

Village of Lake Zurich, Illinois

2022

Annual Comprehensive Financial Report

For the Fiscal Year Ending December 31, 2022



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

For the Year Ended December 31, 2022

Prepared by the Finance Department

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Finance Director

Village of Lake Zurich

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OFFICE OF THE VILLAGE MANAGER

Ray Keller

July 19, 2023

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

The Finance Department is pleased to submit herewith the Annual Comprehensive Financial Report of the Village of Lake Zurich, Illinois (the Village) for the fiscal year ended December 31, 2022. This report provides a broad view of the Village's financial activities for the twelve-month 2022 fiscal year and its financial position at December 31, 2022.

Although addressed to the elected officials and residents 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 an Annual Comprehensive Financial Report, the Village of Lake Zurich has chosen to provide financial information that is significantly greater than that which is required under state law.

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

Baker Tilly US, LLP (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended December 31, 2022. The independent auditors' report is located at the front of the financial section of this report.

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

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

Profile of the Government

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

Settlers first came to the area in the 1830's. George Ela settled in the area of Deer Grove, not far from Cedar Lake (now Lake Zurich) in 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 2020 Census reported a population of 19,759 up 32% from 1990. The land area of the Village is 6.9 square miles.

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

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

The Reporting Entity

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

Accounting System and Budgetary Control

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

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

The annual budget serves as the foundation for the Village's financial planning and control. It also serves as the legal authority to spend public funds. The Village Board has adopted the Budget Act for purposes of legally appropriating public funds. The Village Manager was designated by the Village Board as the Budget Officer. All departments submit their budget requests to the Village Manager approximately four months before the start of the next fiscal year. The Director of Finance prepares a projection of revenues to be received during the fiscal year. The Village Manager, Director of Finance, and appropriate staff review all budget requests and revenue estimates and develop a proposed budget. The proposed budget is presented to the Village Board and a formal public hearing is held prior to its adoption by the Village Board, which is required by state law prior to the first day of the fiscal year. The Budget Officer may approve the transfer of budgeted funds from one account to another, provided the two accounts are within the same object class and within the same department and fund. Further, the legal level of budgetary control resides at the department level, or where no departmental segregation of a fund exists, the fund level. Amendments or increases to the annual budget may be done only by a two-thirds vote of the Village Board. The Village's fiscal periods coincide with the calendar year.

Factors Affecting Economic Condition

Local Economy: Lake Zurich has a strong and active retail sales tax base acquired through commodity retail establishments primarily located on the busy Rand Road Corridor. The Village has a strong mix of retail superstores, such as Costco, Home Depot, Wal-Mart, Target, Jewel and Mariano's, which has helped in weathering downturns in the economy. Despite a strong sales tax base, the rising cost of operations limits the Village's ability to properly maintain and improve the residents' investment in Village infrastructure. To assist with long term planning, the Village maintains a 20-year Community Investment Plan (CIP) to manage the over \$130 million in infrastructure, including roads, water mains, sanitary and storm sewers, buildings and equipment. Village management is continuously looking for ways to cut costs and/or increase revenues. However, a large proportion of the increasing costs are mandated by statute, regulatory agencies, and/or labor contracts.

Retail vacancy rates increased slightly in Quarter 1 of 2023 to 3.4% vacant from 3.2% in Quarter 4 of 2022. Retail vacancy rates have remained steady over the past 12 months, hovering between 3% - 4% vacant since early 2022. The Lake Zurich retail environment has stabilized drastically from a peak retail vacancy rate of 8.5% in Quarter 4 of 2020, during the economic hardships of mandated COVID lockdowns. As of March

31, 2023, there was 89,193 square feet of retail space reported vacant in Lake Zurich, with average rates at \$17.19 per square foot (nnn).

The industrial vacancy rate increased to a marginal 0.8% in Quarter 1 of 2023 compared to Quarter 4 of 2022 when 0.4% was reported vacant. The Lake Zurich Industrial Park is mature, thriving, and continues to attract large employers in manufacturing, production, and transportation industries. Indeed, the industrial park is Lake Zurich's primary employment center. The Village's industrial vacancy rate experienced a recent peak of 7.5% in Quarter 2 of 2020 due to the mandated shut downs prompted by the COVID public health emergency. It has experienced a steady decline since then to its current 0.8% vacant rate.

Meanwhile, the Village's office vacancy rate has slowly increased since the second-half of 2021 to its existing level of 5.4% vacant as of the end of Quarter 1 2023, reflecting a national trend of reduced demand for office space as hybrid-virtual working conditions continue to be popular. Lake Zurich does not have a heavy concentration of office space and thus was rather insulated from a spiking office vacancy rate during the COVID shutdowns.

Despite the ongoing economic and supply chain challenges related to the COVID pandemic, the Village issued more than \$60 million in construction value for permits during 2022, an increase of nearly \$22 million from 2021.

Lake Zurich economic development efforts continue to attract an impressive level of private sector investment. In just the past three years, Lake Zurich's annual retail sales have increased over \$50 million and over 60 new businesses have located to Lake Zurich in the past 20 months.

With no Cook County sales taxes, fast efficient permit processing, and desirable population demographics for retailers looking for customers and employers looking for a highly-skilled workforce, it is no surprise that companies both large and small have found Lake Zurich to be a premier destination for their success.

- The Village was pleased to attract a high-end seafood dining establishment to the Main Street District in summer of 2022 with the opening of Vault 232. This new Lake Zurich destination has proved popular over the last year and is an excellent example how to rejuvenate a historical property using TIF financing to spur redevelopment. Main Street also celebrated the grand opening of Korean BBQ on the Lake in 2022, which serves up fresh BBQ flavors that will melt your mouth.
- The Lake Zurich Florist on Main Street purchased some village-owned acreage in the Main Street TIF District in 2022, constructing a new two-story mixed use building with four commercial tenant spaces on the first floor and residential units on the second floor. This new Main Street development was made possible by a public-private partnership with the Village to encourage investment in the TIF district.
- JP Morgan Chase knows doing business in Lake Zurich is smart, so it is infusing a massive investment into a modern retail banking center at the southwest corner of Rand Road and Route 22. The Village approved this new bank in July 2022 and it's expected to be open towards the end of 2023.
- In September 2022, the Lake Zurich community finally got to enjoy the opulent experience that is Life Time. This luxury health spa and gym is a beautiful 148,000 square-foot facility with pools, saunas, steam rooms, salon and spa services, and an outdoor beach club with leisure pool, waterslide, and whirlpools.

- Geremarie Corporation, a manufacturer of precision aluminum components, obtained its zoning entitlements in 2022 to proceed with a new 40,000 square foot addition to its existing building on Ensell Road.
- After a three-year hiatus due to the pandemic, Lake Zurich attended the International Conference of Shopping Centers retail events in October 2022 at Navy Pier. Mayor Poynton and Staff pitched LZ to numerous retail reps, brokers, and developers. Of particular interest was the demand for retail development along Rand Road near the new Life Time and Sanctuary projects.

Lake Zurich's recovery from the economic slumps of the COVID pandemic has been strong, thanks to the organizational and financial restructuring efforts over the past few years. These sound management practices have allowed the Village to grow the economic base of the community in order to further establish Lake Zurich as a regional economic hub.

But we're not done yet. With an eye to the future, Lake Zurich knows the importance of strategic relationships in growing the local economy and in 2022, the Village hosted a reception with Select Chicago and the Chilean Trade Commission at the annual National Restaurant Trade Event. This was an opportunity to connect international trade reps, corporations, and investors of the food and restaurant industry with local restaurateurs and food industry manufactures to discuss future foreign investment in the local commercial and manufacturing sectors.

The Village is making steady progress on the major decision on securing a Lake Michigan water supply, with the Village intending to partner with the Central Lake County Joint Action Water Agency. Lake Zurich is currently working on the detailed engineering plans required for such a multi-million-dollar capital connection to become a reality.

At the Staff-level of the organization, the Village continues to embrace innovation in how we provide core municipal service the public depends on. We are focused on being a sustainable municipality that is both adaptable and responsive in delivering the high-quality services Lake Zurich expects.

- In 2022, the Village launched it's first-ever Business Outreach Survey, with questions to gauge how businesses are faring, their outlook for the future of Lake Zurich commerce, and their overall experience as being part of the community.
- Lake Zurich installed two new piers along the shoreline at Paulus Park, as well as new woodland trails and shoreline restorations. Plans for a new bandshell stage at Paulus are also underway.
- As a small slice of the suburban ideal in the American Midwest, Lake Zurich has no shortage of community events that gather friends and family. From Rock the Block, Independence Day celebrations, Aline Fest, Bushel of Apples Fest, Jack O' Lantern World, and Miracle on Main, Lake Zurich families always have something circled on the calendar.
- Lake Zurich parks and rec had another solid year in 2022, with a beach season that saw 413 season passes sold and over 16,000 total beach visits, a summer day camp with over 600 kids in attendance, and a farmer's market season that was at its capacity with farmers offering fresh produce, live entertainment, and local artisans.
- As a result of Illinois legislation mandating public safety dispatch center consolidation, all emergency dispatch centers in Lake County have been invited to participate in a future County-wide campus planned in Libertyville. In 2022, the Village formally joined this effort with an

intergovernmental agreement with multiple other municipalities moving towards a more efficient and sustainable dispatch model.

- The Village has 80 vehicles in its municipal fleet, necessitating a slot and steady replacement to stay ahead of rising maintenance costs. In 2022, the Village took delivery of a new dump truck, track loader, front-end loader, fire engine, ambulance, and a police vehicle.

Signature Park and Recreation programs continue to grow in both participation and revenue. Year over year, the Academy of Performing Arts (dance) participation increased 26% with a revenue increase of 40%, day camp had a participation increase of 3% (program was close to full capacity) with a revenue increase of 8%, and early childhood Yellow Brick Road preschool programs saw 55% participation increase with a 23% program revenue increase.

Aquatic beach visits revenue experienced growth year over year as well with a 10% visit increase at Paulus Park, a 14% visit increase at Breezewald Park, and a revenue increase of 15%.

Another annual focus of the Village's Staff in Parks and Rec is special community events. In 2022, 73 total event days (28 event days ran by external partners) ran from Village property with a total estimated event attendance of 85,000+.

Other notable highlights include the progressive work on the OLSAD Grant Paulus Park Enhancements (which include the stage, woodland pavilion and pathways, shoreline restoration, and the ADA accessible nonmotorized craft launch and fishing pier), Buffalo Creek facility parking lot and Oak Ridge Basketball Court renovation.

Long-Term Financial Planning: The Village uses a number of processes and resultant planning documents to accomplish its financial planning. As discussed above, the Village adopts an annual budget. The Village Board adopted the formal Community Investment Plan (CIP) in August 2022, forecasting out funding needs for capital items that are expected to exceed \$20,000 and have a useful life of more than a year, such as road improvements, large machinery and equipment, and building improvements. Projects were prioritized by mandatory, essential, deferrable and contributory. The CIP covers a twenty-year span of anticipated capital needs.

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

Major Accomplishments and Initiatives for Fiscal Year 2022

The fiscal year ended December 31, 2022 saw many accomplishments and major initiatives come to fruition, including:

Balanced Budget. Created balanced 2023 budget with an eye on sustaining multi-year progress towards strategic goals with \$19.8 million in infrastructure improvements and \$864,000 in vehicle and major equipment replacements for public safety and public works services. The 2023 budget totals \$73.9 million to fund a full-service municipality with 163 full-time employees.

Village Reserves. The Village's official fund balance policy is to maintain a minimum of 25% for the General Fund, with a target of 40%. This reserve is maintained for use in emergency situations. The projected 2023 year-end General Fund Reserve is 36%. This is a significant accomplishment that allows for AAA bond ratings and low interest rates for tax payers.

Maintaining Top Status. Lake Zurich has managed to maintain for another year a AAA stable outlook bond rating status from Standard & Poor's, partly based on a strong local economy and overall budgetary flexibility and performance.

Audit Results - Budget Surplus Achieved. In August 2022, independent auditors with Baker Tilly presented the Village's FY 2021 audit results. Long-term bonded debt decreased \$1.9 million in 2021, for a total of \$21.2 million outstanding. 10 years ago, in 2012, this bonded debt was at \$36.4 million. AAA bond rating performance. Impressive turnaround!

Public Pension Funding. The Fire Pension Fund is now 70.4% funded, an increase on an actuarial value from 2021 status of 69.5% funded. The Police Pension Fund is now 58.4% funded, an increase on an actuarial value from 2021 status of 57.6% funded.

Solid Financial Footing. Despite the pandemic challenges of 2021, the long-term financial planning of the Village, coupled with the strength of the local economy and private-sector investment, Lake Zurich finances remain on solid footing for the foreseeable future.

20-Year Community Investment Plan - The stuff financial sustainability is made of. In August 2022, the Village Board adopted a new *community investment plan*, a two-decade forecast of all municipal capital demands including infrastructure, land improvements, equipment, tech and the municipal fleet.

Replacing these big-ticket capital items as they age are a huge hit on the financial resources of the Village, especially when they compete for limited resources against more immediate service needs. Emergency repairs and replacement costs are significantly more expensive than planned purchases, proving a fiscally prudent necessity to maintain financial stability.

Industrial TIF District Receives Green Light to Proceed. In October 2022, the Village took an important step with the proposed industrial Tax Increment Finance district. The TIF Joint Review Board (JRB) unanimously recommended the proposed district. The JRB includes reps from each local taxing entity that receives property taxes from land in the industrial park.

The JRB unanimously agreed with the Village's assessment that an industrial TIF district as proposed would stimulate new economic development and infrastructure investment, ultimately benefiting all local governments and the community as a whole. The dedicated revenue stream directed into the TIF over time will provide a sustainable funding mechanism to replace aging industrial park infrastructure built in the 1970's and 1980's.

Facade Improvement Pilot Program. Towards the end of 2022, the Village launched a small business facade pilot program to aid local businesses in improving the look and functionality of their spaces in the Main Street District. Eligible improvements include signage, awnings, facade installations, building repairs / tuck pointing, exterior lighting, fresh paint, new windows.

Welcoming New Families. Lake Zurich welcomed somewhere around 350 new households into town in 2022. The Village continues to facilitate the safe construction of several ongoing residential developments listed below to welcome new families from all over the world right here in Lake Zurich.

- The new townhome neighborhood on Route 22, *Canterbury Townes*, is nearing completion of its 38-unit development by Ryan Homes. Units are moving fast as young families are attracted to the great location near the Main Street District, Elia Library, local shops, restaurants, and Sunset Pavilion.
- *Brierwoods Estates*. Nestled across the street from Seth Paine Elementary School, the seven-home development of Brierwoods Estates is going up now and should be full of future Lake Zurich Bears by the end of 2023.
- *Wildwood Estates* on Honey Lake Road are nearing completion of 24 duplex residences within 12 buildings. The rear 28+ acres of this land are remaining wild open space as the duplexes are built only adjacent to the road.
- *The Sanctuary of Lake Zurich*, situated along the northwest shores of the lake, are an attractive addition to the village skyline that promise residents breathtaking views of the water. This development contains commercial uses with a 4,200 sq. foot building on the corner of Old Rand and Route 12 and 23 townhomes within three buildings along the waterfront. *Expected Completion: Late 2023.*

\$1.9 Million Street Resurfacing Investment. Trustees unanimously approved a large road resurfacing program in 2022, directing a years' worth of the local half-cent Non-Home Rule Sales tax directly into Lake Zurich neighborhood streets in the Braemar subdivision, plus June Terrace & Rosehall Drive in Concord Village behind Costco.

\$1.3 Million Water Main Investment. The Village completed a large water main improvement project within Flint Creek Estates in 2022, seeing some 3,350 feet of new 8-inch PVC water main, fire hydrants, valves, and connections to the existing water main and water services. This has improved municipal water services for hundreds of people!

Phase Two SCADA Improvements. Lake Zurich implemented phase two of a SCADA system improvement plan, updating original 2004 water-supply communication platforms designed specifically to control Village wells, water towers, and sanitary sewer pump station. These new improvements will address recent unreliability and performance issues.

\$3.9 Million Investment in Lake Zurich's Foundation. In June 2022, the Village approved more than \$3.4 million in local infrastructure improvements, advancing a primary strategic goal of investing in aging underground pipes. The 2022 sewer lining program includes reinforcing about 6,200 feet of sewer along a transmission main on Aptakisic Road and a storm sewer in Sparrow Ridge subdivision. Funds were also allocated for replacing some 3,350 feet of underground water mains in Flint Creek Estates, including a new 8-inch pipe, fire hydrants, valves, and connections to existing water services.

Eyeing a Lake Michigan Water Supply. In January 2022, the Village Board held and live-streamed a community workshop meeting to analyze data collected from the recent Engineering Enterprises study. The direction from the Board was unanimous: explore in greater detail Lake Michigan water as the primary water source for the community.

Promenade Deck Replacement. One of Lake Zurich's most popular gathering spots, the promenade boardwalk, needed some TLC in 2022. Public Works took on a huge \$72,000+ deck replacement project at the boardwalk, replacing original material from 2003. The new *Trex* decking will ensure a long-lasting, low-maintenance surface for this highly visited Village amenity.

Lift Station Enhancements. Funding received from the developer of *The Wildwood Estates* along Honey Lake Road allowed for the Village to replace a sanitary lift station control panel that would support the added sanitary flow produced from the future duplexes. The station cabinet had deteriorated but the new control components boosted operational capacity and reliability.

Basketball Court Resurfacing. The Oak Ridge courts were resurfaced in 2022, a \$38,000 investment into this popular neighborhood park.

Massive Parking Lot Improvements. The municipal lots at Village Hall and Buffalo Creek Parks and Rec facility were completely replaced in 2022. The Village Hall parking lot pavement cores reflected a more aggressive project with full rehabilitation of the subbase required. Drainage and sidewalk improvements were added to help direct rainfall more efficiently and provide enhanced access for people of all mobilities. A big infrastructure project with a price tag of \$567,000, but will provide the public reliable parking of another 20+ years.

Equipping LZ's Bravest with Faster, Lighter Tools. Firefighter-paramedics at Lake Zurich's four stations rely on extrication equipment to be able to work reliably, every time. The Village bought a \$35,000 set of top-of-the-line, lighter-weight tools that are fast and powerful enough to cut and more boron steel found in new vehicles. The new spreader, cutter, and ram are in service and ready now.

County Dispatch Consolidation Efforts. As a result of Illinois legislation mandating public safety dispatch center consolidation, all emergency dispatch centers in Lake County have been invited to participate in a future County-wide campus planned in Libertyville. In 2022, the Village formally joined this effort with an intergovernmental agreement with multiple other municipalities moving towards a more efficient and sustainable dispatch model.

4th of July Fireworks – Big Shells! Lake Zurich inked a new three-year fireworks deal with larger, more spectacular five-inch and six-inch shells now that the Village launches the fireworks from a barge in the lake, allowing an increased safety zone. We are able to continue offering amazing Independence Day celebrations thanks to the sustainable hotel-motel tax funds received from the Lake Zurich Holiday Inn Express.

Hydrogen Sulfide Reduction Program. Hydrogen sulfide is a gas that commonly forms in sewers and is corrosive to concrete and steel, destroying the components of village sanitary systems. For the past few years, Lake Zurich has implemented a HS₂ reduction program that slows down the pace of corrosion and extends the life of our sanitary sewer infrastructure – saving Village residents tax funds for better purposes.

Natural Area Maintenance. Lake Zurich is proactively assessing and planning for the short term and long term needs of our many natural areas, which are inspected and evaluated during the autumn months. The Village partnered with Integrated Lakes Management to formulate a comprehensive five-year plan for maintenance and restoration these critical natural spaces.

Shoreline Stabilization. The Village completed lakeside stabilization efforts along the Paulus Park shore to protect soils from erosion and the future loss of park space. We also completed initial designs for stabilization along Buffalo Creek expected for 2023, which will improve about 700 feet of creek adjacent to Bristol Trails Park.

Reducing Phosphate Runoff. The Village adds anti-icing and pre-wet controls to all snow plow vehicles to reduce road salt usage and phosphate deposits that runoffs into surface water.

Electronics Recycling. In July 2022, Lake Zurich conducted its second year of a new annual village-wide curbside electronics waste recycling event for residents, a free event for all customers of Lakeshore Recycling Systems.

Double the Trees. Lake Zurich doubled its investment in the suburban forest canopy to \$100,000 for 2022, or about 428 parkway trees.

Clothing and Textile Recycling. Lake Zurich offers clothing and textile recycling, which redirects gently used items around from landfills towards reuse in developing countries around the world.

Styrofoam Recycling Here to Stay. Last years' styrofoam recycling pilot program is no longer a pilot. This opportunity to recycle material that typically ends up in nearby landfills for thousands of years was heavily used by Village residents.

Some of the more significant initiatives planned for the 2023 fiscal year are as follows:

Goal #1 – Financial Sustainability

- **Maintain Fund Balances and Protect Bond Rating.** Maintain and enhance the Village's target fund balances of 40% and 30% for the General Fund and the Water/Sewer Fund, respectively.
- **Financial Forecasts.** Update 5-year financial forecasts for all Village funds, with particular focus on inflationary and/or recessionary influences over the next 1-2 years.
- **Evaluate Permit Fees.** Evaluate existing development and building permit fees for potential revisions to verify correlation with actual expenses.
- **Fund Pension Obligations.** Continue to fund public safety pension obligations to meet 100% funding goal by 2040.

Goal #2 – Community and Economic Development

- **Implement Industrial TIF District.** Complete the setup of TIF #4 anchored in the industrial park to provide a long-term mechanism for infrastructure and building reinvestment.
- **Pursue Main Street Redevelopment.** Continue to implement the Main Street redevelopment strategy through public/private partnerships, focusing on the Village's remaining Block A and B properties.
- **Implement Biz Now Chicago Marketing Campaign.** Focus the Village's marketing efforts on attracting new private investment and new families.
- **Facilitate Completion of Ongoing Development Projects** at Wildwood Estates, Canterbury Townes, Sanctuary of Lake Zurich, and other emergent development opportunities.

- Expand International Outreach. Sponsor a tour and luncheon for international trade commissioners through its participation in Select Chicago, the Chicago International Trade Commissioners Organization, the International Trade Association of Greater Chicago, the Japan External Trade Organization, and the French American Chamber of Commerce, to stimulate new investment in the community.
- Encourage Owners of Infill Properties to develop/redevelop their properties including the former Kmart property, the Cummings property, and the Regal Cinema property.
- Update the Comprehensive Plan. Engage with an independent consultant for a revised comprehensive plan for the long-range planning efforts of growth and development.
- Revise Zoning and Land Development Codes. Upon completion of the Comprehensive Plan update, start the process of updating the Village's zoning and land development codes.
- Install Route 22 Wayfinding Signage. Install attractive wayfinding signage on Route 22 directing people to the Main Street area and its collection of restaurants and shops.
- Consider Revamped Delivery Hours. Review and consider modifying the permissible hours for overnight deliveries in the Village's nonresidential areas.

Goal #3 – Infrastructure Investment

- Continue Progress Towards Lake Michigan Water. Analyze, secure, and refine costs to construct long-term investments needed to secure a Lake Michigan water source through CLC JAWA.
- Complete South Old Rand Water Main Replacements. Complete water main replacements and begin multi-year streetscape improvements in the vicinity of the LZ Blooms development.
- Invest in Block A Infrastructure. Complete sanitary and water main replacements on Lake and Mionske supporting the future development of the Block A site.
- Stabilize the Streambank. Complete the Buffalo Creek streambank stabilization project centered around Stanton Road and Bristol Trails Park.
- Enhance SCADA Communications. Update components to existing Supervisory Control and Data Acquisition system for secure remote control and monitoring. Migrate from telephone notifications to modern apps.
- Expand Productivity Software. Expand use of *Docuware* and *Workflow* software acquired in 2022 to allow for paperless processing of routine forms. Expand use of Citizen Request for Action system and provide integration with Public Works work order system. Roll-out work order system across Public Works and Utilities, to manage activities and provide historical information of completed jobs.

- **Boost Beautification Efforts.** Continue to enhance the Main Street District with a focus on landscaping, flower displays, and wayfinding signage.
- **Implement Facade Improvement Pilot Program.** Promote the availability and benefits of the small business facade improvement pilot program, providing incentives to property owners and local businesses to improve the look and functionality of their properties in the Main Street TIF District.
- **Accelerate Parkway Tree Plantings.** Complete the EAV parkway tree replacement program and transition to ongoing enhancement of Lake Zurich’s forest canopy.
- **Prevent Sanitary Sewer Collapses.** Implement year six of a multi-year sewer lining program to minimize the risk of sewer collapses and extend the lifespan of existing pipes.
- **Maintain Annual Road Investment.** Invest over \$2 million in ongoing road resurfacing including the reconstruction of Old Mill Grove and side streets on east side of Old MG neighborhood.
- **Improve Village Walkability.** Identify routes for future trail improvements for walking and biking, specifically around the Lake.
- **Roof Replacements.** Replace the 20+ year old roofs on the police station and the Buffalo Creek Facility.
- **Enhance Paulus Park.** Improvements to include an electronic community marquee and band shell for the newly constructed stage.
- **Install a New Community Playground.** This year will focus on a replacement for Jonquil Park.
- **Replace Fleet Sustainably.** Continue to replace public safety equipment and vehicles as they reach the end of useful life, avoiding expensive emergency repairs and replacements
- **New Public Safety Equipment.** Place in service a new Village ambulance that was ordered in 2022. Place in service a new fire brush truck. Place in service a new “Emergency Management and Special Operations” Trailer for the fire department.

Goal #4 – Service Sustainability

- **Promote Environmental Sustainability** by incorporating and implementing changes to the zoning and permitting requirements to develop regulations that explicitly allow solar development as a by-right use in all Lake Zurich zoning districts and promote private sector solar development.
- **Promote Invoice Cloud.** Promote the use of Invoice Cloud, encouraging water customers to go paperless, thus reducing printing and postage costs.

- Implement Vector Solutions – Vector Solutions is a web-based tool for the management of the fire department training programs. It allows for the assignment, delivery, tracking and reporting of fire department training, compliance tasks and training certifications. It allows integration with the Lake County Fire Department Training Officers and the Office of the State Fire Marshall.
- Plan for Next Gen Employees. Continue to plan for and accommodate the numerous upcoming retirements of long-term employees expected in the near-future, and expand recruitment and retention efforts to maintain the workforce that is essential to the delivery high quality municipal services.
- Adjust to New Public Safety Laws. Continue to meet the implementation deadlines for new laws and training requirements specifically those found in the Illinois SAFE-T Act.
- Prepare for potential 911 Dispatch Consolidation. Work with partner agencies to develop a joint-plan for a future Lake County consolidated public safety answering point.
- Increase Access to the Lake through new programs and services at Paulus Park including non-motorized aquatics classes and non-motorized craft rentals.
- Update Emergency Operations Plan. The Village Emergency Operations Plan will be reviewed and updated to current Incident Command and Emergency Management practices.
- Update Parks and Recreation Master Plan. Update the 2011 master plan to develop a clear set of goals, strategies, and standards for the Village’s parks, trails, and open space system, as well as its recreational facilities and program development for the next ten year.
- Join County Public Safety Records System. Progress towards the county-wide computer aided dispatch police records management and e-ticketing system, which is expected to go live in 2023.

Goal #5 – Civic Engagement

- Keep Government Accessible. Continue availability of live online broadcasts of Village public meetings and info available through the website, Benchmarks, and social media platforms.
- Continue Successful Community Events with an emphasis on the 10th Annual Rock the Block and planning for the new Paulus Park stage amenity, priorities that enhance the quality of community life.
- Boost Recycling Volumes. Encourage residents, homeowner associations, and local civic groups to increase the volume of waste that is recycled and composted beyond the historically 30% of total waste.
- Build Emergency Resilience. Engage and educate the community to prepare household emergency response plans and survival kits to prepare for future disasters.

- Meet Residents Where They Are. Continue monthly Coffee with the Mayor series and encourage neighborhood block parties with Village officials, police and fire to foster civically engaged residents.

Acknowledgements

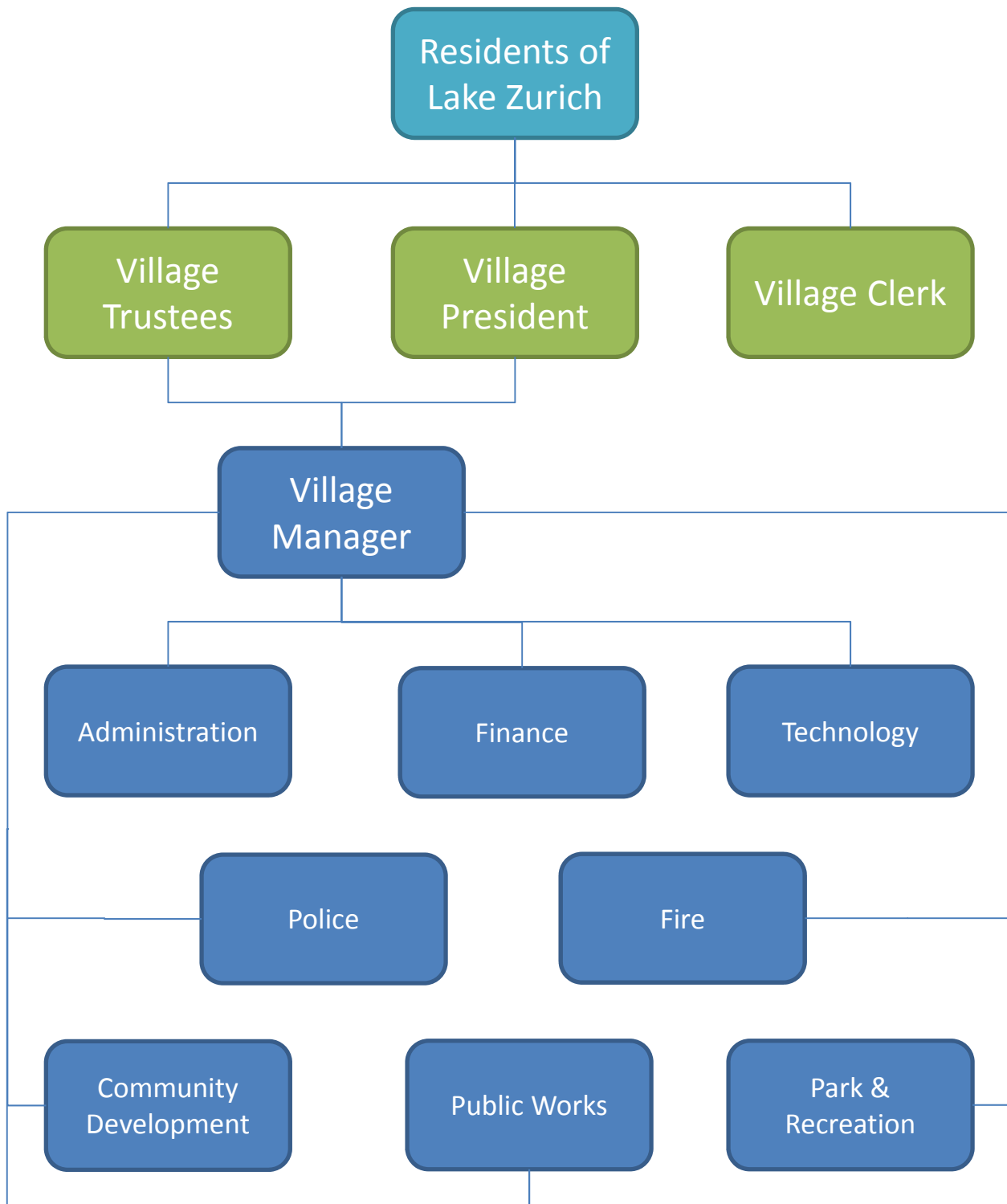
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. The Village President and Village Board of Trustees must be acknowledged and thanked for setting the highest standards of professionalism in the oversight and management of the Village's finances.

Respectfully submitted,

Ray Keller
Ray Keller
Village Manager

Amy Sparkowski
Amy Sparkowski
Director of Finance/
Village Treasurer

Village of Lake Zurich Organization Chart



VILLAGE OF LAKE ZURICH, ILLINOIS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2022

VILLAGE BOARD OF TRUSTEES

Tom Poynton, Mayor

Dan Bobrowski

Mary Beth Euker

Marc Spacone

Janice Gannon

Jonathan Sprawka

Greg Weider

Kathleen Johnson, Village Clerk

Ray Keller, Village Manager

Amy Sparkowski, Finance Director/Treasurer

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake Zurich, Illinois (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
July 19, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2022

This section of the financial report is management's overview and analysis of the financial position and financial performance of the Village of Lake Zurich for the fiscal year ended December 31, 2022. This statement should be read along with the transmittal letter and financial statements for the most complete understanding of the Village of Lake Zurich's financial activities for the year.

FINANCIAL HIGHLIGHTS

VILLAGE FUNDS AS A WHOLE:

- Total assets and deferred outflows of the Village exceeded liabilities and deferred inflows by \$120 million.
- Total net position of the Village increased \$9.9 million.
- Combined revenues totaled \$52.3 million, a 7.8% increase.
- Overall expenses totaled \$42.4 million, a 25.8% increase.

GENERAL FUND:

- Fund balance increased by \$962k.
- Total fund balance at the end of the year was \$14.0 million, of which \$1.7 million was non-spendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$10.9 million.

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position increased \$2.6 million, mainly due to postponed infrastructure improvements.
- Total net position at the end of the year was \$51.7 million, of which \$39.4 million was invested in capital assets, and \$11.6 million was unrestricted funds.
- Working capital of the fund increased from \$8.8 million to \$10.6 million.

LONG-TERM DEBT

- Total long-term debt increased \$19.1 million to \$86.3 million outstanding as of December 31, 2022. Included in this figure is a \$21.8 million increase to net pension liability.
- Bonded debt alone decreased \$1.9 million to \$19.3 million outstanding as of December 31, 2022.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, increased \$457k to \$131.1 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$943k to \$87.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

Government-Wide Statements

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

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

Governmental activities encompass general government, public safety, highways and streets, culture and recreation and economic development. In general, taxes and intergovernmental revenues support governmental funds. The business-type activities of the Village consist of water and sewer operations, which are funded primarily from user fees. Revenues generated from water and sewer operations are intended to cover all or a significant amount of total costs. The government-wide financial statements can be found on pages 4-5 of this report.

Fund Financial Statements

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

Governmental Funds

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

The Village of Lake Zurich has thirteen governmental funds to account for governmental functions. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for these funds, all of which are considered to be "major" funds. The purposes of these major funds are as follows:

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

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

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

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

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

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

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

Data from the other seven (7) funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. Budgetary comparisons are included at the fund level in the combining and individual fund financial statements. The basic governmental fund financial statements can be found on pages 6 through 13 of this report.

Proprietary Funds

The Village of Lake Zurich maintains one proprietary fund – the Waterworks and Sewerage Fund. This proprietary fund is categorized as an enterprise fund, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. As proprietary funds are reported on a full accrual basis, the Village of Lake Zurich fund statements for its Waterworks and Sewerage fund mirror the government-wide statements. The basic proprietary fund financial statements can be found on pages 14 through 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 eight (8) fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and six (6) Custodial Fund for Special Service Areas. Like proprietary funds, fiduciary funds are accounted for on a full accrual basis. The basic fiduciary fund statements can be found on pages 19 and 20 of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are on pages 21 through 63 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Included in this report is a budgetary comparison statement for the General Fund and the special revenue funds, as well as information regarding the Village's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information is available on pages 64 through 84.

Amendments to Budget

Amendments to the budget are typically made throughout the year. The Village Manager, as Budget Officer, is authorized to implement a budget transfer between accounts within the same object class,

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

December 31, 2022

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The combined net position for the fiscal year ended December 31, 2022 totaled \$120 million and consisted of net position from both governmental activities and business-type activities of \$68 million and \$52 million respectively. Following is a table that shows total net position of the Village as of December 31, 2022 with a comparison to the preceding fiscal year.

Statement of Net Position
As of December 31, 2021 and 2022

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current and other assets	\$ 64,245,514	\$ 59,018,382	\$ 13,658,798	\$ 13,483,662	\$ 77,904,312	\$ 72,502,044
Capital assets	86,971,571	86,028,829	44,108,403	44,594,077	131,079,974	130,622,906
Total assets	151,217,085	145,047,211	57,767,201	58,077,739	208,984,286	203,124,950
Deferred Outflows	19,096,721	7,692,843	715,056	118,305	19,811,777	7,811,148
Total assets & deferred outflows	170,313,806	152,740,054	58,482,257	58,196,044	228,796,063	210,936,098
Current and other liabilities	8,055,798	6,286,633	2,060,070	2,966,786	10,115,868	9,253,419
Long-term liabilities	78,818,126	59,393,237	4,581,293	5,006,628	83,399,419	64,399,865
Total liabilities	86,873,924	65,679,870	6,641,363	7,973,414	93,515,287	73,653,284
Deferred Inflows	15,167,232	26,026,045	150,470	1,174,306	15,317,702	27,200,351
Total liabilities and deferred inflows	102,041,156	91,705,915	6,791,833	9,147,720	108,832,989	100,853,635
Net position:						
Net invest capital assets	86,971,571	86,028,829	39,432,356	39,003,754	126,403,927	125,032,583
Restricted	14,265,789	16,840,573	-	1,096,080	14,265,789	17,936,653
Unrestricted	(32,964,710)	(41,835,263)	12,258,068	8,948,490	(20,706,642)	(32,886,773)
Total net position	\$ 68,272,650	\$ 61,034,139	\$ 51,690,424	\$ 49,048,324	\$ 119,963,074	\$ 110,082,463

The Village's net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure less any related debt used to acquire those assets still outstanding), is the largest portion of the Village's net position. As of December 31, 2022, capital assets net of related debt totaled \$126 million. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

In the governmental activities, the total net position increased by \$7.2 million. The General Fund was able to transfer additional funds to the Capital Improvement and the Equipment Replacement funds to accumulate resources for upcoming capital needs. General Fund was still able to post a surplus of \$962k.

VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

Cash and investments for governmental activities increased \$8.5 million. Total assets and deferred outflows for the governmental activities increased \$17.6 million to \$170.3 million. This is attributable to the increase in cash and investments and pension related deferred outflows. Total liabilities and deferred inflows increased as well, from \$91.7 million to \$102 million, due to changes for pension liabilities.

For the business-type activities, total net position increased by \$2.6 million. This is mainly due to a decrease in deferred inflows due to changes for pension liabilities.

During the current fiscal year, total net position of the Village increased by \$9.9 million compared to a \$14.8 million increase in 2021. A more detailed explanation of the change in net position of the governmental activities and business-type activities is provided in the following sections.

Statement of Activities

The following summarizes the changes in the Village's net position for the 2022 fiscal year:

Change in Net Position For the Fiscal Years Ended December 31, 2021 and 2022						
	Governmental Activities		Business-type Activities		Total Village Wide	
Category	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 13,078,293	\$ 11,246,919	\$ 8,128,400	\$ 7,848,540	\$ 21,206,693	\$ 19,095,459
Operating grants	810,124	810,422	-	-	810,124	810,422
Capital grants	444,296	648,180	-	-	444,296	648,180
General revenues:						
Taxes	13,907,236	13,388,750	-	-	13,907,236	13,388,750
Intergovernmental	14,908,420	13,446,255	-	-	14,908,420	13,446,255
Investment earnings	388,348	(14,708)	134,317	(1,707)	522,665	(16,415)
Other	463,194	1,136,646	17,557	849	480,751	1,137,495
Total revenues	43,999,911	40,662,464	8,280,274	7,847,682	52,280,185	48,510,146
Expenses:						
General Government	2,086,891	1,724,549	-	-	2,086,891	1,724,549
Public Safety	24,533,255	18,808,688	-	-	24,533,255	18,808,688
Highways and Streets	6,907,881	5,464,562	-	-	6,907,881	5,464,562
Culture and Recreation	1,663,731	1,236,703	-	-	1,663,731	1,236,703
Economic Development	720,097	618,979	-	-	720,097	618,979
Interest on long-term debt	849,545	885,519	-	-	849,545	885,519
Water/Sewer	-	-	5,638,174	4,960,349	5,638,174	4,960,349
Total expenses	36,761,400	28,739,000	5,638,174	4,960,349	42,399,574	33,699,349
Change in Net Position	7,238,511	11,923,464	2,642,100	2,887,333	9,880,611	14,810,797
Beginning net position	61,034,139	49,110,675	49,048,324	46,160,991	110,082,463	95,271,666
Ending net position	68,272,650	61,034,139	51,690,424	49,048,324	119,963,074	110,082,463

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

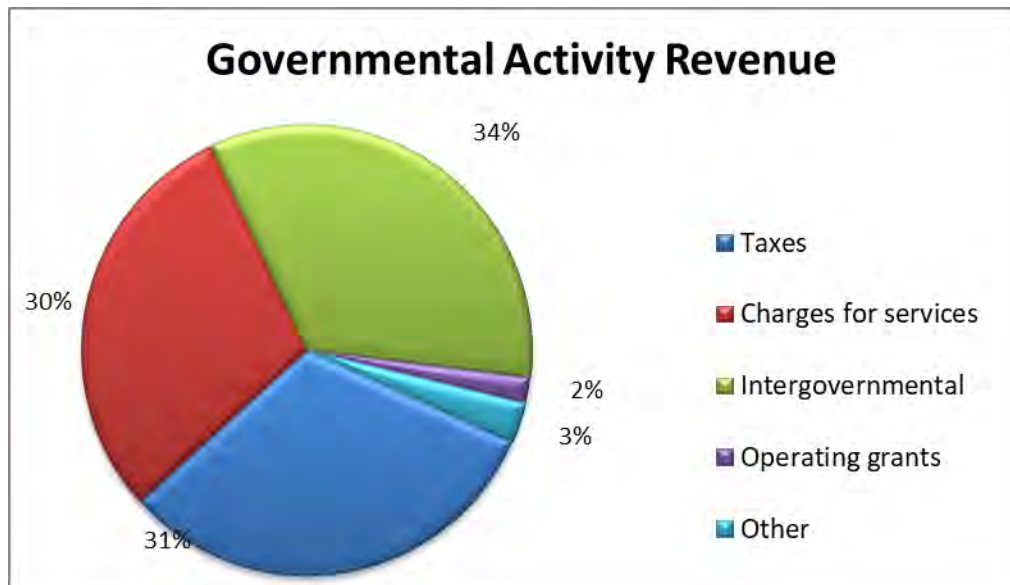
December 31, 2022

Governmental Activities

As is typical for governmental activities of local governments, program revenues cover a small percentage of program expenses, with general revenues covering the majority of expenses. For fiscal year 2022, governmental program expenses of \$36.8 million exceeded program revenues of \$14.3 million by \$22.5 million. General revenues of \$29.7 million made up for the deficiency.

Revenues

The following graph indicates the breakdown of 2022 revenues by type.



Total revenues of \$44.0 million were higher than last year by \$3.3 million (8.2%). No new major revenue sources were implemented. The increase was spread between charges for services (\$1.8 million), shared income tax (\$626k), sales tax (\$690k), and investment earnings (\$403k) as the biggest categories.

Utility taxes steadily exceeded prior year receipts, and ended the year up \$228k (17.3%). Gas utility tax was the driving force for this increase, as consumer gas bills were at a high level in 2022. The telecommunications tax has been unpredictable in the past few years. Receipts were down 18.5% at \$333k. Receipts have been declining due to changes in how customers receive their phone service, such as free long-distance with most cellular plans.

Sales tax revenues came in at \$10.4 million, an increase of \$690k (7.1%). Lake Zurich's mix of retailers provides stability and consistency during more difficult financial periods, better than localities that are selling more luxury or specialty products.

The State Income Tax receipts of \$3.2 million continued to exceed expectations. This revenue source benefited from positive economic factors, such as improved labor market, corporate income tax receipts, and higher estimated tax payments. Additionally, the percent of LGDF distributed to local government increased slightly. Income Tax was up \$626k for the year, an increase of 24.1%.

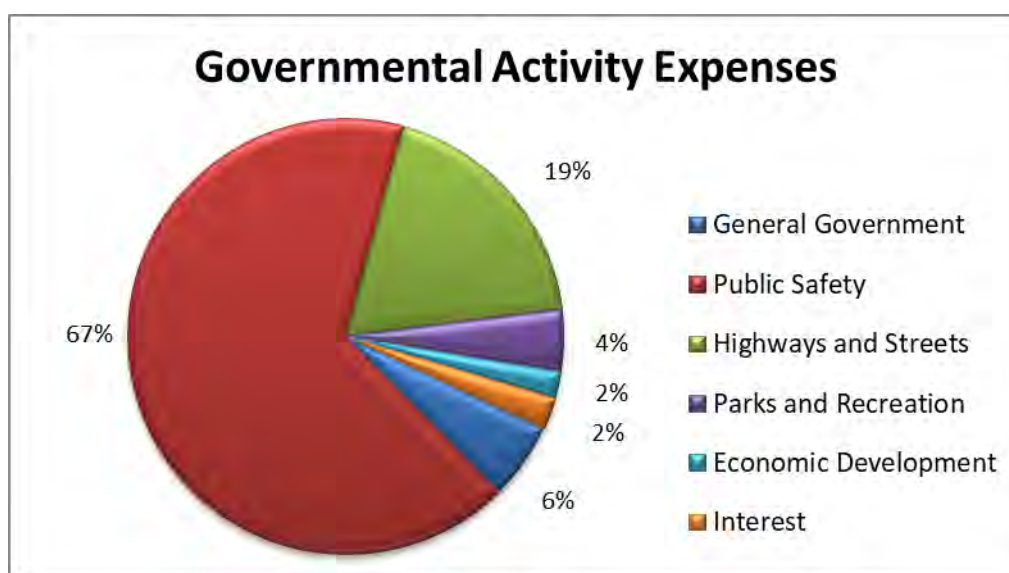
VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

Charges for Services make up 30% of the Village's governmental revenue. Charges for services increased by \$1.8 million (16.3%), coming in at \$13.1 million. No new charges were implemented; activity levels continued to increase.

Expenses

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



Expenses associated with governmental activities increased by \$8.0 million, or 28%. The most significant increases relate to public safety, which increased \$5.7 million (30.4%) and highways and streets which increased \$1.4 million (26.4%). The increase in public safety was primarily due to the GASB 68 pension adjustment related to the pension funds' deferred outflows and inflows, combined with salary expense and transfers to equipment replacement. Similarly, highways and streets increased due to adjustments related to other postemployment benefits, transfers to equipment replacement, and depreciation.

Business-Type Activities

For business-type activities, net position increased a total of \$2.6 million. Revenues of \$8.3 million exceeded program expenses of \$5.6 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$2.0 million (36% of operating expenses). Additionally, business type activities experienced pension adjustments resulting in increased pension expense.

Charges for services associated with business-type activities totaled \$8.1 million, up 3.6% from the prior year. This increase was largely due to the increased water and sewer connection fees from new residential developments.

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

December 31, 2022

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental Funds

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

At December 31, 2022 governmental funds reported combined fund balances of \$37.0 million. Of this amount, \$11.1 million is unrestricted and is available for future obligations. About \$14.3 million is restricted, with \$3.3 million restricted for Tax Increment Financing (TIF), \$4.3 million for capital projects and \$957k for debt service. The remainder of restricted funds relate to special recreation, public safety, highway and streets, special events, and a small amount for tourism, generated by the hotel tax.

GENERAL FUND:

The General Fund is the Village's primary operating fund. For the fiscal year ended December 31, 2022, fund balance in the General Fund increased by \$962k from current year activities. Change to fund balance is a combination of revenues of \$34.6 million compared to expenditures of \$29.4 million. Other financing uses of \$4.3 million are also included, representing a transfer of \$3.5 million to the Capital Improvement Fund, \$576k to the Dispatch Services Fund, \$141k to the Special Events Fund and \$50k to the Equipment Replacement Fund. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$14.0 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund currently has a fund balance of \$74k. This is \$39k higher than the previous year fund balance of \$35k. The increase is primarily due to an increase in property taxes. Any fund balance in the TIF Tax Allocation Fund would be restricted entirely for TIF purposes.
- The Debt Service Fund has a positive fund balance of \$957k that is restricted entirely for the payment of future debt service. This is \$35k higher than the previous year, due to favorable property tax collection.
- The TIF (#1) Debt Service Fund currently has a negative fund balance of \$927k. While any fund balance in this fund would be restricted for payment of future debt service, the fund received a long-term advance of over \$1.5 million to cover its expenditures to date. Fund balance decreased by \$21k during the year and the long-term advance is at \$1.3 million, unchanged from last year. Now that the TIF has been extended, the debt restructured, and several negative increment parcels removed, the TIF is working on rebuilding the fund balance of future years.
- The Capital Improvements Fund fund balance increased \$2.6 million to \$9.9 million. The majority of the increase is due to advanced funding from the General Fund for upcoming capital projects. \$240k of this fund balance is earmarked for noise mitigation related to the CN rail, which will be drawn down over the next few fiscal years.
- The Downtown TIF Fund #2 decreased fund balance by \$299k over the year, due primarily to increased economic development expenses relating to TIF developer agreements. Fund balance at year-end of \$3.1 million is restricted entirely for TIF purposes, almost solely land held for resale.

Proprietary Funds

The focus for the proprietary fund at the fund level is synonymous with that found at the government-wide level. Reporting is on a full-accrual basis with short-term and long-term emphasis on financial data. The

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

December 31, 2022

Waterworks and Sewerage Fund is the sole proprietary fund for the Village of Lake Zurich. This fund records all financial activity relating to the municipality's water and sewer operations. The Waterworks and Sewerage Fund provides the same type of information in the government-wide financial statements reflected as "Business-type" activities, but in more detail.

At December 31, 2022, net position of the proprietary fund totaled \$51.0 million. Cash and investments totaled \$12.0 million, an increase of \$1.2 million (11.4%). Capital outlay was less than anticipated during 2022 due to supply and timing issues. This was a major factor in working capital increasing from \$8.8 million to \$10.6 million.

Operating revenues decreased 1.9% from the previous year to \$7.1 million, consistent with a decrease in gallons billed (457 million gallons) and gallons pumped (569 million gallons). Completion of the water meter replacement project is still providing more accurate consumption records. No rate increases to the Lake Zurich portion of water bills took effect during 2022. Operating expenses (including depreciation) of \$5.6 million were 15% higher than the previous year, with a large portion of that increase related to the change in pension expense. Depreciation increased by \$39k (2%).

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced overall losses in the fiscal year ended December 31, 2022. Combined, the funds reported a \$13.8 million loss for the year due to extreme investment market losses. During 2022, the two funds combined reported a \$13.8 million decrease in plan fiduciary net position. Investment earnings (net of related expenses) posted a combined loss of \$14.5 million between the two funds. Cash and investments totaled \$74.9 million as of December 31st.

Custodial Funds: The Village has six (6) 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. Combined, the funds reported a \$4k decrease in net position to \$459k. This decrease was primarily due to increased service expenses relating to landscaping and water management.

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 through a budget amendment. The revenues and expenditures were monitored closely throughout the year to stay in compliance with the fund level budgetary policy.

Two budget amendments were approved for this fiscal year that affected the General Fund. Revenues and other financing sources were increased \$3.5 million, with an increase to expenditures and other financing uses of \$3.4 million. The largest revenue increases were to Sales Tax (\$598k), and Income Tax (\$604k). For expenditures, the major increases were for Engineering and Architectural expenses of (\$123k) and Fuel (\$145k). Additionally, increases were made to transfers out to the Capital Improvement Fund (\$2.7 million) to help fund several upcoming expensive but necessary capital projects.

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

December 31, 2022

Change in Fund Balance

General Fund

When the original budget was adopted in December of 2022, a surplus of \$11k was expected for the General Fund. After the budget amendments, the expectation changed to a budget surplus of \$95k. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$962k. Revenues and other financing sources came in at \$34.6 million for the year, \$475k more than budgeted. Expenditures totaled \$29.4 million, which was \$392k less than budgeted. Overall, expenditures and other financing uses totaled \$33.7 million. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended December 31, 2022.

**General Fund Budgetary Highlights
Fiscal Year Ended December 31, 2022**

	Final Budget	Actual
Revenues & Other Financing Sources		
Taxes	\$ 10,697,272	\$ 10,618,871
Licenses and permits	1,032,980	1,032,763
Intergovernmental	18,783,263	18,949,173
Charges for services	2,931,423	3,351,050
Fines and forfeits	464,500	399,579
Other revenue	227,753	245,776
Sub-total revenues	\$ 34,137,191	\$ 34,597,212
Other financing sources	26,789	41,789
Total Revenues and Other Financing Sources	\$ 34,163,980	\$ 34,639,001
Expenditures and Other Financing Uses		
General government	\$ 1,943,596	\$ 1,771,814
Public safety	22,438,605	22,281,585
Highways and streets	3,672,839	3,662,457
Culture and recreation	1,206,106	1,174,116
Economic development	515,540	494,774
Sub-total expenditures	\$ 29,776,686	\$ 29,384,746
Other financing uses		
Transfers to Other Funds	4,291,950	4,291,950
Total Expenditures and Other Financing Sources	34,068,636	33,676,696
Change in Fund Balance	\$ 95,344	\$ 962,305

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

December 31, 2022

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$131.1 million at December 31, 2022. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 22	FYE 21	FYE 22	FYE 21	FYE 22	FYE 21
Land and Improvements	\$ 36,097,760	\$34,959,097	\$ 249,652	\$ 249,652	\$ 36,347,412	\$ 35,208,749
Building and Improvements	6,320,811	6,414,577	-	-	6,320,811	6,414,577
Machinery & Equipment	1,497,617	1,372,731	1,549,221	1,447,309	3,046,838	2,820,040
Vehicles	2,843,926	3,156,750	681,899	773,569	3,525,825	3,930,319
Other	455,200	578,528	394,579	282,885	849,779	861,413
Infrastructure	39,756,257	39,547,146	41,233,052	41,840,662	80,989,309	81,387,808
Total	<u>\$ 86,971,571</u>	<u>\$86,028,829</u>	<u>\$ 44,108,403</u>	<u>\$44,594,077</u>	<u>\$ 131,079,974</u>	<u>\$ 130,622,906</u>

Capital additions for the year totaled \$3.9 million for governmental funds and \$1.5 million for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- Land improvements of \$1.5 million, with \$936k for the Paulus Park OSLAD Project, \$488k for parking lots, and \$36k for basketball court resurfacing.
- Building improvements of \$200k for Chalet deck replacement.
- Vehicles of \$37k, for a new police utility interceptor.
- Machinery and Equipment of \$300k, with \$196k for a tractor, \$72k for a track loader, and \$32k for fire extrication equipment.
- Infrastructure improvements of \$1.7 million for the annual road program.

Business-Type Fund:

- Infrastructure improvements of \$1.2 million for a water main replacement.
- Machinery and Equipment of \$196k, with \$136k for pump replacements, and \$60k for a lift station control panel.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 37 and 38.

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

December 31, 2022

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$1.9 million. Series 2022 was issued for \$1,188,000 on a short-term basis and was repaid before the end of the fiscal year. During the year, there was no additional new debt.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 22	FYE 21	FYE 22	FYE 21	FYE 22	FYE 21
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIF Alternate Revenue Bonds	18,475,000	19,875,000	-	-	18,475,000	19,875,000
TIF Revenue Bonds	-	-	-	-	-	-
Water Alternate Revenue Bonds	-	-	820,000	1,325,000	820,000	1,325,000
Bonded Debt Total	18,475,000	19,875,000	820,000	1,325,000	19,295,000	21,200,000
IEPA Loan	-	-	1,107,795	1,319,536	1,107,795	1,319,536
Compensated Absences	2,103,004	1,995,589	76,865	88,500	2,179,869	2,084,089
Net Pension Liability	57,401,010	36,184,028	590,656	-	57,991,666	36,184,028
Financed Purchases	17,300	25,377	2,709,320	2,877,634	2,726,620	2,903,011
Other Postemployment Benefits	2,626,855	3,022,047	219,834	260,441	2,846,689	3,282,488
Other	98,391	134,479	38,932	68,152	137,323	202,631
Total Other LT Debt	62,246,560	41,361,520	4,743,402	4,614,263	66,989,962	45,975,783
Combined LT Debt Total	80,721,560	61,236,520	5,563,402	5,939,263	86,284,962	67,175,783

The Village maintains a AAA, stable outlook, bond rating from Standard and Poors, which had been upgraded from AA in 2013. Maintaining the AAA stable was based on the following factors:

- Very strong budgetary flexibility
- Strong overall budgetary performance.
- Strong debt and contingent liabilities profile.

Additional information on the Village's long-term debt is presented in the notes to the basic financial statements on pages 40 through 44.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village is directly impacted by any legislation that could reduce or eliminate any state shared revenue, and in turn impact the level of service to the residents.
- 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.
- Rising market costs and supply issues for commodity services and personnel continue to be a challenge.
- Pension funding levels and resulting required contributions remain sensitive to disability claims, retirements, and new accounting requirements.
- One of the four union contracts is set to December 31, 2022. Negotiated salary and benefit increases are expected to be reasonable and in-line with market conditions, allowing for increased stability in the operating budget of the Village.

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

December 31, 2022

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. At December 31, 2022 the unrestricted fund balance of the General Fund was 36% of total expenditures of the upcoming year. Village policy states a minimum unrestricted fund balance be maintained of 25% with a target of 40%.

The Water/Sewer Fund had cash and investments of \$12.0 million at December 31, 2022. The fund also had unrestricted net position of \$11.6 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.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Lake Zurich's financial position and activities for the fiscal year ended December 31, 2022. Questions and requests for additional information should be directed to the Finance Director, Village of Lake Zurich, 70 E. Main Street, Lake Zurich, Illinois 60047.

BASIC FINANCIAL STATEMENTS

Village of Lake Zurich

Statement of Net Position

December 31, 2022

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 42,882,739	\$ 11,975,121	\$ 54,857,860
Receivables (net):			
Property taxes	12,043,646	-	12,043,646
Accounts	1,925,704	926,525	2,852,229
Leases	523,188	-	523,188
Internal balances	(686,459)	686,459	-
Due from fiduciary funds	-	2,137	2,137
Due from other governmental units	2,783,922	-	2,783,922
Prepaid items	2,275,964	63,966	2,339,930
Inventories	13,176	4,590	17,766
Land held for resale	2,483,634	-	2,483,634
Capital assets:			
Capital assets not being depreciated	30,928,751	644,231	31,572,982
Capital assets net of accumulated depreciation	56,042,820	43,464,172	99,506,992
Total assets	<u>151,217,085</u>	<u>57,767,201</u>	<u>208,984,286</u>
Deferred Outflows of Resources			
Pension related amounts	16,725,455	666,803	17,392,258
Unamortized loss on refunding	1,794,675	-	1,794,675
OPEB related amounts	576,591	48,253	624,844
Total deferred outflows of resources	<u>19,096,721</u>	<u>715,056</u>	<u>19,811,777</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,233,288	998,322	2,231,610
Accrued payroll	690,344	55,977	746,321
Deposits payable	537,311	-	537,311
Other payables	377,704	-	377,704
Accrued interest payable	77,751	23,662	101,413
Unearned revenues	3,235,966	-	3,235,966
Noncurrent liabilities:			
Due within one year	1,903,434	982,109	2,885,543
Due in more than one year	78,818,126	4,581,293	83,399,419
Total liabilities	<u>86,873,924</u>	<u>6,641,363</u>	<u>93,515,287</u>
Deferred Inflows of Resources			
Property taxes levied for future periods	11,952,533	-	11,952,533
Lease related amounts	507,325	-	507,325
Pension related amounts	1,728,899	68,585	1,797,484
OPEB related amounts	978,475	81,885	1,060,360
Total deferred inflows of resources	<u>15,167,232</u>	<u>150,470</u>	<u>15,317,702</u>
Net Position			
Net investment in capital assets	86,971,571	39,432,356	126,403,927
Restricted for:			
Special recreation	7,419	-	7,419
Public safety	361,126	-	361,126
TIF	3,273,165	-	3,273,165
Debt service	879,385	-	879,385
Noise mitigation	239,530	-	239,530
Capital projects	4,282,200	-	4,282,200
Highways and streets	4,725,692	-	4,725,692
Tourism	398,687	-	398,687
PEG fees	98,585	-	98,585
Unrestricted	(32,964,710)	12,258,068	(20,706,642)
Total net position	<u>\$ 68,272,650</u>	<u>\$ 51,690,424</u>	<u>\$ 119,963,074</u>

See notes to financial statements

Village of Lake Zurich

Statement of Activities

Year Ended December 31, 2022

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 2,086,891	\$ 1,025,879	\$ 4,750	\$ -	\$ (1,056,262)	\$ -	\$ (1,056,262)
Public safety	24,533,255	10,686,378	-	-	(13,846,877)	-	(13,846,877)
Highways and streets	6,907,881	46,131	805,374	444,296	(5,612,080)	-	(5,612,080)
Culture and recreation	1,663,731	1,319,905	-	-	(343,826)	-	(343,826)
Economic development	720,097	-	-	-	(720,097)	-	(720,097)
Interest and fiscal charges	849,545	-	-	-	(849,545)	-	(849,545)
Total governmental activities	36,761,400	13,078,293	810,124	444,296	(22,428,687)	-	(22,428,687)
Business-type activities:							
Waterworks and sewerage	5,638,174	8,128,400	-	-	-	2,490,226	2,490,226
Total business-type activities	5,638,174	8,128,400	-	-	-	2,490,226	2,490,226
Total	\$ 42,399,574	\$ 21,206,693	\$ 810,124	\$ 444,296	(22,428,687)	2,490,226	(19,938,461)
General Revenues							
Taxes:							
Property taxes					11,446,095	-	11,446,095
Utility taxes					1,549,606	-	1,549,606
Telecommunications taxes					333,294	-	333,294
Other taxes					578,241	-	578,241
Intergovernmental, unrestricted							
Replacement					223,900	-	223,900
Sales taxes					10,412,530	-	10,412,530
Local use					800,796	-	800,796
Shared income tax					3,219,676	-	3,219,676
Intergovernmental revenues					251,518	-	251,518
Special events					118,415	-	118,415
Investment income					388,348	134,317	522,665
Miscellaneous					284,533	17,557	302,090
Other					60,246	-	60,246
Total general revenues					29,667,198	151,874	29,819,072
Change in net position					7,238,511	2,642,100	9,880,611
Net Position, Beginning					61,034,139	49,048,324	110,082,463
Net Position, Ending					\$ 68,272,650	\$ 51,690,424	\$ 119,963,074

See notes to financial statements

Village of Lake Zurich

Balance Sheet
Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Assets				
Cash and investments	\$ 10,944,731	\$ 239,499	\$ 696,767	\$ 945,798
Receivables:				
Property taxes receivable	8,901,242	1,433,661	334,688	1,281,310
Accounts receivable	857,561	-	191,125	-
Lease	454,527	-	68,661	-
Due from other funds	971	-	-	-
Advances to other funds	1,515,000	-	-	-
Due from other governments	2,783,922	-	-	-
Prepaid items	125,411	-	-	-
Inventories	13,176	-	-	-
Land held for resale	-	-	2,483,634	-
	<u>-</u>	<u>-</u>	<u>2,483,634</u>	<u>-</u>
Total assets	<u>\$ 25,596,541</u>	<u>\$ 1,673,160</u>	<u>\$ 3,774,875</u>	<u>\$ 2,227,108</u>

See notes to financial statements

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 372,802	\$ 12,835,019	\$ 9,503,780	\$ 35,538,396
-	-	92,745	12,043,646
-	11,666	858,090	1,918,442
-	-	-	523,188
-	-	-	971
-	-	50,000	1,565,000
-	-	-	2,783,922
-	-	13,113	138,524
-	-	-	13,176
-	-	-	2,483,634
<u>\$ 372,802</u>	<u>\$ 12,846,685</u>	<u>\$ 10,517,728</u>	<u>\$ 57,008,899</u>

Village of Lake Zurich

Balance Sheet
Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 594,177	\$ -	\$ 56,671	\$ -
Accrued wages	623,849	-	-	-
Other liabilities	173,343	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	185,000	50,000	-
Unearned revenues	410,042	-	2,600	-
Deposits	<u>537,196</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,338,607</u>	<u>185,000</u>	<u>109,271</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	-	-	190,000	-
Property taxes levied for future periods	8,865,354	1,414,000	327,281	1,270,000
Lease related amounts	<u>441,075</u>	<u>-</u>	<u>66,250</u>	<u>-</u>
Total deferred inflows of resources	<u>9,306,429</u>	<u>1,414,000</u>	<u>583,531</u>	<u>1,270,000</u>
Fund Balances (Deficit)				
Nonspendable for prepaid items	125,411	-	-	-
Nonspendable for inventory	13,176	-	-	-
Nonspendable for advances to other funds	1,515,000	-	-	-
Restricted for special recreation	7,419	-	-	-
Restricted for public safety	157,465	-	-	-
Restricted for TIF	-	74,160	3,082,073	-
Restricted for debt service	-	-	-	957,108
Restricted for noise mitigation	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for highways and streets	-	-	-	-
Restricted for tourism	-	-	-	-
Restricted for PEG	98,585	-	-	-
Assigned to capital project funds	-	-	-	-
Assigned to special events	-	-	-	-
Assigned to dispatch services	-	-	-	-
Assigned to special projects	11,380	-	-	-
Unassigned	<u>12,023,069</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>13,951,505</u>	<u>74,160</u>	<u>3,082,073</u>	<u>957,108</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,596,541</u>	<u>\$ 1,673,160</u>	<u>\$ 3,774,875</u>	<u>\$ 2,227,108</u>

See notes to financial statements

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ 260,099	\$ 255,437	\$ 1,166,384
-	-	57,940	681,789
-	-	14,361	187,704
-	-	262	262
1,300,000	-	30,000	1,565,000
-	2,704,955	118,369	3,235,966
-	-	-	537,196
<u>1,300,000</u>	<u>2,965,054</u>	<u>476,369</u>	<u>7,374,301</u>
-	-	-	190,000
-	-	75,898	11,952,533
-	-	-	507,325
-	-	75,898	12,649,858
-	-	13,113	138,524
-	-	-	13,176
-	-	-	1,515,000
-	-	-	7,419
-	-	203,661	361,126
-	-	116,932	3,273,165
-	-	-	957,108
-	239,530	-	239,530
-	-	4,282,200	4,282,200
-	-	4,725,692	4,725,692
-	-	398,687	398,687
-	-	-	98,585
-	9,642,101	-	9,642,101
-	-	188,254	188,254
-	-	36,922	36,922
-	-	-	11,380
<u>(927,198)</u>	<u>-</u>	<u>-</u>	<u>11,095,871</u>
<u>(927,198)</u>	<u>9,881,631</u>	<u>9,965,461</u>	<u>36,984,740</u>
<u>\$ 372,802</u>	<u>\$ 12,846,685</u>	<u>\$ 10,517,728</u>	<u>\$ 57,008,899</u>

See notes to financial statements

Village of Lake Zurich

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds \$ 36,984,740

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. 86,971,571

Less internal service fund portion (3,818,482)

The loss on refunding of bonds is capitalized and amortized over the life of the bonds on the statement of net position. 1,794,675

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 16,725,455

Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds. 576,591

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (1,728,899)

Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds. (978,475)

Internal service funds are reported in the statement of net position as governmental activities. 12,544,785

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable (18,475,000)

Financed purchases payable (17,300)

Compensated absences (2,103,004)

Accrued interest (77,751)

Unamortized debt premium (98,391)

Net pension liability (57,401,010)

Total OPEB liability (2,626,855)

Net Position of Governmental Activities \$ 68,272,650

Village of Lake Zurich

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2022

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Revenues				
Taxes	\$ 10,618,871	\$ 1,419,063	\$ 327,937	\$ 1,227,084
Licenses and permits	1,032,763	-	-	-
Intergovernmental	18,949,173	-	-	-
Charges for services	3,351,050	-	-	-
Fines, forfeitures and penalties	399,579	-	-	-
Special events	-	-	-	-
Investment income	51,149	9,480	12,512	15,073
Miscellaneous revenues	<u>194,627</u>	<u>-</u>	<u>29,042</u>	<u>-</u>
Total revenues	<u>34,597,212</u>	<u>1,428,543</u>	<u>369,491</u>	<u>1,242,157</u>
Expenditures				
Current:				
General government	1,771,814	-	-	-
Public safety	22,281,585	-	-	-
Highways and streets	3,662,457	-	-	-
Culture and recreation	1,174,116	-	-	-
Economic development	494,774	554,236	668,355	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,810</u>
Total expenditures	<u>29,384,746</u>	<u>554,236</u>	<u>668,355</u>	<u>18,810</u>
Excess (deficiency) of revenues over expenditures	<u>5,212,466</u>	<u>874,307</u>	<u>(298,864)</u>	<u>1,223,347</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(4,291,950)	(835,000)	-	(1,188,000)
Proceeds from sales of capital assets	<u>41,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,250,161)</u>	<u>(835,000)</u>	<u>-</u>	<u>(1,188,000)</u>
Net change in fund balances	962,305	39,307	(298,864)	35,347
Fund Balances (Deficit), Beginning	<u>12,989,200</u>	<u>34,853</u>	<u>3,380,937</u>	<u>921,761</u>
Fund Balances (Deficit), Ending	<u>\$ 13,951,505</u>	<u>\$ 74,160</u>	<u>\$ 3,082,073</u>	<u>\$ 957,108</u>

See notes to financial statements

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 2,906,323	\$ 16,499,278
-	-	-	1,032,763
-	-	1,286,627	20,235,800
-	435,572	917,912	4,704,534
-	-	-	399,579
-	-	118,050	118,050
(801)	68,987	138,903	295,303
<u>-</u>	<u>84,447</u>	<u>-</u>	<u>308,116</u>
<u>(801)</u>	<u>589,006</u>	<u>5,367,815</u>	<u>43,593,423</u>
-	-	16,756	1,788,570
-	-	1,657,497	23,939,082
-	-	2,417,414	6,079,871
-	-	302,127	1,476,243
-	-	400	1,717,765
-	1,514,811	-	1,514,811
1,400,000	-	-	1,400,000
<u>643,296</u>	<u>-</u>	<u>-</u>	<u>662,106</u>
<u>2,043,296</u>	<u>1,514,811</u>	<u>4,394,194</u>	<u>38,578,448</u>
<u>(2,044,097)</u>	<u>(925,805)</u>	<u>973,621</u>	<u>5,014,975</u>
2,023,000	3,525,000	802,050	6,350,050
-	-	(85,100)	(6,400,050)
<u>-</u>	<u>-</u>	<u>-</u>	<u>41,789</u>
<u>2,023,000</u>	<u>3,525,000</u>	<u>716,950</u>	<u>(8,211)</u>
(21,097)	2,599,195	1,690,571	5,006,764
<u>(906,101)</u>	<u>7,282,436</u>	<u>8,274,890</u>	<u>31,977,976</u>
<u>\$ (927,198)</u>	<u>\$ 9,881,631</u>	<u>\$ 9,965,461</u>	<u>\$ 36,984,740</u>

See notes to financial statements

Village of Lake Zurich

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2022

Net Change in Fund Balances, Total Governmental Funds	\$ 5,006,764
--------------------------------------------------------------	---------------------

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

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

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	3,606,337
Plus net internal service funds additions and depreciation expense	53,718
Depreciation is reported in the government-wide financial statements	(2,653,533)
Less net book value of assets retired	(10,062)

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

Principal repaid	1,408,077
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Governmental funds report debt premiums and discounts as other financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium	36,088
Amortization of loss on refunding	(230,081)

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

Compensated absences	(107,415)
Accrued interest on debt	6,554
Net pension asset/liability	(25,195,797)
Net OPEB liability	395,192
Deferred outflows of resources related to pensions	11,431,298
Deferred outflows of resources related to OPEB	202,661
Deferred inflows of resources related to pensions	12,511,439
Deferred inflows of resources related to OPEB	(491,902)

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

1,269,173

Change in Net Position of Governmental Activities	\$ 7,238,511
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Village of Lake Zurich

Statement of Net Position

Proprietary Funds

December 31, 2022

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Assets		
Current assets:		
Cash and investments	\$ 11,975,121	\$ 7,344,343
Accounts receivable	926,525	7,262
Due from fiduciary funds	2,137	-
Prepaid items	63,966	2,137,440
Inventories	<u>4,590</u>	<u>-</u>
Total current assets	<u>12,972,339</u>	<u>9,489,045</u>
Noncurrent assets:		
Capital assets:		
Capital assets not being depreciated	644,231	-
Property and equipment	87,608,077	5,945,197
Less accumulated depreciation	<u>(44,143,905)</u>	<u>(2,126,715)</u>
Total noncurrent assets	<u>44,108,403</u>	<u>3,818,482</u>
Total assets	<u>57,080,742</u>	<u>13,307,527</u>
Deferred Outflows of Resources		
Pension related amounts	666,803	-
OPEB related amount	<u>48,253</u>	<u>-</u>
Total deferred outflows of resources	<u>715,056</u>	<u>-</u>

See notes to financial statements

Village of Lake Zurich

Statement of Net Position

Proprietary Funds

December 31, 2022

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 998,322	\$ 66,904
Accrued wages	55,977	8,670
Accrued interest	23,662	-
Due to other funds	-	709
Compensated absences	15,373	-
Unamortized bond premium	29,220	-
IEPA loan payable	217,067	-
Financed purchase obligation	220,449	-
Alternative revenue bonds payable	<u>500,000</u>	<u>-</u>
Total current liabilities	<u>2,060,070</u>	<u>76,283</u>
Noncurrent liabilities:		
Long-term debt:		
Compensated absences	61,492	-
Total other postemployment benefit liability	219,834	-
Net pension liability	590,656	-
Unamortized bond premium	9,712	-
IEPA loan payable	890,728	-
Financed purchase obligation	2,488,871	-
Alternative revenue bonds payable	<u>320,000</u>	<u>-</u>
Total noncurrent liabilities	<u>4,581,293</u>	<u>-</u>
Total liabilities	<u>6,641,363</u>	<u>76,283</u>
Deferred Inflows of Resources		
Pension related amounts	68,585	-
OPEB related amounts	<u>81,885</u>	<u>-</u>
Total deferred inflows of resources	<u>150,470</u>	<u>-</u>
Net Position		
Net investment in capital assets	39,432,356	3,818,482
Unrestricted	<u>11,571,609</u>	<u>9,412,762</u>
Total net position	51,003,965	13,231,244
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.	<u>686,459</u>	<u>(686,459)</u>
Net Position Business-Type Activities	<u><u>\$ 51,690,424</u></u>	
Net internal service funds reported in the statement of net position as governmental activities		<u><u>\$ 12,544,785</u></u>

See notes to financial statements

Village of Lake Zurich

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Operating Revenues		
Charges for services	\$ 7,092,212	\$ -
Contributions	<u>-</u>	<u>5,560,262</u>
Total operating revenues	<u>7,092,212</u>	<u>5,560,262</u>
Operating Expenses		
Administration	961,742	-
Operations	2,623,761	155,365
Insurance and claims	-	3,801,025
Depreciation	<u>2,028,496</u>	<u>390,818</u>
Total operating expenses	<u>5,613,999</u>	<u>4,347,208</u>
Operating income (loss)	<u>1,478,213</u>	<u>1,213,054</u>
Nonoperating Revenues (Expenses)		
Connection fees	1,036,188	-
Investment income	134,317	93,046
Miscellaneous	-	4,000
Gain on sale of capital assets	17,557	-
Interest and fiscal charges	<u>(115,102)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>1,072,960</u>	<u>97,046</u>
Income (loss) before transfers	<u>2,551,173</u>	<u>1,310,100</u>
Transfers		
Transfers in	-	250,000
Transfers out	<u>-</u>	<u>(200,000)</u>
Total transfers	<u>-</u>	<u>50,000</u>
Change in net position	2,551,173	1,360,100
Net Position, Beginning	<u>48,452,792</u>	<u>11,871,144</u>
Net Position, Ending	<u>\$ 51,003,965</u>	<u>\$ 13,231,244</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	<u>90,927</u>	
Change in net position of business-type activities	<u>\$ 2,642,100</u>	

See notes to financial statements

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities		
Received from customers	\$ 7,149,318	\$ 5,564,033
Paid to suppliers for goods and services	(2,787,767)	(1,121,145)
Paid to employees for services	(1,749,885)	(3,228,524)
Net cash flows from operating activities	<u>2,611,666</u>	<u>1,214,364</u>
Cash Flows From Investing Activities		
Investment income	<u>134,317</u>	<u>93,046</u>
Net cash flows from investing activities	<u>134,317</u>	<u>93,046</u>
Cash Flows From Noncapital Financing Activities		
Receipt of transfer	-	50,000
Due to / from other funds	<u>-</u>	<u>709</u>
Net cash flows from noncapital financing activities	<u>-</u>	<u>50,709</u>
Cash Flows From Capital and Related Financing Activities		
Principal paid	(885,055)	-
Interest paid	(146,891)	-
Loan proceeds	-	4,000
Connection fees received	1,036,188	-
Acquisition and construction of capital assets	(1,542,822)	(337,100)
Proceeds from the sale of capital assets	<u>17,557</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(1,521,023)</u>	<u>(333,100)</u>
Net change in cash and cash equivalents	1,224,960	1,025,019
Cash and Cash Equivalents, Beginning	<u>10,750,161</u>	<u>6,319,324</u>
Cash and Cash Equivalents, Ending	<u>\$ 11,975,121</u>	<u>\$ 7,344,343</u>

See notes to financial statements

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 1,478,213	\$ 1,213,054
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	2,028,496	390,818
Changes in assets and liabilities:		
Accounts receivable	57,106	3,771
Prepaid items	(14,055)	(440,431)
Inventories	1,620	-
Net pension asset	1,096,080	-
Deferred outflows, pension related items	(580,723)	-
Deferred outflows, OPEB related items	(16,028)	-
Accounts payable	(958,645)	44,008
Accrued wages	5,024	3,144
Compensated absences	(11,635)	-
Total OPEB liability	(40,607)	-
Net pension liability	590,656	-
Deferred inflows, pension related items	(1,063,788)	-
Deferred inflows, OPEB related items	<u>39,952</u>	<u>-</u>
Net cash flows from operating activities	<u>\$ 2,611,666</u>	<u>\$ 1,214,364</u>
Noncash Capital and Related Financing Activities		
None		

Village of Lake Zurich

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2022

	Pension Trust Funds	Custodial Fund - Special Service Areas
Assets		
Cash and investments	\$ 243,719	\$ 461,032
Investments:		
Money markets	599,433	-
Insurance contracts	256,376	-
Illinois Police Officers' Pension Investment Fund	28,347,164	-
Illinois Firefighters' Pension Investment Fund	45,488,316	-
Receivables:		
Prepaid items	<u>5,939</u>	<u>-</u>
Total assets	<u>74,940,947</u>	<u>461,032</u>
Liabilities		
Accounts payable	5,375	-
Due to primary government	<u>-</u>	<u>2,137</u>
Total liabilities	<u>5,375</u>	<u>2,137</u>
Net Position		
Restricted for retirement benefits	74,935,572	-
Restricted for special service areas	<u>-</u>	<u>458,895</u>
Total net position	<u><u>\$ 74,935,572</u></u>	<u><u>\$ 458,895</u></u>

Village of Lake Zurich

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2022

	Pension Trust Funds	Custodial Fund - Special Service Areas
Additions		
Contributions		
Employer	\$ 4,631,028	\$ -
Employee	854,800	-
Property tax	-	57,787
Total contributions	<u>5,485,828</u>	<u>57,787</u>
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	(15,042,304)	-
Interest on investments	<u>654,639</u>	-
Total investment income (loss)	(14,387,665)	-
Less investment expense	<u>(100,552)</u>	-
Net investment income (loss)	<u>(14,488,217)</u>	-
Total additions	<u>(9,002,389)</u>	<u>57,787</u>
Deductions		
Pension payments and refunds	4,761,886	-
Administration	72,554	-
Public works	-	61,322
Total deductions	<u>4,834,440</u>	<u>61,322</u>
Change in fiduciary net position	(13,836,829)	(3,535)
Net Position, Beginning	<u>88,772,401</u>	<u>462,430</u>
Net Position, Ending	<u><u>\$ 74,935,572</u></u>	<u><u>\$ 458,895</u></u>

Village of Lake Zurich

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December 31, 2022

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Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

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

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

Reporting Entity

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

Fiduciary Component Units

The Police Pension Employees Retirement System (PPERS) is established for the Village's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The Village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. PPERS is reported as a fiduciary component unit pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the Village's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Village's President, one pension beneficiary elected by the membership; and two fire employees elected by the membership constitute the pension board. The Village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the Village is authorized to approve the actuarial assumptions used in the determination of contribution levels. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

Government-Wide and Fund Financial Statements

In June of 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major funds:

General Fund

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

Special Revenue Funds

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

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

Debt Service Funds

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

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

Capital Projects Fund

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

Enterprise Funds

The Village reports the following major enterprise fund:

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

Village of Lake Zurich

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The Village reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

Capital Projects Fund

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

- Non-Home Rule Sales Tax Capital Projects Fund

In addition, the Village reports the following fund types:

Internal Service Funds

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

- Medical Self-Insurance Fund
- Risk Management Fund
- Equipment Replacement Fund

Pension Trust Funds

Pension Trust Funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans.

- Police Pension Fund
- Firefighters' Pension Fund

Custodial Funds

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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

All Financial Statements

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

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

Deposits and Investments

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

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

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements.

Illinois Public Act 101 0610 consolidated the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required the Police Pension Fund and Firefighters' Pension Fund to pool their funds for investment purposes. During the year, the investments of the Police Pension Fund were transferred to the Illinois Police Officers' Pension Investment Fund and the investments of the Firefighters' Pension Fund were transferred to the Illinois Firefighters' Pension Investment Fund. The Illinois Police Officers' Pension Investment Fund and the Illinois Firefighters' Pension Investment Fund are external investment pools valued at share price, the price for which the investments could be sold.

The Illinois Police Officers' Pension Investment Fund's investment policy statement has an investment objective to earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation. In the March 4, 2022 actuarial experience study the Illinois Police Officers' Pension Investment Fund's actuaries recommended an investment return of 6.75%.

The Illinois Firefighters' Pension Investment Fund's investment policy has an investment objective that seeks to maximize the likelihood of meeting long-term return objectives, while (i) maintaining prudent risk exposure, (ii) controlling fees and expenses related to management of the Fund and (iii) complying with the governing provisions of the Illinois Pension Code (40 ILCS 5 et seq.) and other applicable laws and regulations. Long-term return objectives are based on an assumed rate of return as set forth by the Illinois Firefighters' Pension Investment Fund's actuary. In the December 1, 2021 actuarial experience study, the Illinois Firefighters' Pension Investment Fund's actuaries recommended an investment return of 7.125%.

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Additional information related to the Illinois Police Officers' Pension Investment Fund can be found at <https://www.ipopif.org>. Additional information related to the Illinois Firefighters' Pension Investment Fund can be found at <https://ifpif.org>.

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

Interest Rate Risk

In accordance with its investment policy, the Village limits its exposure to interest rate risk by structuring the portfolio in a manner that provides sufficient liquidity to enable the Village to meet all operating requirements which may be reasonably anticipated in any fund. The investment policy limits the maximum maturity length of investments to three years from the date of purchase unless the funds invested are earmarked for a special purpose, in which case the maximum maturity length shall be five years from the date of purchase, but must coincide as nearly as possible with the expected use of the funds. The Police Pension Fund's and Firefighters' Pension Fund's investment policy does not limit the maximum maturity length of investments in the funds.

Credit Risk

The Village limits its exposure to credit risk by investing in securities issued by the United States Government, securities issued by agencies of the United States Government, which are implicitly guaranteed by the United States Government, or corporate bonds rated within the three highest classifications by at least two standard rating services. The Police Pension Fund and the Firefighters' Pension Fund limit exposure to credit risk by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poors, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies.

Concentration of Credit Risk

In order to limit the exposure to concentration of credit risk, the Village's investment policy states that no more than 25 percent of the Village's total investment portfolio may be invested in a single security type or with a single financial institution, with the exception of U.S Treasury securities and authorized pools. The Village's investment policy does not specifically prohibit the use of or the investment in derivatives. The Police Pension Fund and Firefighters' Pension Fund do not have formal written policies with regard to the concentration of credit risk for investments. The Police Pension Fund and Firefighters' Pension Fund are both subject to the Illinois Compiled Statutes (ILCS) which limits fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent of the total fund.

Custodial Credit Risk, Deposits

The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110 percent of the value of the deposit. Both the Police Pension and Firefighters' Pension's investment policies limit exposure to deposit custodial credit risk by requiring deposits in excess of FDIC insurable limits to be collateralized.

Custodial Credit Risk, Investments

The Village's investment policy requires pledging of collateral with a fair value of 110 percent of all bank balances in excess of federal depository insurance with the collateral held by the Village's agent in the Village's name. To limit exposure, the Police Pension Fund and the Firefighters' Pension Fund require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third party acting as the fund's agent separate from where the investment was purchased in the fund's name.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

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

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. Investment in IMET's 1-3 year fund may be redeemed with 5 business days' notice.

See Note 3 for further information.

Receivables

Property taxes for levy year 2022 attaches as an enforceable lien on January 1, 2022, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance).

Tax bills for levy year 2022 are prepared by Lake County and issued on or about May 1, 2022 and August 1, 2022 and are payable in two installments, on or about June 1, 2022 and September 1, 2022 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2022 property tax levy is recognized as a receivable and deferred inflows in fiscal 2022, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2022, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2022 levy.

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on FIFO and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Government-Wide Statements

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

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

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

Fund Financial Statements

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

Deferred Outflows of Resources

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

Compensated Absences

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

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

Long-Term Obligations

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

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

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

Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

Deferred Inflows of Resources

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

Equity Classifications

Government-Wide Statements

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

- a. Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

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

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

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

See Note 3 for further information.

Land Held for Resale

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

Village of Lake Zurich

Notes to Financial Statements
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2. Stewardship, Compliance and Accountability

Excess Expenditures Over Budget

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
TIF Tax Allocation	\$ 552,000	\$ 554,236	\$ 2,236

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

Deficit Balances

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

As of December 31, 2022, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
TIF Debt Service	\$ (927,198)

Village of Lake Zurich

Notes to Financial Statements
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3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Petty cash	\$ 2,675	\$ -	N/A
Deposits	49,666,397	50,583,037	Custodial credit risk - deposits Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Negotiable certificates of deposit	1,454,808	1,454,808	Custodial credit risk - investments, interest rate risk
U.S. treasuries	4,189,166	4,189,166	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
State and local obligations	249,565	249,565	N/A
Money markets	599,433	599,433	Credit risk, custodial credit risk - investments
Illinois Police Officers' Pension Investment Fund	28,347,164	28,347,164	Credit risk, custodial credit risk - investments
Illinois Firefighters' Pension Investment Fund	45,488,316	45,488,316	Credit risk, custodial credit risk - investments, concentration of credit risk
Insurance contracts	<u>256,376</u>	<u>256,376</u>	
Total deposits and investments	<u>\$130,253,900</u>	<u>\$131,167,865</u>	
Reconciliation to financial statements			
Per statement of net position:			
Cash and investments	\$ 54,857,860		
Per statement of net position, fiduciary funds:			
Cash and investments, pension trusts	243,719		
Cash and investments, custodial fund	461,032		
Money markets	599,433		
Illinois Police Officers' Investment Fund	28,347,164		
Illinois Firefighters' Pension Investment Fund	45,488,316		
Insurance contracts	<u>256,376</u>		
Total deposits and investments	<u>\$130,253,900</u>		

Village of Lake Zurich

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

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 are valued using either a discounted cash flow or market comparable companies technique.

As of December 31, 2022 the Village utilized the market valuation method for all recurring fair value measurements and investments were measured using the valuation inputs as follows:

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ 4,189,166	\$ -	\$ -	\$ 4,189,166
State and local bonds	249,565	-	-	249,565
Negotiable certificates of deposit	-	1,454,808	-	1,454,808
Total	<u>\$ 4,438,731</u>	<u>\$ 1,454,808</u>	<u>\$ -</u>	<u>\$ 5,893,539</u>

The Illinois Police Officers' Pension Investment Fund and the Illinois Firefighters' Pension Investment Fund are measured at net asset value.

The investment in insurance contracts are measured using Level 3 valuation inputs.

Custodial Credit Risk

Deposits

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

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

Investments

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

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investments in negotiable certificates of deposit, state and local obligations, the Illinois Police Officers' Pension Investment Fund and the Illinois Firefighters' Pension Investment Fund were not rated.

Village of Lake Zurich

Notes to Financial Statements

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Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2022, there were no single issuers greater than 5 percent of net position.

Interest Rate Risk

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

As of December 31, 2022, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	Greater than 10
Negotiable certificates of deposit	\$ 1,454,808	\$ 493,959	\$ 960,849	\$ -	\$ -
State and local obligations	249,565	249,565	-	-	-
U.S. treasuries	4,189,166	1,243,343	2,945,824	-	-
Total	<u>\$ 5,893,539</u>	<u>\$ 1,986,867</u>	<u>\$ 3,906,673</u>	<u>\$ -</u>	<u>\$ -</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2022, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was (15.08) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

For the year ended December 31, 2022, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was (16.99) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Receivables

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

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 30,473,551	\$ -	\$ -	\$ 30,473,551
Construction in progress	<u>578,528</u>	<u>232,165</u>	<u>355,493</u>	<u>455,200</u>
Total capital assets not being depreciated	<u>31,052,079</u>	<u>232,165</u>	<u>355,493</u>	<u>30,928,751</u>
Capital assets being depreciated:				
Land improvements	8,576,449	1,460,161	-	10,036,610
Buildings	12,258,956	-	-	12,258,956
Building improvements	708,778	199,526	-	908,304
Vehicles	6,787,950	36,737	318,572	6,506,115
Machinery and equipment	2,965,856	300,362	103,499	3,162,719
Computers/software	166,694	-	-	166,694
Infrastructure	<u>77,718,130</u>	<u>1,732,879</u>	<u>-</u>	<u>79,451,009</u>
Total capital assets being depreciated	<u>109,182,813</u>	<u>3,729,665</u>	<u>422,071</u>	<u>112,490,407</u>
Total capital assets	<u>140,234,892</u>	<u>3,961,830</u>	<u>777,564</u>	<u>143,419,158</u>
Less accumulated depreciation for:				
Land improvements	(4,090,903)	(321,498)	-	(4,412,401)
Buildings	(6,334,493)	(269,543)	-	(6,604,036)
Building improvements	(218,664)	(23,749)	-	(242,413)
Vehicles	(3,631,200)	(349,561)	318,572	(3,662,189)
Machinery and equipment	(1,675,149)	(115,571)	93,437	(1,697,283)
Computers/software	(84,670)	(49,843)	-	(134,513)
Infrastructure	<u>(38,170,984)</u>	<u>(1,523,768)</u>	<u>-</u>	<u>(39,694,752)</u>
Total accumulated depreciation	<u>(54,206,063)</u>	<u>(2,653,533)</u>	<u>412,009</u>	<u>(56,447,587)</u>
Net capital assets being depreciated	<u>54,976,750</u>	<u>1,076,132</u>	<u>10,062</u>	<u>56,042,820</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 86,028,829</u>	<u>\$ 1,308,297</u>	<u>\$ 365,555</u>	<u>\$ 86,971,571</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 78,550
Public safety	462,759
Highways and streets	1,914,617
Culture and recreation	<u>197,607</u>

Total governmental activities depreciation expense \$ 2,653,533

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Construction in progress	282,885	111,694	-	394,579
Total capital assets not being depreciated	<u>532,537</u>	<u>111,694</u>	<u>-</u>	<u>644,231</u>
Capital assets being depreciated:				
Vehicles	1,125,569	-	-	1,125,569
Machinery and equipment	2,135,233	196,198	-	2,331,431
Computer/software	206,030	-	-	206,030
Infrastructure	82,710,117	1,234,930	-	83,945,047
Total capital assets being depreciated	<u>86,176,949</u>	<u>1,431,128</u>	<u>-</u>	<u>87,608,077</u>
Total capital assets	<u>86,709,486</u>	<u>1,542,822</u>	<u>-</u>	<u>88,252,308</u>
Less accumulated depreciation for:				
Vehicles	(352,000)	(91,670)	-	(443,670)
Machinery and equipment	(783,633)	(91,492)	-	(875,125)
Computer/software	(110,321)	(2,794)	-	(113,115)
Infrastructure	(40,869,455)	(1,842,540)	-	(42,711,995)
Total accumulated depreciation	<u>(42,115,409)</u>	<u>(2,028,496)</u>	<u>-</u>	<u>(44,143,905)</u>
Net capital assets being depreciated	<u>44,061,540</u>	<u>(597,368)</u>	<u>-</u>	<u>43,464,172</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 44,594,077</u>	<u>\$ (485,674)</u>	<u>\$ -</u>	<u>\$ 44,108,403</u>

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 262
General	Internal Service	<u>709</u>
Total, fund financial statements		971
Add interfund receivables created with internal service fund eliminations		686,459
Less government-wide eliminations		<u>(971)</u>
Total internal balances, government-wide statement of net position		<u>\$ 686,459</u>

All amounts are due within one year.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

Advances

The General Fund is advancing funds to the TIF #3 Fund, the TIF Debt Service Fund and the TIF Tax Allocation Fund. The amount advanced is due to the cash flow issues in the funds since the districts' inception.

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

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	TIF #3	\$ 30,000	\$ 30,000
General	TIF Debt Service	1,300,000	1,300,000
General	TIF Tax Allocation	185,000	185,000
Non-Home Rule Sales Tax Capital Projects	Downtown TIF #2	<u>50,000</u>	50,000
Total, fund financial statements		1,565,000	
Less fund eliminations		<u>(1,565,000)</u>	
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>	

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Improvement	General	\$ 3,525,000	Funding for capital projects
Internal Service	General	50,000	Funding for internal services
			Funding for special events administration and Dispatch Center
Nonmajor Governmental	General	716,950	
TIF Debt Service	TIF Tax Allocation	835,000	Funding for debt payment
TIF Debt Service	Debt Service	1,188,000	Funding for debt payment
Nonmajor Governmental	Nonmajor Governmental	85,100	Funding for special events
Internal Service	Internal Service	<u>200,000</u>	Funding for internal services
Total, fund financial statements		6,600,050	
Less government-wide eliminations		<u>(6,600,050)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

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

Short-Term Debt Activity

The Village issued short-term debt for \$1,188,000. The Taxable General Obligation Refunding Bond (Limited Tax), Series 2022 dated June 6, 2022 were matured October 6, 2022; payable in one installment with an interest rate of 4.75 percent.

Short-term debt activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Taxable General Obligation Refunding Bond (Limited Tax), Series 2022	\$ -	\$ 1,188,000	\$ 1,188,000	\$ -

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
Tax increment financing bonds	\$ 19,875,000	\$ -	\$ 1,400,000	\$ 18,475,000	\$ 1,440,000
Financed purchases	25,377	-	8,077	17,300	6,745
(Discounts)/Premiums	134,479	-	36,088	98,391	36,088
Total bonds and notes payable	<u>20,034,856</u>	<u>-</u>	<u>1,444,165</u>	<u>18,590,691</u>	<u>1,482,833</u>
Other liabilities:					
Vested compensated absences	1,995,589	632,245	524,830	2,103,004	420,601
Total other postemployment benefits liability	3,022,047	-	395,192	2,626,855	-
Net pension liability	<u>36,184,028</u>	<u>21,216,982</u>	<u>-</u>	<u>57,401,010</u>	<u>-</u>
Total other liabilities	<u>41,201,664</u>	<u>21,849,227</u>	<u>920,022</u>	<u>62,130,869</u>	<u>420,601</u>
Total governmental activities long-term liabilities	<u>\$ 61,236,520</u>	<u>\$ 21,849,227</u>	<u>\$ 2,364,187</u>	<u>\$ 80,721,560</u>	<u>\$ 1,903,434</u>
Business-Type Activities					
Bonds and loans payable:					
Alternative revenue bonds	\$ 1,325,000	\$ -	\$ 505,000	\$ 820,000	\$ 500,000
Financed purchases	2,877,634	-	168,314	2,709,320	220,449
Illinois EPA loans, direct placement	1,319,536	-	211,741	1,107,795	217,067
(Discounts)/Premiums	68,152	-	29,220	38,932	29,220
Total bonds and loans payable	<u>5,590,322</u>	<u>-</u>	<u>914,275</u>	<u>4,676,047</u>	<u>966,736</u>
Other liabilities:					
Vested compensated absences	88,500	6,065	17,700	76,865	15,373
Total other postemployment benefits liability	260,441	-	40,607	219,834	-
Net pension liability	<u>-</u>	<u>590,656</u>	<u>-</u>	<u>590,656</u>	<u>-</u>
Total other liabilities	<u>348,941</u>	<u>596,721</u>	<u>58,307</u>	<u>887,355</u>	<u>15,373</u>
Total business-type activities long-term liabilities	<u>\$ 5,939,263</u>	<u>\$ 596,721</u>	<u>\$ 972,582</u>	<u>\$ 5,563,402</u>	<u>\$ 982,109</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

The Village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625 percent of the most recent available equalized assessed valuation of the Village. As of December 31, 2022, the statutory debt limit for the Village was \$78,306,524, providing a debt margin of \$78,306,524.

Business-Type Activities Alternative Revenue Debt

<u>Business-Type Activities</u>					<u>Balance</u>
<u>Alternative Revenue Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2022</u>
Water and Sewerage Fund, 2013 General Obligation Bonds (Alternative Revenue)	9/4/2013	12/15/2023	3.00%- 4.00%	\$ 3,800,000	\$ 400,000
General Obligation Waterworks and Sewerage System Alternative Revenue Bonds Series 2016B	8/1/2016	12/15/2026	2.00%	1,000,000	420,000
Total business-type activities, alternative revenue debt					<u>\$ 820,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 500,000	\$ 24,400
2024	105,000	6,400
2025	105,000	4,300
2026	110,000	2,200
Total	<u>\$ 820,000</u>	<u>\$ 37,300</u>

Tax Increment Financing Bonds

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

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

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Tax Increment Financing Bonds at December 31, 2022, consists of the following:

Governmental Activities

<u>Tax Increment Financing Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
General Obligation TIF Alternative Revenue Bonds Series 2014A	9/8/2014	12/15/2024	2.00% - 3.00%	\$ 6,325,000	\$ 1,565,000
General Obligation TIF Alternative Revenue Bonds Series 2015A	4/23/2015	12/15/2034	3.25% - 3.75%	11,775,000	11,775,000
General Obligation TIF Alternative Revenue Bonds Series 2016A	5/16/2016	2/1/2029	1.10% - 3.05%	6,785,000	<u>5,135,000</u>
Total governmental activities tax increment financing bonds					<u>\$ 18,475,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Tax Increment Financing Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,440,000	\$ 591,978
2024	1,500,000	553,188
2025	1,525,000	511,403
2026	1,565,000	465,814
2027	1,625,000	417,858
2028-2032	7,705,000	1,340,883
2033-2034	<u>3,115,000</u>	<u>175,486</u>
Total	<u>\$ 18,475,000</u>	<u>\$ 4,056,610</u>

Financed Purchases

Financed purchases are payable from the General Fund and Waterworks and Sewerage Fund.

Governmental Activities

<u>Financed Purchases</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Copier equipment	3/14/2018	3/31/2023	6.57%	\$ 9,812	\$ 571
Copier equipment	9/12/2019	9/30/2023	5.24%	12,592	4,786
Copier equipment	2/9/2021	3/31/2026	4.45%	17,695	<u>11,943</u>
Total governmental activities financed purchases					<u>\$ 17,300</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Business-Type Activities

<u>Financed Purchases</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Water meters	10/10/2017	10/1/2033	2.50%	\$ 3,000,000	\$ 2,582,561
Sewer cleaner	12/20/2017	12/20/2024	3.12%	411,582	126,759

Total business-type activities financed purchases \$ 2,709,320

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Financed Purchases</u>		<u>Business-Type Activities Financed Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 6,745	\$ 654	\$ 220,449	\$ 66,902
2024	5,756	348	226,376	60,975
2025	3,817	136	166,104	54,887
2026	982	7	194,303	50,481
2027	-	-	224,080	45,355
2042-2032	-	-	1,367,787	130,189
2033	-	-	310,221	4,842
Total	<u>\$ 17,300</u>	<u>\$ 1,145</u>	<u>\$ 2,709,320</u>	<u>\$ 413,631</u>

Other Loans Payable - Direct Placement

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

Business-Type Activities

<u>Other Loans Payable - Direct Placement</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
IEPA Loan 2006	10/15/2005	12/16/2026	2.50%	\$ 2,000,000	\$ 480,710
IEPA Loan 2008	9/27/2007	8/11/2028	1.25%	1,673,182	627,085

Total business-type activities other loans payable - direct placement \$ 1,107,795

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Other Loans Payable - Direct Placement</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 217,067	\$ 26,347
2024	222,528	20,886
2025	228,126	15,288
2026	220,577	9,550
2027	108,385	4,814
2028	111,112	2,088
Total	<u>\$ 1,107,795</u>	<u>\$ 78,973</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

Other Debt Information

Estimated payments of certain obligations are not included in the debt service requirement schedules. The compensated absences liability, total other postemployment benefits liability and net pension liability attributable to governmental activities will be liquidated primarily by the General Fund.

Prior-Year Defeasance of Debt

In prior years, the Village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's financial statements. At December 31, 2022, \$2,480,000 of bonds outstanding are considered defeased.

Lease Disclosures

Lessor - Lease Receivables

<u>Governmental Activities</u>				Receivable Balance December 31, 2022
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Tower Lease	8/3/2015	9/1/2040	4.75%	\$ 443,101
Sunset Pavilion Lease	1/1/2022	12/31/2026	4.75%	11,426
Property Lease	1/1/2022	12/31/2024	4.75%	19,703
Property Lease	1/1/2022	12/31/2024	4.75%	33,825
Property Lease	9/1/2020	8/31/2025	4.75%	15,133
Total governmental activities				<u>\$ 523,188</u>

The Village recognized \$55,660 and \$23,303 of lease revenue and interest revenue, respectively, during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:	
Capital assets not being depreciated	\$ 30,928,751
Capital assets net of accumulated depreciation	<u>56,042,820</u>
Total net investment in capital assets	<u>\$ 86,971,571</u>

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

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Business-Type Activities

Net investment in capital assets:	
Capital assets not being depreciated	\$ 644,231
Capital assets net of accumulated depreciation	43,464,172
Less unamortized debt premium	(38,932)
Less capital related debt	<u>(4,637,115)</u>
Total net investment in capital assets	<u>\$ 39,432,356</u>

4. Other Information

Employees' Retirement System

The Village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. This report is also available for download at www.imrf.org.

For the year ended December 31, 2022, the Village recognized the following balances in the government-wide financial statements:

	<u>Total Pension Liability</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
IMRF	\$ 41,258,104	\$ 2,823,279	\$ 3,187,256	\$ 327,832	\$ 677,102
Police Pension Plan	55,472,750	26,538,196	5,047,998	166,998	2,441,697
Firefighters' Pension Plan	<u>74,631,209</u>	<u>28,630,191</u>	<u>9,157,004</u>	<u>1,302,654</u>	<u>3,290,239</u>
Total	<u>\$171,362,063</u>	<u>\$ 57,991,666</u>	<u>\$ 17,392,258</u>	<u>\$ 1,797,484</u>	<u>\$ 6,409,038</u>

Illinois Municipal Retirement Fund

Plan Description

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3 percent for each year thereafter.

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

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

Plan Membership

At December 31, 2022, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	129
Inactive, non-retired members	96
Active members	<u>72</u>
Total	<u><u>297</u></u>

Contributions

As set by statute, Village employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's actuarially determined contribution rate for calendar year 2022 was 8.26 percent of annual covered payroll for IMRF. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies

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

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Actuarial Assumptions

The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2022 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Salary increases	2.85% to 13.75%, including inflation
Price inflation	2.25%

Mortality

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

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	35.50 %	7.82 %	6.50 %
International equities	18.00	9.23	7.60
Fixed income	25.50	5.01	4.90
Real estate	10.50	7.10	6.20
Alternatives	9.50		
Private equity		13.43	9.90
Hedge funds		-	-
Commodities		7.42	6.25
Cash equivalents	1.00	4.00	4.00

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25 percent. The discount rate calculated using the December 31, 2021 measurement date was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Discount Rate Sensitivity

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 46,152,705	\$ 41,258,104	\$ 37,479,118
Plan fiduciary net pension	<u>38,434,825</u>	<u>38,434,825</u>	<u>38,434,825</u>
Net pension liability/(asset)	<u>\$ 7,717,880</u>	<u>\$ 2,823,279</u>	<u>\$ (955,707)</u>

Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2022 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a) - (b)</u>
Balances at December 31, 2021	\$ 40,376,532	\$ 45,451,427	\$ (5,074,895)
Service cost	515,682	-	515,682
Interest on total pension liability	2,873,570	-	2,873,570
Differences between expected and actual experience of the total pension liability	(509,819)	-	(509,819)
Benefit payments, including refunds of employee contributions	(1,997,861)	(1,997,861)	-
Contributions, employer	-	482,725	(482,725)
Contributions, employee	-	298,646	(298,646)
Net investment income	-	(5,455,580)	5,455,580
Other (net transfer)	-	(344,532)	344,532
Balances at December 31, 2022	<u>\$ 41,258,104</u>	<u>\$ 38,434,825</u>	<u>\$ 2,823,279</u>

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

93.16 %

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

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

For the year ended December 31, 2022, the Village recognized pension expense of \$677,102. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 176,135	\$ 327,832
Net difference between projected and actual earnings on pension plan investments	<u>3,011,121</u>	<u>-</u>
Total	<u>\$ 3,187,256</u>	<u>\$ 327,832</u>

The amounts reported as deferred outflows and inflows of resources related to pensions \$2,859,424 will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Village</u>
2023	\$ (217,064)
2024	345,501
2025	992,142
2026	<u>1,738,845</u>
Total	<u>\$ 2,859,424</u>

Police Pension

Plan Description

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

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

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

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

Plan Membership

At December 31, 2022, the Police Pension membership consisted of:

Retirees and beneficiaries	31
Inactive, non-retired members	5
Active members	<u>33</u>
Total	<u><u>69</u></u>

Contributions

Covered employees are required to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90 percent funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2022 was 61.91 percent of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies

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

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

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial methods and assumptions:

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

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2021. Ten percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Discount Rate

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

Discount Rate Sensitivity

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 63,610,237	\$ 55,472,750	\$ 48,860,294
Plan fiduciary net position	<u>28,934,554</u>	<u>28,934,554</u>	<u>28,934,554</u>
Net pension liability	<u>\$ 34,675,683</u>	<u>\$ 26,538,196</u>	<u>\$ 19,925,740</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2022 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2021	\$ 53,491,177	\$ 34,064,309	\$ 19,426,868
Service cost	704,024	-	704,024
Interest on total pension liability	3,577,348	-	3,577,348
Differences between expected and actual experience of the total pension liability	95,107	-	95,107
Benefit payments, including refunds of employee contributions	(2,394,906)	(2,394,906)	-
Contributions, employer	-	2,099,955	(2,099,955)
Contributions, employee	-	336,158	(336,158)
Net investment income	-	(5,139,056)	5,139,056
Administration	-	(31,906)	31,906
Balances at December 31, 2022	<u>\$ 55,472,750</u>	<u>\$ 28,934,554</u>	<u>\$ 26,538,196</u>

Plan fiduciary net position as a percentage of the total pension liability 52.16 %

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

For the year ended December 31, 2022, the Village recognized pension expense of \$2,441,697. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,141,021	\$ -
Assumption changes	234,173	166,998
Net difference between projected and actual earnings on pension plan investments	<u>3,672,804</u>	<u>-</u>
Total	<u>\$ 5,047,998</u>	<u>\$ 166,998</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

The amounts reported as deferred outflows and inflows of resources related to pensions \$4,881,000 will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 709,891
2024	1,105,569
2025	1,520,901
2026	1,528,788
2027	15,851
Total	<u><u>\$ 4,881,000</u></u>

Firefighters' Pension

Plan Description

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

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

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75 percent of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3 percent of the original pension and 3 percent compounded annually thereafter.

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

Plan Membership

At December 31, 2022, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	35
Inactive, non-retired members	3
Active members	<u>51</u>
Total	<u><u>89</u></u>

Contributions

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2022, the contribution percentage was 9.455 percent. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90 percent funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2022 was 46.14 percent of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies

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

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2022 using the following actuarial methods and assumptions:

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

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2021. Twenty percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of a 2021 experience study performed for the Illinois Firefighters' Pension Investment Fund.

Discount Rate

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

Discount Rate Sensitivity

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 86,218,977	\$ 74,631,209	\$ 65,269,121
Plan fiduciary net position	<u>46,001,018</u>	<u>46,001,018</u>	<u>46,001,018</u>
Net pension liability	<u>\$ 40,217,959</u>	<u>\$ 28,630,191</u>	<u>\$ 19,268,103</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2022 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2021	\$ 71,465,253	\$ 54,708,093	\$ 16,757,160
Service cost	1,282,692	-	1,282,692
Interest on total pension liability	4,830,601	-	4,830,601
Differences between expected and actual experience of the total pension liability	(580,359)	-	(580,359)
Benefit payments, including refunds of employee contributions	(2,366,978)	(2,366,978)	-
Contributions, employer	-	2,531,073	(2,531,073)
Contributions, employee	-	518,642	(518,642)
Net investment income	-	(9,349,166)	9,349,166
Administration	-	(40,646)	40,646
Balances at December 31, 2022	<u>\$ 74,631,209</u>	<u>\$ 46,001,018</u>	<u>\$ 28,630,191</u>

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

61.64 %

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

For the year ended December 31, 2022, the Village recognized pension expense of \$3,290,239. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,117,357	\$ 975,674
Assumption changes	1,120,008	326,980
Net difference between projected and actual earnings on pension plan investments	<u>6,919,639</u>	<u>-</u>
Total	<u>\$ 9,157,004</u>	<u>\$ 1,302,654</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

The amounts reported as deferred outflows and inflows of resources related to pensions \$7,854,350 will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 585,496
2024	2,074,072
2025	2,367,369
2026	2,787,428
2027	122,893
Thereafter	<u>(82,908)</u>
Total	<u>\$ 7,854,350</u>

Pension Segment Information

Fiduciary Net Position

	<u>Pension Trust</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets			
Cash and investments	\$ 237,815	\$ 5,904	\$ 243,719
Investments:			
Money markets	349,433	250,000	599,433
Insurance contracts	-	256,376	256,376
Illinois Police Officers' Pension Investment Fund	28,347,164	-	28,347,164
Illinois Firefighters' Pension Investment Fund	-	45,488,316	45,488,316
Prepaid items	<u>2,042</u>	<u>3,897</u>	<u>5,939</u>
Total assets	<u>28,936,454</u>	<u>46,004,493</u>	<u>74,940,947</u>
Liabilities			
Accounts payable	<u>1,900</u>	<u>3,475</u>	<u>5,375</u>
Total liabilities	<u>1,900</u>	<u>3,475</u>	<u>5,375</u>
Net Position			
Restricted for pension benefits	<u>\$ 28,934,554</u>	<u>\$ 46,001,018</u>	<u>\$ 74,935,572</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 2,099,955	\$ 2,531,073	\$ 4,631,028
Employee	336,158	518,642	854,800
Total contributions	<u>2,436,113</u>	<u>3,049,715</u>	<u>5,485,828</u>
Investment income (loss):			
Net appreciation (depreciation) in fair value of investments	(5,397,843)	(9,644,461)	(15,042,304)
Interest on investments	291,194	363,445	654,639
Total investment income (loss)	<u>(5,106,649)</u>	<u>(9,281,016)</u>	<u>(14,387,665)</u>
Less investment expense	<u>(32,404)</u>	<u>(68,148)</u>	<u>(100,552)</u>
Net investment income (loss)	<u>(5,139,053)</u>	<u>(9,349,164)</u>	<u>(14,488,217)</u>
Total additions	<u>(2,702,940)</u>	<u>(6,299,449)</u>	<u>(9,002,389)</u>
Deductions			
Pension payments and refunds	2,394,907	2,366,979	4,761,886
Administration	31,907	40,647	72,554
Total deductions	<u>2,426,814</u>	<u>2,407,626</u>	<u>4,834,440</u>
Change in net position	(5,129,754)	(8,707,075)	(13,836,829)
Net position, beginning	<u>34,064,308</u>	<u>54,708,093</u>	<u>88,772,401</u>
Net position, ending	<u>\$ 28,934,554</u>	<u>\$ 46,001,018</u>	<u>\$ 74,935,572</u>

Risk Management

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

Public Entity Risk Pool

IRMA

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

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

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

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

Intergovernmental Personnel Benefit Cooperative

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

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

Commitments and Contingencies

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

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

Other Postemployment Benefits

Plan Description

The Village administers a single-employer defined contribution healthcare plan ("the Retiree Health Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a separate report. The activity of the plan is reported in the Village's governmental and business-type activities.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

Benefits Provided

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

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary. All retirees contribute 100 percent of the actuarially determined premium to the plan. Active employees do not contribute to the plan until retirement.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	21
Active plan members	<u>150</u>
Total	<u><u>171</u></u>

Total OPEB Liability

The Village's total OPEB liability of \$2,846,689 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	4.00%
Healthcare cost trend rates	HMO Plan 5.50%; PPO Plan and HDHP 6.00%
Retirees' share of benefit-related costs	100%

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

Mortality rates were based on the PubG.H-2010(B) Blue Collar Mortality projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2022 - December 31, 2022.

Village of Lake Zurich

Notes to Financial Statements

December 31, 2022

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2021	<u>\$ 3,282,488</u>
Changes for the year:	
Service cost	76,538
Interest	71,532
Differences between expected and actual experience	(157,355)
Changes in assumptions or other inputs	(219,976)
Benefit payments	<u>(206,538)</u>
Net changes	<u>(435,799)</u>
Balances at December 31, 2022	<u>\$ 2,846,689</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.25 percent in 2021 to 4.31 percent in 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 3,082,767</u>	<u>\$ 2,846,689</u>	<u>\$ 2,641,679</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 2,614,294</u>	<u>\$ 2,846,689</u>	<u>\$ 3,118,572</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

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

For the year ended December 31, 2022, the Village recognized negative OPEB expense of \$83,903. At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 358,000
Changes of assumptions or other inputs	<u>624,844</u>	<u>702,360</u>
Total	<u>\$ 624,844</u>	<u>\$ 1,060,360</u>

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

<u>Year Ended December 31:</u>	<u>Amount</u>
2023	\$ (64,167)
2024	(64,167)
2025	(64,167)
2026	(64,167)
2027	(39,810)
Thereafter	<u>(139,038)</u>
Total	<u>\$ (435,516)</u>

Tax Increment Financing District

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

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

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

Tax Abatement

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2022

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

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

As of December 31, 2022, the Village has an accrued rebate liability of \$154,467 for amounts collected by the state but not yet paid to the Village and/or due to the other entities. Of this amount, \$79,924 is due to commercial entities and \$74,543 to governmental entities. For the fiscal year-to-date, the Village recorded \$413,082 in payment across all sales tax rebate agreements.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of Lake Zurich

General Fund

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

December 31, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 10,419,272	\$ 10,697,272	\$ 10,618,871
Licenses and permits	858,950	1,032,980	1,032,763
Intergovernmental	17,000,197	18,783,263	18,949,173
Charges for services	1,759,780	2,931,423	3,351,050
Fines, forfeitures and penalties	464,500	464,500	399,579
Investment income	23,000	23,000	51,149
Miscellaneous revenues	130,670	204,753	194,627
Total revenues	<u>30,656,369</u>	<u>34,137,191</u>	<u>34,597,212</u>
Expenditures			
General government	1,936,476	1,943,596	1,771,814
Public safety	21,761,137	22,438,605	22,281,585
Highways and streets	3,640,370	3,672,839	3,662,457
Culture and recreation	1,215,085	1,206,106	1,174,116
Economic development	515,540	515,540	494,774
Total expenditures	<u>29,068,608</u>	<u>29,776,686</u>	<u>29,384,746</u>
Excess (deficiency) of revenues over expenditures	<u>1,587,761</u>	<u>4,360,505</u>	<u>5,212,466</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	10,000	26,789	41,789
Transfers out	<u>(1,586,950)</u>	<u>(4,291,950)</u>	<u>(4,291,950)</u>
Total other financing sources (uses)	<u>(1,576,950)</u>	<u>(4,265,161)</u>	<u>(4,250,161)</u>
Net change in fund balances	<u>\$ 10,811</u>	<u>\$ 95,344</u>	962,305
Fund Balance, Beginning			<u>12,989,200</u>
Fund Balance, Ending			<u>\$ 13,951,505</u>

See notes to required supplementary information

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - TIF Tax Allocation
For the Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes			
Property taxes	\$ 1,394,700	\$ 1,394,700	\$ 1,419,063
Investment income	<u>200</u>	<u>200</u>	<u>9,480</u>
Total revenues	<u>1,394,900</u>	<u>1,394,900</u>	<u>1,428,543</u>
Expenditures			
Economic development	<u>552,000</u>	<u>552,000</u>	<u>554,236</u>
Total expenditures	<u>552,000</u>	<u>552,000</u>	<u>554,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>842,900</u>	<u>842,900</u>	<u>874,307</u>
Other Financing Sources (Uses)			
Transfers out	<u>(835,000)</u>	<u>(835,000)</u>	<u>(835,000)</u>
Total other financing sources (uses)	<u>(835,000)</u>	<u>(835,000)</u>	<u>(835,000)</u>
Net change in fund balance	<u>\$ 7,900</u>	<u>\$ 7,900</u>	39,307
Fund Balance, Beginning			<u>34,853</u>
Fund Balance, Ending			<u>\$ 74,160</u>

See notes to required supplementary information

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Downtown TIF #2
For the Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes			
Property taxes	\$ 299,000	\$ 299,000	\$ 327,937
Investment income	250	250	12,512
Miscellaneous revenues	<u>29,400</u>	<u>29,400</u>	<u>29,042</u>
Total revenues	<u>328,650</u>	<u>328,650</u>	<u>369,491</u>
Expenditures			
Economic development	<u>1,716,400</u>	<u>1,731,400</u>	<u>668,355</u>
Total expenditures	<u>1,716,400</u>	<u>1,731,400</u>	<u>668,355</u>
Net change in fund balance	<u>\$ (1,387,750)</u>	<u>\$ (1,402,750)</u>	(298,864)
Fund Balance, Beginning			<u>3,380,937</u>
Fund Balance, Ending			<u>\$ 3,082,073</u>

Village of Lake Zurich

Illinois Municipal Retirement Fund
Schedule of Changes in the Village's Net Pension Liability/(Asset) and Related Ratios
Last Eight Fiscal Years

	2015	2016	2017	2018
Total Pension Liability				
Service cost	\$ 551,596	\$ 512,260	\$ 515,984	\$ 497,479
Interest	2,268,919	2,351,795	2,437,948	2,457,376
Differences between expected and actual experience	(359,277)	(340,738)	(97,822)	427,124
Changes of assumptions	41,608	(83,331)	(1,056,112)	1,054,884
Benefit payments, including refunds of member contributions	(1,369,411)	(1,300,032)	(1,453,935)	(1,609,460)
Net change in total pension liability	1,133,435	1,139,954	346,063	2,827,403
Total Pension Liability, Beginning	30,701,554	31,834,989	32,974,943	33,321,006
Total Pension Liability, Ending (a)	<u>\$ 31,834,989</u>	<u>\$ 32,974,943</u>	<u>\$ 33,321,006</u>	<u>\$ 36,148,409</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 653,377	\$ 628,101	\$ 619,482	\$ 631,725
Employee contributions	231,267	233,460	232,112	242,143
Net investment income	136,524	1,863,659	4,957,532	(1,685,438)
Benefit payments, including refunds of member contributions	(1,369,411)	(1,300,032)	(1,453,935)	(1,609,460)
Other (net transfer)	(27,440)	(27,607)	(506,291)	705,340
Net change in plan fiduciary net position	(375,683)	1,397,581	3,848,900	(1,715,690)
Plan Fiduciary Net Position, Beginning	27,547,190	27,171,507	28,569,088	32,417,988
Plan Fiduciary Net Position, Ending (b)	<u>\$ 27,171,507</u>	<u>\$ 28,569,088</u>	<u>\$ 32,417,988</u>	<u>\$ 30,702,298</u>
Employer's Net Pension Liability/(Asset), Ending (a) - (b)	<u>\$ 4,663,482</u>	<u>\$ 4,405,855</u>	<u>\$ 903,018</u>	<u>\$ 5,446,111</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.4%	86.6%	97.3%	84.9%
Covered Payroll	\$ 5,139,246	\$ 4,934,022	\$ 5,158,053	\$ 5,380,953
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	90.7%	89.3%	17.5%	101.2%

Notes to Schedule:

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

2019	2020	2021	2022
\$ 531,265	\$ 508,696	\$ 491,209	\$ 515,682
2,580,817	2,665,200	2,730,469	2,873,570
(282,902)	(144,446)	620,977	(509,819)
-	(400,862)	-	-
(1,633,136)	(1,674,835)	(1,764,329)	(1,997,861)
1,196,044	953,753	2,078,326	881,572
36,148,409	37,344,453	38,298,206	40,376,532
<u>\$ 37,344,453</u>	<u>\$ 38,298,206</u>	<u>\$ 40,376,532</u>	<u>\$ 41,258,104</u>
\$ 504,915	\$ 612,352	\$ 616,348	\$ 482,725
242,490	241,702	257,450	298,646
5,705,253	5,045,039	6,580,211	(5,455,580)
(1,633,136)	(1,674,835)	(1,764,329)	(1,997,861)
(37,476)	(49,907)	103,052	(344,532)
4,782,046	4,174,351	5,792,732	(7,016,602)
30,702,298	35,484,344	39,658,695	45,451,427
<u>\$ 35,484,344</u>	<u>\$ 39,658,695</u>	<u>\$ 45,451,427</u>	<u>\$ 38,434,825</u>
<u>\$ 1,860,109</u>	<u>\$ (1,360,489)</u>	<u>\$ (5,074,895)</u>	<u>\$ 2,823,279</u>
95.0%	103.6%	112.6%	93.2%
\$ 5,388,637	\$ 5,366,812	\$ 5,603,154	\$ 5,844,133
34.5%	-25.4%	-90.6%	48.3%

See notes to required supplementary information

Village of Lake Zurich

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

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

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

Notes to Schedule:

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

Valuation date:

Actuarially determined contribution rates are calculated as of December 31.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.50%
Salary increases	2.85% to 13.75% including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010

Other information:

There were no benefit changes during the year.

December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$ 504,915	\$ 612,353	\$ 616,347	\$ 482,725
<u>(504,915)</u>	<u>(612,352)</u>	<u>(616,348)</u>	<u>(482,725)</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ -</u>
\$ 5,388,637	\$ 5,366,812	\$ 5,603,154	\$ 5,844,133
9.37%	11.41%	11.00%	8.26%

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund
Schedule of Changes in the Village's Net Pension Liability and Related Ratios
Last Nine Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017
Total Pension Liability				
Service cost	\$ 677,265	\$ 618,479	\$ 404,047	\$ 718,675
Interest	2,218,436	2,554,948	1,926,743	2,795,706
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	500,612	(28,659)	(2,808,702)	985,053
Changes of assumptions	2,735,157	2,501,228	-	(1,168,984)
Buy back contributions	-	-	-	-
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)	(1,569,353)
Net change in total pension liability	5,107,076	4,378,176	(1,379,296)	1,761,097
Total Pension Liability, Beginning	<u>33,377,915</u>	<u>38,484,991</u>	<u>42,863,167</u>	<u>41,483,871</u>
Total Pension Liability, Ending (a)	<u>\$ 38,484,991</u>	<u>\$ 42,863,167</u>	<u>\$ 41,483,871</u>	<u>\$ 43,244,968</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,398,130	\$ 1,445,052	\$ 1,564,453	\$ 1,772,589
Employee contributions	301,323	302,885	218,169	304,715
Buy back contributions	-	-	-	-
Net investment income	1,301,083	127,632	869,361	2,535,432
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)	(1,569,353)
Administration	(28,758)	(31,815)	(25,420)	(26,555)
Net change in plan fiduciary net position	1,947,384	575,934	1,725,179	3,016,828
Plan Fiduciary Net Position, Beginning	<u>15,409,473</u>	<u>17,356,857</u>	<u>17,932,791</u>	<u>19,657,970</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,356,857</u>	<u>\$ 17,932,791</u>	<u>\$ 19,657,970</u>	<u>\$ 22,674,798</u>
Village's Net Pension Liability, Ending (a) - (b)	<u>\$ 21,128,134</u>	<u>\$ 24,930,376</u>	<u>\$ 21,825,901</u>	<u>\$ 20,570,170</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.10%	41.84%	47.39%	52.43%
Covered Payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474	\$ 3,055,082
Village's Net Pension Liability as a Percentage of Covered Payroll	691.95%	801.76%	703.73%	673.31%

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

Notes to Schedule:

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

December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$ 635,929	\$ 665,520	\$ 715,413	\$ 634,170	\$ 704,024
2,901,439	3,088,283	3,216,586	3,445,778	3,577,348
-	48,258	-	-	-
190,986	24,101	1,752,846	7,132	95,107
828,894	-	-	144,038	-
-	730	-	-	-
(1,793,230)	(1,844,332)	(2,107,676)	(2,308,656)	(2,394,906)
2,764,018	1,982,560	3,577,169	1,922,462	1,981,573
43,244,968	46,008,986	47,991,546	51,568,715	53,491,177
<u>\$ 46,008,986</u>	<u>\$ 47,991,546</u>	<u>\$ 51,568,715</u>	<u>\$ 53,491,177</u>	<u>\$ 55,472,750</u>
\$ 1,820,234	\$ 1,801,045	\$ 1,865,631	\$ 2,020,139	\$ 2,099,955
373,412	321,876	471,811	333,942	336,158
-	730	-	-	-
(1,069,397)	4,188,319	3,885,940	3,558,796	(5,139,056)
(1,793,230)	(1,844,332)	(2,107,676)	(2,308,656)	(2,394,906)
(34,947)	(31,117)	(31,350)	(31,659)	(31,906)
(703,928)	4,436,521	4,084,356	3,572,562	(5,129,755)
22,674,798	21,970,870	26,407,391	30,491,747	34,064,309
<u>\$ 21,970,870</u>	<u>\$ 26,407,391</u>	<u>\$ 30,491,747</u>	<u>\$ 34,064,309</u>	<u>\$ 28,934,554</u>
<u>\$ 24,038,116</u>	<u>\$ 21,584,155</u>	<u>\$ 21,076,968</u>	<u>\$ 19,426,868</u>	<u>\$ 26,538,196</u>
47.75%	55.03%	59.13%	63.68%	52.16%
\$ 3,081,455	\$ 3,354,032	\$ 3,137,746	\$ 3,323,824	\$ 3,392,109
780.09%	643.53%	671.72%	584.47%	782.35%

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund
Schedule of Employer Contributions
Last Nine Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017
Actuarially determined contribution	\$ 1,392,968	\$ 1,402,842	\$ 1,564,453	\$ 1,790,395
Contributions in relation to the actuarially determined contribution	1,395,130	1,445,052	1,564,453	1,772,589
Contribution deficiency (excess)	<u>\$ (2,162)</u>	<u>\$ (42,210)</u>	<u>\$ -</u>	<u>\$ 17,806</u>
Covered payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474	\$ 3,055,082
Contributions as a percentage of covered payroll	45.69%	46.47%	50.44%	58.02%

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

Notes to Schedule:

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

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

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	2.50% to 12.00% per year
Investment rate of return	6.75%
Retirement age	50-70
Mortality	Healthy - PubS-2010 Healthy Mortality Table, with generational improvement Scale MP-2021
	Disabled - PubS-2010 Disabled Mortality Table, with generational improvement scale MP-2021

<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
\$ 1,799,590	\$ 1,750,667	\$ 1,924,555	\$ 2,006,032	\$ 2,067,695
<u>1,820,234</u>	<u>1,801,045</u>	<u>1,865,631</u>	<u>2,020,139</u>	<u>2,099,955</u>
<u>\$ (20,644)</u>	<u>\$ (50,378)</u>	<u>\$ 58,924</u>	<u>\$ (14,107)</u>	<u>\$ (32,260)</u>
\$ 3,081,445	\$ 3,354,032	\$ 3,137,746	\$ 3,323,824	\$ 3,392,109
59.07%	53.70%	59.46%	60.78%	61.91%

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund
Schedule of Investment Returns
Last Nine Fiscal Years

	<u>April 30, 2016</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>	<u>December 31, 2017</u>
Annual money-weighted rate of return, net of investment expense	8.08%	0.72%	4.73%	12.80%

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

Notes to Schedule:

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

<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
-4.71%	19.10%	14.78%	11.70%	-15.08%

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund
Schedule of Changes in the Village's Net Pension Liability and Related Ratios
Last Nine Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016	December 31, 2017
Total Pension Liability				
Service cost	\$ 1,134,464	\$ 1,149,541	\$ 751,025	\$ 1,421,674
Interest	2,701,567	2,980,213	2,314,004	3,442,447
Change in benefit terms	-	-	-	-
Differences between expected and actual experience	(173,195)	305,055	(3,347,579)	1,116,190
Changes of assumptions	1,221,986	2,811,180	-	(2,288,858)
Buy back contributions	-	-	-	-
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)	(1,072,050)
Net change in total pension liability	4,272,997	6,344,332	(832,890)	2,619,403
Total Pension Liability, Beginning	<u>40,329,133</u>	<u>44,602,130</u>	<u>50,946,462</u>	<u>50,113,572</u>
Total Pension Liability, Ending (a)	<u>\$ 44,602,130</u>	<u>\$ 50,946,462</u>	<u>\$ 50,113,572</u>	<u>\$ 52,732,975</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,904,487	\$ 1,905,569	\$ 1,911,342	\$ 2,176,385
Employee contributions	457,701	478,570	328,920	562,401
Buy back contributions	-	-	-	-
Net investment income	1,562,177	(320,256)	750,015	3,723,725
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)	(1,072,050)
Administration	(54,703)	(61,615)	(63,270)	(84,741)
Net change in plan fiduciary net position	3,257,837	1,100,611	2,376,667	5,305,720
Plan Fiduciary Net Position, Beginning	<u>22,304,144</u>	<u>25,561,981</u>	<u>26,662,592</u>	<u>29,039,259</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 25,561,981</u>	<u>\$ 26,662,592</u>	<u>\$ 29,039,259</u>	<u>\$ 34,344,979</u>
Village's Net Pension Liability, Ending (a) - (b)	<u>\$ 19,040,149</u>	<u>\$ 24,283,870</u>	<u>\$ 21,074,313</u>	<u>\$ 18,387,996</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.31%	52.33%	57.95%	65.13%
Covered Payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548	\$ 5,208,600
Village's Net Pension Liability as a Percentage of Covered Payroll	370.39%	473.34%	395.94%	353.03%

Notes to Schedule:

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

December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
\$ 1,281,368	\$ 1,290,345	\$ 1,325,498	\$ 1,288,974	\$ 1,282,692
3,600,377	3,986,763	4,243,326	4,499,505	4,830,601
-	121,794	-	-	-
1,482,142	302,107	362,654	276,813	(580,359)
1,010,548	-	-	1,163,791	-
-	-	-	14,026	-
(1,350,851)	(1,967,507)	(1,902,974)	(2,296,421)	(2,366,978)
6,023,584	3,733,502	4,028,504	4,946,688	3,165,956
52,732,975	58,756,559	62,490,061	66,518,565	71,465,253
<u>\$ 58,756,559</u>	<u>\$ 62,490,061</u>	<u>\$ 66,518,565</u>	<u>\$ 71,465,253</u>	<u>\$ 74,631,209</u>
\$ 2,304,265	\$ 2,290,246	\$ 2,300,705	\$ 2,498,348	\$ 2,531,073
492,620	498,580	508,641	502,853	518,642
-	-	-	14,026	-
(1,554,258)	6,547,762	6,077,296	5,607,760	(9,349,166)
(1,350,851)	(1,967,507)	(1,902,974)	(2,296,421)	(2,366,978)
(52,151)	(45,936)	(60,646)	(49,244)	(40,646)
(160,375)	7,323,145	6,923,022	6,277,322	(8,707,075)
34,344,979	34,184,604	41,507,749	48,430,771	54,708,093
<u>\$ 34,184,604</u>	<u>\$ 41,507,749</u>	<u>\$ 48,430,771</u>	<u>\$ 54,708,093</u>	<u>\$ 46,001,018</u>
<u>\$ 24,571,955</u>	<u>\$ 20,982,312</u>	<u>\$ 18,087,794</u>	<u>\$ 16,757,160</u>	<u>\$ 28,630,191</u>
58.18%	66.42%	72.81%	76.55%	61.64%
\$ 5,214,441	\$ 5,324,271	\$ 5,338,995	\$ 5,270,025	\$ 5,485,373
471.23%	394.09%	338.79%	317.97%	521.94%

See notes to required supplementary information

Village of Lake Zurich

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

	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017
Actuarially determined contribution	\$ 1,905,372	\$ 1,815,433	\$ 1,911,342	\$ 2,198,557
Contributions in relation to the actuarially determined contribution	1,931,966	1,905,569	1,911,342	2,176,385
Contribution deficiency (excess)	<u>\$ (26,594)</u>	<u>\$ (90,136)</u>	<u>\$ -</u>	<u>\$ 22,172</u>
Covered payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548	\$ 5,208,600
Contributions as a percentage of covered payroll	37.58%	37.14%	35.91%	41.78%

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

Notes to Schedule:

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

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

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	2.50% to 18.00% per year
Investment rate of return	6.75%
Retirement age	50-70
Mortality	Healthy - PubS-2010 Healthy Mortality Table, with generational improvement Scale MP-2021
	Disabled - PubS-2010 Disabled Mortality Table, with generational improvement scale MP-2021

<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
\$ 2,278,591	\$ 2,153,131	\$ 2,373,133	\$ 2,491,121	\$ 2,485,816
<u>2,304,265</u>	<u>2,290,246</u>	<u>2,300,705</u>	<u>2,498,348</u>	<u>2,531,073</u>
<u>\$ (25,674)</u>	<u>\$ (137,115)</u>	<u>\$ 72,428</u>	<u>\$ (7,227)</u>	<u>\$ (45,257)</u>
\$ 5,214,441	\$ 5,324,271	\$ 5,338,995	\$ 5,270,025	\$ 5,485,373
44.19%	43.02%	43.09%	47.41%	46.14%

See notes to required supplementary information

Village of Lake Zurich

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

	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>	<u>December 31, 2017</u>
Annual money-weighted rate of return, net of investment expense	6.53%	-1.18%	5.05%	12.59%

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

Notes to Schedule:

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

<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
-4.41%	19.12%	14.54%	11.40%	-16.99%

See notes to required supplementary information

Village of Lake Zurich

Retiree Health Insurance Plan

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

Last Five Fiscal Years

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 43,217	\$ 48,030	\$ 50,191	\$ 64,244	\$ 76,538
Interest	118,607	118,055	109,049	64,581	71,532
Changes of assumptions	(164,052)	122,226	412,890	(86,869)	(219,976)
Benefit payments, including refunds of member contributions	(173,514)	(192,924)	(179,027)	(211,262)	(206,538)
Differences between expected and actual experience of the total OPEB liability	-	-	(321,885)	-	(157,355)
Other changes	(111,794)	(525)	(54,013)	-	-
Net change in total OPEB liability	(287,536)	94,862	17,205	(169,306)	(435,799)
Total OPEB Liability, Beginning	<u>3,627,263</u>	<u>3,339,727</u>	<u>3,434,589</u>	<u>3,451,794</u>	<u>3,282,488</u>
Total OPEB Liability, Ending (a)	<u>\$ 3,339,727</u>	<u>\$ 3,434,589</u>	<u>\$ 3,451,794</u>	<u>\$ 3,282,488</u>	<u>\$ 2,846,689</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 13,156,588	\$ 13,156,588	\$ 13,435,863	\$ 13,435,863	\$ 14,418,438
Village's Net Pension Liability as a Percentage of Covered-Employee Payroll	25.38%	26.11%	25.69%	24.43%	19.74%

Notes to Schedule:

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

Village of Lake Zurich

Notes to Required Supplementary Information
Year Ended December 31, 2022

Budgetary Information

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

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

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

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

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

Expenditures cannot legally exceed budgeted appropriations at the fund or department (General Fund) level and the Board of Trustees must approve any over expenditures of appropriation or transfers of appropriated amounts. During the year, two supplementary appropriations were necessary.

SUPPLEMENTARY INFORMATION

Village of Lake Zurich

General Fund

Detailed Schedule of Revenues - Budget and Actual

December 31, 2022

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property:			
Police protection	\$ 1,784,403	\$ 1,784,403	\$ 1,798,231
Fire protection	1,784,403	1,784,403	1,797,392
Ambulance	1,000	1,000	1,010
Pension	51,000	51,000	51,507
Police pension	2,067,695	2,067,695	2,067,695
Fire pension	2,485,816	2,485,816	2,485,816
SRA	180,000	180,000	181,790
Road and bridge	13,000	13,000	12,520
Utility:			
Electric tax	970,000	970,000	966,297
Gas tax	305,000	583,000	583,309
Telecommunication taxes	454,000	454,000	333,294
Television franchise tax	322,955	322,955	316,608
Peg Cable	-	-	23,402
Total taxes	<u>10,419,272</u>	<u>10,697,272</u>	<u>10,618,871</u>
Licenses and Permits			
Licenses:			
Liquor	170,000	170,000	162,718
Contractor registration	86,200	86,200	86,595
Other business	103,350	103,350	99,818
Permits:			
Administrative plan review	101,000	122,151	121,661
Building	220,000	258,738	258,738
Electrical	40,000	40,000	47,681
Plumbing	30,000	47,800	47,800
Occupancy certificates	35,000	35,000	35,466
Sidewalk	-	96,341	96,341
Truck permits	15,000	15,000	13,350
Other	58,400	58,400	62,595
Total licenses and permits	<u>858,950</u>	<u>1,032,980</u>	<u>1,032,763</u>
Intergovernmental			
State income tax	2,616,000	3,219,676	3,219,676
Municipal sales	7,106,000	7,704,000	7,760,427
Personal property replacement tax	90,200	90,200	223,900
Street maintenance reimbursement	16,800	16,800	13,043
Local use tax	920,000	920,000	800,796
Auto rental tax	5,000	5,000	11,690
Pull tax	235,000	356,992	356,064
Fire/rescue service contract	5,758,573	5,979,506	5,979,506
Vehicle maintenance charge	24,000	40,665	40,665
Cannabis tax	27,000	27,000	32,317
Licenses:			
Grants	54,900	219,900	251,518
Governmental agency	146,724	203,524	259,571
Total intergovernmental	<u>17,000,197</u>	<u>18,783,263</u>	<u>18,949,173</u>

Village of Lake Zurich

General Fund

Detailed Schedule of Revenues - Budget and Actual

December 31, 2022

	Original Budget	Final Budget	Actual
Charges for Services			
Police fees:			
Police alarm fees	\$ 2,500	\$ 2,500	\$ 2,700
Public safety special detail	20,000	158,125	158,125
Police administration tow fees	40,000	40,000	43,250
Police lock out fees	5,000	5,000	5,250
Police contracted services	4,000	4,000	3,000
Fire/rescue fees:			
Special detail	7,000	7,000	7,680
Ambulance fees	675,000	1,434,000	1,752,455
Spillage fees	-	-	-
Inspection fees	35,000	46,359	46,359
Public education	5,000	5,000	2,345
Site plan review	72,000	133,237	143,092
Elevator inspections	15,000	15,000	1,260
Printing and reproduction fees	4,000	4,000	3,810
Engineering review	130,500	332,422	296,769
Reimbursements	-	-	75
Park fees	89,425	89,425	143,305
Park program fees	618,110	618,110	706,197
Beach Fees	37,000	37,000	33,928
Other	245	245	1,450
Total charges for services	1,759,780	2,931,423	3,351,050
Fines, forfeitures and penalties			
Circuit court fines	214,500	214,500	186,757
Other fines	250,000	250,000	212,822
Total fines, forfeitures and penalties	464,500	464,500	399,579
Investment Income	23,000	23,000	51,149
Miscellaneous			
Miscellaneous	97,170	137,443	126,586
Donations	3,000	3,000	9,140
Rent	30,500	64,310	58,901
Total miscellaneous	130,670	204,753	194,627
Total revenues	\$ 30,656,369	\$ 34,137,191	\$ 34,597,212

Village of Lake Zurich

General Fund

Schedule of Expenditures - Budget and Actual

December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Expenditures			
General Government			
General administration	\$ 69,085	\$ 69,290	\$ 61,673
Village administration	942,729	929,737	889,857
Finance department	569,543	528,173	500,368
Technology department	355,119	416,396	319,916
Total general government	<u>1,936,476</u>	<u>1,943,596</u>	<u>1,771,814</u>
Public Safety			
Police	8,394,457	8,722,485	8,703,181
Fire	12,347,334	12,570,297	12,457,179
Community development	1,019,346	1,145,823	1,121,225
Total public safety	<u>21,761,137</u>	<u>22,438,605</u>	<u>22,281,585</u>
Highways and Streets			
Public works	<u>3,640,370</u>	<u>3,672,839</u>	<u>3,662,457</u>
Culture and Recreation			
Parks and recreation department	<u>1,215,085</u>	<u>1,206,106</u>	<u>1,174,116</u>
Economic Development	<u>515,540</u>	<u>515,540</u>	<u>494,774</u>
Total expenditures	<u>\$ 29,068,608</u>	<u>\$ 29,776,686</u>	<u>\$ 29,384,746</u>

Village of Lake Zurich

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	<u>Foreign Fire Tax</u>	<u>Hotel Tax</u>	<u>Motor Fuel Tax</u>	<u>Special Events</u>	<u>Dispatch Services</u>
Assets					
Cash and investments	\$ 203,661	\$ 389,769	\$ 4,693,418	\$ 200,894	\$ 172,130
Receivables (net):					
Property taxes receivable	-	-	-	-	-
Accounts receivable	-	8,953	77,120	-	37,257
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	5,390	7,723
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,390</u>	<u>7,723</u>
Total assets	<u>\$ 203,661</u>	<u>\$ 398,722</u>	<u>\$ 4,770,538</u>	<u>\$ 206,284</u>	<u>\$ 217,110</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 44,846	\$ 7,761	\$ 808
Accrued wages	-	35	-	4,879	53,026
Unearned revenues	-	-	-	-	118,369
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	262
Advances from other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>35</u>	<u>44,846</u>	<u>12,640</u>	<u>172,465</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	5,390	7,723
Restricted	203,661	398,687	4,725,692	-	-
Assigned	-	-	-	188,254	36,922
	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,254</u>	<u>36,922</u>
Total fund balances	<u>203,661</u>	<u>398,687</u>	<u>4,725,692</u>	<u>193,644</u>	<u>44,645</u>
Total liabilities and fund balances	<u>\$ 203,661</u>	<u>\$ 398,722</u>	<u>\$ 4,770,538</u>	<u>\$ 206,284</u>	<u>\$ 217,110</u>

TIF #3	Non-Home Rule Sales Tax Capital Projects	Total Nonmajor Governmental Funds
\$ 130,085	\$ 3,713,823	\$ 9,503,780
92,745	-	92,745
-	734,760	858,090
-	50,000	50,000
-	-	13,113
<u>\$ 222,830</u>	<u>\$ 4,498,583</u>	<u>\$ 10,517,728</u>
\$ -	\$ 202,022	\$ 255,437
-	-	57,940
-	-	118,369
-	14,361	14,361
-	-	262
<u>30,000</u>	<u>-</u>	<u>30,000</u>
<u>30,000</u>	<u>216,383</u>	<u>476,369</u>
<u>75,898</u>	<u>-</u>	<u>75,898</u>
<u>75,898</u>	<u>-</u>	<u>75,898</u>
-	-	13,113
116,932	4,282,200	9,727,172
-	-	225,176
<u>116,932</u>	<u>4,282,200</u>	<u>9,965,461</u>
<u>\$ 222,830</u>	<u>\$ 4,498,583</u>	<u>\$ 10,517,728</u>

Village of Lake Zurich

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2022

	<u>Foreign Fire Tax</u>	<u>Hotel Tax</u>	<u>Motor Fuel Tax</u>	<u>Special Events</u>	<u>Dispatch Services</u>
Revenues					
Taxes	\$ 55,281	\$ 122,889	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,236,627	-	-
Charges for services	-	-	-	-	917,912
Special events	-	-	-	118,050	-
Investment income	-	2,679	72,644	496	1,279
	<u>-</u>	<u>2,679</u>	<u>72,644</u>	<u>496</u>	<u>1,279</u>
Total revenues	<u>55,281</u>	<u>125,568</u>	<u>1,309,271</u>	<u>118,546</u>	<u>919,191</u>
Expenditures					
Current:					
General government	-	16,756	-	-	-
Public safety	49,430	-	-	-	1,608,067
Highways and streets	-	-	362,879	-	-
Culture and recreation	-	-	-	302,127	-
Economic development	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>49,430</u>	<u>16,756</u>	<u>362,879</u>	<u>302,127</u>	<u>1,608,067</u>
Excess (deficiency) of revenues over expenditures	<u>5,851</u>	<u>108,812</u>	<u>946,392</u>	<u>(183,581)</u>	<u>(688,876)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	226,050	576,000
Transfers out	-	(85,100)	-	-	-
	<u>-</u>	<u>(85,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(85,100)</u>	<u>-</u>	<u>226,050</u>	<u>576,000</u>
Net change in fund balances	5,851	23,712	946,392	42,469	(112,876)
Fund Balances, Beginning	<u>197,810</u>	<u>374,975</u>	<u>3,779,300</u>	<u>151,175</u>	<u>157,521</u>
Fund Balances, Ending	<u>\$ 203,661</u>	<u>\$ 398,687</u>	<u>\$ 4,725,692</u>	<u>\$ 193,644</u>	<u>\$ 44,645</u>

<u>TIF #3</u>	<u>Non-Home Rule Sales Tax Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 76,050	\$ 2,652,103	\$ 2,906,323
-	50,000	1,286,627
-	-	917,912
-	-	118,050
<u>60</u>	<u>61,745</u>	<u>138,903</u>
<u>76,110</u>	<u>2,763,848</u>	<u>5,367,815</u>
-	-	16,756
-	-	1,657,497
-	2,054,535	2,417,414
-	-	302,127
<u>400</u>	<u>-</u>	<u>400</u>
<u>400</u>	<u>2,054,535</u>	<u>4,394,194</u>
<u>75,710</u>	<u>709,313</u>	<u>973,621</u>
-	-	802,050
<u>-</u>	<u>-</u>	<u>(85,100)</u>
<u>-</u>	<u>-</u>	<u>716,950</u>
75,710	709,313	1,690,571
<u>41,222</u>	<u>3,572,887</u>	<u>8,274,890</u>
<u>\$ 116,932</u>	<u>\$ 4,282,200</u>	<u>\$ 9,965,461</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Hotel Tax
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Hotel/Motel tax	\$ 86,000	\$ 86,000	\$ 122,889
Investment income	<u>130</u>	<u>130</u>	<u>2,679</u>
Total revenues	<u>86,130</u>	<u>86,130</u>	<u>125,568</u>
Expenditures			
Current:			
General government	<u>18,853</u>	<u>18,853</u>	<u>16,756</u>
Total expenditures	<u>18,853</u>	<u>18,853</u>	<u>16,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67,277</u>	<u>67,277</u>	<u>108,812</u>
Other Financing Sources (Uses)			
Transfers out	<u>(85,100)</u>	<u>(85,100)</u>	<u>(85,100)</u>
Total other financing sources (uses)	<u>(85,100)</u>	<u>(85,100)</u>	<u>(85,100)</u>
Net change in fund balance	<u><u>\$ (17,823)</u></u>	<u><u>\$ (17,823)</u></u>	23,712
Fund Balance, Beginning			<u>374,975</u>
Fund Balance, Ending			<u><u>\$ 398,687</u></u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Motor Fuel Tax
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Reimbursements	\$ 778,000	\$ 778,000	\$ 805,374
Investment income	1,500	1,500	72,644
Rebuild Illinois	<u>431,253</u>	<u>431,253</u>	<u>431,253</u>
Total revenues	<u>1,210,753</u>	<u>1,210,753</u>	<u>1,309,271</u>
Expenditures			
Current:			
Highways and streets	<u>447,531</u>	<u>447,531</u>	<u>362,879</u>
Total expenditures	<u>447,531</u>	<u>447,531</u>	<u>362,879</u>
Net change in fund balance	<u>\$ 763,222</u>	<u>\$ 763,222</u>	946,392
Fund Balance, Beginning			<u>3,779,300</u>
Fund Balance, Ending			<u>\$ 4,725,692</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Special Events
For the Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Special events	\$ 89,900	\$ 89,900	\$ 118,050
Investment income	<u>50</u>	<u>50</u>	<u>496</u>
Intergovernmental			
Total revenues	<u>89,950</u>	<u>89,950</u>	<u>118,546</u>
Expenditures			
Current:			
Culture and recreation	<u>308,170</u>	<u>313,267</u>	<u>302,127</u>
Total expenditures	<u>308,170</u>	<u>313,267</u>	<u>302,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,220)</u>	<u>(223,317)</u>	<u>(183,581)</u>
Other Financing Sources (Uses)			
Transfers in	<u>226,050</u>	<u>226,050</u>	<u>226,050</u>
Total other financing sources (uses)	<u>226,050</u>	<u>226,050</u>	<u>226,050</u>
Net change in fund balance	<u>\$ 7,830</u>	<u>\$ 2,733</u>	42,469
Fund Balance, Beginning			<u>151,175</u>
Fund Balance, Ending			<u>\$ 193,644</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Dispatch Services
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Charges for services	\$ 937,290	\$ 937,290	\$ 917,912
Investment income	<u>300</u>	<u>300</u>	<u>1,279</u>
Total revenues	<u>937,590</u>	<u>937,590</u>	<u>919,191</u>
Expenditures			
Current:			
Public safety	<u>1,618,461</u>	<u>1,668,461</u>	<u>1,608,067</u>
Total expenditures	<u>1,618,461</u>	<u>1,668,461</u>	<u>1,608,067</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(680,871)</u>	<u>(730,871)</u>	<u>(688,876)</u>
Other Financing Sources (Uses)			
Transfers in	<u>576,000</u>	<u>576,000</u>	<u>576,000</u>
Total other financing sources (uses)	<u>576,000</u>	<u>576,000</u>	<u>576,000</u>
Net change in fund balance	<u>\$ (104,871)</u>	<u>\$ (154,871)</u>	(112,876)
Fund Balance, Beginning			<u>157,521</u>
Fund Balance, Ending			<u>\$ 44,645</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - TIF #3
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Property tax	\$ 56,080	\$ 56,080	\$ 76,050
Investment income	<u>-</u>	<u>-</u>	<u>60</u>
Total revenues	<u>56,080</u>	<u>56,080</u>	<u>76,110</u>
Expenditures			
Current:			
Economic development	<u>800</u>	<u>800</u>	<u>400</u>
Total expenditures	<u>800</u>	<u>800</u>	<u>400</u>
Net change in fund balance	<u>\$ 55,280</u>	<u>\$ 55,280</u>	75,710
Fund Balance, Beginning			<u>41,222</u>
Fund Balance, Ending			<u>\$ 116,932</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual - Non-Home Rule Sales Tax Capital Projects

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Sales tax	\$ 2,277,000	\$ 2,277,000	\$ 2,652,103
Investment income	2,500	2,500	61,745
Intergovernmental			
Reimbursements	-	-	50,000
Total intergovernmental	-	-	50,000
Total revenues	<u>2,279,500</u>	<u>2,279,500</u>	<u>2,763,848</u>
Expenditures			
Current:			
Highways and streets	<u>2,272,000</u>	<u>2,272,000</u>	<u>2,054,535</u>
Total expenditures	<u>2,272,000</u>	<u>2,272,000</u>	<u>2,054,535</u>
Net change in fund balance	<u>\$ 7,500</u>	<u>\$ 7,500</u>	709,313
Fund Balance, Beginning			<u>3,572,887</u>
Fund Balance, Ending			<u>\$ 4,282,200</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Debt Service
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Property tax	\$ 1,215,000	\$ 1,215,000	\$ 1,227,084
Investment income	<u>700</u>	<u>700</u>	<u>15,073</u>
Total revenues	<u>1,215,700</u>	<u>1,215,700</u>	<u>1,242,157</u>
Expenditures			
Debt service:			
Principal	1,188,000	1,188,000	-
Interest and fiscal charges	<u>18,810</u>	<u>18,810</u>	<u>18,810</u>
Total expenditures	<u>1,206,810</u>	<u>1,206,810</u>	<u>18,810</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,890</u>	<u>8,890</u>	<u>1,223,347</u>
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>(1,188,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,188,000)</u>
Net change in fund balance	<u>\$ 8,890</u>	<u>\$ 8,890</u>	35,347
Fund Balance, Beginning			<u>921,761</u>
Fund Balance, Ending			<u>\$ 957,108</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - TIF Debt Service
For the Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Investment income	\$ 800	\$ 800	\$ (801)
Total revenues	800	800	(801)
Expenditures			
Debt service:			
Principal	1,400,000	1,400,000	1,400,000
Interest and fiscal charges	645,241	645,241	643,296
Total expenditures	2,045,241	2,045,241	2,043,296
Excess (deficiency) of revenues over (under) expenditures	(2,044,441)	(2,044,441)	(2,044,097)
Other Financing Sources (Uses)			
Proceeds from bond issuance	1,188,000	1,188,000	-
Transfers in	835,000	835,000	2,023,000
Total other financing sources (uses)	2,023,000	2,023,000	2,023,000
Net change in fund balance	\$ (21,441)	\$ (21,441)	(21,097)
Fund Balance (Deficit), Beginning			(906,101)
Fund Balance (Deficit), Ending			<u>\$ (927,198)</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Capital Improvements
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Grants	\$ 1,551,081	\$ 1,551,081	\$ -
Park fees	-	-	435,572
Investment income	9,500	9,500	68,987
Civic contribution	69,996	69,996	69,996
Miscellaneous revenues	-	-	14,451
Total revenues	<u>1,630,577</u>	<u>1,630,577</u>	<u>589,006</u>
Expenditures			
Capital outlay			
Capital outlay:			
Infrastructure improvements	35,000	35,000	44,347
Capital project improvements	<u>1,782,524</u>	<u>1,782,524</u>	<u>1,470,464</u>
Total expenditures	<u>1,817,524</u>	<u>1,817,524</u>	<u>1,514,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,947)</u>	<u>(186,947)</u>	<u>(925,805)</u>
Other Financing Sources (Uses)			
Transfers in	<u>820,000</u>	<u>3,525,000</u>	<u>3,525,000</u>
Total other financing sources (uses)	<u>820,000</u>	<u>3,525,000</u>	<u>3,525,000</u>
Net change in fund balance	<u>\$ 633,053</u>	<u>\$ 3,338,053</u>	2,599,195
Fund Balance, Beginning			<u>7,282,436</u>
Fund Balance, Ending			<u>\$ 9,881,631</u>

Village of Lake Zurich

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

Waterworks and Sewerage Fund

December 31, 2022

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for services	\$ 6,901,500	\$ 6,901,500	\$ 7,092,212
Total operating revenues	6,901,500	6,901,500	7,092,212
Operating Expenses			
Administration	942,078	946,600	961,742
Operations	7,376,782	7,376,782	2,623,761
Depreciation	1,938,190	1,938,190	2,028,496
Total operating expenses	10,257,050	10,261,572	5,613,999
Operating income (loss)	(3,355,550)	(3,360,072)	1,478,213
Nonoperating Revenues (Expenses)			
Connection fees	478,125	478,125	1,036,188
Investment income	12,000	12,000	134,317
Gain on sale of capital assets	-	-	17,557
Interest and fiscal charges	(146,232)	(146,232)	(115,102)
Total nonoperating revenues (expenses)	343,893	343,893	1,072,960
Change in net position	\$ (3,011,657)	\$ (3,016,179)	2,551,173
Net Position, Beginning of Year			48,452,792
Net Position, End of Year			\$ 51,003,965

Village of Lake Zurich

Schedule of Operating Revenues - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2022

	Original Budget	Final Budget	Actual
Charges for Services			
Water charges	\$ 3,362,000	\$ 3,362,000	\$ 3,315,753
Debt service charges	981,000	981,000	1,013,041
Capital charge	2,405,000	2,405,000	2,473,740
Meter sales	15,000	15,000	65,040
Late fees	88,500	88,500	97,446
Wastewater service agreements	50,000	50,000	118,342
Inspection fees	-	-	1,500
Other	-	-	7,350
Total operating revenues	<u>\$ 6,901,500</u>	<u>\$ 6,901,500</u>	<u>\$ 7,092,212</u>

Village of Lake Zurich

Schedule of Operating Expenses - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2022

	Original Budget	Final Budget	Actual
Administration			
Personnel services	\$ 440,932	\$ 445,454	\$ 467,379
Contractual services	438,946	438,946	419,404
Commodities	62,200	62,200	74,959
Total administration	<u>\$ 942,078</u>	<u>\$ 946,600</u>	<u>\$ 961,742</u>
Operations			
Water service:			
Water service - personnel services	\$ 707,215	\$ 707,215	\$ 684,376
Water service - contractual services	654,600	654,600	264,543
Water service - commodities	538,750	538,750	520,587
Total water service	<u>1,900,565</u>	<u>1,900,565</u>	<u>1,469,506</u>
Sewer service:			
Sewer service - personnel services	658,167	658,167	617,301
Sewer service - contractual services	539,750	539,750	354,961
Sewer service - commodities	80,300	80,300	61,172
Total sewer service	<u>1,278,217</u>	<u>1,278,217</u>	<u>1,033,434</u>
Capital outlay	<u>4,198,000</u>	<u>4,198,000</u>	<u>1,551,949</u>
Less nonoperating items:			
Capital assets capitalized	<u>-</u>	<u>-</u>	<u>(1,431,128)</u>
Total operations	<u>\$ 7,376,782</u>	<u>\$ 7,376,782</u>	<u>\$ 2,623,761</u>
Depreciation	<u>\$ 1,938,190</u>	<u>\$ 1,938,190</u>	<u>\$ 2,028,496</u>

Village of Lake Zurich

Combining Statement of Net Position
Internal Service Funds
December 31, 2022

	<u>Medical Self- Insurance</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	\$ 1,428,668	\$ 992,829	\$ 4,922,846	\$ 7,344,343
Receivables:				
Accounts receivable	7,262	-	-	7,262
Prepaid items	<u>486,556</u>	<u>1,650,884</u>	<u>-</u>	<u>2,137,440</u>
Total current assets	<u>1,922,486</u>	<u>2,643,713</u>	<u>4,922,846</u>	<u>9,489,045</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Property and equipment	-	-	5,945,197	5,945,197
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(2,126,715)</u>	<u>(2,126,715)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,818,482</u>	<u>3,818,482</u>
Total assets	<u>1,922,486</u>	<u>2,643,713</u>	<u>8,741,328</u>	<u>13,307,527</u>
Liabilities				
Current liabilities:				
Accounts payable	21,778	6,256	38,870	66,904
Accrued wages	-	8,670	-	8,670
Due to other funds	<u>709</u>	<u>-</u>	<u>-</u>	<u>709</u>
Total current liabilities	<u>22,487</u>	<u>14,926</u>	<u>38,870</u>	<u>76,283</u>
Total liabilities	<u>22,487</u>	<u>14,926</u>	<u>38,870</u>	<u>76,283</u>
Net Position				
Net investment in capital assets	-	-	3,818,482	3,818,482
Unrestricted net position	<u>1,899,999</u>	<u>2,628,787</u>	<u>4,883,976</u>	<u>9,412,762</u>
Total net position	<u>\$ 1,899,999</u>	<u>\$ 2,628,787</u>	<u>\$ 8,702,458</u>	<u>\$ 13,231,244</u>

Village of Lake Zurich

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

Year Ended December 31, 2022

	Medical Self- Insurance	Risk Management	Equipment Replacement	Total
Operating Revenues				
Contributions:				
Employer	\$ 2,610,933	\$ 1,412,871	\$ 1,099,625	\$ 5,123,429
Employee	159,117	-	-	159,117
Pensioner	<u>277,716</u>	<u>-</u>	<u>-</u>	<u>277,716</u>
Total operating revenues	<u>3,047,766</u>	<u>1,412,871</u>	<u>1,099,625</u>	<u>5,560,262</u>
Operating Expenses				
Insurance and claims:				
Personnel services	11,010	210,654	-	221,664
Contractual services	3,021,014	664,055	-	3,685,069
Less reimbursements	(8)	(105,700)	-	(105,708)
Operations:				
Commodities	-	-	155,365	155,365
Depreciation	<u>-</u>	<u>-</u>	<u>390,818</u>	<u>390,818</u>
Total operating expenses	<u>3,032,016</u>	<u>769,009</u>	<u>546,183</u>	<u>4,347,208</u>
Operating income (loss)	<u>15,750</u>	<u>643,862</u>	<u>553,442</u>	<u>1,213,054</u>
Nonoperating Revenues (Expenses)				
Investment income	13,943	11,006	68,097	93,046
Miscellaneous	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total nonoperating revenues (expenses)	<u>13,943</u>	<u>11,006</u>	<u>72,097</u>	<u>97,046</u>
Income (loss) before transfers	<u>29,693</u>	<u>654,868</u>	<u>625,539</u>	<u>1,310,100</u>
Transfers				
Transfers in	-	-	250,000	250,000
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total transfers	<u>-</u>	<u>(200,000)</u>	<u>250,000</u>	<u>50,000</u>
Change in net position	29,693	454,868	875,539	1,360,100
Net Position, Beginning	<u>1,870,306</u>	<u>2,173,919</u>	<u>7,826,919</u>	<u>11,871,144</u>
Net Position, Ending	<u>\$ 1,899,999</u>	<u>\$ 2,628,787</u>	<u>\$ 8,702,458</u>	<u>\$ 13,231,244</u>

Village of Lake Zurich

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2022

	Medical Self- Insurance	Risk Management	Equipment Replacement	Total
Cash Flows From Operating Activities				
Received from customers	\$ 3,051,537	\$ 1,412,871	\$ 1,099,625	\$ 5,564,033
Paid to suppliers for goods and services	(1,323)	(1,003,101)	(116,721)	(1,121,145)
Paid to employees for services	(3,021,014)	(207,510)	-	(3,228,524)
Net cash flows from operating activities	29,200	202,260	982,904	1,214,364
Cash Flows From Investing Activities				
Investment income	13,943	11,006	68,097	93,046
Net cash flows from investing activities	13,943	11,006	68,097	93,046
Cash Flows From Noncapital Financing Activities				
Receipt (payment) of transfer	-	(200,000)	250,000	50,000
Due to / from other funds	709	-	-	709
Net cash flows from noncapital financing activities	709	(200,000)	250,000	50,709
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	(333,100)	(333,100)
Net cash flows from capital and related financing activities	-	-	(333,100)	(333,100)
Net change in cash and cash equivalents	43,852	13,266	967,901	1,025,019
Cash and Cash Equivalents, Beginning	1,384,816	979,563	3,954,945	6,319,324
Cash and Cash Equivalents, Ending	<u>\$ 1,428,668</u>	<u>\$ 992,829</u>	<u>\$ 4,922,846</u>	<u>\$ 7,344,343</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	\$ 15,750	\$ 643,862	\$ 553,442	\$ 1,213,054
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	-	390,818	390,818
Changes in assets and liabilities:				
Accounts receivable	3,771	-	-	3,771
Prepaid items	(776)	(439,655)	-	(440,431)
Accounts payable	10,455	(5,091)	38,644	44,008
Compensated absences	-	3,144	-	3,144
Net cash flows from operating activities	<u>\$ 29,200</u>	<u>\$ 202,260</u>	<u>\$ 982,904</u>	<u>\$ 1,214,364</u>
Noncash Capital and Related Financing Activities				
None				

Village of Lake Zurich

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

Medical Self-Insurance

Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions:			
Employer	\$ 2,610,933	\$ 2,610,933	\$ 2,610,933
Employee	185,325	185,325	159,117
Pensioner	<u>350,000</u>	<u>350,000</u>	<u>277,716</u>
Total operating revenues	<u>3,146,258</u>	<u>3,146,258</u>	<u>3,047,766</u>
Operating Expenses			
Insurance and claims:			
Personnel services	13,000	13,000	11,010
Claims	1,000	1,000	-
Contractual services	3,076,608	3,076,608	3,021,014
Less reimbursements	<u>-</u>	<u>-</u>	<u>(8)</u>
Total insurance and claims	<u>3,090,608</u>	<u>3,090,608</u>	<u>3,032,016</u>
Total operating expenses	<u>3,090,608</u>	<u>3,090,608</u>	<u>3,032,016</u>
Operating income	<u>55,650</u>	<u>55,650</u>	<u>15,750</u>
Nonoperating Revenues			
Investment income	<u>1,000</u>	<u>1,000</u>	<u>13,943</u>
Total nonoperating revenues	<u>1,000</u>	<u>1,000</u>	<u>13,943</u>
Change in net position	<u>\$ 56,650</u>	<u>\$ 56,650</u>	29,693
Net Position, Beginning			<u>1,870,306</u>
Net Position, Ending			<u>\$ 1,899,999</u>

Village of Lake Zurich

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

Risk Management

Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions:			
Employer	\$ 1,412,871	\$ 1,412,871	\$ 1,412,871
Total operating revenues	<u>1,412,871</u>	<u>1,412,871</u>	<u>1,412,871</u>
Operating Expenses			
Insurance and claims:			
Personnel services	187,145	190,236	210,654
Contractual services	1,225,727	1,225,727	664,055
Less reimbursements	<u>(40,000)</u>	<u>(40,000)</u>	<u>(105,700)</u>
Total insurance and claims	<u>1,372,872</u>	<u>1,375,963</u>	<u>769,009</u>
Total operating expenses	<u>1,372,872</u>	<u>1,375,963</u>	<u>769,009</u>
Operating income	<u>39,999</u>	<u>36,908</u>	<u>643,862</u>
Nonoperating Revenues			
Investment income	<u>400</u>	<u>400</u>	<u>11,006</u>
Total nonoperating revenues	<u>400</u>	<u>400</u>	<u>11,006</u>
Net income before contribution and transfers	<u>40,399</u>	<u>37,308</u>	<u>654,868</u>
Transfers			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Change in net position	<u>\$ (159,601)</u>	<u>\$ (162,692)</u>	454,868
Net Position, Beginning			<u>2,173,919</u>
Net Position, Ending			<u>\$ 2,628,787</u>

Village of Lake Zurich

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

Equipment Replacement

Year Ended December 31, 2022

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions:			
Employer	\$ 786,525	\$ 1,099,625	\$ 1,099,625
Total operating revenues	786,525	1,099,625	1,099,625
Operating Expenses			
Operations:			
Vehicles	630,000	630,000	107,827
Equipment	156,525	469,625	384,638
Depreciation	455,000	455,000	390,818
Total operations	1,241,525	1,554,625	883,283
Total operating expenses	1,241,525	1,554,625	883,283
Operating loss	(455,000)	(455,000)	216,342
Nonoperating Revenues			
Investment income	2,500	2,500	68,097
Miscellaneous	-	-	4,000
Total nonoperating revenues	2,500	2,500	72,097
Net loss before transfers	(452,500)	(452,500)	288,439
Transfers			
Transfers in	250,000	250,000	250,000
Net transfers	250,000	250,000	250,000
Change in net position, budgetary basis	\$ (202,500)	\$ (202,500)	538,439
Adjustments to GAAP basis			
Capital assets capitalized			337,100
Change in net position, GAAP basis			875,539
Net Position, Beginning			7,826,919
Net Position, Ending			\$ 8,702,458

Village of Lake Zurich

Combining Statement of Fiduciary Net Position

Pension Trust Funds

December 31, 2022

	Police Pension	Firefighters' Pension	Total
Assets			
Cash and investments	\$ 237,815	\$ 5,904	\$ 243,719
Investments:			
Money markets	349,433	250,000	599,433
Insurance contracts	-	256,376	256,376
Illinois Police Officers' Pension Investment Fund	28,347,164	-	28,347,164
Illinois Firefighters' Pension Investment Fund	-	45,488,316	45,488,316
Prepaid items	<u>2,042</u>	<u>3,897</u>	<u>5,939</u>
Total assets	<u>28,936,454</u>	<u>46,004,493</u>	<u>74,940,947</u>
Liabilities			
Accounts payable	<u>1,900</u>	<u>3,475</u>	<u>5,375</u>
Total liabilities	<u>1,900</u>	<u>3,475</u>	<u>5,375</u>
Net Position			
Restricted for retirement benefits	<u>\$ 28,934,554</u>	<u>\$ 46,001,018</u>	<u>\$ 74,935,572</u>

Village of Lake Zurich

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended December 31, 2022

	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 2,099,955	\$ 2,531,073	\$ 4,631,028
Employee	<u>336,158</u>	<u>518,642</u>	<u>854,800</u>
Total contributions	<u>2,436,113</u>	<u>3,049,715</u>	<u>5,485,828</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	(5,397,843)	(9,644,461)	(15,042,304)
Interest on investments	<u>291,194</u>	<u>363,445</u>	<u>654,639</u>
Total investment income	(5,106,649)	(9,281,016)	(14,387,665)
Less investment expense	<u>(32,404)</u>	<u>(68,148)</u>	<u>(100,552)</u>
Net investment income	<u>(5,139,053)</u>	<u>(9,349,164)</u>	<u>(14,488,217)</u>
Total additions	<u>(2,702,940)</u>	<u>(6,299,449)</u>	<u>(9,002,389)</u>
Deductions			
Pension payments and refunds	2,394,907	2,366,979	4,761,886
Administration	<u>31,907</u>	<u>40,647</u>	<u>72,554</u>
Total deductions	<u>2,426,814</u>	<u>2,407,626</u>	<u>4,834,440</u>
Change in net position	(5,129,754)	(8,707,075)	(13,836,829)
Net Position, Beginning	<u>34,064,308</u>	<u>54,708,093</u>	<u>88,772,401</u>
Net Position, Ending	<u><u>\$ 28,934,554</u></u>	<u><u>\$ 46,001,018</u></u>	<u><u>\$ 74,935,572</u></u>

LONG-TERM DEBT REQUIREMENTS

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Bonds

(Alternative Revenue Source) Series of 2014A

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2022	\$ 760,000	\$ 46,950	\$ 806,950	2023	\$ 23,475	2023	\$ 23,475
2023	805,000	24,150	829,150	2024	12,075	2024	12,075
	<u>\$ 1,565,000</u>	<u>\$ 71,100</u>	<u>\$ 1,636,100</u>		<u>\$ 35,550</u>		<u>\$ 35,550</u>

Village of Lake Zurich**Long-Term Debt Requirements**

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

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2022	\$ -	\$ 413,685	\$ 413,685	2023	\$ 206,842	2023	\$ 206,843
2023	-	413,685	413,685	2024	206,842	2024	206,843
2024	810,000	413,685	1,223,685	2025	206,842	2025	206,843
2025	840,000	387,360	1,227,360	2026	193,680	2026	193,680
2026	875,000	360,060	1,235,060	2027	180,030	2027	180,030
2027	915,000	331,622	1,246,622	2028	165,811	2028	165,811
2028	955,000	301,428	1,256,428	2029	150,714	2029	150,714
2029	1,370,000	268,956	1,638,956	2030	134,478	2030	134,478
2030	1,415,000	221,008	1,636,008	2031	110,504	2031	110,504
2031	1,480,000	170,066	1,650,066	2032	85,033	2032	85,033
2032	1,530,000	116,048	1,646,048	2033	58,024	2033	58,024
2033	1,585,000	59,438	1,644,438	2034	29,719	2034	29,719
	<u>\$ 11,775,000</u>	<u>\$ 3,457,041</u>	<u>\$ 15,232,041</u>		<u>\$ 1,728,519</u>		<u>\$ 1,728,522</u>

Village of Lake Zurich**Long-Term Debt Requirements**

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

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2022	\$ 400,000	\$ 16,000	\$ 416,000	2023	\$ 8,000	2023	\$ 8,000
	<u>\$ 400,000</u>	<u>\$ 16,000</u>	<u>\$ 416,000</u>		<u>\$ 8,000</u>		<u>\$ 8,000</u>

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2006

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 16	Amount	December 16	Amount
Year							
2022	\$ 118,935	\$ 11,279	\$ 130,214	2023	\$ 6,009	2023	\$ 5,270
2023	121,927	8,287	130,214	2024	4,522	2024	3,765
2024	124,994	5,220	130,214	2025	2,998	2025	2,222
2025	114,854	2,076	116,930	2026	1,436	2026	640
	<u>\$ 480,710</u>	<u>\$ 26,862</u>	<u>\$ 507,572</u>		<u>\$ 14,965</u>		<u>\$ 11,897</u>

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2008

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	February 11	Amount	August 11	Amount
2022	\$ 98,132	\$ 15,068	\$ 113,200	2023	\$ 7,839	2023	\$ 7,229
2023	100,600	12,599	113,199	2024	6,612	2024	5,987
2024	103,131	10,068	113,199	2025	5,354	2025	4,714
2025	105,725	7,474	113,199	2026	4,065	2026	3,409
2026	108,385	4,814	113,199	2027	2,744	2027	2,070
2027	111,112	2,088	113,200	2028	1,389	2028	699
	<u>\$ 627,085</u>	<u>\$ 52,111</u>	<u>\$ 679,196</u>		<u>\$ 28,003</u>		<u>\$ 24,108</u>

Village of Lake Zurich**Long-Term Debt Requirements**

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

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Total	February 1	Amount	August 1	Amount
2022	\$ 680,000	131,343	\$ 811,343	2023	69,496	2023	\$ 61,847
2023	695,000	115,353	810,353	2024	61,846	2024	53,507
2024	715,000	97,717	812,717	2025	53,506	2025	44,211
2025	725,000	78,453	803,453	2026	44,211	2026	34,242
2026	750,000	57,797	807,797	2027	34,242	2027	23,555
2027	775,000	35,679	810,679	2028	23,555	2028	12,124
2028	795,000	12,124	807,124	2029	12,124	2029	-
	<u>\$ 5,135,000</u>	<u>\$ 528,466</u>	<u>\$ 5,663,466</u>		<u>\$ 298,980</u>		<u>\$ 229,486</u>

Village of Lake Zurich**Long-Term Debt Requirements**

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

December 31, 2022

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

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2022	\$ 100,000	\$ 8,400	\$ 108,400	2023	\$ 4,200	2023	4,200
2023	105,000	6,400	111,400	2024	3,200	2024	3,200
2024	105,000	4,300	109,300	2025	2,150	2025	2,150
2025	110,000	2,200	112,200	2026	1,100	2026	1,100
	<u>\$ 420,000</u>	<u>\$ 21,300</u>	<u>\$ 441,300</u>		<u>\$ 10,650</u>		<u>\$ 10,650</u>

Village of Lake Zurich

Statistical Section

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

Contents	Page
Financial Trends	119 - 125
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	
Revenue Capacity	126 - 129
These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	
Debt Capacity	130 - 134
These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	
Demographic and Economic Information	135 - 137
These schedules offer demographic and economic indicators to help the reader understand the environment within the Village's financial activities take place.	
Operating Information	138 - 140
These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs.	

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

Village of Lake Zurich

Net Position by Component
Last Ten Fiscal Years

Fiscal Year	April 30, 2014	April 30, 2015	April 30, 2016*	December 31, 2016**	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Governmental Activities										
Net investment in capital assets	\$ 79,846,136	\$ 80,503,360	\$ 82,125,245	\$ 82,623,774	\$ 83,071,165	\$ 83,682,136	\$ 88,305,543	\$ 85,919,640	\$ 86,028,829	\$ 86,971,571
Restricted	10,192,895	10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528	11,042,791	16,840,573	14,265,789
Unrestricted	<u>(22,692,562)</u>	<u>(21,489,679)</u>	<u>(58,319,684)</u>	<u>(56,718,186)</u>	<u>(54,079,782)</u>	<u>(54,801,370)</u>	<u>(56,147,503)</u>	<u>(47,851,756)</u>	<u>(41,835,263)</u>	<u>(32,964,710)</u>
Total governmental activities	<u>\$ 67,346,469</u>	<u>\$ 69,973,964</u>	<u>\$ 34,585,399</u>	<u>\$ 37,932,543</u>	<u>\$ 40,252,349</u>	<u>\$ 39,594,517</u>	<u>\$ 43,215,568</u>	<u>\$ 49,110,675</u>	<u>\$ 61,034,139</u>	<u>\$ 68,272,650</u>
Business-Type Activities										
Net investment in capital assets	\$ 41,321,810	\$ 39,678,649	\$ 39,130,472	\$ 39,849,034	\$ 38,774,738	\$ 36,769,636	\$ 37,783,758	\$ 38,573,695	\$ 39,003,754	\$ 39,432,356
Restricted	-	-	-	-	-	-	-	-	1,096,080	-
Unrestricted	<u>1,406,104</u>	<u>3,440,249</u>	<u>4,078,672</u>	<u>3,147,564</u>	<u>4,700,206</u>	<u>4,885,210</u>	<u>5,881,004</u>	<u>7,587,296</u>	<u>8,948,490</u>	<u>12,258,068</u>
Total business-type activities	<u>\$ 42,727,914</u>	<u>\$ 43,118,898</u>	<u>\$ 43,209,144</u>	<u>\$ 42,996,598</u>	<u>\$ 43,474,944</u>	<u>\$ 41,654,846</u>	<u>\$ 43,664,762</u>	<u>\$ 46,160,991</u>	<u>\$ 49,048,324</u>	<u>\$ 51,690,424</u>
Primary Government										
Net investment in capital assets	\$ 121,167,946	\$ 120,182,009	\$ 121,255,717	\$ 122,472,808	\$ 121,845,903	\$ 120,451,772	\$ 126,089,301	\$ 124,493,335	\$ 125,032,583	\$ 126,403,927
Restricted	10,192,895	10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528	11,042,791	17,936,653	14,265,789
Unrestricted	<u>(21,286,458)</u>	<u>(18,049,430)</u>	<u>(54,241,012)</u>	<u>(53,570,622)</u>	<u>(49,379,576)</u>	<u>(49,916,160)</u>	<u>(50,266,499)</u>	<u>(40,264,460)</u>	<u>(32,886,773)</u>	<u>(20,706,642)</u>
Total primary government	<u>\$ 110,074,383</u>	<u>\$ 113,092,862</u>	<u>\$ 77,794,543</u>	<u>\$ 80,929,141</u>	<u>\$ 83,727,293</u>	<u>\$ 81,249,363</u>	<u>\$ 86,880,330</u>	<u>\$ 95,271,666</u>	<u>\$ 110,082,463</u>	<u>\$ 119,963,074</u>

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

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

Data Source

Audited Financial Statements

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Expenses										
Governmental activities:										
General government	\$ 1,613,068	\$ 1,802,610	\$ 1,522,322	\$ 772,641	\$ 1,769,844	\$ 2,188,126	\$ 2,003,371	\$ 1,761,391	\$1,724,549	\$ 2,086,891
Public safety	18,582,961	19,438,857	20,687,223	16,155,251	22,066,110	22,341,200	22,631,359	21,301,322	18,808,688	24,533,255
Highways and streets	4,647,467	4,969,501	4,855,446	3,518,270	4,522,520	5,281,131	5,281,079	5,241,285	5,464,562	6,907,881
Culture and recreation	1,109,942	1,143,280	1,147,881	920,054	1,526,825	1,803,515	1,878,294	997,789	1,236,703	1,663,731
Economic development	940,077	1,128,755	1,515,262	1,231,598	2,186,755	1,071,579	1,408,997	1,502,578	618,979	720,097
Interest on long-term debt	1,409,508	1,738,490	1,475,911	1,088,971	967,636	1,045,097	1,000,955	946,072	885,519	849,545
Total governmental activities expenses	28,303,023	30,221,493	31,204,045	23,686,785	33,039,690	33,730,648	34,204,055	31,750,437	28,739,000	36,761,400
Business-type activities:										
Waterworks and sewerage	4,871,170	4,901,767	4,679,952	3,772,676	5,235,787	7,912,780	5,593,327	4,962,077	4,960,349	5,638,174
Total business-type activities expenses	4,871,170	4,901,767	4,679,952	3,772,676	5,235,787	7,912,780	5,593,327	4,962,077	4,960,349	5,638,174
Total primary government expenses	<u>\$ 33,174,193</u>	<u>\$ 35,123,260</u>	<u>\$ 35,883,997</u>	<u>\$ 27,459,461</u>	<u>\$ 38,275,477</u>	<u>\$ 41,643,428</u>	<u>\$ 39,797,382</u>	<u>\$ 36,712,514</u>	<u>\$33,699,349</u>	<u>\$ 42,399,574</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 535,567	\$ 617,962	\$ 651,761	\$ 282,411	\$ 670,333	\$ 952,435	\$ 959,564	\$ 920,751	\$944,651	\$ 1,025,879
Public safety	7,086,380	7,392,854	7,096,281	5,712,362	8,312,753	8,394,249	9,010,081	8,272,702	9,213,468	10,686,378
Highways and streets	469,234	186,992	74,080	28,177	63,544	70,908	55,808	67,835	55,038	46,131
Culture and recreation	529,221	613,484	655,848	572,725	817,009	714,275	760,864	169,632	1,033,762	1,319,905
Economic development	-	35,000	95,579	67,340	94,975	-	-	-	-	-
Operating grants	688,520	905,163	594,937	392,568	610,354	564,495	740,143	742,456	810,422	810,124
Capital grants	-	-	47,133	-	66,442	17,636	19,233	468,874	648,180	444,296
Total governmental activities program revenues	9,308,922	9,751,455	9,215,619	7,055,583	10,635,410	10,713,998	11,545,693	10,642,250	12,705,521	14,332,713
Business-type activities:										
Charges for Services										
Waterworks and sewerage	4,782,300	4,949,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278	7,395,537	7,848,540	8,128,400
Capital grants and contributions	530,814	336,000	-	-	-	-	-	-	-	-
Total business-type activities program revenues	5,313,114	5,285,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278	7,395,537	7,848,540	8,128,400
Total primary government program revenues	<u>\$ 14,622,036</u>	<u>\$ 15,036,978</u>	<u>\$ 14,598,119</u>	<u>\$ 10,601,277</u>	<u>\$ 16,307,652</u>	<u>\$ 16,905,266</u>	<u>\$ 18,976,971</u>	<u>\$ 18,037,787</u>	<u>\$20,554,061</u>	<u>\$ 22,461,113</u>
Net Revenue (Expense)										
Governmental activities	\$ (18,994,101)	\$ (20,470,038)	\$ (21,988,426)	\$ (16,631,202)	\$ (22,404,280)	\$ (23,016,650)	\$ (22,658,362)	\$ (21,108,187)	(16,033,479)	\$ (22,428,687)
Business-type activities	441,944	383,756	702,548	(226,982)	436,455	(1,721,512)	1,837,951	2,433,460	2,888,191	2,490,226
Total primary government net revenue (expense)	<u>\$ (18,552,157)</u>	<u>\$ (20,086,282)</u>	<u>\$ (21,285,878)</u>	<u>\$ (16,858,184)</u>	<u>\$ (21,967,825)</u>	<u>\$ (24,738,162)</u>	<u>\$ (20,820,411)</u>	<u>\$ (18,674,727)</u>	<u>(13,145,288)</u>	<u>\$ (19,938,461)</u>

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 9,342,465	\$ 9,927,632	\$ 10,134,009	\$ 10,413,933	\$ 10,521,260	\$ 10,715,277	\$ 11,006,718	\$ 10,834,425	\$ 11,170,535	\$ 11,446,095
Intergovernmental:										
Sales	8,145,378	8,640,078	8,767,277	6,093,965	9,143,132	9,235,646	9,230,561	8,485,802	9,722,198	10,412,530
State income	1,912,965	1,922,554	2,092,124	1,192,340	1,803,091	1,879,984	2,089,504	2,133,279	2,594,046	3,219,676
Other	1,336,144	2,296,792	2,748,646	1,838,240	2,752,753	2,942,335	2,993,025	3,949,827	3,628,885	3,797,601
Special events	-	-	108,533	118,252	193,260	140,970	158,575	5,406	99,860	118,415
Investment Income	17,587	69,306	76,417	35,346	143,796	353,593	510,432	183,374	(14,708)	388,348
Miscellaneous	247,071	241,171	241,191	286,270	166,794	269,904	290,598	491,567	756,127	284,533
Transfers in (out)	(26,291)	-	-	-	-	-	-	-	-	-
Total governmental activities	20,975,319	23,097,533	24,168,197	19,978,346	24,724,086	25,537,709	26,279,413	26,083,680	27,956,943	29,667,198
Business-type activities:										
Investment Income	1,218	7,228	12,191	14,436	41,891	122,645	162,361	55,823	(1,707)	134,317
Gain on sale of capital assets	-	-	5,044	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	19,995	9,604	6,946	849	17,557
Transfers in (out)	26,291	-	-	-	-	-	-	-	-	-
Total business-type activities	27,509	7,228	17,235	14,436	41,891	142,640	171,965	62,769	(858)	151,874
Total primary government	<u>\$ 21,002,828</u>	<u>\$ 23,104,761</u>	<u>\$ 24,185,432</u>	<u>\$ 19,992,782</u>	<u>\$ 24,765,977</u>	<u>\$ 25,680,349</u>	<u>\$ 26,451,378</u>	<u>\$ 26,146,449</u>	<u>\$ 27,956,085</u>	<u>\$ 29,819,072</u>
Special Item										
Governmental activities	<u>\$ (7,018,317)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ (5,037,099)	\$ 2,627,495	\$ 2,179,771	\$ 3,347,144	\$ 2,319,806	\$ 2,521,059	\$ 3,621,051	\$ 4,975,493	\$ 11,923,464	\$ 7,238,511
Business-type activities	469,453	390,984	719,783	(212,546)	478,346	(1,578,872)	2,009,916	2,496,229	2,887,333	2,642,100
Total primary government change in net position	<u>\$ (4,567,646)</u>	<u>\$ 3,018,479</u>	<u>\$ 2,899,554</u>	<u>\$ 3,134,598</u>	<u>\$ 2,798,152</u>	<u>\$ 942,187</u>	<u>\$ 5,630,967</u>	<u>\$ 7,471,722</u>	<u>\$ 14,810,797</u>	<u>\$ 9,880,611</u>

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

Data Source

Audited Financial Statements

Village of Lake Zurich

Fund Balances of Governmental Funds
Last Ten Fiscal Years

Fiscal Year	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
General Fund										
Nonspendable	\$ 1,552,148	\$ 1,874,738	\$ 1,802,987	\$ 1,679,491	\$ 1,705,230	\$ 1,572,766	\$ 1,607,125	\$ 1,593,569	\$ 1,692,255	\$ 1,653,587
Restricted	348,816	434,061	363,308	344,337	411,917	406,251	185,151	284,870	318,483	263,469
Assigned	-	-	-	-	-	-	-	10,610	11,015	11,380
Unrestricted	<u>7,667,560</u>	<u>7,329,746</u>	<u>7,931,993</u>	<u>8,439,557</u>	<u>8,441,987</u>	<u>8,755,112</u>	<u>9,582,847</u>	<u>10,190,688</u>	<u>10,967,447</u>	<u>12,023,069</u>
Total general fund	<u>\$ 9,568,524</u>	<u>\$ 9,638,545</u>	<u>\$ 10,098,288</u>	<u>\$ 10,463,385</u>	<u>\$ 10,559,134</u>	<u>\$ 10,734,129</u>	<u>\$ 11,375,123</u>	<u>\$ 12,079,737</u>	<u>\$ 12,989,200</u>	<u>\$ 13,951,505</u>
All Other Governmental Funds										
Nonspendable	\$ 2,187	\$ 4,013	\$ 30,581	\$ 6,597	\$ 14,197	\$ 18,834	\$ 7,323	\$ 7,020	\$ 8,308	\$ 13,113
Restricted	9,844,079	10,526,222	10,416,530	11,682,618	10,849,049	10,307,500	10,872,377	10,757,921	12,543,275	14,080,043
Assigned	-	258,605	170,808	120,860	1,269,808	2,710,282	2,986,339	4,787,890	7,343,294	9,867,277
Unassigned	<u>-</u>	<u>(1,336,239)</u>	<u>(1,494,225)</u>	<u>(1,291,801)</u>	<u>(1,143,367)</u>	<u>(1,133,627)</u>	<u>(963,168)</u>	<u>(868,403)</u>	<u>(906,101)</u>	<u>(927,198)</u>
Total all other governmental funds	<u>\$ 9,846,266</u>	<u>\$ 9,452,601</u>	<u>\$ 9,123,694</u>	<u>\$ 10,518,274</u>	<u>\$ 10,989,687</u>	<u>\$ 11,902,989</u>	<u>\$ 12,902,871</u>	<u>\$ 14,684,428</u>	<u>\$ 18,988,776</u>	<u>\$ 23,033,235</u>

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

Data Source

Audited Financial Statements

Village of Lake Zurich

General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Taxes	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401	\$ 13,415,421	\$ 14,897,858	\$ 15,224,671	\$ 15,482,507	\$ 14,955,192	\$ 15,814,744	\$ 16,499,278
Licenses and permits	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237	676,071	917,300	1,032,763
Intergovernmental	14,288,150	15,103,784	15,254,299	11,034,163	15,758,848	15,743,850	16,728,376	17,516,601	19,130,804	20,235,800
Charges for services	1,395,081	1,587,616	1,681,998	1,324,421	1,861,081	2,968,092	3,071,639	2,205,874	3,191,355	4,704,534
Fines and forfeitures	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896	472,175	397,506	399,579
Special events	-	-	108,533	118,247	193,667	140,970	158,575	4,745	99,454	118,050
Investment income	17,587	69,306	76,417	35,346	143,796	294,585	446,764	159,291	(18,646)	295,303
Miscellaneous	513,757	224,545	189,008	343,219	216,458	232,302	372,740	199,298	797,259	308,116
Total revenues	<u>\$ 30,310,532</u>	<u>\$ 32,848,988</u>	<u>\$ 33,340,666</u>	<u>\$ 27,033,929</u>	<u>\$ 35,359,496</u>	<u>\$ 35,925,653</u>	<u>\$ 37,610,734</u>	<u>\$ 36,189,247</u>	<u>\$ 40,329,776</u>	<u>\$ 43,593,423</u>

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

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

Village of Lake Zurich

General Governmental Expenditures by Function
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>April 30, 2014</u>	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>
General government	\$ 2,028,374	\$ 2,576,664	\$ 2,478,464	\$ 1,810,269	\$ 1,782,457	\$ 1,805,792	\$ 1,851,711	\$ 1,735,211	\$ 1,785,443	\$ 1,788,570
Public safety	18,557,096	19,097,605	20,087,385	15,540,578	21,304,838	21,412,327	21,959,433	21,748,967	22,717,324	23,939,082
Highways and streets	4,328,310	4,668,487	4,986,161	3,790,189	4,341,341	5,068,175	5,575,873	5,624,641	5,451,826	6,079,871
Culture and recreation	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883	843,250	1,151,601	1,476,243
Economic development	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722	1,582,764	1,110,877	1,717,765
Capital outlay	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102	282,556	482,789	1,514,811
Debt service:										
Principal	2,162,000	2,790,000	1,460,000	1,701,000	1,320,000	1,535,000	1,625,000	1,715,000	1,360,000	1,400,000
Interest	1,331,090	1,585,100	1,205,295	891,844	915,439	846,844	799,094	745,943	697,083	662,106
Total expenditures	<u>\$ 31,675,662</u>	<u>\$ 34,133,085</u>	<u>\$ 33,258,528</u>	<u>\$ 25,970,070</u>	<u>\$ 33,463,231</u>	<u>\$ 34,335,296</u>	<u>\$ 35,663,818</u>	<u>\$ 34,278,332</u>	<u>\$ 34,756,943</u>	<u>\$ 38,578,448</u>

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

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

Village of Lake Zurich

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

Fiscal Year	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
Revenues										
Taxes	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401	\$ 13,415,421	\$ 14,897,858	\$ 15,224,671	\$ 15,482,507	\$ 14,955,192	\$15,814,744	\$ 16,499,278
Licenses and permits	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237	676,071	917,300	1,032,763
Intergovernmental	14,288,150	15,103,784	15,254,299	11,034,163	15,758,848	15,743,850	16,728,376	17,516,601	19,130,804	20,235,800
Charges for services	1,395,081	1,587,616	1,681,998	1,324,421	1,861,081	2,968,092	3,071,639	2,205,874	3,191,355	4,704,534
Fines and forfeitures	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896	472,175	397,506	399,579
Special events	-	-	108,533	118,247	193,667	140,970	158,575	4,745	99,454	118,050
Investment income	17,587	69,306	76,417	35,346	143,796	294,585	446,764	159,291	(18,646)	295,303
Miscellaneous	513,757	224,545	189,008	343,219	216,458	232,302	372,740	199,298	797,259	308,116
Total revenues	30,310,532	32,848,988	33,340,666	27,033,929	35,359,496	35,925,653	37,610,734	36,189,247	40,329,776	43,593,423
Expenditures										
General government	2,028,374	2,576,664	2,478,464	1,810,269	1,782,457	1,805,792	1,851,711	1,735,211	1,785,443	1,788,570
Public safety	18,557,096	19,097,605	20,087,385	15,540,578	21,304,838	21,412,327	21,959,433	21,748,967	22,717,324	23,939,082
Highways and streets	4,328,310	4,668,487	4,986,161	3,790,189	4,341,341	5,068,175	5,575,873	5,624,641	5,451,826	6,079,871
Culture and recreation	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883	843,250	1,151,601	1,476,243
Economic development	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722	1,582,764	1,110,877	1,717,765
Capital outlay	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102	282,556	482,789	1,514,811
Debt service:										
Principal	2,162,000	2,790,000	1,460,000	1,701,000	1,320,000	1,535,000	1,625,000	1,715,000	1,360,000	1,400,000
Interest	1,331,090	1,585,100	1,205,295	891,844	915,439	846,844	799,094	745,943	697,083	662,106
Total expenditures	31,675,662	34,133,085	33,258,528	25,970,070	33,463,231	34,335,296	35,663,818	34,278,332	34,756,943	38,578,448
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,365,130)</u>	<u>(1,284,097)</u>	<u>82,138</u>	<u>1,063,859</u>	<u>1,896,265</u>	<u>1,590,357</u>	<u>1,946,916</u>	<u>1,910,915</u>	<u>5,572,833</u>	<u>5,014,975</u>
Other Financing Sources (Uses)										
Proceeds from bond issuance, at par	537,000	19,155,000	-	7,861,000	-	-	-	-	-	-
Premium on bonds issued	-	397,596	-	-	-	-	-	-	-	-
Payments to escrow agent	-	(18,746,704)	-	(6,890,182)	-	-	-	-	-	-
Proceeds from financed purchase obligation	-	129,856	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	24,705	48,698	35,000	18,533	19,522	43,960	55,642	40,978	41,789
Loss on disposal of land held for resale	-	-	-	-	(1,047,636)	-	-	-	-	-
Transfers in	2,376,589	7,075,090	2,751,426	1,876,600	3,757,271	3,674,562	3,883,271	4,349,478	4,727,558	6,350,050
Transfers (out)	<u>(2,725,982)</u>	<u>(7,075,090)</u>	<u>(2,751,426)</u>	<u>(2,186,600)</u>	<u>(4,057,271)</u>	<u>(4,196,144)</u>	<u>(4,233,271)</u>	<u>(4,749,478)</u>	<u>(5,127,558)</u>	<u>(6,400,050)</u>
Total other financing sources (uses)	187,607	960,453	48,698	695,818	(1,329,103)	(502,060)	(306,040)	(344,358)	(359,022)	(8,211)
Net change in fund balances	<u>\$ (1,177,523)</u>	<u>\$ (323,644)</u>	<u>\$ 130,836</u>	<u>\$ 1,759,677</u>	<u>\$ 567,162</u>	<u>\$ 1,088,297</u>	<u>\$ 1,640,876</u>	<u>\$ 1,566,557</u>	<u>\$5,213,811</u>	<u>\$ 5,006,764</u>
Debt Service as a Percentage of Noncapital Expenditures	12.08%	12.10%	8.17%	10.65%	7.04%	7.38%	7.14%	7.67%	6.38%	5.84%

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

Data Source

Audited Financial Statements

Village of Lake Zurich

Assessed Value and Actual Value of Taxable Property
Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
2012	\$ 586,319,303	\$ 205,938,281	\$ 792,257,584	\$ 258,669	\$ 792,516,253	\$ 0.998
2013	554,924,634	201,393,741	756,318,375	573,654	756,892,029	1.132
2014	553,285,740	215,022,246	768,307,986	671,745	768,979,731	1.143
2015	579,562,017	213,818,454	793,380,471	810,109	794,190,580	1.131
2016	610,424,796	219,836,168	830,260,964	894,933	831,155,897	1.092
2017	630,620,612	230,592,071	861,212,683	739,186	861,951,869	1.079
2018	636,877,562	235,414,565	872,292,127	778,264	873,070,391	1.092
2019	668,639,237	241,331,206	909,970,443	784,307	910,754,750	1.011
2020	664,190,908	239,469,359	903,660,267	774,826	904,435,093	1.043
2021	666,686,492	240,440,404	907,126,896	774,826	907,901,722	1.061

Data Source

Office of the County Clerk

Village of Lake Zurich

Property Tax Rates - Direct and Overlapping Governments
Last Ten Levy Years

Tax Levy Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tax Rates										
Village of Lake Zurich										
Corporate	0.261	0.247	0.251	0.011	-	-	-	-	-	-
Police protection	0.080	0.084	0.088	0.196	0.191	0.193	0.202	0.193	0.194	0.197
Fire protection	0.080	0.084	0.088	0.196	0.191	0.193	0.202	0.193	0.194	0.197
Ambulance	0.018	0.019	0.020	0.020	0.000	0.000	0.000	0.000	0.000	0.000
Illinois municipal retirement	0.023	0.026	0.026	0.042	0.012	0.006	0.005	0.004	0.005	0.008
Debt service	0.136	0.211	0.211	0.204	0.197	0.192	0.193	0.129	0.133	0.134
Special recreation	0.023	0.024	0.023	0.023	0.022	0.021	0.021	0.020	0.020	0.020
Police pension	0.159	0.185	0.188	0.197	0.215	0.209	0.207	0.211	0.222	0.228
Firefighters' pension	0.218	0.252	0.248	0.241	0.265	0.264	0.263	0.261	0.275	0.274
Ptab/ce recapture	-	-	-	-	-	-	-	-	-	-
Federal social security	-	-	-	-	-	-	-	-	-	-
Total direct tax rate	0.998	1.132	1.143	1.131	1.092	1.079	1.092	1.011	1.043	1.058
Overlapping Rates										
Lake County	0.608	0.663	0.682	0.663	0.632	0.622	0.612	0.597	0.598	0.598
Lake County Forest Preserve	0.212	0.218	0.210	0.208	0.193	0.187	0.182	0.180	0.182	0.179
Ela Area Library District	0.386	0.409	0.410	0.398	0.381	0.371	0.318	0.319	0.322	0.329
School District #95	4.914	5.242	5.291	5.191	5.021	4.960	5.021	4.986	5.091	5.206
School District #96	3.756	3.976	4.040	3.870	3.690	3.655	3.717	3.766	3.936	4.032
High School District #125	2.751	2.989	3.049	3.004	2.858	2.862	2.888	2.872	2.983	3.092
Community College #532	0.272	0.296	0.306	0.299	0.285	0.281	0.282	0.282	0.290	0.293
Ela Township - Corp. and GA	0.088	0.100	0.100	0.098	0.095	0.093	0.094	0.094	0.096	0.149
Ela Township - road and bridge	0.010	0.011	0.010	0.010	0.010	0.010	0.052	0.052	0.053	-
Ela Township - gravel or R.I.	0.030	0.046	0.045	0.045	0.043	0.042	-	-	-	-
Barrington Public Library District	0.213	0.228	0.231	0.225	0.220	0.217	0.218	0.223	0.232	0.240
Total direct and overlapping tax rate	14.238	15.310	15.518	15.144	14.520	14.380	14.476	14.381	14.825	15.176

Data Source

Office of the County Clerk

Village of Lake Zurich

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Echo Incorporated	\$ 8,163,174	1	0.90%	\$ 5,340,858	4	0.67%
Village Square Retail Center LLC	7,383,794	2	0.81%	6,468,793	1	0.82%
Landings Capital Partners, LLC	6,860,779	3	0.76%			
Suso North Lake LP	5,325,539	4	0.59%			
Deerpath Court Retail Center LLC	4,975,650	5	0.55%	4,940,110	5	0.62%
Deerpath Commons Retail Center LLC	4,791,998	6	0.53%	5,868,807	3	
The Greenhill Company LLC	4,451,868	7	0.49%			
Costco Wholesale Corporation	4,376,653	8	0.48%	3,893,445	6	0.49%
PSL Lake Zurich Property Owner LLC	4,352,319	9	0.48%			
Realty Income IL Properties 2 LLC	3,882,669	10	0.43%			
Individual Taxpayer				6,173,746	2	0.78%
Wal-Mart Properties, Inc.				3,802,204	7	
Liberty Realty Lake Zurich LLC				3,356,734	8	0.42%
HD Development of Maryland LLC				2,927,109	9	0.37%
Target				2,318,291	10	0.29%
	<u>\$ 54,564,443</u>		<u>6.01%</u>	<u>\$ 45,090,097</u>		<u>4.47%</u>

Data Source

Office of the County Clerk and Ela Township Assessor

Village of Lake Zurich

Property Tax Levies and Collections

Last Ten Levy Years

Fiscal Year Ended	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2013	2012	\$ 7,909,312	\$ 7,894,694	99.82%	\$ 1,243	7,895,936	99.83%
2014	2013	8,637,807	8,623,589	99.84%	2,301	8,625,891	99.86%
2015	2014	8,794,144	8,780,768	99.85%	8,382	8,789,150	99.94%
2016	2015	9,016,727	8,967,347	99.45%	-	8,967,347	99.45%
2017	2016	9,124,243	9,013,937	98.79%	1,325	9,015,262	98.81%
2018	2017	9,301,823	9,258,837	99.54%	97	9,258,934	99.54%
2019	2018	9,603,574	9,521,520	99.15%	2,606	9,524,126	99.17%
2020	2019	9,308,231	9,188,713	98.72%	-	9,188,713	98.72%
2021	2020	9,474,147	9,414,644	99.37%	-	9,414,644	99.37%
2022	2021	9,692,628	9,610,525	99.15%	-	9,610,525	99.15%

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

Data Source

Office of the County Clerk

Village of Lake Zurich

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities				Business-Type Activities			Total Primary Government	Total Equalized Assessed Value (EAV)
	General Obligation Bonds	General Obligation TIF Alternate Revenue Bonds	TIF Revenue Bonds	Financed Purchase Obligation	Waterworks and Sewerage Alt Revenue Bonds	IEPA Loan	Financed Purchase Obligation		
30-Apr 2014	\$ 2,700,000	\$ 19,405,000	\$ 7,275,000	\$ 243,559	\$ 4,075,000	\$ 2,797,744	\$ -	\$ 36,496,303	\$ 792,516,253
30-Apr 2015	2,305,000	25,865,000	550,000	764,956	3,800,000	2,623,190	-	35,908,146	756,892,029
30-Apr 2016	1,885,000	25,375,000	-	599,590	3,390,000	2,444,244	-	33,693,834	768,979,731
31-Dec 2016	1,885,000	25,545,000	-	551,196	3,990,000	2,302,805	-	34,274,001	794,190,580
31-Dec 2017	1,450,000	24,660,000	-	378,767	3,500,000	2,115,799	3,411,582	35,516,148	831,155,897
31-Dec 2018	990,000	23,585,000	-	252,725	2,970,000	1,924,089	3,358,063	33,079,877	861,951,869
31-Dec 2019	505,000	22,445,000	-	146,878	2,425,000	1,727,557	3,202,216	30,451,651	873,070,391
31-Dec 2020	-	21,235,000	-	14,560	1,875,000	1,526,081	3,042,112	27,692,753	910,754,750
31-Dec 2021	-	19,875,000	-	25,377	1,325,000	1,319,536	2,877,634	25,422,547	904,435,093
31-Dec 2022	-	18,475,000	-	17,300	820,000	1,107,795	2,709,320	23,129,415	907,901,722

* See the schedule of Demographic and Economic Information on page 135 for personal income and population data.

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

[Data Source](#)

Audited Financial Statements

Village of Lake Zurich

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended		Gross General Obligation Bonds	Less Amounts Available In Debt Service Fund	Total	Percentage of Equalized Assessed Value
30-Apr	2014	\$ 2,700,000	\$ 796,996	\$ 1,903,004	0.23%
30-Apr	2015	2,305,000	826,062	1,478,938	0.19%
30-Apr	2016	1,885,000	841,020	1,043,980	0.14%
31-Dec	2016	1,885,000	1,326,294	558,706	0.07%
31-Dec	2017	1,450,000	1,336,531	113,469	0.01%
31-Dec	2018	990,000	990,000	-	0.00%
31-Dec	2019	505,000	505,000	-	0.00%
31-Dec	2020	-	-	-	0.00%
31-Dec	2021	-	-	-	0.00%
31-Dec	2022	-	-	-	0.00%

Data Source

Village records

Village of Lake Zurich

Direct and Overlapping Bonded Debt - Governmental Activities

December 31, 2022

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 18,590,691 (2)	100.00%	\$ 18,590,691
Lake County	126,785,000	3.26%	4,133,191
Lake County Forest Preserve	166,060,000	3.26%	5,413,556
Ela Area Library District	-	N/A	-
School District #95	72,420,000	50.13%	36,304,146
School District #96	-	N/A	-
High School District #125	47,840,000	1.06%	507,104
Community College #532	84,145,000	3.42%	2,877,759
	<u>497,250,000</u>		<u>49,235,756</u>
Total direct and overlapping debt	<u>\$ 515,840,691</u>		<u>\$ 67,826,447</u>

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

(2) Consists of total bonds payable and financed purchases for governmental activities.

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

Data Source

Lake County Clerk

Village of Lake Zurich

Schedule of Legal Debt Margin Information
December 31, 2022

Equalized Assessed Valuation - 2021	\$ 907,901,722
Legal debt limit, 8.625% of assessed valuation	\$ 78,306,524
Amount of debt applicable to debt limit:	
General obligation bonds	-
Legal Debt Margin	\$ 78,306,524

* Most Recent EAV Available

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

Village of Lake Zurich

Pledged-Revenue Coverage
Last Ten Fiscal Years

		Sales Tax Revenues*	TIF Debt		Coverage
			Principal	Interest	
30-Apr	2014	\$ 6,234,680	\$ 740,000	\$ 871,603	387%
30-Apr	2015	6,658,825	815,000	856,478	398%
30-Apr	2016	6,790,142	490,000	1,057,105	439%
31-Dec	2016	4,691,004	625,000	826,302	323%
31-Dec	2017	7,100,938	885,000	811,427	419%
31-Dec	2018	7,126,460	1,075,000	764,095	387%
31-Dec	2019	7,096,963	1,140,000	733,975	379%
31-Dec	2020	6,500,524	1,210,000	700,004	340%
31-Dec	2021	7,300,323	1,360,000	662,711	361%
31-Dec	2022	7,760,427	1,400,000	628,691	383%

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

Data Source

Village records

Village of Lake Zurich

Demographic and Economic Information
Last Ten Fiscal Years

Fiscal Year End		(1) Population	(1) Per Capita Personal Income	(1) Median Age	(2) School Enrollment	(3) Unemployment Rate
30-Apr	2013	19,917	\$ 37,008	36.8	5,913	4.4%
30-Apr	2014	20,043	39,128	41.1	5,892	6.7%
30-Apr	2015	19,993	39,271	39.9	5,716	4.5%
30-Apr	2016	19,993	41,168	38.8	5,769	5.5%
31-Dec	2016	19,993	42,397	40.0	5,666	5.3%
31-Dec	2017	19,993	46,202	39.6	5,677	4.9%
31-Dec	2018	19,903	44,486	38.9	5,590	4.2%
31-Dec	2019	20,054	45,895	38.9	5,616	4.2%
31-Dec	2020	19,877	48,879	38.8	5,565	4.4%
31-Dec	2021	19,660	49,263	39.0	5,461	3.7%
31-Dec	2022	19,624	53,169	40.8	5,480	4.2%

Data Source

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

Village of Lake Zurich

Principal Employers

Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Fresenius KABI USA LLC	800	1	4%			
ECHO Inc	700	2	4%	750	2	4%
Lake Zurich Community School Dist #95	716	3	4%	650	4	3%
Smalley Steel Ring Cp.	540	4	3%			
ACCO Brands Corp	500	5	3%			
General Binding Corp	500	6	3%			
Fenwal, Inc.	400	7	2%	350	5	2%
Termax	400	8	2%	290	6	1%
Day-Timer Inc	200	9	1%			
D&W Finepack	200	10	1%			
B&B Maintenance, Inc.				800	1	4%
Dovenmuehle Mortgage, Inc.				700	3	4%
Smalley Steel Ring Cp.				350	5	2%
Tredegar				250	7	1%
Food Equipment Technologies Co.				197	8	1%
Village of Lake Zurich				160	9	1%
CM Packaging, Inc.				135	10	1%
	<u>4,956</u>		<u>27%</u>	<u>4,632</u>		<u>24%</u>
Village population			19,624			19,917

Data Source

2022: Lake County Partner records and verification by employers when available.

2013 statistics are from Village Records

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

Village of Lake Zurich

Full-Time Equivalent Employees
Last Ten Fiscal Years

Function/Program	Year End April 30 2014	Year End April 30 2015	Year End April 30 2016	Year End December 31 2016	Year End December 31 2017	Year End December 31 2018	Year End December 31 2019	Year End December 31 2020	Year End December 31 2021	Year End December 31 2022
General Government										
Administration	5	5	4	4	4	4	4	4	4	4
Finance	5	5	5	6	6	6	6	6	6	6
Technology	1	1	1	1	1	1	1	1	1	-
Community Services										
Building and Zoning	7	7	7	6	5	5	5	5	5	5
Public Works, General Services	17	17	17	17	17	17	18	18	18	19
Public Works, Water and Sewer	14	14	13	12	12	12	12	12	12	12
Police	51	51	51	52	52	52	52	52	52	52
Fire	58	58	58	58	58	58	55	55	55	55
Recreation	2	2	2	3	3	3	3	3	3	3
Total	160	160	158	159	158	158	156	156	156	156

Data Source

Village records

Village of Lake Zurich

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Year End April 30 2014	Year End April 30 2015	Year End April 30 2016	Year End April 30 2016
Public Works				
Forestry				
Number of parkway trees planted	140	24	21	218
Number of parkway trees trimmed	800	902	1,148	320
Fleet services				
Number of vehicles maintained	85	92	81	82
Preventative maintenance	664	964	753	501
Public Safety				
Fire				
Number of fire calls	1,483	1,844	1,633	590
Number of EMS calls	1,848	2,150	2,204	1,511
Number of training hours	8,877	10,075	8,566	6,546
Police				
Part I crime	324	344	276	94
Calls for service	9,392	9,067	8,757	5,409
State tickets issued	2,786	2,637	2,318	1,442
Compliance tickets issued	29	36	42	18
Parking tickets issued	1,640	1,389	856	581
Red light citations	4,536	5,262	3,548	3,118
Community Development				
Number of building permits issued	1,639	3,487	829	1,274
Number of building inspections	5,611	6,484	2,128	2,644
Highways and Streets				
Sidewalk replaced (square feet)	3,150	15,345	23,114	37,885
Annual resurfacing program (\$)	1,109,353	1,323,465	1,442,109	1,316,758
Crack sealing (lbs. installed)	11,515	55,564	55,000	43,668
Curb replaced (ln. ft.)	427	3,892	4,366	8,555
Water and Sewer				
Water main breaks	51	40	30	25
Hydrants flushed	1,790	1,790	1,797	-
Water meters read	81,000	81,000	81,000	53,432
Water meter service requests	1,053	1,172	997	730
Total distribution pumpage (1,000 gallons)	630MG	604MG	593MG	443MG
Average daily consumption (1,000 gallons)	1.4MG	1.3MG	1.3MG	1.3MG
Sanitary sewer televising (feet)	10,920	33,974	3,182	3,152
Sanitary sewer repairs	3	2	3	10

N/A - Not available

Data Source

Village records

Year End December 31 2017	Year End December 31 2018	Year End December 31 2019	Year End December 31 2020	Year End December 31 2021	Year End December 31 2022
307	276	-	266	242	417
656	377	750	300	352	324
82	82	81	81	84	83
738	704	694	705	693	688
1,373	1,388	1,422	1,095	1,251	1,487
2,602	2,788	2,655	2,528	2,918	3,246
14,341	14,563	13,216	12,867	14,499	16,517
327	264	260	587	NA	NA
7,104	7,313	8,453	7,325	7,403	9,715
1,858	2,373	2,360	1,848	2,115	2,504
68	37	58	48	47	52
576	565	520	292	385	464
4,451	3,545	3,433	2,937	2,137	2,459
1,541	1,435	1,466	1,506	1,627	1,536
3,188	3,030	3,958	3,694	4,583	5,301
22,000	50,900	40,588	37,775	35,600	32,525
860,442	1,246,860	1,581,334	1,384,210	1,594,360	1,713,206
39,823	53,000	53,097	41,538	33,870	38,167
2,265	12,100	6,924	6,406	6,508	9,412
31	39	26	28	40	35
1,504	1,505	1,505	1,520	1,520	1,550
81,000	84,000	82,344	82,344	82,344	84,192
1,105	587	447	296	320	359
570MG	549MG	550MG	548MG	560MG	580MG
1.3MG	1.3MG	1.3MG	1.4MG	1.3MG	1.3MG
54,523	1,084	2,330	23,836	2,521	-
1	-	0	5	0	0

Village of Lake Zurich

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Year End April 30 2014	Year End April 30 2015	Year End April 30 2016	Year End December 31 2016	Year End December 31 2017	Year End December 31 2018	Year End December 31 2019	Year End December 31 2020	Year End December 31 2021	Year End December 31 2022
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	22	22	22	21	21	21	21	21
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (lane miles)	159.7	160.0	161.6	161.6	156.2	127.2	178.5	178.5	178.5	178.5
Sidewalks (miles)	91	91	101	102	98	98	102	102	100	105
Streetlights	180	180	215	220	220	224	226	255	255	255
Water and Sewer										
Water mains (miles)	110	110	112	112	112	112	111	114	114	116
Fire hydrants	1,790	1,790	1,790	1,790	1,504	1,505	1,509	1,520	1,520	1,550
Sanitary sewers (miles)	107	107	93	93	93	93	93	94	94	95

N/A - Not available

Data Source

Village records