
Village of Lake Zurich, Illinois
Comprehensive Annual Financial Report

For Fiscal Year Ended

April 30, 2011

VILLAGE OF LAKE ZURICH, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2011

Prepared by Finance Department:

Gerald A. Zochowski
Finance Director and Treasurer

VILLAGE OF LAKE ZURICH, ILLINOIS

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INTRODUCTORY SECTION

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

- List of Elected and Appointed Officials
- Organization Chart
- Letter of Transmittal from the Finance Director and Treasurer
- Certificate of Achievement for Excellence in Financial Reporting

VILLAGE OF LAKE ZURICH, ILLINOIS

List of Elected and Appointed Officials

April 30, 2011

VILLAGE BOARD OF TRUSTEES

Suzanne K. Branding, Village President

Jeffrey M. Halen

Dana Rzeznik

Mark Ernst

Jonathan W. Sprawka

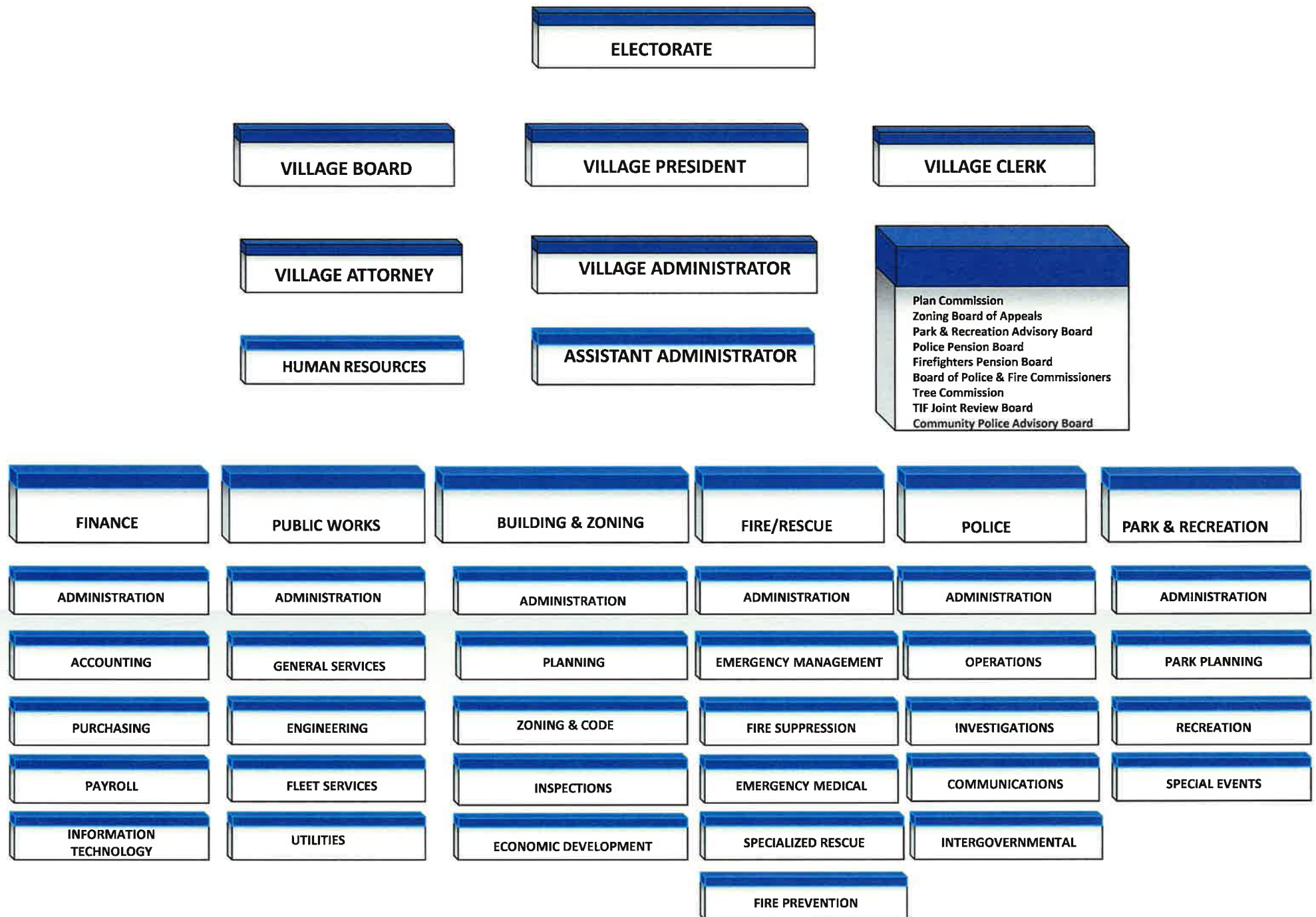
Thomas M. Poynton

Richard C. Sustich

Kathleen Johnson, Village Clerk

Bob Vitas, Village Administrator

Gerald A. Zochowski, Finance Director and Treasurer



70 E. Main Street
Lake Zurich, IL 60047-3226



Phone: (847) 540-1698
Fax: (847) 540-1769
Web: www.volz.org

July 29, 2011

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

State law requires that all general-purpose local governments publish, within six months of the closing of the fiscal year, a complete set of financial statements presented in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Village of Lake Zurich, Illinois.

This report consists of management's representations concerning the finances of the Village of Lake Zurich. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Lake Zurich, Illinois has established an internal control structure that is designed both to protect the government's assets from loss, theft and misuse and to compile sufficient reliable information for the preparation of the Village's financial statements in conformity with generally accepted accounting principles (GAAP). The Village's internal control structure has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Lake Zurich, Illinois financial statements have been audited by Lauterbach and Amen LLP, a firm of licensed certified public accountants. Lauterbach and Amen concluded that the Village's financial statements for the fiscal year ended April 30, 2011, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of *Management Discussion and Analysis (MD&A)*. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Village's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Incorporated in 1896, the Village of Lake Zurich, Illinois is a non-home rule community that operates under the management form of municipal government as provided in Chapter 65, Article 5 of the Illinois Compiled Statutes. The Village is governed by a President and Board of six trustees, all of whom are elected on an at-large basis to four-year overlapping terms. Policy-making and legislative authority are vested in the Village Board. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village Administrator and Village Attorney. The Board is elected on a non partisan basis. Board members serve four year staggered terms, with three Board members elected every two years. The Village President and Clerk are elected to serve a four year term. An appointed Village Administrator is charged with the day-to-day responsibility of administering Board policy and supervising approximately 171 full time, several part time, and seasonal employees. The Village provides a full range of services, including administrative, financial, police and fire protection, public works, water and sewer utilities, recreational activities, building and zoning inspections, economic development, and cultural events.

Lake Zurich, located northwest of Chicago in Lake County, is a balanced community with a strong residential population, an industrial park and commercial corridor. The Village offers its 19,631 residents a peaceful, affordable suburban living in close proximity to top-rated schools, medical resources, retail centers, and cultural venues. The population increased by 9 percent from the 2000 census to 19,631 as per the 2010 census count. It is expected that the Village will continue to experience moderate growth, given its proximity and a relatively low median home value of \$352,817 as opposed to a median home value of the north shore communities.

Annually the Village adopts a budget that defines its legal spending authority. Departments submit requests to the Village Administrator so that a budget may be prepared. The requested budget appropriations for the next fiscal year are prepared by fund, function and activity. The budget is presented to the Village Board for review. The Village Board holds public hearings and adjusts the requested budgeted amounts to reflect anticipated operations and capital spending for the delivery of services offered by the Village. The Village's budget is adopted no later than April 30th, the close of the fiscal year.

Assessment of Economic Condition

The 2010 Equalized Assessed Value through the Village was valued at \$872,121,444 which decreased from the prior year by approximately 2.9 percent. Lake Zurich was rated the thirteenth wealthiest community, with a population of 10,000 or more, in the State of Illinois after the 2000 Census.

Like other communities, Lake Zurich residents have been affected by the recession. The unemployment rate in Lake County is 8.5 percent as of June, 2011, slightly lower than the, Illinois rate of 9.7, and the U.S. unemployment rate of 9.3 percent. Lake Zurich is primarily a white collar community and therefore the residents have been less affected by the loss of manufacturing jobs impacting other states and counties. Per capita personal income decreased 19 percent from 2008 to 2011, and is currently at \$37,547.

Lake Zurich has a very strong retail sales tax base primarily located on the Rand Road Corridor. Sales tax revenue for the Village has remained relatively constant despite the recessionary economic condition. This can be attributed to the retail mix including super stores such as Costco, Home Depot, Wal-mart and Target. The mix of retailers has helped in weathering the recession. The Village is also home to Peapod, a nation wide grocery delivery company. Peapods sales have increased significantly the last five years and the Village has a sales tax sharing incentive with Peapod.

Despite a strong sales tax base, the rising cost of operations limits the Village's ability to properly maintain and improve the Citizens' investment in Village infrastructure. Village Management is continuously looking for ways to cut costs and/or increase revenues. However, a large proportion of the increasing costs are mandated by statute, regulatory agencies, and/or labor contracts.

During Fiscal Year 2011, the Village collected new revenues of \$633K from a Gas and Electric Municipal Utility Tax. The tax is being used to fund general government operations. However, at this time, the tax is scheduled to sunset at the end of the 2012 fiscal year. This tax revenue partially defrayed the increasing cost of funding the Police and Fire Pensions. This pension funding currently represents 20 percent of the direct tax rate levy, or \$2.5M.

Long Term Financial Planning

The Village has traditionally engaged in discussions regarding long term capital planning which extend further than the annual operating budget year. Examples of long term capital planning include a 20 year street resurfacing, reconstruction, repair and maintenance schedule. The Fleet Maintenance division has a five year replacement schedule for all the Villages vehicles in each department. The Utilities division has also earmarked the replacement, repair and improvement of existing water mains and sanitary sewers. The Finance Department is currently compiling a comprehensive Village wide five year operating and capital improvement plan. Although the Village has developed these schedules, the implementation has fallen behind due to lack of resources.

However, Village Management and the Citizens successfully passed a non-home rule sales tax referendum during the Fiscal Year. The non-home rule sales tax will create a new revenue stream to be recognized in Fiscal Year 2012. The use of the non-home rule sales tax will provide for infrastructure maintenance and improvements, and will allow infrastructure to be maintained at a standard which the residents value.

Major Accomplishments

The Strategic Plan for 2011-2013 was completed. The Strategic Plan is a vital part to completing a comprehensive organizational management and planning process. The Comprehensive plan will incorporate performance based planning and monitoring towards the achievement of departmental and individual goals which are specifically aligned with the Strategic Plan Mission, Vision and Strategic Goals.

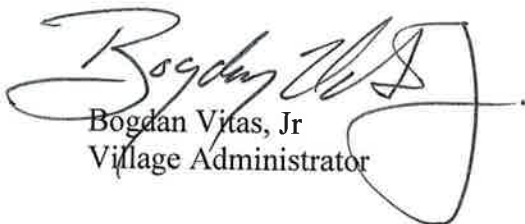
A major achievement during the current fiscal year was the Village of Lake Zurich's ability to maintain the service levels for our community. First and foremost, Public Safety service levels were not affected. The Village was also able to maintain the recreational programs offered to the residents including the Beaches, and the Fourth of July fireworks display. Management would like to thank each employee for saving the Village money during Fiscal Year 2011 by agreeing to a wage freeze, and by covering a higher portion for health care coverage. These concessions helped the service levels to our residents to remain constant.

Awards and Acknowledgements


The Government Finance Officers Association (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 April 30, 2010. In order to be awarded a Certificate of Achievement, the government 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. It is our belief the Village of Lake Zurich's current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement Program and we are submitting it to the GFOA to determine its eligibility for the award.

The Finance Department staff is to be congratulated for their dedication in performing their duties in a professional manner. Through their collective efforts the audit was completed in a timely fashion. Special thanks go to Assistant Finance Director, Maria Forrest, for her dedication in managing preparation of this report. We also want to thank Village President Suzanne Branding and the Board of Trustees and Department Heads for their continued support.

Respectfully Submitted,



Bogdan Vitas, Jr.
Village Administrator



Gerald A. Zochowski
Finance Director/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Lake Zurich
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Village's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

July 29, 2011

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Village of Lake Zurich, Illinois as of and for the year ended April 30, 2011, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Village of Lake Zurich, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lake Zurich, Illinois as of April 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Lake Zurich, Illinois' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

This section of the financial report is management's overview and analysis of the financial position and financial performance of the Village of Lake Zurich for the fiscal year ended April 30, 2011. It should be read along with the transmittal letter and financial statements for the most complete understanding of the Village of Lake Zurich's financial activities for the year.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities by \$109,437,927. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$13,543,268. Restricted net assets totaled \$3,222,374. The majority of the net assets, the amount "Invested in Capital Assets, Net of Related Debt," amounted to \$92,672,285.
- Governmental net assets increased by \$606,697 and Business-Type Activities net assets decreased by \$1,545,569.
- Capital assets, net of \$57,510,416 of accumulated depreciation, amounted to \$129,055,806 at April 30, 2011. Assets capitalized include land, buildings and related improvements, machinery and equipment and infrastructure.
- Net debt decreased by \$1,120,332 during the current fiscal year. Existing debt was reduced by \$1,560,332. GO TIF Alternate Revenue Bonds of \$4,005,000 were issued to refund issues 2002 and 2002A principal of \$3,875,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Village of Lake Zurich's basic financial statements include the following: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Also required is supplementary information provided that should be read in conjunction with the basic financial statements to further enhance the reader's knowledge and understanding of the Village of Lake Zurich's financial position.

Government wide statements

The government-wide statements are intended to provide a view of the financial position and operations of the Village of Lake Zurich in a manner similar to the private sector. These statements provide a long-term view of the financial position of the Village of Lake Zurich. The *Statement of Net Assets* reflects all of the Village's assets, liabilities, with the net difference between the two reported as net assets. Over time, the change in net assets 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 assets 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 Assets* and the *Statement of Activities* include the Village's governmental and business-type activities. Governmental activities encompass general government, public safety, highways and streets, parks 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 wastewater 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.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

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 compliance with specific finance and legal requirements and to provide a smaller, more detailed view of a sector of the government. 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 seven governmental funds to account for its governmental functions:

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

The TIF Tax Allocation Fund accounts for all revenues and transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act.

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

The Debt Service Fund accounts for the accumulation of financial resources to pay principal and interest for bond issues, including the debt generated by the establishment of the Tax Increment Financing District.

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

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

Budgetary comparisons are included at the fund level in the basic financial statements.

Proprietary Funds

The Village of Lake Zurich maintains one proprietary fund – the Waterworks and Sewerage Fund. 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.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

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. The Village of Lake Zurich has three fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and the Performance Escrow Fund. Like proprietary funds, fiduciary funds are accounted for on a full accrual basis.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the financial statements. The notes to the financial statement are on page 17 through 60 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is available on page 62 through 71.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The combined net assets for the fiscal year ended April 30, 2011 totaled \$109,437,927 and consisted of positive net assets from both governmental activities and business-type activities of \$67,207,028 and \$42,230,899 respectively. The following is a summary of the Village's net assets at April 30, 2011:

	Governmental Activities		Business-type Activities		Total	
	FYE11	FYE10	FYE11	FYE10	FYE11	FYE10
Current and other assets	\$ 32,808,441	\$ 29,927,733	\$ 3,100,466	\$ 3,584,717	\$ 35,908,907	\$ 33,512,450
Capital assets	82,101,869	83,186,690	46,953,937	48,121,881	129,055,806	131,308,571
Total assets	114,910,310	113,114,423	50,054,403	51,706,598	164,964,713	164,821,021
Long-term liabilities outstanding	36,432,435	35,968,821	4,840,625	6,037,292	41,273,060	42,006,113
Other liabilities	11,270,847	10,545,271	2,982,879	1,892,838	14,253,726	12,438,109
Total liabilities	47,703,282	46,514,092	7,823,504	7,930,130	55,526,786	54,444,222
Net assets:	67,207,028	66,600,331	42,230,899	43,776,468	109,437,927	110,376,799
Invested in capital assets, net of						
related debt	51,703,336	52,549,072	40,968,949	41,351,561	92,672,285	93,900,633
Restricted	3,222,374	3,262,355	-	-	3,222,374	3,262,355
Unrestricted	12,281,318	10,788,904	1,261,950	2,424,907	13,543,268	13,213,811
Total net assets	\$ 67,207,028	\$ 66,600,331	\$ 42,230,899	\$ 43,776,468	\$ 109,437,927	\$ 110,376,799

The most sizable asset for the Village of Lake Zurich is its capital assets, most noticeably its infrastructure. Since the Village's capital assets, particularly its infrastructure, need to remain intact these assets are not sellable. Therefore, any outstanding debt must be extinguished from operating revenue sources.

Statement of Activities

The change in net assets was a decrease of \$938,872. Revenues were down by 6 percent or approximately \$2,111,000 from FYE10, while expenditure increased by less than 1 percent or approximately \$148,000 from the previous year. The governmental activities generated increases of \$606,697 and business-type activities generated decreases of \$1,545,569 respectively for a total decrease of \$938,872. A more in depth discussion of the change in net assets follows.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

The following is a summary of changes in the Village's net assets for the fiscal year ended April 30, 2011:

	Governmental Activities		Business-type Activities		Total	
	FYE11	FYE10	FYE11	FYE10	FYE11	FYE10
Revenues:						
Program revenues:						
Charges for Services	\$ 8,254,187	\$ 7,918,034	\$ 3,716,174	\$ 4,512,406	\$ 11,970,361	\$ 12,430,440
Capital grants	1,718,995	1,738,582	-	5,560	1,718,995	1,744,142
General revenues:						
Sales Tax	5,793,566	5,476,150	-	-	5,793,566	5,476,150
Property taxes	8,841,223	8,887,061	(11,706)	11,719	8,829,517	8,898,780
Illinois state income taxes	1,541,627	1,536,443	-	-	1,541,627	1,536,443
Other taxes	734,484	592,692	-	-	734,484	592,692
Investment earnings	48,447	25,419	3,859	6,983	52,306	32,402
Other	785,058	2,826,017	-	-	785,058	2,826,017
Total revenues	27,717,587	29,000,398	3,708,327	4,536,668	31,425,914	33,537,066
Expenses:						
Program expenses:						
General Government	3,396,022	2,952,818	-	-	3,396,022	2,952,818
Public Safety	16,529,348	15,425,916	-	-	16,529,348	15,425,916
Highways and Streets	4,021,341	4,183,379	-	-	4,021,341	4,183,379
Parks and Recreation	1,332,039	1,574,777	-	-	1,332,039	1,574,777
Economic Development	1,098,934	1,920,010	-	-	1,098,934	1,920,010
Interest on long-term debt	1,233,206	1,146,842	-	-	1,233,206	1,146,842
Water/Sewer	-	-	4,753,896	5,013,468	4,753,896	5,013,468
Total expenses	27,610,890	27,203,742	4,753,896	5,013,468	32,364,786	32,217,210
Excess/(deficit) before transfers	106,697	1,796,656	(1,045,569)	(476,800)	(938,872)	1,319,856
Transfers	500,000	500,000	(500,000)	(500,000)	-	-
Increase/(decrease) in net assets	606,697	2,296,656	(1,545,569)	(976,800)	(938,872)	1,319,856
Beginning net assets	66,600,331	64,303,675	43,776,468	44,753,268	110,376,799	109,056,943
Ending net assets - April 30	\$67,207,028	\$66,600,331	\$42,230,899	\$43,776,468	\$109,437,927	\$110,376,799

Governmental Activities -

Governmental activities resulted in a \$606,697 increase in net assets. A majority of the \$606,697 increase is the \$500,000 transfer from the Water and Sewer Fund. The remaining increase in net assets resulted from a combination of increases and decreases in both revenues and expenses.

Total revenues of \$27,717,587 decreased from last year by approximately 4 percent, or \$1,282,811. The decrease was a combination of some revenue decreases and others increasing. Capital grants in the Park and Recreation Improvement Fund decreased by approximately \$983,000. During FYE10 an OSLAD grant of \$983,000 was received for various improvements to the Villages park facilities. Restricted revenue in the Capital Projects fund decreased by \$1,960,000. During FYE10 the Village received the \$1.96M to perform noise mitigation along the CN Rail.

Sales tax revenue was up approximately \$317,000 from last year. Lake Zurich's mix of retailers on the Rand Road corridor are selling basic products that are not considered luxury items. This mix has weathered the recession better than localities that are selling autos, boats, or high end products. During FYE11 the Fire Protection District allowed the Village to keep 100 percent of the out of Village ambulance fees, which amounted to approximately \$217,000 of extra revenue. Building permit revenue was up from last year primarily from the Zurich Meadows development which resulted in \$217,000 in unbudgeted permit revenue. Zurich Meadows is a 95-unit, three story, senior residential community designed to provide a new lifestyle alternative to seniors. Utility tax for both gas and electric, new revenue during FYE 2011, generated approximately \$629,000 in revenue.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

Governmental expenses of \$27,610,890 increased by approximately \$407,000 from the previous year. The operational factors listed below attributed to the increase:

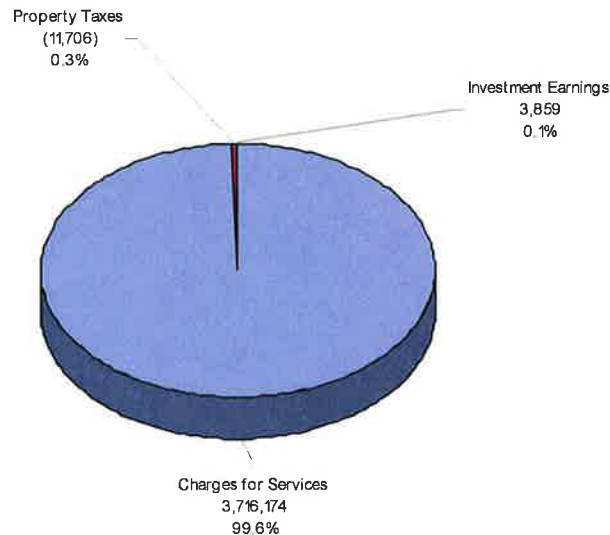
- Public safety expenses of \$16,529,348 increased by 7 percent, or \$1,103,432 from the previous year. There was an increase in sworn pension cost of approximately \$354,000. Labor costs remain consistent with last year at approximately \$9.7M for police and fire rescue combined, or 60 percent of the public safety expense. Funding for the police and fire pension is \$1.8M, or 11 percent of the total public safety expense.
- Economic development expenses of \$1,098,934 decreased by 43 percent, or \$821,076 from the previous year. Last Year there was a developer payment of approximately \$1,200,000 to settle a contract for the TIF.
- General government expenses of \$3,396,022 were up 16 percent, or \$576,352 from the previous year. The increases were primarily from an increase in the compensated absences of approximately \$333,000. The increase resulted from Management's adjustment to compensated absences to reflect its' liability to a health saving plan for Fire and Rescue personnel at retirement.
- Culture and Recreation expenses of \$1,332,039 were down by 15 percent, or \$242,738 from the previous year. The decrease is from a decrease in full time personnel. The Park and Recreation is currently being managed by three full time people, and the rest of the personnel are either part-time or seasonal personnel.
- Interest on long-term debt increase by approximately \$86,000 from the previous year.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

Revenues By Source-Business-type Activities



Business Type Activities -

Business-type activities resulted in a \$1,545,569 decrease in Village net assets for the fiscal year. The loss includes annual depreciation expense of \$1,659,436 which is not budgeted.

Business-type expenses of \$4,753,896 were down approximately \$828,000, or 18 percent from the previous year. Revenue decreased by 18 percent or approximately \$796,000 from the previous year. The decrease is primarily in connection fees, which decreased by approximately \$599,000 in FYE11. Last year the Village signed an intergovernmental agreement with the Village of North Barrington. This year the Zurich Meadows project generated \$331,000 in connection fee revenue.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental Funds -

As noted earlier, the focus of fund reporting is the short-term inflow and outflow of expendable resources. Fund balance is a useful indicator in assessing available resources with respect to meeting future obligations.

At April 30, 2011, governmental funds reported combined fund balances of \$22,622,207. Of this amount, \$5,773,903 is unreserved and is available for future obligations. The reserved fund balance of \$16,848,304 is comprised of the following: \$12,847,336 reserved for prepaid items and land held for resale, \$133,768 reserved for public safety expenditures, \$778,594 is reserved for future debt service payments, \$588,019 for the payment of future Tax Increment Financing interest payments, \$116,950 for allocation for eligible TIF expenditures, \$1,883,443 is reserved for noise mitigation for the CN Rail, and \$500,194 to maintain the working cash reserve in compliance with legal requirements.

The General Fund is the Village's primary operating fund. During FYE11 fund balance increased by \$1,643,769. The increase in fund balance is a combination of increased revenues of approximately \$839,000, a decrease in expenditures of approximately \$148,000, and an increase in transfers in of \$337,000. During the current year, the Village started collecting utility taxes for both gas and electric, generating approximately \$629,000 in new revenue contributing to the increase in fund balance.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

The Debt Service Fund has a positive fund balance of \$1,366,613 that is restricted entirely for the payment of future debt service. The Capital Improvements Fund and the Downtown TIF Fund have positive fund balances of \$3,752,002 and \$11,965,965 respectively. The Capital Improvements fund balance will be used for street and park improvements and additions. The reserve of \$1,883,443 is earmarked for noise mitigation related to the CN rail. The Downtown TIF fund balance is earmarked exclusively to fund improvements to the downtown TIF district and includes reserve fund balance for and capitalized interest proceeds.

Proprietary Funds -

The focus for the proprietary fund at the fund level is synonymous with that found at the government-wide level. Reporting is on a full-accrual basis with short-term and long-term emphasis on financial data. The Waterworks and Sewerage Fund is the sole proprietary fund for the Village of Lake Zurich. This fund records all financial activity relating to the municipality's water and sewer operations. The Waterworks and Sewerage Fund provides the same type of information in the government-wide financial statements reflected as "Business-type" activities, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year the Village made amendments to the General Fund budget for line item changes, and amended the overall budget to increase it by \$562,938. The emphasis of the FYE11 budget was on residential street improvements including construction and engineering. General Fund revenues remained primarily flat in the areas of property taxes. However, the General Fund did generate approximately \$629,000 in new utility tax revenue. During the Fiscal year the telecommunications tax of about \$1.2 was moved out of the General Fund to the Capital Projects Fund. It was determined that the tax was intended to fund capital roadway improvements through out the Village. However, because the General Fund had become dependent on this revenue and the board agreed to transfer \$837,000 back to the General Fund. The General Fund in total had a positive net change in fund balance of \$1,643,769. At April 30, 2011 the General Fund had a fund balance of 23% of total expenditures. The Village is incrementally targeting to increase fund balance to 30 percent.

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$129,055,806 at April 30, 2011. The investment includes land, buildings, improvements, machinery and equipment, and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE11	FYE10	FYE11	FYE10	FYE11	FYE10
Land and Improvements	\$ 34,155,424	\$ 34,257,950	\$ 249,652	\$ 249,652	\$ 34,405,076	\$ 34,507,602
Building and Improvements	9,319,155	9,613,918	-	-	9,319,155	9,613,918
Machinery & Equipment	2,424,867	2,488,341	369,619	387,939	2,794,486	2,876,280
Infrastructure	36,202,423	36,826,481	46,334,666	47,484,290	82,537,089	84,310,771
Total	\$ 82,101,869	\$ 83,186,690	\$ 46,953,937	\$ 48,121,881	\$ 129,055,806	\$ 131,308,571

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

Capital additions for the year totaled \$1,462,491 and included the following major additions:

- \$86,646 – Land and Improvements:
 - Land Improvement spending totaled \$86,646, the spending was for environmental land remediation in the TIF District.
- \$194,659 – Vehicles:
 - Two police squad cars and a 2010 International were purchased to be used in the public works and water and sewer operations. The auto purchases are in keeping with the vehicle replacement plan.
- \$175,972 – Machinery and Equipment:
 - Machinery and equipment spending included mobile-eyes building and zoning inspection software and an upgrade for the Emergency Operations Center. The EOC upgrade was funded by a grant.
- \$565,723 – Streets:
 - Annual street road resurfacing program.
- \$439,491 – Water and Sewer Infrastructure Improvements:
 - The \$439,491 represents the capitalized final engineering expense for the Route 22 infrastructure. The Village relocated infrastructure as part of the IDOT Route 22 Project.

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

DEBT ADMINISTRATION

During FYE11 net debt decreased by \$1,120,332, and existing debt was reduced by \$1,560,332. GO TIF Alternate Revenue Bonds of \$4,005,000 were issued to refund issues 2002 and 2002A principal of \$3,875,000. Through the refunding, the Village decreased TIF debt by approximately \$295,483 and obtained an economic gain of approximately \$295,555.

Outstanding long-term debt at April 30, 2011 is as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE11	FYE10	FYE11	FYE10	FYE11	FYE10
General Obligation Bonds	\$ 3,815,000	\$ 4,160,000	\$ -	\$ -	\$ 3,815,000	\$ 4,160,000
Alternate Revenue Bonds	8,045,000	8,165,000	2,690,000	3,320,000	10,735,000	11,485,000
TIF Revenue Bonds	20,265,000	20,135,000	-	-	20,265,000	20,135,000
IEPA Loan	-	-	3,294,988	3,450,320	3,294,988	3,450,320
Total	32,125,000	32,460,000	5,984,988	6,770,320	38,109,988	39,230,320

On March 11, 2011, Standard & Poor's reaffirmed the Village's bond rating as a stable AA rating. The stable outlook reflects Standard & Poor's expectation that the Village will gradually build strong reserves, despite some dependency on economically sensitive revenues, as it carries out its major downtown redevelopment plans. The Village's participation in the deep and diverse Chicago metropolitan area economy provides further stability to the rating.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

Additional information on the Village's long-term debt is presented in the notes to the basic financial statements on pages 37 - 47.

TAX INCREMENT FINANCING DISTRICT - TIF

Financing

A Tax Increment Financing District was established in Lake Zurich in March of 2002. During FYE03, the issuance of \$10,000,000 in Tax Increment bonds was authorized in two separate bond issues of \$5,800,000 and \$4,200,000. In June 2005 a \$10,000,000 TIF Revenue Bond was issued and the Village continues to utilize a line of credit (notes payable) to help acquire additional properties. At April 30, 2008 the balance on the line of credit was \$6,091,851.

During FYE09 the Village issued \$13,610,000 of which \$5,429,542 was payment to an escrow agent to refund 4 years of debt principal and interest on certain existing TIF bonds. The balance of the line of credit of \$6,091,851 was also paid off. The restructured debt implementation aligned the future debt service payments with the expected incremental revenue.

During FYE11 the Village issued \$4,005,000 of which \$3,875,000 was payment to an escrow agent to refund 2002 and 2002A issues. The Village has experienced difficulty in realizing growth in the TIF. The developers are finding it challenging to obtain the funding necessary to commence. The Village is currently exploring the option of having more than one developer working within the TIF. This will liken the chance of obtaining necessary funding. The restructuring of debt will help in smoothing out the debt payments, giving the TIF a few more years for development.

Development

The proceeds from the bonds and notes are used to pay for land acquisition and economic development cost in the downtown district which is centered at the intersection of Main Street (Route 22) and Old Rand Road. Significant historical improvements in the TIF district include downtown promenade and streetscape projects, acquisition of land, capital improvements to help construct the Concorde Village site and Phase II of downtown redevelopment and legal and consulting work.

During FYE09 the adoption of the new plan by the Village Board moved the Village to new "Form Based Code" regulations to govern the future quality of all downtown development within a new Zoning Overlay District. The Village Board entered into a new redevelopment agreement with Equity Services Group, LLC of Barrington, Illinois. However, during FYE11 the agreement was terminated as a result the developer not satisfactorily meeting the terms of the agreement.

Incremental Revenue

Incremental real estate taxes generated by the value added to the property tax base, along with enhanced sales tax revenues, are earmarked to repay the loans. To date \$6,903,220 of incremental taxes have been received. In May 2011 the Lake County Clerks office confirmed the Village will receive approximately \$1,476,684 in incremental property taxes during the 2011/2012 fiscal year. This amount will need to increase substantially over the coming years.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village is directly impacted by the financial condition of the State of Illinois. Shared revenue payments to the Village are no longer occurring on time. The State owes the Village over \$1.5M in combined shared revenue at the end of FYE11. The political environment in Springfield is being closely monitored for legislation that could reduce the shared revenue, and in turn impact the level of service to the residents.
- The Illinois Department of Revenue has certified the CPI used for calculating the Villages Tax Levy to be 2.7%. It is anticipated the CPI increase along with the value of new construction will bring in approximately \$212,000 of new revenue.
- The Village will continue to monitor the residential housing market during fiscal year 2012. Downtown redevelopment is predicated on residential and commercial development. The TIF agreement with ESG offered great hope for TIF growth. The agreement between Equity Services Group, LLC of Barrington, Illinois which was entered into at the end of Fiscal Year 2010 was terminated during this fiscal year for various timeline and funding deficiencies. Village Management is in the process of developing a plan of action for the Down Town TIF in conjunction with a consultant. Village Management is now starting at square one, to look at all the options available in this economic arena that may prevent one single investor from developing the TIF. The TIF needs immediate attention to realize the incremental property taxes needed to assure the future payments of TIF debt, and to provide the residents with a downtown that they can take pride in.
- The Village did not re-negotiate any labor contract agreements during FYE11. Final negotiated rates for salary and benefits will increase funding requirements for personnel in the FYE12 budget and into the future. The Village is currently in negotiations with the bargaining units. The ability of the Village to meet increased public safety obligations concurrent with an increase in wages will have an impact on the nonessential employees that the Village can maintain, and thus an impact of the level of service to be offered to the residents.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. As noted under budgetary highlights, the Village has increased its governmental fund balance by \$2,241,525. At April 30, 2011 the fund balance of the General Fund was 23% of total expenditures.

The Water/Sewer Fund had a cash balance of \$2,295,590 at April 30, 2011. The fund also had unrestricted net assets of \$1,261,950. Unrestricted net assets are 27.7% of operating expenses. During FYE10 the Village conducted a rate study to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund. However the rates were not increased during the year FYE11. The Board is currently evaluating Staff's recommendation to increase the rates per the rate study.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Lake Zurich's financial position and activities for the fiscal year ended April 30, 2011. 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

The basic financial Statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

**Statement of Net Assets
April 30, 2011**

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets

April 30, 2011

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 8,301,612	2,295,590	10,597,202
Receivables - Net of Allowances	9,445,658	675,113	10,120,771
Due from Other Governments	1,528,723	-	1,528,723
Deposits	685,112	129,763	814,875
Prepays	503,403	-	503,403
Inventory - Land Held for Resale	12,343,933	-	12,343,933
Total Current Assets	32,808,441	3,100,466	35,908,907
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	30,463,170	249,652	30,712,822
Depreciable Capital Assets	84,687,249	71,166,151	155,853,400
Accumulated Depreciation	(33,048,550)	(24,461,866)	(57,510,416)
Total Noncurrent Assets	82,101,869	46,953,937	129,055,806
Total Assets	114,910,310	50,054,403	164,964,713

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	604,020	1,694,431	2,298,451
Accrued Payroll	426,403	24,453	450,856
Interest Payable	283,886	64,509	348,395
Unearned/Deferred Revenues	9,155,811	-	9,155,811
Current Portion of Long-Term Debt	800,727	1,199,486	2,000,213
Total Current Liabilities	11,270,847	2,982,879	14,253,726
Noncurrent Liabilities			
Compensated Absences Payable	1,122,907	41,718	1,164,625
Net Pension Obligation Payable	5,350,984	-	5,350,984
Net Other Postemployment Benefit Payable	80,011	-	80,011
IEPA Loan Payable	-	3,133,907	3,133,907
General Obligation Bonds Payable	3,455,000	-	3,455,000
Alternate Revenue Bonds Payable - Net	20,388,331	1,665,000	22,053,331
TIF Revenue Bonds Payable	7,915,000	-	7,915,000
Unamortized Gain on Refunding	(1,879,798)	-	(1,879,798)
Total Noncurrent Liabilities	36,432,435	4,840,625	41,273,060
Total Liabilities	47,703,282	7,823,504	55,526,786
NET ASSETS			
Invested in Capital Assets - Net of Related Debt	51,703,336	40,968,949	92,672,285
Restricted - Special Levies	633,962	-	633,962
Restricted - Tax Increment Financing	704,969	-	704,969
Restricted - Capital Projects	1,883,443	-	1,883,443
Unrestricted	12,281,318	1,261,950	13,543,268
Total Net Assets	67,207,028	42,230,899	109,437,927

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Activities Year Ended April 30, 2011

		Program Revenues	
		Charges for Services	Capital Grants/ Contributions
	Expenses		
Governmental Activities			
General Government	\$ 3,396,022	1,967,590	-
Public Safety	16,529,348	5,643,674	-
Highways and Streets	4,021,341	-	1,718,995
Culture and Recreation	1,332,039	642,923	-
Economic Development	1,098,934	-	-
Interest on Long-Term Debt	1,233,206	-	-
Total Governmental Activities	27,610,890	8,254,187	1,718,995
Business-Type Activities			
Waterworks and Sewerage	4,753,896	3,716,174	-
	32,364,786	11,970,361	1,718,995

General Revenues
Taxes
 Property Taxes
 Municipal Sales Taxes
Intergovernmental - Unrestricted
 Illinois State Income Taxes
 Other Taxes
Interest Income
Miscellaneous
Transfers - Internal Activity

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The notes to the financial statements are an integral part of this statement.

Net Expense/Revenue		
Governmental Activities	Business-Type Activities	Total
(1,428,432)	-	(1,428,432)
(10,885,674)	-	(10,885,674)
(2,302,346)	-	(2,302,346)
(689,116)	-	(689,116)
(1,098,934)	-	(1,098,934)
(1,233,206)	-	(1,233,206)
(17,637,708)	-	(17,637,708)
-	(1,037,722)	(1,037,722)
(17,637,708)	(1,037,722)	(18,675,430)
8,841,223	(11,706)	8,829,517
5,793,566	-	5,793,566
1,541,627	-	1,541,627
734,484	-	734,484
48,447	3,859	52,306
785,058	-	785,058
500,000	(500,000)	-
18,244,405	(507,847)	17,736,558
606,697	(1,545,569)	(938,872)
66,600,331	43,776,468	110,376,799
67,207,028	42,230,899	109,437,927

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Balance Sheet - Governmental Funds April 30, 2011

	General	TIF Tax Allocation	Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 3,180,554	-	1,166,544	3,695,513	-	259,001	8,301,612
Receivables - Net of Allowances							
Property Taxes	6,449,713	-	2,487,333	-	-	-	8,937,046
Accounts	359,171	8,280	-	121,227	-	-	488,678
Accrued Interest	533	-	5,344	10,941	3,116	-	19,934
Due from Other Funds	-	122,180	193,857	-	-	-	316,037
Due from Other Governments	1,528,723	-	-	-	-	-	1,528,723
Deposits	685,112	-	-	-	-	-	685,112
Prepays	503,403	-	-	-	-	-	503,403
Inventory - Land Held for Resale	-	-	-	-	12,343,933	-	12,343,933
Total Assets	12,707,209	130,460	3,853,078	3,827,681	12,347,049	259,001	33,124,478
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts Payable	452,023	12,139	(868)	75,679	65,047	-	604,020
Accrued Payroll	425,032	1,371	-	-	-	-	426,403
Due to Other Funds	-	-	-	-	316,037	-	316,037
Unearned/Deferred Revenues	6,668,478	-	2,487,333	-	-	-	9,155,811
Total Liabilities	7,545,533	13,510	2,486,465	75,679	381,084	-	10,502,271
Fund Balances							
Reserved - Prepays/Inventory	503,403	-	-	-	12,343,933	-	12,847,336
Reserved - Public Safety	133,768	-	-	-	-	-	133,768
Reserved - Working Cash	500,194	-	-	-	-	-	500,194
Reserved - Debt Service	-	-	778,594	-	-	-	778,594
Reserved - TIF	-	116,950	588,019	-	-	-	704,969
Reserved - Capital Projects	-	-	-	1,883,443	-	-	1,883,443
Unreserved - General	4,024,311	-	-	-	-	-	4,024,311
Unreserved - Special Revenue	-	-	-	-	-	259,001	259,001
Unreserved - Capital Projects	-	-	-	1,868,559	(377,968)	-	1,490,591
Total Fund Balances	5,161,676	116,950	1,366,613	3,752,002	11,965,965	259,001	22,622,207
Total Liabilities and Fund Balances	12,707,209	130,460	3,853,078	3,827,681	12,347,049	259,001	33,124,478

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities April 30, 2011

Total Governmental Fund Balances	\$ 22,622,207
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	82,101,869
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Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

General Obligation Bonds Payable	(3,815,000)
Alternate Revenue Bonds Payable	(20,265,000)
TIF Revenue Bonds Payable	(8,045,000)
Unamortized Gain on Refunding	1,879,798
Unamortized Premium on Debt Issuance	(153,331)
Net Other Postemployment Benefit Obligation Payable	(80,011)
Net Pension Obligation Payable	(5,350,984)
Compensated Absences Payable	(1,403,634)
Accrued Interest Payable	<u>(283,886)</u>

Net Assets of Governmental Activities	<u>67,207,028</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended April 30, 2011

	General	TIF Tax Allocation	Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 12,039,223	1,504,225	978,128	-	-	113,213	14,634,789
Licenses and Permits	1,639,048	-	-	-	-	-	1,639,048
Intergovernmental	2,372,801	-	-	1,622,305	-	-	3,995,106
Charges for Services	5,804,830	-	-	-	-	-	5,804,830
Fines and Forfeits	810,309	-	-	-	-	-	810,309
Interest	10,248	170	10,632	21,548	5,849	-	48,447
Miscellaneous	535,658	118,771	-	130,629	-	-	785,058
Total Revenues	23,212,117	1,623,166	988,760	1,774,482	5,849	113,213	27,717,587
Expenditures							
Current							
General Government	2,933,904	-	-	-	-	6,084	2,939,988
Public Safety	15,670,720	-	-	-	-	-	15,670,720
Highways and Streets	2,665,408	-	-	112,635	-	-	2,778,043
Culture and Recreation	1,115,371	-	-	-	-	-	1,115,371
Economic Development	19,945	937,197	-	-	141,792	-	1,098,934
Capital Outlay	-	-	-	865,580	-	-	865,580
Debt Service							
Principal Retirement	-	-	905,000	-	-	-	905,000
Interest and Fiscal Charges	-	-	1,172,426	-	-	-	1,172,426
Total Expenditures	22,405,348	937,197	2,077,426	978,215	141,792	6,084	26,546,062
Excess (Deficiency) of Revenues Over (Under) Expenditures	806,769	685,969	(1,088,666)	796,267	(135,943)	107,129	1,171,525
Other Financing Sources (Uses)							
Debt Issuance	-	-	4,445,000	-	-	-	4,445,000
Payment to Escrow Agent	-	-	(3,875,000)	-	-	-	(3,875,000)
Transfers In	837,000	-	532,775	-	136,159	-	1,505,934
Transfers Out	-	(668,934)	-	(337,000)	-	-	(1,005,934)
	837,000	(668,934)	1,102,775	(337,000)	136,159	-	1,070,000
Net Change in Fund Balances	1,643,769	17,035	14,109	459,267	216	107,129	2,241,525
Fund Balances - Beginning	3,517,907	99,915	1,352,504	3,292,735	11,965,749	151,872	20,380,682
Fund Balances - Ending	5,161,676	116,950	1,366,613	3,752,002	11,965,965	259,001	22,622,207

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended April 30, 2011**

Net Change in Fund Balances - Total Governmental Funds **\$ 2,241,525**

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 Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays - Capitalized	971,000
Depreciation Expense	(2,055,821)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	(332,641)
Additions to Net Pension Obligation Payable	(463,970)
Additions to Other Postemployment Benefit Obligation Payable	(27,616)
Issuance of Debt	(4,445,000)
Retirement of Debt	4,780,000
Amortization of Gain on Refunding	(104,433)
Amortization of Premium on Debt Issuance	8,518

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

35,135

Changes in Net Assets of Governmental Activities

606,697

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets - Proprietary Fund
April 30, 2011

	<u>Waterworks and Sewerage</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 2,295,590
Receivables - Net of Allowances	
Accounts	501,239
Accrued Interest	1,332
Deposits	2,000
Prepays	170,542
Inventories	<u>129,763</u>
Total Current Assets	<u>3,100,466</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	249,652
Depreciable Capital Assets	71,166,151
Accumulated Depreciation	<u>(24,461,866)</u>
Total Noncurrent Assets	<u>46,953,937</u>
Total Assets	<u>50,054,403</u>

The notes to the financial statements are an integral part of this statement.

Waterworks
and
Sewerage

LIABILITIES

Current Liabilities

Accounts Payable	\$ 1,694,431
Accrued Payroll	24,453
Interest Payable	64,509
Compensated Absences Payable	13,405
IEPA Loan Payable	161,081
Alternate Revenue Bonds Payable	<u>1,025,000</u>
Total Current Liabilities	<u>2,982,879</u>

Noncurrent Liabilities

Compensated Absences Payable	41,718
IEPA Loan Payable	3,133,907
Alternate Revenue Bonds Payable	<u>1,665,000</u>
Total Noncurrent Liabilities	<u>4,840,625</u>
Total Liabilities	<u>7,823,504</u>

NET ASSETS

Investment in Capital Assets - Net of Related Debt	40,968,949
Unrestricted	<u>1,261,950</u>
Total Net Assets	<u><u>42,230,899</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund Year Ended April 30, 2011

	<u>Waterworks and Sewerage</u>
Operating Revenues	
Charges for Services	<u>\$ 3,262,936</u>
Operating Expenses	
Administration	905,573
Operations	1,992,330
Depreciation	<u>1,659,436</u>
Total Operating Expenses	<u>4,557,339</u>
Operating Income (Loss)	<u>(1,294,403)</u>
Nonoperating Revenues (Expenses)	
Property Taxes	(11,706)
Connection Fees	453,238
Interest Income	3,859
Interest and Fiscal Charges	<u>(196,557)</u>
	<u>248,834</u>
Income (Loss) Before Transfers	(1,045,569)
Transfers Out	<u>(500,000)</u>
Change in Net Assets	(1,545,569)
Net Assets - Beginning	<u>43,776,468</u>
Net Assets - Ending	<u><u>42,230,899</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Cash Flows - Proprietary Fund Year Ended April 30, 2011

	Waterworks and Sewerage
Cash flows from Operating Activities	
Receipts from Customers and Users	\$ 3,291,348
Other Income - Connection Fees	453,238
Payments to Employees	(1,079,974)
Payments to Suppliers	(1,139,224)
	<u>1,525,388</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(491,491)
Principal Paid on Capital Debt	(785,332)
Interest Paid on Capital Debt	(196,557)
	<u>(1,473,380)</u>
Cash Flows from Noncapital Financing Activities	
Transfers Out	(500,000)
Property Taxes	(11,706)
	<u>(511,706)</u>
Cash Flows from Investing Activities	
Interest Received	<u>3,859</u>
Net Change in Cash and Cash Equivalents	(455,839)
Cash and Cash Equivalents - Beginning	<u>2,751,429</u>
Cash and Cash Equivalents - Ending	<u><u>2,295,590</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>(1,294,403)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation	1,659,436
Other Income - Connection Fees	453,238
(Increase) Decrease in Current Assets	28,412
Increase (Decrease) in Current Liabilities	678,705
	<u>1,525,388</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>1,525,388</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets - Fiduciary Funds

April 30, 2011

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 690,197	1,639,863
Investments		
U.S. Government and Agency Securities	11,742,288	-
State and Local Governments Securities	761,651	-
Mutual Funds	10,402,663	-
Money Market Mutual Funds	312,886	-
Insurance Contracts	248,526	-
Receivables		
Accrued Interest	127,133	-
Other	-	260,042
Prepays	1,654	-
Total Assets	24,286,998	1,899,905
LIABILITIES		
Accounts Payable	10,328	28,593
Deposits Payable	-	1,871,312
Total Liabilities	10,328	1,899,905
NET ASSETS		
Held in Trust for Pension Benefits	24,276,670	-

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Changes in Net Assets - Fiduciary Funds Year Ended April 30, 2011

	Pension Trust
Additions	
Contributions - Employer	\$ 1,794,732
Contributions - Plan Members	867,935
Total Contributions	<u>2,662,667</u>
Investment Income	
Interest Earned	574,554
Net Change in Fair Value	1,764,270
	<u>2,338,824</u>
Less Investment Expenses	(71,443)
Net Investment Income	<u>2,267,381</u>
Total Additions	<u>4,930,048</u>
Deductions	
Administration	123,697
Benefits and Refunds	845,788
Total Deductions	<u>969,485</u>
Change in Net Assets	3,960,563
Net Assets - Beginning	<u>20,316,107</u>
Net Assets - Ending	<u>24,276,670</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lake Zurich, Illinois, incorporated in 1896, is a municipal corporation governed by an elected president and six-member Board of Trustees. The Village's major operations include police and fire safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, waterworks and sewerage services, parks and recreation and general administrative services.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB Pronouncements. Although the Village has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Village has chosen not to do so. The more significant of the Village's accounting policies established in GAAP and used by the Village are described below.

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

Primary Government:	Village of Lake Zurich
Blended Component Units:	Police Pension Employees Retirement System
	Firefighters' Pension Employees Retirement System

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the Village.

Blended Component Units - Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Village Council or the Component unit provides services entirely to the Village. These component units' funds are blended into those of the Village's by appropriate activity type to compose the primary government presentation.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Blended Component Units

Police Pension Employees Retirement System

The Village's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one elected pension beneficiary and two elected police employees constitute the pension board. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's police employees. The PPERS is reported as a pension trust fund.

Firefighters' Pension Employees Retirement System

The Village's sworn firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the Village President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Village is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Village, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Village's sworn firefighters. The FPERS is reported as a pension trust fund.

BASIS OF PRESENTATION

Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Village's police and fire safety, highway and street maintenance and reconstruction, forestry, building code enforcement, public improvements, economic development, planning and zoning, parks and recreation, and general administrative services are classified as governmental activities. The Village's waterworks and sewerage services are classified as business-type activities.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which 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.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc).

The Village allocates indirect costs to the proprietary funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations, but are paid through the General Fund

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Village electively added funds, as major funds, which either had debt outstanding or specific community focus.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

Total assets, liabilities, 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

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Village:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Village:

General fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains one major special revenue fund, the TIF Tax Allocation Fund, which is used to capture all revenues and to record fund transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act. The Village maintains two nonmajor special revenue funds, the Foreign Fire Tax Fund and the Hotel Tax Fund.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and records all of the Village's general obligation and TIF debt activity.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Village maintains two major capital projects funds, the Capital Improvements Fund, and the Downtown TIF Fund. The Capital Improvements Fund accounts for the acquisition of general capital assets by the Village including infrastructure capital assets. The Downtown TIF Fund accounts for activities associated with improvements within the Tax Increment Financing District.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Waterworks and Sewerage Fund, a major fund, accounts for the provision of water and sewer services to the residents and businesses of the Village.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's police force. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Village's Fire Department.

Agency funds are used to account for assets held by the Village in a purely custodial capacity. The Escrow Performance Fund accounts for refundable deposits held by the Village to ensure the completion of public improvements by private parties.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Village, these funds are not incorporated into the government-wide statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using 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.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The Village recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize 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.

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 Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap-on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent. For the purpose of the proprietary funds "Statement of Cash Flows", cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, and franchise taxes. Business-type activities report utility charges as their major receivables.

Prepays /Inventories – Land Held for Resale

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 to \$250,000, depending on classification, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in governmental capital assets. Infrastructure such as streets, traffic signals and signs are capitalized. In the case of the initial capitalization of general infrastructure assets (i.e., those reported by the governmental activities) the government chose to include all such items regardless of their acquisition date. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Capital Assets – Continued

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Land	N/A
Land/Land Improvements	20 - 30 Years
Buildings	45 Years
Building Improvements	10 - 30 Years
Vehicles	3 - 25 Years
Machinery & Equipment	10 - 30 Years
Computers/Software	5 Years
Furniture & Fixtures	5 - 20 Years
Infrastructure	40 - 50 Years

Compensated Absences

The Village accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement. The liability for these compensated absences is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Unearned/Deferred Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Fund Equity

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt—Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets—Consists of net assets with constraints placed on the 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 legislations.

Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. All departments of the Village submit requests for budgets to the Village Administrator so that a budget may be prepared. The budget is prepared by fund, function, and activity, 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 may add to, subtract from, or change budgeted amounts, but may not change the form of the budget.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

Prior to May 1, the budget, which by State law also serves as the appropriation ordinance, is adopted by the Board of Trustees and constitutes the legal budget of the Village. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, the governing body must approve any revisions that alter the total expenditures of any fund. State statutes establish that expenditures may not legally exceed budgeted appropriations at the fund level. Appropriations lapse at the end of the fiscal year. During the year, one supplemental appropriation was necessary. The Village does not budget for the Foreign Fire Tax Fund, the Police Pension Fund and Firefighters' Pension Fund.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of the report:

Fund	Excess
Debt Service	\$ 280,813

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and the Illinois Metropolitan Investment Fund.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The deposits and investments of the Pension Funds are held separately from those of other Village funds. Statutes authorize the Pension Funds to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois Bonds; pooled accounts managed by the Illinois Public Treasurer, or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies and separate accounts of life insurance companies provided the investment in separate accounts does not exceed ten percent of the pension fund's net assets. Pension funds of at least \$5 million that have appointed an investment advisor may, through that investment advisor, invest up to forty-five percent of the plan's net assets in common and preferred stocks that meet specific restrictions.

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

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Village's deposits for governmental and business-type activities totaled \$1,730,230 and the bank balances totaled \$1,488,955.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued.

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Investments. The Village has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Illinois Metropolitan Investment Fund	\$ 4,889,302	4,889,302	-
Illinois Funds	948,710	948,710	-
Federal Home Loan Bank	1,842,922	778,809	1,064,113
U.S. Treasury Notes	1,186,038	1,186,038	-
	<u>8,866,972</u>	<u>7,802,859</u>	<u>1,064,113</u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that the investment portfolio shall remain sufficiently liquid to enable the Village to meet all operating requirements which may be reasonably anticipated in any fund. Investment maturities will not exceed fourteen months unless the funds invested are earmarked for a special purpose.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the Village's investment policy does not further limit investment choices to mitigate credit risk. At year-end, the Village's investments in the Illinois Funds and the Illinois Metropolitan Investment Fund were rated AAAM by Standard & Poor's and the investments in the securities of the U.S. government agencies were all rated triple A by Standard & Poor's or by Moody's Investor Services.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy states that time deposits in excess of FDIC or SAIF insurable limits be secured by some form of collateral. Eligible collateral instruments and collateral ratios (market value divided by deposit) are as follows:

Government Securities	110%
Federal Agencies	110%
Federal Instrumentalities	110%
Obligations of the State of Illinois	110%
Village General Obligation Bonds	110%

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Village Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Third party safekeeping is required for all collateral. To accomplish this, the securities can be held at the following locations: a Federal Reserve Bank or its branch office at another custodial facility – generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved or by an escrow agent of the pledging institution. Safekeeping will be documented by an approved written agreement. At year-end, \$380,984 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

For an investment, this 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's investment policy states that third party safekeeping is required for all securities. To accomplish this, the securities can be held at the following locations: a Federal Reserve Bank or its branch office, at another custodial facility – generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved, buy an escrow agent of the pledging institution, or by a financial institution on the Illinois State Treasurer's approved list of safekeeping banks. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement. At year-end, the Village's investments in the Illinois Fund and the Illinois Metropolitan Investment Trust are noncategorizable.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities and diversification strategies shall be determined and revised periodically by the Finance Director. The Village's investment policy does not further mitigate concentration risk. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Funds and the Illinois Metropolitan Investment Fund.

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$151,305 and the bank balances totaled \$151,810.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Notes	\$ 1,840,787	-	1,303,740	537,047	-
State and Local Obligations	19,650	-	-	19,650	-
Federal Farm Credit	1,407,276	-	1,012,997	394,279	-
Federal Home Loan Mortgage Corp.	717,684	351,584	-	366,100	-
Federal Home Loan Bank	1,035,634	88,337	210,789	736,508	-
Federal National Mortgage Assoc.	534,590	534,590	-	-	-
Money Market Mutual Funds	312,886	312,886	-	-	-
	5,868,507	1,287,397	2,527,526	2,053,584	-

The Pension Fund assumes any callable securities will not be called.

Interest Rate Risk. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

Credit Risk. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of U.S. government agencies were all rated triple A by Standard & Poor's or by Moody's Investors Services. The Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

Custodial Credit Risk. In the case of deposits, the Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. At April 30, 2011, the entire bank balance of deposits was insured and collateralized.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

For investments, the Fund's investment policy limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Fund, to act as custodian for its securities and collateral. Money market mutual funds, Illinois Fund, and equity mutual funds are not subject to custodial credit risk.

Concentration Risk. The Fund does not have a formal written policy with regards to concentration credit risk for investments. At April 30, 2011, the Fund has over 5% of plan net assets invested in various agency securities as indicated in the previous table. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Fund has diversified its equity mutual fund holdings as follows:

LSV Value	\$ 1,133,628 *
Vanguard 500	766,206 *
T. Rowe Price	748,622 *
Baron Small Cap	306,206
Royce Total Return	292,239
Cohen & Steers	221,366
RS Global National	216,178
Bridgeway Ultra Small	142,600
FBR Focus CL I	137,004
UMB Scout	135,975
Lazard Emerging Markets	66,874
Vanguard International Value	66,820
First Eagle Overseas	66,048

* Investment greater than 5% of plan net assets

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$538,892 and the bank balances totaled \$538,892.

Investments. The Fund has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
State and Local Governments Securities	\$ 742,001	50,108	383,111	207,308	101,474
U.S. Government Treasuries	2,023,763	-	1,281,334	742,429	-
U.S. Government Agencies	4,182,554	202,764	1,195,546	2,376,010	408,234
	6,948,318	252,872	2,859,991	3,325,747	509,708

The Fund assumes any callable securities will not be called.

Interest Rate Risk. The Fund's investment policy does not mitigate interest rate risk.

Credit Risk. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The investments in the securities of U.S. Government agencies were all rated AAA by Standard & Poor's.

Custodial Credit Risk. The Fund's investment policy states that investments of the Board shall be clearly held and accounted for to indicate ownership by the Board. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by national or state bank or trust company authorized to conduct a trust business in the State of Illinois. Equity mutual funds are not subject to custodial credit risk. At April 30, 2011, the categorizable investments are held by the counterparty in the Fund's name. Furthermore, the Fund's investments in U.S. Treasury and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Risk. The Fund does not have a formal written policy with regards to custodial credit risk for investments. The Fund's investment in Vanguard Institutional, American Beacon and Fidelity Advisor New Insights represent greater than 5% of plan net assets as indicated in the following table. The Pension Board has diversified its insurance contracts and equity mutual fund holdings as follows:

Guardian Annuity	\$ 104,508
Prudential Annuity	55,061
Hartford Annuity	88,957
Royce Total Return	327,543
Vanguard Institutional	1,727,310 *
Wm. Blair International Growth	230,583
First Eagle Overseas	226,117
DFA Int Value	298,445
Royce Premier	341,005
DFA Real Estate	189,737
American Beacon	1,108,551 *
Fidelity Advisor New Insights	1,090,113 *
Barron Small Cap	337,811
T. Rowe Price International	225,682

* Investment greater than 5% of plan net assets

PROPERTY TAXES

Property taxes for 2009 attach as an enforceable lien on January 1, 2009, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Lake County and are payable in two installments, on or about May 1, 2011, and September 1, 2011. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 30,463,170	-	-	30,463,170
Depreciable Capital Assets				
Land Improvements	4,835,358	86,646	-	4,922,004
Buildings	13,091,072	-	-	13,091,072
Building Improvements	77,000	-	-	77,000
Vehicles	4,210,111	142,659	-	4,352,770
Machinery and Equipment	1,927,773	117,125	-	2,044,898
Computers / Software	164,479	58,847	-	223,326
Furniture and Fixtures	43,182	-	-	43,182
Infrastructure	59,367,274	565,723	-	59,932,997
	83,716,249	971,000	-	84,687,249
Less Accumulated Depreciation				
Land Improvements	1,040,578	189,172	-	1,229,750
Buildings	3,522,670	290,913	-	3,813,583
Building Improvements	31,484	3,850	-	35,334
Vehicles	2,869,529	232,037	-	3,101,566
Machinery and Equipment	804,816	125,188	-	930,004
Computers / Software	139,932	24,627	-	164,559
Furniture and Fixtures	42,927	253	-	43,180
Infrastructure	22,540,793	1,189,781	-	23,730,574
	30,992,729	2,055,821	-	33,048,550
Total Net Depreciable Capital Assets	52,723,520	(1,084,821)	-	51,638,699
Total Net Capital Assets	83,186,690	(1,084,821)	-	82,101,869

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Governmental Activities – Continued

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 95,777
Public Safety	394,658
Highway and Streets	1,348,718
Culture and Recreation	<u>216,668</u>
	<u>2,055,821</u>

Business-Type Activities

Business-type capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets	\$ 249,652	-	-	249,652
Depreciable Capital Assets				
Infrastructure	69,550,926	439,491	-	69,990,417
Machinery and Equipment	584,654	-	-	584,654
Vehicles	539,080	52,000	-	591,080
	<u>70,674,660</u>	<u>491,491</u>	<u>-</u>	<u>71,166,151</u>
Less Accumulated Depreciation				
Infrastructure	22,066,636	1,589,115	-	23,655,751
Machinery and Equipment	352,440	30,296	-	382,736
Vehicles	383,355	40,024	-	423,379
	<u>22,802,431</u>	<u>1,659,435</u>	<u>-</u>	<u>24,461,866</u>
Total Net Depreciable Capital Assets	<u>47,872,229</u>	<u>(1,167,944)</u>	<u>-</u>	<u>46,704,285</u>
Total Net Capital Assets	<u>48,121,881</u>	<u>(1,167,944)</u>	<u>-</u>	<u>46,953,937</u>

Depreciation expense of \$1,659,435 was charged to business-type activities for waterworks and sewerage.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Waterworks and Sewerage	\$ 500,000
General	Capital Improvement	337,000
Debt Service	TIF Tax Allocation	532,775
Downtown TIF	TIF Tax Allocation	<u>136,159</u>
		<u>1,505,934</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

INTERFUND BALANCES

Interfund balances are advances in anticipation of receipts. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
TIF Tax Allocation	Downtown TIF	\$ 122,180
Debt Service	Downtown TIF	<u>193,857</u>
		<u>316,037</u>

LONG-TERM DEBT

General Obligation TIF Alternate Revenue Bonds

The Village issues general obligation tax increment financing alternate revenue bonds to provide funds for the acquisition and construction of tax increment financing projects. General obligation tax increment financing alternate revenue source bonds provide for the collection, segregation and distribution of certain taxes received by the government for the payment of principal and interest on the general obligation tax increment financing alternate revenue bonds.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation TIF Alternate Revenue Bonds – Continued

General obligation tax increment financing alternate revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation TIF Alternate Revenue Bonds of 2002, due in annual installments of \$155,000 to \$385,000, plus interest at 5.0% to 6.0% through December 15, 2021.	Debt Service	\$ 2,700,000	-	2,700,000 *	-
General Obligation TIF Alternate Revenue Bonds of 2002A, due in annual installments of \$85,000 to \$155,000, plus interest at 4.0% to 4.7% through December 15, 2021.	Debt Service	1,175,000	-	1,175,000 *	-
General Obligation TIF Alternate Revenue Bonds of 2003A, due in installments of \$205,000 to \$345,000, plus interest at 3.625% to 3.75% through December 15, 2021.	Debt Service	2,650,000	-	-	2,650,000
General Obligation TIF Alternate Revenue Bonds of 2009A, due in annual installments of \$30,000 to \$830,000, plus interest at 3.30% to 6.15% through February 1, 2029.	Debt Service	7,830,000	-	-	7,830,000

* Refunded

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation TIF Alternate Revenue Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation TIF Alternate Revenue Bonds of 2009B, due in annual installments of \$125,000 to \$425,000, plus interest at 4.10% to 5.10% through December 15, 2020.	Debt Service	\$ 1,525,000	-	-	1,525,000
General Obligation TIF Alternate Revenue Refunding Bonds of 2009C, due in annual installments of \$125,000 to \$1,350,000, plus interest at 4.00% to 4.20% through December 15, 2024.	Debt Service	4,255,000	-	-	4,255,000
General Obligation TIF Alternate Revenue Refunding Bonds of 2011B, due in annual installments of \$270,000 to \$370,000, plus interest at 1.88% to 4.25% through December 15, 2024.	Debt Service	-	2,800,000	-	2,800,000
General Obligation TIF Alternate Revenue Refunding Bonds of 2011C, due in annual installments of \$120,000 to \$150,000, plus interest at 2.00% to 4.25% through December 15, 2021.	Debt Service	-	1,205,000	-	1,205,000
		20,135,000	4,005,000	3,875,000	20,265,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds of 2008A, due in annual installments of \$105,000 to \$505,000 plus interest at 3.50% to 5.00% through January 1, 2020.	Debt Service	\$ 4,160,000	-	345,000	3,815,000
General Obligation Refunding Bonds of 2010A, due in one installment of \$440,000 plus interest at 3.00% on October 15, 2010.	Debt Service	-	440,000	440,000	-
		4,160,000	440,000	785,000	3,815,000

General Obligation Waterworks and Sewerage Alternate Revenue Bonds

The Village issues general obligation waterworks and sewerage alternate revenue bonds to provide funds for the acquisition and construction of waterworks and sewerage capital projects. General obligation waterworks and sewerage alternate revenue source bonds provide for the collection, segregation and distribution of revenues received by the government for the payment of principal and interest on the general obligation waterworks and sewerage alternate revenue bonds. General obligation waterworks and sewerage alternate revenue bonds currently outstanding are as follows:

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Waterworks and Sewerage Alternate Revenue Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002, due in annual installments of \$170,000 to \$240,000 plus interest at 4.00% to 4.25% through December 15, 2012.	Waterworks and Sewerage	\$ 685,000	-	220,000	465,000
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B, due in installments of \$225,000 to \$275,000 plus interest at 2.50% to 2.625% through May 1, 2011.	Waterworks and Sewerage	535,000	-	260,000	275,000
Taxable General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D, due in installments of \$80,000 to \$100,000 plus interest at 3.35% to 4.75% through May 1, 2011.	Waterworks and Sewerage	200,000	-	100,000	100,000
General Obligation Waterworks and Sewerage Bonds of 2006, due in annual installments of \$50,000 to \$700,000 plus interest at 4.00% through December 15, 2014.	Waterworks and Sewerage	1,900,000	-	50,000	1,850,000
		3,320,000	-	630,000	2,690,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

IEPA Loans

The Village issues IEPA loans for the construction of waterworks and sewerage capital assets. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan of 2006, due in annual installments of \$40,712 to \$63,672 plus interest at 2.5% through Dec. 16, 2026.	Waterworks and Sewerage	\$ 1,785,677	-	86,108	1,699,569
IEPA Loan of 2008, due in annual installments of \$55,420 to \$109,599 plus interest at 1.25% through Aug. 11, 2028.	Waterworks and Sewerage	1,664,643	-	69,224	1,595,419
		3,450,320	-	155,332	3,294,988

TIF Revenue Bonds

The Village issues bonds where the Village pledges incremental tax income derived from a separately created tax increment financing district. These bonds are not an obligation of the government and are secured by the incremental tax revenue generated within the district. Tax increment bonds outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
TIF Revenue Bonds of 2005A, due in annual installments of \$50,000 to \$825,000 through Dec. 15, 2024, plus interest at 3.75% to 4.0%.	Debt Service	\$ 7,550,000	-	-	7,550,000
TIF Revenue Bonds of 2005B, due in annual installments of \$100,000 to \$350,000 through Dec. 15, 2014, plus interest at 4.30% to 4.80%.	Debt Service	615,000	-	120,000	495,000
		8,165,000	-	120,000	8,045,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Non-Commitment Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial property deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability on these financial statements. As of the date of this report, there was one IDRB outstanding with a principal amount of \$785,000.

Defeased Debt

On April 21, 2011, the Village issued \$2,800,000 par value General Obligation TIF Alternate Revenue Bonds of 2011B and \$1,205,000 par value General Obligation TIF Alternate Revenue Bonds of 2011C to refund \$2,700,000 of the General Obligation TIF Alternate Revenue Bonds of 2002 and \$1,175,000 of the General Obligation TIF Alternate Revenue Bonds of 2002A. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Village decreased its total debt service by approximately \$295,483 and obtained an economic gain of approximately \$295,555. The Village undertook the above refundings to restructure future debt service payments to match anticipated cash flows.

In prior years the government defeased revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased General Obligation Police Building Bonds of \$3,675,000, General Obligation Alternate Revenue Source Bonds of \$1,095,000, and TIF Revenue Bonds of \$680,000 remain outstanding as of the date of this report.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 1,070,993	665,282	332,641	1,403,634	280,727
Net Pension Obligation	4,887,014	463,970	-	5,350,984	-
GO TIF Alternate Revenue Bonds	20,135,000	4,005,000	3,875,000	20,265,000	30,000
General Obligation Bonds	4,160,000	440,000	785,000	3,815,000	360,000
TIF Alternate Revenue Bonds	8,165,000	-	120,000	8,045,000	130,000
Unamortized Gain on Refunding	(1,984,231)	-	(104,433)	(1,879,798)	-
Unamortized Premium on Debt Issuance	161,849	-	8,518	153,331	-
Net Other Post-Employment Benefit Obligation	52,395	27,616	-	80,011	-
	<u>36,648,020</u>	<u>5,601,868</u>	<u>5,016,726</u>	<u>37,233,162</u>	<u>800,727</u>
Business-Type Activities					
Compensated Absences	67,026	11,903	23,806	55,123	13,405
GO Waterworks and Sewerage Alternate Revenue Bonds	3,320,000	-	630,000	2,690,000	1,025,000
IEPA Loans	3,450,320	-	155,332	3,294,988	161,081
	<u>6,837,346</u>	<u>11,903</u>	<u>809,138</u>	<u>6,040,111</u>	<u>1,199,486</u>

Payments on the general obligation bonds are made by the Debt Service and Waterworks and Sewerage Funds. The Debt Service Fund makes payments on the tax increment alternate revenue bonds, revenue bonds and notes payable. The Waterworks and Sewerage Fund makes payments on the IEPA loans. Also, for the governmental activities, compensated absences, the net pension obligation and the net other post-employment benefit obligation are generally liquidated by the General Fund.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year Ending April 30	Governmental Activities					
	GO TIF Alternate Revenue Bonds		General Obligation Bonds		TIF Alternate Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 30,000	780,148	360,000	162,562	130,000	22,966
2013	65,000	806,439	370,000	149,962	140,000	18,726
2014	740,000	901,275	385,000	136,550	500,000	307,864
2015	810,000	881,089	395,000	121,150	525,000	287,926
2016	880,000	857,115	420,000	105,350	550,000	267,188
2017	1,065,000	828,293	435,000	84,350	575,000	246,562
2018	1,255,000	790,590	460,000	62,600	600,000	225,000
2019	1,435,000	742,550	485,000	39,600	625,000	201,000
2020	1,625,000	683,854	505,000	20,200	650,000	176,000
2021	1,890,000	612,943	-	-	675,000	150,000
2022	2,065,000	526,886	-	-	725,000	123,000
2023	1,590,000	435,594	-	-	750,000	94,000
2024	1,755,000	362,260	-	-	775,000	64,000
2025	2,010,000	279,992	-	-	825,000	33,000
2026	695,000	184,682	-	-	-	-
2027	740,000	143,330	-	-	-	-
2028	785,000	98,930	-	-	-	-
2029	830,000	51,043	-	-	-	-
Total	20,265,000	9,967,013	3,815,000	882,324	8,045,000	2,217,232

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Fiscal Year Ending April 30	Business-Type Activities			
	Alternate Revenue Bonds		IEPA Loan	
	Principal	Interest	Principal	Interest
2011	\$ 1,025,000	99,746	-	-
2012	690,000	67,194	161,081	81,397
2013	700,000	39,000	166,093	77,321
2014	275,000	11,000	170,271	73,143
2015	-	-	174,555	68,859
2016	-	-	178,946	64,467
2017	-	-	183,448	59,967
2018	-	-	188,062	55,351
2019	-	-	192,793	50,620
2020	-	-	197,643	45,772
2021	-	-	202,615	40,799
2022	-	-	207,712	35,702
2023	-	-	212,937	30,477
2024	-	-	218,293	25,120
2025	-	-	223,785	19,628
2026	-	-	229,414	13,999
2027	-	-	221,699	8,229
2028	-	-	109,740	3,460
2029	-	-	55,901	699
Total	2,690,000	216,940	3,294,988	755,010

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin – Continued

Assessed Valuation - 2010	<u>\$ 872,121,444</u>
Legal Debt Limit - 8.625% of Assessed Value	75,220,475
Amount of Debt Applicable to Limit	
General Obligation Bonds	<u>3,815,000</u>
Legal Debt Margin	<u>71,405,475</u>

NET ASSETS – INVESTED IN CAPITAL ASSETS – NET OF RELATED DEBT

Invested in capital assets – net of related debt, was comprised of the following as of April 30, 2011:

Governmental Activities

Capital Assets - Net of Accumulated Depreciation		\$ 82,101,869
Less Capital Related Debt:		
General Obligation Bonds	(3,815,000)	
Alternate Revenue Bonds	(20,265,000)	
TIF Revenue Bonds	(8,045,000)	
Unamortized Gain on Refunding	1,879,798	
Unamortized Premium on Debt Issuance	(153,331)	<u>(30,398,533)</u>
Investment in Capital Assets - Net of Related Debt		<u>51,703,336</u>

Business-Type Activities

Capital Assets - Net of Accumulated Depreciation		\$ 46,953,937
Less Capital Related Debt:		
IEPA Loan	(3,294,988)	
Alternate Revenue Bonds	(2,690,000)	<u>(5,984,988)</u>
Investment in Capital Assets - Net of Related Debt		<u>40,968,949</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

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

Intergovernmental Risk Management Agency (IRMA)

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

The Village's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts about that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The Village does not exercise any control over the activities of the Agency beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

CONTINGENT LIABILITIES

Litigation

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES – Continued

Grants

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

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan, which is also a single-employer pension plan. Separate reports are issued for the Police and Firefighters' Pension Funds and may be obtained by writing to the Village at 70 E. Main Street, Lake Zurich, IL 60047-3226. However, IMRF does issue a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

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. Participating members hired before January 1, 2011 who retire at or after age 60 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 (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 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 (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Illinois Municipal Retirement System – Continued

Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2010 was 12.61 percent.

Police Pension Plan

The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At fiscal year end the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	13
Current Employees Vested and Nonvested	<u>34</u>
	<u>47</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Police Pension Plan – Continued

The monthly benefit of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

Firefighters' Pension Plan

The Firefighters' Pension Plan is a single-employer defined pension plan that covers all sworn fire personnel. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

At fiscal year end the Firefighters' Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	7
Current Employees Vested and Nonvested	<u>54</u>
	<u><u>61</u></u>

The following is a summary of the Firefighters' Pension Plan as provided for in Illinois State Statutes.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies – Continued

Firefighters' Pension Plan – Continued

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the monthly salary attached to the rank held at the date of retirement. The pension shall be increased by $\frac{1}{12}$ of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter. The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or $\frac{1}{2}$ of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees, if any, are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded. There are no active covered employees.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the provisions of the plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Summary of Significant Accounting Policies and Plan Asset Matters – Continued

Significant Investments

There are no investments (other than U.S. Government and U.S. Government - guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits for either the Police or Firefighters' Pension Plans, except as below. Information for IMRF is not available.

Fund	Investment	Amount
Police Pension	LSV Value Fund	\$ 1,133,628
Police Pension	Vanguard 500	766,206
Police Pension	T. Rowe Price	748,622
Firefighters' Pension	Vanguard Institutional	1,727,310
Firefighters' Pension	American Beacon	1,108,551
Firefighters' Pension	Fidelity Advisor New Insights	1,090,113

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets.

Annual Pension Cost and Net Pension Obligation

The IMRF Plan did not have a net pension obligation at the front or end of the fiscal year. The amount of the pension liability for the Police and Firefighters' Pension plans is as follows:

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 1,058,795	1,139,635	2,198,430
Interest on the NPO	168,507	173,584	342,091
Adjustment to the ARC	(120,654)	(161,165)	(281,819)
Annual Pension Cost	1,106,648	1,152,054	2,258,702
Actual Contribution	(861,471)	(933,261)	(1,794,732)
Increase in the NPO	245,177	218,793	463,970
NPO - Beginning	2,407,242	2,479,772	4,887,014
NPO - Ending	2,652,419	2,698,565	5,350,984

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Annual Pension Cost and Net Pension Obligation – Continued

The Village annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	12.61%	29.55%	20.01%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/10	04/30/11	04/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level %of Projected Payroll Open Basis	Level %of Projected Payroll Closed Basis	Level %of Projected Payroll Closed Basis
Remaining Amortization Period	30 Years	30 Years	30 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.00% Compounded Annually	7.00% Compounded Annually
Projected Salary Increases	.4 to 10.0%	3.50%	3.50%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2009	\$ 596,291	\$ 717,903	\$ 767,874
	2010	610,176	696,309	771,758
	2011	660,424	1,106,648	1,152,054
Actual Contributions	2009	\$ 596,291	\$ 194,781	\$ 404,709
	2010	610,176	698,244	742,436
	2011	660,424	861,471	933,261
Percentage of APC Contributed	2009	100.00%	27.13%	52.71%
	2010	100.00%	100.28%	96.20%
	2011	100.00%	77.85%	81.01%
Net Pension Obligation	2009	\$ -	\$ 2,409,177	\$ 2,450,450
	2010	-	2,407,242	2,479,772
	2011	-	2,652,419	2,698,565

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/10	04/30/11	04/30/11
Percent Funded	72.39%	40.20%	50.30%
Actuarial Accrued Liability for Benefits	\$15,480,635	\$25,765,989	\$27,676,269
Actuarial Value of Assets	\$11,205,690	\$10,362,377	\$13,914,293
Funded Actuarial Accrued Liability (UAAL)	(\$4,274,945)	(\$15,403,612)	(\$13,761,976)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$5,237,306	\$2,915,744	\$4,663,741
Ratio of UAAL to Covered Payroll	81.62%	528.29%	295.08%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION -- Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

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

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2011, retirees contributed \$124,108. Active employees do not contribute to the plan until retirement.

At April 30, 2011, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	12
Active Employees	<u>158</u>
Total	<u>170</u>
Participating Employers	1

The Village does not currently have a funding policy.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of April 30, 2011, was calculated as follows:

	<u>OPEB</u>
Annual Required Contribution	\$ 54,781
Interest on the NOPEBO	2,620
Adjustment to the ARC	<u>(1,310)</u>
Annual NOPEBO Cost	56,091
Actual Contribution	<u>28,475</u>
Change in the NOPEBO	27,616
NOPEBO - Beginning of Year	<u>52,395</u>
NOPEBO - End of Year	<u><u>80,011</u></u>

Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 51,857	\$ 26,863	51.80 %	\$ 24,994
2010	54,264	26,863	49.50	52,395
2011	56,091	28,475	50.77	80,011

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of April 30, 2009, the date of the latest actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,032,756
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	1,032,756
Funded Ratio (actuarial value of plan assets/AAL)	0.00%
Covered Payroll (active plan members)	13,938,923
UAAL as a percentage of covered payroll	7.41%

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

Actuarial Methods and Assumptions

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2011

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Actuarial Methods and Assumptions – Continued

In the April 30, 2009 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of 3.0% inflation), and an annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2011, was 30 years.

SUBSEQUENT EVENT

On July 28, 2011, the Village issued \$471,000 of General Obligation Limited Tax Refunding Bonds, of 2011A. The bonds bear interest at a rate of 3.00% and are due in one installment on October 15, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
 - Other Post-Employment Benefit Plan
- Budgetary Comparison Schedules
 - General Fund
 - TIF Tax Allocation – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

VILLAGE OF LAKE ZURICH, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2011

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ 10,475,161	\$ 11,951,398	87.65%	\$ 1,476,237	\$ 4,655,135	31.71%
2006	11,406,364	13,065,836	87.30%	1,659,472	4,834,675	34.32%
2007	12,106,236	13,860,429	87.34%	1,754,193	5,195,342	33.76%
2008	11,037,150	14,164,791	77.92%	3,127,641	5,328,787	58.69%
2009	11,916,709	15,697,255	75.92%	3,780,546	5,433,449	69.58%
2010	11,205,690	15,480,635	72.39%	4,274,945	5,237,306	81.62%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 467,841	\$ 467,841	100.00%
2007	564,690	564,690	100.00%
2008	574,605	574,605	100.00%
2009	596,291	596,291	100.00%
2010	610,176	610,176	100.00%
2011	660,424	660,424	100.00%

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2011

Funding Progress

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ 8,504,710	\$ 13,459,014	63.19%	\$ 4,954,304	\$ 2,742,673	180.64%
2007	8,520,926	16,584,974	51.38%	8,064,048	3,028,587	266.26%
2008	8,774,202	19,008,281	46.16%	10,234,079	3,066,128	333.78%
2009	7,496,618	20,749,711	36.13%	13,253,093	2,720,516	487.15%
2010	8,819,170	23,663,521	37.27%	14,844,351	2,915,744	509.11%
2011	10,362,377	25,765,989	40.22%	15,403,612	2,915,744	528.29%

Employer Contributions

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 154,285	\$ 332,670	46.38%
2007	165,717	412,012	40.22%
2008	184,860	577,274	32.02%
2009	194,781	692,295	28.14%
2010	698,244	863,038	80.91%
2011	861,471	1,058,795	81.36%

VILLAGE OF LAKE ZURICH, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2011

Funding Progress

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ 7,128,638	\$ 9,002,422	79.19%	\$ 1,873,784	\$ 4,034,235	46.45%
2007	8,264,970	13,751,211	60.10%	5,486,241	4,285,543	128.02%
2008	9,203,095	17,500,606	52.59%	8,297,511	4,490,884	184.76%
2009	8,674,291	19,825,903	43.75%	11,151,612	4,519,520	246.74%
2010	11,472,268	23,155,303	49.54%	11,683,035	4,509,280	259.09%
2011	13,914,293	27,676,269	50.28%	13,761,976	4,663,741	295.08%

Employer Contributions

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ 294,371	\$ 440,098	66.89%
2007	327,346	491,616	66.59%
2008	368,340	518,020	71.11%
2009	404,709	739,593	54.72%
2010	742,436	952,492	77.95%
2011	933,261	1,139,635	81.89%

VILLAGE OF LAKE ZURICH, ILLINOIS

Other Post-Employment Benefit Plan

Required Supplementary Information Schedule of Funding Progress and Employer Contributions April 30, 2011

Funding Progress

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2006	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	1,032,756	0.00%	1,032,756	13,938,923	7.41%
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2006	\$ N/A	\$ N/A	N/A
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	26,863	51,857	51.80%
2010	26,863	51,680	51.98%
2011	28,475	54,781	51.98%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The Village is required to have an actuarial valuation performed triennially.

VILLAGE OF LAKE ZURICH, ILLINOIS**General Fund****Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 11,539,299	11,778,748	12,039,223
Licenses and Permits	1,138,876	1,354,876	1,639,048
Intergovernmental	2,221,100	2,271,080	2,372,801
Charges for Services	5,845,347	5,845,347	5,804,830
Fines and Forfeitures	977,350	977,350	810,309
Interest	-	-	10,248
Miscellaneous	407,400	407,400	535,658
Total Revenues	22,129,372	22,634,801	23,212,117
Expenditures			
General Administration	3,033,618	2,956,280	2,933,904
Public Safety	15,984,303	16,551,131	15,670,720
Highways and Streets	2,836,150	2,990,043	2,665,408
Culture and Recreation	1,351,094	1,270,649	1,115,371
Economic Development	23,548	23,548	19,945
Total Expenditures	23,228,713	23,791,651	22,405,348
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,099,341)	(1,156,850)	806,769
Other Financing Sources			
Transfers In	1,337,000	1,394,509	837,000
Net Change in Fund Balance	237,659	237,659	1,643,769
Fund Balance - Beginning			3,517,907
Fund Balance - Ending			5,161,676

VILLAGE OF LAKE ZURICH, ILLINOIS**TIF Tax Allocation - Special Revenue Fund****Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 1,502,000	1,502,000	1,504,225
Interest	-	-	170
Miscellaneous	550,676	550,676	118,771
Total Revenues	2,052,676	2,052,676	1,623,166
Expenditures			
Economic Development	959,266	959,266	937,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,093,410	1,093,410	685,969
Other Financing Sources (Uses)			
Transfers In	846,379	840,879	-
Transfers Out	(1,510,507)	(1,510,507)	(668,934)
	(664,128)	(669,628)	(668,934)
Net Change in Fund Balance	429,282	423,782	17,035
Fund Balance - Beginning			99,915
Fund Balance - Ending			116,950

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is a major fund and accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

FOREIGN FIRE TAX FUND

The Foreign Fire Tax Fund is used to account for the revenues received from a tax on fire insurance policies sold by foreign (out of state) insurance companies, and to account for the expenditures of those revenues for the operation and maintenance of the fire department.

HOTEL TAX FUND

The Hotel Tax Fund is used to account for specific hotel tax money restricted to certain uses by Village ordinance.

TIF TAX ALLOCATION FUND

The TIF Tax Allocation Fund is used to account for capture all 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

DEBT SERVICE FUND

The Debt Service Fund is a major fund and accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS – Continued

CAPITAL IMPROVEMENTS - CAPITAL PROJECTS FUND

The Capital Improvements Fund is a major fund and accounts for all resources used for the acquisition of general capital assets including infrastructure capital assets.

DOWNTOWN TIF - CAPITAL PROJECTS FUND

The Downtown TIF Fund is a major fund and accounts for all activities associated with improvements within the Tax Increment Financing District.

WATERWORKS AND SEWERAGE – ENTERPRISE FUND

The Waterworks and Sewerage Fund is a major fund and is used to account for the provision of potable water and wastewater treatment services to the residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance, financing and related debt service, billing and collection.

POLICE PENSION – PENSION TRUST FUND

The Police Pension Fund is a fiduciary fund and is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

FIREFIGHTERS' PENSION - PENSION TRUST FUND

The Firefighters' Pension Fund is a fiduciary fund and is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the Village at amounts determined by an annual actuarial study.

ESCROW PERFORMANCE – AGENCY FUND

The Escrow Performance Fund is a fiduciary fund and is used to account for refundable deposits held by the Village to ensure the completion of public improvements by private developers.

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Taxes			
Property Taxes			
Corporate	\$ 100,555	100,555	107,684
Police Protection	857,282	857,282	870,445
Fire Protection	770,874	770,874	789,682
Ambulance	728,155	728,155	744,813
Pension	232,039	232,039	242,289
Social Security	825,243	825,243	843,524
Police Pension	837,901	837,901	861,471
Fire Pension	924,750	924,750	933,260
Liability Insurance	673,000	673,000	664,050
SRA	175,000	175,000	179,473
Road and Bridge	4,500	4,500	8,966
Municipal Sales Taxes	5,410,000	5,649,449	5,793,566
	11,539,299	11,778,748	12,039,223
Licenses and Permits			
Licenses			
Television Franchise	200,000	200,000	176,341
Utility - Electric	283,624	483,624	485,220
Utility - Gas	129,637	145,637	147,380
Liquor	80,000	80,000	90,598
Other Business	100,000	100,000	96,083
Permits			
Administrative Plan Review	85,500	85,500	163,844
Building	91,500	91,500	155,435
Electrical	23,350	23,350	56,070
Plumbing	19,565	19,565	63,901
Occupancy Certificates	16,250	16,250	37,350
Park	25,000	25,000	28,765
Truck Permits	8,000	8,000	5,525
Other	76,450	76,450	132,536
	1,138,876	1,354,876	1,639,048

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Intergovernmental			
Illinois State Income Tax	\$ 1,525,000	1,525,000	1,541,627
Illinois State Replacement Tax	48,925	48,925	63,582
Street Maintenance Reimbursement	18,000	18,000	38,966
Local Use Tax	240,000	240,000	283,498
Auto Rental Tax	2,400	2,400	3,179
Pull Tab Taxes	2,350	2,350	2,545
Reimbursements			
Government Agency - Grants	60,925	110,905	96,690
Government Agency	322,000	322,000	341,572
Training	1,500	1,500	1,142
	2,221,100	2,271,080	2,372,801
Charges for Services			
Police Alarm Fees	42,500	42,500	45,268
Public Safety Special Detail	28,000	28,000	39,208
Police Administration Tow Fees	125,000	125,000	59,500
Police Lock Out Fees	7,500	7,500	8,850
Fire/Rescue Fees			
Special Detail	5,380	5,380	6,554
Ambulance Fees	545,012	545,012	550,905
Service Contract	4,145,000	4,145,000	4,116,191
Public Education	1,000	1,000	5,390
Miscellaneous	3,000	3,000	1,499
Site Plan Review	58,725	58,725	94,584
Elevator Inspections	14,080	14,080	14,350
Exterior Appearance Review	2,400	2,400	4,000
Subdivision Applications	2,050	2,050	750
Planned Unit Development Review	1,000	1,000	2,300

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services - Continued			
Printing and Reproduction Fees	\$ 3,100	3,100	6,292
Special Use Permits	7,875	7,875	6,593
Zoning Text	3,200	3,200	1,125
Variances - Single Family	500	500	725
Variances - Other	975	975	982
Engineering Review	45,500	45,500	84,328
Watershed Development	23,900	23,900	12,670
Park Fees	45,900	45,900	56,796
Park Program Fees	568,450	568,450	550,495
Park Special Events	38,300	38,300	11,621
Park Outings	2,500	2,500	3,844
Park Concessions	19,500	19,500	20,167
Vehicle Maintenance Fees	105,000	105,000	99,843
	5,845,347	5,845,347	5,804,830
Fines and Forfeitures			
Circuit Court Fines	355,750	355,750	382,660
Other Fines	621,600	621,600	427,649
	977,350	977,350	810,309
Interest			
Investment Income	-	-	10,248
Miscellaneous			
Miscellaneous Revenue	113,900	113,900	101,191
Donations	4,500	4,500	56,890
Insurance Proceeds	-	-	130,622
Insurance Reimbursements	6,000	6,000	79
Sale of Capital Assets	18,000	18,000	22,061
Rent Income	265,000	265,000	224,815
	407,400	407,400	535,658
Total Revenues	22,129,372	22,634,801	23,212,117

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
General Government			
General Administration	\$ 693,485	605,794	650,206
Village Administration	450,640	506,882	490,291
Finance Department	934,864	888,975	914,484
Building and Zoning	954,629	954,629	878,923
	<u>3,033,618</u>	<u>2,956,280</u>	<u>2,933,904</u>
Public Safety			
Police Department	7,446,906	7,660,605	7,121,982
Fire Department	8,537,397	8,890,526	8,548,738
	<u>15,984,303</u>	<u>16,551,131</u>	<u>15,670,720</u>
Highways and Streets			
Public Works Department - General Services	<u>2,836,150</u>	<u>2,990,043</u>	<u>2,665,408</u>
Culture and Recreation			
Park and Recreation Department	<u>1,351,094</u>	<u>1,270,649</u>	<u>1,115,371</u>
Economic Development			
Building and Zoning	<u>23,548</u>	<u>23,548</u>	<u>19,945</u>
Total Expenditures	<u>23,228,713</u>	<u>23,791,651</u>	<u>22,405,348</u>

VILLAGE OF LAKE ZURICH, ILLINOIS**TIF Tax Allocation - Special Revenue Fund****Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Economic Development			
Personnel Services	\$		
Full Time	82,108	77,108	76,717
IMRF	10,354	10,354	9,935
FICA	5,091	5,091	4,597
Medicare	1,191	1,191	1,075
Health Insurance	19,310	19,310	18,616
Life Insurance	187	187	113
Contractual Services			
Legal Fees	90,000	42,205	41,998
Memberships/Dues/Subscriptions	375	375	375
Training & Business Meetings	150	445	445
Legal Notices	1,500	1,500	-
SD #95 Reimbursement	515,000	670,260	670,260
Lake County Real Estate Taxes	67,000	65,500	63,837
Electricity	34,000	18,840	12,194
Natural Gas	6,000	9,100	9,005
Other Professional Services	38,000	4,500	3,549
Equipment Rental	2,000	-	-
Building & Grounds Maintenance	87,000	33,300	24,481
Total Expenditures	959,266	959,266	937,197

VILLAGE OF LAKE ZURICH, ILLINOIS**Debt Service Fund****Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 952,701	952,701	978,128
Interest	-	-	10,632
Total Revenues	952,701	952,701	988,760
Expenditures			
Debt Service			
Principal Retirement	905,000	905,000	905,000
Interest and Fiscal Charges	888,213	891,613	1,172,426
Total Expenditures	1,793,213	1,796,613	2,077,426
Excess (Deficiency) of Revenues Over (Under) Expenditures	(840,512)	(843,912)	(1,088,666)
Other Financing Sources (Uses)			
Debt Issuance	440,000	443,400	4,445,000
Payment to Escrow Agent	-	-	(3,875,000)
Transfers In	389,625	533,125	532,775
	829,625	976,525	1,102,775
Net Change in Fund Balance	(10,887)	132,613	14,109
Fund Balance - Beginning			1,352,504
Fund Balance - Ending			1,366,613

VILLAGE OF LAKE ZURICH, ILLINOIS

Capital Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2011

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
Intergovernmental			
MFT Allocations	\$ 512,000	512,000	605,440
Telecommunication Tax	1,125,000	1,125,000	1,016,865
Interest	-	-	21,548
Miscellaneous	10,000	10,000	130,629
Total Revenues	1,647,000	1,647,000	1,774,482
Expenditures			
Highways and Streets			
Snow and Ice Control	189,000	189,000	112,635
Capital Outlay			
Infrastructure Improvements	381,000	692,945	669,049
Park Improvements	358,000	358,000	43,790
Capital Project Improvements	688,000	688,000	152,741
Total Expenditures	1,616,000	1,927,945	978,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,000	(280,945)	796,267
Other Financing (Uses)			
Transfers Out	(837,000)	(837,000)	(337,000)
Net Change in Fund Balance	31,000	(280,945)	459,267
Fund Balance - Beginning			3,292,735
Fund Balance - Ending			3,752,002

VILLAGE OF LAKE ZURICH, ILLINOIS

Downtown TIF Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Interest	\$ -	-	5,849
Miscellaneous	400,000	400,000	-
Total Revenues	400,000	400,000	5,849
Expenditures			
Economic Development	400,000	400,000	141,792
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(135,943)
Other Financing Sources			
Transfers In	274,503	136,503	136,159
Net Change in Fund Balance	274,503	136,503	216
Fund Balance - Beginning			11,965,749
Fund Balance - Ending			11,965,965

Combining Balance Sheet - Nonmajor Governmental Funds
April 30, 2011

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VILLAGE OF LAKE ZURICH, ILLINOIS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2011

	Special Revenue Funds		
	Foreign Fire Tax	Hotel Tax	Total
Revenues			
Taxes	\$ 37,306	75,907	113,213
Expenditures			
General Government	6,084	-	6,084
Net Change in Fund Balances	31,222	75,907	107,129
Fund Balances - Beginning	92,384	59,488	151,872
Fund Balances - Ending	123,606	135,395	259,001

VILLAGE OF LAKE ZURICH, ILLINOIS

Hotel Tax - Special Revenue Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 64,300	64,300	75,907
Expenditures			
General Government	-	-	-
Net Change in Fund Balance	64,300	64,300	75,907
Fund Balance - Beginning			59,488
Fund Balance - Ending			135,395

VILLAGE OF LAKE ZURICH, ILLINOIS**Waterworks and Sewerage Fund****Schedule of Revenues, Expenses and Changes in
Net Assets - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services	\$ 4,620,615	4,620,615	3,262,936
Operating Expenses			
Administration	1,068,613	1,093,723	905,573
Operations	2,550,126	2,507,726	1,992,330
Depreciation	-	-	1,659,436
Total Operating Expenses	3,618,739	3,601,449	4,557,339
Operating Income (Loss)	1,001,876	1,019,166	(1,294,403)
Nonoperating Revenues (Expenses)			
Property Taxes	11,718	11,718	(11,706)
Connection Fees	275,000	275,000	453,238
Grants	471,000	471,000	-
Interest Income	10,000	10,000	3,859
Interest and Fiscal Charges	(211,123)	(197,413)	(196,557)
	556,595	570,305	248,834
Income (Loss) Before Transfers	1,558,471	1,589,471	(1,045,569)
Transfers Out	(500,000)	(500,000)	(500,000)
Change in Net Assets	1,058,471	1,089,471	(1,545,569)
Net Assets - Beginning			43,776,468
Net Assets - Ending			42,230,899

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

**Schedule of Operating Revenues - Budget and Actual
Year Ended April 30, 2011**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services			
Water Charges	\$ 2,539,472	2,539,472	1,807,452
Sewer Charges	1,753,992	1,753,992	1,273,533
Meter Sales	20,000	20,000	11,260
Late Fees	93,651	93,651	78,048
Wastewater Service Agreements	140,000	140,000	79,167
Inspection Fees	500	500	630
Other	73,000	73,000	12,846
Total Operating Revenues	4,620,615	4,620,615	3,262,936

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual Year Ended April 30, 2011

	Budgeted Amounts		Actual
	Original	Final	Amounts
Administration			
Personnel Services	\$ 539,678	559,278	524,529
Contractual Services	520,810	526,320	447,037
Commodities	8,125	8,125	1,607
	1,068,613	1,093,723	973,173
Capital Outlay and Maintenance	-	-	(67,600)
Less Nonoperating Items			
Capital Assets Capitalized	-	-	-
Total Administration	1,068,613	1,093,723	905,573
Operations			
Water Production and Storage			
Personnel Services	222,442	206,442	181,971
Contractual Services	541,825	542,725	419,217
Commodities	170,550	170,550	120,299
	934,817	919,717	721,487
Water Distribution			
Personnel Services	226,383	224,683	194,520
Contractual Services	53,525	56,025	48,890
Commodities	60,250	54,250	24,744
	340,158	334,958	268,154
Meter Reading			
Personnel Services	166,344	175,344	148,141
Contractual Services	30,530	33,530	26,246
Commodities	212,190	212,190	179,035
	409,064	421,064	353,422

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual - Continued Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operations - Continued			
Industrial Pretreatment Monitoring			
Personnel Services	\$ 41,612	41,612	23,455
Contractual Services	7,300	7,300	4,400
Commodities	750	750	-
	49,662	49,662	27,855
Interceptor Sewer			
Personnel Services	124,270	123,470	94,958
Contractual Services	57,622	52,722	22,186
Commodities	14,500	14,500	(4,573)
	196,392	190,692	112,571
Lift Stations			
Personnel Services	201,989	191,189	152,939
Contractual Services	113,942	105,442	78,811
Commodities	17,150	17,150	6,971
	333,081	313,781	238,721
Collection System			
Personnel Services	192,760	188,160	141,676
Contractual Services	68,692	64,192	24,279
Commodities	25,500	25,500	4,445
	286,952	277,852	170,400
Capital Outlay and Maintenance	688,000	700,000	591,211
Less Nonoperating Items			
Capital Assets Capitalized	(688,000)	(700,000)	(491,491)
Total Operations	2,550,126	2,507,726	1,992,330

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual - Continued Year Ended April 30, 2011

	Budgeted Amounts		Actual Amounts
	Original	Final	
Debt Service			
Principal Retirement	\$ 781,521	800,521	785,332
Interest and Fiscal Charges	211,123	197,413	196,557
	992,644	997,934	981,889
Less Nonoperating Items			
Debt Service	(992,644)	(997,934)	(981,889)
Total Debt Service	-	-	-

VILLAGE OF LAKE ZURICH, ILLINOIS

Pension Trust Funds

Combining Statement of Net Plan Assets April 30, 2011

	Police Pension	Firefighters' Pension	Totals
Assets			
Cash and Cash Equivalents	\$ 151,305	538,892	690,197
Investments			
U.S. Government and Agency Securities	5,535,971	6,206,317	11,742,288
State and Local Governments Securities	19,650	742,001	761,651
Mutual Funds	4,299,766	6,102,897	10,402,663
Money Market Mutual Funds	312,886	-	312,886
Insurance Contracts	-	248,526	248,526
Receivables			
Accrued Interest	44,269	82,864	127,133
Prepays	517	1,137	1,654
Total Assets	10,364,364	13,922,634	24,286,998
Liabilities			
Accounts Payable	1,987	8,341	10,328
Net Plan Assets Held in Trust for Pension Benefits			
(A schedule of funding progress is presented following the notes to the financial statements.)	10,362,377	13,914,293	24,276,670

VILLAGE OF LAKE ZURICH, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Net Plan Assets Year Ended April 30, 2011

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 861,471	933,261	1,794,732
Contributions - Plan Members	445,347	422,588	867,935
Total Contributions	1,306,818	1,355,849	2,662,667
Investment Income			
Interest Earned	233,049	341,505	574,554
Net Change in Fair Value	777,804	986,466	1,764,270
	1,010,853	1,327,971	2,338,824
Less Investment Expenses	(28,007)	(43,436)	(71,443)
Net Investment Income	982,846	1,284,535	2,267,381
Total Additions	2,289,664	2,640,384	4,930,048
Deductions			
Administration	88,195	35,502	123,697
Benefits	682,931	162,857	845,788
Total Deductions	771,126	198,359	969,485
Change in Net Assets	1,518,538	2,442,025	3,960,563
Net Plan Assets Held in Trust for Pension Benefits			
Beginning of Year	8,843,839	11,472,268	20,316,107
End of Year	10,362,377	13,914,293	24,276,670

VILLAGE OF LAKE ZURICH, ILLINOIS**Escrow Performance Fund****Statement of Changes in Assets and Liabilities****April 30, 2011**

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and Investments	\$ 1,540,269	99,594	-	1,639,863
Receivables				
Accrued Interest	118	-	118	-
Other	10,800	249,242	-	260,042
Total Assets	1,551,187	348,836	118	1,899,905
LIABILITIES				
Liabilities				
Accounts Payable	2,667	25,926	-	28,593
Deposits Payable	1,548,520	322,792	-	1,871,312
Total Liabilities	1,551,187	348,718	-	1,899,905

SUPPLEMENTAL SCHEDULES

VILLAGE OF LAKE ZURICH, ILLINOIS**Schedule of Insurance in Force
Year Ended April 30, 2011**

Coverage	Amount of Coverage	Expiration Date of Policy
General Liability	\$ 10,000,000	11/1/11
Auto Liability	10,000,000	11/1/11
Uninsured/Underinsured Motorist	500,000	11/1/11
Public Officials Liability	10,000,000	11/1/11
Employment Practices	10,000,000	11/1/11
Workers' Compensation	101,500,000	11/1/11
Employer's Liability	1,000,000	11/1/11
First Party Property - All Risk	250,000,000	11/1/11
Flood Zone A	3,500,000	11/1/11
Boiler/Machinery	50,000,000	11/1/11
Crime		
Employee Theft/Dishonesty	5,000,000	11/1/11
Forgery, Alteration & Counterfeit Currency	5,000,000	11/1/11
Credit Card Forgery	5,000,000	11/1/11
Computer Fraud	5,000,000	11/1/11
Inside Theft, Robbery & Safe Burglary	2,500,000	11/1/11
Non-Faithful Performance	2,500,000	11/1/11
Public Officials Bonds	Statutory	11/1/11

VILLAGE OF LAKE ZURICH, ILLINOIS

**Combining Balance Sheet - General Fund by Subfund
Year Ended April 30, 2011**

	General	Medical Self Insurance	Vehicle Maintenance	Risk Management	Payroll Clearing	Total Combining General Fund
ASSETS						
Cash and Investments	\$ 3,274,908	3,950	(118,719)	(123,592)	144,007	3,180,554
Receivables - Net of Allowances						
Property Taxes	6,449,713	-	-	-	-	6,449,713
Accounts	343,843	-	15,328	-	-	359,171
Accrued Interest	533	-	-	-	-	533
Due from Other Governments	1,528,723	-	-	-	-	1,528,723
Deposits	685,112	-	-	-	-	685,112
Prepays	502,357	-	735	311	-	503,403
Total Assets	12,785,189	3,950	(102,656)	(123,281)	144,007	12,707,209
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	243,496	-	38,843	25,677	144,007	452,023
Accrued Payroll	420,526	-	4,115	391	-	425,032
Unearned/Deferred Revenues	6,668,478	-	-	-	-	6,668,478
Total Liabilities	7,332,500	-	42,958	26,068	144,007	7,545,533
Fund Balances	5,452,689	3,950	(145,614)	(149,349)	-	5,161,676
Total Liabilities and Fund Balances	12,785,189	3,950	(102,656)	(123,281)	144,007	12,707,209

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Bonds of 2003A

April 30, 2011

Date of Issue	March 17, 2003
Date of Maturity	December 15, 2021
Authorized Issue	\$4,200,000
Denomination of Bonds	\$5,000
Interest Rates	3.625% to 3.750%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ -	-	-	2011	-	2011	-
2013	-	-	-	2012	-	2012	-
2014	250,000	97,146	347,146	2013	48,573	2013	48,573
2015	260,000	88,084	348,084	2014	44,042	2014	44,042
2016	270,000	78,658	348,658	2015	39,329	2015	39,329
2017	280,000	68,872	348,872	2016	34,436	2016	34,436
2018	290,000	58,722	348,722	2017	29,361	2017	29,361
2019	305,000	48,208	353,208	2018	24,104	2018	24,104
2020	320,000	37,152	357,152	2019	18,576	2019	18,576
2021	330,000	25,312	355,312	2020	12,656	2020	12,656
2022	345,000	12,938	357,938	2021	6,469	2021	6,469
	<u>2,650,000</u>	<u>515,092</u>	<u>3,165,092</u>		<u>257,546</u>		<u>257,546</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Bonds of 2009A

April 30, 2011

Date of Issue	April 1, 2009
Date of Maturity	February 1, 2029
Authorized Issue	\$7,830,000
Denomination of Bonds	\$5,000
Interest Rates	3.30% to 6.15%
Interest Dates	February 1 and August 1
Principal Maturity Date	February 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2012	\$ 30,000	433,062	463,062	2011	216,531	2012	216,531
2013	65,000	432,074	497,074	2012	216,037	2013	216,037
2014	100,000	429,764	529,764	2013	214,882	2014	214,882
2015	150,000	426,116	576,116	2014	213,058	2015	213,058
2016	200,000	420,266	620,266	2015	210,133	2016	210,133
2017	240,000	411,964	651,964	2016	205,982	2017	205,982
2018	300,000	401,404	701,404	2017	200,702	2018	200,702
2019	350,000	387,456	737,456	2018	193,728	2019	193,728
2020	405,000	370,306	775,306	2019	185,153	2020	185,153
2021	515,000	349,852	864,852	2020	174,926	2021	174,926
2022	550,000	322,816	872,816	2021	161,408	2022	161,408
2023	590,000	292,564	882,564	2022	146,282	2023	146,282
2024	625,000	259,230	884,230	2023	129,615	2024	129,615
2025	660,000	223,292	883,292	2024	111,646	2025	111,646
2026	695,000	184,682	879,682	2025	92,341	2026	92,341
2027	740,000	143,330	883,330	2026	71,665	2027	71,665
2028	785,000	98,930	883,930	2027	49,465	2028	49,465
2029	830,000	51,043	881,043	2028	25,522	2029	25,521
	<u>7,830,000</u>	<u>5,638,151</u>	<u>13,468,151</u>		<u>2,819,076</u>		<u>2,819,075</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Refunding Bonds of 2009B April 30, 2011

Date of Issue	April 17, 2009
Date of Maturity	December 15, 2020
Authorized Issue	\$1,525,000
Denomination of Bonds	\$5,000
Interest Rates	4.10% to 5.10%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ -	71,825	71,825	2011	35,913	2011	35,913
2013	-	71,825	71,825	2012	35,913	2012	35,913
2014	-	71,825	71,825	2013	35,913	2013	35,913
2015	-	71,825	71,825	2014	35,913	2014	35,913
2016	-	71,825	71,825	2015	35,913	2015	35,913
2017	125,000	71,825	196,825	2016	35,913	2016	35,913
2018	225,000	66,700	291,700	2017	33,350	2017	33,350
2019	325,000	57,026	382,026	2018	28,513	2018	28,513
2020	425,000	42,076	467,076	2019	21,038	2019	21,038
2021	425,000	21,672	446,672	2020	10,836	2020	10,836
	<u>1,525,000</u>	<u>618,424</u>	<u>2,143,424</u>		<u>309,212</u>		<u>309,212</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Refunding Bonds of 2009C

April 30, 2011

Date of Issue	April 1, 2009
Date of Maturity	December 15, 2024
Authorized Issue	\$4,255,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% to 4.20%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ -	174,030	174,030	2011	87,015	2011	87,015
2013	-	174,030	174,030	2012	87,015	2012	87,015
2014	-	174,030	174,030	2013	87,015	2013	87,015
2015	-	174,030	174,030	2014	87,015	2014	87,015
2016	-	174,030	174,030	2015	87,015	2015	87,015
2017	-	174,030	174,030	2016	87,015	2016	87,015
2018	-	174,030	174,030	2017	87,015	2017	87,015
2019	-	174,030	174,030	2018	87,015	2018	87,015
2020	-	174,030	174,030	2019	87,015	2019	87,015
2021	125,000	174,030	299,030	2020	87,015	2020	87,015
2022	650,000	169,030	819,030	2021	84,515	2021	84,515
2023	1,000,000	143,030	1,143,030	2022	71,515	2022	71,515
2024	1,130,000	103,030	1,233,030	2023	51,515	2023	51,515
2025	1,350,000	56,700	1,406,700	2024	28,350	2024	28,350
	<u>4,255,000</u>	<u>2,212,090</u>	<u>6,467,090</u>		<u>1,106,045</u>		<u>1,106,045</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Refunding Bonds of 2011B

April 30, 2011

Date of Issue	April 21, 2011
Date of Maturity	December 15, 2024
Authorized Issue	\$2,8000,000
Denomination of Bonds	\$5,000
Interest Rates	1.88% to 4.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ -	76,036	76,036	2011	31,162	2011	44,874
2013	-	89,748	89,748	2012	44,874	2012	44,874
2014	270,000	89,748	359,748	2013	44,874	2013	44,874
2015	275,000	84,672	359,672	2014	42,336	2014	42,336
2016	285,000	78,786	363,786	2015	39,393	2015	39,393
2017	290,000	71,490	361,490	2016	35,745	2016	35,745
2018	305,000	63,196	368,196	2017	31,598	2017	31,598
2019	320,000	53,680	373,680	2018	26,840	2018	26,840
2020	335,000	42,864	377,864	2019	21,432	2019	21,432
2021	350,000	29,900	379,900	2020	14,950	2020	14,950
2022	370,000	15,726	385,726	2021	7,863	2021	7,863
	<u>2,800,000</u>	<u>695,846</u>	<u>3,495,846</u>		<u>341,067</u>		<u>354,779</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Refunding Bonds of 2011C

April 30, 2011

Date of Issue	April 21, 2011
Date of Maturity	December 15, 2021
Authorized Issue	\$1,205,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% to 4.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ -	25,195	25,195	2011	5,814	2011	19,381
2013	-	38,762	38,762	2012	19,381	2012	19,381
2014	120,000	38,762	158,762	2013	19,381	2013	19,381
2015	125,000	36,362	161,362	2014	18,181	2014	18,181
2016	125,000	33,550	158,550	2015	16,775	2015	16,775
2017	130,000	30,112	160,112	2016	15,056	2016	15,056
2018	135,000	26,538	161,538	2017	13,269	2017	13,269
2019	135,000	22,150	157,150	2018	11,075	2018	11,075
2020	140,000	17,426	157,426	2019	8,713	2019	8,713
2021	145,000	12,176	157,176	2020	6,088	2020	6,088
2022	150,000	6,376	156,376	2021	3,188	2021	3,188
	<u>1,205,000</u>	<u>287,409</u>	<u>1,492,409</u>		<u>136,921</u>		<u>150,488</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2008A

April 30, 2011

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	July 1	Amount	Jan. 1	Amount
2010	\$ 360,000	162,562	522,562	2011	81,281	2012	81,281
2011	370,000	149,962	519,962	2012	74,981	2013	74,981
2012	385,000	136,550	521,550	2013	68,275	2014	68,275
2013	395,000	121,150	516,150	2014	60,575	2015	60,575
2014	420,000	105,350	525,350	2015	52,675	2016	52,675
2015	435,000	84,350	519,350	2016	42,175	2017	42,175
2016	460,000	62,600	522,600	2017	31,300	2018	31,300
2017	485,000	39,600	524,600	2018	19,800	2019	19,800
2018	505,000	20,200	525,200	2019	10,100	2020	10,100
	<u>3,815,000</u>	<u>882,324</u>	<u>4,697,324</u>		<u>441,162</u>		<u>441,162</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002 April 30, 2011

Date of Issue	March 18, 2002
Date of Maturity	December 15, 2012
Authorized Issue	\$2,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% - 4.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2010	\$ 225,000	19,762	244,762	2011	9,881	2011	9,881
2011	240,000	10,194	250,194	2012	5,100	2012	5,094
	465,000	29,956	494,956		14,981		14,975

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B April 30, 2011

Date of Issue	March 17, 2003
Date of Maturity	May 1, 2011
Authorized Issue	\$1,960,000
Denomination of Bonds	\$5,000
Interest Rates	2.500% to 2.625%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2010	\$ 275,000	3,609	278,609	2011	3,609		-

April 30, 2008

Long-Term Debt Requirements

**Taxable General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D
April 30, 2011**

Date of Issue	March 17, 2003
Date of Maturity	May 1, 2011
Authorized Issue	\$700,000
Denomination of Bonds	\$5,000
Interest Rates	3.350% to 4.750%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2010	<u>\$ 100,000</u>	<u>2,375</u>	<u>102,375</u>	2011	<u>2,375</u>		<u>-</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Bonds of 2006 April 30, 2011

Date of Issue	May 1, 2006
Date of Maturity	December 15, 2014
Authorized Issue	\$2,050,000
Denomination of Bonds	\$5,000
Interest Rates	4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2010	\$ 425,000	74,000	499,000	2011	37,000	2011	37,000
2011	450,000	57,000	507,000	2012	28,500	2012	28,500
2012	700,000	39,000	739,000	2013	19,500	2013	19,500
2013	275,000	11,000	286,000	2014	5,500	2014	5,500
	<u>1,850,000</u>	<u>181,000</u>	<u>2,031,000</u>		<u>90,500</u>		<u>90,500</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2006

April 30, 2011

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30	Requirements			Interest Due on			
	Principal	Interest	Totals	June 16	Amount	Dec. 16	Amount
2012	\$ 88,274	41,941	130,215	2011	21,245	2011	20,696
2013	90,494	39,720	130,214	2012	20,141	2012	19,579
2014	92,771	37,444	130,215	2013	19,010	2013	18,434
2015	95,105	35,110	130,215	2014	17,850	2014	17,260
2016	97,497	32,717	130,214	2015	16,661	2015	16,056
2017	99,950	30,265	130,215	2016	15,443	2016	14,822
2018	102,464	27,750	130,214	2017	14,193	2017	13,557
2019	105,042	25,173	130,215	2018	12,913	2018	12,260
2020	107,684	22,531	130,215	2019	11,600	2019	10,931
2021	110,393	19,822	130,215	2020	10,254	2020	9,568
2022	113,170	17,045	130,215	2021	8,874	2021	8,171
2023	116,017	14,197	130,214	2022	7,459	2022	6,738
2024	118,935	11,279	130,214	2023	6,009	2023	5,270
2025	121,927	8,287	130,214	2024	4,522	2024	3,765
2026	124,994	5,220	130,214	2025	2,998	2025	2,222
2027	114,852	2,076	116,928	2026	1,436	2026	640
	<u>1,699,569</u>	<u>370,577</u>	<u>2,070,146</u>		<u>190,608</u>		<u>179,969</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

IEPA Loan of 2008

April 30, 2011

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 11	Amount	Feb. 11	Amount
2012	\$ 72,807	39,456	112,263	2011	19,957	2012	19,499
2013	75,599	37,601	113,200	2012	19,035	2013	18,566
2014	77,500	35,699	113,199	2013	18,090	2014	17,609
2015	79,450	33,749	113,199	2014	17,121	2015	16,628
2016	81,449	31,750	113,199	2015	16,128	2016	15,622
2017	83,498	29,702	113,200	2016	15,110	2017	14,592
2018	85,598	27,601	113,199	2017	14,066	2018	13,535
2019	87,751	25,447	113,198	2018	12,996	2019	12,451
2020	89,959	23,241	113,200	2019	11,900	2020	11,341
2021	92,222	20,977	113,199	2020	10,775	2021	10,202
2022	94,542	18,657	113,199	2021	9,622	2022	9,035
2023	96,920	16,280	113,200	2022	8,441	2023	7,839
2024	99,358	13,841	113,199	2023	7,229	2024	6,612
2025	101,858	11,341	113,199	2024	5,987	2025	5,354
2026	104,420	8,779	113,199	2025	4,714	2026	4,065
2027	106,847	6,153	113,000	2026	3,409	2027	2,744
2028	109,740	3,460	113,200	2027	2,071	2028	1,389
2029	55,901	699	56,600	2028	699		
	<u>1,595,419</u>	<u>384,433</u>	<u>1,979,852</u>		<u>197,350</u>		<u>187,083</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2005A

April 30, 2011

Date of Issue	July 18, 2005
Date of Maturity	December 15, 2024
Authorized Issue	\$8,500,000
Denomination of Bonds	\$5,000
Interest Rates	3.75% to 4.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ -	-	-	2011	-	2011	-
2013	-	-	-	2012	-	2012	-
2014	375,000	297,188	672,188	2013	148,594	2013	148,594
2015	425,000	283,126	708,126	2014	141,563	2014	141,563
2016	550,000	267,188	817,188	2015	133,594	2015	133,594
2017	575,000	246,562	821,562	2016	123,281	2016	123,281
2018	600,000	225,000	825,000	2017	112,500	2017	112,500
2019	625,000	201,000	826,000	2018	100,500	2018	100,500
2020	650,000	176,000	826,000	2019	88,000	2019	88,000
2021	675,000	150,000	825,000	2020	75,000	2020	75,000
2022	725,000	123,000	848,000	2021	61,500	2021	61,500
2023	750,000	94,000	844,000	2022	47,000	2022	47,000
2024	775,000	64,000	839,000	2023	32,000	2023	32,000
2025	825,000	33,000	858,000	2024	16,500	2024	16,500
	<u>7,550,000</u>	<u>2,160,064</u>	<u>9,710,064</u>		<u>1,080,032</u>		<u>1,080,032</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2005B

April 30, 2011

Date of Issue	July 18, 2005
Date of Maturity	December 15, 2014
Authorized Issue	\$1,500,000
Denomination of Bonds	\$5,000
Interest Rates	4.30% to 4.80%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2012	\$ 130,000	22,966	152,966	2011	11,483	2011	11,483
2013	140,000	18,726	158,726	2012	9,363	2012	9,363
2014	125,000	10,676	135,676	2013	5,338	2013	5,338
2015	100,000	4,800	104,800	2014	2,400	2014	2,400
	<u>495,000</u>	<u>57,168</u>	<u>552,168</u>		<u>28,584</u>		<u>28,584</u>

STATISTICAL SECTION

(Unaudited)

This part of the 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.

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.

Revenue Capacity

These schedules contain information to help the reader assess the Village's most significant local revenue sources.

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.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.

VILLAGE OF LAKE ZURICH, ILLINOIS

**Net Assets by Component - Last Eight Fiscal Years
April 30, 2011 (Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 63,594,963	67,029,970	63,037,308	62,882,689	65,075,365	52,814,210	52,549,072	51,703,336
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808	1,952,723	3,262,355	3,222,374
Unrestricted	233,709	2,910,750	2,962,069	1,954,077	(1,115,178)	9,536,742	10,788,904	12,281,318
Total Governmental Activities Net Assets	66,516,371	71,595,241	69,531,326	67,687,972	65,812,995	64,303,675	66,600,331	67,207,028
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	40,022,303	42,723,063	43,445,971	44,411,651	43,220,026	42,163,703	41,351,561	40,968,949
Restricted	-	-	-	-	-	-	-	-
Unrestricted	6,255,492	5,022,235	4,796,240	2,785,925	3,311,111	2,589,565	2,424,907	1,261,950
Total Business-Type Activities Net Assets	46,277,795	47,745,298	48,242,211	47,197,576	46,531,137	44,753,268	43,776,468	42,230,899
Primary Government								
Invested in Capital Assets, Net of Related Debt	103,617,266	109,753,033	106,483,279	107,294,340	108,295,391	94,977,913	93,900,633	92,672,285
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808	1,952,723	3,262,355	3,222,374
Unrestricted	6,489,201	7,932,985	7,758,309	4,740,002	2,195,933	12,126,307	13,213,811	13,543,268
Total Primary Government Net Assets	112,794,166	119,340,539	117,773,537	114,885,548	112,344,132	109,056,943	110,376,799	109,437,927

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

VILLAGE OF LAKE ZURICH, ILLINOIS

**Changes in Net Assets - Last Eight Fiscal Years
April 30, 2011 (Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
General Government	\$ 2,413,846	2,442,432	2,416,410	2,675,926	3,156,278	3,529,170	2,952,818	3,396,022
Public Safety	11,303,728	12,496,702	14,598,186	15,419,714	16,081,083	16,767,143	15,425,916	16,529,348
Highways and Streets	4,054,985	3,486,514	3,296,350	3,311,564	3,722,055	3,972,096	4,183,379	4,021,341
Culture and Recreation	1,631,428	1,770,940	1,862,749	1,868,893	2,034,648	2,242,138	1,574,777	1,332,039
Economic Development	2,939,519	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934
Interest on Long-Term Debt	915,673	1,087,578	1,449,772	1,528,564	2,045,277	1,695,254	1,146,842	1,233,206
Total Governmental Activities Expenses	23,259,179	21,992,866	27,579,956	27,190,140	27,464,700	29,119,728	27,203,742	27,610,890
Business-Type Activities								
Waterworks and Sewerage	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885	5,170,570	5,013,468	4,753,896
Total Business-Type Activities Net Assets	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885	5,170,570	5,013,468	4,753,896
Total Primary Government Expenses	27,264,607	26,012,936	32,214,270	32,602,389	32,613,585	34,290,298	32,217,210	32,364,786
Program Revenues								
Governmental Activities								
Charges for Services								
General Government	1,988,492	2,817,894	3,107,316	2,622,108	2,603,229	2,136,166	2,175,734	1,967,590
Public Safety	5,206,007	3,767,347	5,581,866	4,434,714	4,488,006	4,560,817	5,264,203	5,643,674
Culture and Recreation	578,319	603,016	585,138	641,046	619,381	629,882	478,097	642,923
Capital Grants/Operations	1,959,365	3,678,879	796,765	838,607	633,667	677,672	1,738,582	1,718,995
Total Governmental Activities Program Revenues	9,732,183	10,867,136	10,071,085	8,536,475	8,344,283	8,004,537	9,656,616	9,973,182
Business-Type Activities								
Charges for Services								
Waterworks and Sewerage	3,737,934	4,507,218	4,970,094	4,091,890	4,290,807	3,846,907	4,512,406	3,716,174
Capital Grants/Operations	-	2,300,184	-	-	-	-	5,560	-
Total Business-Type Activities Program Revenues	3,737,934	6,807,402	4,970,094	4,091,890	4,290,807	3,846,907	4,517,966	3,716,174
Total Primary Government Program Revenues	13,470,117	17,674,538	15,041,179	12,628,365	12,635,090	11,851,444	14,174,582	13,689,356

	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense) Revenue								
Governmental Activities	\$ (13,526,996)	(11,125,730)	(17,508,871)	(18,653,665)	(19,120,417)	(21,115,191)	(17,547,126)	(17,637,708)
Business-Type Activities	(267,494)	2,787,332	335,780	(1,320,359)	(858,078)	(1,323,663)	(495,502)	(1,037,722)
Total Primary Government Net Revenue (Expense)	(13,794,490)	(8,338,398)	(17,173,091)	(19,974,024)	(19,978,495)	(22,438,854)	(18,042,628)	(18,675,430)
General Revenues and Other Changes in Net Assets								
Governmental Activities								
Taxes								
Property	6,168,186	6,601,029	6,747,900	7,685,714	8,091,060	8,248,091	8,887,061	8,841,223
Municipal Sales	4,589,414	4,976,532	4,972,070	5,296,357	5,458,214	5,592,133	5,476,150	5,793,566
Intergovernmental								
Illinois State Income	1,117,985	1,322,612	1,468,210	1,637,119	1,788,320	1,683,021	1,536,443	1,541,627
Other	434,417	857,267	1,336,548	958,527	815,847	825,019	592,692	734,484
Interest Income	106,830	139,474	332,962	541,148	407,397	107,426	25,419	48,447
Miscellaneous	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017	785,058
Transfers - Internal Activity	421,506	1,411,207	-	-	-	500,000	500,000	500,000
Total Governmental Activities	13,265,306	16,204,600	15,444,956	16,810,311	17,245,440	19,605,871	19,843,782	18,244,405
Business-Type Activities								
Property	11,723	11,723	11,728	11,733	11,732	11,724	11,719	(11,706)
Interest Income	55,994	79,655	149,405	263,991	179,907	34,070	6,983	3,859
Transfers - Internal Activity	(421,506)	(1,411,207)	-	-	-	(500,000)	(500,000)	(500,000)
Total Business-Type Activities	(353,789)	(1,319,829)	161,133	275,724	191,639	(454,206)	(481,298)	(507,847)
Total Primary Government	12,911,517	14,884,771	15,606,089	17,086,035	17,437,079	19,151,665	19,362,484	17,736,558
Changes in Net Assets								
Governmental Activities	(261,690)	5,078,870	(2,063,915)	(1,843,354)	(1,874,977)	(1,509,320)	2,296,656	606,697
Business-Type Activities	(621,283)	1,467,503	496,913	(1,044,635)	(666,439)	(1,777,869)	(976,800)	(1,545,569)
Total Primary Government	(882,973)	6,546,373	(1,567,002)	(2,887,989)	(2,541,416)	(3,287,189)	1,319,856	(938,872)

Data Source: Village Records
The Village implemented GASB 34 in Fiscal Year 2004.

VILLAGE OF LAKE ZURICH, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years April 30, 2011 (Unaudited)

	2002	2003	2004	2005
General Fund				
Reserved	\$ 710,101	2,666,951	798,926	796,981
Unreserved	894,227	225,278	616,104	3,445,055
Total General Fund	1,604,328	2,892,229	1,415,030	4,242,036
All Other Governmental Funds				
Reserved	247,512	8,780,692	5,841,511	11,593,828
Unreserved, Reported in:				
Special Revenues Funds	83,274	-	-	-
Capital Projects Funds	426,782	614,468	1,485,423	1,681,280
Total All Other Governmental Funds	757,568	9,395,160	7,326,934	13,275,108

Data Source: Village Records

2006	2007	2008	2009	2010	2011
791,673	815,783	835,582	1,029,890	1,107,457	1,137,365
3,607,077	3,290,597	2,323,035	2,167,788	2,410,450	4,024,311
4,398,750	4,106,380	3,158,617	3,197,678	3,517,907	5,161,676
15,297,012	14,804,655	13,847,115	14,010,393	15,787,496	15,710,939
-	-	31,762	59,940	151,872	259,001
2,201,914	2,191,034	670,718	587,586	954,551	1,490,591
17,498,926	16,995,689	14,549,595	14,657,919	16,893,919	17,460,531

VILLAGE OF LAKE ZURICH, ILLINOIS

General Governmental Revenues By Source - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Source	2002	2003	2004	2005
Taxes	\$ 9,709,824	10,294,390	10,757,600	11,577,561
Licenses and Permits	1,339,076	1,441,802	1,561,404	2,478,365
Intergovernmental	2,705,848	5,057,565	2,897,367	2,864,902
Charges for Services	3,494,639	4,484,078	5,674,514	4,259,682
Fines and Forfeits	558,704	577,039	536,900	450,210
Interest Income	251,086	159,260	106,830	139,474
Miscellaneous	363,141	1,134,743	426,968	896,479
Total	18,422,318	23,148,877	21,961,583	22,666,673

Note: Includes all Governmental Fund

Data Source: Village Records

2006	2007	2008	2009	2010	2011
11,719,970	12,982,071	13,549,274	13,840,224	14,363,211	14,634,789
2,610,400	2,192,802	2,223,784	1,912,348	1,892,129	1,639,048
3,601,523	3,434,253	3,237,834	3,185,712	3,867,717	3,995,106
6,175,199	5,030,420	5,005,354	5,005,802	5,236,050	5,804,830
488,721	474,646	481,478	408,715	789,855	810,309
332,962	541,148	407,397	107,426	25,419	48,447
587,266	691,446	684,602	2,650,181	2,826,017	785,058
25,516,041	25,346,786	25,589,723	27,110,408	29,000,398	27,717,587

VILLAGE OF LAKE ZURICH, ILLINOIS

General Governmental Expenditures By Function - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Function	2002	2003	2004	2005
General Government	\$ 2,417,006	3,442,196	2,291,206	2,251,949
Public Safety	10,741,008	11,700,045	11,659,477	11,836,203
Highways and Streets	3,937,218	4,713,035	2,854,762	3,186,134
Culture and Recreation	1,566,916	1,695,000	1,527,115	1,662,954
Economic Development	-	1,648,969	2,939,519	708,700
Capital Outlay	4,532,339	746,520	1,105,306	699,772
Debt Service				
Principal	1,098,573	1,398,573	2,668,573	1,663,573
Interest and Fiscal Charges	709,702	700,829	882,556	989,379
Total	25,002,762	26,045,167	25,928,514	22,998,664

Note: Includes all Governmental Funds

Data Source: Village Records

2006	2007	2008	2009	2010	2011
2,357,302	2,508,671	2,849,795	3,083,437	3,063,431	2,939,988
13,648,751	14,389,260	15,024,150	14,471,695	14,934,390	15,670,720
2,814,329	3,079,508	2,962,734	2,809,433	2,982,812	2,778,043
1,746,509	1,782,675	1,943,021	2,004,690	1,367,164	1,115,371
3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934
533,572	735,561	2,044,233	2,771,192	1,031,091	865,580
6,598,573	2,023,573	1,665,000	1,900,000	1,250,000	905,000
1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426
32,979,251	28,459,538	28,983,580	29,887,875	27,450,313	26,546,062

VILLAGE OF LAKE ZURICH, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2011 (Unaudited)

	2002	2003	2004	2005
Revenues				
Taxes	\$ 9,709,824	10,294,390	10,757,600	11,577,561
Licenses and Permits	1,339,076	1,441,802	1,561,404	2,478,365
Intergovernmental	2,705,848	5,057,565	2,897,367	2,864,902
Charges for Services and Fees	3,494,639	4,484,078	5,674,514	4,259,682
Fines and Forfeits	558,704	577,039	536,900	450,210
Investment Income	251,086	159,260	106,830	139,474
Miscellaneous	363,141	1,134,743	426,968	896,479
Total Revenues	18,422,318	23,148,877	21,961,583	22,666,673
Expenditures				
General Government	2,417,006	3,442,196	2,291,206	2,251,949
Public Safety	10,741,008	11,700,045	11,659,477	11,836,203
Highways and Streets	3,937,218	4,713,035	2,854,762	3,186,134
Culture and Recreation	1,566,916	1,695,000	1,527,115	1,662,954
Economic Development	-	1,648,969	2,939,519	708,700
Capital Outlay	4,532,339	746,520	1,105,306	699,772
Debt Service				
Principal	1,098,573	1,398,573	2,668,573	1,663,573
Interest and Fiscal Charges	709,702	700,829	882,556	989,379
Total Expenditures	25,002,762	26,045,167	25,928,514	22,998,664
Excess of Revenues Over (Under) Expenditures	(6,580,444)	(2,896,290)	(3,966,931)	(331,991)
Other Financing Sources (Uses)				
Debt Issuance	4,645,000	12,390,000	-	7,695,964
Premium on Debt Issuance	-	-	-	-
Payment to Escrow Agent	(4,585,733)	-	-	-
Transfer In	996,950	116,357	421,506	1,598,207
Transfer Out	(55,000)	-	-	(187,000)
Sale of Property	-	-	-	-
	1,001,217	12,506,357	421,506	9,107,171
Net Change in Fund Balances	(5,579,227)	9,610,067	(3,545,425)	8,775,180
Debt Service as a Percentage of Noncapital Expenditures	8.83%	8.30%	14.31%	11.90%

Data Source: Village Records

2006	2007	2008	2009	2010	2011
11,719,970	12,982,071	13,549,274	13,840,224	14,363,211	14,634,789
2,610,400	2,192,802	2,223,784	1,912,348	1,892,129	1,639,048
3,601,523	3,434,253	3,237,834	3,185,712	3,867,717	3,995,106
6,175,199	5,030,420	5,005,354	5,005,802	5,236,050	5,804,830
488,721	474,646	481,478	408,715	789,855	810,309
332,962	541,148	407,397	107,426	25,419	48,447
587,266	691,446	684,602	2,650,181	2,826,017	785,058
25,516,041	25,346,786	25,589,723	27,110,408	29,000,398	27,717,587
2,357,302	2,508,671	2,849,795	3,083,437	3,063,431	2,939,988
13,648,751	14,389,260	15,024,150	14,471,695	14,934,390	15,670,720
2,814,329	3,079,508	2,962,734	2,809,433	2,982,812	2,778,043
1,746,509	1,782,675	1,943,021	2,004,690	1,367,164	1,115,371
3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934
533,572	735,561	2,044,233	2,771,192	1,031,091	865,580
6,598,573	2,023,573	1,665,000	1,900,000	1,250,000	905,000
1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426
32,979,251	28,459,538	28,983,580	29,887,875	27,450,313	26,546,062
(7,463,210)	(3,112,752)	(3,393,857)	(2,777,467)	1,550,085	1,171,525
11,843,742	2,317,145	-	18,145,000	475,000	4,445,000
-	-	-	170,367	-	-
-	-	-	(15,890,515)	-	(3,875,000)
6,507,635	-	-	8,747,910	1,375,643	1,505,934
(6,507,635)	-	-	(8,247,910)	(875,643)	(1,005,934)
-	-	-	-	-	-
11,843,742	2,317,145	-	2,924,852	975,000	1,070,000
4,380,532	(795,607)	(3,393,857)	147,385	2,525,085	2,241,525
24.42%	12.91%	14.16%	14.27%	8.19%	8.12%

VILLAGE OF LAKE ZURICH, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Tax Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
2002	\$ 392,553,055	\$ 124,177,583	\$ 516,730,638	\$ -	\$ 516,730,638	1.083
2003	430,136,293	134,714,931	564,851,224	21,060	564,872,284	1.025
2004	494,201,355	139,929,161	634,130,516	32,647	634,163,163	1.003
2005	528,188,250	142,547,903	670,736,153	33,510	670,769,663	0.907
2006	567,359,961	153,118,205	720,478,166	30,833	720,508,999	0.866
2007	600,225,289	169,303,669	769,528,958	33,174	769,562,132	0.813
2008	660,488,632	188,391,102	848,879,734	45,081	848,924,815	0.825
2009	684,983,790	200,512,583	885,496,373	61,540	885,557,913	0.804
2010	692,693,597	205,270,180	897,963,777	70,478	898,034,255	0.856
2011	670,744,254	201,024,795	871,769,049	352,395	872,121,444	N/A

Data Source: Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
April 30, 2011 (Unaudited)**

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Last Ten Tax Levy Years	2001	2002	2003	2004
Village of Lake Zurich				
Corporate	0.213	0.195	0.187	0.173
Police Protection	0.140	0.131	0.120	0.118
Fire Protection	0.127	0.119	0.109	0.108
Ambulance	0.131	0.111	0.102	0.101
Illinois Municipal Retirement	0.028	0.022	0.027	0.027
Federal Social Security	0.106	0.111	0.108	0.107
Insurance	0.042	0.056	0.042	0.042
Debt Service	0.311	0.288	0.275	0.269
Special Recreation	0.000	0.000	0.013	0.012
Police Pension	0.025	0.025	0.021	0.023
Firefighters' Pension	0.025	0.025	0.021	0.023
Total Direct Tax Rate	1.148	1.083	1.025	1.003
Overlapping Rates				
Village of Lake Zurich SSA #7	-	-	-	-
Lake County	0.516	0.502	0.490	0.465
Lake County Forest Preserve District	0.221	0.232	0.225	0.219
Ela Area Library District	0.387	0.371	0.343	0.334
School District #95	4.484	4.366	4.092	4.082
School District #96	2.951	3.013	2.940	3.038
Consolidated H.S. District #125	1.864	1.890	1.940	2.062
Community College #532	0.211	0.208	0.201	0.200
Ela Township - Corp. & GA	0.096	0.093	0.086	0.085
Ela Township - R & B	0.012	0.013	0.011	0.011
Ela Township - Gravel or R.I.	0.030	0.030	0.029	0.030
Lake County Public				
Building Commission	0.057	0.054	0.051	-
Barrington Public Library District	0.192	0.182	0.177	0.193
Total Direct and Overlapping Tax Rate	12.169	12.037	11.610	11.722

Data Source: Office of the County Clerk

2005	2006	2007	2008	2009	2010
0.170	0.154	0.145	0.008	0.012	0.260
0.116	0.117	0.111	0.111	0.097	0.078
0.106	0.107	0.101	0.101	0.088	0.077
0.099	0.100	0.095	0.096	0.083	0.015
0.027	0.028	0.027	0.027	0.027	0.006
0.105	0.106	0.100	0.096	0.094	0.000
0.042	0.043	0.041	0.076	0.074	0.000
0.176	0.140	0.125	0.126	0.109	0.116
0.020	0.023	0.022	0.021	0.020	0.021
0.023	0.024	0.023	0.079	0.096	0.142
0.023	0.024	0.023	0.084	0.104	0.141
0.907	0.866	0.813	0.825	0.804	0.856
-	-	-	-	-	-
0.454	0.450	0.444	0.453	0.464	0.505
0.210	0.204	0.201	0.199	0.200	0.198
0.323	0.317	0.306	0.308	0.308	0.329
4.040	3.992	3.830	3.899	3.901	4.136
3.000	2.989	2.772	2.869	2.916	3.086
2.112	2.134	2.114	2.139	2.185	2.306
0.197	0.195	0.192	0.196	0.200	0.218
0.085	0.086	0.082	0.084	0.084	0.091
0.010	0.010	0.010	0.005	0.007	0.008
0.030	0.032	0.032	0.038	0.036	0.039
-	-	-	-	-	-
0.155	0.169	0.152	0.150	0.161	0.170
11.523	11.444	10.948	11.165	11.266	11.942

VILLAGE OF LAKE ZURICH, ILLINOIS

Principal Property Tax Payers - Current Year and Ten Years Ago April 30, 2011 (Unaudited)

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Village Square Retail Center LLC	\$ 7,150,410	1	0.8%	\$		
Landings Capital Partners, LLC	5,971,829	2	0.7%			
Deerpath Commons Retail Center	5,933,745	3	0.7%	2,921,132	3	0.6%
Echo Incorporated	5,524,018	4	0.6%			
Individual Taxpayer	5,438,922	5	0.6%	4,167,144	2	0.9%
Deerpath Court Retail Center LLC	4,602,063	6	0.5%			
Costco	3,811,148	7	0.4%			
Liberty Realty Lake Zurich LLC	3,471,851	7	0.4%			
HD Development of Maryland LLC	2,994,764	9	0.3%			
Target Corporation	2,884,806	10	0.3%			
Fidelity Group LP				11,613,649	1	2.4%
Tredegar Film Products				2,553,163	4	0.5%
The Jung Partnership				2,483,831	5	0.5%
Bergen Brunswick Medical Group				2,176,815	6	0.5%
Wal-Mart Properties, Inc.				2,161,836	7	0.5%
Dayton Hudson Corporation				2,124,000	8	0.4%
Lexington Health Care				1,696,294	9	0.4%
LZ Venture				1,683,877	10	0.4%
	<u>47,783,556</u>		<u>5.5%</u>	<u>33,581,741</u>		<u>7.0%</u>

Data Source: Office of the County Clerk and Ela Township Assessor

VILLAGE OF LAKE ZURICH, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Fiscal Year Ended April 30	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
2002	2001	\$ 5,932,068	\$ 5,921,992	99.83%	N/A	\$ 5,921,992	99.83%
2003	2002	6,117,566	6,117,622	100.00%	N/A	6,117,622	100.00%
2004	2003	6,500,172	6,454,060	99.29%	N/A	6,454,060	99.29%
2005	2004	6,728,155	6,721,078	99.89%	N/A	6,721,078	99.89%
2006	2005	6,535,016	6,534,252	99.99%	N/A	6,534,252	99.99%
2007	2006	6,664,408	6,661,241	99.95%	N/A	6,661,241	99.95%
2008	2007	6,901,759	6,895,811	99.91%	N/A	6,895,811	99.91%
2009	2008	7,305,853	7,291,787	99.81%	N/A	7,291,787	99.81%
2010	2009	7,220,195	7,214,819	99.93%	N/A	7,214,819	99.93%
2011	2010	7,465,360	* N/A	* N/A	* N/A	* N/A	* N/A

N/A - Currently Not Available

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

Data Source: Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

Ratios of Outstanding Debt By Type - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Fiscal Year Ended April 30	Governmental Activities				
	General Obligation Bonds	GO TIF Alternate Revenue Bonds	TIF Alternate Revenue Bonds	Installment Contracts	Notes Payable
2002	\$ 11,100,000	\$ -	\$ -	\$ 1,682,865	\$ -
2003	11,395,000	10,000,000	-	2,389,292	-
2004	10,005,000	10,000,000	-	880,719	-
2005	8,560,000	10,000,000	-	1,872,146	6,485,964
2006	6,970,000	10,000,000	10,000,000	1,418,573	3,774,706
2007	5,855,000	9,555,000	10,000,000	955,000	6,091,851
2008	5,095,000	9,100,000	10,000,000	505,000	6,091,851
2009	4,575,000	20,135,000	8,270,000	255,000	-
2010	4,160,000	20,135,000	8,165,000	-	-
2011	3,815,000	20,135,000	8,165,000	-	-

Data Source: Village's Records

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

(1) See the Schedule of Demographic and Economic Statistics for per capita personal income.
Per capita personal income/total primary government.

(2) See the Schedule of Demographic and Economic Statistics for population data.
Total primary government/population.

Business-Type Activities		Total Primary Government	Total Equalized Assessed Value (EAV)	Percentage of EAV	Percentage of Personal Income (1)	Per Capita (2)
Waterworks and Sewerage Revenue Bonds	IEPA Loan					
\$ 5,110,000	\$ -	\$ 17,892,865	\$ 516,730,638	3.46%	1.98%	\$ 918.34
7,530,000	-	31,314,292	564,872,284	5.54%	3.93%	1,647.69
4,490,000	-	25,375,719	634,163,163	4.00%	2.99%	1,335.21
4,010,000	-	30,928,110	670,769,663	4.61%	3.59%	1,628.48
3,520,000	355,509	36,038,788	720,508,999	5.00%	4.66%	1,897.58
5,075,000	1,941,834	39,473,685	769,562,132	5.13%	4.66%	2,078.44
4,510,000	2,489,808	37,791,659	848,924,815	4.45%	4.27%	1,989.87
3,925,000	3,542,854	40,702,854	885,557,913	4.60%	5.66%	2,042.09
3,320,000	3,450,320	39,230,320	898,034,255	4.37%	5.24%	1,920.51
2,690,000	3,294,988	38,099,988	872,121,444	4.37%	5.17%	1,940.81

VILLAGE OF LAKE ZURICH, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Fiscal Year Ended April 30	Gross General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Equalized Assessed Value (1)	Per Capita (2)
2002	\$ 13,100,000	\$ 247,512	\$ 12,852,488	2.49%	\$ 659.64
2003	11,395,000	586,227	10,808,773	1.91%	568.73
2004	10,005,000	377,989	9,627,011	1.52%	506.55
2005	8,560,000	450,950	8,109,050	1.21%	426.97
2006	6,970,000	309,524	6,660,476	0.92%	350.70
2007	5,855,000	155,410	5,699,590	0.74%	300.10
2008	5,095,000	196,268	4,898,732	0.58%	257.94
2009	4,575,000	259,631	4,315,369	0.49%	216.50
2010	4,160,000	723,398	3,436,602	0.38%	168.24
2011	3,815,000	778,594	3,036,406	0.35%	154.67

Data Source: Village Records

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

(1) See Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt April 30, 2011 (Unaudited)

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Lake Zurich	\$ 3,815,000 (2)	100.00%	\$ 3,815,000
Lake County, Forest Preserve District	286,485,000	2.98%	8,527,252
Ela Area Library District	9,260,000	43.00%	3,982,094
School District #95	36,502,900	49.29%	17,990,767
School District #96	4,400,000	1.94%	85,223
Consolidated High School District #125	26,595,000	0.73%	194,304
Community College #532	8,351,229	3.13%	216,811
Subtotal	371,594,129		30,996,451
Totals	375,409,129		34,811,451

(1) Determined by the ratio of assessed value of property in the Village of Lake Zurich subject to taxation by the Governmental Unit to the total assessed value of property of the Governmental Unit.

(2) Consists of GO Bonds of 2008A

Data Source: Lake County Tax Extension Department

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Legal Debt Margin April 30, 2011 (Unaudited)

Assessed Valuation - 2010	<u>\$ 872,121,444</u>
Legal Debt Limit - 8.625% of Assessed Valuation	75,220,475
Amount of Debt Applicable to Debt Limit	
General Obligation Debt Payable	
General Obligation Bonds	<u>3,815,000</u>
Legal Debt Margin	<u>71,405,475</u>

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 300,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

VILLAGE OF LAKE ZURICH, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Fiscal Year Ended April 30	Revenues*	Principal	Interest	Coverage
2002	\$ 3,631,085	\$ 225,000	\$ 187,495	8.80
2003	3,620,412	255,000	141,390	9.13
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-
2008	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-
2011	-	-	-	-

Revenue Bonds were retired during fiscal year 2003.

*As defined in applicable bond indentures and governing laws.

Data Source: Village Records

VILLAGE OF LAKE ZURICH, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Fiscal Year Ended April 30	(1) Population	(2) Personal Income (in Thousands)	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate
2002	19,484	\$ 903,999	\$ 46,397	37.6	6,429	3.7%
2003	19,005	796,252	41,897	36.9	6,529	3.9%
2004	19,005	849,847	44,717	37.2	6,570	2.1%
2005	18,992	860,490	45,308	36.8	6,512	2.1%
2006	18,992	773,810	40,744	35.8	6,614	1.7%
2007	18,992	846,827	44,589	35.7	6,477	1.8%
2008	18,992	884,640	46,580	35.8	6,366	2.2%
2009	19,932	718,927	36,069	34.7	6,188	6.7%
2010	20,427	749,303	36,682	34.7	6,207	10.3%
2011	19,631	737,085	37,547	38.6	6,023	8.5%

Data Sources:

- (1) Based on U.S. Census Bureau 2010
- (2) Based on U.S. Census Bureau (Reported by Zip Code)
- (3) Annual School Census by Community Unit School District #95
- (4) Illinois Department of Employment Security June 2011

VILLAGE OF LAKE ZURICH, ILLINOIS

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2011 (Unaudited)

Employer	2011			2002		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Lake Zurich Comm. Unit S.D. #95	763	1	8.06%	N/A	N/A	N/A
Echo Inc.	690	2	7.29%	N/A	N/A	N/A
B&B Maintenance, Inc.	500	3	5.28%	N/A	N/A	N/A
Smalley's	250	4	2.64%	N/A	N/A	N/A
Wal Mart	200	5	2.11%	N/A	N/A	N/A
Food Equipment Tech, Co.	197	6	2.08%	N/A	N/A	N/A
Lexington Lake Zurich	182	7	1.92%	N/A	N/A	N/A
Jewel-Osco	170	8	1.80%	N/A	N/A	N/A
Parkview Metal Products, Inc.	150	9	1.59%	N/A	N/A	N/A
Tredegear	132	10	1.39%	N/A	N/A	N/A
	<u>3,234</u>		<u>34.18%</u>	<u>N/A</u>		<u>N/A</u>

N/A - Currently Not Available

Data Sources: Village Community Development Department Records and U.S. Census Bureau.

VILLAGE OF LAKE ZURICH, ILLINOIS

Full-Time Equivalent Village Government Employees by Function - Last Seven Fiscal Years April 30, 2011 (Unaudited)

Function	2005	2006	2007	2008	2009	2010	2011
General Government							
Administration	2	2	2	2	4	3	4
Finance	8	9	9	8	7	6	7
Public Works	18	17	16	19	19	23	20
Police	52	55	55	58	55	55	53
Fire	56	61	61	62	62	61	60
Community Development	8	8	9	10	10	9	8
Water and Sewer	11	13	13	13	12	12	12
Engineering	4	4	4	4	3	3	3
Recreation	10	10	9	11	10	5	3
Total	169	179	178	187	182	177	170

Data Source: Village Records

Information prior to 2005 is not available.

VILLAGE OF LAKE ZURICH, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
April 30, 2011 (Unaudited)**

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Function/Program	2002	2003	2004
Public Works			
Forestry			
Number of Parkway Trees Planted	40	55	53
Number of Parkway Trees Trimmed	1,150	1,200	1,230
Fleet Services			
Number of Vehicles Maintained	88	90	91
Preventative Maintenance Services	664	694	706
Public Safety			
Fire			
Number of Fire Calls	1,589	1,585	1,551
Number of EMS Calls	1,671	1,646	1,746
Number of Training Hours	12,243	12,243	12,243
Police			
Part I Crime	N/A	N/A	N/A
Part II Crime	N/A	N/A	N/A
Calls for Service	12,207	12,101	11,647
State Tickets Issued	3,701	4,843	4,750
Compliance Tickets Issued	N/A	N/A	N/A
Parking Tickets Issued	3,655	2,286	1,718
RedLight Citations	N/A	N/A	N/A
Community Development			
Number of Building Permits Issued	963	1,046	1,373
Number of Building Inspections	6,509	6,295	8,237
Number of Food Service Inspections	N/A	N/A	N/A
Highways and Streets			
Sidewalk Replaced (sq. ft.)	4,800	4,600	4,300
Annual Resurfacing Program (\$)	N/A	793,620	932,150
Crack Sealing (lbs. installed)	12,700	12,500	12,752
Curb Replaced (Ln. Ft.)	N/A	N/A	N/A
Water and Sewer			
Water Main Breaks	36	39	27
Hydrants Flushed	3,120	3,140	3,160
Water Meters Read	75,300	75,600	76,200
Water Meter Service Requests	667	437	967
Total Distribution Pumpage (1,000 Gallons)	757MG	747MG	732MG
Average Daily Pumpage (1,000 Gallons)	2.07MG	2.04MG	2.0MG
Sanitary Sewer Televising (Feet)	15,000	15,000	10,000
Sanitary Sewer Repairs	7	24	6

N/A - Currently Not Available

Data Source: Village Records
Information on Calendar Year-End

2005	2006	2007	2008	2009	2010	2011
57	61	74	42	40	48	N/A
1,235	1,268	692	737	527	600	N/A
89	93	93	95	94	93	N/A
751	713	690	736	739	676	N/A
1,617	1,582	1,745	1,793	1,401	1,453	N/A
1,784	1,664	1,694	1,665	1,694	1,672	N/A
12,474	11,750	9,279	11,817	10,753	9,476	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
10,982	10,423	10,101	9,860	9,650	9,113	N/A
5,077	5,563	5,116	4,672	4,885	4,515	N/A
N/A	N/A	N/A	N/A	N/A	101	N/A
1,998	1,905	1,866	1,983	1,944	1,902	N/A
N/A	N/A	N/A	N/A	N/A	4,854	N/A
1,040	1,100	1,341	1,135	1,325	1,343	N/A
5,821	5,409	4,808	5,142	4,000	3,368	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
4,400	7,680	10,093	3,140	2,800	11,748	N/A
877,342	684,866	925,000	100,000	400,000	350,000	N/A
13,020	12,060	13,000	13,000	13,000	-	N/A
N/A	N/A	N/A	N/A	N/A	3,282	N/A
41	32	18	35	43	38	N/A
3,180	3,200	1,610	3,520	3,560	3,560	N/A
76,500	76,884	75,628	79,878	80,088	79,716	N/A
N/A	988	551	819	873	869	N/A
811MG	731MG	718MG	687MG	621MG	624MG	N/A
2.22MG	2.0MG	1.8MG	1.88MG	1.70MG	1.71MG	N/A
20,000	12,000	4,000	3,000	2,500	2,500	N/A
14	12	2	1	6	1	N/A

VILLAGE OF LAKE ZURICH, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Fiscal Years April 30, 2011 (Unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Firing Range	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1
Patrol Units	21	21	21	20	20	20	22	21	22	23
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (Miles)	240.0	152.5	152.5	158.2	158.2	158.2	159.0	159.0	159.0	159.0
Sidewalks (Miles)	N/A	84	88	89	90	90	91	91	91	91
Streetlights	N/A	N/A	N/A	N/A	N/A	170	175	175	175	175
Water and Sewer										
Water Mains (Miles)	93	96	99	104	107	107	108	108	108	108
Fire Hydrants	1,600	1,620	1,647	1,731	1,739	1,739	1,760	1,760	1,760	1,760
Sanitary Sewers (Miles)	97	97	99	103	106	106	107	107	107	107

N/A - Currently Not Available

Data Source: Village Records