



Village of Lake Zurich, Illinois

2020

Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2020

At the Heart of Community

**Comprehensive Annual
Financial Report
of the Village of Lake Zurich, Illinois**

For the Year Ended December 31, 2020

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 14, 2021

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 of the Village of Lake Zurich, Illinois (the Village) for the fiscal year ended December 31, 2020. This report provides a broad view of the Village's financial activities for the twelve-month 2020 fiscal year and its financial position at December 31, 2020.

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 Comprehensive Annual Financial Report, 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 Comprehensive Annual Financial Report 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 US, LLP (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended December 31, 2020. 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 19,877. 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. Further, the legal level of budgetary control resides at the department level, or where no departmental segregation of a fund exists, the fund level. 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

Global Economy: 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 COVID-19, which 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.

Local Economy: With the early loss of Peapod, (a major sales tax producer and nationwide grocery delivery company which the Village had a sales tax sharing incentive), followed by the COVID-19 pandemic, staff quickly responded to the changing environment, and pulled back on major projects, capital spending and discretionary budget items. While the Village is primarily a white-collar community and is typically less affected by losses of manufacturing jobs, the pandemic impacted several key revenues for the Village and placed pressure on emergency services and operations.

Lake Zurich has a very strong retail sales tax base acquired through commodity retail establishments primarily located on the Rand Road Corridor. Throughout the fiscal year, the Village monitored fluctuations in Sales tax revenue, both derived from the loss of Peapod and the COVID-19 pandemic. 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, including the COVID-19 pandemic. 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 decreased in Quarter 1 of 2020 to 3.0% vacant from 5.5% in the fourth Quarter of prior year. However, in Quarter 3, vacancy rates crept up to 5.3% and by the fourth Quarter they jumped to 8.5%. As of December 31, 2020, there was 227,112 square feet of retail space reported vacant in Lake Zurich, with average rates at \$15.86 per square foot (nnn).

The industrial vacancy rate experienced fluctuations, beginning with Quarter 1 at 4.4%, increasing to 9% in Quarter 3 and decreasing to 6.9% in Quarter 4. The Office vacancy rate began with Quarter 1 at 6.9% and dropped to 3% in Quarter 3, then remained relatively flat, ending Quarter 4 at 3.8%.

The pandemic played a significant role in the development and commercial activity within the community. The emergency ordered enacted by the governor caused a reduction in new construction activity in the industrial and commercial sectors, while it resulted in an increase in activity in the residential sector. There was significant activity in the remodeling and reuse of existing industrial and commercial space. Industrial activity comprised of the remodeling of three interior industrial condominiums, in an amount of approximately 22,000 sq.ft.

Retail/Commercial activity was more significant resulting in twenty-six (26) new buildout permits, including two big-box exterior and interior remodels, one complete tear-down and rebuilding of a fast-food restaurant, and one demolition of a condemned retail/service oriented commercial structure. The Life Time Athletic paused the construction of their 125,000 sq.ft. facility due to the pandemic.

In the main street downtown area of the community, a 10,000 sq.ft. former bank building was rehabilitated for use as a multiple-use retail building with a new parking lot. Additionally, a new Korean BBQ restaurant began interior remodeling within buildings or on land formerly owned and conveyed to the developers by the village. The village also undertook the environmental remediation of three village-owned commercial properties to make them available for potential commercial development by private developers.

In addition to the build-out activity, forty-nine (49) new occupancy permits were issued for new retail/commercial/industrial establishments in the community. These occupancies would have either been accompanied by a build-out or simply a change in the ownership/land use of the space.

There were also instances of new projects or existing land uses being abandoned due to the pandemic, with a large food storage and delivery service in the industrial park closing its business, and a new proposal for a luxury auto condo facility being withdrawn by the developer due to changing market conditions.

In the residential sector, developers who had 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 of 35 single-family homes on 19 acres (that were annexed to the village); began either site grading or utility work, with one developer beginning the construction of a single-family home within the development. The majority of permits issued for residential work was in the area of interior remodeling, with the number of permits issued seeing its highest number issued during the month of July at 206 permits.

Two new developers applied for, and received, their zoning entitlements – one development proposing 56 new townhomes and 6 acres of commercial development on an 18-acre property on the east side of the community; and a second developer proposing the annexation, zoning and subdivision of a 35-acre property on the west side of the community for 24 new duplex attached residential units, and approximately 28 acres of preserved open space.

The market was very active during the peak construction season. Sellers had an advantage as they were receiving multiple offers and existing homes were selling at a rapid pace. Realtors reported that a significant number of people were moving out of more dense urban areas closer to Chicago and were seeking larger spaces, which was in contrast to the downsizing trend over the past several years. An additional reason for the home buying activity were attractive mortgage rates.

In the institutional sector, the Community School District 95 continued with the many projects for the demolition and reconstruction of its elementary schools on Miller Road and Cuba Road.

The village also updated its zoning regulations to allow for recreational cannabis on commercial and industrial properties throughout the community where eligible, and also effected a series of house-keeping text amendments to the provisions of the zoning code related to the composition and functions of the Planning and Zoning Commission, and updating the definitions and regulations for a number of site design features.

Through the emergency declaration of the Mayor due to the pandemic, the Village also relaxed its regulations for outdoor table food and alcohol service to over 20 restaurants in the area, to allow them to continue operating based on the state's guidance for social distancing and reduced commercial activity.

Finally, 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 has been reduced and there has been a great deal of discussion on the State's attempt to take a larger piece of it. Additionally, 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, and an update to the CIP is expected in 2021.

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 2020

The fiscal year ended December 31, 2020 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 2040. As of the Actuarial Valuation on January 1, 2020, the Police Pension Fund is 52.5% funded and the Fire Pension Fund is 63.6% funded.
- **Reducing Costs for Service Delivery.** In August, the Village formalized a new franchise agreement with Prairieland Disposal, utilizing the first solid waste hauling RFP ever conducted in the history of Lake Zurich. This effort reduced the costs for refuse, recycling, yard waste, and leaf vacuuming collection for the majority of residents while avoiding a substantial increase that was imminent if the Village had not switched.
- **Grant Procurement.** The Lake Zurich Fire Department completed the purchase of new SCBA with funding provided by the FEMA-Assistance to Firefighters Grant program saving the Village over \$300,000.
- **Business Outreach During COVID-19 Pandemic.** Continuously communicated with Lake Zurich businesses from the onset of the pandemic to assist them in securing funding through federal, state, and local sources. Through its partnership with Lake County Partners (LCP), the Village was able to assist local businesses to obtain funding from lending institutions other than their long-time lenders due to LCP's relationships with non traditional banking sources. Over 8,000 separate communications were issued during this time to Lake Zurich businesses.
- **Avery Ridge on Midlothian Road.** Mass grading, utility and roadway installation for the 34-unit single-family residential subdivision began in June of this year and completed in October. The first model home to be constructed by M/I Homes is under construction with two more homes to follow before the end of the construction season.
- **Canterbury Estates on Route 22 (developed by Gregory Schwermer and Ryan Homes).** The project broke ground after lying vacant for more than 17 years and seeing a number of attempted development projects by the owner. The current project proposes 38 new townhomes to be constructed by Ryan Homes. Construction of townhouse buildings will commence towards the end of the year with units being priced at approximately \$350,000.
- **Water Main Improvements.** Replacement of approximately 2,500 feet of water main was replaced from Golfview north to Miller Road. Approximately 1,000 feet of new 10" water main on Whitney Road from Lake Zurich Drive to the Park Barn was also installed, with a new service for the Park Barn to accommodate code compliancy and safety for fire protection.
- **Grant Received.** The Department of Public Works was awarded a \$400,000 matching grant thru the Illinois Department of Natural Resources' (IDNR) Open Space Land Acquisition and Development (OSLAD) program for public enhancements at the 41-acre Paulus Park property. This includes the extension of walking trails to the north side of the park, shoreline restoration along the lake to the south side of the park, installation of a non-motorized canoe/kayak launch, replacement of the aged band shell stage, addition of a new picnic shelter with storage, and additional site landscaping at the park.

- **Kuechmann Arboretum.** Efforts continued to enhance the Kuechmann Arboretum on North Old Rand Road with invasive species removal, trail restoration, installation of interpretive signage, and a planned playscape partnership with the Ancient Oaks Foundation.
- **Kildeer Creek Stream Bank Stabilization.** Addressed stormwater management issues by restoring a portion of Kildeer Creek and the adjacent Cedar Creek detention pond with the goals of restoring the creek and surrounding area to a more stable, native condition. This project is a partnership between the Village, Lake County Stormwater Management Commission, and Coventry Creek Subdivision.
- **Water Supply Evaluations.** In October 2020, the Village approved a water resource study with Engineering Enterprises to study two distinct paths that will provide operational guidance for future capital investments. The Village could install system improvements to stay on the current deep aquifer well system or partner with a regional water agency to connect to Lake Michigan water. The study is expected to be completed by the end of 2021.
- **Parks and Recreation Service Adaptability During COVID.** After the loss of the Barn in November 2019, the Parks and Recreation Department was fortunate enough to receive community donations which included a donation of a classroom at St. Peter's Church to continue early childhood preschool programs in 2020. With the challenges presented by the COVID-19 shut downs, the Department shifted gears to deliver youth virtual programming to the community through the summer and worked within the restriction parameters to open and operate the beaches for the second half of the summer for the Lake Zurich community.
- **Public Safety During COVID.** The Lake Zurich Police Department has adapted methods of providing law enforcement services as various restrictions were put into place without compromising the service expectations of the community. The Department continues to monitor and provide operational and health/PPE information for its personnel.
- **New Fire Engine.** A new fire engine (E323) was placed in-service at Station 3.
- **Citizen Input Received.** Residents were afforded the opportunity to determine the design for the playground renovation of Breezewald Park which was opened to the community in August.
- **Promoting Transparent Government.** The Village continued to promote the availability of live broadcasts of Village public meetings and information available through the Village website, Benchmarks, and Facebook.
- **Black Lives Matter Rally.** In conjunction with elected officials and multiple departments, Lake Zurich police managed a robust public safety response regarding a large rally that was successful and safe during a tense period in the nation's history.

Some of the more significant initiatives planned for the 2021 fiscal year are as follows:

- Update the 20-year Community Investment Plan and budget for priority capital projects in upcoming years.
- Explore possible options for sustainable storm water management infrastructure investment.
- Continue to fund public safety pension obligations to meet 100% funding goal by 2040.
- Facilitate industrial development in Industrial Park and Route 22 corridor.
- Implement Comprehensive Plan recommendations for updates to the Village's zoning and land development codes.
- Enhance Block A property as usable public gathering space with current available resources.
- Complete infrastructure improvements to support adaptive reuse of Main Street developments (Blue Ridge Korean BBQ, Vela Carina, etc.) should funding be identified.
- Implement business retention program, including survey of current and post-COVID needs and developing library for business-oriented resources.
- Complete water resource study and provide recommendations for future capital water investments.
- Design and begin implementation of OSLAD improvements at Paulus Park.
- Complete storm water improvement at the Promenade.
- Maintain public safety and public works service levels (response times, customer service, etc.) within current fiscal constraints.
- Conduct 3rd year of 3-year commercial waste hauling recycling study.
- As conditions permit, continue to offer safe and high-level programming and services for youth and families in Lake Zurich with a focus on internal programs: Aquatics, Early Childhood, Dance, and Day Camp.
- Adopt a new five-year Village Strategic Plan for 2022 – 2027.
- Conduct Year 4 of the National Citizen Survey.
- Continue availability of live online broadcasts of Village public meetings and information available through the Village website, Benchmarks and social media platforms.

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 for the fiscal year ended December 31, 2020. This represented the thirty-second 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 Comprehensive Annual Financial Report 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 Comprehensive Annual Financial Report 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

Bane Thomey

Ray Keller
Village Manager

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**

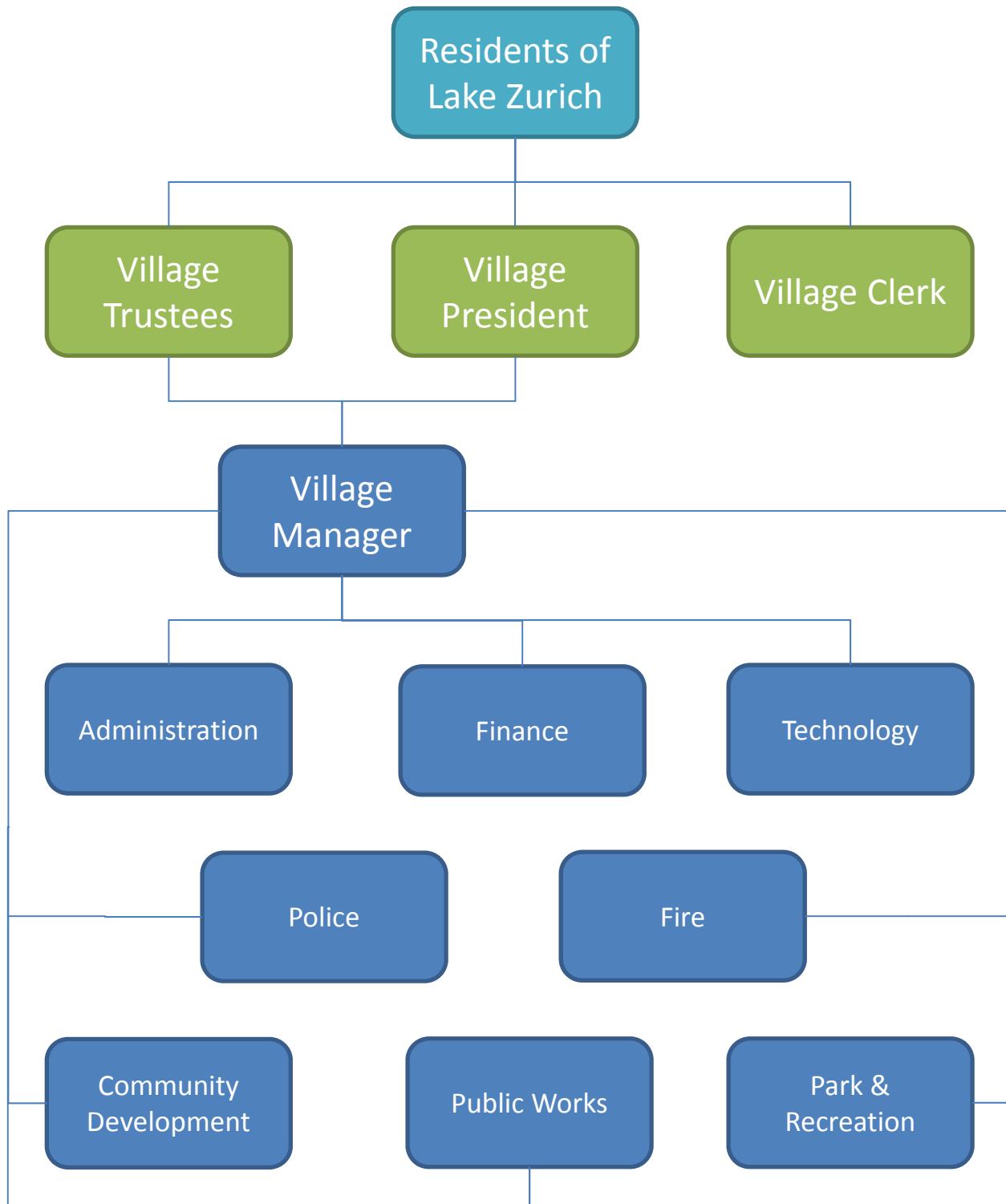
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Monill

Executive Director/CEO

Village of Lake Zurich Organization Chart



VILLAGE OF LAKE ZURICH, ILLINOIS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2020

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 of
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, 2020, 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.

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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Village of Lake Zurich adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

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 14, 2021 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 US, LLP

Oak Brook, Illinois
June 14, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2020

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, 2020. 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 \$95 million.
- Total net position of the Village increased \$7.5 million.
- Combined revenues totaled \$44.2 million, a 2.7% decrease.
- Overall expenses totaled \$36.7 million, a 7.8% decrease.

GENERAL FUND:

- Fund balance remained consistent with prior year, with the exception of the GASB 84 implementation adjustment.
- Total fund balance at the end of the year was \$12.1 million, of which \$1.6 million was non-spendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$9.0 million.

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position increased \$2.5 million, mainly due to an intentional decrease in operating expenses.
- Total net position at the end of the year was \$46.2 million, of which \$38.6 million was invested in fixed assets and \$7.6 million in unrestricted funds.
- Working capital of the fund increased from \$5.5 million to \$6.9 million.

LONG-TERM DEBT

- Total long-term debt decreased \$7.4 million to \$72.5 million outstanding as of December 31, 2020. Included in this figure is a \$5.3 million decrease to net pension liability.
- Bonded debt alone decreased \$2.3 million to \$23.1 million outstanding as of December 31, 2020.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, remained consistent at \$131.0 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$150k to \$85.9 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, 2020

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 4-5 of this report.

Fund Financial Statements

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

Governmental Funds

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

The Village of Lake Zurich has fourteen 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, 2020

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.

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 6 through 13 of this report.

Proprietary Funds

The Village of Lake Zurich maintains one proprietary fund – the Waterworks and Sewerage Fund. This proprietary fund is categorized as an enterprise fund, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. As proprietary funds are reported on a full accrual basis, the Village of Lake Zurich fund statements for its Waterworks and Sewerage fund mirror the government-wide statements. The basic proprietary fund financial statements can be found on pages 14 through 18 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Hence, fiduciary funds are not included in the government-wide statements, as their resources are not available to support the Village's own programs. The Village of Lake Zurich has eight (8) fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and six (6) Custodial Fund for Special Service Areas. Like proprietary funds, fiduciary funds are accounted for on a full accrual basis. The basic fiduciary fund statements can be found on pages 19 and 20 of this report.

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 22 through 67 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 68 through 88.

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,

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

December 31, 2020

provided it is within the same department and fund. No transfers were authorized by the Budget Officer during the year. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board. Two (2) budget amendments were approved during the fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

The combined net position for the fiscal year ended December 31, 2020 totaled \$95.3 million and consisted of net position from both governmental activities and business-type activities of \$49.1 million and \$46.2 million respectively. Following is a table that shows total net position of the Village as of December 31, 2020 with a comparison to the preceding fiscal year.

Statement of Net Position

As of December 31, 2019 and 2020

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Current and other assets	\$ 47,617,058	\$ 42,221,785	\$ 9,617,716	\$ 8,090,101	\$ 57,234,774	\$ 50,311,886
Capital assets	85,919,640	85,769,804	45,114,261	45,265,124	131,033,901	131,034,928
Total assets	133,536,698	127,991,589	54,731,977	53,355,225	188,268,675	181,346,814
Deferred Outflows	7,951,927	8,347,782	69,896	136,926	8,021,823	8,484,708
Total assets & deferred outflows	141,488,625	136,339,371	54,801,873	53,492,151	196,290,498	189,831,522
Current and other liabilities	4,561,238	4,291,216	1,902,092	2,145,207	6,463,330	6,436,423
Long-term liabilities	63,832,134	69,597,346	5,943,689	7,282,750	69,775,823	76,880,096
Total liabilities	68,393,372	73,888,562	7,845,781	9,427,957	76,239,153	83,316,519
Deferred Inflows	23,984,578	19,235,241	795,101	399,432	24,779,679	19,634,673
Total liabilities and deferred inflows	92,377,950	93,123,803	8,640,882	9,827,389	101,018,832	102,951,192
Net position:						
Net invest capital assets	85,919,640	88,305,543	38,573,695	37,783,758	124,493,335	126,089,301
Restricted	11,042,791	11,057,528	-	-	11,042,791	11,057,528
Unrestricted	(47,851,756)	(56,147,503)	7,587,296	5,881,004	(40,264,460)	(50,266,499)
Total net position	\$ 49,110,675	\$ 43,215,568	\$ 46,160,991	\$ 43,664,762	\$ 95,271,666	\$ 86,880,330

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, 2020, capital assets net of related debt totaled \$124.5 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.

In the governmental activities, the total net position increased by \$5.9 million, including restatement. 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 breakeven for the year.

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

December 31, 2020

Cash and investments for governmental activities increased \$4.3 million. Total assets and deferred outflows for the governmental activities increased \$5.1 million to \$141.5 million. This is attributable primarily to the increase in cash and investments. Total liabilities and deferred inflows decreased slightly from \$93.1 million to \$92.4 million.

For the business-type activities, total net position increased by \$2.4 million. This is mainly due to a decrease in operating expenses. In 2020, the Village intentionally decreased spending in preparation for unknown financial results associated with the COVID pandemic.

During the current fiscal year, total net position of the Village increased by \$8.4 million, including restatement, compared to a \$5.6 million increase in 2019. 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 2020 fiscal year:

**Change in Net Position
For the Fiscal Years Ended December 31, 2019 and 2020**

Category	Governmental Activities		Business-type Activities		Total Village Wide	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 9,430,920	\$ 10,786,317	\$ 7,395,537	\$ 7,431,278	\$ 16,826,457	\$ 18,217,595
Operating grants	1,788,515	740,143	-	-	1,788,515	740,143
Capital grants	468,874	19,233	-	-	468,874	19,233
General revenues:						
Taxes	12,798,403	13,267,664	-	-	12,798,403	13,267,664
Intergovernmental	11,558,871	12,052,144	-	-	11,558,871	12,052,144
Investment earnings	183,374	510,432	55,823	162,361	239,197	672,793
Other	496,973	449,173	6,946	9,604	503,919	458,777
Total revenues	36,725,930	37,825,106	7,458,306	7,603,243	44,184,236	45,428,349
Expenses:						
General Government	1,761,391	2,003,371	-	-	1,761,391	2,003,371
Public Safety	21,301,322	22,631,359	-	-	21,301,322	22,631,359
Highways and Streets	5,241,285	5,281,079	-	-	5,241,285	5,281,079
Culture and Recreation	997,789	1,878,294	-	-	997,789	1,878,294
Economic Development	1,502,578	1,408,997	-	-	1,502,578	1,408,997
Interest on long-term debt	946,072	1,000,955	-	-	946,072	1,000,955
Water/Sewer	-	-	4,962,077	5,593,327	4,962,077	5,593,327
Total expenses	31,750,437	34,204,055	4,962,077	5,593,327	36,712,514	39,797,382
Change in Net Position	4,975,493	3,621,051	2,496,229	2,009,916	7,471,722	5,630,967
Beginning net position	43,215,568	39,594,517	43,664,762	41,654,846	86,880,330	81,249,363
Adjustment for GASB 84	919,614	-	-	-	919,614	-
Ending net position	49,110,675	43,215,568	46,160,991	43,664,762	95,271,666	86,880,330

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

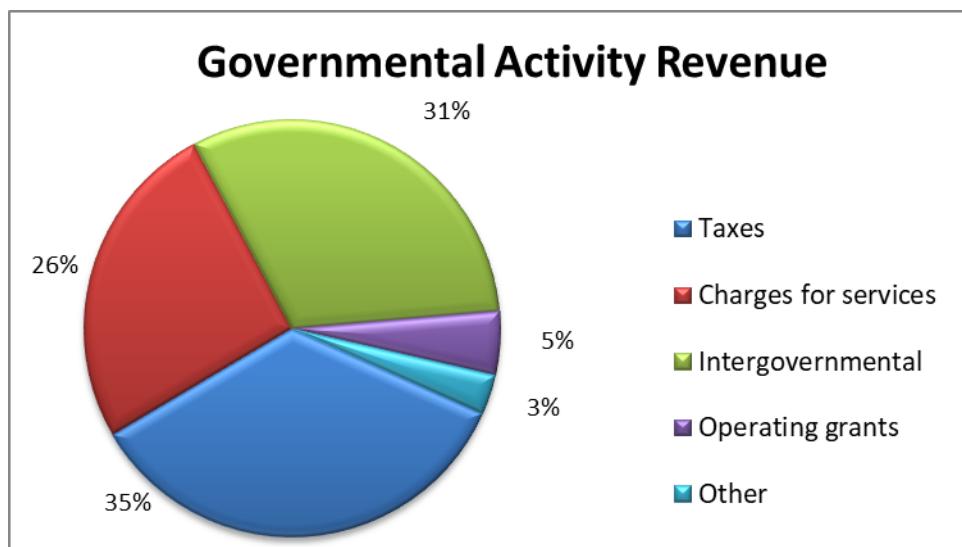
December 31, 2020

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 2020, governmental program expenses of \$31.8 million exceeded program revenues of \$11.7 million by \$20.1 million. General revenues of \$25.0 million made up for the deficiency.

Revenues

The following graph indicates the breakdown of 2020 revenues by type.



Total revenues of \$36.7 million were lower than last year by \$1.1 million (-2.9%). No new major revenue sources were implemented. Total program revenues actually increased by \$143k in total, due to the decrease in charges for services of \$1.4 million offset by the increase in grant revenues of \$1.5 million. Revenues which showed the greatest decreases were property taxes (\$172k), investment earnings (\$327k), and sales tax (\$745k). Much of the fluctuation in 2020 was due to the COVID-19 pandemic. The pandemic resulted in a decline in many sectors of the economy and unemployment, which is reflected in the decrease in revenues noted above. The increase in operating grant revenues is due primarily to Federal COVID-19 related grants offered to municipalities.

Utility taxes have been fluctuating, and ended the year down \$59k (5%). The telecommunications tax has been unpredictable in the past few years. Receipts were down 18% at \$488k. 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 \$8.5 million, a decrease of \$745k (8.1%), as noted above. While 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 pandemic resulted in a period of state ordered stay at home orders and temporary closures of non-essential businesses, which resulted in a decrease in sales at many retail stores and restaurants.

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

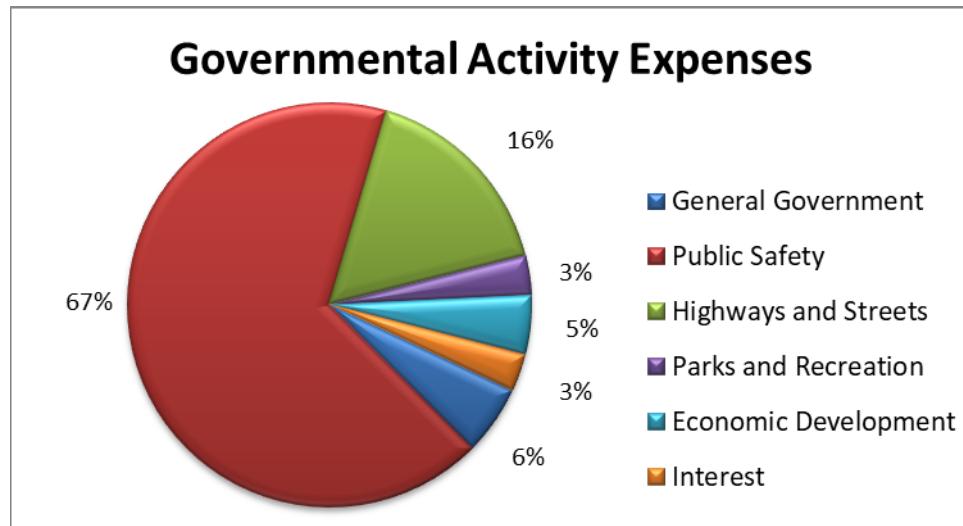
December 31, 2020

The State Income Tax receipts of \$2.13 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 \$44k for the year, an increase of 2.1%.

Charges for Services make up 26% of the Village's governmental revenue. Charges for services decreased by \$1.4 million (-12.6%), coming in at \$9.4 million. Services which showed the greatest decreases were recreation programs (\$616k, due to pandemic related cancellations), Rural Fire Protection District fees (\$300k), and ambulance service fees (\$146k).

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 decreased by \$2.5 million, or -7.2%. The most significant decreases relate to public safety, which decreased \$1.3 million (-5.9%) and culture and recreation which decreased \$881k (-46.9%). The decrease in public safety was primarily due to the GASB 68 pension adjustment related to the pension funds' deferred outflows and inflows, and the decrease in culture and recreation was primarily due to the cancellation of most of the programs and special events during the year, and the resulting decrease in payroll and other program expenses.

Business Type Activities

For business-type activities, net position increased a total of \$2.5 million. Program revenues of \$7.5 million exceeded program expenses of \$5.0 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1.9 million (40% of operating expenses).

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

December 31, 2020

Revenues associated with business-type activities totaled \$7.4 million, down 1% from the prior year. Charges for services decreased, from \$7.43 to \$7.40 million (0.5%). This is mainly due to a decrease in sewer service agreement revenue. In 2019, a sewer service agreement customer performed a special project, requiring additional sewer usage. Business-type expenses decreased \$631k compared to the prior year, down to \$5.0 million from \$5.6 million in fiscal 2019. The decrease is due to the intentional decrease in spending, mainly in the area of contractual services and capital outlay. 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.

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, 2020 governmental funds reported combined fund balances of \$26.8 million. Of this amount, \$9.3 million is unassigned and is available for future obligations. About \$11.0 million is restricted, with \$3.2 million restricted for Tax Increment Financing (TIF), \$2.9 million for capital projects and \$901k 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, 2020, there was no change in the fund balance in the General Fund. Change to fund balance is a combination of revenues compared to expenditures. Other financing uses of \$2.8 million are also included, representing a transfer of \$1.6 million to the Capital Improvement Fund, \$664k to the Dispatch Services Fund, \$118k to the Special Events Fund and \$400k to the Equipment Replacement Fund. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$12.1 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund currently has a negative fund balance of \$29k. This is \$64k higher than the previous year negative fund balance of \$94k. The increase is primarily due to an increase in property taxes. 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 \$901k that is restricted entirely for the payment of future debt service. This is \$508k lower than the previous year, due primarily to a decrease in property tax revenues of \$507k. As of December 31, 2020, the 2008 General Obligation Refunding Bonds have been paid in full, so only the annual short term general obligation refunding bonds will be paid by the Debt Service Fund.
- The TIF (#1) Debt Service Fund currently has a negative fund balance of \$824k. 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 \$4k during the year and the long-term advance is at \$1.3 million, unchanged from last year. 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.

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

December 31, 2020

- The Capital Improvements Fund fund balance increased \$1.4 million to \$4.7 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 Downtown TIF Fund #2 decreased fund balance by \$336k over the year, due primarily to increased economic development expenses. Fund balance at year-end of \$3.17 million is restricted entirely for TIF purposes, almost solely land held for resale.

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, 2020, net position of the proprietary fund totaled \$45.6 million. Cash and investments totaled \$7.8 million, an increase of \$1.2 million (18%). Operating revenues decreased 1% from the previous year to \$7.2 million. Although a rate increase to the Lake Zurich portion of water bills took effect January 1, 2020, total operating revenue still decreased due to service agreement revenue. Completion of the water meter replacement project is providing more accurate consumption records. Gallons billed (480 million gallons) increased by 6% and gallons pumped (563 million gallons) remained fairly consistent with the prior year demonstrating conservation use of water and more accurate billing. Operating expenses (including depreciation) of \$4.8 million were 11% lower than the previous year. Depreciation increased by \$62k (3%) 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, 2020. Combined, the funds reported a \$11.0 million increase in plan fiduciary net position. Investment earnings (net of related expenses) posted a combined gain of \$10.0 million between the two funds. Cash and investments totaled \$78.8 million as of December 31st.

Custodial Funds: The Village has six (6) special service area funds. Combined, the funds reported a \$144k decrease in net position to \$428k. This decrease was primarily due to expenses related to a streambank restoration project.

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. 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. Further, the legal level of budgetary control resides at the department level, or where no departmental segregation of a fund exists, the fund level. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board through a budget amendment. Amendments or increases to the annual budget may be done

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

December 31, 2020

only by a two-thirds vote of the Village Board. The revenues and expenditures were monitored closely throughout the year to stay in compliance with the fund level budgetary policy.

Two budget amendments were approved for this fiscal year that affected the General Fund. Revenues and other financing sources were decreased \$484,567, with a decrease to expenditures and other financing uses of \$493,024. The largest revenue decreases were to Sales Tax (\$1.1 million), Park and Recreation fees (\$595k), Ambulance Service Fees (\$100k), and Video Gaming Tax (\$84k). These decreases were offset by revenue and other financing source increases for Grants (\$1.0 million), Use Tax (\$186k) and Income tax (\$150k). For expenditures, the major decreases were for Park and Recreation expenses of (\$357k) and Tax Rebates (\$343k). Police overtime decreased (\$39k), Public Works overtime decreased (\$37k), while Fire overtime increased (\$206k). Additionally, the allocation methodology for the Liability Insurance changed, resulting in an increase of expenses (\$185k) to the general fund.

In light of losing a major sales tax contributor and the COVID-19 pandemic, the Village adjusted the budget early on, holding back on non-essential spending and further deferring many capital projects. With the receipt of the grant funds, the implementation of GASB 84 and as a result of holding back spending and major projects, increases were made to transfers out of the General Fund to the Equipment Replacement Fund and Capital Improvements Fund to help fund several upcoming expensive equipment replacements and deferred maintenance projects.

Change in Fund Balance

General Fund

When the original budget was adopted in December of 2020, a surplus of \$9k was expected for the General Fund. After the budget amendments, the expectation changed to a budget deficit of \$847k. The actual Fund Balance for General Fund, however, shows no change at year-end. Revenues and other financing sources came in at \$29.0 million for the year, \$369k more than budgeted. Expenditures totaled \$26.3 million, which was \$469k less than budgeted. Other financing uses (transfers out) were reduced, based on projected revenues to the recipient funds. Overall, expenditures and other financing uses totaled \$29.0 million, \$478k lower than budgeted. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended December 31, 2020.

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

December 31, 2020

**General Fund Budgetary Highlights
Fiscal Year Ended December 31, 2020**

	Final Budget	Actual
Revenues & Other Financing Sources		
Taxes	\$ 10,126,371	\$ 10,080,136
Licenses and permits	666,525	676,071
Intergovernmental	15,814,731	16,322,902
Charges for services	1,200,243	1,230,603
Fines and forfeits	528,000	472,175
Other revenue	287,843	210,877
Sub-total revenues	\$ 28,623,713	\$ 28,992,764
Other financing sources	55,642	55,642
Total Revenues and Other Financing Sources	\$ 28,679,355	\$ 29,048,406
Expenditures and Other Financing Uses		
General government	\$ 1,847,274	\$ 1,718,441
Public safety	20,499,326	20,279,264
Highways and streets	3,227,340	3,178,233
Culture and recreation	719,466	669,693
Economic development	471,929	450,733
Sub-total expenditures	\$ 26,765,335	\$ 26,296,364
Other financing uses		
Transfers to Other Funds	2,761,358	2,752,042
Total Expenditures and Other Financing Sources	29,526,693	29,048,406
Change in Fund Balance	\$ (847,338)	\$ -

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$131.0 million at December 31, 2020. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 20	FYE 19	FYE 20	FYE 19	FYE 20	FYE 19
Land and Improvements	\$ 35,245,051	\$ 35,137,670	\$ 249,652	\$ 249,652	\$ 35,494,703	\$ 35,387,322
Building and Improvements	6,711,452	8,309,722	-	-	6,711,452	8,309,722
Machinery & Equipment	1,528,779	1,691,982	1,413,485	1,493,627	2,942,264	3,185,609
Vehicles	2,889,543	3,995,615	668,811	581,654	3,558,354	4,577,269
Other	123,419	914,766	282,885	1,190,570	406,304	2,105,336
Infrastructure	39,421,396	35,720,049	42,499,428	41,749,621	81,920,824	77,469,670
Total	\$ 85,919,640	\$ 85,769,804	\$ 45,114,261	\$ 45,265,124	\$ 131,033,901	\$ 131,034,928

Capital additions for the year totaled \$3.5 million for governmental funds and \$3.0 million for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- Land improvements of \$886k, with \$75k on the Breezewald Park Project and \$811k on Paulus parking lot improvements.
- Infrastructure improvements of \$1.75 million for the annual road program and streambank stabilization.
- Equipment of \$396k., with \$357k for grant approved SCBA equipment for the Fire Department and \$39k for Public Works Kubota tractor.

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

December 31, 2020

- Vehicles of \$479k, with \$82k for police vehicles, \$103k for fire vehicles, and \$294k for public works vehicles.

Business-Type Fund:

- Infrastructure improvements of \$2.3 million for water main improvements (\$1.5 million), lift station improvements (\$603k), and sanitary sewer lining (\$246k).
- Machinery and Equipment of \$231k, for a ESROver X (\$105k) and pump replacements (\$126k).
- Vehicles of \$152k for a Ford F250 (\$32k) and a 2021 International (\$120k).

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 38 and 39.

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$2.3 million. Series 2020 was issued for \$1,143,000 on a short-term basis and was repaid before the end of the fiscal year. During the year, there was no additional new debt.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 20	FYE 19	FYE 20	FYE 19	FYE 20	FYE 19
General Obligation Bonds	\$ -	\$ 505,000	\$ -	\$ -	\$ -	\$ 505,000
TIF Alternate Revenue Bonds	21,235,000	22,445,000	-	-	21,235,000	22,445,000
TIF Revenue Bonds	-	-	-	-	-	-
Water Alternate Revenue Bonds	-	-	1,875,000	2,425,000	1,875,000	2,425,000
Bonded Debt Total	21,235,000	22,950,000	1,875,000	2,425,000	23,110,000	25,375,000
IEPA Loan	-	-	1,526,081	1,727,557	1,526,081	1,727,557
Compensated Absences	1,847,043	1,239,171	98,266	83,625	1,945,309	1,322,796
Net Pension Liability	39,164,762	44,026,285	-	400,291	39,164,762	44,426,576
Capital Lease Obligation	14,560	146,878	3,042,112	3,202,216	3,056,672	3,349,094
Other Postemployment Benefits	3,177,041	3,159,596	274,753	274,993	3,451,794	3,434,589
Other	170,567	206,395	97,373	126,593	267,940	332,988
Total Other LT Debt	44,373,973	48,778,325	5,038,585	5,815,275	49,412,558	54,593,600
Combined LT Debt Total	65,608,973	71,728,325	6,913,585	8,240,275	72,522,558	79,968,600

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 42 through 46.

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

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

December 31, 2020

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 in July 2017 and implemented an administration fee on local taxes such as the Non-Home Rule Sales Tax. Preliminary information on the State's upcoming budget for 2021/2022 proposes a 10% reduction to the distribution rate formula for the Local Government Distributive Fund (LGDF).

- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2020 Tax Levy to be 2.3%. 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.
- 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 COVID-19, which 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 COVID-19 pandemic, the Village experienced a reduction of several key revenue sources including Sales Tax, Video Gaming Tax, Non-Home Rule Tax, Hotel Motel Tax as well as a disruption to the park program fees. The Village also received several grants related to the pandemic. Looking ahead to 2021, major revenues are expected to stabilize and additional funding from the American Rescue Plan is expected. As the governor continues to move the state through the various phases of "Illinois Restored", there is an uptick expected in the park programs as well.

- The International Association of Fire Fighters (IAFF) contract expired December 31, 2020 and is currently in negotiations. The Telecommunicators Fraternal Order of Police (FOP190-2) collective bargaining agreement is set to expire December 31, 2021. 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, 2020 the unrestricted fund balance of the General Fund was 37% 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 \$7.8 million at December 31, 2020. The fund also had unrestricted net position of \$7.1 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, 2020.

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, 2020. 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

December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 27,546,512	\$ 7,800,370	\$ 35,346,882
Receivables (net):			
Property taxes	11,014,433	-	11,014,433
Accounts	1,809,443	932,352	2,741,795
Internal balances	(533,905)	533,905	-
Due from fiduciary funds	-	3,887	3,887
Due from other governmental units	2,288,582	-	2,288,582
Prepaid items	1,364,410	50,773	1,415,183
Inventories	14,378	2,681	17,059
Land held for resale	3,046,464	-	3,046,464
Net pension asset	1,066,741	293,748	1,360,489
Capital assets:			
Capital assets not being depreciated	30,596,970	532,537	31,129,507
Capital assets net of accumulated depreciation	55,322,670	44,581,724	99,904,394
Total assets	<u>133,536,698</u>	<u>54,731,977</u>	<u>188,268,675</u>
Deferred Outflows of Resources			
Pension related amounts	5,270,086	32,968	5,303,054
Unamortized loss on refunding	2,254,837	-	2,254,837
OPEB related amounts	427,004	36,928	463,932
Total deferred outflows of resources	<u>7,951,927</u>	<u>69,896</u>	<u>8,021,823</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable	841,995	854,909	1,696,904
Accrued payroll	642,682	48,501	691,183
Deposits payable	443,928	-	443,928
Other payables	401,441	-	401,441
Accrued interest payable	89,863	28,786	118,649
Unearned revenues	364,490	-	364,490
Noncurrent liabilities:			
Due within one year	1,776,839	969,896	2,746,735
Due in more than one year	63,832,134	5,943,689	69,775,823
Total liabilities	<u>68,393,372</u>	<u>7,845,781</u>	<u>76,239,153</u>
Deferred Inflows of Resources			
Property taxes levied for future periods	10,822,939	-	10,822,939
Pension related amounts	12,681,468	753,575	13,435,043
OPEB related amounts	480,171	41,526	521,697
Total deferred inflows of resources	<u>23,984,578</u>	<u>795,101</u>	<u>24,779,679</u>
Net Position			
Net investment in capital assets	85,919,640	38,573,695	124,493,335
Restricted for:			
Special recreation	41,171	-	41,171
Public safety	335,535	-	335,535
TIF	3,169,661	-	3,169,661
Debt service	900,638	-	900,638
Noise mitigation	239,530	-	239,530
Capital projects	2,923,604	-	2,923,604
Highways and streets	2,969,347	-	2,969,347
Tourism	369,241	-	369,241
PEG fees	94,064	-	94,064
Unrestricted	(47,851,756)	7,587,296	(40,264,460)
Total net position	<u>\$ 49,110,675</u>	<u>\$ 46,160,991</u>	<u>\$ 95,271,666</u>

See notes to financial statements

Village of Lake Zurich

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 1,761,391	\$ 920,751	\$ 1,000	\$ -	\$ (839,640)	\$ -	\$ (839,640)
Public safety	21,301,322	8,272,702	-	-	(13,028,620)	-	(13,028,620)
Highways and streets	5,241,285	67,835	741,456	447,884	(3,984,110)	-	(3,984,110)
Culture and recreation	997,789	169,632	-	20,990	(807,167)	-	(807,167)
Economic development	1,502,578	-	-	-	(1,502,578)	-	(1,502,578)
Interest and fiscal charges	946,072	-	-	-	(946,072)	-	(946,072)
Total governmental activities	<u>31,750,437</u>	<u>9,430,920</u>	<u>742,456</u>	<u>468,874</u>	<u>(21,108,187)</u>	<u>-</u>	<u>(21,108,187)</u>
Business-Type activities:							
Waterworks and sewerage	4,962,077	7,395,537	-	-	-	2,433,460	2,433,460
Total business-type activities	<u>4,962,077</u>	<u>7,395,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,433,460</u>	<u>2,433,460</u>
Total	\$ 36,712,514	\$ 16,826,457	\$ 742,456	\$ 468,874	(21,108,187)	2,433,460	(18,674,727)
General Revenues							
Taxes							
Property taxes					10,834,425	-	10,834,425
Utility taxes					1,217,852	-	1,217,852
Telecommunications taxes					487,581	-	487,581
Other taxes					258,545	-	258,545
Intergovernmental, unrestricted							
Replacement					63,202	-	63,202
Sales taxes					8,485,802	-	8,485,802
Local use					876,588	-	876,588
Shared income tax					2,133,279	-	2,133,279
Intergovernmental revenues					1,046,059	-	1,046,059
Special events					5,406	-	5,406
Investment income					183,374	55,823	239,197
Miscellaneous					491,567	6,946	498,513
Total general revenues					<u>26,083,680</u>	<u>62,769</u>	<u>26,146,449</u>
Change in net position					4,975,493	2,496,229	7,471,722
Net Position, Beginning (as restated)					<u>44,135,182</u>	<u>43,664,762</u>	<u>87,799,944</u>
Net Position, Ending					\$ 49,110,675	\$ 46,160,991	\$ 95,271,666

See notes to financial statements

Village of Lake Zurich

Balance Sheet
Governmental Funds
December 31, 2020

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Assets				
Cash and investments	\$ 8,998,342	\$ 134,288	\$ 269,752	\$ 863,421
Receivables:				
Property taxes receivable	8,289,866	1,320,143	152,335	1,237,217
Accounts receivable	866,673	-	65,000	-
Due from other funds	592	-	-	-
Advances to other funds	1,530,000	-	-	-
Due from other governments	2,288,582	-	-	-
Prepaid items	49,191	-	-	-
Inventories	14,378	-	-	-
Land held for resale	-	-	3,046,464	-
Total assets	<u>\$ 22,037,624</u>	<u>\$ 1,454,431</u>	<u>\$ 3,533,551</u>	<u>\$ 2,100,638</u>

TIF Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total
\$ 476,117	\$ 4,646,351	\$ 6,631,718	\$ 22,019,989
-	-	14,872	11,014,433
-	11,666	859,394	1,802,733
-	-	-	592
-	-	150,000	1,680,000
-	-	-	2,288,582
-	-	7,020	56,211
-	-	-	14,378
-	-	-	<u>3,046,464</u>
<u>\$ 476,117</u>	<u>\$ 4,658,017</u>	<u>\$ 7,663,004</u>	<u>\$ 41,923,382</u>

Village of Lake Zurich

Balance Sheet
 Governmental Funds
 December 31, 2020

	<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	\$ 363,357	\$ -	\$ 2,000	\$ -
Accrued wages	598,568	-	-	-
Other liabilities	151,592	-	65,000	-
Due to other funds	-	-	-	-
Advances from other funds	-	185,000	150,000	-
Unearned revenues	231,645	-	2,400	-
Deposits	<u>443,928</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,789,090</u>	<u>185,000</u>	<u>219,400</u>	<u>-</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	<u>8,168,797</u>	<u>1,298,738</u>	<u>144,490</u>	<u>1,200,000</u>
Total deferred inflows of resources	<u>8,168,797</u>	<u>1,298,738</u>	<u>144,490</u>	<u>1,200,000</u>
Fund Balances (Deficit)				
Nonspendable for prepaid items	49,191	-	-	-
Nonspendable for inventory	14,378	-	-	-
Nonspendable for advances to other funds	1,530,000	-	-	-
Restricted for special recreation	41,171	-	-	-
Restricted for public safety	149,635	-	-	-
Restricted for TIF	-	-	3,169,661	-
Restricted for debt service	-	-	-	900,638
Restricted for noise mitigation	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for highways and streets	-	-	-	-
Restricted for tourism	-	-	-	-
Restricted for PEG	94,064	-	-	-
Assigned to capital project funds	-	-	-	-
Assigned to special events	-	-	-	-
Assigned to dispatch services	-	-	-	-
Assigned to special projects	10,610	-	-	-
Unassigned	<u>10,190,688</u>	<u>(29,307)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>12,079,737</u>	<u>(29,307)</u>	<u>3,169,661</u>	<u>900,638</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,037,624</u>	<u>\$ 1,454,431</u>	<u>\$ 3,533,551</u>	<u>\$ 2,100,638</u>

TIF Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 440,278	\$ 805,635
-	-	41,624	640,192
-	-	184,849	401,441
-	-	592	592
1,300,000	-	45,000	1,680,000
-	-	130,445	364,490
<u>-</u>	<u>-</u>	<u>443,928</u>	
<u>1,300,000</u>	<u>-</u>	<u>842,788</u>	<u>4,336,278</u>
<u>-</u>	<u>-</u>	<u>10,914</u>	<u>10,822,939</u>
<u>-</u>	<u>-</u>	<u>10,914</u>	<u>10,822,939</u>
-	-	7,020	56,211
-	-	-	14,378
-	-	-	1,530,000
-	-	-	41,171
-	-	185,900	335,535
-	-	-	3,169,661
-	-	-	900,638
-	239,530	-	239,530
-	-	2,923,604	2,923,604
-	-	2,969,347	2,969,347
-	-	369,241	369,241
-	-	-	94,064
-	4,418,487	-	4,418,487
-	-	111,149	111,149
-	-	258,254	258,254
-	-	-	10,610
<u>(823,883)</u>	<u>-</u>	<u>(15,213)</u>	<u>9,322,285</u>
<u>(823,883)</u>	<u>4,658,017</u>	<u>6,809,302</u>	<u>26,764,165</u>
<u>\$ 476,117</u>	<u>\$ 4,658,017</u>	<u>\$ 7,663,004</u>	<u>\$ 41,923,382</u>

Village of Lake Zurich

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2020

Total Fund Balances, Governmental Funds	\$ 26,764,165
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.	85,919,640
Less internal service fund portion	(3,617,353)
The loss on refunding of bonds is capitalized and amortized over the life of the bonds on the statement of net position.	2,254,837
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	5,270,086
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	427,004
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(12,681,468)
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(480,171)
Internal service funds are reported in the statement of net position as governmental activities.	9,886,030
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	1,066,741
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	(21,235,000)
Capital lease payable	(14,560)
Compensated absences	(1,847,043)
Accrued interest	(89,863)
Unamortized debt discount	(170,567)
Net pension liability	(39,164,762)
Total OPEB liability	<u>(3,177,041)</u>
Net Position of Governmental Activities	<u>\$ 49,110,675</u>

Village of Lake Zurich

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2020

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Revenues				
Taxes	\$ 10,080,136	\$ 1,388,894	\$ 217,966	\$ 1,163,865
Licenses and permits	676,071	-	-	-
Intergovernmental	16,322,902	-	-	-
Charges for services	1,230,603	-	-	-
Fines, forfeitures and penalties	472,175	-	-	-
Special events	-	-	-	-
Investment income	82,637	1,343	1,238	6,130
Miscellaneous revenues	<u>128,240</u>	<u>-</u>	<u>35,838</u>	<u>-</u>
Total revenues	<u>28,992,764</u>	<u>1,390,237</u>	<u>255,042</u>	<u>1,169,995</u>
Expenditures				
Current:				
General government	1,718,441	-	-	-
Public safety	20,279,264	-	-	-
Highways and streets	3,178,233	-	-	-
Culture and recreation	669,693	-	-	-
Economic development	450,733	540,777	590,770	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	505,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,626</u>
Total expenditures	<u>26,296,364</u>	<u>540,777</u>	<u>590,770</u>	<u>534,626</u>
Excess (deficiency) of revenues over expenditures	<u>2,696,400</u>	<u>849,460</u>	<u>(335,728)</u>	<u>635,369</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(2,752,042)	(785,000)	-	(1,143,000)
Proceeds from sales of capital assets	<u>55,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,696,400)</u>	<u>(785,000)</u>	<u>-</u>	<u>(1,143,000)</u>
Net change in fund balances	-	64,460	(335,728)	(507,631)
Fund Balances (Deficit), Beginning (as restated)	<u>12,079,737</u>	<u>(93,767)</u>	<u>3,505,389</u>	<u>1,408,269</u>
Fund Balances (Deficit), Ending	<u>\$ 12,079,737</u>	<u>\$ (29,307)</u>	<u>\$ 3,169,661</u>	<u>\$ 900,638</u>

TIF Debt Service	Capital Improvements	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 2,104,331	\$ 14,955,192
-	-	-	676,071
-	20,990	1,172,709	17,516,601
-	24,354	950,917	2,205,874
-	-	-	472,175
-	-	4,745	4,745
2,619	29,605	35,719	159,291
<u>-</u>	<u>35,220</u>	<u>-</u>	<u>199,298</u>
<u>2,619</u>	<u>110,169</u>	<u>4,268,421</u>	<u>36,189,247</u>
 - -	 - -	 16,770	 1,735,211
- -	- -	1,469,703	21,748,967
- -	- -	2,446,408	5,624,641
- -	- -	173,557	843,250
- -	- -	484	1,582,764
- -	282,556	-	282,556
1,210,000	-	-	1,715,000
<u>716,317</u>	<u>-</u>	<u>-</u>	<u>745,943</u>
<u>1,926,317</u>	<u>282,556</u>	<u>4,106,922</u>	<u>34,278,332</u>
 <u>(1,923,698)</u>	 <u>(172,387)</u>	 <u>161,499</u>	 <u>1,910,915</u>
1,928,000	1,591,269	830,209	4,349,478
- -	- -	(69,436)	(4,749,478)
<u>- -</u>	<u>- -</u>	<u>-</u>	<u>55,642</u>
<u>1,928,000</u>	<u>1,591,269</u>	<u>760,773</u>	<u>(344,358)</u>
4,302	1,418,882	922,272	1,566,557
 <u>(828,185)</u>	 <u>3,239,135</u>	 <u>5,887,030</u>	 <u>25,197,608</u>
<u>\$ (823,883)</u>	<u>\$ 4,658,017</u>	<u>\$ 6,809,302</u>	<u>\$ 26,764,165</u>

Village of Lake Zurich

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2020

Net Change in Fund Balances, Total Governmental Funds	\$ 1,566,557
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.	
Less internal service funds	2,723,480
Depreciation is reported in the government-wide financial statements	(549,072)
Less net book value of assets retired	(2,557,511)
	(16,133)
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.	
	(94,860)
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	1,847,318
Governmental funds report debt premiums and discounts as other financing sources or uses. 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	35,828
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	(607,872)
Accrued interest on debt	22,793
Net pension asset/liability	5,928,264
Net OPEB liability	(17,445)
Deferred outflows of resources related to pensions	(464,003)
Deferred outflows of resources related to OPEB	326,898
Deferred inflows of resources related to pensions	(4,235,628)
Deferred inflows of resources related to OPEB	(281,215)
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	
	<u>1,606,844</u>
Change in Net Position of Governmental Activities	<u>\$ 4,975,493</u>

Village of Lake Zurich

Statement of Net Position

Proprietary Funds

December 31, 2020

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ 7,800,370	\$ 5,526,523
Accounts receivable	932,352	6,710
Due from fiduciary funds	3,887	-
Prepaid items	50,773	1,308,199
Inventories	2,681	-
Total current assets	<u>8,790,063</u>	<u>6,841,432</u>
Noncurrent assets:		
Capital assets:		
Capital assets not being depreciated	532,537	-
Property and equipment	84,731,698	4,975,781
Net pension asset	293,748	-
Less accumulated depreciation	(40,149,974)	(1,358,428)
Total noncurrent assets	<u>45,408,009</u>	<u>3,617,353</u>
Total assets	<u>54,198,072</u>	<u>10,458,785</u>
Deferred Outflows of Resources		
Pension related amounts	32,968	-
OPEB related amount	36,928	-
Total deferred outflows of resources	<u>69,896</u>	<u>-</u>

Village of Lake Zurich

Statement of Net Position
 Proprietary Funds
 December 31, 2020

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Liabilities		
Current liabilities:		
Accounts payable	\$ 854,909	\$ 36,360
Accrued wages	48,501	2,490
Accrued interest	28,786	-
Compensated absences	19,653	-
Unamortized bond premium	29,220	-
IEPA loan payable	206,545	-
Capital lease obligation	164,478	-
Alternative revenue bonds payable	550,000	-
Total current liabilities	1,902,092	38,850
Noncurrent liabilities:		
Long-term debt:		
Compensated absences	78,613	-
Total other postemployment benefit liability	274,753	-
Unamortized bond premium	68,153	-
IEPA loan payable	1,319,536	-
Capital lease obligation	2,877,634	-
Alternative revenue bonds payable	1,325,000	-
Total noncurrent liabilities	5,943,689	-
Total liabilities	7,845,781	38,850
Deferred Inflows of Resources		
Pension related amounts	753,575	-
OPEB related amounts	41,526	-
Total deferred inflows of resources	795,101	-
Net Position		
Net investment in capital assets	38,573,695	3,617,353
Unrestricted net position	7,053,391	6,802,582
Total net position	\$ 45,627,086	\$ 10,419,935
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.	533,905	-
Net Position Business-Type Activities	\$ 46,160,991	
Net internal service funds reported in the statement of net position as governmental activities		\$ 10,419,935

Village of Lake Zurich

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2020

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for services	\$ 7,158,732	\$ -
Contributions	-	4,641,428
Grants	-	312,900
Total operating revenues	<u>7,158,732</u>	<u>4,954,328</u>
Operating Expenses		
Administration	543,282	-
Operations	2,369,269	26,212
Insurance and claims	-	3,369,943
Depreciation	<u>1,928,290</u>	<u>325,518</u>
Total operating expenses	<u>4,840,841</u>	<u>3,721,673</u>
Operating income (loss)	<u>2,317,891</u>	<u>1,232,655</u>
Nonoperating Revenues (Expenses)		
Connection fees	236,805	-
Investment income	55,823	24,083
Miscellaneous	-	(822)
Gain on sale of capital assets	6,946	-
Interest and fiscal charges	<u>(170,308)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>129,266</u>	<u>23,261</u>
Income (loss) before transfers	<u>2,447,157</u>	<u>1,255,916</u>
Transfers		
Transfers in	-	600,000
Transfers out	-	(200,000)
Total transfers	<u>-</u>	<u>400,000</u>
Change in net position	<u>2,447,157</u>	<u>1,655,916</u>
Net Position, Beginning	<u>43,179,929</u>	<u>8,764,019</u>
Net Position, Ending	<u>\$ 45,627,086</u>	<u>\$ 10,419,935</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	<u>49,072</u>	
Change in net position of business-type activities	<u>\$ 2,496,229</u>	

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities		
Received from customers	\$ 7,141,613	\$ 4,638,932
Paid to suppliers for goods and services	(1,722,025)	(747,913)
Paid to employees for services	(1,661,836)	(2,997,045)
Other operating revenue (expenses)	-	312,900
Net cash flows from operating activities	<u>3,757,752</u>	<u>1,206,874</u>
Cash Flows From Investing Activities		
Investment income	<u>73,402</u>	<u>24,083</u>
Net cash flows from investing activities	<u>73,402</u>	<u>24,083</u>
Cash Flows From Noncapital Financing Activities		
Receipt of transfer	-	400,000
Miscellaneous	-	75
Due to / from other funds	<u>1,750</u>	-
Net cash flows from noncapital financing activities	<u>1,750</u>	<u>400,075</u>
Cash Flows From Capital and Related Financing Activities		
Principal paid	(911,580)	-
Interest paid	(201,991)	-
Connection fees received	236,805	-
Acquisition and construction of capital assets	(1,781,263)	(875,487)
Proceeds from the sale of capital assets	<u>10,783</u>	-
Net cash flows from capital and related financing activities	<u>(2,647,246)</u>	<u>(875,487)</u>
Net change in cash and cash equivalents	<u>1,185,658</u>	<u>755,545</u>
Cash and Cash Equivalents, Beginning	<u>6,614,712</u>	<u>4,770,978</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,800,370</u>	<u>\$ 5,526,523</u>

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2020

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 2,317,891	\$ 1,232,655
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	1,928,290	325,518
Changes in assets and liabilities:		
Accounts receivable	(17,119)	(2,496)
Prepaid items	(874)	(330,987)
Inventories	(473)	-
Net pension asset	(293,748)	-
Deferred outflows, pension related items	95,245	-
Deferred outflows, OPEB	(28,215)	-
Accounts payable	(264,690)	(17,175)
Accrued wages	11,666	(641)
Compensated absences	14,641	-
Total OPEB liability	(240)	-
Net pension liability	(400,291)	-
Deferred inflows, pension related items	371,459	-
Deferred inflows, OPEB related items	24,210	-
Net cash flows from operating activities	<u>\$ 3,757,752</u>	<u>\$ 1,206,874</u>

Noncash Capital and Related Financing Activities

None

Village of Lake Zurich

Statement of Fiduciary Net Position
 Fiduciary Funds
 December 31, 2020

	Pension Trust Funds	Custodial Fund - Special Service Areas
Assets		
Cash and investments	\$ 167,693	\$ 436,037
Investments:		
U.S. treasuries	3,095,199	-
U.S. agencies	17,337,891	-
Mutual funds	47,644,335	-
Corporate bonds	4,886,829	-
State and local obligations	3,271,939	-
Money markets	1,141,030	-
Certificates of deposit	1,038,843	-
Insurance contracts	209,570	-
Receivables:		
Accrued interest	164,049	-
Prepaid items	4,756	-
	<hr/>	<hr/>
Total assets	<hr/>	<hr/>
	78,962,134	436,037
Liabilities		
Accounts payable	39,616	3,829
Due to primary government	<hr/>	<hr/>
	-	3,887
	<hr/>	<hr/>
Total liabilities	<hr/>	<hr/>
	39,616	7,716
Net Position		
Restricted for retirement benefits	78,922,518	-
Restricted for special service areas	<hr/>	<hr/>
	-	428,321
	<hr/>	<hr/>
Total net position	<hr/>	<hr/>
	\$ 78,922,518	\$ 428,321

Village of Lake Zurich

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended December 31, 2020

	Pension Trust Funds	Custodial Fund - Special Service Areas
Additions		
Contributions		
Employer	\$ 4,166,335	\$ -
Employee	980,452	-
Property tax	-	57,778
Total contributions	<u>5,146,787</u>	<u>57,778</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	8,250,022	-
Interest on investments	<u>1,849,445</u>	<u>-</u>
Total investment income	10,099,467	-
Less Investment expense	<u>(136,228)</u>	<u>-</u>
Net investment income	<u>9,963,239</u>	<u>-</u>
Total additions	<u>15,110,026</u>	<u>57,778</u>
Deductions		
Pension payments and refunds	4,010,651	-
Administration	91,997	-
Public works	-	201,716
Total deductions	<u>4,102,648</u>	<u>201,716</u>
Change in fiduciary net position	11,007,378	(143,938)
Net Position, Beginning (as restated)	<u>67,915,140</u>	<u>572,259</u>
Net Position, Ending	<u>\$ 78,922,518</u>	<u>\$ 428,321</u>

Village of Lake Zurich

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December 31, 2020

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Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

1. 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).

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.

Fiduciary Component Units

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.

Government-Wide and Fund Financial Statements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2020.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2020.

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. 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.

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 percent 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 percent test is at least 5 percent 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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

The Village reports the following major governmental funds:

General Fund

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.

Special Revenue Funds

TIF Tax Allocation Fund is used to account for all restricted revenues and to record fund transfers to pay for administrative, debt service and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act.

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

Debt Service Funds

Debt Service Fund is 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 is 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 Projects Fund

Capital Improvements Fund is 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.

Enterprise Funds

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

Special Revenue Funds are 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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Capital Projects Funds

Capital Projects Funds are 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

Internal Service Funds are 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

Pension Trust Funds

Pension Trust Funds are 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.

Police Pension Fund
Firefighters' Pension Fund

Custodial Funds

Custodial Funds are 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.

Special Service Areas Fund accounts for receipts and disbursements related to maintenance within special service areas within the Village.

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
December 31, 2020

Fund Financial Statements

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

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 Funds

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.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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 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 %	1.40	%
Large cap domestic equities	42.0	5.80	
Small cap domestic equities	12.0	7.60	
International equities	6.0	7.10	

Illinois Compiled Statutes (ILCS) limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent 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 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 %	1.40	%
Large cap domestic equities	42.0	5.80	
Small cap domestic equities	12.0	7.60	
International equities	6.0	7.10	

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Illinois Compiled Statutes (ILCS) limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent 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.

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 Poor's, 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 percent 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 percent. Securities in any one company should not exceed 5 percent of the total fund.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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 percent of the value of the deposit. Both the Police Pension and Firefighters' Pension's investment policies limit exposure to deposit custodial credit risk by requiring deposits in excess of FDIC insurable limits to be collateralized.

Custodial Credit Risk, Investments

The Village's investment policy requires pledging of collateral with a fair value of 110 percent 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 methods and inputs as outlined in Note 3. 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.

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 3 for further information.

Receivables

Property taxes for levy year 2020 attaches as an enforceable lien on January 1, 2020, 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 2020 are prepared by Lake County and issued on or about May 1, 2021 and August 1, 2021 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.

The County collects such taxes and remits them periodically. The 2020 property tax levy is recognized as a receivable and deferred inflows in fiscal 2020, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2020, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2020 levy.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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.

Inventories and Prepaid Items

Governmental fund inventories, if material, 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. They are valued at cost based on FIFO and charged to construction and/or operation and maintenance expense when used.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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.

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.

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.

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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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.

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.

See Note 3 for further information.

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
December 31, 2020

2. Stewardship, Compliance and Accountability

Deficit Balances

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

As of December 31, 2020, the following individual funds held a deficit balance:

Fund	Amount
TIF Tax Allocation	\$ (29,307)
TIF Debt Service	(823,883)
TIF #3	(15,213)

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Petty cash	\$ 2,875	\$ -	N/A
Deposits	35,357,157	36,428,547	Custodial credit risk - deposits
Mutual funds, bond funds	47,644,335	47,644,335	Custodial credit risk - deposits
Corporate bonds	4,886,829	4,886,829	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
U.S. treasuries	3,095,199	3,095,199	Custodial credit risk, interest rate risk
U.S. agencies	17,337,891	17,337,891	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds, other than bond funds	1,141,029	1,141,029	N/A
State and local obligations	3,271,939	3,271,939	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Negotiable CDs	1,629,424	1,629,424	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Insurance contracts	<u>209,570</u>	<u>209,570</u>	Credit risk, custodial credit risk - investments, concentration of credit risk
Total deposits and investments	<u><u>\$114,576,248</u></u>	<u><u>\$115,644,763</u></u>	

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Reconciliation to financial statements

Per statement of net position	
Cash and investments	\$ 35,346,882
Per statement of net position, fiduciary funds	
Cash and investments, pension trusts	167,693
Cash and investments, custodial fund	436,037
U.S. treasures	3,095,199
U.S. agencies	17,337,891
Money markets	1,141,030
Corporate bonds	4,886,829
State and local obligations	3,271,939
Mutual funds, bond funds	47,644,335
Certificates of deposit	1,038,843
Insurance contracts	<u>209,570</u>
 Total deposits and investments	 <u>\$114,576,248</u>

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. Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 are valued using either a discounted cash flow or market comparable companies technique.

As of December 31, 2020 the Village utilized the market valuation method for all recurring fair value measurements and investments were measured using the valuation inputs as follows:

Investment Type	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 590,581	\$ -	\$ 590,581
Total	\$ -	\$ 590,581	\$ -	\$ 590,581

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Police Pension

Investment Type	December 31, 2020			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ 1,282,887	\$ -	\$ -	\$ 1,282,887
Mutual funds, other than bond funds	18,457,886	-	-	18,457,886
Negotiable certificates of deposit	-	230,139	-	230,139
Corporate Bonds	1,961,198	-	-	1,961,198
State and local obligations	-	1,327,836	-	1,327,836
U.S. agencies	-	6,605,489	-	6,605,489
Total	\$ 21,701,971	\$ 8,163,464	\$ -	\$ 29,865,435

Firefighters' Pension

Investment Type	December 31, 2020			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ 1,812,312	\$ -	\$ -	\$ 1,812,312
Mutual funds, other than bond funds	29,186,449	-	-	29,186,449
Negotiable certificates of deposit	-	808,704	-	808,704
Corporate bonds	2,925,631	-	-	2,925,631
State and local obligations	-	1,944,103	-	1,944,103
U.S. agencies	-	10,732,402	-	10,732,402
Insurance contracts	-	-	209,570	209,570
Total	\$ 33,924,392	\$ 13,485,209	\$ 209,570	\$ 47,619,171

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
December 31, 2020

As of December 31, 2020, 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, 2020, the Police Pension Fund has over 5 percent 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	\$ 3,056,747
Federal Home Loan Bank	2,667,116

At December 31, 2020, the Firefighters' Pension Fund has over 5 percent 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	\$ 5,143,223
Federal Home Loan Bank	4,704,497

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, 2020, investments were as follows:

Investment Type	Fair Value	Maturity (In Years)				Greater than 10
		Less than 1	1-5	6-10		
Negotiable certificates of deposit	\$ 590,581	\$ 590,581	\$ _____ -	\$ _____ -	\$ _____ -	
Total	\$ 590,581	\$ 590,581	\$ _____ -	\$ _____ -	\$ _____ -	

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Police Pension

Investment Type	Fair Value	Maturity (In Years)				Greater than 10
		Less than 1	1-5	6-10		
U.S. treasuries	\$ 1,282,887	\$ 252,734	\$ 447,949	\$ 582,204	\$ -	-
Negotiable certificates of deposit	230,139	-	230,139	-	-	-
Corporate bonds	1,961,198	-	485,062	1,476,136	-	-
State and local obligations	1,327,836	166,598	871,967	186,941	102,330	
U.S. agencies	6,605,489	100,711	1,433,838	5,070,940	-	-
Total	\$ 11,407,549	\$ 520,043	\$ 3,468,955	\$ 7,316,221	\$ 102,330	

Firefighters' Pension

Investment Type	Fair Value	Maturity (In Years)				Greater than 10
		Less than 1	1-5	6-10		
U.S. treasuries	\$ 1,812,312	\$ -	\$ 737,062	\$ 1,075,250	\$ -	-
Negotiable certificates of deposit	808,704	-	310,171	498,533	-	-
Corporate bonds	2,925,631	397,124	1,809,016	719,491	-	-
State and local obligations	1,944,103	5,000	887,655	1,051,448	-	-
U.S. agencies	10,732,402	295,970	2,112,632	8,322,000	1,800	
Total	\$ 18,223,152	\$ 698,094	\$ 5,856,536	\$ 11,666,722	\$ 1,800	

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2020, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was 14.78 percent. 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, 2020, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was 14.54 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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
December 31, 2020

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 30,473,551	\$ -	\$ -	\$ -	\$ 30,473,551
Construction in progress	914,766	-	2,933	794,280	123,419
Total capital assets not being depreciated	<u>31,388,317</u>	<u>-</u>	<u>2,933</u>	<u>794,280</u>	<u>30,596,970</u>
Capital assets being depreciated:					
Land improvements	8,071,008	(419,590)	882,404	-	8,533,822
Buildings	12,258,956	-	-	-	12,258,956
Building improvements	2,168,335	(1,459,557)	-	-	708,778
Vehicles	7,044,654	(1,224,745)	478,586	21,232	6,277,263
Machinery and equipment	2,604,748	(12,644)	396,004	22,252	2,965,856
Computers/software	646,831	(480,137)	-	-	166,694
Infrastructure	<u>70,748,302</u>	<u>3,596,673</u>	<u>1,757,833</u>	<u>-</u>	<u>76,102,808</u>
Total capital assets being depreciated	<u>103,542,834</u>	<u>-</u>	<u>3,514,827</u>	<u>43,484</u>	<u>107,014,177</u>
Total capital assets	<u>134,931,151</u>	<u>-</u>	<u>3,517,760</u>	<u>837,764</u>	<u>137,611,147</u>
Less accumulated depreciation for:					
Land improvements	(3,406,889)	(49,287)	(310,121)	-	(3,766,297)
Buildings	(5,791,514)	(4)	(271,799)	-	(6,063,317)
Building improvements	(326,055)	159,439	(26,349)	-	(192,965)
Vehicles	(3,049,039)	(26,957)	(332,956)	21,232	(3,387,720)
Machinery and equipment	(1,384,868)	(8,334)	(144,801)	6,119	(1,531,884)
Computers/software	(174,729)	115,625	(12,783)	-	(71,887)
Infrastructure	<u>(35,028,253)</u>	<u>(190,482)</u>	<u>(1,458,702)</u>	<u>-</u>	<u>(36,677,437)</u>
Total accumulated depreciation	<u>(49,161,347)</u>	<u>-</u>	<u>(2,557,511)</u>	<u>27,351</u>	<u>(51,691,507)</u>
Net capital assets being depreciated	<u>54,381,487</u>	<u>-</u>	<u>957,316</u>	<u>16,133</u>	<u>55,322,670</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 85,769,804</u>	<u>\$ -</u>	<u>\$ 960,249</u>	<u>\$ 810,413</u>	<u>\$ 85,919,640</u>

* Alignment of asset classes to reflect historical records.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 95,747
Public safety	488,401
Highways and streets	1,769,433
Culture and recreation	<u>203,930</u>
Total governmental activities depreciation expense	<u>\$ 2,557,511</u>

Business-Type Activities

Capital assets not being depreciated:

Land	\$ 249,652	\$ -	\$ -	\$ -	\$ 249,652
Construction in progress	<u>1,190,570</u>	<u>-</u>	<u>275,400</u>	<u>1,183,085</u>	<u>282,885</u>
Total capital assets not being depreciated	<u>1,440,222</u>	<u>-</u>	<u>275,400</u>	<u>1,183,085</u>	<u>532,537</u>

Capital assets being depreciated:

Vehicles	860,439	-	151,903	69,890	942,452
Machinery and equipment	2,045,222	(220,293)	230,535	21,924	2,033,540
Computer/software	206,030	-	-	-	206,030
Infrastructure	<u>79,022,872</u>	<u>220,293</u>	<u>2,306,511</u>	<u>-</u>	<u>81,549,676</u>
Total capital assets being depreciated	<u>82,134,563</u>	<u>-</u>	<u>2,688,949</u>	<u>91,814</u>	<u>84,731,698</u>

Total capital assets

Total capital assets	<u>83,574,785</u>	<u>-</u>	<u>2,964,349</u>	<u>1,274,899</u>	<u>85,264,235</u>
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Less accumulated depreciation for:

Vehicles	(278,785)	-	(64,746)	69,890	(273,641)
Machinery and equipment	(652,892)	-	(83,753)	18,087	(718,558)
Computer/software	(104,733)	-	(2,794)	-	(107,527)
Infrastructure	<u>(37,273,251)</u>	<u>-</u>	<u>(1,776,997)</u>	<u>-</u>	<u>(39,050,248)</u>
Total accumulated depreciation	<u>(38,309,661)</u>	<u>-</u>	<u>(1,928,290)</u>	<u>87,977</u>	<u>(40,149,974)</u>

Net capital assets being depreciated

Net capital assets being depreciated	<u>43,824,902</u>	<u>-</u>	<u>760,659</u>	<u>3,837</u>	<u>44,581,724</u>
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Business-Type capital assets, net of accumulated depreciation

Business-Type capital assets, net of accumulated depreciation	<u>\$ 45,265,124</u>	<u>\$ -</u>	<u>\$ 1,036,059</u>	<u>\$ 1,186,922</u>	<u>\$ 45,114,261</u>
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* Alignment of asset classes to reflect historical records.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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	\$ 592
	Total, fund financial statements	592
Add interfund receivables created with internal service fund eliminations		533,905
Less government-wide eliminations		<u>(592)</u>
	Total internal balances, government-wide statement of net position	\$ 533,905

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 advanced 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	\$ 45,000	\$ 45,000
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>150,000</u>	150,000
	Total	<u>\$ 1,680,000</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
December 31, 2020

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital Improvement Internal Service	General	\$ 1,570,085	Funding for capital projects
	General	400,000	Funding for internal services
			Funding for special events administration and
Nonmajor Governmental	General	781,957	Dispatch Center
TIF Debt Service	TIF Tax Allocation	785,000	Funding for debt payment
TIF Debt Service	Debt Service	1,143,000	Funding for debt payment
Nonmajor Governmental	Nonmajor Governmental	48,252	Funding for special events
Capital Improvement Internal Service	Nonmajor Governmental	21,184	Closing park improvements fund
	Internal Service	<u>200,000</u>	Funding for internal services
Total, fund financial statements		4,949,478	
Less government-wide eliminations		<u>(4,949,478)</u>	
Total transfers, government-wide statement of activities		\$ _____ -	

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.

Short-Term Debt Activity

The Village issued short-term debt for \$1,143,000. The Taxable General Obligation Refunding Bond (Limited Tax), Series 2020 dated June 4, 2020 were matured October 7, 2020; payable in annual installment with interest rate of 5.00 percent.

Short-term debt activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Taxable General Obligation Refunding Bond (Limited Tax), Series 2020	\$ _____ -	\$ 1,143,000	\$ 1,143,000	\$ _____ -

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation debt	\$ 505,000	\$ -	\$ 505,000	\$ -	\$ -
Tax increment financing bonds	22,445,000	-	1,210,000	21,235,000	1,360,000
(Discounts)/Premiums	206,395	-	35,828	170,567	36,088
Total bonds payable	<u>23,156,395</u>	<u>-</u>	<u>1,750,828</u>	<u>21,405,567</u>	<u>1,396,088</u>
Other liabilities:					
Vested compensated absences	1,239,171	663,347	55,475	1,847,043	376,284
Capital leases	146,878	-	132,318	14,560	4,467
Total other postemployment benefits liability	3,159,596	182,222	164,777	3,177,041	-
Net pension liability	44,026,285	7,605,672	12,467,195	39,164,762	-
Total other liabilities	<u>48,571,930</u>	<u>8,451,241</u>	<u>12,819,765</u>	<u>44,203,406</u>	<u>380,751</u>
Total governmental activities long-term liabilities	<u><u>\$ 71,728,325</u></u>	<u><u>\$ 8,451,241</u></u>	<u><u>\$ 14,570,593</u></u>	<u><u>\$ 65,608,973</u></u>	<u><u>\$ 1,776,839</u></u>
Business-Type Activities					
Bonds and loans payable:					
Alternative revenue bonds	\$ 2,425,000	\$ -	\$ 550,000	\$ 1,875,000	\$ 550,000
Illinois EPA loans - direct placement	1,727,557	-	201,476	1,526,081	206,545
(Discounts)/Premiums	126,593	-	29,220	97,373	29,220
Total bonds and loans payable	<u>4,279,150</u>	<u>-</u>	<u>780,696</u>	<u>3,498,454</u>	<u>785,765</u>
Other liabilities:					
Vested compensated absences	83,625	31,366	16,725	98,266	19,653
Capital leases	3,202,216	-	160,104	3,042,112	164,478
Total other postemployment benefits liability	274,993	14,010	14,250	274,753	-
Net pension liability	400,291	-	400,291	-	-
Total other liabilities	<u>3,961,125</u>	<u>45,376</u>	<u>591,370</u>	<u>3,415,131</u>	<u>184,131</u>
Total business-type activities long-term liabilities	<u><u>\$ 8,240,275</u></u>	<u><u>\$ 45,376</u></u>	<u><u>\$ 1,372,066</u></u>	<u><u>\$ 6,913,585</u></u>	<u><u>\$ 969,896</u></u>

The Village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625 percent of the most recent available equalized assessed valuation of the Village. As of December 31, 2020, the statutory debt limit for the Village was \$78,552,597, providing a debt margin of \$78,552,597.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Business-Type Activities Alternative Revenue Debt

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2020</u>
Alternative Revenue Debt					
Water and Sewerage Fund, 2013 General Obligation Bonds (Alternative Revenue)	9/4/2013	12/15/2023	3.00%-4.00%	\$ 3,800,000	\$ 1,255,000
General Obligation Waterworks and Sewerage System Alternative Revenue Bonds Series 2016B	8/1/2016	12/15/2026	2.00%	1,000,000	620,000
Total business-type activities, alternative revenue debt					\$ 1,875,000

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Alternative Revenue Debt</u>	
	<u>Principal</u>	
2021	\$ 550,000	\$ 61,475
2022	505,000	42,600
2023	500,000	24,400
2024	105,000	6,400
2025	105,000	4,300
2026	110,000	2,200
Total	\$ 1,875,000	\$ 141,375

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 2014, 2015 and 2016. Proceeds from the bonds provided financing for the various TIF improvements.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Tax Increment Financing Bonds at December 31, 2020, consists of the following:

Governmental Activities

Tax Increment Financing Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020
General Obligation TIF Alternative Revenue Bonds Series 2014A	9/8/2014	12/15/2024	2.00% - 3.00%	\$ 6,325,000	\$ 3,035,000
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>6,425,000</u>
Total governmental activities tax increment financing bonds					<u>\$ 21,235,000</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Tax Increment Financing Bonds	
	Principal	Interest
2021	\$ 1,360,000	\$ 662,711
2022	1,400,000	628,691
2023	1,440,000	591,978
2024	1,500,000	553,188
2025	1,525,000	511,403
2026-2030	8,000,000	1,833,478
2031-2034	<u>6,010,000</u>	<u>566,560</u>
Total	<u>\$ 21,235,000</u>	<u>\$ 5,348,009</u>

Other Loans Payable - Direct Placement

Loans are payable from Illinois Environmental Protection Agency. The outstanding IEPA notes are direct borrowings and contain a provision that in an event of default, the IEPA shall pursue the collection of the amounts past due, the outstanding balance and relating costs by any other reasonable means provided by the law.

Business-Type Activities

Other Loans Payable - Direct Placement	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2020
IEPA Loan 2006	10/15/2005	12/16/2026	2.5%	\$ 2,000,000	\$ 709,897
IEPA Loan 2008	9/27/2007	8/11/2028	1.25%	1,673,182	<u>816,184</u>
Total business-type activities other loans payable - direct placement					<u>\$ 1,526,081</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities	
	Other Loans Payable - Direct Placement	
	Principal	Interest
2021	\$ 206,545	\$ 36,870
2022	211,741	31,673
2023	217,067	26,347
2024	222,528	20,886
2025	228,126	15,288
2026-2028	440,074	16,452
Total	<u>\$ 1,526,081</u>	<u>\$ 147,516</u>

Capital Leases

Refer to Note 3.

Other Debt Information

Estimated payments of certain obligations are not included in the debt service requirement schedules. 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.

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, 2020, \$4,975,000 of bonds outstanding are considered defeased.

Village of Lake Zurich

Notes to Financial Statements December 31, 2020

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

The gross amount of these assets under capital leases is \$3,541,438, which are included in capital assets in the business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2020, are as follows:

Years	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	-	-	-	166,104	54,887	220,991
2026-2030	-	-	-	1,211,393	194,053	1,405,446
2031-2033	-	-	-	884,338	36,814	921,152
Total	\$ 14,560	\$ 1,387	\$ 15,947	\$ 3,042,112	\$ 562,042	\$ 3,604,154

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2020, includes the following:

Governmental Activities

Net investment in capital assets:

Capital assets not being depreciated

Capital assets net of accumulated depreciation

Total net investment in capital assets

\$ 30,596,970
55,322,670

\$ 85,919,640

The Governmental Activities long-term debt for Tax increment financing bonds (and related premiums/discounts) and the capital leases did not result in capital assets. The Tax increment financing bond proceeds were used to purchase land held for resale.

Business-Type Activities

Net investment in capital assets:

Capital assets not being depreciated

Capital assets net of accumulated depreciation

Less unamortized debt premium

Less capital related debt

Total net investment in capital assets

\$ 532,537
44,581,724
(97,373)
(6,443,193)

\$ 38,573,695

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Restatement of Fund Balance/Net Position

Fund balance and net position have been restated due to the implementation of GASB No. 84. See Note 1 for additional information related to this standard. The details of the restatement are as follows:

	Governmental Activities
Net position, December 31, 2019 (as reported)	\$ 43,215,568
Add adjustment for the implementation of GASB 84	<u>919,614</u>
Net position, December 31, 2019 (as restated)	<u><u>\$ 44,135,182</u></u>
Fund balance has also been restated due to the implementation of GASB No. 84. The details of the restatement are as follows:	
General Fund	
General Fund fund balance, December 31, 2019 (as reported)	\$ 11,375,123
Add adjustment for the implementation of GASB 84	<u>704,614</u>
General Fund fund balance, December 31, 2019 (as restated)	<u><u>\$ 12,079,737</u></u>
Capital Improvements Fund	
Capital Improvements Fund fund balance, December 31, 2019 (as reported)	\$ 3,024,135
Add adjustment for the implementation of GASB 84	<u>215,000</u>
Capital Improvements Fund fund balance, December 31, 2019 (as restated)	<u><u>\$ 3,239,135</u></u>

4. Other Information

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, benefit 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. This report is also available for download at www.imrf.org.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

For the year ended December 31, 2020, the Village recognized the following balances in the government-wide financial statements:

	Total Pension Liability	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
IMRF	\$ 38,298,206	\$ -	\$ 152,693	\$ 3,490,165	\$ (450,629)
Police Pension Plan	51,568,715	21,076,968	2,547,836	3,865,852	1,649,202
Firefighters' Pension Plan	<u>66,518,565</u>	<u>18,087,794</u>	<u>2,602,525</u>	<u>6,079,026</u>	<u>2,124,147</u>
Total	<u><u>\$156,385,486</u></u>	<u><u>\$ 39,164,762</u></u>	<u><u>\$ 5,303,054</u></u>	<u><u>\$ 13,435,043</u></u>	<u><u>\$ 3,322,720</u></u>

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 percent 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 percent 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 percent of their final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service after 15 years to a maximum of 75 percent 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 percent 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, 2020, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	119
Inactive, non-retired members	93
Active members	<u>67</u>
Total	<u><u>279</u></u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Contributions

As set by statute, Village employees participating in IMRF are required to contribute 4.50 percent 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 2020 was 11.41 percent 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, 2020 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, 2020 using the following actuarial methods and assumptions:

	Entry Age Normal Market Value
Actuarial cost method	
Asset valuation method	
Actuarial assumptions	
Investment Rate of Return	7.25%
Salary increases	2.85% to 13.75%, including inflation
Price inflation	2.50%

Mortality

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106 percent) and Female (adjusted 105 percent) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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 %	6.35 %	5.00 %
International equities	18.00	7.65	6.00
Fixed income	28.00	1.40	1.30
Real estate	9.00	7.10	6.20
Alternatives	7.00		
Private equity		10.35	6.95
Hedge funds		-	-
Commodities		3.90	2.85
Cash equivalents	1.00	0.70	0.70

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25 percent. The discount rate calculated using the December 31, 2019 measurement date was 7.25 percent. 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 percent 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 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
Total pension liability	\$ 42,959,771	\$ 38,298,206	\$ 34,734,305
Plan fiduciary net pension	<u>\$ 39,658,695</u>	<u>\$ 39,658,695</u>	<u>\$ 39,658,695</u>
Net pension liability/(asset)	<u>\$ 3,301,076</u>	<u>\$ (1,360,489)</u>	<u>\$ (4,924,390)</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2020 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2019	\$ 37,344,453	\$ 35,484,344	\$ 1,860,109
Service cost	508,696	-	508,696
Interest on total pension liability	2,665,200	-	2,665,200
Differences between expected and actual experience of the total pension liability	(144,446)	-	(144,446)
Change of assumptions	(400,862)	-	(400,862)
Benefit payments, including refunds of employee contributions	(1,674,835)	(1,674,835)	-
Contributions, employer	-	612,352	(612,352)
Contributions, employee	-	241,702	(241,702)
Net investment income	-	5,045,039	(5,045,039)
Other (net transfer)	-	(49,907)	49,907
 Balances at December 31, 2020	 \$ 38,298,206	 \$ 39,658,695	 \$ (1,360,489)

Plan fiduciary net position as a percentage of the total pension liability 103.55 %

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the Village recognized pension expense of \$(450,629). 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	\$ 44,006	\$ 193,900
Assumption changes	108,687	260,371
Net difference between projected and actual earnings on pension plan investments	-	3,035,894
 Total	 \$ 152,693	 \$ 3,490,165

Village of Lake Zurich

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December 31, 2020

The amounts reported as deferred outflows and inflows of resources related to pensions \$ (3,337,472) will be recognized in pension expense as follows:

	<u>Year Ending December 31,</u>	<u>Village</u>
2021		\$ (1,081,345)
2022		(551,973)
2023		(1,203,356)
2024		<u>(500,798)</u>
Total		<u>\$ (3,337,472)</u>

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 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent 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 percent of the original pension and 3 percent 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 percent 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 percent 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 percent or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan Membership

At December 31, 2020, the Police Pension membership consisted of:

Retirees and beneficiaries	30
Inactive, non-retired members	5
Active members	<u>30</u>
Total	<u><u>65</u></u>

Village of Lake Zurich

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December 31, 2020

Contributions

Covered employees are required to contribute 9.91 percent 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 percent funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2020 was 59.46 percent of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2020 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.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2020 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-2020. 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.

Village of Lake Zurich

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Discount Rate

The discount rate used to measure the total pension liability for the Police Pension Plan was 6.75 percent, 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 percent 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 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 59,277,505	\$ 51,568,715	\$ 45,311,338
Plan fiduciary net position	<u>30,491,747</u>	<u>30,491,747</u>	<u>30,491,747</u>
Net pension liability	<u>\$ 28,785,758</u>	<u>\$ 21,076,968</u>	<u>\$ 14,819,591</u>

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2020 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2019	\$ 47,991,546	\$ 26,407,391	\$ 21,584,155
Service cost	715,413	-	715,413
Interest on total pension liability	3,216,586	-	3,216,586
Differences between expected and actual experience of the total pension liability	1,752,846	-	1,752,846
Benefit payments, including refunds of employee contributions	(2,107,676)	(2,107,676)	-
Contributions, employer	-	1,865,631	(1,865,631)
Contributions, employee	-	471,811	(471,811)
Net investment income	-	3,885,940	(3,885,940)
Administration	<u>-</u>	<u>(31,350)</u>	<u>31,350</u>
Balances at December 31, 2020	<u>\$ 51,568,715</u>	<u>\$ 30,491,747</u>	<u>\$ 21,076,968</u>
Plan fiduciary net position as a percentage of the total pension liability			59.13 %

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the Village recognized pension expense of \$1,649,202. 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	\$ 1,994,432	\$ 937,825
Assumption changes	553,404	500,994
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,427,033</u>
Total	<u>\$ 2,547,836</u>	<u>\$ 3,865,852</u>

The amounts reported as deferred outflows and inflows of resources related to pensions \$(1,318,016) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ (503,567)
2022	(464,530)
2023	(518,869)
2024	(123,191)
2025	<u>292,141</u>
Total	<u>\$ (1,318,016)</u>

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.

Village of Lake Zurich

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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 percent of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75 percent 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 percent of the original pension and 3 percent 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 percent 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 percent 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 percent or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan Membership

At December 31, 2020, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	34
Inactive, non-retired members	2
Active members	51
 Total	 87

Contributions

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2020, the contribution percentage was 9.455 percent. 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 percent funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2020 was 43.09 percent of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

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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.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2020 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-2020. 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 percent, 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.

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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 percent 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 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 76,949,350	\$ 66,518,565	\$ 58,089,975
Plan fiduciary net position	<u>48,430,771</u>	<u>48,430,771</u>	<u>48,430,771</u>
Net pension liability	<u>\$ 28,518,579</u>	<u>\$ 18,087,794</u>	<u>\$ 9,659,204</u>

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2020 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2019	\$ 62,490,061	\$ 41,507,749	\$ 20,982,312
Service cost	1,325,498	-	1,325,498
Interest on total pension liability	4,243,326	-	4,243,326
Differences between expected and actual experience of the total pension liability	362,654	-	362,654
Benefit payments, including refunds of employee contributions	(1,902,974)	(1,902,974)	-
Contributions, employer	-	2,300,705	(2,300,705)
Contributions, employee	-	508,641	(508,641)
Net investment income	-	6,077,296	(6,077,296)
Administration	-	(60,646)	60,646
Balances at December 31, 2020	<u>\$ 66,518,565</u>	<u>\$ 48,430,771</u>	<u>\$ 18,087,794</u>
Plan fiduciary net position as a percentage of the total pension liability			72.81 %

Village of Lake Zurich

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the Village recognized pension expense of \$2,124,147. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,868,893	\$ 1,434,678
Assumption changes	733,632	980,940
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>3,663,408</u>
Total	<u>\$ 2,602,525</u>	<u>\$ 6,079,026</u>

The amounts reported as deferred outflows and inflows of resources related to pensions \$(3,476,501) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ (835,048)
2022	(902,989)
2023	(1,686,907)
2024	(198,331)
2025	94,966
Thereafter	<u>51,808</u>
Total	<u>\$ (3,476,501)</u>

Village of Lake Zurich

Notes to Financial Statements
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Pension Segment Information

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and investments	\$ 164,373	\$ 3,320	\$ 167,693
Investments:			
U.S. treasures	1,282,887	1,812,312	3,095,199
U.S. agencies	6,605,489	10,732,402	17,337,891
Mutual funds	18,457,886	29,186,449	47,644,335
Corporate bonds	1,961,198	2,925,631	4,886,829
State and local obligations	1,327,836	1,944,103	3,271,939
Money markets	417,640	723,390	1,141,030
Certificates of deposit	230,139	808,704	1,038,843
Insurance contracts	-	209,570	209,570
Receivables, (net allowances for uncollectibles)			
Accrued interest	57,021	107,028	164,049
Prepaid items	1,971	2,785	4,756
Total assets	30,506,440	48,455,694	78,962,134
Liabilities			
Accounts payable	14,693	24,923	39,616
Total liabilities	14,693	24,923	39,616
Net Position			
Restricted for pension benefits	\$ 30,491,747	\$ 48,430,771	\$ 78,922,518

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 1,865,631	\$ 2,300,704	\$ 4,166,335
Employee	471,810	508,642	980,452
Total contributions	<u>2,337,441</u>	<u>2,809,346</u>	<u>5,146,787</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	3,260,216	4,989,806	8,250,022
Interest on investments	678,966	1,170,479	1,849,445
Total investment income	<u>3,939,182</u>	<u>6,160,285</u>	<u>10,099,467</u>
Less investment expense	(53,239)	(82,989)	(136,228)
Net investment income	<u>3,885,943</u>	<u>6,077,296</u>	<u>9,963,239</u>
Total additions	<u>6,223,384</u>	<u>8,886,642</u>	<u>15,110,026</u>
Deductions			
Pension payments and refunds	2,107,677	1,902,974	4,010,651
Administration	31,351	60,646	91,997
Total deductions	<u>2,139,028</u>	<u>1,963,620</u>	<u>4,102,648</u>
Change in net position	4,084,356	6,923,022	11,007,378
Net position, beginning	<u>26,407,391</u>	<u>41,507,749</u>	<u>67,915,140</u>
Net position, ending	<u>\$ 30,491,747</u>	<u>\$ 48,430,771</u>	<u>\$ 78,922,518</u>

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 pool called 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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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.

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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

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 percent 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, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Active plan members	<u>146</u>
Total	<u><u>168</u></u>

Total OPEB Liability

The Village's total OPEB liability of \$3,451,794 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 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 5.00%; PPO Plan and HDHP 6.00%
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-2017.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2020 - December 31, 2020.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2019	<u>\$ 3,434,589</u>
Changes for the year:	
Service cost	50,191
Interest	109,049
Differences between expected and actual experience	(321,885)
Changes in assumptions or other inputs	412,890
Other changes	(54,013)
Benefit payments	<u>(179,027)</u>
Net changes	<u>17,205</u>
Balances at December 31, 2020	<u>\$ 3,451,794</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent in 2019 to 1.93 percent in 2020.

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 (0.9 percent) or 1-percentage-point higher (2.9 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 3,768,357</u>	<u>\$ 3,451,794</u>	<u>\$ 3,179,325</u>

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 (5.0 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.0 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	<u>Healthcare Cost Trend Rates</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 3,147,573</u>	<u>\$ 3,451,794</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Village recognized negative OPEB expense of \$146,544. At December 31, 2020, 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
Differences between expected and actual experience	\$ -	\$ 287,294
Changes of assumptions or other inputs	<u>463.932</u>	<u>234,403</u>
Total	<u>\$ 463,932</u>	<u>\$ 521,697</u>

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

Year Ended December 31:	Amount
2021	\$ (12,696)
2022	(12,696)
2023	(12,696)
2024	(12,696)
2025	(12,696)
Thereafter	<u>5,715</u>
Total	<u>\$ (57,765)</u>

Subsequent Event

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. Village's estimated award is \$2,460,000, which will be used to combat the negative effects of the public health emergency in the local economy. The Village is expected to receive 50 percent of the funds in 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

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
December 31, 2020

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 one commercial entity, 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, 2020, the Village has an accrued rebate liability of \$139,314 for amounts collected by the state but not yet paid to the Village and/or due to the other entities. Of this amount, \$70,870 is due to commercial entities and \$68,444 to governmental entities. For the fiscal year-to-date, the Village recorded \$378,261 in payment across all sales tax rebate agreements.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2020

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Village of Lake Zurich

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

December 31, 2020

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 10,123,144	\$ 10,126,371	\$ 10,080,136
Licenses and permits	678,525	666,525	676,071
Intergovernmental	15,623,716	15,814,731	16,322,902
Charges for services	1,895,467	1,200,243	1,230,603
Fines, forfeitures and penalties	588,000	528,000	472,175
Special events	-	-	-
Investment income	135,000	135,000	82,637
Miscellaneous revenues	110,070	152,843	128,240
 Total revenues	 29,153,922	 28,623,713	 28,992,764
Expenditures			
General government	1,880,581	1,847,274	1,718,441
Public safety	20,378,855	20,499,326	20,279,264
Highways and streets	3,346,430	3,227,340	3,178,233
Culture and recreation	1,073,143	719,466	669,693
Economic development	814,929	471,929	450,733
 Total expenditures	 27,493,938	 26,765,335	 26,296,364
 Excess (deficiency) of revenues over expenditures	 1,659,984	 1,858,378	 2,696,400
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	10,000	55,642	55,642
Transfers out	(1,661,100)	(2,761,358)	(2,752,042)
 Total other financing sources (uses)	 (1,651,100)	 (2,705,716)	 (2,696,400)
 Net change in fund balances	 \$ 8,884	 \$ (847,338)	 -
 Fund Balance, Beginning of Year (as restated)			 12,079,737
 Fund Balance, End of Year			 \$ 12,079,737

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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes			
Property taxes	\$ 1,300,000	\$ 1,370,000	\$ 1,388,894
Investment income	3,500	1,300	1,343
Total revenues	<u>1,303,500</u>	<u>1,371,300</u>	<u>1,390,237</u>
Expenditures			
Economic development	514,000	541,664	540,777
Total expenditures	<u>514,000</u>	<u>541,664</u>	<u>540,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>789,500</u>	<u>829,636</u>	<u>849,460</u>
Other Financing Sources (Uses)			
Transfers out	(785,000)	(785,000)	(785,000)
Total other financing sources (uses)	<u>(785,000)</u>	<u>(785,000)</u>	<u>(785,000)</u>
Net change in fund balance	<u>\$ 4,500</u>	<u>\$ 44,636</u>	64,460
Fund Balance (Deficit), Beginning			
Fund Balance (Deficit), Ending			
			<u>(93,767)</u>
			<u>\$ (29,307)</u>

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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes			
Property taxes	\$ 143,000	\$ 218,000	\$ 217,966
Investment income	1,500	1,500	1,238
Miscellaneous revenues	<u>39,000</u>	<u>42,000</u>	<u>35,838</u>
Total revenues	<u>183,500</u>	<u>261,500</u>	<u>255,042</u>
Expenditures			
Economic development	<u>22,100</u>	<u>597,293</u>	<u>590,770</u>
Total expenditures	<u>22,100</u>	<u>597,293</u>	<u>590,770</u>
Net change in fund balance	<u>\$ 161,400</u>	<u>\$ (335,793)</u>	<u>(335,728)</u>
Fund Balance, Beginning			<u>3,505,389</u>
Fund Balance, Ending			<u>\$ 3,169,661</u>

Village of Lake Zurich

Illinois Municipal Retirement Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

Last Six Fiscal Years

	2015	2016	2017
Total Pension Liability			
Service cost	\$ 551,596	\$ 512,260	\$ 515,984
Interest	2,268,919	2,351,795	2,437,948
Differences between expected and actual experience	(359,277)	(340,738)	(97,822)
Changes of assumptions	41,608	(83,331)	(1,056,112)
Benefit payments, including refunds of member contributions	<u>(1,369,411)</u>	<u>(1,300,032)</u>	<u>(1,453,935)</u>
Net change in total pension liability	1,133,435	1,139,954	346,063
Total Pension Liability, Beginning	<u>30,701,554</u>	<u>31,834,989</u>	<u>32,974,943</u>
Total Pension Liability, Ending (a)	<u>\$ 31,834,989</u>	<u>\$ 32,974,943</u>	<u>\$ 33,321,006</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 653,377	\$ 628,101	\$ 619,482
Employee contributions	231,267	233,460	232,112
Net investment income	136,524	1,863,659	4,957,532
Benefit payments, including refunds of member contributions	(1,369,411)	(1,300,032)	(1,453,935)
Other (net transfer)	<u>(27,440)</u>	<u>(27,607)</u>	<u>(506,291)</u>
Net change in plan fiduciary net position	(375,683)	1,397,581	3,848,900
Plan Fiduciary Net Position, Beginning	<u>27,547,190</u>	<u>27,171,507</u>	<u>28,569,088</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 27,171,507</u>	<u>\$ 28,569,088</u>	<u>\$ 32,417,988</u>
Employer's Net Pension Liability (Asset), Ending (a) - (b)	<u>\$ 4,663,482</u>	<u>\$ 4,405,855</u>	<u>\$ 903,018</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.4%	86.6%	97.3%
Covered Payroll	\$ 5,139,246	\$ 4,934,022	\$ 5,158,053
Employer's Net Pension Liability as a Percentage of Covered Payroll	90.7%	89.3%	17.5%

Notes to Schedule:

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

	2018	2019	2020
\$	497,479	\$ 531,265	\$ 508,696
2,457,376		2,580,817	2,665,200
427,124		(282,902)	(144,446)
1,054,884		-	(400,862)
(1,609,460)		(1,633,136)	(1,674,835)
	2,827,403	1,196,044	953,753
	<u>33,321,006</u>	<u>36,148,409</u>	<u>37,344,453</u>
<u>\$ 36,148,409</u>	<u>\$ 37,344,453</u>	<u>\$ 38,298,206</u>	
\$	631,725	\$ 504,915	\$ 612,352
242,143		242,490	241,702
(1,685,438)		5,705,253	5,045,039
(1,609,460)		(1,633,136)	(1,674,835)
705,340		(37,476)	(49,907)
	(1,715,690)	4,782,046	4,174,351
	<u>32,417,988</u>	<u>30,702,298</u>	<u>35,484,344</u>
<u>\$ 30,702,298</u>	<u>\$ 35,484,344</u>	<u>\$ 39,658,695</u>	
<u>\$ 5,446,111</u>	<u>\$ 1,860,109</u>	<u>\$ (1,360,489)</u>	
	84.9%	95.0%	103.6%
\$	5,380,953	\$ 5,388,637	\$ 5,366,812
	101.2%	34.5%	-25.4%

See notes to required supplementary information

Village of Lake Zurich

Illinois Municipal Retirement Fund
Schedule of Employer Contributions
Last Six Fiscal Years

	April 30, 2016	December 31, 2016	December 31, 2017
Actuarially determined contribution	\$ 613,312	\$ 431,173	\$ 619,482
Contributions in relation to the actuarially determined contribution	(613,312)	(431,173)	(619,482)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 5,139,246	\$ 3,387,062	\$ 5,158,053
Contributions as a percentage of covered payroll	11.93%	12.73%	12.01%

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	23 years
Asset valuation method	5-Year Smoothed Market
Inflation	0.025
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	0.0725
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.

December 31, 2018	December 31, 2019	December 31, 2020
\$ 631,724	\$ 504,915	\$ 612,353
<u>(631,725)</u>	<u>(504,915)</u>	<u>(612,352)</u>
<u><u>\$ (1)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1</u></u>
\$ 5,380,953	\$ 5,388,637	\$ 5,366,812
11.74%	9.37%	11.41%

Village of Lake Zurich

Police Pension Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

Last Seven Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*
Total Pension Liability			
Service cost	\$ 677,265	\$ 618,479	\$ 404,047
Interest	2,218,436	2,554,948	1,926,743
Change in benefit terms	-	-	-
Differences between expected and actual experience	500,612	(28,659)	(2,808,702)
Changes of assumptions	2,735,157	2,501,228	-
Buy back contributions	-	-	-
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)
Net change in total pension liability	5,107,076	4,378,176	(1,379,296)
Total Pension Liability, Beginning	<u>33,377,915</u>	<u>38,484,991</u>	<u>42,863,167</u>
Total Pension Liability, Ending (a)	<u>\$ 38,484,991</u>	<u>\$ 42,863,167</u>	<u>\$ 41,483,871</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,398,130	\$ 1,445,052	\$ 1,564,453
Employee contributions	301,323	302,885	218,169
Buy back contributions	-	-	-
Net investment income	1,301,083	127,632	869,361
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)
Administration	(28,758)	(31,815)	(25,420)
Net change in plan fiduciary net position	1,947,384	575,934	1,725,179
Plan Fiduciary Net Position, Beginning	<u>15,409,473</u>	<u>17,356,857</u>	<u>17,932,791</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,356,857</u>	<u>\$ 17,932,791</u>	<u>\$ 19,657,970</u>
Village's Net Pension Liability, Ending (a) - (b)	<u>\$ 21,128,134</u>	<u>\$ 24,930,376</u>	<u>\$ 21,825,901</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.10%	41.84%	47.39%
Covered Payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474
Village's Net Pension Liability as a Percentage of Covered Payroll	691.95%	801.76%	703.73%

*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.

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
\$ 718,675	\$ 635,929	\$ 665,520	\$ 715,413	
2,795,706	2,901,439	3,088,283	3,216,586	
-	-	48,258	-	
985,053	190,986	24,101	1,752,846	
(1,168,984)	828,894	-	-	
-	-	730	-	
<u>(1,569,353)</u>	<u>(1,793,230)</u>	<u>(1,844,332)</u>	<u>(2,107,676)</u>	
1,761,097	2,764,018	1,982,560	3,577,169	
<u>41,483,871</u>	<u>43,244,968</u>	<u>46,008,986</u>	<u>47,991,546</u>	
<u>\$ 43,244,968</u>	<u>\$ 46,008,986</u>	<u>\$ 47,991,546</u>	<u>\$ 51,568,715</u>	
\$ 1,772,589	\$ 1,820,234	\$ 1,801,045	\$ 1,865,631	
304,715	373,412	321,876	471,811	
-	-	730	-	
2,535,432	(1,069,397)	4,188,319	3,885,940	
(1,569,353)	(1,793,230)	(1,844,332)	(2,107,676)	
<u>(26,555)</u>	<u>(34,947)</u>	<u>(31,117)</u>	<u>(31,350)</u>	
3,016,828	(703,928)	4,436,521	4,084,356	
<u>19,657,970</u>	<u>22,674,798</u>	<u>21,970,870</u>	<u>26,407,391</u>	
<u>\$ 22,674,798</u>	<u>\$ 21,970,870</u>	<u>\$ 26,407,391</u>	<u>\$ 30,491,747</u>	
<u>\$ 20,570,170</u>	<u>\$ 24,038,116</u>	<u>\$ 21,584,155</u>	<u>\$ 21,076,968</u>	
52.43%	47.75%	55.03%	59.13%	
\$ 3,055,082	\$ 3,081,455	\$ 3,354,032	\$ 3,137,746	
673.31%	780.09%	643.53%	671.72%	

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund

Schedule of Employer Contributions

Last Seven Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*
Actuarially determined contribution	\$ 1,392,968	\$ 1,402,842	\$ 1,564,453
Contributions in relation to the actuarially determined contribution	1,395,130	1,445,052	1,564,453
Contribution deficiency (excess)	\$ (2,162)	\$ (42,210)	\$ -
Covered payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474
Contributions as a percentage of covered payroll	45.69%	46.47%	50.44%

* 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	20 years
Asset valuation method	5 year smoothed market
Inflation	0.025
Salary increases	3.50% per year
Investment rate of return	0.0675
Retirement age	50-70
Mortality	Healthy - MP-2020 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2020
	Disabled - MP-2020 Disabled Mortality Table, with generational improvement scale MP-2020

December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
\$ 1,790,395	\$ 1,799,590	\$ 1,750,667	\$ 1,924,555
<u>1,772,589</u>	<u>1,820,234</u>	<u>1,801,045</u>	<u>1,865,631</u>
<u>\$ 17,806</u>	<u>\$ (20,644)</u>	<u>\$ (50,378)</u>	<u>\$ 58,924</u>
\$ 3,055,082	\$ 3,081,445	\$ 3,354,032	\$ 3,137,746
58.02%	59.07%	53.70%	59.46%

Village of Lake Zurich

Police Pension Fund

Schedule of Investment Returns

Last Seven Fiscal Years

	April 30, 2016	April 30, 2016	December 31, 2016*
Annual money-weighted rate of return, net of investment expense	8.08%	0.72%	4.73%

* 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 are as available.

December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
12.80%	-4.71%	19.10%	14.78%

Village of Lake Zurich

Firefighters' Pension Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

Last Seven Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016
Total Pension Liability			
Service cost	\$ 1,134,464	\$ 1,149,541	\$ 751,025
Interest	2,701,567	2,980,213	2,314,004
Change in benefit terms	-	-	-
Differences between expected and actual experience	(173,195)	305,055	(3,347,579)
Changes of assumptions	1,221,986	2,811,180	-
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)
Net change in total pension liability	4,272,997	6,344,332	(832,890)
Total Pension Liability, Beginning	<u>40,329,133</u>	<u>44,602,130</u>	<u>50,946,462</u>
Total Pension Liability, Ending (a)	<u>\$ 44,602,130</u>	<u>\$ 50,946,462</u>	<u>\$ 50,113,572</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,904,487	\$ 1,905,569	\$ 1,911,342
Employee contributions	457,701	478,570	328,920
Net investment income	1,562,177	(320,256)	750,015
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)
Administration	(54,703)	(61,615)	(63,270)
Net change in plan fiduciary net position	3,257,837	1,100,611	2,376,667
Plan Fiduciary Net Position, Beginning	<u>22,304,144</u>	<u>25,561,981</u>	<u>26,662,592</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 25,561,981</u>	<u>\$ 26,662,592</u>	<u>\$ 29,039,259</u>
Village's Net Pension Liability, Ending (a) - (b)	<u>\$ 19,040,149</u>	<u>\$ 24,283,870</u>	<u>\$ 21,074,313</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.31%	52.33%	57.95%
Covered Payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548
Village's Net Pension Liability as a Percentage of Covered Payroll	370.39%	473.34%	395.94%

Notes to Schedule:

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

	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
\$	1,421,674	\$ 1,281,368	\$ 1,290,345	\$ 1,325,498
	3,442,447	3,600,377	3,986,763	4,243,326
	-	-	121,794	-
	1,116,190	1,482,142	302,107	362,654
	(2,288,858)	1,010,548	-	-
	<u>(1,072,050)</u>	<u>(1,350,851)</u>	<u>(1,967,507)</u>	<u>(1,902,974)</u>
	2,619,403	6,023,584	3,733,502	4,028,504
	<u>50,113,572</u>	<u>52,732,975</u>	<u>58,756,559</u>	<u>62,490,061</u>
	<u><u>\$ 52,732,975</u></u>	<u><u>\$ 58,756,559</u></u>	<u><u>\$ 62,490,061</u></u>	<u><u>\$ 66,518,565</u></u>
\$	2,176,385	\$ 2,304,265	\$ 2,290,246	\$ 2,300,705
	562,401	492,620	498,580	508,641
	3,723,725	(1,554,258)	6,547,762	6,077,296
	<u>(1,072,050)</u>	<u>(1,350,851)</u>	<u>(1,967,507)</u>	<u>(1,902,974)</u>
	<u>(84,741)</u>	<u>(52,151)</u>	<u>(45,936)</u>	<u>(60,646)</u>
	5,305,720	(160,375)	7,323,145	6,923,022
	<u>29,039,259</u>	<u>34,344,979</u>	<u>34,184,604</u>	<u>41,507,749</u>
	<u><u>\$ 34,344,979</u></u>	<u><u>\$ 34,184,604</u></u>	<u><u>\$ 41,507,749</u></u>	<u><u>\$ 48,430,771</u></u>
	<u><u>\$ 18,387,996</u></u>	<u><u>\$ 24,571,955</u></u>	<u><u>\$ 20,982,312</u></u>	<u><u>\$ 18,087,794</u></u>
	65.13%	58.18%	66.42%	72.81%
\$	5,208,600	\$ 5,214,441	\$ 5,324,271	\$ 5,338,995
	353.03%	471.23%	394.09%	338.79%

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund
 Schedule of Employer Contributions
 Last Seven Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*
Actuarially determined contribution	\$ 1,905,372	\$ 1,815,433	\$ 1,911,342
Contributions in relation to the actuarially determined contribution	1,931,966	1,905,569	1,911,342
Contribution deficiency (excess)	\$ (26,594)	\$ (90,136)	\$ -
Covered payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548
Contributions as a percentage of covered payroll	37.58%	37.14%	35.91%

* 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	20 years
Asset valuation method	5 year smoothed market
Inflation	0.025
Salary increases	3.50% per year
Investment rate of return	0.0675
Retirement age	50-70
Mortality	Healthy - MP-2020 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2020
	Disabled - MP-2020 Disabled Mortality Table, with generational improvement scale MP-2020

December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
\$ 2,198,557	\$ 2,278,591	\$ 2,153,131	\$ 2,373,133
<u>2,176,385</u>	<u>2,304,265</u>	<u>2,290,246</u>	<u>2,300,705</u>
<u>\$ 22,172</u>	<u>\$ (25,674)</u>	<u>\$ (137,115)</u>	<u>\$ 72,428</u>
\$ 5,208,600	\$ 5,214,441	\$ 5,324,271	\$ 5,338,995
41.78%	44.19%	43.02%	43.09%

Village of Lake Zurich

Firefighters' Pension Fund
Schedule of Investment Returns
Last Seven Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*
Annual money-weighted rate of return, net of investment expense	6.53%	-1.18%	5.05%

*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.

December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
12.59%	-4.41%	19.12%	14.54%

Village of Lake Zurich

Retiree Health Insurance Plan

Schedule of Changes in the Village's Total OPEB Liability and Related Ratios

Last Three Fiscal Years

	2018	2019	2020
Total OPEB Liability			
Service cost	\$ 43,217	\$ 48,030	\$ 50,191
Interest	118,607	118,055	109,049
Changes of assumptions	(164,052)	122,226	412,890
Benefit payments, including refunds of member contributions	(173,514)	(192,924)	(179,027)
Differences between expected and actual experience of the total OPEB liability	-	-	(321,885)
Other changes	(111,794)	(525)	(54,013)
Net change in total OPEB liability	(287,536)	94,862	17,205
Total OPEB Liability, Beginning	3,627,263	3,339,727	3,434,589
Total OPEB Liability, Ending (a)	\$ 3,339,727	\$ 3,434,589	\$ 3,451,794
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%
Covered Payroll	\$ 13,156,588	\$ 13,156,588	\$ 13,435,863
Village's Net Pension Liability as a Percentage of Covered Payroll	25.38%	26.11%	25.69%

Notes to Schedule:

The Village 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
Year Ended December 31, 2020

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, two supplementary appropriations were necessary.

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

December 31, 2020

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property:			
Corporate	\$ -	\$ -	\$ -
Police protection	1,766,850	1,766,850	1,754,070
Fire protection	1,766,850	1,766,850	1,753,248
Ambulance	1,000	1,000	995
Pension	40,000	40,000	39,791
Police pension	1,924,555	1,924,555	1,924,555
Fire pension	2,373,133	2,373,133	2,373,133
SRA	180,000	180,000	179,056
Road and bridge	13,000	13,000	12,370
Utility:			
Electric tax	991,364	928,885	939,371
Gas tax	292,469	292,469	278,481
Telecommunication taxes	437,477	503,183	487,581
Television franchise tax	336,446	336,446	309,488
Peg Cable	-	-	27,997
Total taxes	<u>10,123,144</u>	<u>10,126,371</u>	<u>10,080,136</u>
Licenses and Permits			
Licenses:			
Licor	171,000	171,000	169,645
Contractor registration	61,200	61,200	76,052
Other business	105,025	105,025	103,583
Permits:			
Administrative plan review	77,000	77,000	59,171
Building	140,000	115,000	113,921
Electrical	30,000	30,000	25,704
Plumbing	25,000	25,000	22,598
Occupancy certificates	22,000	22,000	20,636
Sidewalk	-	-	25,985
Truck permits	4,000	17,000	16,415
Other	43,300	43,300	42,361
Total licenses and permits	<u>678,525</u>	<u>666,525</u>	<u>676,071</u>
Intergovernmental			
State income tax	\$ 1,983,568	\$ 2,133,279	\$ 2,133,279
Municipal sales	7,208,410	6,100,000	6,500,524
Personal property replacement tax	64,304	64,304	63,202
Street maintenance reimbursement	16,200	16,200	16,631
Local use tax	635,808	821,968	876,588
Auto rental tax	6,600	6,600	6,119
Pull tax	232,500	148,527	148,462
Fire/rescue service contract	5,283,326	5,319,822	5,319,822
Vehicle maintenance charge	26,000	26,000	21,838
Cannabis tax	-	10,000	11,393
Licenses:			
Grants	-	1,001,031	1,046,059
Governmental agency	167,000	167,000	178,985
Total intergovernmental	<u>15,623,716</u>	<u>15,814,731</u>	<u>16,322,902</u>

Village of Lake Zurich

General Fund

Detailed Schedule of Revenues - Budget and Actual

December 31, 2020

	Original Budget	Final Budget	Actual
Charges for Services			
Police fees:			
Police alarm fees	\$ 5,000	\$ 5,000	\$ 5,200
Public safety special detail	25,000	25,000	23,371
Police administration tow fees	60,000	60,000	38,000
Police lock out fees	7,500	7,500	5,500
Police contracted services	2,500	2,500	3,055
Fire/rescue fees:			
Special detail	7,000	7,000	900
Ambulance fees	650,000	550,000	570,078
Spillage fees	-	-	1,697
Inspection fees	34,000	34,000	55,827
Public education	10,000	10,000	1,625
Site plan review	79,000	79,000	50,367
Elevator inspections	15,100	15,100	7,470
Planned unit development review	-	-	-
Printing and reproduction fees	6,000	6,000	3,290
Engineering review	120,000	120,000	215,473
Watershed development	8,000	8,000	-
Reimbursements	5,000	5,000	1,814
Park fees	121,500	26,500	20,121
Park program fees	689,567	224,258	219,292
Beach Fees	35,000	85	85
Annexation fees	15,000	15,000	6,291
Other	300	300	1,147
Total charges for services	<u>1,895,467</u>	<u>1,200,243</u>	<u>1,230,603</u>
Fines, forfeitures and penalties			
Circuit court fines	288,000	258,000	198,138
Other fines	300,000	270,000	274,037
Total fines, forfeitures and penalties	<u>588,000</u>	<u>528,000</u>	<u>472,175</u>
Investment Income			
Miscellaneous			
Miscellaneous	65,870	108,643	69,104
Donations	-	-	2,121
Rent	44,200	44,200	57,015
Total miscellaneous	<u>110,070</u>	<u>152,843</u>	<u>128,240</u>
Total revenues	<u>\$ 29,153,922</u>	<u>\$ 28,623,713</u>	<u>\$ 28,992,764</u>

Village of Lake Zurich

General Fund

Schedule of Expenditures - Budget and Actual

December 31, 2020

	Original Budget	Final Budget	Actual
Expenditures			
General Government			
General administration	\$ 72,522	\$ 72,522	\$ 67,358
Village administration	715,281	701,829	654,132
Finance department	561,890	561,890	533,120
Technology department	530,888	511,033	463,831
 Total general government	 1,880,581	 1,847,274	 1,718,441
Public Safety			
Police	8,016,354	7,805,742	7,623,233
Fire	11,475,711	11,735,991	11,725,374
Community development	886,790	957,593	930,657
 Total public safety	 20,378,855	 20,499,326	 20,279,264
Highways and Streets			
Public works	3,346,430	3,227,340	3,178,233
Culture and Recreation			
Parks and recreation department	1,073,143	719,466	669,693
Economic Development			
 Total expenditures	 \$ 27,493,938	 \$ 26,765,335	 \$ 26,296,364

Village of Lake Zurich

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2020

	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Special Events	Dispatch Services
Assets					
Cash and investments	\$ 185,900	\$ 364,279	\$ 2,974,773	\$ 120,294	\$ 340,070
Receivables (net):					
Property taxes receivable	-	-	-	-	-
Accounts receivable	-	4,962	65,167	-	68,495
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	-	7,020
Total assets	\$ 185,900	\$ 369,241	\$ 3,039,940	\$ 120,294	\$ 415,585
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 57,340	\$ -	\$ 48
Accrued wages	-	-	-	3,895	37,729
Unearned revenues	-	-	13,253	5,250	111,942
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	592
Advances from other funds	-	-	-	-	-
Total liabilities	-	-	70,593	9,145	150,311
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances (Deficit)					
Nonspendable	-	-	-	-	7,020
Restricted	185,900	369,241	2,969,347	-	-
Assigned	-	-	-	111,149	258,254
Unassigned	-	-	-	-	-
Total fund balances (deficit)	185,900	369,241	2,969,347	111,149	265,274
Total liabilities and fund balances	\$ 185,900	\$ 369,241	\$ 3,039,940	\$ 120,294	\$ 415,585

TIF #3	Park Improvements	Non-Home Rule Sales Tax Capital Projects	Total Nonmajor Governmental Funds
\$ 25,829	\$ -	\$ 2,620,573	\$ 6,631,718
14,872	-	-	14,872
-	-	720,770	859,394
-	-	150,000	150,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,020</u>
<u>\$ 40,701</u>	<u>\$ -</u>	<u>\$ 3,491,343</u>	<u>\$ 7,663,004</u>

\$ -	\$ -	\$ 382,890	\$ 440,278
-	-	-	41,624
-	-	-	130,445
-	-	184,849	184,849
-	-	-	592
<u>45,000</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
<u>45,000</u>	<u>-</u>	<u>567,739</u>	<u>842,788</u>

<u>10,914</u>	<u>-</u>	<u>-</u>	<u>10,914</u>
<u>10,914</u>	<u>-</u>	<u>-</u>	<u>10,914</u>
-	-	-	7,020
-	-	2,923,604	6,448,092
-	-	-	369,403
<u>(15,213)</u>	<u>-</u>	<u>-</u>	<u>(15,213)</u>
<u>(15,213)</u>	<u>-</u>	<u>2,923,604</u>	<u>6,809,302</u>
<u>\$ 40,701</u>	<u>\$ -</u>	<u>\$ 3,491,343</u>	<u>\$ 7,663,004</u>

Village of Lake Zurich

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Special Events	Dispatch Services
Revenues					
Taxes	\$ 47,078	\$ 45,493	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,172,709	-	-
Charges for services	-	-	-	-	950,917
Special events	-	-	-	4,745	-
Investment income	-	1,706	14,431	199	965
Total revenues	<u>47,078</u>	<u>47,199</u>	<u>1,187,140</u>	<u>4,944</u>	<u>951,882</u>
Expenditures					
Current:					
General government	-	16,770	-	-	-
Public safety	44,775	-	-	-	1,424,928
Highways and streets	-	-	507,890	-	-
Culture and recreation	-	-	-	173,557	-
Economic development	-	-	-	-	-
Total expenditures	<u>44,775</u>	<u>16,770</u>	<u>507,890</u>	<u>173,557</u>	<u>1,424,928</u>
Excess (deficiency) of revenues over expenditures	<u>2,303</u>	<u>30,429</u>	<u>679,250</u>	<u>(168,613)</u>	<u>(473,046)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	166,209	664,000
Transfers out	-	(48,252)	-	-	-
Total other financing sources (uses)	-	(48,252)	-	<u>166,209</u>	<u>664,000</u>
Net change in fund balances	2,303	(17,823)	679,250	(2,404)	190,954
Fund Balances (Deficit), Beginning	<u>183,597</u>	<u>387,064</u>	<u>2,290,097</u>	<u>113,553</u>	<u>74,320</u>
Fund Balances (Deficit), Ending	<u>\$ 185,900</u>	<u>\$ 369,241</u>	<u>\$ 2,969,347</u>	<u>\$ 111,149</u>	<u>\$ 265,274</u>

<u>TIF #3</u>	<u>Park Improvements</u>	<u>Non-Home Rule Sales Tax Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 26,482	\$ -	\$ 1,985,278	\$ 2,104,331
-	-	-	1,172,709
-	-	-	950,917
-	-	-	4,745
<u>5</u>	<u>-</u>	<u>18,413</u>	<u>35,719</u>
<u>26,487</u>	<u>-</u>	<u>2,003,691</u>	<u>4,268,421</u>
-	-	-	16,770
-	-	-	1,469,703
-	-	1,938,518	2,446,408
-	-	-	173,557
<u>484</u>	<u>-</u>	<u>-</u>	<u>484</u>
<u>484</u>	<u>-</u>	<u>1,938,518</u>	<u>4,106,922</u>
<u>26,003</u>	<u>-</u>	<u>65,173</u>	<u>161,499</u>
-	-	-	830,209
<u>-</u>	<u>(21,184)</u>	<u>-</u>	<u>(69,436)</u>
<u>-</u>	<u>(21,184)</u>	<u>-</u>	<u>760,773</u>
26,003	(21,184)	65,173	922,272
<u>(41,216)</u>	<u>21,184</u>	<u>2,858,431</u>	<u>5,887,030</u>
<u>\$ (15,213)</u>	<u>\$ -</u>	<u>\$ 2,923,604</u>	<u>\$ 6,809,302</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Hotel/Motel tax	\$ 107,468	\$ 40,468	\$ 45,493
Investment income	<u>3,000</u>	<u>1,800</u>	<u>1,706</u>
Total revenues	<u>110,468</u>	<u>42,268</u>	<u>47,199</u>
Expenditures			
Current:			
General government	<u>17,950</u>	<u>17,950</u>	<u>16,770</u>
Total expenditures	<u>17,950</u>	<u>17,950</u>	<u>16,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,518</u>	<u>24,318</u>	<u>30,429</u>
Other Financing Sources (Uses)			
Transfers out	<u>(86,000)</u>	<u>(48,252)</u>	<u>(48,252)</u>
Total other financing sources (uses)	<u>(86,000)</u>	<u>(48,252)</u>	<u>(48,252)</u>
Net change in fund balance	<u>\$ 6,518</u>	<u>\$ (23,934)</u>	<u>(17,823)</u>
Fund Balance, Beginning			<u>387,064</u>
Fund Balance, Ending			<u>\$ 369,241</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Reimbursements	\$ 475,469	\$ 741,456	\$ 741,456
Investment income	35,000	14,430	14,431
Rebuild Illinois	-	-	431,253
Total revenues	<u>510,469</u>	<u>755,886</u>	<u>1,187,140</u>
Expenditures			
Current:			
Highways and streets	<u>506,662</u>	<u>531,262</u>	<u>507,890</u>
Total expenditures	<u>506,662</u>	<u>531,262</u>	<u>507,890</u>
Net change in fund balance	<u>\$ 3,807</u>	<u>\$ 224,624</u>	<u>679,250</u>
Fund Balance, Beginning			<u>2,290.097</u>
Fund Balance, Ending			<u>\$ 2,969,347</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Special Events
For the Year Ended December 31, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Special events	\$ 157,145	\$ 93,445	\$ 4,745
Investment income	500	500	199
Total revenues	<u>157,645</u>	<u>93,945</u>	<u>4,944</u>
Expenditures			
Current:			
Culture and recreation	364,388	285,958	173,557
Total expenditures	<u>364,388</u>	<u>285,958</u>	<u>173,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(206,743)</u>	<u>(192,013)</u>	<u>(168,613)</u>
Other Financing Sources (Uses)			
Transfers in	<u>222,100</u>	<u>175,525</u>	<u>166,209</u>
Total other financing sources (uses)	<u>222,100</u>	<u>175,525</u>	<u>166,209</u>
Net change in fund balance	<u>\$ 15,357</u>	<u>\$ (16,488)</u>	<u>(2,404)</u>
Fund Balance, Beginning			
Fund Balance, Ending			
			113,553
		<u>\$ 111,149</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Charges for services	\$ 925,050	\$ 955,050	\$ 950,917
Investment income	500	500	965
Total revenues	<u>925,550</u>	<u>955,550</u>	<u>951,882</u>
Expenditures			
Current:			
Public safety	<u>1,534,898</u>	<u>1,459,251</u>	<u>1,424,928</u>
Total expenditures	<u>1,534,898</u>	<u>1,459,251</u>	<u>1,424,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(609,348)</u>	<u>(503,701)</u>	<u>(473,046)</u>
Other Financing Sources (Uses)			
Transfers in	<u>625,000</u>	<u>664,000</u>	<u>664,000</u>
Total other financing sources (uses)	<u>625,000</u>	<u>664,000</u>	<u>664,000</u>
Net change in fund balance	<u>\$ 15,652</u>	<u>\$ 160,299</u>	<u>190,954</u>
Fund Balance, Beginning			<u>74,320</u>
Fund Balance, Ending			<u>\$ 265,274</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Property tax	\$ 10,000	\$ 23,000	\$ 26,482
Investment income	<u>100</u>	<u>100</u>	<u>5</u>
Total revenues	<u>10,100</u>	<u>23,100</u>	<u>26,487</u>
Expenditures			
Current:			
Economic development	<u>1,400</u>	<u>1,400</u>	<u>484</u>
Total expenditures	<u>1,400</u>	<u>1,400</u>	<u>484</u>
Net change in fund balance	<u>\$ 8,700</u>	<u>\$ 21,700</u>	<u>26,003</u>
Fund Balance (Deficit), Beginning			<u>(41,216)</u>
Fund Balance (Deficit), Ending			<u>\$ (15,213)</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Total revenues	\$ _____ -	\$ _____ -	\$ _____ -
Expenditures			
Current:			
Total expenditures	_____ -	_____ -	_____ -
Other Financing Sources (Uses)			
Transfers out	_____ -	(21,184)	(21,184)
Total other financing sources (uses)	_____ -	(21,184)	(21,184)
Net change in fund balance	\$ _____ -	\$ (21,184)	(21,184)
Fund Balance, Beginning			
Fund Balance, Ending			\$ _____ -

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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Sales tax	\$ 2,177,086	\$ 1,900,000	\$ 1,985,278
Investment income	<u>45,000</u>	<u>19,000</u>	<u>18,413</u>
Total revenues	<u>2,222,086</u>	<u>1,919,000</u>	<u>2,003,691</u>
Expenditures			
Current:			
Highways and streets	<u>2,217,000</u>	<u>2,139,500</u>	<u>1,938,518</u>
Total expenditures	<u>2,217,000</u>	<u>2,139,500</u>	<u>1,938,518</u>
Net change in fund balance	<u>\$ 5,086</u>	<u>\$ (220,500)</u>	<u>65,173</u>
Fund Balance, Beginning			<u>2,858,431</u>
Fund Balance, Ending			<u>\$ 2,923,604</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Property tax	\$ 1,170,000	\$ 1,170,000	\$ 1,163,865
Investment income	<u>15,000</u>	<u>15,000</u>	<u>6,130</u>
Total revenues	<u>1,185,000</u>	<u>1,185,000</u>	<u>1,169,995</u>
Expenditures			
Debt service:			
Principal	1,648,000	1,648,000	505,000
Interest and fiscal charges	<u>30,027</u>	<u>30,027</u>	<u>29,626</u>
Total expenditures	<u>1,678,027</u>	<u>1,678,027</u>	<u>534,626</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(493,027)</u>	<u>(493,027)</u>	<u>635,369</u>
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>(1,143,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,143,000)</u>
Net change in fund balance	<u>\$ (493,027)</u>	<u>\$ (493,027)</u>	<u>(507,631)</u>
Fund Balance, Beginning			<u>1,408,269</u>
Fund Balance, Ending			<u>\$ 900,638</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Investment income	\$ 3,500	\$ 3,500	\$ 2,619
Total revenues	<u>3,500</u>	<u>3,500</u>	<u>2,619</u>
Expenditures			
Debt service:			
Principal	1,210,000	1,210,000	1,210,000
Interest and fiscal charges	<u>717,554</u>	<u>717,554</u>	<u>716,317</u>
Total expenditures	<u>1,927,554</u>	<u>1,927,554</u>	<u>1,926,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,924,054)</u>	<u>(1,924,054)</u>	<u>(1,923,698)</u>
Other Financing Sources (Uses)			
Proceeds from bond issuance	1,143,000	1,143,000	-
Transfers in	<u>785,000</u>	<u>785,000</u>	<u>1,928,000</u>
Total other financing sources (uses)	<u>1,928,000</u>	<u>1,928,000</u>	<u>1,928,000</u>
Net change in fund balance	<u>\$ 3,946</u>	<u>\$ 3,946</u>	<u>4,302</u>
Fund Balance (Deficit), Beginning			<u>(828,185)</u>
Fund Balance (Deficit), Ending			<u>\$ (823,883)</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, 2020

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Grants	\$ -	\$ 15,000	\$ 20,990
Park fees	-	24,354	24,354
Investment income	30,000	30,000	29,605
Civic contribution	-	34,998	34,998
Miscellaneous revenues	<u>2,000</u>	<u>2,000</u>	<u>222</u>
Total revenues	<u>32,000</u>	<u>106,352</u>	<u>110,169</u>
Expenditures			
Capital outlay			
Capital outlay:			
Infrastructure improvements	265,750	304,250	30,854
Capital project improvements	<u>928,100</u>	<u>288,172</u>	<u>251,702</u>
Total expenditures	<u>1,193,850</u>	<u>592,422</u>	<u>282,556</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,161,850)</u>	<u>(486,070)</u>	<u>(172,387)</u>
Other Financing Sources (Uses)			
Transfers in	<u>900,000</u>	<u>1,591,269</u>	<u>1,591,269</u>
Total other financing sources (uses)	<u>900,000</u>	<u>1,591,269</u>	<u>1,591,269</u>
Net change in fund balance	<u>\$ (261,850)</u>	<u>\$ 1,105,199</u>	<u>1,418,882</u>
Fund Balance, Beginning (as restated)			<u>3,239,135</u>
Fund Balance, Ending			<u>\$ 4,658,017</u>

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2020

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for services	\$ 7,033,164	\$ 7,033,164	\$ 7,158,732
Total operating revenues	<u>7,033,164</u>	<u>7,033,164</u>	<u>7,158,732</u>
Operating Expenses			
Administration	699,953	796,013	543,282
Operations	5,905,081	4,711,944	2,369,269
Depreciation	1,900,000	1,900,000	1,928,290
Total operating expenses	<u>8,505,034</u>	<u>7,407,957</u>	<u>4,840,841</u>
Operating income (loss)	<u>(1,471,870)</u>	<u>(374,793)</u>	<u>2,317,891</u>
Nonoperating Revenues (Expenses)			
Connection fees	75,000	75,000	236,805
Investment income	90,000	90,000	55,823
Gain on sale of capital assets	5,000	5,000	6,946
Interest and fiscal charges	<u>(201,991)</u>	<u>(201,991)</u>	<u>(170,308)</u>
Total nonoperating revenues (expenses)	<u>(31,991)</u>	<u>(31,991)</u>	<u>129,266</u>
Change in net position	<u>\$ (1,503,861)</u>	<u>\$ (406,784)</u>	<u>2,447,157</u>
Net Position, Beginning of Year			<u>43,179,929</u>
Net Position, End of Year			<u>\$ 45,627,086</u>

Village of Lake Zurich

Schedule of Operating Revenues - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Charges for Services			
Water charges	\$ 3,420,586	\$ 3,420,586	\$ 3,356,371
Sewer charges	997,306	997,306	1,033,773
Capital charge	2,445,772	2,445,772	2,525,698
Meter sales	5,000	5,000	20,060
Late fees	114,500	114,500	116,527
Wastewater service agreements	50,000	50,000	101,776
Inspection fees	-	-	1,500
Other	-	-	3,027
 Total operating revenues	 <u>\$ 7,033,164</u>	 <u>\$ 7,033,164</u>	 <u>\$ 7,158,732</u>

Village of Lake Zurich

Schedule of Operating Expenses - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2020

	Original Budget	Final Budget	Actual
Administration			
Personnel services	\$ 406,428	\$ 406,428	\$ 162,313
Contractual services	238,845	334,905	326,466
Commodities	54,680	54,680	54,503
Total administration	<u>\$ 699,953</u>	<u>\$ 796,013</u>	<u>\$ 543,282</u>
Operations			
Water service:			
Water service - personnel services	\$ 682,343	\$ 682,343	\$ 675,674
Water service - contractual services	583,600	359,600	240,714
Water service - commodities	541,900	512,900	460,290
Total water service	<u>1,807,843</u>	<u>1,554,843</u>	<u>1,376,678</u>
Sewer service:			
Sewer service - personnel services	634,338	634,338	618,576
Sewer service - contractual services	350,500	287,500	184,624
Sewer service - commodities	94,800	94,800	67,881
Total sewer service	<u>1,079,638</u>	<u>1,016,638</u>	<u>871,081</u>
Capital outlay	<u>3,017,600</u>	<u>2,140,463</u>	<u>1,922,083</u>
Less nonoperating items:			
Capital assets capitalized	<u>-</u>	<u>-</u>	<u>(1,800,573)</u>
Total operations	<u>\$ 5,905,081</u>	<u>\$ 4,711,944</u>	<u>\$ 2,369,269</u>
Depreciation	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,928,290</u>

Village of Lake Zurich

Combining Statement of Net Position
 Internal Service Funds
 December 31, 2020

	Medical Insurance	Self-Insurance	Risk Management	Equipment Replacement	Total
Assets					
Current assets:					
Cash and investments	\$ 1,269,110	\$ 997,486	\$ 3,259,927	\$ 5,526,523	
Receivables:					
Accounts receivable	6,710	-	-	-	6,710
Prepaid items	<u>474,140</u>	<u>834,059</u>	<u>-</u>	<u>-</u>	<u>1,308,199</u>
Total current assets	<u>1,749,960</u>	<u>1,831,545</u>	<u>3,259,927</u>	<u>6,841,432</u>	
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Property and equipment	-	-	4,975,781	4,975,781	
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(1,358,428)</u>	<u>(1,358,428)</u>	
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,617,353</u>	<u>3,617,353</u>	
Total assets	<u>1,749,960</u>	<u>1,831,545</u>	<u>6,877,280</u>	<u>10,458,785</u>	
Liabilities					
Current liabilities:					
Accounts payable	12,711	23,641	8	36,360	
Accrued wages	<u>-</u>	<u>2,490</u>	<u>-</u>	<u>2,490</u>	
Total current liabilities	<u>12,711</u>	<u>26,131</u>	<u>8</u>	<u>38,850</u>	
Total liabilities	12,711	26,131	8	38,850	
Net Position					
Net investment in capital assets	-	-	3,617,353	3,617,353	
Unrestricted net position	<u>1,737,249</u>	<u>1,805,414</u>	<u>3,259,919</u>	<u>6,802,582</u>	
Total net position	<u>\$ 1,737,249</u>	<u>\$ 1,805,414</u>	<u>\$ 6,877,272</u>	<u>\$ 10,419,935</u>	

Village of Lake Zurich

Combining Statement of Revenues, Expenses and
 Changes in Fund Net Position
 Internal Service Funds
 Year Ended December 31, 2020

	<u>Medical Self- Insurance</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Total</u>
Operating Revenues				
Contributions				
Employer	\$ 2,423,454	\$ 1,005,299	\$ 767,645	\$ 4,196,398
Employee	189,082	-	-	189,082
Pensioner	255,948	-	-	255,948
Grants	-	-	312,900	312,900
Total operating revenues	<u>2,868,484</u>	<u>1,005,299</u>	<u>1,080,545</u>	<u>4,954,328</u>
Operating Expenses				
Insurance and claims				
Personnel services	4,558	236,812	-	241,370
Contractual services	2,759,592	513,225	-	3,272,817
Less reimbursements	(4,395)	(139,849)	-	(144,244)
Operations				
Commodities	-	3,959	22,253	26,212
Depreciation	-	-	325,518	325,518
Total operating expenses	<u>2,759,755</u>	<u>614,147</u>	<u>347,771</u>	<u>3,721,673</u>
Operating income (loss)	<u>108,729</u>	<u>391,152</u>	<u>732,774</u>	<u>1,232,655</u>
Nonoperating Revenues (Expenses)				
Investment income	5,537	3,094	15,452	24,083
Miscellaneous	-	75	(897)	(822)
Total nonoperating revenues (expenses)	<u>5,537</u>	<u>3,169</u>	<u>14,555</u>	<u>23,261</u>
Income (loss) before transfers	<u>114,266</u>	<u>394,321</u>	<u>747,329</u>	<u>1,255,916</u>
Transfers				
Transfers in	-	-	600,000	600,000
Transfers out	-	(200,000)	-	(200,000)
Total transfers	<u>-</u>	<u>(200,000)</u>	<u>600,000</u>	<u>400,000</u>
Change in net position	114,266	194,321	1,347,329	1,655,916
Net Position, Beginning	<u>1,622,983</u>	<u>1,611,093</u>	<u>5,529,943</u>	<u>8,764,019</u>
Net Position, Ending	<u>\$ 1,737,249</u>	<u>\$ 1,805,414</u>	<u>\$ 6,877,272</u>	<u>\$ 10,419,935</u>

Village of Lake Zurich

Combining Statement of Cash Flows
 Internal Service Funds
 Year Ended December 31, 2020

	Medical Self- Insurance	Risk Management	Equipment Replacement	Total
Cash Flows From Operating Activities				
Received from customers	\$ 2,864,032	\$ 1,005,299	\$ 769,601	\$ 4,638,932
Paid to suppliers for goods and services	(33,035)	(692,616)	(22,262)	(747,913)
Paid to employees for services	(2,759,592)	(237,453)	-	(2,997,045)
Other operating revenue (expenses)	-	-	312,900	312,900
Net cash flows from operating activities	<u>71,405</u>	<u>75,230</u>	<u>1,060,239</u>	<u>1,206,874</u>
Cash Flows From Investing Activities				
Investment income	<u>5,537</u>	<u>3,094</u>	<u>15,452</u>	<u>24,083</u>
Net cash flows from investing activities	<u>5,537</u>	<u>3,094</u>	<u>15,452</u>	<u>24,083</u>
Cash Flows From Noncapital Financing Activities				
Receipt (payment) of transfer	-	(200,000)	600,000	400,000
Grant revenue	-	<u>75</u>	-	<u>75</u>
Net cash flows from noncapital financing activities	-	<u>(199,925)</u>	<u>600,000</u>	<u>400,075</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	(875,487)	(875,487)
Net cash flows from capital and related financing activities	-	-	(875,487)	(875,487)
Net change in cash and cash equivalents	<u>76,942</u>	<u>(121,601)</u>	<u>800,204</u>	<u>755,545</u>
Cash and Cash Equivalents, Beginning	<u>1,192,168</u>	<u>1,119,087</u>	<u>2,459,723</u>	<u>4,770,978</u>
Cash and Cash Equivalents, Ending	<u>\$ 1,269,110</u>	<u>\$ 997,486</u>	<u>\$ 3,259,927</u>	<u>\$ 5,526,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	\$ 108,729	\$ 391,152	\$ 732,774	\$ 1,232,655
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	-	325,518	325,518
Changes in assets and liabilities:				
Accounts receivable	(4,452)	-	1,956	(2,496)
Prepaid items	(35,540)	(295,447)	-	(330,987)
Accounts payable	2,668	(19,834)	(9)	(17,175)
Compensated absences	-	(641)	-	(641)
Net cash flows from operating activities	<u>\$ 71,405</u>	<u>\$ 75,230</u>	<u>\$ 1,060,239</u>	<u>\$ 1,206,874</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
 Year Ended December 31, 2020

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions			
Employer	\$ 2,423,454	\$ 2,423,454	\$ 2,423,454
Employee	188,600	188,600	189,082
Pensioner	<u>219,800</u>	<u>254,053</u>	<u>255,948</u>
Total operating revenues	<u>2,831,854</u>	<u>2,866,107</u>	<u>2,868,484</u>
Operating Expenses			
Insurance and claims			
Personnel services	21,000	21,000	4,558
Claims	1,000	1,000	-
Contractual services	2,809,779	2,778,324	2,759,592
Less reimbursements	<u>-</u>	<u>-</u>	<u>(4,395)</u>
Total insurance and claims	<u>2,831,779</u>	<u>2,800,324</u>	<u>2,759,755</u>
Total operating expenses	<u>2,831,779</u>	<u>2,800,324</u>	<u>2,759,755</u>
Operating income	<u>75</u>	<u>65,783</u>	<u>108,729</u>
Nonoperating Revenues			
Investment income	<u>10,000</u>	<u>10,000</u>	<u>5,537</u>
Total nonoperating revenues	<u>10,000</u>	<u>10,000</u>	<u>5,537</u>
Change in net position	<u>\$ 10,075</u>	<u>\$ 75,783</u>	<u>114,266</u>
Net Position, Beginning			<u>1,622,983</u>
Net Position, Ending			<u>\$ 1,737,249</u>

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
 Risk Management
 Year Ended December 31, 2020

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions			
Employer	\$ 725,000	\$ 1,005,299	\$ 1,005,299
Total operating revenues	<u>725,000</u>	<u>1,005,299</u>	<u>1,005,299</u>
Operating Expenses			
Insurance and claims			
Personnel services	154,752	233,016	236,812
Contractual services	795,000	820,000	513,225
Less reimbursements	(40,000)	(130,000)	(139,849)
Commodities	<u>-</u>	<u>3,959</u>	<u>3,959</u>
Total insurance and claims	<u>909,752</u>	<u>926,975</u>	<u>614,147</u>
Total operating expenses	<u>909,752</u>	<u>926,975</u>	<u>614,147</u>
Operating income	<u>(184,752)</u>	<u>78,324</u>	<u>391,152</u>
NON-OPERATING REVENUES			
Investment income	8,000	3,300	3,094
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>75</u>
Total non-operating revenues	<u>8,000</u>	<u>3,300</u>	<u>3,169</u>
Net income before contribution and transfers	<u>(176,752)</u>	<u>81,624</u>	<u>394,321</u>
Contribution and Transfers			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net contribution and transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Change in net position	<u>\$ (376,752)</u>	<u>\$ (118,376)</u>	<u>194,321</u>
Net Position, Beginning			<u>1,611,093</u>
Net Position, Ending			<u>\$ 1,805,414</u>

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
 Equipment Replacement
 Year Ended December 31, 2020

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions			
Employer	\$ 780,300	\$ 767,645	\$ 767,645
Grants	<u>313,000</u>	<u>313,000</u>	<u>312,900</u>
Total operating revenues	<u>1,093,300</u>	<u>1,080,645</u>	<u>1,080,545</u>
Operating Expenses			
Operations			
Vehicles	492,000	492,000	479,836
Equipment	586,000	491,000	417,007
Depreciation	<u>397,000</u>	<u>397,000</u>	<u>325,518</u>
Total operations	<u>1,475,000</u>	<u>1,380,000</u>	<u>1,222,361</u>
Total operating expenses	<u>1,475,000</u>	<u>1,380,000</u>	<u>1,222,361</u>
Operating loss	<u>(381,700)</u>	<u>(299,355)</u>	<u>(141,816)</u>
NON-OPERATING REVENUES			
Investment income	20,000	16,600	15,452
Miscellaneous	<u>-</u>	<u>-</u>	<u>(897)</u>
Total non-operating revenues	<u>20,000</u>	<u>16,600</u>	<u>14,555</u>
Net loss before transfers	<u>(361,700)</u>	<u>(282,755)</u>	<u>(127,261)</u>
Transfers			
Transfers in	<u>200,000</u>	<u>600,000</u>	<u>600,000</u>
Net transfers	<u>200,000</u>	<u>600,000</u>	<u>600,000</u>
Change in net position, budgetary basis	\$ <u>(161,700)</u>	\$ <u>317,245</u>	472,739
Adjustments to GAAP basis			
Capital assets capitalized			<u>874,590</u>
Change in net position, GAAP basis			1,347,329
Net Position, Beginning			<u>5,529,943</u>
Net Position, Ending			\$ <u>6,877,272</u>

Village of Lake Zurich

Combining Statement of Fiduciary Net Position
 Pension Trust Funds
 December 31, 2020

	Police Pension	Firefighters' Pension	Total
Assets			
Cash and investments	\$ 164,373	\$ 3,320	\$ 167,693
Investments:			
U.S. treasuries	1,282,887	1,812,312	3,095,199
U.S. agencies	6,605,489	10,732,402	17,337,891
Mutual funds	18,457,886	29,186,449	47,644,335
Corporate bonds	1,961,198	2,925,631	4,886,829
State and local obligations	1,327,836	1,944,103	3,271,939
Money markets	417,640	723,390	1,141,030
Certificates of deposit	230,139	808,704	1,038,843
Insurance contracts	-	209,570	209,570
Receivables:			
Accrued interest	57,021	107,028	164,049
Prepaid items	<u>1,971</u>	<u>2,785</u>	<u>4,756</u>
Total assets	<u>30,506,440</u>	<u>48,455,694</u>	<u>78,962,134</u>
Liabilities			
Accounts payable	<u>14,693</u>	<u>24,923</u>	<u>39,616</u>
Total liabilities	<u>14,693</u>	<u>24,923</u>	<u>39,616</u>
Net Position			
Restricted for retirement benefits	<u>\$ 30,491,747</u>	<u>\$ 48,430,771</u>	<u>\$ 78,922,518</u>

Village of Lake Zurich

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended December 31, 2020

	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 1,865,631	\$ 2,300,704	\$ 4,166,335
Employee	<u>471,810</u>	<u>508,642</u>	<u>980,452</u>
Total contributions	<u>2,337,441</u>	<u>2,809,346</u>	<u>5,146,787</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	3,260,216	4,989,806	8,250,022
Interest on investments	<u>678,966</u>	<u>1,170,479</u>	<u>1,849,445</u>
Total investment income	3,939,182	6,160,285	10,099,467
Less Investment expense	<u>(53,239)</u>	<u>(82,989)</u>	<u>(136,228)</u>
Net investment income	<u>3,885,943</u>	<u>6,077,296</u>	<u>9,963,239</u>
Total additions	<u>6,223,384</u>	<u>8,886,642</u>	<u>15,110,026</u>
Deductions			
Pension payments and refunds	2,107,677	1,902,974	4,010,651
Administration	<u>31,351</u>	<u>60,646</u>	<u>91,997</u>
Total deductions	<u>2,139,028</u>	<u>1,963,620</u>	<u>4,102,648</u>
Change in net position	4,084,356	6,923,022	11,007,378
Net Position, Beginning	<u>26,407,391</u>	<u>41,507,749</u>	<u>67,915,140</u>
Net Position, Ending	<u>\$ 30,491,747</u>	<u>\$ 48,430,771</u>	<u>\$ 78,922,518</u>

LONG-TERM DEBT REQUIREMENTS

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Bonds

(Alternative Revenue Source) Series of 2014A

December 31, 2020

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	Tax Levy			Interest Due on				
	Year	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$ 3,035,000</u>	<u>\$ 231,450</u>	<u>\$ 3,266,450</u>		<u>\$ 115,725</u>		<u>\$ 115,725</u>	

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2015A

December 31, 2020

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	Tax Levy			Interest Due on				
	Year	Principal	Interest	Total	June 15	Amount	December 15	Amount
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	\$ 4,284,411	\$ 16,059,411		\$ 2,142,203		\$ 2,142,208	

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Bonds (Alternative Revenue Source) Series of 2013A

December 31, 2020

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	Tax Levy			Interest Due on			
	Year	Principal	Interest	Total	June 15	Amount	December 15
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>\$ 1,255,000</u>	<u>\$ 97,275</u>	<u>\$ 1,352,275</u>		<u>\$ 48,637</u>		<u>\$ 48,638</u>

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2006

December 31, 2020

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	Tax Levy			Interest Due on				
	Year	Principal	Interest	Total	June 16	Amount	December 16	Amount
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	
	<u>\$ 709,897</u>	<u>\$ 58,104</u>	<u>\$ 768,001</u>		<u>\$ 31,298</u>		<u>\$ 26,806</u>	

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2008

December 31, 2020

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
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
	<u>\$ 816,184</u>	<u>\$ 89,411</u>	<u>\$ 905,595</u>		<u>\$ 47,240</u>		<u>\$ 42,171</u>

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2016A

December 31, 2020

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
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>\$ 6,425,000</u>	<u>\$ 832,148</u>	<u>\$ 7,257,148</u>		<u>\$ 456,956</u>		<u>\$ 375,192</u>

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Bonds (Alternative Revenue Source) Series of 2016B

December 31, 2020

Date of Issue	August 1, 2016
Date of Maturity	December 15, 2026
Authorized Issue	\$ 1,000,000
Denomination of Bonds	\$ 5,000
Interest Rates	2.00%
Principal Maturity Date	December 15

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on				
	Year	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$ 620,000</u>	<u>\$ 44,100</u>	<u>\$ 664,100</u>		<u>\$ 22,050</u>		<u>\$ 22,050</u>	

Village of Lake Zurich

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.

Contents	Page
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.	124 - 130
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	131 - 134
Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	135 - 139
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.	140 - 142
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.	143 - 145

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

Fiscal Year	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	December 31, 2020
Governmental Activities										
Net investment in capital assets	\$ 76,652,153	\$ 76,983,201	\$ 79,846,136	\$ 80,503,360	\$ 82,125,245	\$ 82,623,774	\$ 83,071,165	\$ 83,682,136	\$ 88,305,543	\$ 85,919,640
Restricted	17,592,724	18,839,037	10,192,895	10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528	11,042,791
Unrestricted	(24,640,955)	(22,946,143)	(22,692,562)	(21,489,679)	(58,319,684)	(56,718,186)	(54,079,782)	(54,801,370)	(56,147,503)	(47,851,756)
Total governmental activities	<u>\$ 69,603,922</u>	<u>\$ 72,876,095</u>	<u>\$ 67,346,469</u>	<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>	<u>\$ 49,110,675</u>
Business-Type Activities										
Net investment in capital assets	\$ 41,753,593	\$ 41,029,978	\$ 41,321,810	\$ 39,678,649	\$ 39,130,472	\$ 39,849,034	\$ 38,774,738	\$ 36,769,636	\$ 37,783,758	\$ 38,573,695
Unrestricted	593,365	1,228,483	1,406,104	3,440,249	4,078,672	3,147,564	4,700,206	4,885,210	5,881,004	7,587,296
Total business-type activities	<u>\$ 42,346,958</u>	<u>\$ 42,258,461</u>	<u>\$ 42,727,914</u>	<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>	<u>\$ 46,160,991</u>
Primary Government										
Net investment in capital assets	\$ 118,405,746	\$ 118,013,179	\$ 121,167,946	\$ 120,182,009	\$ 121,255,717	\$ 122,472,808	\$ 121,845,903	\$ 120,451,772	\$ 126,089,301	\$ 124,493,335
Restricted	17,592,724	18,839,037	10,192,895	10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528	11,042,791
Unrestricted	(24,047,590)	(21,717,660)	(21,286,458)	(18,049,430)	(54,241,012)	(53,570,622)	(49,379,576)	(49,916,160)	(50,266,499)	(40,264,460)
Total primary government	<u>\$ 111,950,880</u>	<u>\$ 115,134,556</u>	<u>\$ 110,074,383</u>	<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>	<u>\$ 95,271,666</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

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	April 30, 2012	April 30, 2013	April 30, 2014	April 30, 2015	December 31, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Expenses										
Governmental activities:										
General government	\$ 3,074,208	\$ 3,140,972	\$ 1,613,068	\$ 1,802,610	\$ 1,522,322	\$ 772,641	\$ 1,769,844	\$ 2,188,126	\$ 2,003,371	\$ 1,761,391
Public safety	17,950,169	18,486,450	18,582,961	19,438,857	20,687,223	16,155,251	22,066,110	22,341,200	22,631,359	21,301,322
Highways and streets	4,439,375	4,290,953	4,647,467	4,969,501	4,855,446	3,518,270	4,522,520	5,281,131	5,281,079	5,241,285
Culture and recreation	1,347,279	1,205,021	1,109,942	1,143,280	1,147,881	920,054	1,526,825	1,803,515	1,878,294	997,789
Economic development	926,436	479,102	940,077	1,128,755	1,515,262	1,231,598	2,186,755	1,071,579	1,408,997	1,502,578
Interest on long-term debt	1,045,608	1,254,435	1,409,508	1,738,490	1,475,911	1,088,971	967,636	1,045,097	1,000,955	946,072
Total governmental activities expenses	28,783,075	28,856,933	28,303,023	30,221,493	31,204,045	23,686,785	33,039,690	33,730,648	34,204,055	31,750,437
Business-type activities:										
Waterworks and sewerage	4,673,670	4,986,492	4,871,170	4,901,767	4,679,952	3,772,676	5,235,787	7,912,780	5,593,327	4,962,077
Total business-type activities expenses	4,673,670	4,986,492	4,871,170	4,901,767	4,679,952	3,772,676	5,235,787	7,912,780	5,593,327	4,962,077
Total primary government expenses	\$ 33,456,745	\$ 33,843,425	\$ 33,174,193	\$ 35,123,260	\$ 35,883,997	\$ 27,459,461	\$ 38,275,477	\$ 41,643,428	\$ 39,797,382	\$ 36,712,514
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 838,464	\$ 1,965,735	\$ 535,567	\$ 617,962	\$ 651,761	\$ 282,411	\$ 670,333	\$ 952,435	\$ 959,564	\$ 920,751
Public safety	6,844,127	7,205,320	7,086,380	7,392,854	7,096,281	5,712,362	8,312,753	8,394,249	9,010,081	8,272,702
Highways and streets	439,467	520,172	469,234	186,992	74,080	28,177	63,544	70,908	55,808	67,835
Culture and recreation	676,449	599,609	529,221	613,484	655,848	572,725	817,009	714,275	760,864	169,632
Economic development	-	-	-	35,000	95,579	67,340	94,975	-	-	-
Operating grants	835,918	1,165,632	688,520	905,163	594,937	392,568	610,354	564,495	740,143	742,456
Capital grants	537,892	516	-	-	47,133	-	66,442	17,636	19,233	468,874
Total governmental activities program revenues	10,172,317	11,456,984	9,308,922	9,751,455	9,215,619	7,055,583	10,635,410	10,713,998	11,545,693	10,642,250
Business-type activities:										
Charges for Services										
Waterworks and sewerage	3,682,437	4,784,199	4,782,300	4,949,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278	7,395,537
Capital grants and contributions	989,110	110,136	530,814	336,000	-	-	-	-	-	-
Total business-type activities program revenues	4,671,547	4,894,335	5,313,114	5,285,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278	7,395,537
Total primary government program revenues	\$ 14,843,864	\$ 16,351,319	\$ 14,622,036	\$ 15,036,978	\$ 14,598,119	\$ 10,601,277	\$ 16,307,652	\$ 16,905,266	\$ 18,976,971	\$ 18,037,787
Net Revenue (Expense)										
Governmental activities	\$ (18,610,758)	\$ (17,399,949)	\$ (18,994,101)	\$ (20,470,038)	\$ (21,988,426)	\$ (16,631,202)	\$ (22,404,280)	\$ (23,016,650)	\$ (22,658,362)	\$ (21,108,187)
Business-type activities	(2,123)	(92,157)	441,944	383,756	702,548	(226,982)	436,455	(1,721,512)	1,837,951	2,433,460
Total primary government net revenue (expense)	\$ (18,612,881)	\$ (17,492,106)	\$ (18,552,157)	\$ (20,086,282)	\$ (21,285,878)	\$ (16,858,184)	\$ (21,967,825)	\$ (24,738,162)	\$ (20,820,411)	\$ (18,674,727)

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	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	December 31, 2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 9,060,819	\$ 9,096,330	\$ 9,342,465	\$ 9,927,632	\$ 10,134,009	\$ 10,413,933	\$ 10,521,260	\$ 10,715,277	\$ 11,006,718	\$ 10,834,425
Intergovernmental:										
Sales	7,375,471	7,940,113	8,145,378	8,640,078	8,767,277	6,093,965	9,143,132	9,235,646	9,230,561	8,485,802
State income	1,601,915	1,769,156	1,912,965	1,922,554	2,092,124	1,192,340	1,803,091	1,879,984	2,089,504	2,133,279
Other	2,045,202	1,445,829	1,336,144	2,296,792	2,748,646	1,838,240	2,752,753	2,942,335	2,993,025	3,949,827
Special events	-	-	-	-	108,533	118,252	193,260	140,970	158,575	5,406
Investment Income	86,173	69,478	17,587	69,306	76,417	35,346	143,796	353,593	510,432	183,374
Miscellaneous	236,987	654,381	247,071	241,171	241,191	286,270	166,794	269,904	290,598	491,567
Transfers in (out)	-	-	(26,291)	-	-	-	-	-	-	-
Total governmental activities	<u>20,406,567</u>	<u>20,975,287</u>	<u>20,975,319</u>	<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>	<u>26,083,680</u>
Business-type activities:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Investment Income	10,873	3,660	1,218	7,228	12,191	14,436	41,891	122,645	162,361	55,823
Gain on sale of capital assets	-	-	-	-	5,044	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	19,995	9,604	6,946
Transfers in (out)	-	-	26,291	-	-	-	-	-	-	-
Total business-type activities	<u>10,873</u>	<u>3,660</u>	<u>27,509</u>	<u>7,228</u>	<u>17,235</u>	<u>14,436</u>	<u>41,891</u>	<u>142,640</u>	<u>171,965</u>	<u>62,769</u>
Total primary government	<u>\$ 20,417,440</u>	<u>\$ 20,978,947</u>	<u>\$ 21,002,828</u>	<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>	<u>\$ 26,146,449</u>
Special Item										
Governmental activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,018,317)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ 1,795,809	\$ 3,575,338	\$ (5,037,099)	\$ 2,627,495	\$ 2,179,771	\$ 3,347,144	\$ 2,319,806	\$ 2,521,059	\$ 3,621,051	\$ 4,975,493
Business-type activities	8,750	(88,497)	469,453	390,984	719,783	(212,546)	478,346	(1,578,872)	2,009,916	2,496,229
Total primary government change in net position	<u>\$ 1,804,559</u>	<u>\$ 3,486,841</u>	<u>\$ (4,567,646)</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>	<u>\$ 7,471,722</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

Village of Lake Zurich

Fund Balances of Governmental Funds
Last Ten Fiscal Years

Fiscal Year	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	December 31, 2020
General Fund										
Nonspendable	\$ -	\$ 1,888,744	\$ 1,552,148	\$ 1,874,738	\$ 1,802,987	\$ 1,679,491	\$ 1,705,230	\$ 1,572,766	\$ 1,607,125	\$ 1,593,569
Restricted	339,445	328,685	348,816	434,061	363,308	344,337	411,917	406,251	185,151	284,870
Assigned	-	-	-	-	-	-	-	-	-	10,610
Unrestricted	5,382,483	7,368,345	7,667,560	7,329,746	7,931,993	8,439,557	8,441,987	8,755,112	9,582,847	10,190,688
Total general fund	<u>\$ 5,721,928</u>	<u>\$ 9,585,774</u>	<u>\$ 9,568,524</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>	<u>\$ 12,079,737</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 2,187	\$ 4,013	\$ 30,581	\$ 6,597	\$ 14,197	\$ 18,834	\$ 7,323	\$ 7,020
Restricted	17,631,245	18,510,352	9,844,079	10,526,222	10,416,530	11,682,618	10,849,049	10,307,500	10,872,377	10,757,921
Assigned	-	-	-	258,605	170,808	120,860	1,269,808	2,710,282	2,986,339	4,787,890
Unassigned	(381,557)	-	-	(1,336,239)	(1,494,225)	(1,291,801)	(1,143,367)	(1,133,627)	(963,168)	(868,403)
Total all other governmental funds	<u>\$ 17,249,688</u>	<u>\$ 18,510,352</u>	<u>\$ 9,846,266</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>	<u>\$ 14,684,428</u>

* 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

Village of Lake Zurich

General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	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	December 31, 2020
Taxes	\$ 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	\$ 14,955,192
Licenses and permits	598,732	669,712	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237	676,071
Intergovernmental	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	17,516,601
Charges for services	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	2,205,874
Fines and forfeitures	762,168	753,126	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896	472,175
Special events	-	-	-	-	108,533	118,247	193,667	140,970	158,575	4,745
Investment income	86,174	69,478	17,587	69,306	76,417	35,346	143,796	294,585	446,764	159,291
Miscellaneous	1,045,451	1,227,043	513,757	224,545	189,008	343,219	216,458	232,302	372,740	199,298
Total revenues	<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>	<u>\$ 36,189,247</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

Fiscal Year	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	December 31, 2020
General government	\$ 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	\$ 1,735,211
Public safety	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	21,748,967
Highways and streets	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	5,624,641
Culture and recreation	1,086,760	952,048	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883	843,250
Economic development	925,553	478,179	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722	1,582,764
Capital outlay	1,501,194	1,239,971	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102	282,556
Debt service:										
Principal	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	1,715,000
Interest	919,876	1,028,952	1,331,090	1,585,100	1,205,295	891,844	915,439	846,844	799,094	745,943
Total expenditures	<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>	<u>\$ 34,278,332</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

Fiscal Year	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	December 31, 2020
Revenues										
Taxes	\$ 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	\$ 14,955,192
Licenses and permits	598,732	669,712	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237	676,071
Intergovernmental	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	17,516,601
Charges for services	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	2,205,874
Fines and forfeitures	762,168	753,126	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896	472,175
Special events	-	-	-	-	108,533	118,247	193,667	140,970	158,575	4,745
Investment income	86,174	69,478	17,587	69,306	76,417	35,346	143,796	294,585	446,764	159,291
Miscellaneous	1,045,451	1,227,043	513,757	224,545	189,008	343,219	216,458	232,302	372,740	199,298
Total revenues	30,129,321	32,432,270	30,310,532	32,848,988	33,340,666	27,033,929	35,359,496	35,925,653	37,610,734	36,189,247
Expenditures										
General government	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	1,735,211
Public safety	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	21,748,967
Highways and streets	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	5,624,641
Culture and recreation	1,086,760	952,048	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883	843,250
Economic development	925,553	478,179	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722	1,582,764
Capital outlay	1,501,194	1,239,971	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102	282,556
Debt service:										
Principal	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	1,715,000
Interest	919,876	1,028,952	1,331,090	1,585,100	1,205,295	891,844	915,439	846,844	799,094	745,943
Total expenditures	28,051,393	30,034,657	31,675,662	34,133,085	33,258,528	25,970,070	33,463,231	34,335,296	35,663,818	34,278,332
Excess (Deficiency) of Revenues Over Expenditures										
	2,077,928	2,397,613	(1,365,130)	(1,284,097)	82,138	1,063,859	1,896,265	1,590,357	1,946,916	1,910,915
Other Financing Sources (Uses)										
Proceeds from bond issuance, at par	-	2,650,000	537,000	19,155,000	-	7,861,000	-	-	-	-
Premium on bonds issued	-	588,025	-	397,596	-	-	-	-	-	-
Payments to escrow agent	-	(2,674,286)	-	(18,746,704)	-	(6,890,182)	-	-	-	-
Proceeds from capital lease obligation	-	251,892	-	129,856	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	24,705	48,698	35,000	18,533	19,522	43,960	55,642
Loss on disposal of land held for resale	-	-	-	-	-	-	(1,047,636)	-	-	-
Transfers in	1,713,738	1,519,953	2,376,589	7,075,090	2,751,426	1,876,600	3,757,271	3,674,562	3,883,271	4,349,478
Transfers (out)	(1,713,738)	(1,519,953)	(2,725,982)	(7,075,090)	(2,751,426)	(2,186,600)	(4,057,271)	(4,196,144)	(4,233,271)	(4,749,478)
Total other financing sources (uses)	-	815,631	187,607	960,453	48,698	695,818	(1,329,103)	(502,060)	(306,040)	(344,358)
Net change in fund balances	\$ 2,077,928	\$ 3,213,244	\$ (1,177,523)	\$ (323,644)	\$ 130,836	\$ 1,759,677	\$ 567,162	\$ 1,088,297	\$ 1,640,876	\$ 1,566,557

Debt Service as a Percentage of Noncapital Expenditures

5.30% 7.42% 12.08% 12.10% 8.17% 10.65% 7.04% 7.38% 7.14% 7.67%

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

Data Source

Audited Financial Statements

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
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
2019	668,639,237	241,331,206	909,970,443	784,307	910,754,750	1.011

Data Source

Office of the County Clerk

Village of Lake Zurich

Property Tax Rates - Direct and Overlapping Governments

Last Ten Levy Years

Tax Levy Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tax Rates										
Village of Lake Zurich										
Corporate	0.260	0.256	0.261	0.247	0.251	0.011	-	-	-	-
Police protection	0.078	0.078	0.080	0.084	0.088	0.196	0.191	0.193	0.202	0.193
Fire protection	0.077	0.078	0.080	0.084	0.088	0.196	0.191	0.193	0.202	0.193
Ambulance	0.015	0.016	0.018	0.019	0.020	0.020	0.000	0.000	0.000	0.000
Illinois municipal retirement	0.006	0.023	0.023	0.026	0.026	0.042	0.012	0.006	0.005	0.004
Debt service	0.116	0.124	0.136	0.211	0.211	0.204	0.197	0.192	0.193	0.129
Special recreation	0.021	0.022	0.023	0.024	0.023	0.023	0.022	0.021	0.021	0.020
Police pension	0.142	0.136	0.159	0.185	0.188	0.197	0.215	0.209	0.207	0.211
Firefighters' pension	0.141	0.174	0.218	0.252	0.248	0.241	0.265	0.264	0.263	0.261
Federal social security	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Total direct tax rate	0.856	0.907	0.998	1.132	1.143	1.131	1.092	1.079	1.092	1.011
Overlapping Rates										
Lake County	0.505	0.554	0.608	0.663	0.682	0.663	0.632	0.622	0.612	0.597
Lake County Forest Preserve	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187	0.182	0.180
Ela Area Library District	0.329	0.356	0.386	0.409	0.410	0.398	0.381	0.371	0.318	0.319
School District #95	4.136	4.446	4.914	5.242	5.291	5.191	5.021	4.960	5.021	4.986
School District #96	3.086	3.453	3.756	3.976	4.040	3.870	3.690	3.655	3.717	3.766
High School District #125	2.306	2.465	2.751	2.989	3.049	3.004	2.858	2.862	2.888	2.872
Community College #532	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282	0.282
Ela Township - Corp. and GA	0.091	0.099	0.088	0.100	0.100	0.098	0.095	0.093	0.094	0.094
Ela Township - road and bridge	0.008	0.009	0.010	0.011	0.010	0.010	0.010	0.010	0.052	0.052
Ela Township - gravel or R.I.	0.039	0.042	0.030	0.046	0.045	0.045	0.043	0.042	-	-
Barrington Public Library District	0.170	0.185	0.213	0.228	0.231	0.225	0.220	0.217	0.218	0.223
Total direct and overlapping tax rate	11.942	12.957	14.238	15.310	15.518	15.144	14.520	14.380	14.476	14.381

Data Source

Office of the County Clerk

Village of Lake Zurich

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Echo Incorporated	\$ 7,953,984	1	0.87%	\$ 4,970,621	5	0.55%
Landings Capital Partners, LLC	6,684,965	2	0.73%	6,099,280	2	0.68%
The Fidelity Group, LP	5,220,561	3	0.57%			
Suso North Lake LP	5,189,066	4	0.57%			
Deerpath Commons Retail Center LLC	4,859,817	5	0.53%	5,971,461	3	0.66%
Sfire Bros. Development Corp.	4,509,199	6	0.50%			
The Greenhill Company LLC	4,337,785	7	0.48%			
Costco Wholesale Corporation	4,264,497	8	0.47%	3,892,486	7	0.43%
PSL Lake Zurich Property Owner LLC	4,240,787	9	0.47%			
Realty Income IL Properties 2 LLC	3,871,617	10	0.43%			
Village Square Retail Center LLC				7,303,013	1	0.81%
Individual Taxpayer				5,786,454	4	0.64%
Deerpath Court Retail Center LLC				4,661,603	6	0.52%
Liberty Realty Lake Zurich LLC				3,545,947	8	0.39%
HD Development of Maryland LLC				3,026,364	9	0.34%
Target				2,833,050	10	0.32%
	<u>\$ 51,132,278</u>		<u>5.61%</u>	<u>\$ 48,090,279</u>		<u>5.36%</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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2020	2019	9,308,231	\$ 9,188,713	98.72%	0	9,188,713	98.72%

* 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 Revenue Bonds	Capital	Waterworks and Sewerage Alt Revenue Bonds	IEPA Loan	Capital Lease Obligation	Total Primary Government	
		TIF Alternate Revenue Bonds	Lease Obligation						
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
31-Dec 2020	-	21,235,000	-	14,560	1,875,000	1,526,081	3,042,112	27,692,753	910,754,750

* 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 General Obligation Bonds	Less Amounts		Percentage of Equalized Assessed Value
			Available In Debt Service Fund	Total	
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%
31-Dec	2020	-	-	-	0.00%

Data Source

Village records

Village of Lake Zurich

Direct and Overlapping Bonded Debt - Governmental Activities

December 31, 2020

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 21,420,127 (2)	100.00%	\$ 21,420,127
Lake County	138,295,000	3.34%	4,622,734
Lake County Forest Preserve	217,105,000	3.34%	7,257,086
Ela Area Library District	-	N/A	-
School District #95	77,815,000	52.60%	40,931,740
School District #96	-	N/A	-
High School District #125	41,065,000	24.40%	10,018,110
Community College #532	<u>47,300,000</u>	3.51%	1,661,513
	<u>521,580,000</u>		<u>64,491,183</u>
Total direct and overlapping debt	<u>\$ 543,000,127</u>		<u>\$ 85,911,310</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, 2020

Equalized Assessed Valuation - 2019	\$	910,754,750
Legal debt limit, 8.625% of assessed valuation	\$	78,552,597
Amount of debt applicable to debt limit:		
General obligation bonds		-
Legal Debt Margin	\$	78,552,597

* 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 Revenues*	TIF Debt		Coverage
			Principal	Interest	
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%
31-Dec	2020	6,500,524	1,210,000	700,004	340%

*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	2011	19,631	37,547	38.6	6,023	8.5%
30-Apr	2012	19,813	40,641	39.8	5,944	8.8%
30-Apr	2013	19,917	37,008	36.8	5,913	4.4%
30-Apr	2014	20,043	39,128	41.1	5,892	6.7%
30-Apr	2015	19,993	39,271	39.9	5,716	4.5%
30-Apr	2016	19,993	41,168	38.8	5,769	5.5%
31-Dec	2016	19,993	42,397	40.0	5,666	5.3%
31-Dec	2017	19,993	46,202	39.6	5,677	4.9%
31-Dec	2018	19,903	44,486	38.9	5,590	4.2%
31-Dec	2019	20,054	45,895	38.9	5,616	4.2%
31-Dec	2020	19,877	48,879	38.8	5,565	4.4

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	2020			2011		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Echo Inc.	800	1	4%	690	2	7%
Lake Zurich Community School Dist. #95	738	2	4%	763	1	8%
Smalley Steel Ring Co.	540	3	3%	250	4	3%
Termax Corp	400	4	2%			
D&W Finepack LLC (CM Packaging, Inc.)	200	5	1%			
Food Equipment Tech, Inc	170	6	1%	197	6	2%
Village of Lake Zurich	155	7	1%			
Lexington Health Care Lake Zurich	150	8	1%	182	7	2%
Gere Marie	133	9	1%			
B&B Maintenance, Inc.				500	3	5%
Wal-Mart				200	5	2%
Jewel-Osco				170	8	2%
Parkview Metal Products, Inc.				150	9	2%
Tredegar				132	10	1%
	<u>3,286</u>		<u>17%</u>	<u>3,234</u>		<u>34%</u>
Village population			19,877			

Data Source

2020: Lake County Partner records and verification by employers when available.

2011 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 April 30 2012	Year End April 30 2013	Year End April 30 2014	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	Year End December 31 2020
General Government										
Administration	4	4	5	5	4	4	4	4	4	4
Finance	7	5	5	5	5	6	6	6	6	6
Technology	N/A	1	1	1	1	1	1	1	1	1
Community Services										
Building and Zoning	8	8	7	7	7	6	5	5	5	5
Public Works, General Services	20	18	17	17	17	17	17	17	18	18
Public Works, Water and Sewer	12	13	14	14	13	12	12	12	12	12
Police	53	51	51	51	51	52	52	52	52	52
Fire	60	58	58	58	58	58	58	58	55	55
Engineering	3	-	-							
Recreation	3	2	2	2	2	3	3	3	3	3
Total	170	160	160	160	158	159	158	158	156	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 2012	April 30 2013	April 30 2014	April 30 2015
Public Works				
Forestry				
Number of parkway trees planted	54	122	140	24
Number of parkway trees trimmed	638	707	800	902
Fleet services				
Number of vehicles maintained	91	91	85	92
Preventative maintenance	346	324	664	964
Public Safety				
Fire				
Number of fire calls	1,382	1,398	1,483	1,844
Number of EMS calls	1,746	1,787	1,848	2,150
Number of training hours	11,949	9,651	8,877	10,075
Police				
Part I crime	257	293	324	344
Calls for service	9,168	N/A	9,392	9,067
State tickets issued	3,774	3,474	2,786	2,637
Compliance tickets issued	108	46	29	36
Parking tickets issued	1,693	1,609	1,640	1,389
Red light citations	4,237	3,692	4,536	5,262
Community Development				
Number of building permits issued	1,539	1,506	1,639	3,487
Number of building inspections	6,317	4,813	5,611	6,484
Highways and Streets				
Sidewalk replaced (square feet)	5,825	5,025	3,150	15,345
Annual resurfacing program (\$)	-	-	1,109,353	1,323,465
Crack sealing (lbs. installed)	-	-	11,515	55,564
Curb replaced (In. ft.)	267	614	427	3,892
Water and Sewer				
Water main breaks	30	70	51	40
Hydrants flushed	1,780	1,780	1,790	1,790
Water meters read	80,796	80,916	81,000	81,000
Water meter service requests	893	1,019	1,053	1,172
Total distribution pumpage (1,000 gallons)	599MG	681MG	630MG	604MG
Average daily consumption (1,000 gallons)	1.4MG	1.5MG	1.4MG	1.3MG
Sanitary sewer televising (feet)	2,000	2,829	10,920	33,974
Sanitary sewer repairs	1	1	3	2

N/A - Not available

Data Source

Village records

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	Year End December 31 2020
21	218	307	276	-	266
1,148	320	656	377	750	300
81	82	82	82	81	81
753	501	738	704	694	705
1,633	590	1,373	1,388	1,422	1,095
2,204	1,511	2,602	2,788	2,655	2,528
8,566	6,546	14,341	14,563	13,216	12,867
276	94	327	264	260	587
8,757	5,409	7,104	7,313	8,453	7,325
2,318	1,442	1,858	2,373	2,360	1,848
42	18	68	37	58	48
856	581	576	565	520	292
3,548	3,118	4,451	3,545	3,433	2,937
829	1,274	1,541	1,435	1,466	1,506
2,128	2,644	3,188	3,030	3,958	3,694
23,114	37,885	22,000	50,900	40,588	37,775
1,442,109	1,316,758	860,442	1,246,860	1,581,334	1,384,210
55,000	43,668	39,823	53,000	53,097	41,538
4,366	8,555	2,265	12,100	6,924	6,406
30	25	31	39	26	28
1,797	-	1,504	1,505	1,505	1,520
81,000	53,432	81,000	84,000	82,344	82,344
997	730	1,105	587	447	296
593MG	443MG	570MG	549MG	550MG	548MG
1.3MG	1.3MG	1.3MG	1.3MG	1.3MG	1.4MG
3,182	3,152	54,523	1,084	2,330	23,836
3	10	1	-	0	5

Village of Lake Zurich

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Year End April 30 2012	Year End April 30 2013	Year End April 30 2014	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	Year End December 31 2020
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	22	22	22	21	21	21
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (lane miles)	159.4	159.7	159.7	160.0	161.6	161.6	156.2	127.2	178.5	178.5
Sidewalks (miles)	91	91	91	91	101	102	98	98	102	102
Streetlights	175	180	180	180	215	220	220	224	226	255
Water and Sewer										
Water mains (miles)	109	109	110	110	112	112	112	112	111	114
Fire hydrants	1,765	1,765	1,790	1,790	1,790	1,790	1,504	1,505	1,509	1,520
Sanitary sewers (miles)	107	107	107	107	93	93	93	93	93	94

N/A - Not available

Data Source

Village records