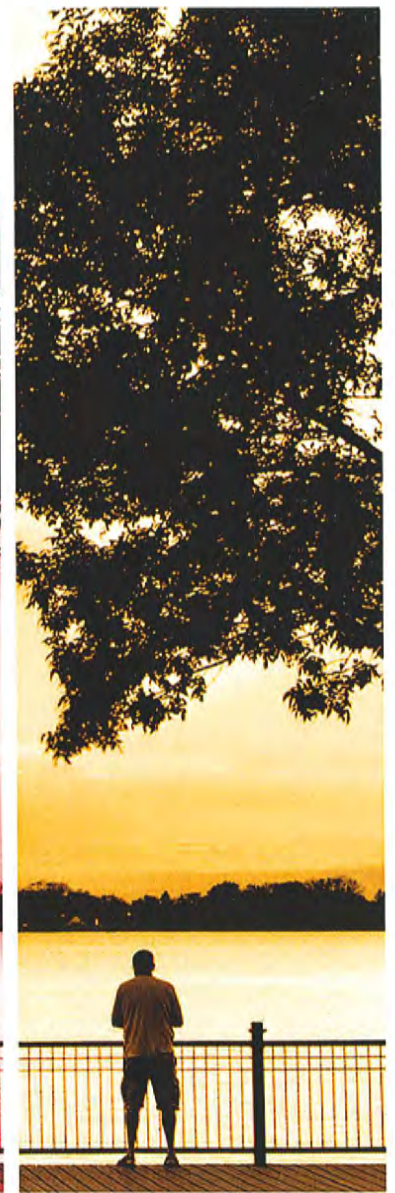




For Fiscal Year Ended: April 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Village of Lake Zurich, Illinois



VILLAGE OF LAKE ZURICH, ILLINOIS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Year Ended
April 30, 2015

Prepared by Finance Department

Jodie K. Hartman
Finance Director/Treasurer

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INTRODUCTORY SECTION

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

LIST OF ELECTED AND APPOINTED OFFICIALS

April 30, 2015

VILLAGE BOARD OF TRUSTEES

Tom Poynton, Mayor

Jim Beaudoin

Jeff Halen

John Shaw

Steve O'Connor

Jonathan W. Sprawka

Dan Stanovich

Kathleen Johnson, Village Clerk

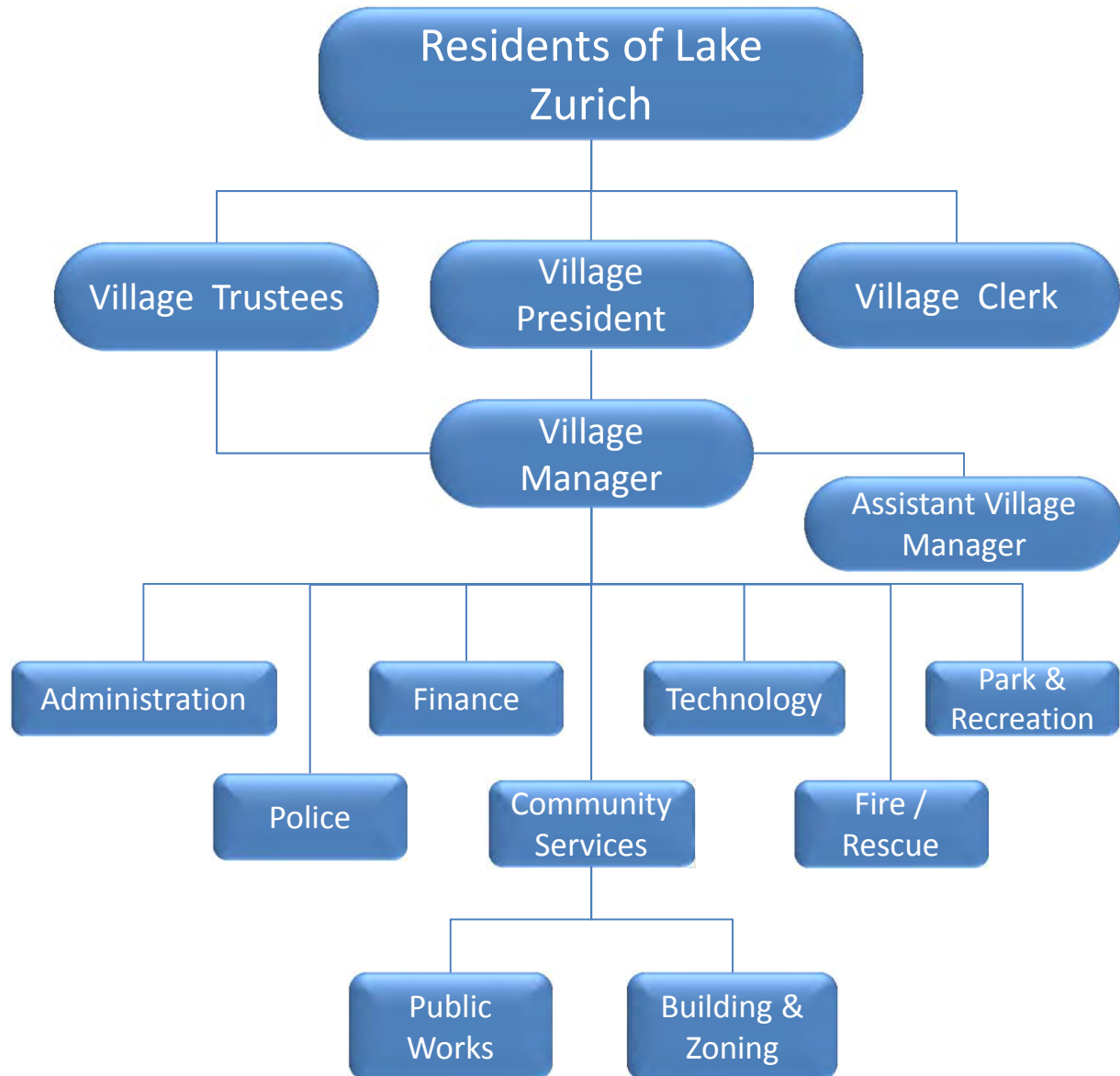
Jason Slowinski, Village Manager (through September 1, 2015)

Steve Husak, Acting Village Manager effective September 1, 2015

Jodie K. Hartman, Finance Director/Treasurer

Village of Lake Zurich

Organization Chart for Fiscal Year 2015





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Lake Zurich
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2014

Executive Director/CEO



OFFICE OF THE VILLAGE MANAGER

Steven D. Husak

October 7, 2015

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

The Finance Department is pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) of the Village of Lake Zurich, Illinois (the Village) for the fiscal year ended April 30, 2015. This report provides a broad view of the Village's financial activities for the 2015 fiscal year and its financial position at April 30, 2015. Although addressed to the elected officials and citizens of the Village, this report has a number of other users. Foremost among these other users are bondholders of the Village, financial institutions, credit rating agencies, educational institutions, and other government entities. Illinois statutes require that Illinois municipalities publish financial statements on an annual basis that are prepared in accordance with generally accepted accounting principles and are audited by independent accountants. In producing a CAFR, the Village of Lake Zurich has chosen to provide financial information that is significantly greater than that which is required under state law.

Responsibility for both the accuracy of the information presented in the CAFR as well as the completeness and fairness of the presentation, including all disclosures, rests with the Village. We believe that the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial affairs have been included.

Sikich LLP (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended April 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

The management of the Village has established a system of internal control that is designed to assure that the assets of the Village are safeguarded against loss, theft, or misuse. The system of internal control also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management.

This letter of transmittal should be read in conjunction with management's discussion and analysis to obtain the most complete assessment of the Village's current financial status and its future prospects.

Profile of the Government

The Village of Lake Zurich is located in southwestern Lake County approximately 37 miles northwest of downtown Chicago. The Village is an established residential community which traditionally served as a market center for surrounding rural areas and, earlier in the 20th century, as a popular summer resort. The population has increased by more than five times since 1960, as the Village has shared in the economic growth that has come from an expanding Chicago metropolitan area. Lake Zurich has developed into a community with above-average wealth and housing values, and a balanced tax and revenue base.

Settlers first came to the area in the 1830's. George Ela settled in the area of Deer Grove, not far from Cedar Lake (now Lake Zurich) in 1835. Seth Paine, a Chicagoan, came to the area in 1836, and built a number of commercial establishments in what is now downtown Lake Zurich. New England farmers and German immigrants followed, and the Village was incorporated on September 19, 1896.

The Village grew slowly after its incorporation. The Palatine and Lake Zurich and Wauconda Railroad was built in 1910, but the line was discontinued in 1920. Rand Road (now U.S. Route 12) was paved through town in 1922, and helped establish Lake Zurich, with its rural setting and 250-acre lake, as a summer resort community. The east-west State Route 22, which also runs through Lake Zurich, was constructed in 1927. Population growth accelerated after World War II, with the Village's population increasing from 850 in 1950 to 3,458 in 1960, and further to 4,082 in 1970, 8,225 in 1980, and 14,927 in 1990 (up 81.5% from 1980). The 2000 Census reported a population of 18,104 up 21.3% from 1990. The Village estimates its current population at 19,932. The land area of the Village is 6.9 square miles.

The Village's municipal neighbors include North Barrington to the west, Deer Park to the south, Kildeer to the southeast and east, and Hawthorn Woods to the north. Transportation links include U.S. Route 12 and State Route 22, and freight rail service by the CN Railroad. Commuter train service to Chicago is available in Barrington, five miles from Lake Zurich. O'Hare International Airport is approximately 30 miles from the Village.

The Village is a non-home rule community that operates under the management form of municipal government as provided in 65 ICLS 5. Lake Zurich is governed by a President and a six-member Board of Trustees. All are elected at an at-large basis in non-partisan elections to overlapping four year terms. The Board and President are charged with (among other things) setting policy, passing ordinances, adopting the budget and hiring the Village Manager. In turn, the Village Manager oversees the day-to-day operations of the Village.

Additional demographic information about the Village can be found in the statistical section of this report.

The Reporting Entity

This report includes all activities and functions of the Village that are under the jurisdiction of the Board of Trustees, as set forth in state and local law. There are two blended component units included in this report, those being the Police Pension Fund and the Firefighters' Pension Fund. These two pension plans are governed by separate boards, but the Village is obligated to fund the two plans based on actuarial valuations.

Accounting System and Budgetary Control

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Village's accounting records are generally maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available to liquidate obligations of the current period and expenditures are recorded when a liability is incurred that is expected to draw upon current financial resources. The modified accrual accounting records are the basis for assessing budgetary compliance. After the end of the year, the Village's management makes certain adjustments to the accounting records to permit the preparation of certain financial statements on the accrual basis of accounting to comply with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

The annual budget serves as the foundation for the Village's financial planning and control. It also serves as the legal authority to spend public funds. The Village Board has adopted the Budget Act for purposes of legally appropriating public funds. The Village Manager was designated by the Village Board as the Budget Officer. All departments submit their budget requests to the Village Manager around January 1st of each year. The Director of Finance prepares an estimate of revenues to be received during the fiscal year. The Village Manager, Director of Finance, and appropriate staff review all budget requests and revenue estimates and develop a proposed budget. The proposed budget is presented to the Village Board and a formal public hearing is held in April. By state law, the annual budget must be adopted by the Village Board prior to the first day of the fiscal year. The Budget Officer may approve the transfer of budgeted funds from one account to another, provided the two accounts are within the same object class and within the same department and fund. Any other amendments or increases to the annual budget may be done only by a two-thirds vote of the Village Board.

Factors Affecting Economic Condition

Local Economy: Like all other local governments, the Village of Lake Zurich has been strongly affected by the recent economic downturn which has caused declines in retail sales and property values compared to 2007. The 2014 Equalized Assessed Value for the Village has been set at

\$768,979,731 which increased from the prior year by approximately 1.6%. The unemployment rate in Lake County was 4.5% as of April 2015, slightly lower than the Illinois rate of 6% and the U.S. unemployment rate of 5.4%. Lake Zurich is primarily a white collar community and therefore the residents have been less affected by the loss of manufacturing jobs impacting other states and counties. Revenues are showing modest increases, while expenditures continued to increase, especially in the areas of pension and health care costs.

Lake Zurich has a very strong retail sales tax base primarily located on the Rand Road Corridor. Sales tax revenue for the Village, which has remained relatively stable despite the recessionary economic condition, continues to grow steadily at 6% from last fiscal year to this fiscal year. The Village has a strong mix of retail superstores, such as Costco, Home Depot, Wal-Mart, Target and Mariano's, which has helped in weathering the recession. The Village is also home to Peapod, a nationwide grocery delivery company. Peapod's sales have increased significantly the last five years and the Village has a sales tax sharing incentive with Peapod. Despite a strong sales tax base, the rising cost of operations limits the Village's ability to properly maintain and improve the citizens' investment in Village infrastructure. Village management is continuously looking for ways to cut costs and/or increase revenues. However, a large proportion of the increasing costs are mandated by statute, regulatory agencies, and/or labor contracts.

Retail vacancy rates increased slightly over the last year, with the latest analysis indicating a retail vacancy rate of 9.56% as of April 2015. However, the local retail vacancy rate was still favorable when compared to the estimated Chicagoland retail vacancy rate of 11.8%. Interest in new construction remains high with several new projects being completed during late 2014 and early 2015, including a 7,000 sq. ft. multi-tenant retail building and a 35,000 square foot industrial building. Multiple projects went through the zoning entitlement process and are in review for a building permit, including a 120-unit senior living facility, a 3-unit townhome building, a 19-unit townhome development, and a 6,300 commercial building. The Village did not enter into any economic incentive agreements during the 14/15 fiscal year.

The Village is directly impacted by the financial condition of the State of Illinois. Due to the state's budget shortfall, shared revenue payments to the Village continue to lag. The Governor has proposed reducing the income tax distribution to municipalities by 50%, which would be a huge financial burden for the Village. The State is also looking at freezing property tax rates, another financial detriment to the Village. With the budget impasse currently in Springfield, Motor Fuel Tax distribution have been halted indefinitely. We are also closely monitoring the political environment in Springfield. Either change alone would further decrease the resources available to the Village, especially if both are adopted, and in turn the level of services we can provide our residents would likely be impacted. As a non-home rule community, options for replacing the lost revenue are virtually non-existent.

Long-Term Financial Planning: The Village uses a number of processes and planning documents to accomplish its financial planning. As discussed above, the Village adopts an annual budget. The Village Board adopted the formal Capital Improvement Plan in November 2014, forecasting funding needs for capital items that are expected to exceed \$10,000 and have a useful life of more than a year, such as road improvements, large machinery and equipment, and

building improvements. Priorities will be given to items that 1) protect human health, 2) preserve private and public assets and 3) enhance the quality of life.

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

Major Accomplishments and Initiatives

The fiscal year ended April 30, 2015 saw many accomplishments and major initiatives come to fruition, including:

- Despite an expected budgetary deficit of \$1.15 million in the General Fund, the Village was able to report instead a small surplus of \$70,000. This is due to both higher than expected revenues and lower than expected expenditures due to cost saving efforts and deferral of some expenditures.
- Service levels remain high amidst lower than expected expenditures. In addition to core services of police, fire and public works, community recreational programs were also maintained, such as beaches staffed with lifeguards, summer camp and preschool.
- The Village hosted the first Conversation with the Community, an engagement session in a town hall meeting format with citizens and community stakeholders. Highlights included ongoing challenges, achievements, and upcoming initiatives for the Village.
- Through intergovernmental cooperation, the Village was successful in achieving a twelve (12) year extension for the Tax Increment Financing (TIF) district. The boundaries were also evaluated and non-performing parcels hurting the TIF district were removed, as well as some completed parcels.
- A new TIF was established for the immediate downtown area. As the Village currently owns a significant portion of downtown properties, the frozen EAV for many properties is now zero and can only go up.
- The Village presented a twelve-point Global Financial Plan for Fiscal Stability that will allow the Village to be focused on meeting the service and capital infrastructure priorities of Lake Zurich while maintaining a balanced budget.
- The first Craft Beer fest was well received by the community, with over 2,000 attendees. The Village has expanded community events from the July 4th celebration to an annual block party (Rock the Block), a weekly farmers market, the craft beer fest and several smaller events throughout the year.
- Recreational programming was revamped to draw additional attendees and engage more of the community. Some of the new programs include aerial yoga and magic classes. As there is no park district for Lake Zurich, the Village prioritizes meeting the community needs for recreational options and has added several events such as Movies in the Park, Blue and You and Breakfast with the Bunny to better serve the community.

- A pavement management study was conducted for nearly 80 miles of street. Based on the data obtained, the plan will assist in prioritizing capital improvement projects and the limited funding available for maximum benefit.
- A fleet replacement program was prepared, identifying long-term needs from a vehicle and large equipment perspective. Annual funding level of \$850,000 was recommended for keeping up with necessary fleet replacements.
- Multi-year intergovernmental agreements were approved for use of fuel, fleet repairs, a records management system consortium and consolidated dispatch services.
- To allow more of the community to have access to information, Board and committee meetings are now broadcast live on both Comcast and AT&T and via live streaming.

Some of the more significant initiatives planned for the 2015/16 fiscal year are as follows:

- The Village will be using the results of the first-ever National Citizen Survey to benchmark service quality, enact local policies that advance resident priorities, and evaluate the progress of initiatives over time. This citizen engagement exercise has provided data that will facilitate informed decision making during upcoming budget workshops and goal-setting sessions.
- Implementation will begin on the International City/County Management Association operational assessment of the Fire/Rescue Department in order to maintain excellent service quality with greater efficiencies of public funds.
- The Employee Health & Wellness Subcommittee will be implementing wellness programs to support Village employees. These programs will feature challenges and incentives to boost staff health, morale, and productivity with the additional benefit of further reducing claims on the Village's self-insurance liability.
- Village staff will actively implement objectives identified in the formal multi-year strategic plan through in-depth analysis of priorities, vision and opportunities. Updates will be reported to the Board and the community to keep the strategic plan a dynamic priority with results.
- Implement consortium related to evaluating and purchasing a records management system that benefits all the members and minimizes costs to each organization.
- Take comprehensive action to address unaccounted for water loss which is estimated at 20%. Staff is targeting the standard of 12% set by the Illinois Department of Natural Resources (IDNR) for water suppliers that receive Lake Michigan water (the standard decreases to 10% in 2019). Activities will include a leak detection survey of the water distribution survey and a performance contract to address aged water meters.
- Perform work necessary to again receive accreditation from CALEA during the next review period.
- Enhance the annual tree-lighting celebration to involve more of the community, providing an opportunity to bring the residents, the business owners and staff and the local government together for a joint celebration of the holiday season.

- Continue delivering high-quality core services to the community while keeping costs minimized.
- Utilize health and wellness options for Village employees to maximize productivity and minimize health care costs through maintaining a healthier work force.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2014. This represented the twenty-sixth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

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

The Village President and Village Board of Trustees must be acknowledged and thanked for setting the highest standards of professionalism in the oversight and management of the Village's finances.

Respectfully submitted,



Steve Husak
Interim Village Manager



Jodie Hartman, CPA
Director of Finance/
Village Treasurer

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITOR'S REPORT



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

630.566.8400 // www.sikich.com

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Lake Zurich, Illinois (the Village), as of and for the year ended April 30, 2015 and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake Zurich, Illinois, as of April 30, 2015, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Village adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*, during the year ended April 30, 2015, which modified certain disclosures in the notes to financial statements and the required supplementary information. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplemental data and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplemental data are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink, appearing to read "Sibich UP". The signature is fluid and cursive, with the "UP" part being more distinct and larger than the "Sibich" part.

Naperville, Illinois
August 25, 2015

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

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

April 30, 2015

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, 2015. It should be read along with the transmittal letter and financial statements for the most complete understanding of the Village of Lake Zurich's financial activities for the year.

FINANCIAL HIGHLIGHTS

VILLAGE FUNDS AS A WHOLE:

- Total assets of the village exceeded liabilities by \$113 million.
- Total net position of the village increased \$3 million
- Combined revenues totaled \$38.1 million, an increase of 7% from the preceding year.
- Overall expenses totaled \$35.1 million, an increase of 6% from the preceding year.

GENERAL FUND:

- Fund balance increased by \$70,021.
- Total fund balance at the end of the year was \$9.6 million, of which \$1.87 million was nonspendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$5.7 million

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position increased \$391,000.
- Total net position at the end of the year was \$43.1 million, of which \$39.7 was invested in fixed assets and \$3.4 million in unrestricted funds.
- From an operations perspective, the fund had an operating loss of \$19,460 for the year.
- Working capital of the fund has increased from \$4.9 million to \$5.7 million. This includes \$2.8 million of unspent bond proceeds at year end.

LONG-TERM DEBT

- Total long-term debt decreased about \$313,000 to \$43.4 million outstanding as of April 30, 2015.
- Bonded debt alone decreased \$1.1 million to \$32.5 million outstanding as of April 30, 2015.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, decreased \$256,000 to \$126.8 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$791,000 to \$83.3 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with generally accepted accounting principles, the village presents its financial statements so as to offer two perspectives of its financial position and results of operation. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the village for specific purposes. The focus of the fund statements is on major funds. Both perspectives (government-wide and major fund) address likely user questions, provide a broad basis for comparison, and enhance the village's accountability.

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

Government wide statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

The Village of Lake Zurich has twelve (12) governmental funds to account for its governmental functions. Of these funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, TIF Tax Allocation Fund, Debt Service Fund, TIF Debt Service Fund, Capital Improvements Fund, Downtown TIF Capital Fund and the Downtown TIF #2 Fund, all of which are considered to be "major" funds. The purposes of these major funds are as follows:

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

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

The TIF (#1) Tax Allocation Fund accounts for all revenues and transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the Tax Increment Finance (TIF) Act.

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

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

The TIF Debt Service Fund accounts for the accumulation of financial resources to pay principal and interest expenses generated related to TIF District #1.

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

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

Data from the other five (5) funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. Budgetary comparisons are included at the fund level in the combining and individual fund financial statements. The basic governmental fund financial statements can be found on pages 8 through 13 of this report.

Proprietary Funds

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

The basic proprietary fund financial statements can be found on pages 14 through 17 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Hence, fiduciary funds are not included in the government-wide statements, as their resources are not available to support the Village's own programs. The Village of Lake Zurich has three fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and the Performance Escrow Fund. Like proprietary funds, fiduciary funds are accounted for on a full accrual basis.

The basic fiduciary fund statements can be found on pages 18 and 19 of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are on pages 20 through 67 of this report.

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

April 30, 2015

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Included in this report is a budgetary comparison statement for the General Fund and the special revenue funds, as well as information regarding the Village's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information is available on pages 68 through 79.

Amendments to Budget

Amendments to the budget are typically made throughout the year. The Village Manager, as Budget Officer, is authorized to implement a budget transfer between accounts within the same object class, provided it is within the same department and fund. No transfers were authorized by the Budget Officer during the year. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board. Four (4) budget amendments were approved during the fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

The combined net position for the fiscal year ended April 30, 2015 totaled \$113 million and consisted of net position from both governmental activities and business-type activities of \$70 million and \$43 million respectively. Following is a table that shows total net position of the Village as of April 30, 2015 with a comparison to the preceding fiscal year.

Statement of Net Position
As of April 30, 2015 and 2014

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Current and other assets	\$ 33,303,374	\$ 31,930,288	\$ 7,521,590	\$ 6,214,884	\$ 40,824,964	\$ 38,145,172
Capital assets	83,337,061	82,546,136	43,509,783	44,556,470	126,846,844	127,102,606
Deferred Outflows	2,834,344	1,519,085	-	-	2,834,344	1,519,085
Total assets & deferred outflows	119,474,779	115,995,509	51,031,373	50,771,354	170,506,152	166,766,863
Current and other liabilities	4,734,839	4,471,739	1,797,053	823,914	6,531,892	5,295,653
Long-term liabilities	34,796,052	34,401,737	6,115,422	7,219,526	40,911,474	41,621,263
Deferred Inflows	9,969,924	9,775,564	-	-	9,969,924	9,775,564
Total liabilities and deferred inflows	49,500,815	48,649,040	7,912,475	8,043,440	57,413,290	56,692,480
Net position:						
Net investment						
in capital assets	80,503,360	79,846,136	39,678,649	41,321,810	120,182,009	121,167,946
Restricted	10,960,283	10,192,895	-	-	10,960,283	10,192,895
Unrestricted	(21,489,679)	(22,692,562)	3,440,249	1,406,104	(18,049,430)	(21,286,458)
Total net position	\$ 69,973,964	\$ 67,346,469	\$ 43,118,898	\$ 42,727,914	\$ 113,092,862	\$ 110,074,383

The Village's net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure less any related debt used to acquire those assets still outstanding), is by far the largest portion of the Village's net position. As of April 30, 2015, capital assets net of related debt totaled \$120.2 million. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of

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

April 30, 2015

related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

In the governmental funds, the total net position increased by \$2.6 million. This increase is primarily attributable to better than anticipated performance in the General Fund. Considering budget amendments, the General Fund was slated for almost a \$1.2 million loss, due to a transfer of \$1.275 million to the Motor Fuel Tax Fund. Revenues exceeded expectations by about \$367,000, but more impactful was expenditure reductions/delays of over \$720,000. Despite the transfer, General Fund ended with a small surplus and Motor Fuel Tax Fund gained a substantial amount of fund balance.

Cash and investments for governmental funds decreased about \$248,000. Total assets for the governmental funds grew by \$2.16 million, most notably in the due from other governments category. Total liabilities grew about \$692,000, of which the major component of noncurrent liabilities was increased by \$657,000.

For the business-type activities, total net position increased by \$391,000. Non-capital assets (cash, investments, receivables, etc.) increased by roughly \$1.3 million. Total liabilities decreased \$131,000, with the largest reduction in long-term liabilities as the village continues to pay down the existing debt.

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

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

April 30, 2015

Statement of Activities

The following summarizes the changes in the Village's net position for the 2014/15 fiscal year:

**Change in Net Position
For the Fiscal Years Ended April 30, 2015 and 2014**

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	4/30/2015	4/30/2014	4/30/2015	4/30/2014	4/30/2015	4/30/2014
Revenues:						
Program revenues:						
Charges for services	\$ 8,846,292	\$ 8,620,402	\$ 4,949,523	\$ 4,782,300	\$ 13,795,815	\$ 13,402,702
Operating grants	905,163	688,520	-	-	905,163	688,520
Capital grants	-	-	336,000	530,814	336,000	530,814
General revenues:						
Taxes	11,764,388	10,271,093	-	-	11,764,388	10,271,093
Intergovernmental	11,022,668	10,465,859	-	-	11,022,668	10,465,859
Investment earnings	69,306	17,587	7,228	1,218	76,534	18,805
Other	241,171	247,071	-	-	241,171	247,071
Total revenues	32,848,988	30,310,532	5,292,751	5,314,332	38,141,739	35,624,864
Expenses:						
General Government	1,802,610	1,613,068	-	-	1,802,610	1,613,068
Public Safety	19,438,857	18,582,961	-	-	19,438,857	18,582,961
Highways and Streets	4,969,501	4,647,467	-	-	4,969,501	4,647,467
Parks and Recreation	1,143,280	1,109,942	-	-	1,143,280	1,109,942
Economic Development	1,128,755	940,077	-	-	1,128,755	940,077
Interest on long-term debt	1,738,490	1,409,508	-	-	1,738,490	1,409,508
Water/Sewer	-	-	4,901,767	4,871,170	4,901,767	4,871,170
Total expenses	30,221,493	28,303,023	4,901,767	4,871,170	35,123,260	33,174,193
Excess/(deficit) before transfers	2,627,495	2,007,509	390,984	443,162	3,018,479	2,450,671
Transfers	-	(26,291)	-	26,291	-	-
Change in Net Position	2,627,495	1,981,218	390,984	469,453	3,018,479	2,450,671
Beginning net position	67,346,469	72,383,568	42,727,914	42,258,461	110,074,383	114,642,029
Special item	-	(7,018,317)	-	-	-	(7,018,317)
Ending net position - April 30	69,973,964	67,346,469	43,118,898	42,727,914	113,092,862	110,074,383

Governmental Activities

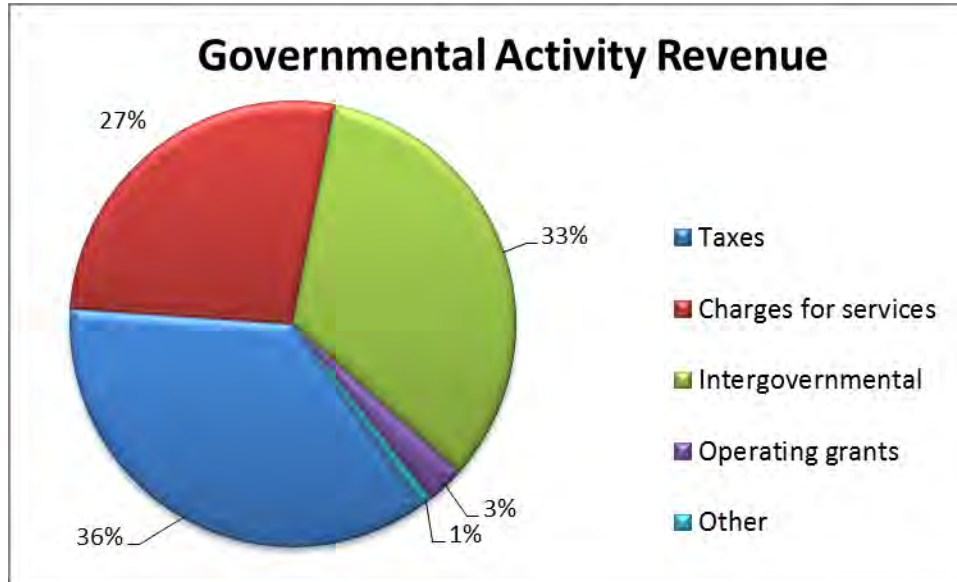
As is typical for governmental activities of local governments, program revenues cover a smaller percentage of program expenses, with general revenues covering the majority of expenses. For fiscal year 2014/15, governmental program expenses of \$30.2 million exceeded program revenues of \$9.75 million \$20.5 million. General revenues of \$23.1 million made up for the deficiency.

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

April 30, 2015

Revenues

The following graph indicates the breakdown of 2014/15 revenues by type.



Total revenues of \$32.8 million were higher than last year by approximately 8.4%, or \$2.5 million. A large contributor to this increase was the reinstatement of the Utility Tax, for both electric and natural gas (\$955,000).

Telecommunications tax, which has been unpredictable in the past few years, continues to decline from previous years. Compared to the prior year, receipts from this revenue source of \$851,500 were down almost \$69,000 (7.5%) from last year. Receipts have been declining due to changes in how customers receive their phone service, such as free long-distance with most cellular plans. A

Sales tax revenue was up approximately \$495,000 from last year, about a 6% increase. Lake Zurich's mix of retailers has weathered the recession better than localities that are selling more luxury or specialty products. The extreme cold weather negatively impacted sales this past year, particularly during January through March. The village lost one major retailer late 2014, Dominicks, as the company closed all their stores in Illinois. Another major retailer opened shortly thereafter, Mariano's, mitigating the loss of revenue from Dominicks.

The State Income Tax receipts of \$1.9 million have remained stable compared to the prior year, up approximately \$10,000 from last year. Receipts for May 2013 were uncharacteristically high due to changes in tax laws, causing a rash of reported income recognition. This spike is not expected to be duplicated in future years.

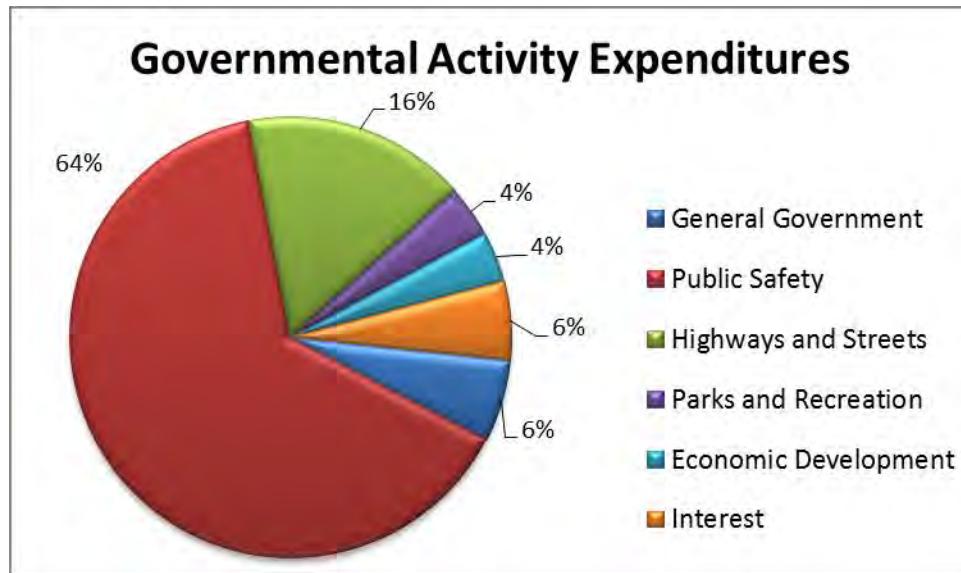
Charges for Services make up just under 27% of the village's governmental revenue. Charges for services increased by \$225,900, primarily related to public safety.

Expenditures

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

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

April 30, 2015



Expenditures associated with governmental activities increased by \$1.9 million, or 7%, from the preceding year. By far the most significant category of expenditures relate to public safety, which totaled \$19.4 million of the total \$30.2 million. Public safety expenses increased \$882,000. Expenditures for public safety salaries (full-time, part-time and overtime) decreased about \$21,000 (-0.2%) to \$10.04 million and accounts for 55% of the public safety expenditures. Expenditures decreased due to retirements, reorganization of duties and resulting vacancies during recruitment periods or position evaluations. Sworn pension costs have increased from approximately \$3 million to \$3.3 million and represent about 18% of public safety expenditures.

Business Type Activities

For business-type activities, net position increased a total of \$391,000. Program revenues of \$5.3 million exceeded program expenses of \$4.9 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1.68 million (34%).

Revenues associated with business-type activities totaled \$5.3 million, a decrease of \$27,600, or -0.5%, from the preceding year. A decrease in capital grants of \$195,000 from the prior year was recorded. Charges for services grew from \$4.78 to \$4.95 million (3.5%). An almost 8% increase to water and sewer rates was effective the first day of the fiscal year, however wet and cool weather during the summer months kept consumption below average levels and reduced the incoming revenues.

Business-type expenses increased \$31,000 compared to the prior fiscal year, up to \$4.90 million from \$4.87 million in fiscal 2014. Administration expenses continue to decline, decreasing from \$1.1 million two year ago to \$626,000 as the budget officer continues to evaluate the necessary items to be charged against the enterprise fund. Operation related expenses increased from \$4.6 million to \$4.7 million, an increase of about \$142,000.

VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

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, 2015 governmental funds reported combined fund balances of \$19.1 million. Of this amount, \$6 million is unreserved and is available for future obligations. About \$11 million is restricted, with \$5 million restricted for Tax Increment Financing (TIF), \$2 million for capital projects and \$.8 million for debt service. The remainder of restricted funds relate to special recreation, public safety, highway and streets and a small amount for tourism, generated by the hotel tax.

GENERAL FUND:

The General Fund is the Village's primary operating fund. For the fiscal year ended April 30, 2015, fund balance in the General Fund increased by \$70,000 from current year activities. Change to fund balance is a combination of revenues of \$26.9 million compared to expenditures of \$25.5 million, adjusted for other financing sources and uses of a net -\$1.3 million. Other financing sources include \$130,000 in proceeds from a capital lease and \$25,000 from the sale of capital assets. Other financing uses of \$1.4 are also included, representing a transfer of \$167,000 to the Capital Improvement Fund and \$1,275,000 to the Motor Fuel Tax Fund. The \$1.275 million represents proceeds from the jurisdictional transfer from the State of Illinois of Main Street, received in a prior year. The funds have now been dedicated to Motor Fuel Tax eligible expenses. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$9.6 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund has a fund balance of \$217,000, restricted entirely for TIF purposes. This is \$164,000 higher than the previous year.
- The Debt Service Fund has a positive fund balance of \$826,000 that is restricted entirely for the payment of future debt service. This is \$16,000 higher than the previous year.
- All fund balance of the TIF Debt Service Fund, -\$1.1 million, is restricted for payment of future debt service. This is \$1.2 million lower than the previous year. The TIF Debt Service Fund has received a long-term advance of over \$1.5 million to cover its expenditures to date. The removal of several negative increment parcels and an extension to the life of the TIF will be used to rebuild the fund balance of the fund in future years.
- The Capital Improvements Fund fund balance decreased about \$834,000 to \$684,000 with a deliberate drawn down of fund balance during the year, primarily using funds restricted for noise mitigation related to the CN rail line. \$482,000 of this fund balance is earmarked for noise mitigation related to the CN rail, which will be expended by the end of next fiscal year.
- The Downtown TIF Fund fund balance has been reduced to -\$182,000, reflective of transferring \$4.8 million of land held for resale to the new Downtown TIF #2 fund. The fund has received \$200,000 from the General Fund as a long-term advance to cover expenditures to date. The removal of several negative increment parcels and an extension to the life of the TIF will be used to rebuild the fund balance of the fund in future years.
- The Downtown TIF Fund #2 is a new fund for this fiscal year. Fund balance at year-end of \$4.8 million is restricted entirely for TIF purposes, \$4.8 million of which is land held for resale.

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2015

Proprietary Funds

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

At April 30, 2015, net position of the proprietary fund totaled \$43.1 million. Cash and investments totaled \$6.68 million, an increase of \$1.4 million (26%). Bond proceeds from the 2013A issuance of \$2.8 million remains at year end. This was a major factor in improving the working capital of the fund up to \$5.7 million. Operating revenues increased 7% from the previous year to \$4.7 million. Despite the almost 8% rate increase to the Lake Zurich portion of water bills that took effect May 1, 2014, consumption was down dramatically over the prior year due to an unusually dry summer. Operating expenses (including depreciation) of \$4.7 million were 3% higher than the previous year. For the third year in a row, detailed review of necessary expenses has led to the administration component of operating expenses decreased significantly from the prior year, with a decrease of about \$171,000 (22%) for this fiscal year. Depreciation increased by \$30,000 (2%).

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced solid growth in the fiscal year ended April 30, 2014. Combined, the funds reported a \$5.2 million increase in plan fiduciary net position with investment earnings net related expenses of \$2.86 million, a 0.2% increase over the prior year net investment earnings. Deductions for benefits and other smaller items increased about 17%, from \$1.47 million in the prior year to \$1.72 million this year. Cash and investments totaled \$42.8 million as of April 30th.

Agency Funds: The village has several agency funds, including an escrow performance fund and several special service area funds. These funds do not have budgets, nor do they have measures of operations. They are used to account for assets and liabilities of funds kept in a custodial manner. Total assets of agency funds increased over last fiscal year by \$544,000, primarily as deposits payable. Total cash and investments as of April 30, 2015 was \$2.6 million, about \$575,000 higher than the end of the previous fiscal year. The activity of the special service areas has been broken out from the escrow performance fund activity for transparent reporting.

GENERAL FUND HIGHLIGHTS

Amendments to Budget

The Village Manager as Budget Officer is authorized to implement a budget transfer between accounts within the same object class, provided it is within the same department and fund. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board. The revenues and expenditures were monitored closely throughout the year compared to stay in compliance with the fund level budgetary policy.

Four budget amendments were approved for this fiscal year that affected the General Fund. Overall, revenues were increased by \$522,000. Of that amount, \$310,000 is attributable to higher than originally anticipated permit activity. An increase to rates for ambulance billing also was the catalyst for a \$70,000 increase to charges for services.

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

April 30, 2015

The budget for expenditures increased by \$299,900 for the General Fund. While some functions saw reductions (Administration, Police, and Fire), increases to other functions such as Economic Development and Recreation were necessary to support operations.

Change in Fund Balance

General Fund

When the original budget was adopted in April of 2015, a deficit of \$7,518 was expected for the General Fund. After the budget amendments, the expected deficit was expanded to \$1,155,400, mostly to allow for the transfer of \$1.275 million. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$70,021. Revenues and other financing sources came in at \$27.03 million for the year, \$504,000 more than budgeted. Expenditures and other financing uses totaled \$26.96 million, which was \$722,000 less than the budget. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended April 30, 2015.

**General Fund Budgetary Highlights
Fiscal Year Ended April 30, 2015**

	Final Budget	Actual
Revenues & Other Financing Sources		
Taxes	\$ 9,154,842	\$ 9,110,072
Licenses and permits	918,625	1,030,867
Intergovernmental	14,085,343	14,241,235
Charges for services	1,407,402	1,587,616
Fines and forfeits	809,100	785,685
Other revenue	136,880	123,435
Sub-total revenues	\$ 26,512,192	\$ 26,878,910
Other financing sources	17,500	154,561
Total Revenues and Other Financing Sources	\$ 26,529,692	\$ 27,033,471
Expenditures and Other Financing Uses		
General government	\$ 2,338,829	\$ 2,465,288
Public safety	19,481,361	19,036,526
Highways and streets	2,655,729	2,431,534
Culture and recreation	940,781	885,710
Economic development	826,401	702,392
Sub-total expenditures	\$ 26,243,101	\$ 25,521,450
Other financing uses		
Transfers to Other Funds	1,442,000	1,442,000
Total Expenditures and Other Financing Sources	\$ 27,685,101	\$ 26,963,450
Change in Fund Balance	\$ (1,155,409)	\$ 70,021

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

April 30, 2015

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$126.8 million at April 30, 2015. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 15	FYE 14	FYE 15	FYE 14	FYE 15	FYE 14
Land and Improvements	\$ 34,930,202	\$ 34,359,757	\$ 249,652	\$ 249,652	\$ 35,179,854	\$ 34,609,409
Building and Improvements	8,249,031	8,339,669	-	-	8,249,031	8,339,669
Machinery & Equipment	866,723	940,038	741,410	485,330	1,608,133	1,425,368
Vehicles	1,419,019	1,477,100	162,694	187,952	1,581,713	1,665,052
Other	405,704	82,661	14,341	14,341	420,045	97,002
Infrastructure	37,466,382	37,346,911	42,341,686	43,619,195	79,808,068	80,966,106
Total	<u>\$ 83,337,061</u>	<u>\$ 82,546,136</u>	<u>\$ 43,509,783</u>	<u>\$ 44,556,470</u>	<u>\$ 126,846,844</u>	<u>\$ 127,102,606</u>

Capital additions for the year totaled \$3 million for governmental funds and \$632,000 for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- \$804,000 on Land Improvements, for the work on the rail line noise wall, replacement of the playground at Manor Park and improvements to the Skate Park.
- \$204,000 on Building Improvements, for restroom renovations at Paulus Bark and Breezewald Park and renovations at village hall.
- \$73,000 on Machinery and Equipment, for a mini track loader and a power –load cot for an Ambulance.
- \$175,000 on Vehicles, for three Police vehicles and two trucks for Community Services
- \$23,000 on Computers, for Microsoft Office licensing lease.
- \$1.4 million on Infrastructure, for the annual street resurfacing program.

Business-Type Fund:

- \$336,000 on Infrastructure, for contributed capital of water and sanitary main serving the Bradford Town Crossing development
- \$296,000 on Machinery and Equipment, for water meter replacements and a submersible motor.

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

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

April 30, 2015

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$1.1 million. One small issuance of \$1,055,000 was issued on a short-term basis and was repaid before the end of the fiscal year. The village issued \$6,325,000 GO Refunding Bonds, Series 2014A, to advance refund the 2005A Series Bonds for interest savings. The village also issued \$11,775,000 in taxable GO Refunding Bonds, Series 2015A, to advance refund most of the outstanding Series 2009B, Series 2009C, Series 2011B, Series 2011C and Series 2012 to restructure the village's debt burden and achieve cash flow savings for the next ten years.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 15	FYE 14	FYE 15	FYE 14	FYE 15	FYE 14
General Obligation Bonds	\$ 2,305,000	\$ 2,700,000	\$ -		\$ 2,305,000	\$ 2,700,000
TIF Alternate Revenue Bonds	550,000	7,275,000	-		550,000	7,275,000
TIF Revenue Bonds	25,865,000	19,405,000	-		25,865,000	19,405,000
Water Alternate Revenue Bonds	-	-	3,800,000	4,075,000	3,800,000	4,075,000
IEPA Loan	-	-	2,623,190	2,797,744	2,623,190	2,797,744
Bonded Debt Total	28,720,000	29,380,000	6,423,190	6,872,744	35,143,190	36,252,744
Compensated Absences	1,765,604	1,542,986	78,213	79,200	1,843,817	1,622,186
Net Pension Obligation	4,901,146	5,156,017	-	-	4,901,146	5,156,017
Capital Lease Obligation	764,956	243,559	-	-	764,956	243,559
Other	544,747	213,316	244,591	267,582	789,338	480,898
Combined LT Debt Total	36,696,453	36,535,878	6,745,994	7,219,526	43,442,447	43,755,404

Through both issuances, the village was able to maintain a AAA, stable outlook, bond rating from Standard and Poors, which had been upgraded from AA in 2013. Maintaining the AA stable was based on the following factors:

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

Additional information on the Village's long-term debt is presented in the notes to the basic financial statements, note seven (7), on pages 36 through 45.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village is directly impacted by the financial condition of the State of Illinois. Shared revenue payments to the Village are not occurring on time. The State owes the Village over \$2 million in combined shared revenue as of April 30, 2015. The political environment in Springfield is being closely monitored for legislation that could reduce or eliminate the shared revenue, and in turn impact the level of service to the residents.
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2015 Tax Levy to be 0.8%. Any increase in CPI along with the value of new construction will be used to offset the growing cost of funding for both police and fire pension funds for the village.
- The new downtown TIF district has begun to see serious interest from the development community. While no increment will be received until the 2015 levy, the village is encouraged by the renewed interest in downtown development.

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

April 30, 2015

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

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. The transfer of \$1.275 million to Motor Fuel Tax Fund was necessary and appropriate, however it has decreased the fund balance of the General Fund. At April 30, 2015 the unrestricted fund balance of the General Fund was 28.7% of total expenditures of the current year and 27% of the budgeted expenditures for the fiscal year ending April 30, 2016. Both figures are well above the current policy of 20%.

The Water/Sewer Fund had cash and investments of \$6.7 million at April 30, 2015, including \$2.8 million of unspent bond proceeds for infrastructure projects. The fund also had unrestricted net position of \$2.6 million. The Village monitors both revenues and expenses to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund. The Village Board approved a two-step rate increase plan, with increases effective May 1, 2015 and May 1, 2016.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Lake Zurich's financial position and activities for the fiscal year ended April 30, 2015. Questions and requests for additional information should be directed to the Finance Director, Village of Lake Zurich, 70 E. Main Street, Lake Zurich, Illinois 60047.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2015

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
CURRENT ASSETS			
Cash and investments	\$ 13,289,783	\$ 6,683,378	\$ 19,973,161
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	9,969,924	-	9,969,924
Accounts	1,371,564	815,286	2,186,850
Accrued interest	10,956	974	11,930
Due to/from other funds	268	(268)	-
Due to/from fiduciary funds	(14,716)	17,468	2,752
Due from other governments	3,257,325	-	3,257,325
Deposits	-	2,000	2,000
Prepays	569,937	-	569,937
Inventory	15,243	2,752	17,995
Land held for resale	4,833,090	-	4,833,090
 Total current assets	 33,303,374	 7,521,590	 40,824,964
NONCURRENT ASSETS			
Capital assets not being depreciated	30,868,874	263,993	31,132,867
Capital assets (net of accumulated depreciation)	52,468,187	43,245,790	95,713,977
 Total noncurrent assets	 83,337,061	 43,509,783	 126,846,844
 Total assets	 116,640,435	 51,031,373	 167,671,808
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	2,834,344	-	2,834,344
 Total assets and deferred outflows of resources	 119,474,779	 51,031,373	 170,506,152
CURRENT LIABILITIES			
Accounts payable	693,898	1,058,040	1,751,938
Accrued payroll	539,050	41,009	580,059
Other payables	502,471	-	502,471
Claims payable	231,860	-	231,860
Accrued interest payable	252,214	67,432	319,646
Unearned revenues	614,945	-	614,945
Due within one year	1,900,401	630,572	2,530,973
 Total current liabilities	 4,734,839	 1,797,053	 6,531,892
NONCURRENT LIABILITIES			
Due in more than one year	34,796,052	6,115,422	40,911,474
 Total liabilities	 39,530,891	 7,912,475	 47,443,366
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	9,969,924	-	9,969,924
 Total liabilities and deferred inflows of resources	 49,500,815	 7,912,475	 57,413,290

(This statement is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 80,503,360	\$ 39,678,649	\$ 120,182,009
Restricted for			
Special Recreation	288,506	-	288,506
Public Safety	295,571	-	295,571
TIF	5,010,907	-	5,010,907
Debt Service	826,062	-	826,062
Noise Mitigation	481,736	-	481,736
Capital Projects	1,800,551	-	1,800,551
Highways and Streets	1,982,452	-	1,982,452
Tourism	274,498	-	274,498
Unrestricted	(21,489,679)	3,440,249	(18,049,430)
TOTAL NET POSITION	\$ 69,973,964	\$ 43,118,898	\$ 113,092,862

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,802,610	\$ 617,962	\$ 46,443	\$ -
Public safety	19,438,857	7,392,854	53,418	-
Highways and streets	4,969,501	186,992	763,502	-
Culture and recreation	1,143,280	613,484	-	-
Economic development	1,128,755	35,000	41,800	-
Interest	1,738,490	-	-	-
Total governmental activities	30,221,493	8,846,292	905,163	-
Business-Type Activities				
Waterworks and sewerage	4,901,767	4,949,523	-	336,000
Total business-type activities	4,901,767	4,949,523	-	336,000
TOTAL PRIMARY GOVERNMENT	\$ 35,123,260	\$ 13,795,815	\$ 905,163	\$ 336,000

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-Type Activities	Total
	\$ (1,138,205)	\$ -	\$ (1,138,205)
	(11,992,585)	-	(11,992,585)
	(4,019,007)	-	(4,019,007)
	(529,796)	-	(529,796)
	(1,051,955)	-	(1,051,955)
	(1,738,490)	-	(1,738,490)
	(20,470,038)	-	(20,470,038)
	-	383,756	383,756
	-	383,756	383,756
	(20,470,038)	383,756	(20,086,282)
General Revenues			
Taxes			
Property	9,927,632	-	9,927,632
Utility	955,222	-	955,222
Telecommunications	851,497	-	851,497
Other	30,037	-	30,037
Intergovernmental			
Replacement	62,696	-	62,696
Sales	8,640,078	-	8,640,078
Local use	397,340	-	397,340
Shared income tax	1,922,554	-	1,922,554
Investment income	69,306	7,228	76,534
Miscellaneous	241,171	-	241,171
Total	23,097,533	7,228	23,104,761
CHANGE IN NET POSITION	2,627,495	390,984	3,018,479
NET POSITION, MAY 1	67,346,469	42,727,914	110,074,383
NET POSITION, APRIL 30	\$ 69,973,964	\$ 43,118,898	\$ 113,092,862

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2015

	General	TIF Tax Allocation	Debt Service
ASSETS			
Cash and investments	\$ 5,740,717	\$ 213,872	\$ 826,062
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	7,159,710	1,193,368	1,616,846
Accounts	804,402	27,942	-
Accrued interest	7,532	356	-
Due from other funds	180	-	-
Advances to other funds	1,821,000	-	-
Due from other governments	2,783,201	-	-
Prepaid items	38,495	-	-
Inventory	15,243	-	-
Land held for resale	-	-	-
TOTAL ASSETS	\$ 18,370,480	\$ 1,435,538	\$ 2,442,908
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 280,695	\$ 8,567	\$ -
Accrued payroll	532,458	-	-
Other payables	189,649	-	-
Due to other funds	31,121	-	-
Advances due to other funds	-	16,450	-
Unearned revenue	538,302	-	-
Total liabilities	1,572,225	25,017	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	7,159,710	1,193,368	1,616,846
Total liabilities and deferred inflows of resources	8,731,935	1,218,385	1,616,846
FUND BALANCES			
Nonspendable			
Prepaid items	38,495	-	-
Inventory	15,243	-	-
Advances to other funds	1,821,000	-	-
Restricted			
Special Recreation	288,506	-	-
Public Safety	145,555	-	-
TIF	-	217,153	-
Debt Service	-	-	826,062
Noise Mitigation	-	-	-
Capital Projects	-	-	-
Highways and Streets	-	-	-
Tourism	-	-	-
Assigned			
Capital Projects	-	-	-
Unrestricted			
Unassigned	7,329,746	-	-
Total fund balances (deficit)	9,638,545	217,153	826,062
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,370,480	\$ 1,435,538	\$ 2,442,908

TIF Debt Service	Capital Improvements	Downtown TIF	Downtown TIF #2	Nonmajor Governmental	Total
\$ 371,102	\$ 990,854	\$ 17,659	\$ 36,591	\$ 4,137,531	\$ 12,334,388
-	-	-	-	-	9,969,924
4,015	-	-	60	489,077	1,325,496
535	1,754	-	-	779	10,956
-	5,701	-	-	-	5,881
-	-	-	-	-	1,821,000
-	-	-	-	-	2,783,201
4,013	-	-	-	-	42,508
-	-	-	-	-	15,243
-	-	-	4,833,090	-	4,833,090
\$ 379,665	\$ 998,309	\$ 17,659	\$ 4,869,741	\$ 4,627,387	\$ 33,141,687
\$ -	\$ 22,213	\$ -	\$ 987	\$ 265,654	\$ 578,116
-	-	-	-	506	532,964
-	215,000	-	-	97,822	502,471
-	-	-	-	-	31,121
1,529,550	-	200,000	75,000	-	1,821,000
-	76,643	-	-	-	614,945
1,529,550	313,856	200,000	75,987	363,982	4,080,617
-	-	-	-	-	9,969,924
1,529,550	313,856	200,000	75,987	363,982	14,050,541
4,013	-	-	-	-	42,508
-	-	-	-	-	15,243
-	-	-	-	-	1,821,000
-	-	-	-	-	288,506
-	-	-	-	150,016	295,571
-	-	-	4,793,754	-	5,010,907
-	-	-	-	-	826,062
-	481,736	-	-	-	481,736
-	202,717	-	-	1,597,834	1,800,551
-	-	-	-	1,982,452	1,982,452
-	-	-	-	274,498	274,498
-	-	-	-	258,605	258,605
(1,153,898)	-	(182,341)	-	-	5,993,507
(1,149,885)	684,453	(182,341)	4,793,754	4,263,405	19,091,146
\$ 379,665	\$ 998,309	\$ 17,659	\$ 4,869,741	\$ 4,627,387	\$ 33,141,687

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2015

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 19,091,146
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	83,337,061
The loss on refunding of bonds is capitalized as amortized over the life of the bonds on the statement of net position	2,834,344
Long-term receivables are not available or earned in the current period and, therefore, are not reported in the governmental funds	474,124
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(28,720,000)
Unamortized premium	(367,725)
Other postemployment benefit payable	(177,022)
Net pension obligation payable	(4,901,146)
Compensated absences payable	(1,765,604)
Capital lease obligation	(764,956)
Accrued interest payable	(252,214)
The unrestricted net position of the internal service funds is included in the governmental activities in the statement of net position	<u>1,185,956</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 69,973,964</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2015

	General	TIF Tax Allocation	Debt Service
REVENUES			
Taxes	\$ 9,110,072	\$ 1,213,681	\$ 1,594,631
Licenses and permits	1,030,867	-	-
Intergovernmental	14,241,235	-	-
Charges for services	1,587,616	-	-
Fines and forfeits	785,685	-	-
Investment income	45,598	925	752
Miscellaneous	77,837	88,915	-
	<hr/>	<hr/>	<hr/>
Total revenues	26,878,910	1,303,521	1,595,383
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	2,465,288	-	-
Public safety	19,036,526	-	-
Highways and streets	2,431,534	-	-
Culture and recreation	885,710	-	-
Economic development	702,392	339,834	-
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	1,450,000
Interest and fiscal charges	-	-	129,503
	<hr/>	<hr/>	<hr/>
Total expenditures	25,521,450	339,834	1,579,503
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,357,460	963,687	15,880
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds, at par	-	-	-
Premium on refunding bonds sold	-	-	-
Proceeds from capital lease obligation	129,856	-	-
Proceeds from sale of capital assets	24,705	-	-
Transfers in	-	-	-
Transfers (out)	(1,442,000)	(800,000)	-
Payment made to bond escrow agent	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,287,439)	(800,000)	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	70,021	163,687	15,880
	<hr/>	<hr/>	<hr/>
FUND BALANCES, MAY 1	9,568,524	53,466	810,182
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICIT), APRIL 30	\$ 9,638,545	\$ 217,153	\$ 826,062
	<hr/>	<hr/>	<hr/>

TIF Debt Service	Capital Improvements	Downtown TIF	Downtown TIF #2	Nonmajor Governmental	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,128,801	\$ 14,047,185
-	-	-	-	-	1,030,867
-	150,417	41,800	-	670,332	15,103,784
-	-	-	-	-	1,587,616
-	-	-	-	-	785,685
2,267	15,762	45	15	3,942	69,306
3,630	-	-	35,000	19,163	224,545
5,897	166,179	41,845	35,015	2,822,238	32,848,988
-	-	-	-	111,376	2,576,664
-	-	-	-	61,079	19,097,605
-	-	-	-	2,236,953	4,668,487
-	-	-	-	-	885,710
-	-	11,887	74,351	-	1,128,464
-	1,166,797	503	-	233,755	1,401,055
1,340,000	-	-	-	-	2,790,000
1,455,597	-	-	-	-	1,585,100
2,795,597	1,166,797	12,390	74,351	2,643,163	34,133,085
(2,789,700)	(1,000,618)	29,455	(39,336)	179,075	(1,284,097)
19,155,000	-	-	-	-	19,155,000
397,596	-	-	-	-	397,596
-	-	-	-	-	129,856
-	-	-	-	-	24,705
800,000	167,000	-	4,833,090	1,275,000	7,075,090
-	-	(4,833,090)	-	-	(7,075,090)
(18,746,704)	-	-	-	-	(18,746,704)
1,605,892	167,000	(4,833,090)	4,833,090	1,275,000	960,453
(1,183,808)	(833,618)	(4,803,635)	4,793,754	1,454,075	(323,644)
33,923	1,518,071	4,621,294	-	2,809,330	19,414,790
\$ (1,149,885)	\$ 684,453	\$ (182,341)	\$ 4,793,754	\$ 4,263,405	\$ 19,091,146

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2015

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (323,644)
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Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities Capital assets purchased	2,670,067
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The gain/loss on disposal of capital assets is reported on the statement of activities as a reduction/increase of expense	(29,175)
--	----------

Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(2,194,841)
--	-------------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds	
Change in compensated absences payable	(222,618)
Changes in net pension obligation payable	254,871
Change in net other postemployment benefit payable	(21,034)
Issuance of debt	(19,155,000)
Retirement of debt	19,815,000
Loss on refunding	1,721,704
Amortization of loss on refunding	(406,445)
Premium on bonds sold	(397,596)
Amortization of premium/discount of debt issuance	87,199
Proceeds from capital lease obligation	(129,856)
Capital lease obligation payments	82,583

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	165,856
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The change in net position of certain activities of internal service funds is in governmental funds	698,560
Less internal service fund depreciation	11,864

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 2,627,495
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See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2015

	Business-Type Activities Waterworks and Sewerage	Governmental Activities Internal Service
CURRENT ASSETS		
Cash and investments	\$ 6,683,378	\$ 955,395
Receivables - net of allowances		
Accounts	815,286	46,068
Accrued interest	974	-
Due from other funds	17,468	10,792
Deposits	2,000	-
Prepaid items	-	527,429
Inventories	2,752	-
Total current assets	7,521,858	1,539,684
NONCURRENT ASSETS		
Capital assets		
Nondepreciable	263,993	96,961
Depreciable	73,590,185	247,913
Accumulated depreciation	(30,344,395)	(11,864)
Net capital assets	43,509,783	333,010
Total assets	51,031,641	1,872,694
CURRENT LIABILITIES		
Accounts payable	1,058,040	115,782
Accrued payroll	41,009	6,086
Accrued interest payable	67,432	-
Claims payable	-	231,860
Due to other funds	268	-
Compensated absences payable	15,643	-
Unamortized bond premium	25,983	-
IEPA loan payable	178,946	-
Alternate revenue bonds payable	410,000	-
Total current liabilities	1,797,321	353,728
NONCURRENT LIABILITIES		
Compensated absences payable	62,570	-
Other postemployment benefit	19,402	-
Unamortized bond premium	199,206	-
IEPA loan payable	2,444,244	-
Alternate revenue bonds payable	3,390,000	-
Total noncurrent liabilities	6,115,422	-
Total liabilities	7,912,743	353,728
NET POSITION		
Net investment in capital assets	39,678,649	333,010
Unrestricted	3,440,249	1,185,956
TOTAL NET POSITION	\$ 43,118,898	\$ 1,518,966

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended April 30, 2015

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
OPERATING REVENUES		
Charges for services	\$ 4,696,428	\$ -
Contributions	-	4,100,639
Total operating revenues	4,696,428	4,100,639
OPERATING EXPENSES		
Administration	625,795	-
Operations	2,411,322	47,434
Insurance and claims	-	3,342,988
Depreciation	1,678,771	11,864
Total operating expenses	4,715,888	3,402,286
OPERATING INCOME (LOSS)	(19,460)	698,353
NON-OPERATING REVENUES (EXPENSES)		
Gain on disposal of capital assets	35	-
Connection fees	253,095	-
Investment income	7,228	207
Interest and fiscal charges	(185,914)	-
Total non-operating revenues (expenses)	74,444	207
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	54,984	698,560
CONTRIBUTIONS		
Developer donations	336,000	-
Total capital contributions	336,000	-
CHANGE IN NET POSITION	390,984	698,560
NET POSITION, MAY 1	42,727,914	820,406
NET POSITION, APRIL 30	\$ 43,118,898	\$ 1,518,966

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended April 30, 2015

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,681,967	\$ 261,888
Receipts from internal service transactions	-	3,826,230
Payments to employees	(1,566,426)	(2,128,497)
Payments to suppliers	(982,077)	(892,951)
	<u>2,133,464</u>	<u>1,066,670</u>
Net cash from operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt on interfund loan	12,451	-
Repayment on interfund loan	-	(48,902)
	<u>12,451</u>	<u>(48,902)</u>
Net cash from noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(296,084)	(293,822)
Sale of capital assets	(9,899)	-
Other income - connection fees	253,095	-
Principal paid on capital debt	(449,554)	-
Interest paid on capital debt	(244,795)	-
	<u>(747,237)</u>	<u>(293,822)</u>
Net cash from capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	7,192	207
Investments purchased	(51,871)	-
	<u>(44,679)</u>	<u>207</u>
Net cash from investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,353,999</u>	<u>724,153</u>
CASH AND CASH EQUIVALENTS, MAY 1	<u>5,007,977</u>	<u>231,242</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 6,361,976</u></u>	<u><u>\$ 955,395</u></u>

(This statement is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2015

	Business-Type Activities	Governmental Activities
	Waterworks and Sewerage	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (19,460)	\$ 698,353
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation	1,678,771	11,864
Changes in assets and liabilities		
Accounts receivable	(14,461)	(38,014)
Prepays	-	137,733
Due from other funds	-	(10,792)
Inventories	111,144	-
Accounts payable	376,981	29,580
Accrued payroll	(1,516)	6,086
Claims payable	-	231,860
Compensated absences payable	(987)	-
Other postemployment benefit	2,992	-
NET CASH FROM OPERATING ACTIVITIES	\$ 2,133,464	\$ 1,066,670
NONCASH ITEMS		
Contributions from developers	\$ 336,000	\$ -
CASH AND INVESTMENTS		
Cash and cash equivalents	\$ 6,361,976	\$ 955,395
Investments	321,402	-
TOTAL CASH AND INVESTMENTS	\$ 6,683,378	\$ 955,395

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

April 30, 2015

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 12,320	\$ 2,638,904
Investments		
U.S. Treasury obligations	1,799,659	-
U.S. agencies securities	9,072,166	-
Mutual funds	18,291,383	-
Common stocks	5,798,543	-
Corporate bonds	4,902,195	-
State and local obligations	2,336,931	-
Money market funds	196,545	-
Insurance contracts	377,833	-
Receivables		
Accrued interest	175,828	-
Other	-	25,331
Due from other funds	-	14,716
Prepays	5,403	-
Total assets	42,968,806	\$ 2,678,951
LIABILITIES		
Accounts payable	22,459	\$ 560,496
Due to other funds	-	17,468
Due to other governments	27,509	-
Deposits payable	-	2,100,987
Total liabilities	49,968	\$ 2,678,951
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 42,918,838</u>	

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For the Year Ended April 30, 2015

ADDITIONS

Contributions - employer	\$ 3,302,617
Contributions - employee	<u>759,024</u>
Total contributions	<u>4,061,641</u>
Investment income	
Net appreciation in fair value of investments	1,136,550
Interest earned on investments	<u>1,831,266</u>
Total investment income	2,967,816
Less investment expense	<u>(104,556)</u>
Net investment income	<u>2,863,260</u>
Total additions	<u>6,924,901</u>

DEDUCTIONS

Benefits and refunds	1,636,219
Administrative	<u>83,461</u>
Total deductions	<u>1,719,680</u>

NET INCREASE	5,205,221
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**NET POSITION HELD IN TRUST
FOR PENSION BENEFITS**

May 1	<u>37,713,617</u>
April 30	<u><u>\$ 42,918,838</u></u>

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Lake Zurich, Illinois (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

a. Financial Reporting Entity

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

The Village's financial statements include:

Pension Trust Fund

Police Pension Employees Retirement System

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Financial Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

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

b. Fund Accounting

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

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

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

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the Village (internal service funds).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Village. When these assets are held under the terms of a formal trust agreement, a pension trust fund is used. The Village has police and firefighters' pension funds. Agency funds are used to account for funds that the Village holds on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

The General (Corporate) Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

The Debt Service Fund is used to account for the accumulation of restricted resources for, and the payment of, general long-term debt principal and interest.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The TIF Debt Service Fund is used to account for the accumulation of restricted resources for, and the payment of, TIF long-term debt principal and interest. The Village has elected to present this fund as a major fund.

The Capital Improvements Fund is used to account for all restricted, committed or assigned resources used for the acquisition of general capital assets including infrastructure capital assets. The Village has elected to present this fund as a major fund.

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

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

The Village reports the following major proprietary fund:

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

The Village reports pension trust funds as fiduciary funds to account for the Police and Firefighters' Pension Funds. The Village also reports agency funds to account for performance deposits (Escrow Performance Fund) for refundable deposits held by the Village to ensure the completion of public improvements by private developers that the Village holds on behalf of others as their agent and special service areas which accounts for receipts and disbursements related to maintenance within special service areas within the Village.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (agency funds have no measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period. The Village recognizes property taxes when they become both measurable and available in the period intended to finance, generally within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue and charges for services. Sales tax, telecommunication tax, local use tax and motor fuel tax and fines owed to/collected by the state at year end on behalf of the Village also are recognized as revenue. Permit revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The Village reports unearned and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet both the available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenues arise when a potential revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the Village before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability and deferred inflows of resources for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments

Cash and Cash Equivalents

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

Investments

Investments with a maturity of less than one year when purchased and non-negotiable certificates of deposit are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is based on prices listed on national exchanges as of April 30, 2015 for debt and equity securities.

f. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

g. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances between funds in the fund financial statements.

h. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses. Prepaid items/expenses are recorded using the consumption method.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets

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

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

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

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

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

k. Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Long-Term Obligations

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

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

m. Deferred Outflows/Inflows of Resources

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

n. Fund Equity/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose or externally imposed by outside entities. None of the restricted fund balance result from enabling legislation adopted by the Village. Committed fund balance is constrained by formal actions of the Village's Board of Trustees, which is considered the Village's highest level of decision-making authority. Formal actions include ordinances approved by the Board of Trustees. Assigned fund balance represents amounts constrained by the Village's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Village's Finance Director through the fund balance policy adopted by the Village Board of Trustees. Any residual fund balance of the General Fund and deficit fund balances in other funds are reported as unassigned.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Fund Equity/Net Position (Continued)

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

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

o. Interfund Transactions

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

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

p. Accounting Estimates

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

2. DEPOSITS AND INVESTMENTS

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

2. DEPOSITS AND INVESTMENTS (Continued)

Permitted Deposits and Investments - Statutes and the Village's investment policy authorize the Village to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

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

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

It is the policy of the Village to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the Village and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

a. Village Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Village's deposits may not be returned to it. The Village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Village's agent in the Village's name. The Village had \$53,618 of uninsured uncollateralized deposits at April 30, 2015.

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

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments

The following table presents the Village's investments in and maturities of debt securities as of April 30, 2015:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable CDs	\$ 2,141,082	\$ 966,351	\$ 1,174,731	\$ -	\$ -
U.S. agency obligations	2,885,359	-	2,885,359	-	-
Municipal bonds	103,186	-	103,186	-	-
TOTAL	\$ 5,129,627	\$ 966,351	\$ 4,163,276	\$ -	\$ -

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio in a manner that provides sufficient liquidity to enable the Village to meet all operating requirements which may be reasonably anticipated in any fund. The investment policy limits the maximum maturity length of investments to three years from the date of purchase unless the funds invested are earmarked for a special purpose, in which case the maximum maturity length shall be five years from the date of purchase, but must coincide as nearly as possible with the expected use of the funds.

Besides investing in security instruments authorized under State Statute, the Village's investment policy does not further limit investment choices to mitigate credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity. The U.S. Treasury and agency obligations are rated AA+ by Standard & Poor's (S&P). The municipal bonds are rated between AAA and AA+ by Standard & Poor's (S&P). Illinois Funds is rated AAA by S&P.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Village will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Village's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by the Village; in safekeeping by the Village's custodian bank; or by a third party bank trust department, acting as agent for the Village under the terms of a custody or trustee agreement executed by the bank and by the Village. Illinois Funds and IMET are not subject to custodial credit risk.

2. DEPOSITS AND INVESTMENTS (Continued)

b. Village Investments (Continued)

Concentration of credit risk is the risk that the Village has a high percentage of their investments invested in one type of investment. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village's investment policy states that no more than 25% of the Village's total investment portfolio may be invested in a single security type or with a single financial institution, with the exception of U.S. Treasury securities and authorized pools. At year end, the Village's investments in United States Government agencies securities and negotiable CDs represented 56.2% and 41.7%, respectively, of the Village's total investments. The negotiable CDs were held by various financial institutions.

The Village's investment policy does not specifically prohibit the use of or the investment in derivatives.

3. RECEIVABLES - TAXES

Property taxes for 2014 attach as an enforceable lien on January 1, 2014 on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2015 and August 1, 2015 and are payable in two installments, on or about June 1, 2015 and September 1, 2015. The County collects such taxes and remits them periodically.

The 2014 tax levy collections are intended to finance the 2015 fiscal year and are not considered available for current operations and are; therefore, shown as deferred/unavailable revenue.

The 2015 tax levy, which attached as an enforceable lien on property as of January 1, 2015, has not been recorded as a receivable as of April 30, 2015 as the tax has not yet been levied by the Village and will not be levied until December 2015 and, therefore, the levy is not measurable at April 30, 2015.

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

4. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 30,463,170	\$ -	\$ -	\$ 30,463,170
Construction in progress	82,661	349,673	26,630	405,704
Total capital assets not being depreciated	30,545,831	349,673	26,630	30,868,874
Capital assets being depreciated				
Land improvements	5,719,630	804,166	-	6,523,796
Buildings	12,568,788	-	-	12,568,788
Building improvements	315,908	203,962	-	519,870
Vehicles	4,301,770	175,348	280,389	4,196,729
Machinery and equipment	2,013,595	72,565	99,755	1,986,405
Computers/software	274,857	22,800	7,082	290,575
Infrastructure	64,817,284	1,413,057	-	66,230,341
Total capital assets being depreciated	90,011,832	2,691,898	387,226	92,316,504
Less accumulated depreciation for				
Land improvements	1,823,043	233,721	-	2,056,764
Buildings	4,493,500	279,306	-	4,772,806
Building improvements	51,527	15,294	-	66,821
Vehicles	2,824,670	233,429	280,389	2,777,710
Machinery and equipment	1,133,707	116,670	71,288	1,179,089
Computers/software	214,707	22,835	6,374	231,168
Infrastructure	27,470,373	1,293,586	-	28,763,959
Total accumulated depreciation	38,011,527	2,194,841	358,051	39,848,317
Total capital assets being depreciated, net	52,000,305	497,057	29,175	52,468,187
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 82,546,136	\$ 846,730	\$ 55,805	\$ 83,337,061

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

4. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Construction in progress	14,341	-	-	14,341
Total capital assets not being depreciated	263,993	-	-	263,993
Capital assets being depreciated				
Infrastructure	71,444,317	336,000	-	71,780,317
Machinery and equipment	954,774	296,084	-	1,250,858
Vehicles	665,286	-	106,276	559,010
Total capital assets being depreciated	73,064,377	632,084	106,276	73,590,185
Less accumulated depreciation for				
Infrastructure	27,825,122	1,613,509	-	29,438,631
Machinery and equipment	469,444	40,004	-	509,448
Vehicles	477,334	25,258	106,276	396,316
Total accumulated depreciation	28,771,900	1,678,771	106,276	30,344,395
Total capital assets being depreciated, net	44,292,477	(1,046,687)	-	43,245,790
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 44,556,470	\$ (1,046,687)	\$ -	\$ 43,509,783

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

GOVERNMENTAL ACTIVITIES

General government	\$ 107,545
Public safety	389,079
Highways and streets	1,481,197
Culture and recreation	217,020

DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 2,194,841

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. During the fiscal year ended April 30, 2015, the Village became self-insured for employee health insurance. All other risks are provided for through participation in a public entity risk pool. The Village has established internal service funds to account for these activities as they relate to governmental activities/fund, while self-insurance activity related to enterprise funds is accounted for directly in the

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

5. RISK MANAGEMENT (Continued)

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

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

Health Insurance - The Village is self-insured with a specific stop loss of \$50,000 per individual per year.

The Village has recorded a liability for claims which were reported but unpaid as of the end of the fiscal year as well as an estimated liability for claims incurred but not reported. A reconciliation of claims payable for the fiscal year ended April 30, 2015 is as follows:

	<u>2015</u>
CLAIMS PAYABLE, MAY 1	\$ -
Add claims incurred	596,818
Less claims paid	<u>364,958</u>
CLAIMS PAYABLE, APRIL 30	<u><u>\$ 231,860</u></u>

Intergovernmental Risk Management Agency

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

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

5. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (Continued)

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

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

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

6. SHORT-TERM DEBT

Changes in Short-Term Liabilities

During the year ended April 30, 2015, the following changes occurred in short-term liabilities:

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation Bond Series of 2014 (\$1,055,000 dated July 15, 2014; maturing October 15, 2014; payable in annual installments; interest rate of 3%)	Debt Service	\$ -	\$ 1,055,000	\$ 1,055,000	\$ -	\$ -
TOTAL		<u>\$ -</u>	<u>\$ 1,055,000</u>	<u>\$ 1,055,000</u>	<u>\$ -</u>	<u>\$ -</u>

The General Obligation Series 2014 Bonds were issued to refund certain outstanding general obligation alternate bonds.

7. LONG-TERM DEBT

a. General Obligation TIF Alternate Revenue Bonds

The Village issued \$6,325,000 General Obligation Refunding Bonds (Sales Tax Alternate Revenue Source), Series 2014A (Series 2014A) to fund an escrow account to advance refund certain of the Village's outstanding Sales Tax and Tax Increment Allocation Revenue Bonds, Series 2005A. These bonds are payable from a pledge of the Village's sales tax and are being repaid by the debt service fund. The pledge of sales tax revenues is displayed in Note 7f, debt service requirements to maturity, with the pledge expiring December 15, 2024, when the bonds are paid off. Revenues from the sales tax pledge were not needed during the current fiscal because the first interest payment was due June 15, 2015 (fiscal year 2016). Series 2014A is on a parity with the Taxable General Obligation Funding Bonds (Alternate Revenue Source), Series 2009A, Taxable General Obligation Refunding Bonds (Alternate Revenue Source), Series 2009B, General Obligation Refunding Bonds (Alternate Revenue Source), Series 2009C, Taxable General Obligation Refunding Bonds (Alternate Revenue Source), Series 2011B, General Obligation Refunding Bonds (Alternate Revenue Source), Series 2011C and General Obligation Refunding Bonds (Alternate Revenue Source), Series 2012, and subordinate to certain outstanding Sales Tax and Tax Increment Allocation Revenue Bonds, Series 2005A and Sales Tax and Tax Increment Allocation Revenue Bonds, Taxable Series 2005B. The Village completed the advance refunding to reduce its debt service payments over the next nine years by \$428,948 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$399,734.

The Village issued \$11,775,000 Taxable General Obligation Refunding Bonds (Sales Tax Alternate Revenue Source), Series 2015A (Series 2015A) to fund an escrow to advance refund certain of the Village's outstanding Taxable General Obligation Refunding Bonds (Alternate Revenue Source), Series 2009B, General Obligation Refunding Bonds (Alternate Revenue Source), Series 2009C, dated April 15, 2009, Taxable General Obligation Refunding Bonds (Alternate Revenue Source), Series 2011B, dated April 21, 2011, General Obligation Refunding Bonds (Alternate Revenue Source), Series 2011C, dated April 21, 2011, and General Obligation Refunding Bonds (Alternate Revenue Source), Series 2012, dated August 6, 2012 in order to restructure the debt burden of the Village. The bonds are payable from a pledge of the Village's sales tax and are being repaid by the debt service fund. The pledge of sales tax revenues is displayed in Note 7f, debt service requirements to maturity, with the pledge expiring December 15, 2034, when the bonds are paid off. Revenues from the sales tax pledge were not needed during the current fiscal year because the first interest payment is due December 15, 2015 (fiscal year 2016). Series 2015A is on a parity with the Taxable General Obligation Funding Bonds (Alternate Revenue Source), Series 2009A, General Obligation Refunding Bonds

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

7. LONG-TERM DEBT

a. General Obligation TIF Alternate Revenue Bonds

(Alternate Revenue Source), Series 2009C, Taxable General Obligation Refunding Bonds (Alternate Revenue Source), Series 2011B, and General Obligation Refunding Bonds (Alternate Revenue Source), Series 2014A and subordinate to certain Sales Tax and Tax Increment Allocation Revenue Bonds, Series 2005A. The Village completed the advance refunding to reduce its total debt service payments over the next nine years by \$626,454 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$636,640.

The Village has issued TIF Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2009A, B and C, the Series 2011B and the Series 2012 General Obligation TIF Alternate Revenue Source Bonds, issued for various TIF improvements, are payable from a pledge of the Village's sales tax revenues, with a remaining total pledge of \$11,776,806 and the bonds maturing between December 15, 2020 and December 15, 2034. During the current fiscal year, the pledge of sales tax revenues of \$8,640,078 was approximately 19.3% of total sales tax revenues.

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

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation TIF Alternate Revenue Bonds Series of 2009A (\$7,830,000 dated April 1, 2009; maturing February 1, 2029, payable in annual installments; interest rates from 3.30% to 6.15%)	TIF Debt Service	\$ 7,635,000	\$ -	\$ 150,000	\$ 7,485,000	\$ 200,000
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2009B (\$1,525,000 dated April 17, 2009; maturing December 15, 2020; payable in annual installments; interest rates from 4.1% to 5.1%)	TIF Debt Service	1,525,000	-	1,525,000	-	-
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2009C (\$4,255,000 dated April 1, 2009; maturing December 15, 2024, payable in annual installments; interest rates from 4.0% to 4.2%)	TIF Debt Service	4,255,000	-	4,255,000	-	-

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

7. LONG-TERM DEBT (Continued)

a. General Obligation TIF Alternate Revenue Bonds (Continued)

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2011B (\$2,800,000 dated April 21, 2011; maturing December 15, 2021; payable in annual installments; interest rates from 1.88% to 4.25%)	TIF Debt Service	\$ 2,535,000	\$ -	\$ 2,255,000	\$ 280,000	\$ 280,000
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2011C (\$1,205,000 dated April 21, 2011; maturing December 15, 2021; payable in annual installments; interest rates from 2.00% to 4.25%)	TIF Debt Service	1,085,000	-	1,085,000	-	-
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2012 (\$2,650,000 dated August 6, 2012; maturing December 15, 2021; payable in annual installments; interest rate of 2%)	TIF Debt Service	2,370,000	-	2,370,000	-	-
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2014A (\$6,325,000 dated September 8, 2014; maturing December 15, 2024; payable in annual installments; interest rates from 2% to 3%)	TIF Debt Service	-	6,325,000	-	6,325,000	10,000
General Obligation TIF Alternate Revenue Refunding Bonds Series of 2015A (\$11,775,000 dated April 23, 2015; maturing December 15, 2034; payable in annual installments; interest rates from 3.25% to 3.75%)	TIF Debt Service	-	11,775,000	-	11,775,000	-
TOTAL		\$ 19,405,000	\$ 18,100,000	\$ 11,640,000	\$ 25,865,000	\$ 490,000

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

7. LONG-TERM DEBT (Continued)

b. General Obligation Bonds

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

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation Bond Series of 2008A (\$4,265,000 dated August 1, 2008; maturing January 1, 2020, payable in annual installments; interest rates from 3.5% to 5.0%)	Debt Service	\$ 2,700,000	\$ 1,055,000	\$ 1,405,000	\$ 2,305,000	\$ 420,000
TOTAL		\$ 2,700,000	\$ 1,055,000	\$ 1,405,000	\$ 2,305,000	\$ 420,000

c. TIF Revenue Bonds

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

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
TIF Revenue Bonds Series of 2005A (\$8,500,000 dated August 1, 2005; maturing December 15, 2024, payable in annual installments; interest rates from 3.75% to 4.00%)	TIF Debt Service	\$ 7,175,000	\$ -	\$ 6,625,000	\$ 550,000	\$ 550,000
TIF Revenue Bonds Series of 2005B (\$1,500,000 dated August 1, 2005; maturing December 15, 2014, payable in annual installments; interest rates from 4.3% to 4.8%)	TIF Debt Service	100,000	-	100,000	-	-
TOTAL		\$ 7,275,000	\$ -	\$ 6,725,000	\$ 550,000	\$ 550,000

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

7. LONG-TERM DEBT (Continued)

d. General Obligation Waterworks and Sewerage Alternate Revenue Bonds

The Village has issued General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2013A General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds, issued for various water and sewerage system improvements, are payable from a pledge of the Village's water and sewerage fees, with a remaining total pledge of \$4,483,850 and the bonds maturing December 15, 2023. During the current fiscal year, no principal and \$164,936 in interest payments were due on the bonds.

The Village has issued General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds for which they have pledged future revenue streams. The Series 2006 General Obligation Waterworks and Sewerage Alternate Revenue Source Bonds, issued for various water and sewerage system improvements, are payable from a pledge of the Village's water and sewerage fees. During the current fiscal year, the pledge of water and sewerage fees of \$4,421,366 was approximately 3.7% of total water and sewerage fees.

General obligation waterworks and sewerage alternate revenue bonds currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
General Obligation Waterworks and Sewerage System Revenue Bond Series of 2006 (\$2,050,000 dated May 1, 2006; maturing December 15, 2014; payable in annual installments; interest rate of 4%)	Waterworks and Sewerage	\$ 275,000	\$ -	\$ 275,000	\$ -	\$ -
General Obligation Waterworks and Sewerage System Alternate Revenue Bonds Series of 2013A (\$3,800,000 dated September 4, 2013; maturing December 15, 2023; payable in annual installments; interest rates from 3% to 4%)	Waterworks and Sewerage	3,800,000	-	-	3,800,000	410,000
TOTAL		\$ 4,075,000	\$ -	\$ 275,000	\$ 3,800,000	\$ 410,000

Water and sewerage fees are pledged for the retirement of the 2013A Alternate Revenue Bonds. Property taxes have been abated to date.

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

7. LONG-TERM DEBT (Continued)

e. Illinois EPA Loans

The Village entered into loan agreements with the Illinois EPA for the construction of waterworks and sewerage capital assets. Illinois EPA loans currently outstanding are as follows:

Issue	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
Illinois EPA loan of 2006, due in annual installments of \$65,107, including interest at 2.5% through December 16, 2026	Debt Service	\$ 1,428,031	\$ -	\$ 95,104	\$ 1,332,927	\$ 97,497
Illinois EPA loan of 2008, due in annual installments of \$56,600, including interest at 1.25% through August 11, 2028	Debt Service	1,369,713	-	79,450	1,290,263	81,449
TOTAL		\$ 2,797,744	\$ -	\$ 174,554	\$ 2,623,190	\$ 178,946

f. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Governmental Activities

Fiscal Year Ending April 30,	General Obligation TIF Alternate Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 490,000	\$ 989,341	\$ 420,000	\$ 105,350
2017	865,000	989,149	435,000	84,350
2018	945,000	966,089	460,000	62,600
2019	1,005,000	939,241	485,000	39,600
2020	1,075,000	908,991	505,000	20,200
2021 - 2025	6,660,000	3,859,229	-	-
2026 - 2030	7,445,000	2,272,141	-	-
2031 - 2035	7,380,000	835,518	-	-
TOTAL	\$ 25,865,000	\$ 11,759,699	\$ 2,305,000	\$ 312,100

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

7. LONG-TERM DEBT (Continued)

f. Debt Service Requirements to Maturity (Continued)

Governmental Activities (Continued)

Fiscal Year Ending April 30,	TIF Revenue Bonds		Total	
	Principal	Interest	Principal	Interest
2016	\$ 550,000	\$ 267,188	\$ 1,460,000	\$ 1,361,879
2017	-	-	1,300,000	1,073,499
2018	-	-	1,405,000	1,028,689
2019	-	-	1,490,000	978,841
2020	-	-	1,580,000	929,191
2021 - 2025	-	-	6,660,000	3,859,229
2026 - 2030	-	-	7,445,000	2,272,141
2031 - 2035	-	-	7,380,000	835,518
TOTAL	\$ 550,000	\$ 267,188	\$ 28,720,000	\$ 12,338,987

Business-Type Activities

Fiscal Year Ending April 30,	General Obligation Waterworks and Sewerage Alternate Revenue Bonds		Illinois EPA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 410,000	\$ 128,800	\$ 178,946	\$ 64,467	\$ 588,946	\$ 193,267
2017	400,000	116,500	183,448	59,967	583,448	176,467
2018	400,000	104,500	188,062	55,351	588,062	159,851
2019	435,000	92,500	192,793	50,620	627,793	143,120
2020	450,000	79,450	197,643	45,772	647,643	125,222
2021 - 2025	1,705,000	162,100	1,065,343	151,726	2,770,343	313,826
2026 - 2030	-	-	616,955	26,387	616,955	26,387
TOTAL	\$ 3,800,000	\$ 683,850	\$ 2,623,190	\$ 454,290	\$ 6,423,190	\$ 1,138,140

g. Capital Leases

During fiscal year 2011, the Village entered into a capital lease obligation for phone equipment. The interest rate for the lease is 9.10%.

During fiscal year 2013, the Village entered into a capital lease obligation for copier equipment. The interest rate for the lease is 6%.

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

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

7. LONG-TERM DEBT (Continued)

g. Capital Leases (Continued)

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

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

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

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

<u>Fiscal Year Ending April 30,</u>	
2016	\$ 57,219
2017	189,193
2018	187,927
2019	133,361
2020	131,975
2021	<u>131,975</u>
Total minimum lease payments	831,650
Amount representing interest	<u>66,694</u>
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	<u><u>\$ 764,956</u></u>

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

7. LONG-TERM DEBT (Continued)

h. Changes in Long-Term Liabilities

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

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
GOVERNMENTAL ACTIVITIES						
General obligation TIF alternate revenue bonds	Debt Service	\$ 19,405,000	\$ 18,100,000	\$ 11,640,000	\$ 25,865,000	\$ 490,000
General obligation bonds	Debt Service	2,700,000	1,055,000	1,450,000	2,305,000	420,000
TIF alternate revenue bonds	TIF Debt Service	7,275,000	-	6,725,000	550,000	550,000
Unamortized premium (discount) on debt issuance	N/A	57,328	397,596	87,199	367,725	35,587
Compensated absences	General	1,542,986	531,215	308,597	1,765,604	353,121
Capital lease obligation	General	243,559	603,980	82,583	764,956	51,693
Net pension obligation	General	5,156,017	-	254,871	4,901,146	-
Other postemployment benefit	General	155,988	21,034	-	177,022	-
TOTAL GOVERNMENTAL ACTIVITIES		\$ 36,535,878	\$ 20,708,825	\$ 20,548,250	\$ 36,696,453	\$ 1,900,401
BUSINESS-TYPE ACTIVITIES						
General obligation waterworks and sewerage alternate revenue bonds	Waterworks and Sewerage	\$ 4,075,000	\$ -	\$ 275,000	\$ 3,800,000	\$ 410,000
Unamortized premium (discount) on debt issuance	Waterworks and Sewerage	251,172	-	25,983	225,189	25,983
Illinois EPA loans	Waterworks and Sewerage	2,797,744	-	174,554	2,623,190	178,946
Compensated absences	Waterworks and Sewerage	79,200	15,840	16,827	78,213	15,643
Other postemployment benefit	Waterworks and Sewerage	16,410	2,992	-	19,402	-
TOTAL BUSINESS-TYPE ACTIVITIES		\$ 7,219,526	\$ 18,832	\$ 492,364	\$ 6,745,994	\$ 630,572

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

7. LONG-TERM DEBT (Continued)

i. Defeased Debt

In prior years, the Village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the Village's financial statements. Outstanding General Obligation Police Building Bonds of \$3,000,000 are considered defeased. \$2,255,000 remains outstanding at April 30, 2015.

j. Legal Debt Margin

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

ASSESSED VALUATION - 2014	\$ 768,979,731
Legal debt limit - 8.625% of assessed value	\$ 66,324,502
Amount of debt applicable to debt limit: General obligation bonds	<u>2,305,000</u>
LEGAL DEBT MARGIN	<u>\$ 64,019,502</u>

8. INTERFUND ASSETS/LIABILITIES

a. Interfund Transfers

Transfers From	Transfers To	Amount
General	Capital Improvements	\$ 167,000
General	Nonmajor governmental	1,275,000
Downtown TIF	Downtown TIF #2	4,833,090
TIF Tax Allocation	TIF Debt Service	<u>800,000</u>
TOTAL		<u>\$ 7,075,090</u>

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

- \$4,833,090 transferred from the Downtown TIF Fund to the Downtown TIF #2 Fund to transfer land held for resale.

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

8. INTERFUND ASSETS/LIABILITIES (Continued)

a. Interfund Transfers (Continued)

- \$1,275,000 transferred from the General Fund to the Motor Fuel Tax Fund to fund street projects.
- \$800,000 transferred from the TIF Tax Allocation Fund to the TIF Debt Service Fund for principal and interest payments on general obligation TIF alternate revenue and TIF alternate revenue bonds.
- \$167,000 transferred from the General Fund to the Capital Improvements Fund to fund capital projects.

b. Due to/from Other Funds

Due to/from other funds at April 30, 2015 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Waterworks and Sewerage	\$ 180
Capital Improvements	General	5,701
Fiduciary	General	14,716
Internal Service	General	10,704
Internal Service	Waterworks and Sewerage	88
Waterworks and Sewerage	Special Service Area	17,468
TOTAL		<u>\$ 48,857</u>

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

c. Advance to/from Other Funds

Advances to/from other funds at April 30, 2015 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	TIF Tax Allocation	\$ 16,450
General	TIF Debt Service	1,529,550
General	Downtown TIF	200,000
General	Downtown TIF #2	75,000
TOTAL		<u>\$ 1,821,000</u>

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

9. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

10. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

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

b. Benefits Provided

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

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

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ended April 30, 2015, retirees contributed \$143,823. Active employees do not contribute to the plan until retirement.

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

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

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

d. Funding Policy

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

e. Annual OPEB Costs and Net OPEB Obligation

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 97,169	\$ 63,517	65.4%	\$ 138,521
2014	97,394	63,517	65.2%	172,398
2015	156,146	132,120	84.6%	196,424

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB obligation as of April 30, 2015 was calculated as follows:

Annual required contribution	\$ 154,997
Interest on net OPEB obligation	6,896
Adjustment to annual required contribution	<u>(5,747)</u>
Annual OPEB cost	156,146
Contributions made	<u>132,120</u>
Increase in net OPEB obligation	24,026
Net OPEB obligation, beginning of year	<u>172,398</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 196,424</u></u>

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

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

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

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

In the April 30, 2014 actuarial valuation (most recent valuation date), the entry-age normal actuarial cost method was used. The actuarial assumptions included 4% investment rate of return and a healthcare cost trend rate of 7% with an ultimate rate of 5%. Both rates include a 3% inflation assumption and 4% wage inflation assumption. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015 was 30 years.

11. DEFINED BENEFIT PENSION PLANS

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. Neither of the pension funds issue separate reports on the pension plans. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

a. Plan Descriptions

Illinois Municipal Retirement Fund

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The Village is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution and required employer contribution for 2014 was 13.32% of covered payroll.

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Village accounts for the plan as a pension trust fund.

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

Plan Membership

At April 30, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	18
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	
Vested	27
Nonvested	6
	<hr/>
TOTAL	<hr/> <hr/> 51

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the Village has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. For the year ended April 30, 2015, the Village's contribution was 45.8% of covered payroll.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

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

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	45.00%	2.10%
Large cap domestic equities	38.50%	6.90%
Small cap domestic equities	11.00%	9.00%
International equities	5.50%	7.10%
Cash and cash equivalents	0.00%	0.00%

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

Investment Valuations

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

Investment Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2015:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 1,186,545	\$ 126,905	\$ 955,452	\$ 104,188	\$ -
U.S. agency securities	4,983,614	201,808	1,522,081	2,759,574	500,151
State and local obligations	1,112,277	-	560,471	489,721	62,085
TOTAL	\$ 7,282,436	\$ 328,713	\$ 3,038,004	\$ 3,353,483	\$ 562,236

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The municipal bonds are rated at or above AA+ by Standard and Poor's and Baa1 or above by Moody's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. The money market mutual funds and equity mutual funds are not subject to custodial credit risk.

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Net Pension Liability

The components of the net pension liability of the Police Pension Plan as of April 30, 2015, calculated in accordance with GASB Statement No. 67 were as follows:

Total pension liability	\$ 38,484,991
Plan fiduciary net position	17,356,857
Village's net pension liability	21,128,134
Plan fiduciary net position as a percentage of the total pension liability	45.10%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

Actuarial Assumptions

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

Actuarial valuation date	April 30, 2015
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	3.00%
Salary increases	3.50%
Interest rate	6.75%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 26,630,409	\$ 21,128,134	\$ 16,609,926

Firefighters' Pension Plan

Plan Administration

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Plan Administration (Continued)

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

Plan Membership

At April 30, 2015, the measurement date, membership consisted of:

Inactive plan members currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	
Vested	38
Nonvested	19
	<hr/>
TOTAL	<hr/> <hr/> 80

Benefits Provided

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of $\frac{1}{2}$ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., $\frac{1}{2}\%$ for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or $\frac{1}{2}$ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Village to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year ended April 30, 2015, the Village's contribution was 37.6% of covered payroll.

Investment Policy

ILCS limit the Firefighters' Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, investment grade corporate bonds and Illinois Funds. The Fund may also

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

invest in certain non-U.S. obligations; interest-bearing bonds of the State of Illinois; interest-bearing bonds or tax anticipation warrants of any county, township or municipal corporation of the State of Illinois; mutual funds; and corporate equity securities and real estate investment trusts. During the year, the following changes to the investment policy were approved by the Board of Trustees: long-term expected rates of return.

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

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

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

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Concentrations

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

Rate of Return

For the year ended April 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.53%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2015:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 613,114	\$ 67,281	\$ 545,833	\$ -	\$ -
U.S. agency securities	4,088,552	472,087	2,272,706	1,337,549	6,210
State and local obligations	1,224,654	-	338,430	886,224	-
Corporate bonds	4,902,195	368,723	2,433,109	2,100,363	-
TOTAL	\$ 10,828,515	\$ 908,091	\$ 5,590,078	\$ 4,324,136	\$ 6,210

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Credit Risk

The Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies. The municipal bonds are rated at or above AA- by Standard and Poor's and Aa2 or above by Moody's. The corporate bonds are rated at or above BBB- by Standard and Poor's and Baa2 or above by Moody's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name. Money market mutual funds and mutual funds are not subject to custodial credit risk.

Net Pension Liability

The components of the net pension liability of the Village as of April 30, 2015 were as follows:

Total pension liability	\$	44,602,130
Plan fiduciary net position		25,561,981
Village's net pension liability		19,012,641
Plan fiduciary net position as a percentage of the total pension liability		57.31%

See the schedule of changes in the employer's net pension liability and related ratios in the required supplementary information for additional information related to the funded status of the Fund.

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

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

Actuarial valuation date	April 30, 2015
Actuarial cost method	Entry-age Normal
Assumptions	
Inflation	3.00%
Salary increases	3.50%
Interest rate	6.75%
Cost of living adjustments	3.00%
Asset valuation method	Market

Mortality rates were based on the RP-2000 CHBCA Mortality Table. The actuarial assumptions used in the April 30, 2015 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

Discount Rate

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

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate Sensitivity

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 25,736,066	\$ 19,012,641	\$ 13,470,084

b. Annual Pension Costs

The annual required employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2012	April 30, 2014	April 30, 2014
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	29 Years, Open	26 Years, Closed	26 Years, Closed

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

b. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	6.75% Compounded Annually	6.75% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	3.50% Compounded Annually	3.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40% to 10.00%	3.00%	3.00%

Employer annual pension costs (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.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2013	\$ 715,341	\$ 1,176,564	\$ 1,332,114
	2014	687,757	1,294,313	1,494,631
	2015	665,319	1,426,253	1,649,002
Actual contributions	2013	\$ 715,341	\$ 1,142,537	\$ 1,461,776
	2014	687,757	1,258,410	1,724,777
	2015	665,319	1,398,130	1,931,996
Percentage of APC contributed	2013	100.00%	97.14%	109.73%
	2014	100.00%	97.22%	115.40%
	2015	100.00%	98.03%	117.16%
NPO liability	2013	\$ -	\$ 2,732,136	\$ 2,618,124
	2014	-	2,768,039	2,387,978
	2015	-	2,796,162	2,104,984

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

b. Annual Pension Costs (Continued)

The NPO at April 30, 2015 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,392,968	\$ 1,620,287
Interest on net pension obligation	186,843	161,189
Adjustment to annual required contribution	(153,558)	(132,474)
Annual pension cost	1,426,253	1,649,002
Contributions made	1,398,130	1,931,996
Increase in net pension obligation	28,123	(282,994)
Net pension obligation, beginning of year	2,768,039	2,387,978
NET PENSION OBLIGATION, END OF YEAR	<u>\$ 2,796,162</u>	<u>\$ 2,104,984</u>

The NPO is reported as a liability in the Village's governmental activities column in the government-wide financial statements at April 30, 2015.

d. Funded Status

The funded status of the plans as of December 31, 2014 for IMRF and April 30, 2015 for the Police and Firefighters' Pension Plans, based on actuarial valuations performed as of the same date, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 11c:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial accrued liability (AAL)	\$ 17,035,199	\$ 38,484,991	\$ 44,602,130
Actuarial value of plan assets	12,711,240	17,356,857	25,589,489
Unfunded actuarial accrued liability (UAAL)	4,323,959	21,128,134	19,012,641
Funded ratio (actuarial value of plan assets/AAL)	74.62%	45.10%	57.37%
Covered payroll (active plan members)	\$ 5,144,872	\$ 3,053,408	\$ 5,140,563
UAAL as a percentage of covered payroll	84.0%	692.0%	369.9%

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

12. CONTRACTUAL COMMITMENTS

Economic Incentive Agreements

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

As of April 30, 2015, the Village has an accrued rebate liability of \$189,649 for amounts collected by the state but not yet paid to the Village and/or due to the other entities. Of this amount, \$172,104 is due to commercial entities and \$17,544 to governmental entities. For the fiscal year-to-date, the Village recorded \$697,774 in payment across all sales tax rebate agreements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE ZURICH, ILLINOIS**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 9,194,842	\$ 9,154,842	\$ 9,110,072
Licenses and permits	608,625	918,625	1,030,867
Intergovernmental	14,034,343	14,085,343	14,241,235
Charges for services	1,307,402	1,407,402	1,587,616
Fines and forfeits	739,100	809,100	785,685
Investment income	13,000	13,000	45,598
Miscellaneous	92,880	123,880	77,837
Total revenues	25,990,192	26,512,192	26,878,910
EXPENDITURES			
General government	2,303,430	2,338,829	2,465,288
Public safety	19,453,361	19,481,361	19,036,526
Highways and streets	2,615,357	2,655,729	2,431,534
Culture and recreation	894,661	940,781	885,710
Economic development	676,401	826,401	702,392
Total expenditures	25,943,210	26,243,101	25,521,450
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,982	269,091	1,357,460
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease obligation	-	-	129,856
Proceeds from sale of capital assets	17,500	17,500	24,705
Transfers (out)	(72,000)	(1,442,000)	(1,442,000)
Total other financing sources (uses)	(54,500)	(1,424,500)	(1,287,439)
NET CHANGE IN FUND BALANCE	\$ (7,518)	\$ (1,155,409)	70,021
FUND BALANCE, MAY 1			9,568,524
FUND BALANCE, APRIL 30			\$ 9,638,545

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,300,000	\$ 1,213,680	\$ 1,213,681
Investment income	-	-	925
Miscellaneous	104,676	104,676	88,915
Total revenues	1,404,676	1,318,356	1,303,521
EXPENDITURES			
Economic development	458,436	345,567	339,834
Total expenditures	458,436	345,567	339,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	946,240	972,789	963,687
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(900,000)	(900,000)	(800,000)
Total other financing sources (uses)	(900,000)	(900,000)	(800,000)
NET CHANGE IN FUND BALANCE	<u>\$ 46,240</u>	<u>\$ 72,789</u>	163,687
FUND BALANCE, MAY 1			<u>53,466</u>
FUND BALANCE, APRIL 30			<u><u>\$ 217,153</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF #2 FUND**

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 15
Miscellaneous	-	-	35,000
Total revenues	-	-	35,015
EXPENDITURES			
Economic development	-	61,000	74,351
Total expenditures	-	61,000	74,351
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(61,000)	(39,336)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,833,090	4,833,090
Total other financing sources (uses)	-	4,833,090	4,833,090
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 4,772,090</u>	4,793,754
FUND BALANCE, MAY 1			<u>-</u>
FUND BALANCE, APRIL 30			<u>\$ 4,793,754</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date December 31,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ 11,916,709	\$ 15,697,255	75.92%	\$ 3,780,546	\$ 5,433,449	69.58%
2010	11,205,690	15,480,635	72.39%	4,274,945	5,237,306	81.62%
2011	10,403,258	15,307,649	67.96%	4,904,391	5,133,014	95.55%
2012	11,656,525	16,499,012	70.65%	4,842,487	5,395,689	89.75%
2013	11,833,200	15,868,163	74.57%	4,034,963	5,127,993	78.69%
2014	12,711,240	17,035,199	74.62%	4,323,959	5,144,872	84.04%

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 637,863	\$ 637,863	100.00%
2011	663,227	663,227	100.00%
2012	695,917	695,917	100.00%
2013	715,341	715,341	100.00%
2014	687,757	687,757	100.00%
2015	665,319	665,319	100.00%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date April 30,	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Percentage Funded (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ -	N/A	N/A	N/A	N/A	N/A
2011	-	N/A	N/A	N/A	N/A	N/A
2012	-	\$ 1,512,374	0.00%	\$ 1,512,374	\$ 14,410,729	10.49%
2013	-	N/A	N/A	N/A	N/A	N/A
2014	-	2,583,239	0.00%	2,583,239	N/A	N/A
2015		N/A	N/A	N/A	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2010	\$ 26,863	\$ 51,680	51.98%
2011	28,475	54,781	51.98%
2012	26,863	51,188	52.48%
2013	63,517	96,470	65.84%
2014	63,517	96,470	65.84%
2015	132,120	154,997	85.24%

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

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

April 30, 2015

	2015
Actuarially determined contribution	\$ 1,392,968
Contributions in relation to the actuarially determined contribution	<u>1,398,130</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u><u>\$ (5,162)</u></u>
Covered-employee payroll	\$ 3,053,408
Contributions as a percentage of covered-employee payroll	45.8%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67, which the Village implemented for the fiscal year ended April 30, 2015.

Information for prior years is not available.

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2010	\$ 698,244	\$ 863,038	80.91%
2011	861,471	1,058,795	81.36%
2012	1,235,081	1,237,597	99.80%
2013	1,142,537	1,137,126	100.48%
2014	1,258,410	1,258,003	100.03%
2015	1,398,130	1,392,968	100.37%

Notes to the Required Supplementary Information:

This information directly above is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 3.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

April 30, 2015

	2015
Actuarially determined contribution	\$ 1,905,372
Contributions in relation to the actuarially determined contribution	<u>1,931,996</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u><u>\$ (26,624)</u></u>
Covered-employee payroll	\$ 5,140,563
Contributions as a percentage of covered-employee payroll	37.6%

The information directly above is formatted to comply with the requirements of GASB Statement No. 67, which the Village implemented for the fiscal year ended April 30, 2015.

Information for prior years is not available.

Year Ended April 30,	Employer Contributions	Annual Required Contribution (ARC)	Percent Contributed
2010	\$ 742,436	\$ 952,492	77.95%
2011	933,261	1,139,635	81.89%
2012	1,226,383	1,231,261	99.60%
2013	1,461,776	1,292,373	113.11%
2014	1,724,777	1,459,837	118.15%
2015	1,931,996	1,620,287	119.24%

Notes to the Required Supplementary Information:

This information directly above is presented in accordance with GASB Statement No. 25. The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 3.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

	<u>2015</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 677,265
Interest	2,218,436
Changes of benefit terms	-
Differences between expected and actual experience	500,612
Changes of assumptions	2,735,157
Benefit payments, including refunds of member contributions	<u>(1,024,394)</u>
Net change in total pension liability	5,107,076
Total pension liability - beginning	<u>33,377,915</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 38,484,991</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 1,398,130
Contributions - member	301,323
Net investment income	1,301,083
Benefit payments, including refunds of member contributions	(1,024,394)
Administrative expense	<u>(28,758)</u>
Net change in plan fiduciary net position	1,947,384
Plan fiduciary net position - beginning	<u>15,409,473</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 17,356,857</u></u>
EMPLOYER'S NET PENSION LIABILITY	<u><u>\$ 21,128,134</u></u>
Plan fiduciary net position as a percentage of the total pension liability	45.1%
Covered-employee payroll	\$ 3,053,408
Employer's net pension liability as a percentage of covered-employee payroll	692.0%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

FIREFIGHTERS' PENSION FUND

April 30, 2015

	<u>2015</u>
TOTAL PENSION LIABILITY	
Service cost	\$ 1,134,464
Interest	2,701,567
Changes of benefit terms	-
Differences between expected and actual experience	(173,195)
Changes of assumptions	1,221,986
Benefit payments, including refunds of member contributions	<u>(611,825)</u>
Net change in total pension liability	4,272,997
Total pension liability - beginning	<u>40,329,133</u>
TOTAL PENSION LIABILITY - ENDING	<u><u>\$ 44,602,130</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 1,904,487
Contributions - member	457,701
Net investment income	1,562,177
Benefit payments, including refunds of member contributions	(611,825)
Administrative expense	<u>(54,703)</u>
Net change in plan fiduciary net position	3,257,837
Plan fiduciary net position - beginning	<u>22,304,144</u>
PLAN FIDUCIARY NET POSITION - ENDING	<u><u>\$ 25,561,981</u></u>
EMPLOYER'S NET PENSION LIABILITY	<u><u>\$ 19,040,149</u></u>
Plan fiduciary net position as a percentage of the total pension liability	57.3%
Covered-employee payroll	\$ 5,140,563
Employer's net pension liability as a percentage of covered-employee payroll	370.4%

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

April 30, 2015

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

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

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

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2015

1. BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the General, Special Revenue (except the Foreign Fire Insurance Tax Fund), Debt Service, Capital Projects, Enterprise, Internal Service and Pension Trust funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level, or, where no departmental segregation of a fund exists, the fund level. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to restrict that portion of the applicable appropriation - is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as restrictions of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

All departments of the Village submit requests for appropriation to the Village's manager so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and can add to, subtract from or change appropriations; but cannot change the form of the budget.

Management cannot amend the budget for individual funds without seeking the approval of the governing body.

Expenditures cannot legally exceed budgeted appropriations at the fund or department (General Fund) level, and the Board must approve any over expenditures of appropriation or transfers of appropriated amounts. During the year, no supplementary appropriations were necessary.

2. EXPENDITURES IN EXCESS OF BUDGET

<u>Fund</u>	<u>Excess</u>
Downtown TIF #2	\$ 13,351

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

MAJOR GOVERNMENTAL FUNDS

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
TAXES			
Property			
Corporate	\$ 1,879,326	\$ 1,879,326	\$ 1,866,700
Police protection	640,217	640,217	634,829
Fire protection	640,217	640,217	634,829
Ambulance	142,408	142,408	143,592
Pension	194,000	194,000	196,495
Police pension	1,392,968	1,392,968	1,398,130
Fire pension	1,905,372	1,905,372	1,904,487
SRA	180,000	180,000	181,380
Road and bridge	9,500	9,500	11,332
Utility			
Electric	700,000	740,000	703,857
Gas	200,000	250,000	251,365
Telecommunication tax	1,003,203	853,203	851,497
Television franchise	307,631	327,631	331,579
 Total taxes	 9,194,842	 9,154,842	 9,110,072
LICENSES AND PERMITS			
Licenses			
Liquor	75,000	125,000	133,383
Contractor registration	47,000	90,000	111,400
Other business	96,000	96,000	98,840
Permits			
Administrative plan review	82,630	119,630	136,926
Building	90,000	90,000	80,336
Electrical	24,995	24,995	45,226
Plumbing	47,400	67,400	83,312
Occupancy certificates	20,250	20,250	31,642
Park	29,000	29,000	24,969
Truck permits	4,000	4,000	2,665
Other	92,350	252,350	282,168
 Total licenses and permits	 608,625	 918,625	 1,030,867
INTERGOVERNMENTAL			
State income tax	1,852,195	1,902,195	1,922,554
Municipal sales	6,366,708	6,616,708	6,658,825
State replacement tax	61,085	61,085	62,696
Street maintenance reimbursement	18,500	18,500	18,782
Local use tax	344,838	374,838	397,340
Auto rental tax	5,892	5,892	5,931
Pull tax	2,000	2,000	24,106
Fire/rescue service contract	4,745,503	4,545,503	4,542,306
Reimbursements			
Grants	151,000	72,000	117,783
Governmental agency	486,622	486,622	490,184
Training	-	-	728
 Total intergovernmental	 14,034,343	 14,085,343	 14,241,235

(This schedule is continued on the following page.)

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2014

	Original Budget	Final Budget	Actual
CHARGES FOR SERVICES			
Police alarm fees	\$ 49,500	\$ 49,500	\$ 58,362
Public safety special detail	30,000	30,000	35,763
Police administration tow fees	75,000	75,000	40,890
Police lock out fees	7,000	7,000	7,600
Fire/rescue fees			
Special detail	10,245	10,245	9,070
Ambulance fees	420,000	490,000	576,200
Inspection fees	34,500	34,500	69,946
Public education	-	-	3,610
Site plan review	105,975	105,975	113,672
Elevator inspections	16,580	16,580	14,404
Exterior appearance review	3,000	3,000	3,625
Subdivision applications	850	850	1,150
Planned unit development review	2,000	2,000	6,100
Printing and reproduction fees	4,500	4,500	5,743
Engineering review	12,000	42,000	59,959
Watershed development	8,000	8,000	7,960
Reimbursements	3,000	3,000	2,614
Park fees	72,950	72,950	74,817
Park program fees	434,602	434,602	479,931
Park special events	16,700	16,700	16,200
Park concessions	1,000	1,000	-
Total charges for services	1,307,402	1,407,402	1,587,616
FINES AND FORFEITS			
Circuit court fines	358,500	358,500	296,914
Other fines	380,600	450,600	488,771
Total fines and forfeits	739,100	809,100	785,685
INVESTMENT INCOME	13,000	13,000	45,598
MISCELLANEOUS			
Miscellaneous revenues	33,580	33,580	(20,975)
Donations	8,400	39,400	39,512
Rent income	50,900	50,900	59,300
Total miscellaneous	92,880	123,880	77,837
TOTAL REVENUES	<u>\$ 25,990,192</u>	<u>\$ 26,512,192</u>	<u>\$ 26,878,910</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
General administration	\$ 67,556	\$ 79,556	\$ 77,461
Village administration	716,989	696,888	709,126
Finance department	504,721	508,221	501,440
Technology department	509,823	521,823	618,862
Community services - administration	504,341	532,341	558,399
Total general government	2,303,430	2,338,829	2,465,288
PUBLIC SAFETY			
Police department	8,292,657	8,249,657	8,036,594
Fire department	10,407,499	10,367,499	10,128,391
Community services - building and zoning	753,205	864,205	871,541
Total public safety	19,453,361	19,481,361	19,036,526
HIGHWAYS AND STREETS			
Community services - public works	2,615,357	2,655,729	2,431,534
CULTURE AND RECREATION			
Parks and recreation department	894,661	940,781	885,710
ECONOMIC DEVELOPMENT	676,401	826,401	702,392
TOTAL EXPENDITURES	<u>\$ 25,943,210</u>	<u>\$ 26,243,101</u>	<u>\$ 25,521,450</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 1,300,000	\$ 1,213,680	\$ 1,213,681
Investment income	-	-	925
Miscellaneous	104,676	104,676	88,915
Total revenues	1,404,676	1,318,356	1,303,521
EXPENDITURES			
Economic development			
Contractual services			
Legal fees	12,000	12,000	18,658
Memberships/dues/subscriptions	650	650	650
Professional accounting	1,061	1,061	1,061
Enhancement reimbursement	12,000	12,000	2,000
SD #95 reimbursement	350,000	306,631	306,631
Lake County real estate taxes	25,000	5,000	4,500
Other professional services	54,500	5,000	5,294
Building and grounds maintenance	3,225	3,225	1,040
Total expenditures	458,436	345,567	339,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	946,240	972,789	963,687
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(900,000)	(900,000)	(800,000)
NET CHANGE IN FUND BALANCE	\$ 46,240	\$ 72,789	163,687
FUND BALANCE, MAY 1			53,466
FUND BALANCE, APRIL 30			\$ 217,153

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN TIF #2 FUND**

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ -	\$ -	\$ 15
Miscellaneous	-	-	35,000
Total revenues	-	-	35,015
EXPENDITURES			
Economic development			
Contractual services			
Legal fees	-	11,000	8,712
Engineering	-	10,000	30,438
Other professional services	-	40,000	35,201
Total expenditures	-	61,000	74,351
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(61,000)	(39,336)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	4,833,090	4,833,090
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 4,772,090</u>	4,793,754
FUND BALANCE, MAY 1			<u>-</u>
FUND BALANCE, APRIL 30			<u><u>\$ 4,793,754</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND**

For the Year Ended April 30, 2015

	Original and Final Budget	Actual
REVENUES		
Taxes		
Property	\$ 1,594,696	\$ 1,594,631
Investment income	250	752
Total revenues	1,594,946	1,595,383
EXPENDITURES		
Debt service		
Principal retirement	1,450,000	1,450,000
Interest and fiscal charges	129,513	129,503
Total expenditures	1,579,513	1,579,503
NET CHANGE IN FUND BALANCE	<u><u>\$ 15,433</u></u>	15,880
FUND BALANCE, MAY 1		<u>810,182</u>
FUND BALANCE, APRIL 30		<u><u>\$ 826,062</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Investment income	\$ 100	\$ 100	\$ 2,267
Miscellaneous	-	-	3,630
Total revenues	100	100	5,897
EXPENDITURES			
Debt service			
Principal retirement	1,340,000	1,340,000	1,340,000
Interest and fiscal charges	1,160,354	1,458,922	1,455,597
Total expenditures	2,500,354	2,798,922	2,795,597
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,500,254)	(2,798,822)	(2,789,700)
OTHER FINANCING SOURCES (USES)			
Issuance of refunding bonds, at par	1,055,000	19,153,977	19,155,000
Premium on refunding bonds sold	-	397,596	397,596
Transfer in	650,000	900,000	800,000
Payment made to bond escrow agent	-	(18,747,767)	(18,746,704)
Total other financing sources (uses)	1,705,000	1,703,806	1,605,892
NET CHANGE IN FUND BALANCE	\$ (795,254)	\$ (1,095,016)	(1,183,808)
FUND BALANCE, MAY 1			33,923
FUND BALANCE (DEFICIT), APRIL 30			\$ (1,149,885)

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ 129,000	\$ 99,000	\$ 46,443
Reimbursements	-	-	103,974
Investment income	1,000	1,000	15,762
Total revenues	130,000	100,000	166,179
EXPENDITURES			
Capital outlay			
Infrastructure improvements	65,500	65,500	90,234
Capital project improvements	1,468,187	1,188,187	1,076,563
Total expenditures	1,533,687	1,253,687	1,166,797
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,403,687)	(1,153,687)	(1,000,618)
OTHER FINANCING SOURCES (USES)			
Transfer in	72,000	167,000	167,000
Total other financing sources (uses)	72,000	167,000	167,000
NET CHANGE IN FUND BALANCE	\$ (1,331,687)	\$ (986,687)	(833,618)
FUND BALANCE, MAY 1			1,518,071
FUND BALANCE, APRIL 30			\$ 684,453

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Grants	\$ -	\$ -	\$ 41,800
Investment income	-	-	45
Total revenues	-	-	41,845
EXPENDITURES			
Economic development	10,000	10,000	11,887
Capital outlay			
Capital projects improvements	95,000	10,000	503
Total expenditures	105,000	20,000	12,390
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(105,000)	(20,000)	29,455
OTHER FINANCING SOURCES (USES)			
Transfer in	250,000	-	-
Transfer (out)	-	(4,833,090)	(4,833,090)
Total other financing sources (uses)	250,000	(4,833,090)	(4,833,090)
NET CHANGE IN FUND BALANCE	<u>\$ 145,000</u>	<u>\$ (4,853,090)</u>	(4,803,635)
FUND BALANCE, MAY 1			<u>4,621,294</u>
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (182,341)</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

Foreign Fire Tax Fund - to account for the restricted revenues and related expenditures of this source.

Hotel Tax Fund - to account for the restricted revenues and related expenditures of this source.

Motor Fuel Tax Fund - to account for activity funded by the restricted state share of tax on the use of motor fuels.

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2015

	Special Revenue Funds			Capital Projects		Total
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Park Improvements	Non-Home Rule Sales Tax Capital Projects	
ASSETS						
Cash and investments	\$ 150,016	\$ 266,254	\$ 1,960,314	\$ 350,519	\$ 1,410,428	\$ 4,137,531
Receivables (net, where applicable, of allowances for uncollectibles)						
Accounts	-	8,750	45,658	-	434,669	489,077
Accrued interest	-	-	-	779	-	779
TOTAL ASSETS	<u>\$ 150,016</u>	<u>\$ 275,004</u>	<u>\$ 2,005,972</u>	<u>\$ 351,298</u>	<u>\$ 1,845,097</u>	<u>\$ 4,627,387</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 23,520	\$ 92,693	\$ 149,441	\$ 265,654
Accrued payroll	-	506	-	-	-	506
Other payables	-	-	-	-	97,822	97,822
Total liabilities	<u>-</u>	<u>506</u>	<u>23,520</u>	<u>92,693</u>	<u>247,263</u>	<u>363,982</u>
FUND BALANCES						
Restricted						
Public Safety	150,016	-	-	-	-	150,016
Capital Projects	-	-	-	-	1,597,834	1,597,834
Highways and Streets	-	-	1,982,452	-	-	1,982,452
Tourism	-	274,498	-	-	-	274,498
Assigned						
Capital Projects	-	-	-	258,605	-	258,605
Total fund balances	<u>150,016</u>	<u>274,498</u>	<u>1,982,452</u>	<u>258,605</u>	<u>1,597,834</u>	<u>4,263,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 150,016</u>	<u>\$ 275,004</u>	<u>\$ 2,005,972</u>	<u>\$ 351,298</u>	<u>\$ 1,845,097</u>	<u>\$ 4,627,387</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended April 30, 2015

	Special Revenue Funds			Capital Projects		
	Foreign Fire Tax	Hotel Tax	Motor Fuel Tax	Park Improvements	Non-Home Rule Sales Tax Capital Projects	Total
REVENUES						
Taxes	\$ 40,636	\$ 106,912	\$ -	\$ -	\$ 1,981,253	\$ 2,128,801
Intergovernmental						
Motor fuel tax allocations	-	-	670,332	-	-	670,332
Investment income	-	69	138	3,284	451	3,942
Miscellaneous	-	-	-	19,163	-	19,163
Total revenues	40,636	106,981	670,470	22,447	1,981,704	2,822,238
EXPENDITURES						
Current						
General government	-	111,376	-	-	-	111,376
Public safety	61,079	-	-	-	-	61,079
Highways and streets	-	-	458,401	-	1,778,552	2,236,953
Capital outlay						
Park improvements	-	-	-	233,755	-	233,755
Total expenditures	61,079	111,376	458,401	233,755	1,778,552	2,643,163
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,443)	(4,395)	212,069	(211,308)	203,152	179,075
OTHER FINANCING SOURCES (USES)						
Transfer in	-	-	1,275,000	-	-	1,275,000
Total other financing sources (uses)	-	-	1,275,000	-	-	1,275,000
NET CHANGE IN FUND BALANCES	(20,443)	(4,395)	1,487,069	(211,308)	203,152	1,454,075
FUND BALANCES, MAY 1	170,459	278,893	495,383	469,913	1,394,682	2,809,330
FUND BALANCES, APRIL 30	\$ 150,016	\$ 274,498	\$ 1,982,452	\$ 258,605	\$ 1,597,834	\$ 4,263,405

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Taxes	\$ 97,244	\$ 103,744	\$ 106,912
Investment income	75	75	69
Total revenues	97,319	103,819	106,981
EXPENDITURES			
General government	82,114	114,614	111,376
Total expenditures	82,114	114,614	111,376
NET CHANGE IN FUND BALANCE	<u>\$ 15,205</u>	<u>\$ (10,795)</u>	(4,395)
FUND BALANCE, MAY 1			<u>278,893</u>
FUND BALANCE, APRIL 30			<u><u>\$ 274,498</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
REVENUES			
Intergovernmental			
Motor fuel tax allocations	\$ 506,637	\$ 681,637	\$ 670,332
Investment income	100	100	138
Total revenues	506,737	681,737	670,470
EXPENDITURES			
Highways and streets	510,000	480,000	458,401
Total expenditures	510,000	480,000	458,401
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,263)	201,737	212,069
OTHER FINANCING SOURCES (USES)			
Transfer in	-	1,275,000	1,275,000
Total other financing sources (uses)	-	1,275,000	1,275,000
NET CHANGE IN FUND BALANCE	<u>\$ (3,263)</u>	<u>\$ 1,476,737</u>	1,487,069
FUND BALANCE, MAY 1			<u>495,383</u>
FUND BALANCE, APRIL 30			<u><u>\$ 1,982,452</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original and Fianl Budget	Actual
REVENUES		
Investment income	\$ 1,000	\$ 3,284
Miscellaneous	15,918	19,163
Total revenues	16,918	22,447
EXPENDITURES		
Park improvements	297,352	233,755
Total expenditures	297,352	233,755
NET CHANGE IN FUND BALANCE	<u>\$ (280,434)</u>	(211,308)
FUND BALANCE, MAY 1		<u>469,913</u>
FUND BALANCE, APRIL 30		<u><u>\$ 258,605</u></u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original and Final Budget	Actual
REVENUES		
Taxes	\$ 1,978,126	\$ 1,981,253
Investment income	200	451
Total revenues	<u>1,978,326</u>	<u>1,981,704</u>
EXPENDITURES		
Highways and streets	2,273,800	1,860,347
Less reimbursements	-	(81,795)
Total expenditures	<u>2,273,800</u>	<u>1,778,552</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (295,474)</u></u>	203,152
FUND BALANCE, MAY 1		<u>1,394,682</u>
FUND BALANCE, APRIL 30		<u><u>\$ 1,597,834</u></u>

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

VILLAGE OF LAKE ZURICH, ILLINOIS**SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE FUND**

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Charges for services	\$ 5,124,914	\$ 4,630,914	\$ 4,696,428
Total operating revenues	5,124,914	4,630,914	4,696,428
OPERATING EXPENSES			
Administration	625,537	626,748	625,795
Operations	5,950,426	2,911,426	2,411,322
Depreciation	1,660,000	1,660,000	1,678,771
Total operating expenses	8,235,963	5,198,174	4,715,888
OPERATING INCOME (LOSS)	(3,111,049)	(567,260)	(19,460)
NON-OPERATING REVENUES (EXPENSES)			
Gain on disposal of capital assets	500	500	35
Connection fees	220,000	220,000	253,095
Investment income	2,000	2,000	7,228
Interest and fiscal charges	(244,795)	(244,795)	(185,914)
Total non-operating revenues (expenses)	(22,295)	(22,295)	74,444
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(3,133,344)	(589,555)	54,984
CAPITAL CONTRIBUTIONS			
Developer donations	-	-	336,000
Total capital contributions	-	-	336,000
CHANGE IN NET POSITION	\$ (3,133,344)	\$ (589,555)	390,984
NET POSITION, MAY 1			42,727,914
NET POSITION, APRIL 30			\$ 43,118,898

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
<hr/>			
CHARGES FOR SERVICES			
Water charges	\$ 2,939,471	\$ 2,642,471	\$ 2,611,303
Sewer charges	1,976,580	1,779,580	1,810,063
Meter sales	18,000	18,000	26,320
Late fees	85,000	85,000	105,837
Wastewater service agreements	105,063	105,063	139,024
Inspection fees	800	800	940
Other	-	-	2,941
	<hr/>		
TOTAL OPERATING REVENUES	\$ 5,124,914	\$ 4,630,914	\$ 4,696,428
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(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE FUND**

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
ADMINISTRATION			
Personnel services	\$ 343,368	\$ 344,579	\$ 354,650
Contractual services	223,764	223,764	221,690
Commodities	58,405	58,405	49,455
TOTAL ADMINISTRATION	\$ 625,537	\$ 626,748	\$ 625,795
OPERATIONS			
Water production and storage			
Personnel services	\$ 705,101	\$ 705,101	\$ 671,887
Contractual services	251,481	294,481	289,345
Commodities	545,870	545,870	421,583
Total water production and storage	1,502,452	1,545,452	1,382,815
Water distribution			
Personnel services	563,900	563,900	540,378
Contractual services	185,724	203,724	147,931
Commodities	95,050	95,050	63,906
Total water distribution	844,674	862,674	752,215
Capital outlay and maintenance	3,899,384	799,384	572,376
Less non-operating items			
Capital assets capitalized	(296,084)	(296,084)	(296,084)
TOTAL OPERATIONS	\$ 5,950,426	\$ 2,911,426	\$ 2,411,322
DEPRECIATION	\$ 1,660,000	\$ 1,660,000	\$ 1,678,771
DEBT SERVICE			
Interest and fiscal charges	\$ 244,795	\$ 244,795	\$ 185,914
Subtotal	244,795	244,795	185,914
Less non-operating items			
Debt service	(244,795)	(244,795)	(185,914)
TOTAL DEBT SERVICE	\$ -	\$ -	\$ -

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

	Medical Self-Insurance	Risk Management	Equipment Replacement	Total
CURRENT ASSETS				
Cash and investments	\$ 596,734	\$ 277,643	\$ 81,018	\$ 955,395
Accounts receivable	19,240	26,828	-	46,068
Prepaid items	30,622	496,807	-	527,429
Due from other funds	10,792	-	-	10,792
Total current assets	657,388	801,278	81,018	1,539,684
NONCURRENT ASSETS				
Capital assets				
Nondepreciable	-	-	96,961	96,961
Depreciable	-	-	247,913	247,913
Accumulated depreciation	-	-	(11,864)	(11,864)
Net capital assets	-	-	333,010	333,010
Total assets	657,388	801,278	414,028	1,872,694
CURRENT LIABILITIES				
Accounts payable	41,376	7,936	66,470	115,782
Accrued payroll	-	6,086	-	6,086
Claims payable	231,860	-	-	231,860
Total current liabilities	273,236	14,022	66,470	353,728
LONG-TERM LIABILITIES				
None	-	-	-	-
Total long-term liabilities	-	-	-	-
Total liabilities	273,236	14,022	66,470	353,728
NET POSITION				
Net investment in capital assets	-	-	333,010	333,010
Unrestricted	\$ 384,152	\$ 787,256	\$ 14,548	\$ 1,185,956
Total net position	\$ 384,152	\$ 787,256	\$ 347,558	\$ 1,518,966

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Medical Self-Insurance	Risk Management	Equipment Replacement	Total
OPERATING REVENUES				
Contributions				
Employer	\$ 2,501,078	\$ 925,000	\$ 400,152	\$ 3,826,230
Employee	126,999	-	-	126,999
Pensioner	140,747	-	-	140,747
Miscellaneous	-	-	6,663	6,663
Total operating revenues	2,768,824	925,000	406,815	4,100,639
OPERATING EXPENSES				
Insurance and claims				
Personal services	13,154	88,521	-	101,675
Claims	596,818	-	-	596,818
Contractual services	1,996,623	831,011	-	2,827,634
Less reimbursements	(44,688)	(138,451)	-	(183,139)
Operations				
Technology	-	-	19,734	19,734
Equipment	-	-	27,700	27,700
Depreciation	-	-	11,864	11,864
Total operating expenses	2,561,907	781,081	59,298	3,402,286
OPERATING INCOME	206,917	143,919	347,517	698,353
NON-OPERATING REVENUE (EXPENSE)				
Investment income	11	155	41	207
Total non-operating revenue (expense)	11	155	41	207
CHANGE IN NET POSITION	206,928	144,074	347,558	698,560
NET POSITION, MAY 1	177,224	643,182	-	820,406
NET POSITION, APRIL 30	\$ 384,152	\$ 787,256	\$ 347,558	\$ 1,518,966

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Self-Insurance Retention	Risk Management	Equipment Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 255,225	\$ -	\$ 6,663	\$ 261,888
Receipts from internal services transactions	2,501,078	925,000	400,152	3,826,230
Payments to employees	(2,020,569)	(107,928)	-	(2,128,497)
Payments to suppliers	(116,518)	(744,417)	(32,016)	(892,951)
Net cash from operating activities	619,216	72,655	374,799	1,066,670
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment of interfund loans	(48,902)	-	-	(48,902)
Net cash from noncapital financing activities	(48,902)	-	-	(48,902)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	-	-	(293,822)	(293,822)
Net cash from capital and related financing activities	-	-	(293,822)	(293,822)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	11	155	41	207
Net cash from investing activities	11	155	41	207
NET INCREASE IN CASH AND CASH EQUIVALENTS	570,325	72,810	81,018	724,153
CASH AND CASH EQUIVALENTS, MAY 1	26,409	204,833	-	231,242
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 596,734	\$ 277,643	\$ 81,018	\$ 955,395
RECONCILIATION TO STATEMENT OF NET POSITION				
Cash and cash equivalents	\$ 596,734	\$ 277,643	\$ 81,018	\$ 955,395
Investments	-	-	-	-
TOTAL CASH AND INVESTMENTS	\$ 596,734	\$ 277,643	\$ 81,018	\$ 955,395
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 206,917	\$ 143,919	\$ 347,517	\$ 698,353
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation	-	-	11,864	11,864
(Increase) decrease in				
Accounts receivable	(12,521)	(25,493)	-	(38,014)
Prepaid items	164,786	(27,053)	-	137,733
Due from other funds	(10,792)	-	-	(10,792)
Increase (decrease) in				
Accounts payable	38,966	(24,804)	15,418	29,580
Accrued payroll	-	6,086	-	6,086
Claims payable	231,860	-	-	231,860
NET CASH FROM OPERATING ACTIVITIES	\$ 619,216	\$ 72,655	\$ 374,799	\$ 1,066,670

(See independent auditor's report.)

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Contributions			
Employer	\$ 2,516,564	\$ 2,516,564	\$ 2,501,078
Employee	241,637	116,637	126,999
Pensioner	123,818	123,818	140,747
Total operating revenues	2,882,019	2,757,019	2,768,824
OPERATING EXPENSES			
Insurance and claims			
Personnel services	-	-	13,154
Claims	1,000	451,000	596,818
Contractual services	2,881,014	2,181,014	1,996,623
Less reimbursements	-	(37,600)	(44,688)
Total operating expenses	2,882,014	2,594,414	2,561,907
OPERATING INCOME (LOSS)	5	162,605	206,917
NON-OPERATING REVENUE (EXPENSE)			
Investment income	-	-	11
Total non-operating revenue (expense)	-	-	11
CHANGE IN NET POSITION	\$ 5	\$ 162,605	206,928
NET POSITION, MAY 1			177,224
NET POSITION, APRIL 30			\$ 384,152

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original and Final Budget	Actual
OPERATING REVENUES		
Contributions		
Employer	\$ 925,000	\$ 925,000
Total operating revenues	925,000	925,000
OPERATING EXPENSES		
Insurance and claims		
Personnel services	50,600	88,521
Contractual services	939,328	831,011
Less reimbursements	(100,000)	(138,451)
Total operating expenses	889,928	781,081
OPERATING INCOME	35,072	143,919
NON-OPERATING REVENUE (EXPENSE)		
Investment income	-	155
Total non-operating revenue (expense)	-	155
CHANGE IN NET POSITION	\$ 35,072	144,074
NET POSITION, MAY 1		643,182
NET POSITION, APRIL 30		\$ 787,256

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

For the Year Ended April 30, 2015

	Original Budget	Final Budget	Actual
OPERATING REVENUES			
Contributions			
Employer	\$ 281,190	\$ 427,480	\$ 400,152
Miscellaneous	-	-	6,663
Total operating revenues	281,190	427,480	406,815
OPERATING EXPENSES			
Operations			
Vehicles	199,000	291,817	272,309
Technology	10,000	23,260	19,734
Equipment	64,000	104,213	100,265
Depreciation	-	-	11,864
Total operating expenses	273,000	419,290	404,172
OPERATING INCOME	8,190	8,190	2,643
NON-OPERATING REVENUE (EXPENSE)			
Investment income	100	100	41
Total non-operating revenue (expense)	100	100	41
CHANGE IN NET POSITION - BUDGETARY BASIS	<u>\$ 8,290</u>	<u>\$ 8,290</u>	2,684
ADJUSTMENTS TO GAAP BASIS			
Vehicle costs capitalized			272,309
Equipment costs capitalized			<u>72,565</u>
CHANGE IN NET POSITION - GAAP BASIS			347,558
NET POSITION, MAY 1			<u>-</u>
NET POSITION, APRIL 30			<u>\$ 347,558</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

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

For the Year Ended April 30, 2015

	Police Pension	Firefighters' Pension	Total
<hr/>			
ASSETS			
Cash and cash equivalents	\$ 10,000	\$ 2,320	\$ 12,320
Investments			
U.S. Treasury obligations	1,186,545	613,114	1,799,659
U.S. agencies securities	4,983,614	4,088,552	9,072,166
Mutual funds	9,901,218	8,390,165	18,291,383
Common stocks	-	5,798,543	5,798,543
Corporate bonds	-	4,902,195	4,902,195
State and local obligations	1,112,277	1,224,654	2,336,931
Money market funds	116,286	80,259	196,545
Insurance contracts	-	377,833	377,833
Receivables			
Accrued interest	47,116	128,712	175,828
Prepays	4,903	500	5,403
	<hr/>		
Total assets	17,361,959	25,606,847	42,968,806
	<hr/>		
LIABILITIES			
Accounts payable	5,102	17,357	22,459
Due to other governments	-	27,509	27,509
	<hr/>		
Total liabilities	5,102	44,866	49,968
	<hr/>		
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 17,356,857	\$ 25,561,981	\$ 42,918,838
	<hr/> <hr/>		

(See independent auditor's report.)

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

For the Year Ended April 30, 2015

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions - employer	\$ 1,398,130	\$ 1,904,487	\$ 3,302,617
Contributions - employee	301,323	457,701	759,024
Total contributions	1,699,453	2,362,188	4,061,641
Investment income			
Net appreciation in fair value of investments	623,613	512,937	1,136,550
Interest earned on investments	728,960	1,102,306	1,831,266
Total investment income	1,352,573	1,615,243	2,967,816
Less investment expense	(51,490)	(53,066)	(104,556)
Net investment income	1,301,083	1,562,177	2,863,260
Total additions	3,000,536	3,924,365	6,924,901
DEDUCTIONS			
Benefits and refunds			
Pension payments and refunds	1,024,394	611,825	1,636,219
Administrative	28,758	54,703	83,461
Total deductions	1,053,152	666,528	1,719,680
CHANGE IN NET POSITION	1,947,384	3,257,837	5,205,221
NET POSITION HELD IN TRUST FOR PENSION BENEFITS			
May 1	15,409,473	22,304,144	37,713,617
April 30	\$ 17,356,857	\$ 25,561,981	\$ 42,918,838

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the Year Ended April 30, 2015

	Balances May 1	Additions	Deductions	Balances April 30
Total All Agency Funds				
ASSETS				
Cash and investments	\$ 2,063,466	\$ 1,912,641	\$ 1,337,203	\$ 2,638,904
Receivables				
Other	38,250	56,953	69,872	25,331
Due from other funds	33,054	111,423	129,761	14,716
TOTAL ASSETS	<u>\$ 2,134,770</u>	<u>\$ 2,081,017</u>	<u>\$ 1,536,836</u>	<u>\$ 2,678,951</u>
LIABILITIES				
Accounts payable	\$ 520,478	\$ 446,605	\$ 406,587	\$ 560,496
Due to other funds	32,628	1,180	16,340	17,468
Deposits payable	1,581,664	1,009,587	490,264	2,100,987
TOTAL LIABILITIES	<u>\$ 2,134,770</u>	<u>\$ 1,457,372</u>	<u>\$ 913,191</u>	<u>\$ 2,678,951</u>
1. Escrow Performance				
ASSETS				
Cash and investments	\$ 1,556,750	\$ 1,823,709	\$ 1,300,525	\$ 2,079,934
Receivables				
Other	10,090	55,772	54,897	10,965
Due from other funds	33,054.00	111,423	129,761	14,716
TOTAL ASSETS	<u>\$ 1,599,894</u>	<u>\$ 1,990,904</u>	<u>\$ 1,485,183</u>	<u>\$ 2,105,615</u>
LIABILITIES				
Accounts payable	\$ 18,230	\$ 377,536	\$ 391,138	\$ 4,628
Deposits payable	1,581,664	1,009,587	490,264	2,100,987
TOTAL LIABILITIES	<u>\$ 1,599,894</u>	<u>\$ 1,387,123</u>	<u>\$ 881,402</u>	<u>\$ 2,105,615</u>
2. Special Service Areas				
ASSETS				
Cash and investments	\$ 506,716	\$ 88,932	\$ 36,678	\$ 558,970
Receivables				
Other	28,160	1,181	14,975	14,366
TOTAL ASSETS	<u>\$ 534,876</u>	<u>\$ 90,113</u>	<u>\$ 51,653</u>	<u>\$ 573,336</u>
LIABILITIES				
Accounts payable	\$ 502,248	\$ 69,069	\$ 15,449	\$ 555,868
Due to other funds	32,628	1,180	16,340	17,468
TOTAL LIABILITIES	<u>\$ 534,876</u>	<u>\$ 70,249</u>	<u>\$ 31,789</u>	<u>\$ 573,336</u>

(See independent auditor's report.)

SUPPLEMENTAL DATA

VILLAGE OF LAKE ZURICH, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE BONDS SERIES OF 2009A**

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	August 1	Amount	February 1	Amount
2014	\$ 200,000	\$ 420,266	\$ 620,266	2015	\$ 210,133	2016	\$ 210,133
2015	240,000	411,964	651,964	2016	205,982	2017	205,982
2016	300,000	401,404	701,404	2017	200,702	2018	200,702
2017	350,000	387,456	737,456	2018	193,728	2019	193,728
2018	405,000	370,306	775,306	2019	185,153	2020	185,153
2019	515,000	349,852	864,852	2020	174,926	2021	174,926
2020	550,000	322,816	872,816	2021	161,408	2022	161,408
2021	590,000	292,564	882,564	2022	146,282	2023	146,282
2022	625,000	259,230	884,230	2023	129,615	2024	129,615
2023	660,000	223,292	883,292	2024	111,646	2025	111,646
2024	695,000	184,682	879,682	2025	92,341	2026	92,341
2025	740,000	143,330	883,330	2026	71,665	2027	71,665
2026	785,000	98,930	883,930	2027	49,465	2028	49,465
2027	830,000	51,044	881,044	2028	25,522	2029	25,522
<u>\$ 7,485,000</u>			<u>\$ 11,402,136</u>	<u>\$ 1,958,568</u>		<u>\$ 1,958,568</u>	

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

**LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE
REVENUE REFUNDING BONDS SERIES OF 2011B**

April 30, 2015

Date of Issue	April 21, 2011
Date of Maturity	December 15, 2021
Authorized Issue	\$2,800,000
Denomination of Bonds	\$5,000
Interest Rates	1.88% to 4.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2014	\$ 280,000	\$ 94,670	\$ 374,670	2015	\$ 47,335	2015	\$ 47,335
2015	-	43,135	43,135	2016	43,135	2016	-
	<u>\$ 280,000</u>	<u>\$ 137,805</u>	<u>\$ 417,805</u>		<u>\$ 90,470</u>		<u>\$ 47,335</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on				
	Principal	Interest	Total	July 1	Amount	January 1	Amount	
2014	\$ 420,000	\$ 105,350	\$ 525,350	2015	\$ 52,675	2016	\$ 52,675	
2015	435,000	84,350	519,350	2016	42,175	2017	42,175	
2016	460,000	62,600	522,600	2017	31,300	2018	31,300	
2017	485,000	39,600	524,600	2018	19,800	2019	19,800	
2018	505,000	20,200	525,200	2019	10,100	2020	10,100	
	<u>\$ 2,305,000</u>	<u>\$ 312,100</u>	<u>\$ 2,617,100</u>		<u>\$ 156,050</u>		<u>\$ 156,050</u>	

(See independent auditor's report.)

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

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

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2016	\$ 10,000	\$ 207,808	\$ 217,808	2015	\$ 125,958	2015	\$ 81,850
2017	625,000	163,500	788,500	2016	81,750	2016	81,750
2018	645,000	151,000	796,000	2017	75,500	2017	75,500
2019	655,000	138,100	793,100	2018	69,050	2018	69,050
2020	670,000	125,000	795,000	2019	62,500	2019	62,500
2021	685,000	111,600	796,600	2020	55,800	2020	55,800
2022	725,000	91,050	816,050	2021	45,525	2021	45,525
2023	745,000	69,300	814,300	2022	34,650	2022	34,650
2024	760,000	46,950	806,950	2023	23,475	2023	23,475
2025	805,000	24,150	829,150	2024	12,075	2024	12,075
	<u>\$ 6,325,000</u>	<u>\$ 1,128,458</u>	<u>\$ 7,453,458</u>		<u>\$ 586,283</u>		<u>\$ 542,175</u>

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

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2016	\$ -	\$ 266,597	\$ 266,597	2015	\$ -	2015	\$ 266,597
2017	-	413,685	413,685	2016	206,842	2016	206,843
2018	-	413,685	413,685	2017	206,842	2017	206,843
2019	-	413,685	413,685	2018	206,842	2018	206,843
2020	-	413,685	413,685	2019	206,842	2019	206,843
2021	-	413,685	413,685	2020	206,842	2020	206,843
2022	-	413,685	413,685	2021	206,842	2021	206,843
2023	-	413,685	413,685	2022	206,842	2022	206,843
2024	-	413,685	413,685	2023	206,842	2023	206,843
2025	-	413,685	413,685	2024	206,842	2024	206,843
2026	810,000	413,685	1,223,685	2025	206,842	2025	206,843
2027	840,000	387,360	1,227,360	2026	193,680	2026	193,680
2028	875,000	360,060	1,235,060	2027	180,030	2027	180,030
2029	915,000	331,622	1,246,622	2028	165,811	2028	165,811
2030	955,000	301,428	1,256,428	2029	150,714	2029	150,714
2031	1,370,000	268,957	1,638,957	2030	134,478	2030	134,479
2032	1,415,000	221,008	1,636,008	2031	110,504	2031	110,504
2033	1,480,000	170,067	1,650,067	2032	85,033	2032	85,034
2034	1,530,000	116,048	1,646,048	2033	58,024	2033	58,024
2035	1,585,000	59,438	1,644,438	2034	29,719	2034	29,719

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 15	Amount	December 15	Amount
2016	\$ 410,000	\$ 128,800	\$ 538,800	2015	\$ 64,400	2015	\$ 64,400
2017	400,000	116,500	516,500	2016	58,250	2016	58,250
2018	400,000	104,500	504,500	2017	52,250	2017	52,250
2019	435,000	92,500	527,500	2018	46,250	2018	46,250
2020	450,000	79,450	529,450	2019	39,725	2019	39,725
2021	450,000	64,825	514,825	2020	32,412	2020	32,413
2022	450,000	49,075	499,075	2021	24,537	2021	24,538
2023	405,000	32,200	437,200	2022	16,100	2022	16,100
2024	400,000	16,000	416,000	2023	8,000	2023	8,000
<u>\$ 3,800,000</u> <u>\$ 683,850</u> <u>\$ 4,483,850</u>				<u>\$ 341,924</u>		<u>\$ 341,926</u>	

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

Date of Issue	October 15, 2005
Date of Maturity	December 16, 2026
Authorized Issue	\$2,000,000
Interest Rates	2.5%
Interest Dates	June 16 and December 16
Principal Maturity Date	June 16 and December 16
Payable at	Illinois Environmental Protection Agency

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				June 16	Amount	December 16	Amount
2016	\$ 97,497	\$ 32,717	\$ 130,214	2015	\$ 16,661	2015	\$ 16,056
2017	99,950	30,265	130,215	2016	15,443	2016	14,822
2018	102,464	27,750	130,214	2017	14,193	2017	13,557
2019	105,042	25,173	130,215	2018	12,913	2018	12,260
2020	107,684	22,531	130,215	2019	11,600	2019	10,931
2021	110,393	19,822	130,215	2020	10,254	2020	9,568
2022	113,170	17,045	130,215	2021	8,874	2021	8,171
2023	116,017	14,197	130,214	2022	7,459	2022	6,738
2024	118,936	11,279	130,215	2023	6,009	2023	5,270
2025	121,927	8,287	130,214	2024	4,522	2024	3,765
2026	124,994	5,220	130,214	2025	2,998	2025	2,222
2027	114,853	2,076	116,929	2026	1,436	2026	640
	<u>\$ 1,332,927</u>	<u>\$ 216,362</u>	<u>\$ 1,549,289</u>		<u>\$ 112,362</u>		<u>\$ 104,000</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Total	Interest Due on			
				August 11	Amount	February 11	Amount
2016	\$ 81,449	\$ 31,750	\$ 113,199	2015	\$ 16,128	2016	\$ 15,622
2017	83,498	29,702	113,200	2016	15,110	2017	14,592
2018	85,598	27,601	113,199	2017	14,066	2018	13,535
2019	87,751	25,447	113,198	2018	12,996	2019	12,451
2020	89,959	23,241	113,200	2019	11,900	2020	11,341
2021	92,222	20,977	113,199	2020	10,775	2021	10,202
2022	94,542	18,657	113,199	2021	9,622	2022	9,035
2023	96,920	16,280	113,200	2022	8,441	2023	7,839
2024	99,358	13,841	113,199	2023	7,229	2024	6,612
2025	101,858	11,341	113,199	2024	5,987	2025	5,354
2026	104,420	8,779	113,199	2025	4,714	2026	4,065
2027	107,047	6,153	113,200	2026	3,409	2027	2,744
2028	109,740	3,460	113,200	2027	2,071	2028	1,389
2029	55,901	699	56,600	2028	699		-
	<u>\$ 1,290,263</u>	<u>\$ 237,928</u>	<u>\$ 1,528,191</u>		<u>\$ 123,147</u>		<u>\$ 114,781</u>

(See independent auditor's report.)

VILLAGE OF LAKE ZURICH, ILLINOIS

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

April 30, 2015

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2014	\$ 550,000	\$ 20,625	\$ 570,625	2015	\$ 10,312	2015	\$ 10,313
	<u>\$ 550,000</u>	<u>\$ 20,625</u>	<u>\$ 570,625</u>		<u>\$ 10,312</u>		<u>\$ 10,313</u>

(See independent auditor's report.)

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	116-127
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	128-131
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.	132-137
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.	138-139
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.	140-143

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

VILLAGE OF LAKE ZURICH, ILLINOIS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 83,037,308	\$ 82,437,689	\$ 84,175,365	\$ 81,219,210
Restricted	3,531,949	2,851,206	1,852,808	1,952,723
Unrestricted	(17,037,931)	(17,600,923)	(20,215,178)	(18,868,258)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 69,531,326	\$ 67,687,972	\$ 65,812,995	\$ 64,303,675
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 43,445,971	\$ 44,411,651	\$ 43,220,026	\$ 42,163,703
Unrestricted	4,796,240	2,785,925	3,311,111	2,589,565
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 48,242,211	\$ 47,197,576	\$ 46,531,137	\$ 44,753,268
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 126,483,279	\$ 126,849,340	\$ 127,395,391	\$ 123,382,913
Restricted	3,531,949	2,851,206	1,852,808	1,952,723
Unrestricted	(12,241,691)	(14,814,998)	(16,904,067)	(16,278,693)
TOTAL PRIMARY GOVERNMENT	\$ 117,773,537	\$ 114,885,548	\$ 112,344,132	\$ 109,056,943

Data Source

Audited Financial Statements

2010	2011	2012	2013	2014	2015
\$ 80,849,072	\$ 80,013,336	\$ 76,652,153	\$ 76,983,201	\$ 79,602,577	\$ 80,503,360
3,262,355	3,222,374	17,592,724	18,839,037	10,192,895	10,960,283
(17,511,096)	(16,028,682)	(24,640,955)	(22,946,143)	(22,692,562)	(21,489,679)
\$ 66,600,331	\$ 67,207,028	\$ 69,603,922	\$ 72,876,095	\$ 67,102,910	\$ 69,973,964
\$ 41,351,561	\$ 40,968,949	\$ 41,753,593	\$ 41,029,978	\$ 41,321,810	\$ 39,678,649
2,424,907	1,261,950	593,365	1,228,483	1,406,104	3,440,249
\$ 43,776,468	\$ 42,230,899	\$ 42,346,958	\$ 42,258,461	\$ 42,727,914	\$ 43,118,898
\$ 122,200,633	\$ 120,982,285	\$ 118,405,746	\$ 118,013,179	\$ 121,167,946	\$ 120,182,009
3,262,355	3,222,374	17,592,724	18,839,037	10,192,895	10,960,283
(15,086,189)	(14,766,732)	(24,047,590)	(21,717,660)	(21,286,458)	(18,049,430)
\$ 110,376,799	\$ 109,437,927	\$ 111,950,880	\$ 115,134,556	\$ 110,074,383	\$ 113,092,862

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
EXPENSES				
Governmental activities				
General government	\$ 2,416,410	\$ 2,675,926	\$ 3,156,278	\$ 3,529,170
Public safety	14,598,186	15,419,714	16,081,083	16,767,143
Highways and streets	3,296,350	3,311,564	3,722,055	3,972,096
Culture and recreation	1,862,749	1,868,893	2,034,648	2,242,138
Economic development	3,956,489	2,385,479	425,359	913,927
Interest on long-term debt	1,449,772	1,528,564	2,045,277	1,695,254
Total governmental activities expenses	27,579,956	27,190,140	27,464,700	29,119,728
Business-type activities				
Waterworks and sewerage	4,634,314	5,412,249	5,148,885	5,170,570
Total business-type activities expenses	4,634,314	5,412,249	5,148,885	5,170,570
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 32,214,270	\$ 32,602,389	\$ 32,613,585	\$ 34,290,298
PROGRAM REVENUES				
Governmental activities				
Charges for services				
General government	\$ 3,107,316	\$ 2,622,108	\$ 2,603,229	\$ 2,136,166
Public safety	5,581,866	4,434,714	4,488,006	4,560,817
Highways and streets	-	-	-	-
Culture and recreation	585,138	641,046	619,381	629,882
Economic development	-	-	-	-
Operating grants	-	-	-	-
Capital grants	796,765	838,607	633,667	677,672
Total governmental activities program revenues	10,071,085	8,536,475	8,344,283	8,004,537
Business-type activities				
Charges for services				
Waterworks and sewerage	4,970,094	4,091,890	4,290,807	3,846,907
Capital grants	-	-	-	-
Total business-type activities program revenues	4,970,094	4,091,890	4,290,807	3,846,907
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 15,041,179	\$ 12,628,365	\$ 12,635,090	\$ 11,851,444

2010	2011	2012	2013	2014	2015
\$ 2,952,818	\$ 3,396,022	\$ 3,074,208	\$ 3,140,972	\$ 1,613,068	\$ 1,802,610
15,425,916	16,529,348	17,950,169	18,486,450	18,582,961	19,438,857
4,183,379	4,021,341	4,439,375	4,290,953	4,647,467	4,969,501
1,574,777	1,332,039	1,347,279	1,205,021	1,109,942	1,143,280
1,920,010	1,098,934	926,436	479,102	940,077	1,128,755
1,146,842	1,233,206	1,045,608	1,254,435	1,409,508	1,738,490
27,203,742	27,610,890	28,783,075	28,856,933	28,303,023	30,221,493
5,013,468	4,753,896	4,673,670	4,986,492	4,871,170	4,901,767
5,013,468	4,753,896	4,673,670	4,986,492	4,871,170	4,901,767
\$ 32,217,210	\$ 32,364,786	\$ 33,456,745	\$ 33,843,425	\$ 33,174,193	\$ 35,123,260
\$ 2,175,734	\$ 1,967,590	\$ 838,464	\$ 1,965,735	\$ 535,567	\$ 617,962
5,264,203	5,643,674	6,844,127	7,205,320	7,086,380	7,392,854
-	-	439,467	520,172	469,234	186,992
478,097	642,923	676,449	599,609	529,221	613,484
-	-	-	-	-	35,000
-	-	835,918	1,165,632	688,520	905,163
1,738,582	1,718,995	537,892	516	-	-
9,656,616	9,973,182	10,172,317	11,456,984	9,308,922	9,751,455
4,512,406	3,716,174	3,682,437	4,784,199	4,782,300	4,949,523
5,560	-	989,110	110,136	530,814	336,000
4,517,966	3,716,174	4,671,547	4,894,335	5,313,114	5,285,523
\$ 14,174,582	\$ 13,689,356	\$ 14,843,864	\$ 16,351,319	\$ 14,622,036	\$ 15,036,978

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
NET (EXPENSE) REVENUE				
Governmental activities	\$ (17,508,871)	\$ (18,653,665)	\$ (19,120,417)	\$ (21,115,191)
Business-type activities	335,780	(1,320,359)	(858,078)	(1,323,663)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (17,173,091)	\$ (19,974,024)	\$ (19,978,495)	\$ (22,438,854)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities				
Taxes				
Property	\$ 6,747,900	\$ 7,685,714	\$ 8,091,060	\$ 8,248,091
Intergovernmental				
Sales	4,972,070	5,296,357	5,458,214	5,592,133
State income	1,468,210	1,637,119	1,788,320	1,683,021
Other	1,336,548	958,527	815,847	825,019
Investment income	332,962	541,148	407,397	107,426
Miscellaneous	587,266	691,446	684,602	2,650,181
Transfers in (out)	-	-	-	500,000
Total governmental activities	15,444,956	16,810,311	17,245,440	19,605,871
Business-type activities				
Property taxes	11,728	11,733	11,732	11,724
Investment income	149,405	263,991	179,907	34,070
Transfers in (out)	-	-	-	(500,000)
Total business-type activities	161,133	275,724	191,639	(454,206)
TOTAL PRIMARY GOVERNMENT	\$ 15,606,089	\$ 17,086,035	\$ 17,437,079	\$ 19,151,665
SPECIAL ITEM				
Governmental activities	\$ -	\$ -	\$ -	\$ -
CHANGE IN NET POSITION				
Governmental activities	\$ (2,063,915)	\$ (1,843,354)	\$ (1,874,977)	\$ (1,509,320)
Business-type activities	496,913	(1,044,635)	(666,439)	(1,777,869)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ (1,567,002)	\$ (2,887,989)	\$ (2,541,416)	\$ (3,287,189)

Data Source

Audited Financial Statements

2010	2011	2012	2013	2014	2015
\$ (17,547,126)	\$ (17,637,708)	\$ (18,610,758)	\$ (17,399,949)	\$ (18,994,101)	\$ (20,470,038)
(495,502)	(1,037,722)	(2,123)	(92,157)	441,944	383,756
\$ (18,042,628)	\$ (18,675,430)	\$ (18,612,881)	\$ (17,492,106)	\$ (18,552,157)	\$ (20,086,282)
\$ 8,887,061	\$ 8,841,223	\$ 9,060,819	\$ 9,096,330	\$ 9,342,465	\$ 9,927,632
5,476,150	5,793,566	7,375,471	7,940,113	8,145,378	8,640,078
1,536,443	1,541,627	1,601,915	1,769,156	1,912,965	1,922,554
592,692	734,484	2,045,202	1,445,829	1,336,144	2,296,792
25,419	48,447	86,173	69,478	17,587	69,306
2,826,017	785,058	236,987	654,381	247,071	241,171
500,000	500,000	-	-	(26,291)	-
19,843,782	18,244,405	20,406,567	20,975,287	20,975,319	23,097,533
11,719	(11,706)	-	-	-	-
6,983	3,859	10,873	3,660	1,218	7,228
(500,000)	(500,000)	-	-	26,291	-
(481,298)	(507,847)	10,873	3,660	27,509	7,228
\$ 19,362,484	\$ 17,736,558	\$ 20,417,440	\$ 20,978,947	\$ 21,002,828	\$ 23,104,761
\$ -	\$ -	\$ -	\$ -	\$ (7,018,317)	\$ -
\$ 2,296,656	\$ 606,697	\$ 1,795,809	\$ 3,575,338	\$ (5,037,099)	\$ 2,627,495
(976,800)	(1,545,569)	8,750	(88,497)	469,453	390,984
\$ 1,319,856	\$ (938,872)	\$ 1,804,559	\$ 3,486,841	\$ (4,567,646)	\$ 3,018,479

VILLAGE OF LAKE ZURICH, ILLINOIS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
GENERAL FUND				
Reserved	\$ 791,673	\$ 815,783	\$ 835,582	\$ 1,029,890
Unreserved	3,607,077	3,290,597	2,323,035	2,167,788
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unrestricted	-	-	-	-
TOTAL GENERAL FUND	\$ 4,398,750	\$ 4,106,380	\$ 3,158,617	\$ 3,197,678
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 15,297,012	\$ 14,804,655	\$ 13,847,115	\$ 14,010,393
Unreserved, reported in				
Special Revenue Funds	-	-	31,762	59,940
Capital Project Funds	2,201,914	2,191,034	670,718	587,586
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unrestricted	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 17,498,926	\$ 16,995,689	\$ 14,549,595	\$ 14,657,919

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

Data Source

Audited Financial Statements

2010	2011	2012	2013	2014	2015
\$ 1,107,457	\$ 1,137,365	\$ -	\$ -	\$ -	\$ -
2,410,450	4,024,311	-	-	-	-
-	-	-	1,888,744	1,552,148	1,874,738
-	-	339,445	328,685	348,816	434,061
-	-	5,382,483	7,368,345	7,667,560	7,329,746
\$ 3,517,907	\$ 5,161,676	\$ 5,721,928	\$ 9,585,774	\$ 9,568,524	\$ 9,638,545
\$ 15,787,496	\$ 15,710,939	\$ -	\$ -	\$ -	\$ -
151,872	259,001	-	-	-	-
954,551	1,490,591	-	-	-	-
-	-	-	-	2,187	4,013
-	-	17,631,245	18,510,352	9,844,079	10,526,222
-	-	-	-	-	258,605
-	-	(381,557)	-	-	(1,336,239)
\$ 16,893,919	\$ 17,460,531	\$ 17,249,688	\$ 18,510,352	\$ 9,846,266	\$ 9,452,601

VILLAGE OF LAKE ZURICH, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
 Last Ten Fiscal Years

Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Taxes	\$ 8,197,567	\$ 8,997,906	\$ 9,429,834	\$ 9,585,231	\$ 10,160,886	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185
Licenses and permits	1,160,733	878,610	885,010	575,208	618,304	830,107	598,732	669,712	821,173	1,030,867
Intergovernmental	8,573,593	8,732,610	8,696,048	8,777,845	9,343,867	8,771,807	9,445,800	10,972,018	14,288,150	15,103,784
Charges for services	6,175,199	5,030,420	5,005,354	5,005,802	5,236,050	5,804,830	6,170,629	6,491,618	1,395,081	1,587,616
Fines and forfeits	488,721	474,646	481,478	408,715	789,855	810,309	762,168	753,126	812,169	785,685
Interest income	332,962	541,148	407,397	107,426	25,419	48,447	86,174	69,478	17,587	69,306
Miscellaneous	587,266	691,446	684,602	2,650,181	2,826,017	785,058	1,045,451	1,227,043	513,757	224,545
TOTAL	\$ 25,516,041	\$ 25,346,786	\$ 25,589,723	\$ 27,110,408	\$ 29,000,398	\$ 27,717,587	\$ 30,129,321	\$ 32,432,270	\$ 30,310,532	\$ 32,848,988

Note: Includes all governmental funds.

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

Last Ten Fiscal Years

Source	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	\$ 2,357,302	\$ 2,508,671	\$ 2,849,795	\$ 3,083,437	\$ 3,063,431	\$ 2,939,988	\$ 3,022,604	\$ 3,012,651	\$ 2,028,374	\$ 2,576,664
Public safety	13,648,751	14,389,260	15,024,150	14,471,695	14,934,390	15,670,720	17,188,744	18,380,336	18,557,096	19,097,605
Highways and streets	2,814,329	3,079,508	2,962,734	2,809,433	2,982,812	2,778,043	2,886,662	3,837,520	4,328,310	4,668,487
Culture and recreation	1,746,509	1,782,675	1,943,021	2,004,690	1,367,164	1,115,371	1,086,760	952,048	879,566	885,710
Economic development	3,956,489	2,385,479	425,359	913,927	1,920,010	1,098,934	925,553	478,179	938,891	1,128,464
Capital outlay	533,572	735,561	2,044,233	2,771,192	1,031,091	865,580	1,501,194	1,239,971	1,450,335	1,401,055
Debt service										
Principal	6,598,573	2,023,573	1,665,000	1,900,000	1,250,000	905,000	520,000	1,105,000	2,162,000	2,790,000
Interest and fiscal charges	1,323,726	1,554,811	2,069,288	1,933,501	901,415	1,172,426	919,876	1,028,952	1,331,090	1,585,100
TOTAL	\$ 32,979,251	\$ 28,459,538	\$ 28,983,580	\$ 29,887,875	\$ 27,450,313	\$ 26,546,062	\$ 28,051,393	\$ 30,034,657	\$ 31,675,662	\$ 34,133,085

Note: Includes all governmental funds.

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	2006	2007	2008	2009
REVENUES				
Taxes	\$ 8,197,567	\$ 8,997,906	\$ 9,429,834	\$ 9,585,231
Licenses and permits	1,160,733	878,610	885,010	575,208
Intergovernmental	8,573,593	8,732,610	8,696,048	8,777,845
Charges for services	6,175,199	5,030,420	5,005,354	5,005,802
Fines and forfeitures	488,721	474,646	481,478	408,715
Investment income	332,962	541,148	407,397	107,426
Miscellaneous	587,266	691,446	684,602	2,650,181
Total revenues	25,516,041	25,346,786	25,589,723	27,110,408
EXPENDITURES				
General government	2,357,302	2,508,671	2,849,795	3,083,437
Public safety	13,648,751	14,389,260	15,024,150	14,471,695
Highways and streets	2,814,329	3,079,508	2,962,734	2,809,433
Culture and recreation	1,746,509	1,782,675	1,943,021	2,004,690
Economic development	3,956,489	2,385,479	425,359	913,927
Capital outlay	533,572	735,561	2,044,233	2,771,192
Debt service				
Principal	6,598,573	2,023,573	1,665,000	1,900,000
Interest	1,323,726	1,554,811	2,069,288	1,933,501
Total expenditures	32,979,251	28,459,538	28,983,580	29,887,875
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,463,210)	(3,112,752)	(3,393,857)	(2,777,467)
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance, at par	11,843,742	2,317,145	-	18,145,000
Premium on bonds issued	-	-	-	170,367
Payment to escrow agent	-	-	-	(15,890,515)
Proceeds from capital lease obligation	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	6,507,635	-	-	8,747,910
Transfers (out)	(6,507,635)	-	-	(8,247,910)
Total other financing sources (uses)	11,843,742	2,317,145	-	2,924,852
NET CHANGE IN FUND BALANCES	\$ 4,380,532	\$ (795,607)	\$ (3,393,857)	\$ 147,385
Debt service as a percentage of noncapital expenditures	24.42%	12.91%	13.22%	13.77%

Data Source

Audited Financial Statements

	2010	2011	2012	2013	2014	2015
\$	10,160,886	\$ 10,667,029	\$ 12,020,367	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185
	618,304	830,107	598,732	669,712	821,173	1,030,867
	9,343,867	8,771,807	9,445,800	10,972,018	14,288,150	15,103,784
	5,236,050	5,804,830	6,170,629	6,491,618	1,395,081	1,587,616
	789,855	810,309	762,168	753,126	812,169	785,685
	25,419	48,447	86,174	69,478	17,587	69,306
	2,826,017	785,058	1,045,451	1,227,043	513,757	224,545
	29,000,398	27,717,587	30,129,321	32,432,270	30,310,532	32,848,988
	3,063,431	2,939,988	3,022,604	3,012,651	2,028,374	2,576,664
	14,934,390	15,670,720	17,188,744	18,380,336	18,557,096	19,097,605
	2,982,812	2,778,043	2,886,662	3,837,520	4,328,310	4,668,487
	1,367,164	1,115,371	1,086,760	952,048	879,566	885,710
	1,920,010	1,098,934	925,553	478,179	938,891	1,128,464
	1,031,091	865,580	1,501,194	1,239,971	1,450,335	1,401,055
	1,250,000	905,000	520,000	1,105,000	2,162,000	2,790,000
	901,415	1,172,426	919,876	1,028,952	1,331,090	1,585,100
	27,450,313	26,546,062	28,051,393	30,034,657	31,675,662	34,133,085
	1,550,085	1,171,525	2,077,928	2,397,613	(1,365,130)	(1,284,097)
	475,000	4,445,000	-	2,650,000	537,000	19,155,000
	-	-	-	588,025	-	397,596
	-	(3,875,000)	-	(2,674,286)	-	(18,746,704)
	-	-	-	251,892	-	129,856
	-	-	-	-	-	24,705
	1,375,643	1,505,934	1,713,738	1,519,953	2,376,589	7,075,090
	(875,643)	(1,005,934)	(1,713,738)	(1,519,953)	(2,725,982)	(7,075,090)
	975,000	1,070,000	-	815,631	187,607	960,453
\$	2,525,085	\$ 2,241,525	\$ 2,077,928	\$ 3,213,244	\$ (1,177,523)	\$ (323,644)
	8.72%	8.14%	5.30%	7.42%	12.08%	12.10%

VILLAGE OF LAKE ZURICH, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
2005	\$ 528,188,250	\$ 142,547,903	\$ 670,736,153	\$ 33,510	\$ 670,769,663	\$ 0.907
2006	567,359,961	153,118,205	720,478,166	30,833	720,508,999	0.866
2007	600,225,289	169,303,669	769,528,958	33,174	769,562,132	0.813
2008	660,488,632	188,391,102	848,879,734	45,081	848,924,815	0.825
2009	684,983,790	200,512,583	885,496,373	61,540	885,557,913	0.804
2010	692,693,597	205,270,180	897,963,777	70,478	898,034,255	0.856
2011	670,744,254	201,024,795	871,769,049	352,395	872,121,444	0.907
2012	632,208,141	207,333,243	839,541,384	321,748	839,863,132	0.998
2013	586,319,303	205,938,281	792,257,584	258,669	792,516,253	1.132
2014	553,285,740	215,022,246	768,307,986	671,745	768,979,731	1.143

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

Tax Levy Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
TAX RATES										
Village of Lake Zurich										
Corporate	0.170	0.154	0.145	0.008	0.012	0.260	0.256	0.261	0.247	0.251
Police protection	0.116	0.117	0.111	0.111	0.097	0.078	0.078	0.080	0.084	0.088
Fire protection	0.106	0.107	0.101	0.101	0.088	0.077	0.078	0.080	0.084	0.088
Ambulance	0.099	0.100	0.095	0.096	0.083	0.015	0.016	0.018	0.019	0.020
Illinois municipal retirement	0.027	0.028	0.027	0.027	0.027	0.006	0.023	0.023	0.026	0.026
Federal social security	0.105	0.106	0.1	0.096	0.094	-	-	-	-	-
Insurance	0.042	0.043	0.041	0.076	0.074	-	-	-	-	-
Debt service	0.176	0.140	0.125	0.126	0.109	0.116	0.124	0.136	0.211	0.211
Special recreation	0.020	0.023	0.022	0.021	0.020	0.021	0.022	0.023	0.024	0.023
Police pension	0.023	0.024	0.023	0.079	0.096	0.142	0.136	0.159	0.185	0.188
Firefighters' pension	0.023	0.024	0.023	0.084	0.104	0.141	0.174	0.218	0.252	0.248
Total direct tax rate	0.907	0.866	0.813	0.825	0.804	0.856	0.907	0.998	1.132	1.143
OVERLAPPING RATES										
Lake County	0.454	0.450	0.444	0.453	0.464	0.505	0.554	0.608	0.663	0.682
Lake County Forest Preserve	0.210	0.204	0.201	0.199	0.200	0.198	0.201	0.212	0.218	0.210
Ela Area Library District	0.323	0.317	0.306	0.308	0.308	0.329	0.356	0.386	0.409	0.410
School District #95	4.040	3.992	3.830	3.899	3.901	4.136	4.446	4.914	5.242	5.291
School District #96	3.000	2.989	2.772	2.869	2.916	3.086	3.453	3.756	3.976	4.040
High School District #125	2.112	2.134	2.114	2.139	2.185	2.306	2.465	2.751	2.989	3.049
Community College #532	0.197	0.195	0.192	0.196	0.200	0.218	0.240	0.272	0.296	0.306
Ela Township - Corp. and GA	0.085	0.086	0.082	0.084	0.084	0.091	0.099	0.088	0.100	0.100
Ela Township - road and bridge	0.010	0.010	0.010	0.005	0.007	0.008	0.009	0.010	0.011	0.010
Ela Township - gravel or R.I.	0.030	0.032	0.032	0.038	0.036	0.039	0.042	0.030	0.046	0.045
Barrington Public Library District	0.155	0.169	0.152	0.150	0.161	0.170	0.185	0.213	0.228	0.231
TOTAL DIRECT AND OVERLAPPING TAX RATE	11.523	11.444	10.948	11.165	11.266	11.942	12.957	14.238	15.310	15.517

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Village Square Retail Center LLC	\$ 7,760,702	1	1.01%	\$ 5,990,551	1	0.83%
Individual Taxpayer (North Lake Commons)	6,117,655	2	0.80%	4,896,575	3	0.68%
Landings Capital Partners, LLC	6,117,642	3	0.80%			
Deerpath Commons Retail Center	5,744,395	4	0.75%			
Echo Incorporated	5,556,952	5	0.72%	4,830,630	4	0.67%
Deerpath Court Retail Center LLC	5,167,427	6	0.67%	3,867,437	5	0.54%
Greenhill Company LLC (Smalley Steel Ring)	3,867,700	7	0.50%			
Costco	3,858,072	8	0.50%	3,127,311	8	0.43%
Wal-Mart Properties, Inc.	3,767,660	9	0.49%	2,523,955	10	0.35%
Roundys Supermarkets, Inc	3,669,689	10	0.48%			
Lincoln Property Co.				5,893,144	2	0.82%
Regal Cinemas Inc.				3,165,773	6	0.44%
Liberty Realty Lake Zurich LLC				3,131,319	7	0.43%
HD Development of Maryland LLC				2,622,019	9	0.36%
TOTAL	\$ 51,627,894		6.72%	\$ 40,048,714		5.55%

Data Source

Office of the County Clerk and Elia Township Assessor

VILLAGE OF LAKE ZURICH, ILLINOIS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Fiscal Year Ended	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	2005	\$ 6,535,016	\$ 6,534,252	99.99%	N/A	\$ 6,534,252	99.99%
2007	2006	6,664,408	6,661,241	99.95%	N/A	6,661,241	99.95%
2008	2007	6,901,759	6,895,811	99.91%	N/A	6,895,811	99.91%
2009	2008	7,305,853	7,291,787	99.81%	N/A	7,291,787	99.81%
2010	2009	7,220,195	7,214,819	99.93%	N/A	7,214,819	99.93%
2011	2010	7,465,360	7,445,276	99.73%	N/A	7,445,276	99.73%
2012	2011	7,617,559	7,619,717	100.03%	N/A	7,619,717	100.03%
2013	2012	7,909,312	7,895,992	99.83%	N/A	7,895,992	99.83%
2014	2013	8,637,807	8,624,832	99.85%	N/A	8,624,832	99.85%
2015	2014	8,794,144	* N/A	* N/A	* N/A	* N/A	* N/A

N/A - Currently not available.

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

Data Source

Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities					
	General Obligation Bonds	General Obligation		TIF Revenue Bonds	Capital Lease Obligation	Installment Contracts
		TIF Alternate Revenue Bonds				
						Notes Payable
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	20,265,000	8,165,000	-	-	-
2012	3,455,000	20,235,000	7,915,000	-	-	-
2013	3,085,000	20,145,000	7,775,000	313,563	-	-
2014	2,700,000	19,405,000	7,275,000	243,559	-	-
2015	2,305,000	25,865,000	550,000	764,956	-	-

* See the schedule of Demographic and Economic Information on page 137 for personal income and population data.

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

Data Source

Audited Financial Statements

Business-Type Activities							
Waterworks and Sewerage Revenue Bonds	IEPA Loan	Total Primary Government	Total Equalized Assessed Value (EAV)	Percentage of EAV	Percentage of Personal Income*	Per Capita*	
\$ 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	38,229,988	872,121,444	4.38%	5.19%	1,947.43	
1,665,000	3,132,971	36,402,971	839,863,132	4.33%	4.52%	1,837.33	
975,000	2,968,015	35,261,578	872,121,444	4.04%	4.78%	1,770.43	
4,075,000	2,797,744	36,496,303	756,892,029	4.82%	4.68%	1,832.42	
3,800,000	2,623,190	35,908,146	768,979,731	4.67%	4.59%	1,795.14	

VILLAGE OF LAKE ZURICH, ILLINOIS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year		Gross General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Equalized Assessed Value	Per Capita
2006	\$	6,970,000	\$ 309,524	\$ 6,660,476	0.99%	\$ 350.70
2007		5,855,000	155,410	5,699,590	0.79%	300.10
2008		5,095,000	196,268	4,898,732	0.64%	257.94
2009		4,575,000	259,631	4,315,369	0.51%	216.50
2010		4,160,000	723,398	3,436,602	0.39%	168.24
2011		3,815,000	778,594	3,036,406	0.34%	154.67
2012		3,815,000	791,581	3,023,419	0.32%	134.43
2013		3,085,000	796,995	2,288,005	0.26%	114.88
2014		2,700,000	796,996	1,903,004	0.22%	95.55
2015		2,305,000	826,062	1,478,938	0.17%	73.94

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

DIRECT AND OVERLAPPING BONDED DEBT - GOVERNMENTAL ACTIVITIES

April 30, 2015

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 2,305,000 (2)	100.000%	\$ 2,305,000
Lake County	110,575,000	3.290%	3,637,918
Lake County Forest Preserve	289,835,000	3.290%	9,535,572
Ela Area Library District	5,280,000	45.030%	2,377,584
School District #95	23,675,000	50.730%	12,010,328
School District #96	720,000	2.430%	17,496
High School District #125	34,455,000	0.900%	310,095
Community College #532	77,990,000	3.470%	2,706,253
	542,530,000		30,595,246
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 544,835,000		\$ 32,900,246

(1) Determined by the ratio of assessed value of property in the Village subject to taxation by the governmental unit to the total assessed value of property of the governmental unit.

(2) Consists of General Obligation Bonds of 2008A.

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

Data Source

Lake County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN INFORMATION

April 30, 2015

EQUALIZED ASSESSED VALUATION - 2014*	\$ 768,979,731
Legal debt limit - 8.625% of assessed valuation	\$ 66,324,502
Amount of debt applicable to debt limit:	
General obligation bonds	<u>2,305,000</u>
LEGAL DEBT MARGIN	<u>\$ 64,019,502</u>

* Most Recent EAV Available

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

VILLAGE OF LAKE ZURICH, ILLINOIS

PLEDGED-REVENUE COVERAGE

Last Four Fiscal Years

Fiscal Year	Revenues*	Principal	Interest	Coverage
2012	\$ 5,878,258	\$ 30,000	\$ 717,266	787%
2013	6,069,546	90,000	749,724	723%
2014	6,234,680	740,000	871,603	387%
2015	6,658,825	815,000	856,478	398%

Alternative revenue bonds were issued during fiscal year 2012.

*As defined in applicable bond indentures and governing laws.

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Personal Income (in Thousands)	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
2006	18,992	\$ 773,810	\$ 40,744	35.8	6,614	1.7%
2007	18,992	846,827	44,589	35.7	6,477	1.8%
2008	18,992	884,640	46,580	35.8	6,366	2.2%
2009	19,932	718,927	36,069	34.7	6,188	6.7%
2010	20,427	749,303	36,682	34.7	6,207	10.3%
2011	19,631	737,085	37,547	38.6	6,023	8.5%
2012	19,813	805,220	40,641	39.8	5,944	8.8%
2013	19,917	737,088	37,008	36.8	5,913	4.4%
2014	20,003	782,677	39,128	41.1	5,892	6.7%
2015	20,054	787,541	39,271	39.9	5,716	4.5%

Data Sources

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

VILLAGE OF LAKE ZURICH, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Echo Inc.	805	1	4%	640	2	3%
Lake Zurich Community School Dist. #95	790	2	4%	844	1	4%
Peapod	506	3	3%			
Smalley Steel Ring Co.	496	4	2%	285	4	2%
Termax Corp	415	5	2%			
YMCA	279	6	1%			
D&W Fine Pack	180	7	1%			
Village of Lake Zurich	160	8	1%	173	6	1%
All American Exterior Solutions	151	9	1%			
Insight Beverages	150	10	1%			
Tredegar Film Products				125	8	1%
CM Packaging, Inc.				320	3	2%
Sylvania Inc.				90	10	0%
Pinnacle Food Products				175	5	1%
Lexington Lake Zurich				155	7	1%
Dycast Inc./Citation				120	9	1%
	<u>3,932</u>		<u>20%</u>	<u>2,927</u>		<u>16%</u>
Village population			20,054			18,992

Data Sources

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

2006 statistics are from a canvass of employers in May 2005. This table excludes the Village's larger retail establishments, which include food stores (Dominick's and Jewel) and department stores (Home Depot, Costco, Wal-Mart, Target, and Kohl's).

VILLAGE OF LAKE ZURICH, ILLINOIS

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL GOVERNMENT										
Administration	2	2	2	7	3	4	4	4	5	5
Finance	9	9	8	4	6	7	7	5	5	5
Technology	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1
COMMUNITY SERVICES										
Building and zoning	8	9	10	10	9	8	8	8	7	7
Public works - general services	17	16	19	19	23	20	20	18	17	17
Public works - water and sewer	13	13	13	12	12	12	12	13	14	14
POLICE	55	55	58	55	55	53	53	51	51	51
FIRE	61	61	62	62	61	60	60	58	58	58
ENGINEERING	4	4	4	3	3	3	3	-	-	-
RECREATION	10	9	11	10	5	3	3	2	2	2
TOTAL	179	178	187	182	177	170	170	160	160	160

N/A Technology was separated from of Finance in 2013

Data Source

Village records

VILLAGE OF LAKE ZURICH, ILLINOIS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009
PUBLIC WORKS				
Forestry				
Number of parkway trees planted	61	74	42	40
Number of parkway trees trimmed	1,268	692	737	527
Fleet services				
Number of vehicles maintained	93	93	95	94
Preventative maintenance	713	690	736	739
PUBLIC SAFETY				
Fire				
Number of fire calls	1,582	1,745	1,793	1,401
Number of EMS calls	1,664	1,694	1,665	1,694
Number of training hours	11,750	6,279	11,817	10,753
Police				
Part I crime	N/A	N/A	N/A	N/A
Calls for service	10,423	10,101	9,860	9,650
State tickets issued	5,563	5,116	4,672	4,885
Compliance tickets issued	N/A	N/A	N/A	N/A
Parking tickets issued	1,905	1,866	1,983	1,944
Red light citations	N/A	N/A	N/A	N/A
COMMUNITY DEVELOPMENT				
Number of building permits issued	1,100	1,341	1,135	1,325
Number of building inspections	5,409	4,808	5,142	4,000
Number of food service inspections	N/A	N/A	N/A	N/A
HIGHWAYS AND STREETS				
Sidewalk replaced (square feet)	7,680	10,093	3,140	2,800
Annual resurfacing program (\$)	684,866	925,000	100,000	400,000
Crack sealing (lbs. installed)	12,060	13,000	13,000	13,000
Curb replaced (ln. ft.)	N/A	N/A	N/A	N/A
WATER AND SEWER				
Water main breaks	32	18	35	43
Hydrants flushed	3,200	1,610	3,520	3,560
Water meters read	76,884	75,628	79,878	80,088
Water meter service requests	988	551	819	873
Total distribution pumpage (1,000 gallons)	731MG	718MG	687MG	621MG
Average daily consumption (1,000 gallons)	2.0MG	1.8MG	1.88MG	1.70MG
Sanitary sewer televising (feet)	12,000	4,000	3,000	2,500
Sanitary sewer repairs	12	2	1	6

N/A - Not available

Data Source

Village records

2010	2011	2012	2013	2014	2015
48	102	54	122	140	24
600	800	638	707	800	902
93	92	91	91	85	92
676	969	346	324	664	964
1,453	1,401	1,382	1,398	1,483	1,844
1,672	1,735	1,746	1,787	1,848	2,150
9,476	11,366	11,949	9,651	8,877	10,075
N/A	N/A	257	293	324	344
9,113	9,063	9,168	N/A	9,392	9,067
4,515	3,773	3,774	3,474	2,786	2,637
101	103	108	46	29	36
1,902	1,674	1,693	1,609	1,640	1,389
4,854	4,506	4,237	3,692	4,536	5,262
1,343	1,492	1,539	1,506	1,639	3,487
3,368	5,533	6,317	4,813	5,611	6,484
N/A	N/A	N/A	N/A	N/A	N/A
11,748	5,625	5,825	5,025	3,150	15,345
350,000	1,106,893	-	-	1,109,353	1,323,465
-	-	-	-	11,515	55,564
3,282	262	267	614	427	3,892
38	31	30	70	51	40
3,560	1,765	1,780	1,780	1,790	1,790
79,716	80,676	80,796	80,916	81,000	81,000
869	910	893	1,019	1,053	1,172
624MG	600MG	599MG	681MG	630MG	640MG
1.71MG	1.4MG	1.4MG	1.5MG	1.4MG	1.3MG
2,500	2,250	2,000	2,829	10,920	33,974
1	1	1	1	3	2

VILLAGE OF LAKE ZURICH, ILLINOIS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
POLICE										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	N/A	N/A	N/A	N/A	1	1	1	1	1	1
Patrol units	20	20	22	21	22	23	23	23	23	23
FIRE STATIONS	4	4	4	4	4	4	4	4	4	4
PUBLIC WORKS										
Streets (lane miles)	158.2	158.2	159.0	159.0	159.0	159.0	159.4	159.7	159.7	160.0
Sidewalks (miles)	90	90	91	91	91	91	91	91	91	91
Streetlights	N/A	170	175	175	175	175	175	180	180	180
WATER AND SEWER										
Water mains (miles)	107	107	108	108	108	108	109	109	110	110
Fire hydrants	1,739	1,739	1,760	1,760	1,760	1,760	1,765	1,765	1,790	1,790
Sanitary sewers (mile)	106	106	107	107	107	107	107	107	107	107

N/A - Not available

Data Source

Village records