57,946)</u>
TRANSFERS			
Transfers in	200,000	350,000	350,000
Net Transfers	<u>200,000</u>	<u>350,000</u>	<u>350,000</u>
Change in net position - Budgetary Basis	<u>\$ 97,640</u>	<u>\$ 137,416</u>	<u>292,054</u>
Adjustments to GAAP Basis			
Capital assets capitalized	<u>1,151,196</u>		
Change in net position - GAAP basis	<u>1,443,250</u>		
NET POSITION - Beginning of Year		<u>4,086,693</u>	
NET POSITION - END OF YEAR		<u>\$ 5,529,943</u>	

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2019

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and investments	\$ 10,000	\$ 4,547	\$ 14,547
Investments			
U.S. treasuries	835,047	1,123,750	1,958,797
U.S. agencies	6,539,650	9,203,136	15,742,786
Mutual funds	16,285,470	25,522,969	41,808,439
Corporate bonds	1,385,254	3,258,567	4,643,821
State and local obligations	1,261,088	1,614,650	2,875,738
Money markets	39,120	142,578	181,698
Certificates of deposit	-	49,999	49,999
Insurance contracts	-	495,990	495,990
Receivables			
Accrued interest	62,503	112,244	174,747
Prepaid items	2,646	2,558	5,204
Total Assets	<u>26,420,778</u>	<u>41,530,988</u>	<u>67,951,766</u>
LIABILITIES			
Accounts payable	13,387	23,239	36,626
Total Liabilities	<u>13,387</u>	<u>23,239</u>	<u>36,626</u>
NET POSITION			
Restricted for retirement benefits	<u>\$ 26,407,391</u>	<u>\$ 41,507,749</u>	<u>\$ 67,915,140</u>

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS For the Year Ended December 31, 2019

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,801,045	\$ 2,290,246	\$ 4,091,291
Employee	322,606	498,580	821,186
Total Contributions	<u>2,123,651</u>	<u>2,788,826</u>	<u>4,912,477</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	3,528,877	5,418,149	8,947,026
Interest on investments	709,071	1,206,970	1,916,041
Total Investment Income	<u>4,237,948</u>	<u>6,625,119</u>	<u>10,863,067</u>
Less Investment expense	49,648	77,357	127,005
Net Investment Income	<u>4,188,300</u>	<u>6,547,762</u>	<u>10,736,062</u>
Total Additions	<u>6,311,951</u>	<u>9,336,588</u>	<u>15,648,539</u>
DEDUCTIONS			
Pension payments and refunds	1,844,333	1,967,506	3,811,839
Administration	31,098	45,936	77,034
Total Deductions	<u>1,875,431</u>	<u>2,013,442</u>	<u>3,888,873</u>
Change in Net Position	4,436,520	7,323,146	11,759,666
NET POSITION - Beginning of Year	<u>21,970.871</u>	<u>34,184.603</u>	<u>56,155,474</u>
NET POSITION, END OF YEAR	<u>\$ 26,407,391</u>	<u>\$ 41,507,749</u>	<u>\$ 67,915,140</u>

VILLAGE OF LAKE ZURICH
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended December 31, 2019

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,822,998	\$ 1,404,482	\$ 1,552,377	\$ 1,675,103
Receivables				
Other	60,582	93,968	80,252	74,298
Due from other funds	20,117	42,694	44,580	18,231
Total assets	<u>\$ 1,903,697</u>	<u>\$ 1,541,144</u>	<u>\$ 1,677,209</u>	<u>\$ 1,767,632</u>
Liabilities				
Accounts payable	\$ 633,341	\$ 679,223	\$ 722,106	\$ 590,458
Due to other funds	157,437	-	151,800	5,637
Deposits payable	1,112,919	468,771	410,153	1,171,537
Total liabilities	<u>\$ 1,903,697</u>	<u>\$ 1,147,994</u>	<u>\$ 1,284,059</u>	<u>\$ 1,767,632</u>
1. Escrow Performance				
Assets				
Cash and cash equivalents	\$ 1,192,817	\$ 1,345,622	\$ 1,443,584	\$ 1,094,855
Receivables				
Other	53,258	93,968	78,491	68,735
Due from other funds	20,117	42,694	44,580	18,231
Total assets	<u>\$ 1,266,192</u>	<u>\$ 1,482,284</u>	<u>\$ 1,566,655</u>	<u>\$ 1,181,821</u>
Liabilities				
Accounts payable	\$ 3,273	\$ 639,196	\$ 632,185	\$ 10,284
Due to other funds	150,000	-	150,000	-
Deposits payable	1,112,919	468,771	410,153	1,171,537
Total liabilities	<u>\$ 1,266,192</u>	<u>\$ 1,107,967</u>	<u>\$ 1,192,338</u>	<u>\$ 1,181,821</u>
2. Special Service Areas				
Assets				
Cash and cash equivalents	\$ 630,181	\$ 58,860	\$ 108,793	\$ 580,248
Receivables				
Other	7,324	-	1,761	5,563
Total assets	<u>\$ 637,505</u>	<u>\$ 58,860</u>	<u>\$ 110,554</u>	<u>\$ 585,811</u>
Liabilities				
Accounts payable	\$ 630,068	\$ 40,027	\$ 89,921	\$ 580,174
Due to other funds	7,437	-	1,800	5,637
Total liabilities	<u>\$ 637,505</u>	<u>\$ 40,027</u>	<u>\$ 91,721</u>	<u>\$ 585,811</u>

LONG-TERM DEBT REQUIREMENTS

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS GENERAL OBLIGATION REFUNDING BONDS SERIES OF 2008A As of December 31, 2019

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%
Principal Maturity Date	January 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	January 1	Amount	July 1	Amount
2019	\$ 505,000	\$ 10,100	\$ 515,100	2020	\$ 10,100		\$ -
	<u>\$ 505,000</u>	<u>\$ 10,100</u>	<u>\$ 515,100</u>		<u>\$ 10,100</u>		<u>\$ -</u>

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE BONDS SERIES OF 2009A
As of December 31, 2019

Date of Issue	April 1, 2009
Date of Maturity	February 1, 2020
Authorized Issue	\$7,830,000
Denomination of Bonds	\$5,000
Interest Rates	3.30% to 6.15%
Principal Maturity Date	February 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	February 1	Amount	August 1	Amount
2019	\$ 405,000	\$ 10,226	\$ 415,226	2020	\$ 10,226	2020	\$ -
	<u>\$ 405,000</u>	<u>\$ 10,226</u>	<u>\$ 415,226</u>		<u>\$ 10,226</u>		<u>\$ -</u>

VILLAGE OF LAKE ZURICH
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS
(ALTERNATIVE REVENUE SOURCE) SERIES OF 2014A
As of December 31, 2019

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2019	\$ 685,000	\$ 111,600	\$ 796,600	2020	\$ 55,800	2020	\$ 55,800
2020	725,000	91,050	816,050	2021	45,525	2021	45,525
2021	745,000	69,300	814,300	2022	34,650	2022	34,650
2022	760,000	46,950	806,950	2023	23,475	2023	23,475
2023	805,000	24,150	829,150	2024	12,075	2024	12,075
	<u>\$ 3,720,000</u>	<u>\$ 343,050</u>	<u>\$ 4,063,050</u>		<u>\$ 171,525</u>		<u>\$ 171,525</u>

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BONDS
 (ALTERNATE REVENUE SOURCE) SERIES OF 2015A
 As of December 31, 2019

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2019	\$ -	\$ 413,685	\$ 413,685	2020	\$ 206,842	2020	\$ 206,843
2020	-	413,685	413,685	2021	206,842	2021	206,843
2021	-	413,685	413,685	2022	206,842	2022	206,843
2022	-	413,685	413,685	2023	206,842	2023	206,843
2023	-	413,685	413,685	2024	206,842	2024	206,843
2024	810,000	413,685	1,223,685	2025	206,842	2025	206,843
2025	840,000	387,360	1,227,360	2026	193,680	2026	193,680
2026	875,000	360,060	1,235,060	2027	180,030	2027	180,030
2027	915,000	331,622	1,246,622	2028	165,811	2028	165,811
2028	955,000	301,428	1,256,428	2029	150,714	2029	150,714
2029	1,370,000	268,956	1,638,956	2030	134,478	2030	134,478
2030	1,415,000	221,008	1,636,008	2031	110,504	2031	110,504
2031	1,480,000	170,066	1,650,066	2032	85,033	2032	85,033
2032	1,530,000	116,048	1,646,048	2033	58,024	2033	58,024
2033	1,585,000	59,438	1,644,438	2034	29,719	2034	29,719
	\$ 11,775,000	\$ 4,698,096	\$ 16,473,096		\$ 2,349,045		\$ 2,349,051

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION WATERWORKS AND SEWERAGE BONDS
(ALTERNATE REVENUE SOURCE) SERIES OF 2013A
December 31, 2019

Date of Issue	September 4, 2013
Date of Maturity	December 15, 2023
Authorized Issue	\$3,800,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% to 4.00%
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2019	\$ 450,000	\$ 64,825	\$ 514,825	2020	\$ 32,412	2020	\$ 32,413
2020	450,000	49,075	499,075	2021	24,537	2021	24,538
2021	405,000	32,200	437,200	2022	16,100	2022	16,100
2022	400,000	16,000	416,000	2023	8,000	2023	8,000
	<u>\$ 1,705,000</u>	<u>\$ 162,100</u>	<u>\$ 1,867,100</u>		<u>\$ 81,049</u>		<u>\$ 81,051</u>

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS

IEPA LOAN OF 2006

As of December 31, 2019

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on				
	Principal	Interest	Total	June 16	Amount	December 16	Amount	
2019	\$ 110,393	\$ 19,822	\$ 130,215	2020	\$ 10,254	2020	\$ 9,568	
2020	113,170	17,045	130,215	2021	8,874	2021	8,171	
2021	116,017	14,197	130,214	2022	7,459	2022	6,738	
2022	118,935	11,279	130,214	2023	6,009	2023	5,270	
2023	121,927	8,287	130,214	2024	4,522	2024	3,765	
2024	124,994	5,220	130,214	2025	2,998	2025	2,222	
2025	114,854	2,076	116,930	2026	1,436	2026	640	
	\$ 820,290	\$ 77,926	\$ 898,216		\$ 41,552		\$ 36,374	

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS

IEPA LOAN OF 2008

As of December 31, 2019

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on				
	Principal	Interest	Total	February 11	Amount	August 11	Amount	
2019	\$ 91,083	\$ 22,116	\$ 113,199	2020	\$ 11,341	2020	\$ 10,775	
2020	93,375	19,824	113,199	2021	10,202	2021	9,622	
2021	95,724	17,476	113,200	2022	9,035	2022	8,441	
2022	98,132	15,068	113,200	2023	7,839	2023	7,229	
2023	100,600	12,599	113,199	2024	6,612	2024	5,987	
2024	103,131	10,068	113,199	2025	5,354	2025	4,714	
2025	105,725	7,474	113,199	2026	4,065	2026	3,409	
2026	108,385	4,814	113,199	2027	2,744	2027	2,070	
2027	111,112	2,088	113,200	2028	1,389	2028	699	
	\$ 907,267	\$ 111,527	\$ 1,018,794		\$ 58,581		\$ 52,946	

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BONDS
 (ALTERNATE REVENUE SOURCE) SERIES OF 2016A
 As of December 31, 2019

Date of Issue May 16, 2016
 Date of Maturity February 1, 2029
 Authorized Issue \$6,785,000
 Interest Rates 1.10% to 3.05%
 Principal Maturity Date February 1 and August 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	February 1	Amount	August 1	Amount
2019	\$ 120,000	\$ 164,493	\$ 284,493	2020	\$ 82,726	2020	\$ 81,767
2020	635,000	157,976	792,976	2021	81,766	2021	76,210
2021	655,000	145,706	800,706	2022	76,210	2022	69,496
2022	680,000	131,343	811,343	2023	69,496	2023	61,847
2023	695,000	115,353	810,353	2024	61,846	2024	53,507
2024	715,000	97,717	812,717	2025	53,506	2025	44,211
2025	725,000	78,453	803,453	2026	44,211	2026	34,242
2026	750,000	57,797	807,797	2027	34,242	2027	23,555
2027	775,000	35,679	810,679	2028	23,555	2028	12,124
2028	795,000	12,124	807,124	2029	12,124	2029	-
	<u>\$ 6,545,000</u>	<u>\$ 996,641</u>	<u>\$ 7,541,641</u>		<u>\$ 539,682</u>		<u>\$ 456,959</u>

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION WATERWORKS AND SEWERAGE BONDS
 (ALTERNATE REVENUE SOURCE) SERIES OF 2016B
 As of December 31, 2019

Date of Issue August 1, 2016
 Date of Maturity December 15, 2026
 Authorized Issue \$1,000,000
 Denomination of Bonds \$5,000
 Interest Rates 2%
 Principal Maturity Date December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2019	\$ 100,000	\$ 14,400	\$ 114,400	2020	\$ 7,200	2020	\$ 7,200
2020	100,000	12,400	112,400	2021	6,200	2021	6,200
2021	100,000	10,400	110,400	2022	5,200	2022	5,200
2022	100,000	8,400	108,400	2023	4,200	2023	4,200
2023	105,000	6,400	111,400	2024	3,200	2024	3,200
2024	105,000	4,300	109,300	2025	2,150	2025	2,150
2025	110,000	2,200	112,200	2026	1,100	2026	1,100
	<u>\$ 720,000</u>	<u>\$ 58,500</u>	<u>\$ 778,500</u>		<u>\$ 29,250</u>		<u>\$ 29,250</u>

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</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.	128 - 138
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	139 - 142
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.	143 - 147
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the Village's financial activities take place.	148 - 149
Operating Information These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs.	150 - 153

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

NET POSITION BY COMPONENT Last Ten Fiscal Years

<u>Fiscal Year</u>	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 80,013,336	\$ 76,652,153	\$ 76,983,201	\$ 79,846,136
Restricted	322,374	17,592,724	18,839,037	10,192,895
Unrestricted	<u>(16,028,682)</u>	<u>(24,640,955)</u>	<u>(22,946,143)</u>	<u>(22,692,562)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 64,307,028</u>	<u>\$ 69,603,922</u>	<u>\$ 72,876,095</u>	<u>\$ 67,346,469</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 40,968,949	\$ 41,753,593	\$ 41,029,978	\$ 41,321,810
Unrestricted	<u>1,261,950</u>	<u>593,365</u>	<u>1,228,483</u>	<u>1,406,104</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 42,230,899</u>	<u>\$ 42,346,958</u>	<u>\$ 42,258,461</u>	<u>\$ 42,727,914</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 120,982,285	\$ 118,405,746	\$ 118,013,179	\$ 121,167,946
Restricted	3,222,374	17,592,724	18,839,037	10,192,895
Unrestricted	<u>(14,766,732)</u>	<u>(24,047,590)</u>	<u>(21,717,660)</u>	<u>(21,286,458)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 109,437,927</u>	<u>\$ 111,950,880</u>	<u>\$ 115,134,556</u>	<u>\$ 110,074,383</u>

* The Village implemented GASB Statement No.68 in 2016, causing a reduction in unrestricted net position.

** The Village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Data Source

Audited Financial Statements

April 30, 2015	April 30, 2016*	December 31, 2016**	December 31, 2017	December 31, 2018	December 31, 2019
\$ 80,503,360	\$ 82,125,245	\$ 82,623,774	\$ 83,071,165	\$ 83,682,136	\$ 88,305,543
10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528
(21,489,679)	(58,319,684)	(56,718,186)	(54,079,782)	(54,801,370)	(56,147,503)
<u>\$ 69,973,964</u>	<u>\$ 34,585,399</u>	<u>\$ 37,932,543</u>	<u>\$ 40,252,349</u>	<u>\$ 39,594,517</u>	<u>\$ 43,215,568</u>
\$ 39,678,649	\$ 39,130,472	\$ 39,849,034	\$ 38,774,738	\$ 36,769,636	\$ 37,783,758
3,440,249	4,078,672	3,147,564	4,700,206	4,885,210	5,881,004
<u>\$ 43,118,898</u>	<u>\$ 43,209,144</u>	<u>\$ 42,996,598</u>	<u>\$ 43,474,944</u>	<u>\$ 41,654,846</u>	<u>\$ 43,664,762</u>
\$ 120,182,009	\$ 121,255,717	\$ 122,472,808	\$ 121,845,903	\$ 120,451,772	\$ 126,089,301
10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528
(18,049,430)	(54,241,012)	(53,570,622)	(49,379,576)	(49,916,160)	(50,266,499)
<u>\$ 113,092,862</u>	<u>\$ 77,794,543</u>	<u>\$ 80,929,141</u>	<u>\$ 83,727,293</u>	<u>\$ 81,249,363</u>	<u>\$ 86,880,330</u>

VILLAGE OF LAKE ZURICH

CHANGE IN NET POSITION Last Ten Fiscal Years

<u>Fiscal Year</u>	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014
EXPENSES				
Governmental Activities				
General government	\$ 3,396,022	\$ 3,074,208	\$ 3,140,972	\$ 1,613,068
Public safety	16,529,348	17,950,169	18,486,450	18,582,961
Highways and streets	4,021,341	4,439,375	4,290,953	4,647,467
Culture and recreation	1,332,039	1,347,279	1,205,021	1,109,942
Economic development	1,098,934	926,436	479,102	940,077
Interest on long-term debt	<u>1,233,206</u>	<u>1,045,608</u>	<u>1,254,435</u>	<u>1,409,508</u>
Total governmental activities expenses	<u>27,610,890</u>	<u>28,783,075</u>	<u>28,856,933</u>	<u>28,303,023</u>
Business-Type Activities				
Waterworks and sewerage	4,753,896	4,673,670	4,986,492	4,871,170
Total Business-type Activities Expenses	<u>4,753,896</u>	<u>4,673,670</u>	<u>4,986,492</u>	<u>4,871,170</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 32,364,786</u>	<u>\$ 33,456,745</u>	<u>\$ 33,843,425</u>	<u>\$ 33,174,193</u>
PROGRAM REVENUES				
Governmental Activities				
Charges for Services				
General government	\$ 1,967,590	\$ 838,464	\$ 1,965,735	\$ 535,567
Public Safety	5,643,674	6,844,127	7,205,320	7,086,380
Highways and streets	-	439,467	520,172	469,234
Culture and recreation	642,923	676,449	599,609	529,221
Economic development	-	-	-	-
Operating grants	-	835,918	1,165,632	688,520
Capital Grants	<u>1,718,995</u>	<u>537,892</u>	<u>516</u>	<u>-</u>
Total Governmental Activities Program Revenues	<u>9,973,182</u>	<u>10,172,317</u>	<u>11,456,984</u>	<u>9,308,922</u>
Business-Type Activities				
Charges for Services				
Waterworks and sewerage	3,716,174	3,682,437	4,784,199	4,782,300
Capital grants and contributions	-	989,110	110,136	530,814
Total Business-Type Activities Program Revenues	<u>3,716,174</u>	<u>4,671,547</u>	<u>4,894,335</u>	<u>5,313,114</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 13,689,356</u>	<u>\$ 14,843,864</u>	<u>\$ 16,351,319</u>	<u>\$ 14,622,036</u>
NET REVENUE (EXPENSE)				
Governmental Activities				
\$ (17,637,708)	\$ (18,610,758)	\$ (17,399,949)	\$ (18,994,101)	
Business-Type Activities	<u>(1,037,722)</u>	<u>(2,123)</u>	<u>(92,157)</u>	<u>441,944</u>
TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE)	<u>\$ (18,675,430)</u>	<u>\$ (18,612,881)</u>	<u>\$ (17,492,106)</u>	<u>\$ (18,552,157)</u>

April 30, 2015	December 31, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
\$ 1,802,610	\$ 1,522,322	\$ 772,641	\$ 1,769,844	\$ 2,188,126	\$ 2,003,371
19,438,857	20,687,223	16,155,251	22,066,110	22,341,200	22,631,359
4,969,501	4,855,446	3,518,270	4,522,520	5,281,131	5,281,079
1,143,280	1,147,881	920,054	1,526,825	1,803,515	1,878,294
1,128,755	1,515,262	1,231,598	2,186,755	1,071,579	1,408,997
1,738,490	1,475,911	1,088,971	967,636	1,045,097	1,000,955
<u>30,221,493</u>	<u>31,204,045</u>	<u>23,686,785</u>	<u>33,039,690</u>	<u>33,730,648</u>	<u>34,204,055</u>
<u>4,901,767</u>	<u>4,679,952</u>	<u>3,772,676</u>	<u>5,235,787</u>	<u>7,912,780</u>	<u>5,593,327</u>
<u>4,901,767</u>	<u>4,679,952</u>	<u>3,772,676</u>	<u>5,235,787</u>	<u>7,912,780</u>	<u>5,593,327</u>
<u>\$ 35,123,260</u>	<u>\$ 35,883,997</u>	<u>\$ 27,459,461</u>	<u>\$ 38,275,477</u>	<u>\$ 41,643,428</u>	<u>\$ 39,797,382</u>
\$ 617,962	\$ 651,761	\$ 282,411	\$ 670,333	\$ 952,435	\$ 959,564
7,392,854	7,096,281	5,712,362	8,312,753	8,394,249	9,010,081
186,992	74,080	28,177	63,544	70,908	55,808
613,484	655,848	572,725	817,009	714,275	760,864
35,000	95,579	67,340	94,975	-	-
905,163	594,937	392,568	610,354	564,495	740,143
-	47,133	-	66,442	17,636	19,233
<u>9,751,455</u>	<u>9,215,619</u>	<u>7,055,583</u>	<u>10,635,410</u>	<u>10,713,998</u>	<u>11,545,693</u>
4,949,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278
<u>336,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,285,523</u>	<u>5,382,500</u>	<u>3,545,694</u>	<u>5,672,242</u>	<u>6,191,268</u>	<u>7,431,278</u>
<u>\$ 15,036,978</u>	<u>\$ 14,598,119</u>	<u>\$ 10,601,277</u>	<u>\$ 16,307,652</u>	<u>\$ 16,905,266</u>	<u>\$ 18,976,971</u>
\$ (20,470,038)	\$ (21,988,426)	\$ (16,631,202)	\$ (22,404,280)	\$ (23,016,650)	\$ (22,658,362)
<u>383,756</u>	<u>702,548</u>	<u>(226,982)</u>	<u>436,455</u>	<u>(1,721,512)</u>	<u>1,837,951</u>
<u>\$ (20,086,282)</u>	<u>\$ (21,285,878)</u>	<u>\$ (16,858,184)</u>	<u>\$ (21,967,825)</u>	<u>\$ (24,738,162)</u>	<u>\$ (20,820,411)</u>

VILLAGE OF LAKE ZURICH

CHANGE IN NET POSITION

Last Ten Fiscal Years

<u>Fiscal Year</u>	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental Activities				
Taxes				
Property	\$ 8,841,223	\$ 9,060,819	\$ 9,096,330	\$ 9,342,465
Intergovernmental				
Sales	5,793,566	7,375,471	7,940,113	8,145,378
State income	1,541,627	1,601,915	1,769,156	1,912,965
Other	734,484	2,045,202	1,445,829	1,336,144
Special events	-	-	-	-
Investment Income	48,447	86,173	69,478	17,587
Miscellaneous	785,058	236,987	654,381	247,071
Transfers in (out)	500,000	-	-	(26,291)
Total Governmental Activities	<u>18,244,405</u>	<u>20,406,567</u>	<u>20,975,287</u>	<u>20,975,319</u>
Business-Type Activities				
Property taxes	(11,706)	-	-	-
Investment Income	3,859	10,873	3,660	1,218
Gain on sale of capital assets	-	-	-	-
Miscellaneous	-	-	-	-
Transfers in (out)	(500,000)	-	-	26,291
Total Business-Type Activities	<u>(507,847)</u>	<u>10,873</u>	<u>3,660</u>	<u>27,509</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 17,736,558</u>	<u>\$ 20,417,440</u>	<u>\$ 20,978,947</u>	<u>\$ 21,002,828</u>
SPECIAL ITEM				
Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,018,317)</u>
CHANGE IN NET POSITION				
Governmental Activities	\$ 606,697	\$ 1,795,809	\$ 3,575,338	\$ (5,037,099)
Business-Type Activities	(1,545,569)	8,750	(88,497)	469,453
TOTAL PRIMARY GOVERNMENT	<u>\$ (938,872)</u>	<u>\$ 1,804,559</u>	<u>\$ 3,486,841</u>	<u>\$ (4,567,646)</u>
 * The Village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.				

Data Source

Audited Financial Statements

April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
\$ 9,927,632	\$ 10,134,009	\$ 10,413,933	\$ 10,521,260	\$ 10,715,277	\$ 11,006,718
8,640,078	8,767,277	6,093,965	9,143,132	9,235,646	9,230,561
1,922,554	2,092,124	1,192,340	1,803,091	1,879,984	2,089,504
2,296,792	2,748,646	1,838,240	2,752,753	2,942,335	2,993,025
-	108,533	118,252	193,260	140,970	158,575
69,306	76,417	35,346	143,796	353,593	510,432
241,171	241,191	286,270	166,794	269,904	290,598
-	-	-	-	-	-
<u>23,097,533</u>	<u>24,168,197</u>	<u>19,978,346</u>	<u>24,724,086</u>	<u>25,537,709</u>	<u>26,279,413</u>
 - 7,228	 12,191	 14,436	 41,891	 122,645	 162,361
 - 5,044	 -	 -	 -	 -	 -
 - 7,228	 17,235	 14,436	 41,891	 142,640	 171,965
<u>\$ 23,104,761</u>	<u>\$ 24,185,432</u>	<u>\$ 19,992,782</u>	<u>\$ 24,765,977</u>	<u>\$ 25,680,349</u>	<u>\$ 26,451,378</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ -	 \$ -
 \$ 2,627,495	 \$ 2,179,771	 \$ 3,347,144	 \$ 2,319,806	 \$ 2,521,059	 \$ 3,621,051
<u>390,984</u>	<u>719,783</u>	<u>(212,546)</u>	<u>478,346</u>	<u>(1,578,872)</u>	<u>2,009,916</u>
 <u>\$ 3,018,479</u>	 <u>\$ 2,899,554</u>	 <u>\$ 3,134,598</u>	 <u>\$ 2,798,152</u>	 <u>\$ 942,187</u>	 <u>\$ 5,630,967</u>

VILLAGE OF LAKE ZURICH

FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>April 30, 2011</u>	<u>April 30, 2012</u>	<u>April 30, 2013</u>	<u>April 30, 2014</u>
GENERAL FUND				
Reserved	\$ 1,137,365	\$ -	\$ -	\$ -
Unreserved	4,024,311	-	-	-
Nonspendable	-	-	1,888,744	1,552,148
Restricted	-	339,445	328,685	348,816
Unrestricted	-	5,382,483	7,368,345	7,667,560
TOTAL GENERAL FUND	\$ 5,161,676	\$ 5,721,928	\$ 9,585,774	\$ 9,568,524
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 15,710,939	\$ -	\$ -	\$ -
Unreserved, reported in				
Special Revenue Funds	259,001	-	-	-
Capital Project Funds	1,490,591	-	-	-
Nonspendable	-	-	-	2,187
Restricted	-	17,631,245	18,510,352	9,844,079
Assigned	-	-	-	-
Unrestricted	-	(381,557)	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 17,460,531	\$ 17,249,688	\$ 18,510,352	\$ 9,846,266

* The Village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Note: The Village implemented GASB Statement No. 54 for the year ended April 30, 2012.

Data Source

Audited Financial Statements

April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,874,738	1,802,987	1,679,491	1,705,230	1,572,766	1,607,125
434,061	363,308	344,337	411,917	406,251	185,151
<u>7,329,746</u>	<u>7,931,993</u>	<u>8,439,557</u>	<u>8,441,987</u>	<u>8,755,112</u>	<u>9,582,847</u>
<u>\$ 9,638,545</u>	<u>\$ 10,098,288</u>	<u>\$ 10,463,385</u>	<u>\$ 10,559,134</u>	<u>\$ 10,734,129</u>	<u>\$ 11,375,123</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,013	30,581	6,597	14,197	18,834	7,323
10,526,222	10,416,530	11,682,618	10,849,049	10,307,500	10,872,377
258,605	170,808	120,860	1,269,808	2,710,282	2,986,339
<u>(1,336,239)</u>	<u>(1,494,225)</u>	<u>(1,291,801)</u>	<u>(1,143,367)</u>	<u>(1,133,627)</u>	<u>(963,168)</u>
<u>\$ 9,452,601</u>	<u>\$ 9,123,694</u>	<u>\$ 10,518,274</u>	<u>\$ 10,989,687</u>	<u>\$ 11,902,989</u>	<u>\$ 12,902,871</u>

VILLAGE OF LAKE ZURICH

GENERAL GOVERNMENTAL REVENUES BY SOURCE Last Ten Fiscal Years

Fiscal Year	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
Taxes	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401	\$ 13,415,421	\$ 14,897,858	\$ 15,224,671	\$ 15,482,507
Licenses and permits	830,107	598,732	669,712	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237
Intergovernmental	8,771,807	9,445,800	10,972,018	14,288,150	15,103,784	15,254,299	11,034,163	15,758,848	15,743,850	16,728,376
Charges for services	5,804,830	6,170,629	6,491,618	1,395,081	1,587,616	1,681,998	1,324,421	1,861,081	2,968,092	3,071,639
Fines and forfeitures	810,309	762,168	753,126	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896
Special Events	-	-	-	-	-	108,533	118,247	193,667	140,970	158,575
Investment income	48,447	86,174	69,478	17,587	69,306	76,417	35,346	143,796	294,585	446,764
Miscellaneous	785,058	1,045,451	1,227,043	513,757	224,545	189,008	343,219	216,458	232,302	372,740
Total revenues	<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>	<u>\$ 27,033,929</u>	<u>\$ 35,359,496</u>	<u>\$ 35,925,653</u>	<u>\$ 37,610,734</u>

* The Village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION Last Ten Fiscal Years

<u>Fiscal Year</u>	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
General government	\$ 2,939,988	\$ 3,022,604	\$ 3,012,651	\$ 2,028,374	\$ 2,576,664	\$ 2,478,464	\$ 1,810,269	\$ 1,782,457	\$ 1,805,792	\$ 1,851,711
Public Safety	15,670,720	17,188,744	18,380,336	18,557,096	19,097,605	20,087,385	15,540,578	21,304,838	21,412,327	21,959,433
Highways and streets	2,778,043	2,886,662	3,837,520	4,328,310	4,668,487	4,986,161	3,790,189	4,341,341	5,068,175	5,575,873
Culture and recreation	1,115,371	1,086,760	952,048	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883
Economic development	1,098,934	925,553	478,179	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722
Capital Outlay	865,580	1,501,194	1,239,971	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102
Debt Service										
Principal	905,000	520,000	1,105,000	2,162,000	2,790,000	1,460,000	1,701,000	1,320,000	1,535,000	1,625,000
Interest	<u>1,172,426</u>	<u>919,876</u>	<u>1,028,952</u>	<u>1,331,090</u>	<u>1,585,100</u>	<u>1,205,295</u>	<u>891,844</u>	<u>915,439</u>	<u>846,844</u>	<u>799,094</u>
Total expenditures	<u>\$ 26,546,062</u>	<u>\$ 28,051,393</u>	<u>\$ 30,034,657</u>	<u>\$ 31,675,662</u>	<u>\$ 34,133,085</u>	<u>\$ 33,258,528</u>	<u>\$ 25,970,070</u>	<u>\$ 33,463,231</u>	<u>\$ 34,335,296</u>	<u>\$ 35,663,818</u>

* The Village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>April 30, 2011</u>	<u>April 30, 2012</u>	<u>April 30, 2013</u>	<u>April 30, 2014</u>
REVENUES				
Taxes	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275	\$ 12,462,615
Licenses and permits	830,107	598,732	669,712	821,173
Intergovernmental	8,771,807	9,445,800	10,972,018	14,288,150
Charges for services	5,804,830	6,170,629	6,491,618	1,395,081
Fines and forfeitures	810,309	762,168	753,126	812,169
Special Events	-	-	-	-
Investment income	48,447	86,174	69,478	17,587
Miscellaneous	785,058	1,045,451	1,227,043	513,757
 Total revenues	 27,717,587	 30,129,321	 32,432,270	 30,310,532
EXPENDITURES				
General government	2,939,988	3,022,604	3,012,651	2,028,374
Public Safety	15,670,720	17,188,744	18,380,336	18,557,096
Highways and streets	2,778,043	2,886,662	3,837,520	4,328,310
Culture and recreation	1,115,371	1,086,760	952,048	879,566
Economic development	1,098,934	925,553	478,179	938,891
Capital Outlay	865,580	1,501,194	1,239,971	1,450,335
Debt Service				
Principal	905,000	520,000	1,105,000	2,162,000
Interest	1,172,426	919,876	1,028,952	1,331,090
 Total expenditures	 26,546,062	 28,051,393	 30,034,657	 31,675,662
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1,171,525	 2,077,928	 2,397,613	 (1,365,130)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance, at par	4,445,000	-	2,650,000	537,000
Premium on bonds issued	-	-	588,025	-
Payments to escrow agent	(3,875,000)	-	(2,674,286)	-
Proceeds from capital lease obligation	-	-	251,892	-
Proceeds from sale of capital assets	-	-	-	-
Loss on disposal of land held for resale	-	-	-	-
Transfers in	1,505,934	1,713,738	1,519,953	2,376,589
Transfers (out)	(1,005,934)	(1,713,738)	(1,519,953)	(2,725,982)
 Total Other Financing Sources (Uses)	 1,070,000	 -	 815,631	 187,607
 NET CHANGE IN FUND BALANCES	 <u>\$ 2,241,525</u>	 <u>\$ 2,077,928</u>	 <u>\$ 3,213,244</u>	 <u>\$ (1,177,523)</u>

DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES

8.14% 5.30% 7.42% 12.08%

* The Village changed its fiscal year end from April 30 to December 31 for the period December 31, 2016.

Data Source

Audited Financial Statements

April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019
\$ 14,047,185	\$ 14,575,401	\$ 13,415,421	\$ 14,897,858	\$ 15,224,671	\$ 15,482,507
1,030,867	861,876	342,861	783,630	720,053	758,237
15,103,784	15,254,299	11,034,163	15,758,848	15,743,850	16,728,376
1,587,616	1,681,998	1,324,421	1,861,081	2,968,092	3,071,639
785,685	593,134	420,251	1,504,158	601,130	591,896
-	108,533	118,247	193,667	140,970	158,575
69,306	76,417	35,346	143,796	294,585	446,764
224,545	189,008	343,219	216,458	232,302	372,740
<u>32,848,988</u>	<u>33,340,666</u>	<u>27,033,929</u>	<u>35,359,496</u>	<u>35,925,653</u>	<u>37,610,734</u>
 2,576,664	 2,478,464	 1,810,269	 1,782,457	 1,805,792	 1,851,711
19,097,605	20,087,385	15,540,578	21,304,838	21,412,327	21,959,433
4,668,487	4,986,161	3,790,189	4,341,341	5,068,175	5,575,873
885,710	888,270	717,928	1,310,582	1,427,470	1,630,883
1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722
1,401,055	645,296	290,463	300,552	946,789	780,102
 2,790,000	 1,460,000	 1,701,000	 1,320,000	 1,535,000	 1,625,000
<u>1,585,100</u>	<u>1,205,295</u>	<u>891,844</u>	<u>915,439</u>	<u>846,844</u>	<u>799,094</u>
 <u>34,133,085</u>	 <u>33,258,528</u>	 <u>25,970,070</u>	 <u>33,463,231</u>	 <u>34,335,296</u>	 <u>35,663,818</u>
 <u>(1,284,097)</u>	 <u>82,138</u>	 <u>1,063,859</u>	 <u>1,896,265</u>	 <u>1,590,357</u>	 <u>1,946,916</u>
 19,155,000	 -	 7,861,000	 -	 -	 -
397,596	-	-	-	-	-
(18,746,704)	-	(6,890,182)	-	-	-
129,856	-	-	-	-	-
24,705	48,698	35,000	18,533	19,522	43,960
-	-	-	(1,047,636)	-	-
7,075,090	2,751,426	1,876,600	3,757,271	3,674,562	3,883,271
<u>(7,075,090)</u>	<u>(2,751,426)</u>	<u>(2,186,600)</u>	<u>(4,057,271)</u>	<u>(4,196,144)</u>	<u>(4,233,271)</u>
 <u>960,453</u>	 <u>48,698</u>	 <u>695,818</u>	 <u>(1,329,103)</u>	 <u>(502,060)</u>	 <u>(306,040)</u>
 <u>\$ (323,644)</u>	 <u>\$ 130,836</u>	 <u>\$ 1,759,677</u>	 <u>\$ 567,162</u>	 <u>\$ 1,088,297</u>	 <u>\$ 1,640,876</u>

12.10% 8.17% 10.65% 7.04% 7.38% 7.14%

VILLAGE OF LAKE ZURICH

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
2009	692,693,597	205,270,180	897,963,777	70,478	898,034,255	0.804
2010	670,744,254	201,024,795	871,769,049	352,395	872,121,444	0.856
2011	632,208,141	207,333,243	839,541,384	321,748	839,863,132	0.907
2012	586,319,303	205,938,281	792,257,584	258,669	792,516,253	0.998
2013	554,924,634	201,393,741	756,318,375	573,654	756,892,029	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
2016	610,424,796	219,836,168	830,260,964	894,933	831,155,897	1.092
2017	630,620,612	230,592,071	861,212,683	739,186	861,951,869	1.079
2018	636,877,562	235,414,565	872,292,127	778,264	873,070,391	1.092

Data Source

VILLAGE OF LAKE ZURICH
 PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TAX RATES										
Village of Lake Zurich										
Corporate	0.012	0.260	0.256	0.261	0.247	0.251	0.011	-	-	-
Police protection	0.097	0.078	0.078	0.080	0.084	0.088	0.196	0.191	0.193	0.202
Fire protection	0.088	0.077	0.078	0.080	0.084	0.088	0.196	0.191	0.193	0.202
Ambulance	0.083	0.015	0.016	0.018	0.019	0.020	0.020	0.000	0.000	0.000
Illinois municipal retirement	0.027	0.006	0.023	0.023	0.026	0.026	0.042	0.012	0.006	0.005
Debt service	0.109	0.116	0.124	0.136	0.211	0.211	0.204	0.197	0.192	0.193
Special recreation	0.020	0.021	0.022	0.023	0.024	0.023	0.023	0.022	0.021	0.021
Police pension	0.096	0.142	0.136	0.159	0.185	0.188	0.197	0.215	0.209	0.207
Firefighters' pension	0.104	0.141	0.174	0.218	0.252	0.248	0.241	0.265	0.264	0.263
Federal social security	0.094	-	-	-	-	-	-	-	-	-
Insurance	0.074	-	-	-	-	-	-	-	-	-
Total direct tax rate	0.804	0.856	0.907	0.998	1.132	1.143	1.131	1.092	1.079	1.092
OVERLAPPING RATES										
Lake County	0.464	0.505	0.554	0.608	0.663	0.682	0.663	0.632	0.622	0.612
Lake County Forest Preserve	0.200	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187	0.182
Ela Area Library District	0.308	0.329	0.356	0.386	0.409	0.410	0.398	0.381	0.371	0.318
School District #95	3.901	4.136	4.446	4.914	5.242	5.291	5.191	5.021	4.960	5.021
School District #96	2.916	3.086	3.453	3.756	3.976	4.040	3.870	3.690	3.655	3.717
High School District #125	2.185	2.306	2.465	2.751	2.989	3.049	3.004	2.858	2.862	2.888
Community College #532	0.200	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282
Ela Township - Corp. and GA	0.084	0.091	0.099	0.088	0.100	0.100	0.098	0.095	0.093	0.094
Ela Township - road and bridge	0.007	0.008	0.009	0.010	0.011	0.010	0.010	0.010	0.010	0.052
Ela Township - gravel or R.I.	0.036	0.039	0.042	0.030	0.046	0.045	0.045	0.043	0.042	-
Barrington Public Library District	0.161	0.170	0.185	0.213	0.228	0.231	0.225	0.220	0.217	0.218
TOTAL DIRECT AND OVERLAPPING										
TAX RATE	11.266	11.942	12.957	14.238	15.310	15.518	15.144	14.520	14.380	14.476

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2019				2010			
	Taxable Assessed Value		Rank	Percentage of Total Village Assessed Valuation	Taxable Assessed Value		Rank	Percentage of Total Village Assessed Valuation
Echo Incorporated	\$ 7,769,180	1	0.89%	\$ 4,869,817	5	0.54%		
Landings Capital Partners, LLC	6,529,082	2	0.75%	6,219,109	2	0.69%		
Suso North Lake LP (North Lake)	5,312,005	3	0.61%	5,669,103	3	0.63%		
Deerpath Commons Retail Center	5,216,227	4	0.60%	5,599,440	4	0.62%		
Village Square Retail Center LLC	4,626,137	5	0.53%	7,154,907	1	0.80%		
Deerpath Court Retail Center LLC	4,293,958	6	0.49%	4,406,687	6	0.49%		
Costco	4,166,755	7	0.48%	3,813,546	7	0.42%		
Greenhill Company LLC	4,063,226	8	0.47%					
Roundys Supermarkets, Inc	3,511,791	9	0.40%	3,474,034	8	0.39%		
Food Equipment Technologies (GPT)	3,384,025	10	0.39%	2,996,648	9	0.33%		
Liberty Realty Lake Zurich LLC				2,857,330	10	0.32%		
HD Development of Maryland LLC								
Target Corporation								
	<u>\$ 48,872,386</u>		<u>5.60%</u>	<u>\$ 47,060,621</u>		<u>5.24%</u>		

Data Source

Office of the County Clerk and Ela Township Assessor

VILLAGE OF LAKE ZURICH

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Levy Years

Fiscal Year Ended	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the			Collections in Subsequent Years	Total Collections to Date	
			Fiscal Year of the Levy	Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	7,220,195	7,214,819	99.93%	\$ 2,602	7,217,421	99.96%	
2011	2010	7,465,360	7,445,276	99.73%	3,904	7,449,180	99.78%	
2012	2011	7,617,559	7,613,211	99.94%	1,298	7,614,509	99.96%	
2013	2012	7,909,312	7,894,694	99.82%	1,243	7,895,936	99.83%	
2014	2013	8,637,807	8,623,589	99.84%	2,301	8,625,891	99.86%	
2015	2014	8,794,144	\$ 8,780,768	99.85%	8,382	8,789,150	99.94%	
2016	2015	9,016,727	\$ 8,967,347	99.45%	-	8,967,347	99.45%	
2017	2016	9,124,243	\$ 9,013,937	98.79%	1,325	9,015,262	98.81%	
2018	2017	9,301,823	\$ 9,258,837	99.54%	97	9,258,934	99.54%	
2019	2018	9,603,574	\$ 9,521,520	99.15%	2,606	9,524,126	99.17%	

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

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					Business-Type Activities				Total Equalized Assessed Value (EAV)
	General Obligation Bonds	General Obligation TIF Alternate Revenue Bonds	TIF Revenue Bonds	Capital Lease Obligation	Waterworks and Sewerage Alt Revenue Bonds	IEPA Loan	Capital Lease Obligation	Total Primary Government		
30-Apr 2011	3,815,000	20,265,000	8,165,000	-	2,690,000	3,294,988	-	38,229,988	898,034,255	
30-Apr 2012	3,455,000	20,235,000	7,915,000	-	1,665,000	3,132,971	-	36,402,971	872,121,444	
30-Apr 2013	3,085,000	20,145,000	7,775,000	313,563	975,000	2,968,015	-	35,261,578	839,863,132	
30-Apr 2014	2,700,000	19,405,000	7,275,000	243,559	4,075,000	2,797,744	-	36,496,303	792,516,253	
30-Apr 2015	2,305,000	25,865,000	550,000	764,956	3,800,000	2,623,190	-	35,908,146	756,892,029	
30-Apr 2016	1,885,000	25,375,000	-	599,590	3,390,000	2,444,244	-	33,693,834	768,979,731	
31-Dec 2016	1,885,000	25,545,000	-	551,196	3,990,000	2,302,805	-	34,274,001	794,190,580	
31-Dec 2017	1,450,000	24,660,000	-	378,767	3,500,000	2,115,799	3,411,582	35,516,148	831,155,897	
31-Dec 2018	990,000	23,585,000	-	252,725	2,970,000	1,924,089	3,358,063	33,079,877	861,951,869	
31-Dec 2019	505,000	22,445,000	-	146,878	2,425,000	1,727,557	3,202,216	30,451,651	873,070,391	

* See the schedule of Demographic and Economic Information on page 148 for personal income and population data.

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

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH

RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year Ended		Gross	Less: Amounts		Percentage of Equalized Assessed Value
		General Obligation Bonds	Available In Debt Service Fund	Total	
30-Apr	2011	3,815,000	778,594	3,036,406	0.34%
30-Apr	2012	3,455,000	791,581	2,663,419	0.31%
30-Apr	2013	3,085,000	796,995	2,288,005	0.27%
30-Apr	2014	2,700,000	796,996	1,903,004	0.24%
30-Apr	2015	2,305,000	826,062	1,478,938	0.20%
30-Apr	2016	1,885,000	841,020	1,043,980	0.14%
31-Dec	2016	1,885,000	1,326,294	558,706	0.07%
31-Dec	2017	1,450,000	1,336,531	113,469	0.01%
31-Dec	2018	990,000	990,000	-	0.00%
31-Dec	2019	505,000	505,000	-	0.00%

Data Source

Village records

VILLAGE OF LAKE ZURICH

DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES
December 31, 2019

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 23,303,273	(2)	100.00% \$ 23,303,273
Lake County	157,790,000	3.28%	5,182,437
Lake County Forest Preserve	222,645,000	3.28%	7,312,527
Ela Area Library District	-	N/A	-
School District #95	41,852,093	51.88%	21,713,546
School District #96	-	N/A	-
High School District #125	45,750,000	24.14%	11,044,482
Community College #532	<u>52,995,000</u>	3.45%	1,830,675
	<u>521,032,093</u>		<u>47,083,667</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 544,335,366</u>		<u>\$ 70,386,940</u>

(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 total bonds payable and capital leases for governmental activities.

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

Data Source

Lake County Clerk

VILLAGE OF LAKE ZURICH

SCHEDULE OF LEGAL DEBT MARGIN INFORMATION December 31, 2019

EQUALIZED ASSESSED VALUATION - 2018	\$	873,070,391
Legal debt limit - 8.625% of assessed valuation	\$	75,302,321
Amount of debt applicable to debt limit:		
General obligation bonds		505,000
LEGAL DEBT MARGIN	\$	74,797,321

* 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

PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

Fiscal Year End	SALES TAX			TIF DEBT			Coverage
		Revenues*		Principal	Interest		
30-Apr 2012	\$ 5,878,258	\$ 30,000	\$ 717,266	787%			
30-Apr 2013	6,069,546	90,000	749,724	723%			
30-Apr 2014	6,234,680	740,000	871,603	387%			
30-Apr 2015	6,658,825	815,000	856,478	398%			
30-Apr 2016	6,790,142	490,000	1,057,105	439%			
31-Dec 2016	4,691,004	625,000	826,302	323%			
31-Dec 2017	7,100,938	885,000	811,427	419%			
31-Dec 2018	7,126,460	1,075,000	764,095	387%			
31-Dec 2019	7,096,963	1,140,000	733,975	379%			

*As defined in applicable bond indentures and governing laws. Amount shown represents Municipal Sales Tax received by the Village. Additional revenues have also been pledged, should sales tax ever fail to be sufficient.

Data Source

Village records

VILLAGE OF LAKE ZURICH

DEMOGRAPHIC AND ECONOMIC INFORMATION Last Ten Fiscal Years

Fiscal Year End	(1) Population	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
30-Apr	2010	20,427	36,682	34.7	6,207
30-Apr	2011	19,631	37,547	38.6	6,023
30-Apr	2012	19,813	40,641	39.8	5,944
30-Apr	2013	19,917	37,008	36.8	5,913
30-Apr	2014	20,043	39,128	41.1	5,892
30-Apr	2015	19,993	39,271	39.9	5,716
30-Apr	2016	19,993	41,168	38.8	5,769
31-Dec	2016	19,993	42,397	40.0	5,666
31-Dec	2017	19,993	46,202	39.6	5,677
31-Dec	2018	19,903	44,486	38.9	5,590
31-Dec	2019	20,054	45,895	38.9	5,616

Data Source

(1) Based on U.S. Census Bureau for Lake County, Illinois (Estimates in non-census years)

(2) Annual School Census by Community Unit School District #95

(3) Illinois Department of Employment Security

VILLAGE OF LAKE ZURICH

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Lake Zurich Community School Dist. #95	863	1	4%	763	1	8%
Echo Inc.	800	2	4%	690	2	7%
Peapod	800	3	4%			
Smalley Steel Ring Co.	600	4	3%			
Termax Corp	400	5	2%			
CM Packaging, Inc.	200	6	1%	200	5	2%
Food Equipment Tech, Inc	130	7	1%	197	7	2%
Village of Lake Zurich	156	8	1%	182	8	2%
Lexington Health Care Lake Zurich	150	9	1%	182	9	2%
Tredegar Film Products	134	10	1%			
B&B Maintenance				500	3	5%
Dovenmuehle Mortgage Inc				500	4	5%
Pinnacle Food Products				160	10	2%
Wal-Mart				200	6	2%
	<u>4,233</u>		<u>21%</u>	<u>3,574</u>		<u>38%</u>
Village population				20,022		

Data Source

2019: Lake County Partner records and verification by employers when available.
 2010 statistics are from Village Records

This table typically excludes the Village's larger retail establishments, which include food stores (Mariano's and Jewel) and department stores (Home Depot, Costco, Wal-Mart, Target, and Kohl's).

VILLAGE OF LAKE ZURICH

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	Year End	Year End	Year End	Year End						
	April 30	December 31	December 31	December 31	December 31					
	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019
GENERAL GOVERNMENT										
Administration	4	4	4	5	5	4	4	4	4	4
Finance	7	7	5	5	5	5	6	6	6	6
Technology	N/A	N/A	1	1	1	1	1	1	1	1
COMMUNITY SERVICES										
Building and Zoning	8	8	8	7	7	7	6	5	5	5
Public Works - General Services	20	20	18	17	17	17	17	17	17	18
Public Works - Water and Sewer	12	12	13	14	14	13	12	12	12	12
POLICE	53	53	51	51	51	51	52	52	52	52
FIRE	60	60	58	58	58	58	58	58	58	55
ENGINEERING	3	3	-	-						
RECREATION	3	3	2	2	2	2	3	3	3	3
TOTAL	170	170	160	160	160	158	159	158	158	156

Data Source

Village records

VILLAGE OF LAKE ZURICH

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Year End	Year End	Year End	Year End
	April 30	April 30	April 30	April 30
	2011	2012	2013	2014
PUBLIC WORKS				
Forestry				
Number of parkway trees planted	102	54	122	140
Number of parkway trees trimmed	800	638	707	800
Fleet services				
Number of vehicles maintained	92	91	91	85
Preventative maintenance	969	346	324	664
PUBLIC SAFETY				
Fire				
Number of fire calls	1,401	1,382	1,398	1,483
Number of EMS calls	1,735	1,746	1,787	1,848
Number of training hours	11,366	11,949	9,651	8,877
Police				
Part I crime	N/A	257	293	324
Calls for service	9,063	9,168	N/A	9,392
State tickets issued	3,773	3,774	3,474	2,786
Compliance tickets issued	103	108	46	29
Parking tickets issued	1,674	1,693	1,609	1,640
Red light citations	4,506	4,237	3,692	4,536
COMMUNITY DEVELOPMENT				
Number of building permits issued	1,492	1,539	1,506	1,639
Number of building inspections	5,533	6,317	4,813	5,611
HIGHWAYS AND STREETS				
Sidewalk replaced (square feet)	5,625	5,825	5,025	3,150
Annual resurfacing program (\$)	1,106,893	-	-	1,109,353
Crack sealing (lbs. installed)	-	-	-	11,515
Curb replaced (ln. ft.)	262	267	614	427
WATER AND SEWER				
Water main breaks	31	30	70	51
Hydrants flushed	1,765	1,780	1,780	1,790
Water meters read	80,676	80,796	80,916	81,000
Water meter service requests	910	893	1,019	1,053
Total distribution pumpage (1,000 gallons)	600MG	599MG	681MG	630MG
Average daily consumption (1,000 gallons)	1.4MG	1.4MG	1.5MG	1.4MG
Sanitary sewer televising (feet)	2,250	2,000	2,829	10,920
Sanitary sewer repairs	1	1	1	3

N/A - Not available

Data Source

Village records

Year End April 30 2015	Year End April 30 2016	Year End December 31 2016	Year End December 31 2017	Year End December 31 2018	Year End December 31 2019
24	21	218	307	276	-
902	1,148	320	656	377	750
92	81	82	82	82	81
964	753	501	738	704	694
1,844	1,633	590	1,373	1,388	1,422
2,150	2,204	1,511	2,602	2,788	2,655
10,075	8,566	6,546	14,341	14,563	13,216
344	276	94	327	264	260
9,067	8,757	5,409	7,104	7,313	8,453
2,637	2,318	1,442	1,858	2,373	2,360
36	42	18	68	37	58
1,389	856	581	576	565	520
5,262	3,548	3,118	4,451	3,545	3,433
3,487	829	1,274	1,541	1,435	1,466
6,484	2,128	2,644	3,188	3,030	3,958
15,345	23,114	37,885	22,000	50,900	40,588
1,323,465	1,442,109	1,316,758	860,442	1,246,860	1,581,334
55,564	55,000	43,668	39,823	53,000	53,097
3,892	4,366	8,555	2,265	12,100	6,924
40	30	25	31	39	26
1,790	1,797	-	1,504	1,505	1,505
81,000	81,000	53,432	81,000	84,000	82,344
1,172	997	730	1,105	587	447
604MG	593MG	443MG	570MG	549MG	550MG
1.3MG	1.3MG	1.3MG	1.3MG	1.3MG	1.3MG
33,974	3,182	3,152	54,523	1,084	2,330
2	3	10	1	0	0

VILLAGE OF LAKE ZURICH

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	Year End	Year End	Year End	Year End						
	April 30	December 31	December 31	December 31	December 31					
	2011	2012	2013	2014	2015	2016	2016	2017	2018	2019
POLICE										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	23	23	23	22	22	22	21	21
FIRE STATIONS	4	4	4	4						
PUBLIC WORKS										
Streets (lane miles)	159.0	159.4	159.7	159.7	160.0	161.6	161.6	156.2	127.2	178.5
Sidewalks (miles)	91	91	91	91	91	101	102	98	98	102
Streetlights	175	175	180	180	180	215	220	220	224	226
WATER AND SEWER										
Water mains (miles)	108	109	109	110	110	112	112	112	112	111
Fire hydrants	1,760	1,765	1,765	1,790	1,790	1,790	1,790	1,504	1,505	1,509
Sanitary sewers (miles)	107	107	107	107	107	93	93	93	93	93

N/A - Not available

Data Source

Village records