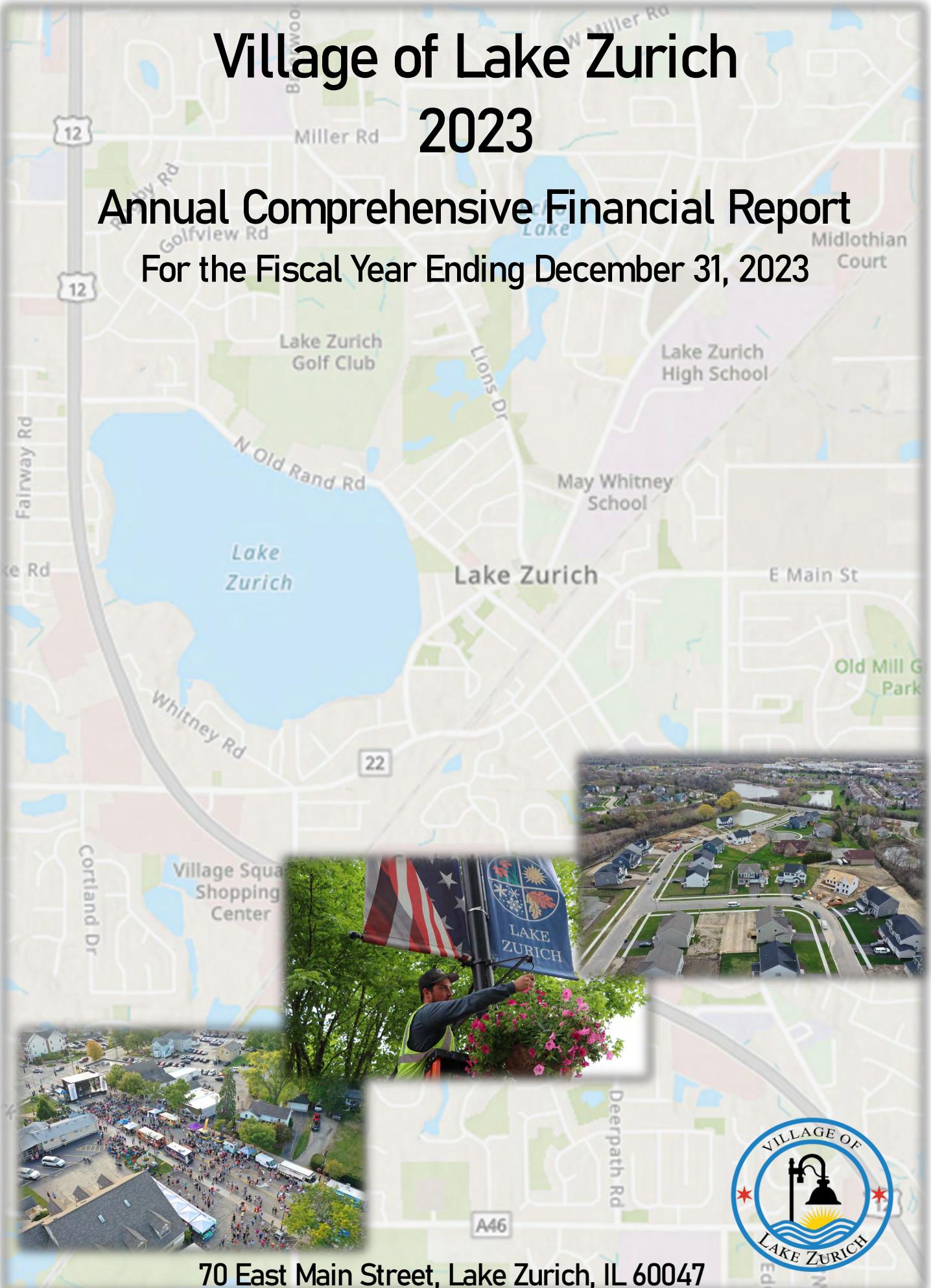


Village of Lake Zurich 2023

Annual Comprehensive Financial Report For the Fiscal Year Ending December 31, 2023



70 East Main Street, Lake Zurich, IL 60047

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

For the Year Ended December 31, 2023

Prepared by the Finance Department

Amy Sparkowski
Finance Director

Village of Lake Zurich

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OFFICE OF THE VILLAGE MANAGER

Ray Keller

June 26, 2024

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, 2023. This report provides a broad view of the Village's financial activities for the twelve-month 2023 fiscal year and its financial position at December 31, 2023.

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, 2023. 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 \$137 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 remained nearly unchanged in Quarter 1 of 2024 at 3.5% vacant from 3.6% in Quarter 4 of 2023. Retail vacancy rates have remained steady over the past 24 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, 2024, there was 94,358 square feet of retail space reported vacant in Lake Zurich, with average rates at \$18.50 per square foot (nnn).

The industrial vacancy rate remained flat at 2.3% vacant in Quarter 1 of 2024. 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. Average rental rates for industrial space in Lake Zurich is \$5.21 per square foot (nnn) as of March 31, 2024.

Meanwhile, the Village's office vacancy rate has slowly increased since the second-half of 2021 to its existing level of 7% vacant as of the end of Quarter 1 2024, 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. Average office rental space in Lake Zurich as of March 31, 2024 was \$25.19 per square foot.

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 2023

The fiscal year ended December 31, 2023 saw many accomplishments and major initiatives come to fruition, including:

FISCAL SUSTAINABILITY

Lake Zurich maintains a long-term perspective when managing public finances. While maintaining a balanced budget each year, and diligent use of revenues, the Village continues to maintain its top-notch status AAA bond rating while investing in aging underground infrastructure and public safety pensions.

Balanced Budget. Created balanced 2024 budget with an eye on sustaining multi-year progress towards strategic goals with over \$21 million in infrastructure improvements and more than \$1.2 million in vehicle and major equipment replacements for public safety and public works services. The 2024 budget totals \$78 million to fund a full-service municipality with 164 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 37%. 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 - AAA bond rating performance! In August 2023, independent auditors with Baker Tilly presented the Village's FY 2022 audit results. Long-term bonded debt *decreased \$1.9 million in 2022*, for a total of \$19.3 million outstanding. 10 years ago, in 2013, this bonded debt was at \$34 million. AAA bond rating performance. Impressive turnaround!

Public Pension Funding. The **Fire** Pension Fund is now 68.5% funded and the **Police** Pension Fund is now 58.1% funded.

Solid Financial Footing. 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. Lake Zurich has a 20-Year Outlook with its *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 Has Busy First Year. Lake Zurich's Industrial tax-increment-financing-district was created in January 2023 by the Village Board for the purpose of providing a long-term funding mechanism for infrastructure improvements and supporting industrial business expansion / modernization efforts. In its first year, this TIF has spurred the development of three manufacturing expansions on Enterprise Parkway, Oakwood Road, and Rose Road.

Chase Bank Building. JP Morgan Chase knows a good deal when it sees one, so it decided to invest millions into a new modern banking facility at the corner of Rand Road and Route 22. After demolishing the long-vacant restaurant, the new 6,300 square foot retail banking center was completed in October 2023. This property lies within TIF District #3 and is expected to generate a significant amount of incremental taxes once completed.

ECONOMIC DEVELOPMENT

Lake Zurich is the primary economic hub for southwest Lake County with a booming Rand Road corridor and thriving industrial park. The Village seeks to expand the economic base of the community with a focus on the Main Street District in order to further establish and expand Lake Zurich as a regional economic hub.

Welcoming New Families. Lake Zurich welcomed somewhere around 310 new households into town in 2023, with the largest influx in July 2023.

- **Canterbury Townes Sold Out.** Ryan Homes, the builder of *Canterbury Townes* located on Route 22, has completed construction of its nine buildings in this new 34-unit townhome subdivision. All of the units have sold.

- **Sanctuary of Lake Zurich Completed.** This luxury residential development located at the corner of Rand Road and North Old Rand Road has wrapped up its residential site work and has sold most of the 23 townhome units with sweeping views of the lake. The commercial restaurant construction is completed as Lake Zurich welcomes a new high-end dining restaurant by Chef Viviani to the community.

Welcoming New Business. Lake Zurich economic development efforts continue to attract private sector investment. New businesses in 2023 include: Planet Fitness, Tropical Smoothie Café, Scent Hound Dog Grooming and Animal Wellness, Mint Memorabilia, Via Vici Salon and Boutique, Ryn Salon, Infinity and Beyond Pediatric Therapy, PT Solutions Physical Therapy, Tree of Life Counseling, 50/50 Barber Shop, Tako Chido, Avanti Body, and Lake Liquors.

Growing Local Manufacturing Base. Lake Zurich's Industrial TIF District was busy planting seeds of future growth in 2023. Where? Here...

- **Gere Marie** has been operating in Lake Zurich for over 20 years manufacturing high-precision aluminum components for the boating and medical industries. With TIF support, this company decided to build a new \$8.5 million 33,000 square-foot facility and new manufacturing line on Enterprise Parkway.
- **CM Industries** is a manufacturer of robotic welding torches, nozzle cleaning stations, and other industrial welding products. The company has been located on Oakwood Road since 2003 but is now investing \$6.1 million in a new 43,000 manufacturing facility on Telser Road.
- **NorthStar Pickle** has been producing a wide variety of pickle flavors in Lake Zurich since 2014, tapping into TIF support in 2023 to turn their plans for expansion into reality. The company is now investing \$15.2 million into a new 80,000 square foot pickle processing facility on Rose Road.

INFRASTRUCTURE INVESTMENT

With much of Lake Zurich built in the 1960's – 1980's, there are miles of aging underground infrastructure that are 50+ years old. The Village is seeking to fund its 20-year Community Investment Plan of replacing \$145 million in capital assets while also enhancing the suburban tree canopy and transitioning to a Lake Michigan water source.

\$5 Million Invested into Main Street District. In 2023, Lake Zurich started its large \$5 million+ investment project in the Main Street District, replacing water mains, sanitary sewer mains, storm water mains, pavement resurfacing, and relocating electric overhead utilities. Areas impacted include Main Street, South Old Rand Road, Mionske Drive, and Lake Street.

\$2.4 Million Street Resurfacing Investment. Trustees unanimously approved a large road resurfacing program in 2023, directing a years' worth of the local 0.5% Non-Home Rule Sales tax directly into Lake Zurich neighborhood streets on Old Mill Grove Road, Brush Hill Lane, Browning Lane, Millbrook Drive, Kingwood Lane, Heartwood Lane, Pebble Creek Drive, and Ridgewood Court.

Alternative Water Source. The decision to transition to Lake Michigan water vs. staying on the current deep well system is extremely complex and has been studied in Lake Zurich for 20+ years. With a Lake Michigan Water Allocation permit secured from the Illinois EPA and an agreement approved with the Central Lake County Joint Action Water Agency (CLC JAWA), Lake Zurich is as close as ever to securing an alternative water source.

Several important steps were taken in 2023, including engineering studies to identify improvements needed to connect to a new water supply, proposed project phasing, estimated costs and funding options, and a Village Board adopted resolution expressing the intent of Lake Zurich to work towards full membership into CLC JAWA.

Parking Lot Investments. The Village spent nearly \$500,000 on parking lot resurfacing at Braemar Park, Zurites Park, Countryside West Park, Chestnut Corners Park, and the South Old Rand municipal lot.

Sanitary Sewer Lining. The Village spent \$900,000 in 2023 to reinforce a portion of the primary transmission main down Aptakisic Road from Route 83 to Buffalo Grove Road. Reinforcing old sewer pipes provides a significant increase in the useful life of the municipal system.

2023 Pavement Crack Sealing Program. The Village spent \$60,000 in 2023 to seal curb lines and radial cracks on North Old Rand, Stanton Road, and the Quail Run neighborhood. Crack sealing protects community pavement structure from moisture damage, extending the pavement life.

Curb and Sidewalk Investments. The 2023 sidewalk and curb concrete replacement program focused on areas of Mohawk Trail, Interlaken Drive, O'Malley Drive, and Pheasant Ridge Road cul-de-sacs. Improvements were also made at the pedestrian crossing at North Old Rand Road and Forest Drive, such as culvert replacement under the intersection and new ADA landings added for the public crossing.

Crosswalk Safety Enhancements. Two locations in Lake Zurich where frequent complaints of speeding vehicles have both received crosswalk art treatment in 2023. North Old Rand Road at Forest Avenue where the crosswalk aligns with a path to the Breezewald Park playground and Old Mill Grove Road at Brittany Road in front of Sarah Adams Elementary School.

SERVICE SUSTAINABILITY

For years, Lake Zurich has embraced innovation in how we provide core municipal services the public depends on. We are focused on being a sustainable municipality that is both adaptable and responsive in delivering the high-quality services the people of Lake Zurich expect.

Lake County Dispatch Consolidation. The Lake County 911 consolidation project continues to move ahead. A general contractor to build the Regional Operations Center in Libertyville has been selected and the new 37,000+ square-foot state-of-the-art facility will house a consolidated dispatch center, supporting emergency telephone system technology and staff, as well as Lake County's Emergency Management Agency.

This facility is a major milestone in the multifaceted consolidation efforts and regional emergency management. It will bring together highly trained experts and state-of-the-art technology to coordinate resources, information, and emergency communications under one roof. For more than a decade, many public safety entities providing service in Lake County have been exploring the possibility of consolidating public safety answering points (PSAPs) to enhance 9-1-1 service in the area.

Comprehensive Plan Update. Lake Zurich kicked off a Comp Plan update in June 2023 with an initial stakeholder interview meeting of Village officials, the business community, and small resident groups. Moving into 2024, the Village will be engaging the town as we identify opportunities to enhance and shape our community's vision for the next decade. Visioning and goal setting will unfold into Spring 2024, with focus areas and priorities being identified over Summer 2024 and a new Plan being finalized in Fall 2024.

Special Events are At the Heart of Community. As a small slice of the suburban ideal in the American Midwest, Lake Zurich has no shortage of community events that gather family and friends. From Rock the Block, Independence Day celebrations, Alpine Fest, Bushel of Apples Fest, Jack O’ Lantern World, Miracle on Main, and others, Lake Zurich families always have something circled on the calendar.

Parks and Rec Giving Enjoyment to Families. Lake Zurich parks and rec had another solid year in 2023, with a beach season that saw 870 season passes sold, over 17,000 visits (pass holders and daily visits) total at both beaches throughout the Summer season, 1,028 dancers in our Academy of Performing Arts program, a summer day camp that saw 579 kids in attendance, and a farmer’s market season that was at its capacity with farmers offering fresh produce, live entertainment, and local artisans.

Increased Access to the Lake. The Village provided more public access to the lake thru non-motorized boat storage at Paulus Park for Lake Zurich resident permit holders. The department also purchased and maintained ten watercrafts which were available for rentals during the regular beach season to allow for the community to further use and enjoy the lake during their visit to the park.

Playground at Jonquil. The Village invested in a new playground to replace the 29-year old set at Jonquil Park. The Village replaces one playground per year in most years and the old Jonquil set was the oldest in the community installed in 1994. The community was encouraged to vote for their favorite design proposal and the winning set was installed.

New Ambulance and Dump Truck. The Fire Department received a new ambulance in 2023 after waiting 19 months for the order to be fulfilled. Public Works also received a new replacement dump truck in 2023 after waiting 22 months for the order to be fulfilled. The high levels of demand and low levels of inventory are creating tremendous back-logs for municipal fleet replacement around the country.

CIVIC ENGAGEMENT

Village leadership strives to meet you where you are. By attending neighborhood block parties, large special events, regular Coffee with the Mayor sit-downs, and public safety personnel having a community-oriented mindset, Lake Zurich officials are leaning forward to hear from you.

National Community Survey. Over the summer of 2023, the Village partnered with the National Research Center to launch its 5th National Community Survey in order to gauge residents’ views on the livability, desirability and quality of services offered. Since 2015, the Village has conducted the NCS every-other year to gather this input, as we monitor the consistent high marks that the Village has received to date.

Promoting Transparent Government. The Village continued to promote the availability of live broadcasts of Village public meetings and information available through the Village website, Benchmarks e-news, and social media. The Village’s website served content to over 380,000 visitors as of early November. The most viewed pages of the year are “Beaches” and “Independence Day event.”

Mayor Poynton Monthly Sit-Downs. Mayor Tom continues his monthly Coffee with the Mayor series at the Koffee Kup in the Main Street District. Meeting most months on the third Wednesday, these sit-downs are the perfect opportunity to bring any concerns, ideas, or just pleasant conversations to Mayor Poynton.

Lake Zurich on the Radio. WGN Radio featured Lake Zurich on its “*Your Hometown*” series in May 2023 with 9 prime-time interviews of local leaders and small businesses, 60 pre-recorded thirty-second radio segments, and social media campaigns on Facebook/Twitter/Instagram. WGN data analytics report that over 2.5 million people either listened or clicked on at least one ad or interview during this month-long Lake Zurich marketing blitz.

Village Thinks Long-Term with Schools. Village leadership was engaged in a School District 95 strategic planning initiative to develop a roadmap for the next five years. A strategic planning team was formed with about 40 people, including Mayor Poynton, Police Chief Husak, and Fire Chief Pilgard. The focus of this team was to review and define the school's mission, vision, values, goals, and strategies, providing a strategic planning framework under which action plans will be created annually.

Comprehensive Plan Community Engagement. Teska Associates, the consultant selected to update the Lake Zurich Comprehensive Plan prepared a community engagement plan to engage the residents and businesses and obtain feedback on their views, opinions and experiences in Lake Zurich.

- The website “LakeZurichTogether.org” was created as the official project website address, and went live on August 28. It contains an interactive “Comment Map” that allows users to provide feedback on places they love, ideas/opportunities, issues or challenges, and bike/pedestrian needs.
- On September 8, Teska held a “Community Pop-up” event at the Lake Zurich Farmers Market which was visited by a number of residents who provided their feedback.
- On October 25, Teska conducted the 1st Community Open House and Visioning Workshop for residents at the Ela Area Public Library. The feedback from these events is posted on the project website.

Park Enhancement Open Houses. The Village hosted two community open house events in 2023 to encourage feedback into Paulus Park Phase 2 improvements as the Village prepared for another large application for a State OSLAD grant. The first open house was at Village Hall on August 8th and the second was at the August 11th farmers market.

Phase 1 park improvements were funded in part by a previous OSLAD grant that resulted in two new piers, expanded trails, and shoreline restorations. Phase 2 improvements include a new band shell, a renovated splash pad, a new community gathering space with game tables, baggo courts, and additional shoreline restoration and landscaping.

Arbor Day Outreach. Over 60 community volunteers showed up to clean litter for the annual Arbor Day celebration at Paulus Park. After a tree planting ceremony, park scavenger hunt, and tree sapling giveaway, volunteers were then sent to 1 of 5 assigned parks to cleanup.

PUBLIC SAFETY

Lake Zurich is routinely below the national, state, and county averages in all reported categories for crime statistics. Village crime rates are 43% lower than the national average and violent crimes in Lake Zurich are 85% lower than the national average. Said another way, Lake Zurich is safer than 77% of the cities in the United States.

Joined County Public Safety Records System. Lake Zurich joined a Lake County computer aided dispatch police records management and e-ticketing system in 2023 to gain operational efficiencies and to facilitate the exchange of information between agencies to aid in criminal suspect arrest and investigations.

Paramedics Teaching CPR to Lake Zurich. In February, the Fire Department hosted a community American Heart Association CPR training event. A Lake Zurich resident and cardiac arrest survivor was the brain child of hosting this community event, which was attended by about 130 people.

Radar Speed Signs. The Village installed new speed radar signs on North Old Rand and Old Mill Grove roads to enhance pedestrian safety. This program is focused on roadways that experience higher pedestrian traffic such as the Main Street District, and those near schools.

Fire Safety for Preschoolers. Lake Zurich firefighter-paramedics are often showing up at local schools to teach our youth the importance of fire safety. The kids are always excited and pay attention to these important lessors. In 2023, 30 trips to area schools were conducted.

Securing Vehicles. The police traffic division initiated a partnership in 2023 with Hyundai Motor America to distribute free steering wheel locks to residents of certain Hyundai models. These efforts were in response to increasing thefts, targeting Hyundai vehicles without push-button ignitions and immobilizing anti-theft devices.

Prescription Drug Drop Off Event. In April, the Police Department partnered with the DEA for a community Drug Take Back Day. This was an opportunity for residents to prevent pill abuse and theft by ridding their homes of potentially dangerous expired, unused, and unwanted prescription and over-the-counter medication. Over 300 pounds of unwanted drugs were collected.

Car Seat Safety. LZPD's certified child passenger safety technicians assisted the Illinois Department of Transportation and Safe Kids Chicago by manning its booth at the 2023 Chicago Auto Show. The officers provided attendees with traffic safety information, answered questions, and performed hand-on demonstrations of the latest child restraints. LZ officers also assisted with the inspection and proper installation of child safety seats during a September safety event in the Kohls parking lot.

GREEN INITIATIVES

Local governments have an important role to play in reducing carbon emissions and ensuring future generations inherit a sustainable ecosystem and livable environment. Some small things Lake Zurich is doing to help the planet include:

Natural Area Maintenance. The Village owns 120 acres of natural areas throughout the community and 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 has partnered with Integrated Lakes Management for the maintenance and restoration of these critical natural spaces. These natural areas, consisting of woodlands, wetlands and prairies, provide a variety of benefits including storm water management and recreational amenities for the public. The goal of Lake Zurich's natural area maintenance efforts is to create healthy, sustainable ecosystems.

100% Green Power Aggregation. In July 2023, the Village aggregation program was renewed for 13-months using 100% green electricity generation, which relies on Midwest-generated wind, solar and hydroelectric electricity sources. Lake Zurich has now joined several nearby communities addressing climate change at the local level and will be designated an EPA Green Power Community. The new lower rates for the 100% Green Power program are locked-in at 7.95 cents per kWh for 13 months (*21% less expensive compared to the rate over the previous year*).

Curbside E-Waste Event. Lake Zurich's curbside e-waste collection event with LRS occurred in July 2023. A total of 20 pallets full of old electronics were collected. That's about 23,000 pounds of electronics that will be responsibly disassembled and kept out of landfills.

Suburban Forest Canopy. The Village spent \$100,000 in 2023 to enhance the suburban forest canopy with 381 new parkway trees planted in Chestnut Corners, Hunters Creek, and Millers Grove subdivisions. These are split with roughly half planted in spring and half planted in fall.

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 runoff into surface water.

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. Lake Zurich offers styrofoam recycling thanks to amazing resident volunteers. This opportunity to recycle material that typically ends up in nearby landfills for thousands of years has been embraced by Village residents.

PRIORITIES FOR 2024 AND BEYOND

- **Maintain Fund Balances and Protect Bond Rating.** Since June 2023, Lake Zurich has been gathering feedback from the community on what the future should look like. Visioning and goal setting will continue into Spring 2024, with focus areas and priorities identified over Summer 2024 and a new Plan being finalized in Fall 2024.
- **Support Groundbreaking of Massive Manufacturing Expansion.** The Village has been working with a large manufacturing company in the Industrial Park that has been considering a significant investment to grow its operations in a multi-phase and multi-year effort that would cost more than \$50 million. Plans are to finalize details of this massive economic development investment in 2024.
- **Buffalo creek Streambank Stabilization.** For this project, the scope includes a mixture of structural and vegetative stabilization practices. Enhancement of the streambanks will increase the hydraulics of the stream. The grading, laying back of steep slopes, and excavation of material will enhance the areas potential to reduce the risk of flooding and overtopping of Stanton Road.
- **ADA Transition Plan.** Create an ADA transition plan that identifies existing programs, services, facilities, policies, and procedures that require changes and outline the steps necessary to become a more accessible community.
- **Lake Michigan Water Funding.** Establish a revenue source to fund Lake Zurich's transition to Lake Michigan as its source of potable water via the Central Lake County Joint Action Water Agency.
- **Prepare for Potential 911 Dispatch Consolidation.** Continue to partner with Lake County dispatch to develop an efficient and effective consolidated public safety answering center.
- **Investing in Parks.** In 2024, the Village is proposing to do a full renovation of the Paulus Park Spray Ground, the resurfacing of the Staples and Sonoma Park tennis courts, and the continued construction of the Breezewald Operations facility.
- **Water Main Replacements.** As the Village continues to reinvest in critical infrastructure with the replacement of aged or problematic water mains, the focus for 2024 is replacement of approximately 7,100 feet of water main in the following locations: Route 12 to Deerpath Road, Route 22 from Knox Park to Cedar Creek Drive, and areas within the Cedar Creek subdivision totaling over \$3 million.

- **Maximize Special Rec Association Levy.** In order to invest more in community based therapeutic rec programs to people of all ages and disabilities, Lake Zurich will implement a higher tax cap to provide additional funding for local handicap-accessible equipment and materials.

Acknowledgements

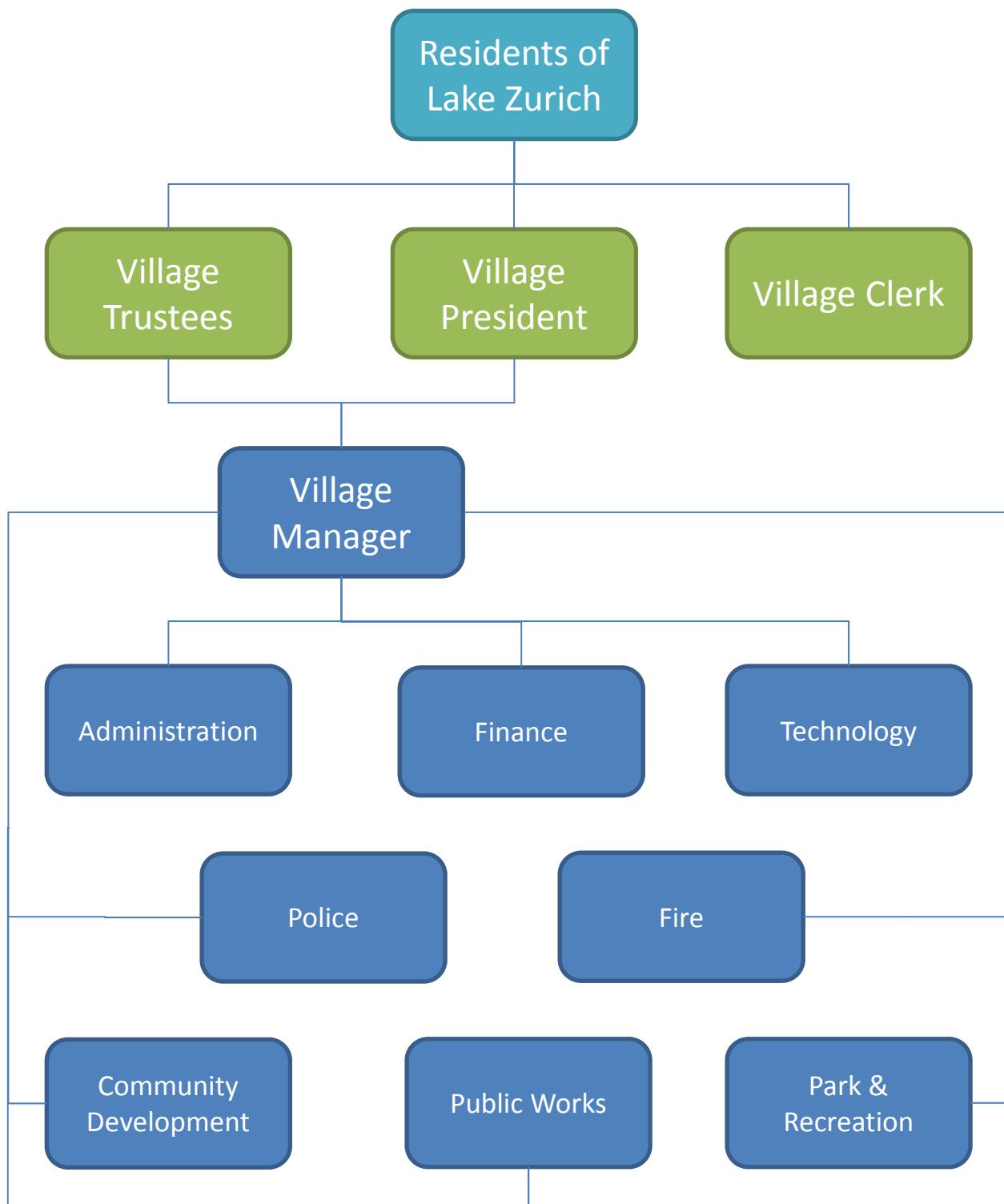
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. The Village President and Village Board of Trustees must be acknowledged and thanked for setting the highest standards of professionalism 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, 2023

VILLAGE BOARD OF TRUSTEES

Tom Poynton, Mayor

| | |
|---------------|-----------------|
| Dan Bobrowski | Mary Beth Euker |
| Marc Spacone | Roger Sugrue |
| William Riley | 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, Illinois

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, 2023, 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, 2023 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.

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 other information included in the annual report 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 June 26, 2024 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 fluid and cursive, with "Baker Tilly" on the top line and "US, LLP" on the bottom line.

Oak Brook, Illinois
June 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2023

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, 2023. 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 \$134 million.
- Total net position of the Village increased \$14.2 million.
- Combined revenues totaled \$57.0 million, a 9.1% increase.
- Overall expenses totaled \$42.8 million, a 1.0% increase.

GENERAL FUND:

- Fund balance increased by \$553k.
- Total fund balance at the end of the year was \$14.5 million, of which \$1.7 million was non-spendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$11.8 million.

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position increased \$6.4 million.
- Total net position at the end of the year was \$58.1 million, of which \$44.0 million was invested in capital assets, and \$14.1 million was unrestricted funds.
- Working capital of the fund increased from \$2.1 million to \$13.0 million.

LONG-TERM DEBT

- Total long-term debt decreased \$4.7 million to \$81.6 million outstanding as of December 31, 2023. Included in this figure is a \$2.0 million decrease to net pension liability.
- Bonded debt alone decreased \$1.9 million to \$17.4 million outstanding as of December 31, 2023.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, increased \$6.7 million to \$137.8 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$3.2 million to \$90.1 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, 2023

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, 2023

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.

The Non-Home Rule Sales Tax Capital Projects Fund accounts for the financial resources from non-home rule sales tax used for specific capital infrastructure improvement projects.

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

Proprietary Funds

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are on pages 21 through 62 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 63 through 83.

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

December 31, 2023

Amendments to Budget

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

The combined net position for the fiscal year ended December 31, 2023 totaled \$134 million and consisted of net position from both governmental activities and business-type activities of \$76 million and \$58 million respectively. Following is a table that shows total net position of the Village as of December 31, 2023 with a comparison to the preceding fiscal year.

As of December 31, 2022 and 2023

| | Governmental Activities | | Business-type Activities | | Total Village Wide | |
|---|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 | 12/31/2023 | 12/31/2022 |
| Category | | | | | | |
| Current and other assets | \$ 66,058,465 | \$ 64,245,514 | \$ 15,219,134 | \$ 13,658,798 | \$ 81,277,599 | \$ 77,904,312 |
| Capital assets | 90,136,014 | 86,971,571 | 47,683,513 | 44,108,403 | 137,819,527 | 131,079,974 |
| Total assets | 156,194,479 | 151,217,085 | 62,902,647 | 57,767,201 | 219,097,126 | 208,984,286 |
| Deferred Outflows | 15,719,193 | 19,096,721 | 520,506 | 715,056 | 16,239,699 | 19,811,777 |
| Total assets & deferred outflows | 171,913,672 | 170,313,806 | 63,423,153 | 58,482,257 | 235,336,825 | 228,796,063 |
| Current and other liabilities | 5,757,954 | 8,055,798 | 1,554,809 | 2,060,070 | 7,312,763 | 10,115,868 |
| Long-term liabilities | 75,425,412 | 78,818,126 | 3,658,859 | 4,581,293 | 79,084,271 | 83,399,419 |
| Total liabilities | 81,183,366 | 86,873,924 | 5,213,668 | 6,641,363 | 86,397,034 | 93,515,287 |
| Deferred Inflows | 14,659,995 | 15,167,232 | 104,245 | 150,470 | 14,764,240 | 15,317,702 |
| Total liabilities and deferred inflows | 95,843,361 | 102,041,156 | 5,317,913 | 6,791,833 | 101,161,274 | 108,832,989 |
| Net position: | | | | | | |
| Net invest capital assets | 90,136,014 | 86,971,571 | 43,974,861 | 39,432,356 | 134,110,875 | 126,403,927 |
| Restricted | 12,186,103 | 14,265,789 | - | - | 12,186,103 | 14,265,789 |
| Unrestricted | (26,251,806) | (32,964,710) | 14,130,379 | 12,258,068 | (12,121,427) | (20,706,642) |
| Total net position | \$ 76,070,311 | \$ 68,272,650 | \$ 58,105,240 | \$ 51,690,424 | \$ 134,175,551 | \$ 119,963,074 |

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, 2023, capital assets net of related debt totaled \$134 million. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

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

December 31, 2023

In the governmental activities, the total net position increased by \$7.8 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 \$553k.

Cash and investments for governmental activities increased \$3.1 million. Total assets and deferred outflows for the governmental activities increased \$1.6 million to \$171.9 million. This is attributable to the increase in cash and investments offset by a decrease in pension related deferred outflows. Total liabilities and deferred inflows decreased, from \$102 million to \$95.8 million, due to a combination of changes in pension liabilities, the recognition of ARPA grant money, and a decrease in debt related amounts.

For the business-type activities, total net position increased by \$6.4 million. This is mainly due to a capital contribution.

During the current fiscal year, total net position of the Village increased by \$14.2 million compared to a \$9.9 million increase in 2022. 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 2023 fiscal year:

**Change in Net Position
For the Fiscal Years Ended December 31, 2022 and 2023**

| Category | Governmental Activities | | Business-type Activities | | Total Village Wide | |
|---|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 12,126,410 | \$ 13,078,293 | \$ 8,470,911 | \$ 8,128,400 | \$ 20,597,321 | \$ 21,206,693 |
| Operating grants | 876,088 | 810,124 | - | - | 876,088 | 810,124 |
| Capital grants | 236,547 | 444,296 | - | - | 236,547 | 444,296 |
| General revenues: | | | | | | |
| Taxes | 14,381,441 | 13,907,236 | - | - | 14,381,441 | 13,907,236 |
| Intergovernmental | 17,840,091 | 14,908,420 | - | - | 17,840,091 | 14,908,420 |
| Investment earnings | 2,047,136 | 388,348 | 573,861 | 134,317 | 2,620,997 | 522,665 |
| Other | 464,343 | 463,194 | - | 17,557 | 464,343 | 480,751 |
| Total revenues | 47,972,056 | 43,999,911 | 9,044,772 | 8,280,274 | 57,016,828 | 52,280,185 |
| Expenses: | | | | | | |
| General Government | 2,122,434 | 2,086,891 | - | - | 2,122,434 | 2,086,891 |
| Public Safety | 24,887,179 | 24,533,255 | - | - | 24,887,179 | 24,533,255 |
| Highways and Streets | 6,682,108 | 6,907,881 | - | - | 6,682,108 | 6,907,881 |
| Culture and Recreation | 1,744,888 | 1,663,731 | - | - | 1,744,888 | 1,663,731 |
| Economic Development | 620,537 | 720,097 | - | - | 620,537 | 720,097 |
| Interest on long-term debt | 820,534 | 849,545 | - | - | 820,534 | 849,545 |
| Water/Sewer | - | - | 5,926,671 | 5,638,174 | 5,926,671 | 5,638,174 |
| Total expenses | 36,877,680 | 36,761,400 | 5,926,671 | 5,638,174 | 42,804,351 | 42,399,574 |
| Excess (deficiency) of revenues over expenses | 11,094,376 | 7,238,511 | 3,118,101 | 2,642,100 | 14,212,477 | 9,880,611 |
| Transfers: | (3,296,715) | - | 3,296,715 | - | - | - |
| Change in Net Position | 7,797,661 | 7,238,511 | 6,414,816 | 2,642,100 | 14,212,477 | 9,880,611 |
| Beginning net position | 68,272,650 | 61,034,139 | 51,690,424 | 49,048,324 | 119,963,074 | 110,082,463 |
| Ending net position | 76,070,311 | 68,272,650 | 58,105,240 | 51,690,424 | 134,175,551 | 119,963,074 |

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

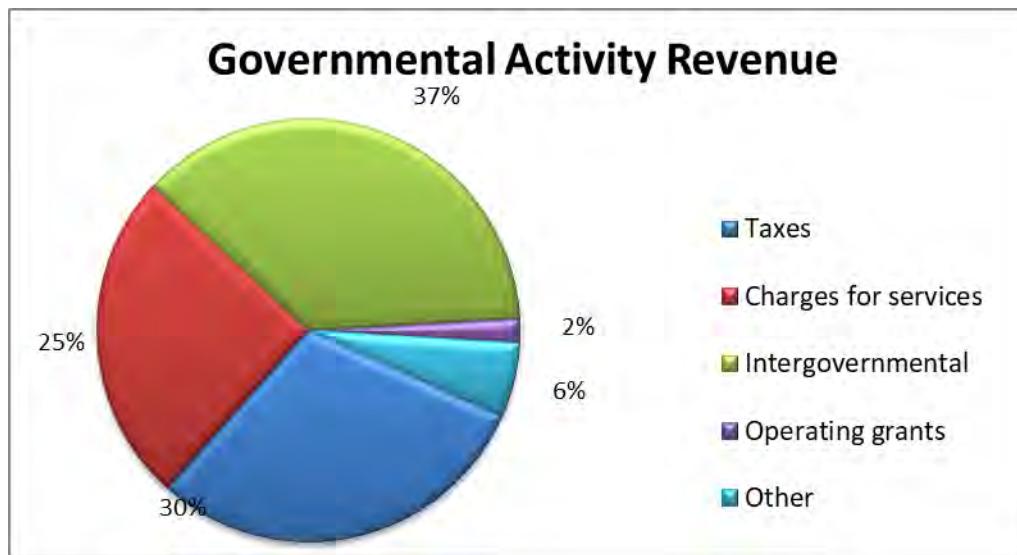
December 31, 2023

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 2023, governmental program expenses of \$36.9 million exceeded program revenues of \$13.2 million by \$23.6 million. General revenues of \$34.7 million made up for the deficiency.

Revenues

The following graph indicates the breakdown of 2023 revenues by type.



Total revenues of \$48.0 million were higher than last year by \$4.0 million (9.0%). No new major revenue sources were implemented. The increase was spread between intergovernmental grant revenue (\$2.7 million), investment earnings (\$1.7 million), and property tax (\$765k) as the biggest categories.

Utility taxes have been fluctuating, and ended the year down \$177k (11%). The telecommunications tax has been unpredictable in the past few years. Receipts were down 3.9% at \$320k. 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 \$10.8 million, an increase of \$341k (3.3%). 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 exceeded original expectations. This revenue source benefited from positive economic factors relating to the labor market and corporate income tax receipts. However, Income Tax was down \$64k for the year, a decrease of 2.0%, due to new allocations of LGDF distributions caused by tax policy changes.

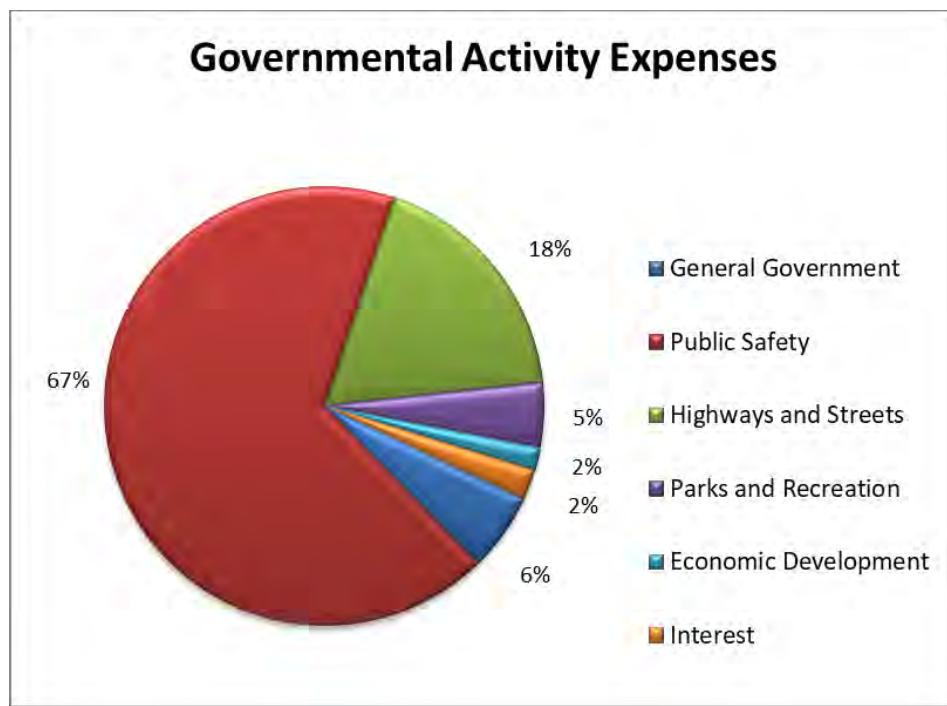
**VILLAGE OF LAKE ZURICH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2023

Charges for Services make up 25% of the Village's governmental revenue. Charges for services decreased by \$952k (7.3%), coming in at \$12.1 million. Although recreation fees and the fire district agreement experienced increases, ambulance service fees and park impact fees experienced decreases, due to the timing of GEMT related payments and fewer new home developments, respectively. No new charges were implemented.

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 \$116k, not even 1%. The most significant increase relates to culture and recreation, which increased \$81k (4.9%). This increase was primarily driven by the addition of a full-time employee during 2023, and the continuation of playground improvements. The decrease of \$100k in economic development offset any increases in governmental expenses. Prior year economic development expense included a loss on land held for resale.

Business Type Activities

For business-type activities, net position increased a total of \$6.4 million. Program revenues of \$8.5 million exceeded program expenses of \$5.9 million. The capital contribution of \$3.3 million significantly contributed to the increase in net position. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$2.0 million (35% of operating expenses). Overall, expenses only increased 5.1%. The largest increases in expenses (engineering/architectural and electricity) were offset by the decrease in pension and debt service related expenses.

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

December 31, 2023

Charges for services associated with business-type activities totaled \$8.5 million, up 4.2% from the prior year. This increase was largely due to the increased water and sewer connection fees from new residential developments.

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, 2023 governmental funds reported combined fund balances of \$40.0 million. Of this amount, \$11.5 million is unrestricted and is available for future obligations. About \$12.3 million is restricted, with \$6.8 million for capital projects, \$1.0 million for debt service, and \$443k restricted for Tax Increment Financing (TIF). The remainder of restricted funds relate to public safety, highway and streets, PEG fees, and 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, 2023, fund balance in the General Fund increased by \$553k from current year activities. Change to fund balance is a combination of revenues of \$37.9 million compared to expenditures of \$30.7 million. Other financing uses of \$6.6 million are also included, representing a transfer of \$5.7 million to the Capital Improvement Fund, \$675k to the Dispatch Services Fund, \$240k 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 \$14.5 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund currently has a fund balance of \$228k. This is \$154k higher than the previous year fund balance of \$74k. 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 \$1.0 million that is restricted entirely for the payment of future debt service. This is \$47k higher than the previous year, due to favorable property tax collection.
- The TIF (#1) Debt Service Fund currently has a negative fund balance of \$872k. 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 increased by \$56k 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 increased fund balance from \$4.4 million to \$14.3 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 \$3.2 million over the year, due primarily to the Main St Infrastructure & Streetscape Project, covered by advances from the Capital Improvement Fund and the Waterworks and Sewage Fund. Fund balance at year-end is negative \$166k.

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

December 31, 2023

- The Non-Home Rule Sales Tax Capital Projects Fund increased fund balance by \$2.5 million over the year. The Annual Road Program was expended from the MFT fund during 2023, allowing NHR to retain current year tax receipts. Fund balance at year-end of \$6.8 million is restricted for capital projects.

Proprietary Funds

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

At December 31, 2023, net position of the proprietary fund totaled \$57.4 million. Cash and investments totaled \$11.3 million, a decrease of \$673k (5.6%). The decrease is the result of an advance of \$2 million to Downtown TIF #2 recorded during the year.

Operating revenues increased 12.5% from the previous year to \$8.0 million, consistent with the increase in gallons billed (488 million gallons) and gallons pumped (581 million gallons). Additionally, a \$.75 rate increase to the Lake Zurich portion of water bills took effect during 2023. Completion of the water meter replacement project is still providing more accurate consumption records. Operating expenses (including depreciation) of \$5.8 million were 4% higher than the previous year, with increased cost for parts, supplies, and services factoring into that increase. Depreciation increased by \$14k (1%).

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced growth in the fiscal year ended December 31, 2023. Combined, the funds reported a \$10.9 million increase in plan fiduciary net position. Investment earnings (net of related expenses) posted a combined gain of \$10.9 million between the two funds. Cash and investments totaled \$85.8 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 \$28k increase in net position to \$487k. This increase was primarily due to increased property tax collection.

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.

Four budget amendments were approved for this fiscal year that affected the General Fund. Revenues and other financing sources were increased \$4.2 million, in addition to an increase to expenditures and other financing uses of \$4.1 million. The largest revenue increases were to Grant revenue (\$2.7 million), and Investment Income (\$435k). For expenditures, the major increases were for Engineering and Architectural

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

December 31, 2023

expenses of (\$115k) and Overtime (\$142k). Additionally, an increase was made to transfers to the Capital Improvement Fund (\$4.7 million) to help fund several upcoming expensive but necessary capital projects.

Change in Fund Balance

General Fund

When the original budget was adopted in December of 2023, a surplus of \$8k was expected for the General Fund. After the budget amendments, the expectation changed to a budget surplus of \$32k. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$553k. Revenues and other financing sources came in at \$37.9 million for the year, \$166k more than budgeted. Expenditures totaled \$30.7 million, which was \$355k less than budgeted. Overall, expenditures and other financing uses totaled \$37.3 million. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended December 31, 2023.

**General Fund Budgetary Highlights
Fiscal Year Ended December 31, 2023**

| | Final Budget | Actual |
|---|---------------|---------------|
| Revenues & Other Financing Sources | | |
| Taxes | \$ 10,988,558 | \$ 10,944,614 |
| Licenses and permits | 888,699 | 833,894 |
| Intergovernmental | 21,823,811 | 22,154,566 |
| Charges for services | 2,639,281 | 2,441,868 |
| Fines and forfeits | 430,300 | 420,642 |
| Other revenue | 873,744 | 1,014,962 |
| Sub-total revenues | \$ 37,644,393 | \$ 37,810,546 |
| Other financing sources | 55,632 | 55,632 |
| Total Revenues and Other Financing Sources | \$ 37,700,025 | \$ 37,866,178 |
| Expenditures and Other Financing Uses | | |
| General government | \$ 2,117,334 | \$ 1,992,187 |
| Public safety | 22,928,834 | 22,815,372 |
| Highways and streets | 4,245,161 | 4,186,916 |
| Culture and recreation | 1,209,695 | 1,197,619 |
| Economic development | 536,196 | 490,551 |
| Sub-total expenditures | \$ 31,037,220 | \$ 30,682,645 |
| Other financing uses | | |
| Transfers to Other Funds | 6,630,413 | 6,630,413 |
| Total Expenditures and Other Financing Sources | 37,667,633 | 37,313,058 |
| Change in Fund Balance | \$ 32,392 | \$ 553,120 |

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

December 31, 2023

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$137.8 million at December 31, 2023. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | FYE 23 | FYE 22 | FYE 23 | FYE 22 | FYE 23 | FYE 22 |
| Land and Improvements | \$ 36,234,574 | \$ 36,097,760 | \$ 250,421 | \$ 249,652 | \$ 36,484,995 | \$ 36,347,412 |
| Building and Improvements | 6,967,822 | 6,320,811 | - | - | 6,967,822 | 6,320,811 |
| Machinery & Equipment | 1,698,653 | 1,497,617 | 1,637,750 | 1,549,221 | 3,336,403 | 3,046,838 |
| Vehicles | 3,163,194 | 2,843,926 | 671,644 | 681,899 | 3,834,838 | 3,525,825 |
| Other | 1,086,654 | 455,200 | 3,764,347 | 394,579 | 4,851,001 | 849,779 |
| Infrastructure | 40,985,117 | 39,756,257 | 41,359,351 | 41,233,052 | 82,344,468 | 80,989,309 |
| Total | <u>\$ 90,136,014</u> | <u>\$ 86,971,571</u> | <u>\$ 47,683,513</u> | <u>\$ 44,108,403</u> | <u>\$ 137,819,527</u> | <u>\$ 131,079,974</u> |

Capital additions for the year totaled \$5.9 million for governmental funds and \$5.6 million for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- Land improvements of \$455k, with \$384k for parking lots, and \$71k for playgrounds.
- Building improvements of \$963k, with \$888k for roof replacements, \$49k for the Buffalo Creek dance floor, and \$26k for Staples concession improvements.
- Vehicles of \$696k, with \$256 for an ambulance, \$218k for a dump truck, \$115k for a fire brush truck, \$61k for a public works pickup truck, and \$46k for a police utility interceptor.
- Machinery and Equipment of \$383k, with \$117k for a chipper, \$109k for a SCBA compressor/fill station, \$82k for mobile column lifts, \$40k, for a CCTV update, and \$35k for EOC equipment.
- Infrastructure improvements of \$2.8 million for the annual road program.

Business-Type Fund:

- Infrastructure improvements of \$2.0 million for sanitary sewer lining.
- Machinery and Equipment of \$191k, with \$159k for lift station control panels, and \$32k for a bulk water fill station.
- Vehicles of \$61k for a pickup truck.
- Capital Contribution of \$3.3 million for the water and sewer portion of the Main St Infrastructure & Streetscape Project.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 36 and 37.

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

December 31, 2023

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$1.9 million. Series 2023 was issued for \$1,241,000 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 23 | FYE 22 | FYE 23 | FYE 22 | FYE 23 | FYE 22 |
| General Obligation Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| TIF Alternate Revenue Bonds | 17,035,000 | 18,475,000 | - | - | 17,035,000 | 18,475,000 |
| TIF Revenue Bonds | - | - | - | - | - | - |
| Water Alternate Revenue Bonds | - | - | 320,000 | 820,000 | 320,000 | 820,000 |
| Bonded Debt Total | 17,035,000 | 18,475,000 | 320,000 | 820,000 | 17,355,000 | 19,295,000 |
| IEPA Loan | - | - | 890,728 | 1,107,795 | 890,728 | 1,107,795 |
| Compensated Absences | 1,802,249 | 2,103,004 | 75,940 | 76,865 | 1,878,189 | 2,179,869 |
| Net Pension Liability | 55,795,384 | 57,401,010 | 222,759 | 590,656 | 56,018,143 | 57,991,666 |
| Financed Purchases | 10,555 | 17,300 | 2,488,212 | 2,709,320 | 2,498,767 | 2,726,620 |
| Other Postemployment Benefits | 2,622,215 | 2,626,855 | 223,838 | 219,834 | 2,846,053 | 2,846,689 |
| Other | 62,303 | 98,391 | 9,711 | 38,932 | 72,014 | 137,323 |
| Total Other LT Debt | 60,292,706 | 62,246,560 | 3,911,188 | 4,743,402 | 64,203,894 | 66,989,962 |
| Combined LT Debt Total | 77,327,706 | 80,721,560 | 4,231,188 | 5,563,402 | 81,558,894 | 86,284,962 |

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 39 through 43.

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. Therefore, the political environment in Springfield is being closely monitored.
- 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.
- Increased 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.

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

December 31, 2023

- One of the four union contracts is set to December 31, 2023. 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.
- A Lake Michigan Water Allocation Permit secured from the IL EPA and an agreement with Central Lake County Joint Action Water Agency leads the way in securing Lake Michigan as the new water source.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. At December 31, 2023 the unrestricted fund balance of the General Fund was 38% 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 \$11.3 million at December 31, 2023. The fund also had unrestricted net position of \$14.1 million. The Village monitors both revenues and expenses to determine the rate levels necessary to cover the maintenance and long-term 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, 2023. 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, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| Assets and Deferred Outflows of Resources | | | |
| Assets | | | |
| Cash and investments | \$ 45,954,210 | \$ 11,301,924 | \$ 57,256,134 |
| Receivables (net): | | | |
| Property taxes | 12,864,260 | - | 12,864,260 |
| Accounts | 2,139,494 | 1,158,952 | 3,298,446 |
| Leases | 482,726 | - | 482,726 |
| Internal balances | (2,678,393) | 2,678,393 | - |
| Due from fiduciary funds | - | 2,137 | 2,137 |
| Due from other governmental units | 2,653,635 | - | 2,653,635 |
| Prepaid items | 2,139,539 | 71,418 | 2,210,957 |
| Inventories | 19,360 | 6,310 | 25,670 |
| Land held for resale | 2,483,634 | - | 2,483,634 |
| Capital assets: | | | |
| Capital assets not being depreciated | 31,560,205 | 4,014,768 | 35,574,973 |
| Capital assets net of accumulated depreciation | 58,575,809 | 43,668,745 | 102,244,554 |
| Total assets | <u>156,194,479</u> | <u>62,902,647</u> | <u>219,097,126</u> |
| Deferred Outflows of Resources | | | |
| Pension related amounts | 13,608,016 | 473,849 | 14,081,865 |
| Unamortized loss on refunding | 1,564,594 | - | 1,564,594 |
| OPEB related amounts | 546,583 | 46,657 | 593,240 |
| Total deferred outflows of resources | <u>15,719,193</u> | <u>520,506</u> | <u>16,239,699</u> |
| Liabilities, Deferred Inflows of Resources and Net Position | | | |
| Liabilities | | | |
| Accounts payable | 1,532,645 | 906,727 | 2,439,372 |
| Accrued payroll | 731,572 | 54,985 | 786,557 |
| Deposits payable | 557,316 | - | 557,316 |
| Other payables | 490,270 | - | 490,270 |
| Accrued interest payable | 70,407 | 20,768 | 91,175 |
| Unearned revenues | 473,450 | - | 473,450 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,902,294 | 572,329 | 2,474,623 |
| Due in more than one year | 75,425,412 | 3,658,859 | 79,084,271 |
| Total liabilities | <u>81,183,366</u> | <u>5,213,668</u> | <u>86,397,034</u> |
| Deferred Inflows of Resources | | | |
| Property taxes levied for future periods | 12,831,728 | - | 12,831,728 |
| Lease related amounts | 451,665 | - | 451,665 |
| Pension related amounts | 543,797 | 33,155 | 576,952 |
| OPEB related amounts | 832,805 | 71,090 | 903,895 |
| Total deferred inflows of resources | <u>14,659,995</u> | <u>104,245</u> | <u>14,764,240</u> |
| Net Position | | | |
| Net investment in capital assets | 90,136,014 | 43,974,861 | 134,110,875 |
| Restricted for: | | | |
| Public safety | 313,833 | - | 313,833 |
| TIF | 442,584 | - | 442,584 |
| Debt service | 933,857 | - | 933,857 |
| Noise mitigation | 239,530 | - | 239,530 |
| Capital projects | 6,792,274 | - | 6,792,274 |
| Highways and streets | 2,955,872 | - | 2,955,872 |
| Tourism | 413,958 | - | 413,958 |
| PEG fees | 94,195 | - | 94,195 |
| Unrestricted | <u>(26,251,806)</u> | <u>14,130,379</u> | <u>(12,121,427)</u> |
| Total net position | <u>\$ 76,070,311</u> | <u>\$ 58,105,240</u> | <u>\$ 134,175,551</u> |

Village of Lake Zurich

Statement of Activities

Year Ended December 31, 2023

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | | |
|---------------------------------|-----------------------------|-----------------------------|------------------------------------|----------------------------------|---|-----------------------------|------------------------------|--|
| | | | | | Primary Government | | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Primary Government | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 2,122,434 | \$ 985,574 | \$ 1,050 | \$ - | \$ (1,135,810) | \$ - | \$ (1,135,810) | |
| Public safety | 24,887,179 | 10,007,803 | - | - | (14,879,376) | - | (14,879,376) | |
| Highways and streets | 6,682,108 | 42,459 | 875,038 | 23,216 | (5,741,395) | - | (5,741,395) | |
| Culture and recreation | 1,744,888 | 1,090,574 | - | 213,331 | (440,983) | - | (440,983) | |
| Economic development | 620,537 | - | - | - | (620,537) | - | (620,537) | |
| Interest and fiscal charges | 820,534 | - | - | - | (820,534) | - | (820,534) | |
| Total governmental activities | <u>36,877,680</u> | <u>12,126,410</u> | <u>876,088</u> | <u>236,547</u> | <u>(23,638,635)</u> | <u>-</u> | <u>(23,638,635)</u> | |
| Business-type activities: | | | | | | | | |
| Waterworks and sewerage | <u>5,926,671</u> | <u>8,470,911</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,544,240</u> | <u>2,544,240</u> | |
| Total business-type activities | <u>5,926,671</u> | <u>8,470,911</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,544,240</u> | <u>2,544,240</u> | |
| Total | <u>\$ 42,804,351</u> | <u>\$ 20,597,321</u> | <u>\$ 876,088</u> | <u>\$ 236,547</u> | <u>(23,638,635)</u> | <u>2,544,240</u> | <u>(21,094,395)</u> | |
| General Revenues | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 12,211,210 | - | 12,211,210 | |
| Utility taxes | | | | | 1,372,364 | - | 1,372,364 | |
| Telecommunications taxes | | | | | 320,256 | - | 320,256 | |
| Other taxes | | | | | 477,611 | - | 477,611 | |
| Intergovernmental, unrestricted | | | | | | | | |
| Replacement | | | | | 187,364 | - | 187,364 | |
| Sales taxes | | | | | 10,753,592 | - | 10,753,592 | |
| Local use | | | | | 769,120 | - | 769,120 | |
| Shared income tax | | | | | 3,155,895 | - | 3,155,895 | |
| Intergovernmental revenues | | | | | 2,974,120 | - | 2,974,120 | |
| Special events | | | | | 138,578 | - | 138,578 | |
| Investment income | | | | | 2,047,136 | 573,861 | 2,620,997 | |
| Miscellaneous | | | | | 320,927 | - | 320,927 | |
| Other | | | | | 4,838 | - | 4,838 | |
| Total general revenues | | | | | <u>34,733,011</u> | <u>573,861</u> | <u>35,306,872</u> | |
| Transfers | | | | | <u>(3,296,715)</u> | <u>3,296,715</u> | <u>-</u> | |
| Change in net position | | | | | 7,797,661 | 6,414,816 | 14,212,477 | |
| Net Position, Beginning | | | | | <u>68,272,650</u> | <u>51,690,424</u> | <u>119,963,074</u> | |
| Net Position, Ending | | | | | <u>\$ 76,070,311</u> | <u>\$ 58,105,240</u> | <u>\$ 134,175,551</u> | |

See notes to financial statements

Village of Lake Zurich

Balance Sheet
 Governmental Funds
 December 31, 2023

| | <u>General Fund</u> | <u>TIF Tax Allocation</u> | <u>Downtown TIF #2</u> | <u>Debt Service</u> |
|----------------------------|----------------------|---------------------------|------------------------|---------------------|
| Assets | | | | |
| Cash and investments | \$ 11,800,966 | \$ 362,705 | \$ 2,742,100 | \$ 1,003,133 |
| Receivables: | | | | |
| Property taxes receivable | 9,536,349 | 1,531,877 | 366,014 | 1,332,131 |
| Accounts receivable | 1,111,334 | - | 173,490 | - |
| Lease | 442,721 | - | 40,005 | - |
| Due from other funds | 26 | - | - | - |
| Advances to other funds | 1,455,000 | - | - | - |
| Due from other governments | 2,653,635 | - | - | - |
| Prepaid items | 180,518 | - | - | - |
| Inventories | 19,360 | - | - | - |
| Land held for resale | - | - | 2,483,634 | - |
| Total assets | \$ 27,199,909 | \$ 1,894,582 | \$ 5,805,243 | \$ 2,335,264 |

| <u>TIF Debt Service</u> | <u>Capital Improvements</u> | <u>Non-Home Rule Sales Tax Capital Projects</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|-------------------------|-----------------------------|---|------------------------------------|----------------------|
| \$ 428,348 | \$ 11,388,281 | \$ 6,057,378 | \$ 4,274,578 | \$ 38,057,489 |
| - | - | - | 97,889 | 12,864,260 |
| - | - | 715,443 | 133,805 | 2,134,072 |
| - | - | - | - | 482,726 |
| - | - | - | - | 26 |
| - | 3,103,000 | 50,000 | - | 4,608,000 |
| - | - | - | - | 2,653,635 |
| - | - | - | 13,085 | 193,603 |
| - | - | - | - | 19,360 |
| - | - | - | - | 2,483,634 |
| <u>\$ 428,348</u> | <u>\$ 14,491,281</u> | <u>\$ 6,822,821</u> | <u>\$ 4,519,357</u> | <u>\$ 63,496,805</u> |

Village of Lake Zurich

Balance Sheet
 Governmental Funds
 December 31, 2023

| | <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 | \$ 1,048,789 | \$ - | \$ 240,951 | \$ - |
| Accrued wages | 656,639 | - | - | - |
| Other liabilities | 156,858 | - | - | - |
| Due to other funds | - | - | - | - |
| Advances from other funds | - | 135,000 | 5,153,000 | - |
| Unearned revenues | 355,742 | - | 2,675 | - |
| Deposits | <u>557,316</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>2,775,344</u> | <u>135,000</u> | <u>5,396,626</u> | <u>-</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | - | - | 172,365 | - |
| Property taxes levied for future periods | 9,505,482 | 1,531,877 | 365,480 | 1,331,000 |
| Lease related amounts | <u>414,458</u> | <u>-</u> | <u>37,207</u> | <u>-</u> |
| Total deferred inflows of resources | <u>9,919,940</u> | <u>1,531,877</u> | <u>575,052</u> | <u>1,331,000</u> |
| Fund Balances (Deficit) | | | | |
| Nonspendable for prepaid items | 180,518 | - | - | - |
| Nonspendable for inventory | 19,360 | - | - | - |
| Nonspendable for advances to other funds | 1,455,000 | - | - | - |
| Restricted for public safety | 160,764 | - | - | - |
| Restricted for TIF | - | 227,705 | - | - |
| Restricted for debt service | - | - | - | 1,004,264 |
| Restricted for noise mitigation | - | - | - | - |
| Restricted for capital projects | - | - | - | - |
| Restricted for highways and streets | - | - | - | - |
| Restricted for tourism | - | - | - | - |
| Restricted for PEG | 94,195 | - | - | - |
| Assigned to capital project funds | - | - | - | - |
| Assigned to special events | - | - | - | - |
| Assigned to dispatch services | - | - | - | - |
| Assigned to special projects | 12,582 | - | - | - |
| Unassigned | <u>12,582,206</u> | <u>-</u> | <u>(166,435)</u> | <u>-</u> |
| Total fund balances (deficit) | <u>14,504,625</u> | <u>227,705</u> | <u>(166,435)</u> | <u>1,004,264</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 27,199,909</u> | <u>\$ 1,894,582</u> | <u>\$ 5,805,243</u> | <u>\$ 2,335,264</u> |

| TIF Debt Service | Capital Improvements | Non-Home Rule Sales Tax Capital Projects | Nonmajor Governmental Funds | Total |
|------------------|----------------------|--|-----------------------------|-------------------|
| \$ - | \$ 80,304 | \$ 18,435 | \$ 74,528 | \$ 1,463,007 |
| - | - | - | 61,894 | 718,533 |
| - | 148,935 | 12,112 | - | 317,905 |
| - | - | - | 26 | 26 |
| 1,300,000 | - | - | 20,000 | 6,608,000 |
| - | - | - | 115,033 | 473,450 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>557,316</u> |
| <u>1,300,000</u> | <u>229,239</u> | <u>30,547</u> | <u>271,481</u> | <u>10,138,237</u> |
| - - - | - - - | - - - | - - - | 172,365 |
| - - - | - - - | - - - | 97,889 | 12,831,728 |
| <u>- - -</u> | <u>- - -</u> | <u>- - -</u> | <u>-</u> | <u>451,665</u> |
| <u>- - -</u> | <u>- - -</u> | <u>- - -</u> | <u>97,889</u> | <u>13,455,758</u> |
| - - - | - - - | - - - | 13,085 | 193,603 |
| - - - | - - - | - - - | - | 19,360 |
| - - - | - - - | - - - | - | 1,455,000 |
| - - - | - - - | - - - | 153,069 | 313,833 |
| - - - | - - - | - - - | 214,879 | 442,584 |
| - - - | - - - | - - - | - | 1,004,264 |
| - 239,530 | - | - | - | 239,530 |
| - - | 6,792,274 | - | - | 6,792,274 |
| - - | - | - | 2,955,872 | 2,955,872 |
| - - | - | - | 413,958 | 413,958 |
| - - | - | - | - | 94,195 |
| - 14,022,512 | - | - | - | 14,022,512 |
| - - | - | - | 269,047 | 269,047 |
| - - | - | - | 130,077 | 130,077 |
| - - | - | - | - | 12,582 |
| <u>(871,652)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,544,119</u> |
| <u>(871,652)</u> | <u>14,262,042</u> | <u>6,792,274</u> | <u>4,149,987</u> | <u>39,902,810</u> |
| \$ 428,348 | \$ 14,491,281 | \$ 6,822,821 | \$ 4,519,357 | \$ 63,496,805 |

Village of Lake Zurich

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2023

| | |
|---|----------------------|
| Total Fund Balances, Governmental Funds | \$ 39,902,810 |
| 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. | 90,136,014 |
| Less internal service fund portion | (4,454,735) |
| The loss on refunding of bonds is capitalized and amortized over the life of the bonds on the statement of net position. | 1,564,594 |
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 13,608,016 |
| Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds. | 546,583 |
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | (543,797) |
| Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds. | (832,805) |
| Internal service funds are reported in the Statement of Net Position as governmental activities. | 13,541,744 |
| 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 | (17,035,000) |
| Financed purchases payable | (10,555) |
| Compensated absences | (1,802,249) |
| Accrued interest | (70,407) |
| Unamortized debt premium | (62,303) |
| Net pension liability | (55,795,384) |
| Total OPEB liability | <u>(2,622,215)</u> |
| Net Position of Governmental Activities | <u>\$ 76,070,311</u> |

Village of Lake Zurich

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2023

| | <u>General Fund</u> | <u>TIF Tax Allocation</u> | <u>Downtown TIF #2</u> | <u>Debt Service</u> |
|---|----------------------|---------------------------|------------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 10,944,614 | \$ 1,534,947 | \$ 366,212 | \$ 1,266,070 |
| Licenses and permits | 833,894 | - | - | - |
| Intergovernmental | 22,154,566 | - | - | - |
| Charges for services | 2,441,868 | - | - | - |
| Fines, forfeitures and penalties | 420,642 | - | - | - |
| Special events | - | - | - | - |
| Investment income | 767,026 | 34,986 | 117,034 | 47,940 |
| Miscellaneous revenues | <u>247,936</u> | <u>-</u> | <u>46,732</u> | <u>-</u> |
| Total revenues | <u>37,810,546</u> | <u>1,569,933</u> | <u>529,978</u> | <u>1,314,010</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,992,187 | - | - | - |
| Public safety | 22,815,372 | - | - | - |
| Highways and streets | 4,186,916 | - | - | - |
| Culture and recreation | 1,197,619 | - | - | - |
| Economic development | 490,551 | 571,388 | 3,778,486 | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | 25,854 |
| Total expenditures | <u>30,682,645</u> | <u>571,388</u> | <u>3,778,486</u> | <u>25,854</u> |
| Excess (deficiency) of revenues over expenditures | <u>7,127,901</u> | <u>998,545</u> | <u>(3,248,508)</u> | <u>1,288,156</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (6,630,413) | (845,000) | - | (1,241,000) |
| Proceeds from sales of capital assets | <u>55,632</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(6,574,781)</u> | <u>(845,000)</u> | <u>-</u> | <u>(1,241,000)</u> |
| Net change in fund balances | 553,120 | 153,545 | (3,248,508) | 47,156 |
| Fund Balances (Deficit), Beginning | <u>13,951,505</u> | <u>74,160</u> | <u>3,082,073</u> | <u>957,108</u> |
| Fund Balances (Deficit), Ending | <u>\$ 14,504,625</u> | <u>\$ 227,705</u> | <u>\$ (166,435)</u> | <u>\$ 1,004,264</u> |

| TIF Debt Service | Capital Improvements | Non-Home Rule Sales Tax Capital Projects | Nonmajor Governmental Funds | Total |
|---------------------|----------------------|--|-----------------------------|----------------------|
| \$ - | \$ - | \$ 2,667,645 | \$ 219,435 | \$ 16,998,923 |
| | | | | 833,894 |
| - | 213,331 | - | 875,038 | 23,242,935 |
| - | 129,459 | - | 1,002,695 | 3,574,022 |
| - | - | - | - | 420,642 |
| - | - | - | 137,376 | 137,376 |
| 17,577 | 293,890 | 253,585 | 226,988 | 1,759,026 |
| <u>17,577</u> | <u>40,808</u> | <u>-</u> | <u>-</u> | <u>335,476</u> |
| <u>17,577</u> | <u>677,488</u> | <u>2,921,230</u> | <u>2,461,532</u> | <u>47,302,294</u> |
| | | | | |
| - | - | - | 17,096 | 2,009,283 |
| - | - | - | 1,646,582 | 24,461,954 |
| - | - | 411,156 | 2,857,981 | 7,456,053 |
| - | - | - | 388,120 | 1,585,739 |
| - | - | - | 440 | 4,840,865 |
| - | 1,962,077 | - | - | 1,962,077 |
| 1,440,000 | - | - | - | 1,440,000 |
| <u>608,031</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>633,885</u> |
| <u>2,048,031</u> | <u>1,962,077</u> | <u>411,156</u> | <u>4,910,219</u> | <u>44,389,856</u> |
| <u>(2,030,454)</u> | <u>(1,284,589)</u> | <u>2,510,074</u> | <u>(2,448,687)</u> | <u>2,912,438</u> |
| | | | | |
| 2,086,000 | 5,665,000 | - | 1,012,613 | 8,763,613 |
| - | - | - | (97,200) | (8,813,613) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>55,632</u> |
| <u>2,086,000</u> | <u>5,665,000</u> | <u>-</u> | <u>915,413</u> | <u>5,632</u> |
| 55,546 | 4,380,411 | 2,510,074 | (1,533,274) | 2,918,070 |
| <u>(927,198)</u> | <u>9,881,631</u> | <u>4,282,200</u> | <u>5,683,261</u> | <u>36,984,740</u> |
| <u>\$ (871,652)</u> | <u>\$ 14,262,042</u> | <u>\$ 6,792,274</u> | <u>\$ 4,149,987</u> | <u>\$ 39,902,810</u> |

Village of Lake Zurich

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2023

Net Change in Fund Balances, Total Governmental Funds \$ 2,918,070

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.

Plus net internal service funds additions and depreciation expense

Depreciation is reported in the government-wide financial statements

Less net book value of assets retired

5,896,252
(636,253)
(2,724,321)
(7,488)

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 1,446,745

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 300,755
Accrued interest on debt 7,344
Net pension asset/liability 1,605,626
Net OPEB liability 4,640
Deferred outflows of resources related to pensions (3,117,439)
Deferred outflows of resources related to OPEB (30,008)
Deferred inflows of resources related to pensions 1,185,102
Deferred inflows of resources related to OPEB 145,670

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

996,959

Change in Net Position of Governmental Activities

\$ 7,797,661

Village of Lake Zurich

Statement of Net Position

Proprietary Funds

December 31, 2023

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|---------------------------------------|-------------------------------|---|
| Assets | | |
| Current assets: | | |
| Cash and investments | \$ 11,301,924 | \$ 7,896,721 |
| Accounts receivable | 1,158,952 | 5,422 |
| Due from fiduciary funds | 2,137 | - |
| Prepaid items | 71,418 | 1,945,936 |
| Inventories | 6,310 | - |
| Total current assets | <u>12,540,741</u> | <u>9,848,079</u> |
| Noncurrent assets: | | |
| Capital assets: | | |
| Capital assets not being depreciated | 4,014,768 | - |
| Property and equipment | 89,854,690 | 7,024,146 |
| Less accumulated depreciation | (46,185,945) | (2,569,411) |
| Advances to other funds | 2,000,000 | - |
| Total noncurrent assets | <u>49,683,513</u> | <u>4,454,735</u> |
| Total assets | <u>62,224,254</u> | <u>14,302,814</u> |
| Deferred Outflows of Resources | | |
| Pension related amounts | 473,849 | - |
| OPEB related amount | 46,657 | - |
| Total deferred outflows of resources | <u>520,506</u> | <u>-</u> |

Village of Lake Zurich

Statement of Net Position

Proprietary Funds

December 31, 2023

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|--|-------------------------------|---|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | \$ 906,727 | \$ 69,638 |
| Accrued wages | 54,985 | 13,039 |
| Accrued interest | 20,768 | - |
| Compensated absences | 15,188 | - |
| Unamortized bond premium | 3,237 | - |
| IEPA loan payable | 222,528 | - |
| Financed purchase obligation | 226,376 | - |
| Alternative revenue bonds payable | 105,000 | - |
| | | |
| Total current liabilities | <u>1,554,809</u> | <u>82,677</u> |
| Noncurrent liabilities: | | |
| Long-term debt: | | |
| Compensated absences | 60,752 | - |
| Total other postemployment benefit liability | 223,838 | - |
| Net pension liability | 222,759 | - |
| Unamortized bond premium | 6,474 | - |
| IEPA loan payable | 668,200 | - |
| Financed purchase obligation | 2,261,836 | - |
| Alternative revenue bonds payable | 215,000 | - |
| | | |
| Total noncurrent liabilities | <u>3,658,859</u> | <u>-</u> |
| | | |
| Total liabilities | <u>5,213,668</u> | <u>82,677</u> |
| Deferred Inflows of Resources | | |
| Pension related amounts | 33,155 | - |
| OPEB related amounts | 71,090 | - |
| | | |
| Total deferred inflows of resources | <u>104,245</u> | <u>-</u> |
| Net Position | | |
| Net investment in capital assets | 43,974,861 | 4,454,735 |
| Unrestricted | <u>13,451,986</u> | <u>9,765,402</u> |
| | | |
| Total net position | <u>57,426,847</u> | <u>14,220,137</u> |
| Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds. | <u>678,393</u> | <u>(678,393)</u> |
| | | |
| Net Position Business-Type Activities | <u><u>\$ 58,105,240</u></u> | |
| Net internal service funds reported in the statement of net position as governmental activities | | \$ 13,541,744 |

Village of Lake Zurich

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2023

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|--|-------------------------------|---|
| Operating Revenues | | |
| Charges for services | \$ 7,981,256 | \$ - |
| Contributions | <u>-</u> | <u>5,593,363</u> |
| Total operating revenues | <u>7,981,256</u> | <u>5,593,363</u> |
| Operating Expenses | | |
| Administration | 659,018 | - |
| Operations | 3,132,672 | 45,901 |
| Insurance and claims | <u>-</u> | <u>4,458,352</u> |
| Depreciation | <u>2,042,040</u> | <u>442,695</u> |
| Total operating expenses | <u>5,833,730</u> | <u>4,946,948</u> |
| Operating income (loss) | <u>2,147,526</u> | <u>646,415</u> |
| Nonoperating Revenues (Expenses) | | |
| Connection fees | 489,655 | - |
| Investment income | 573,861 | 288,110 |
| Miscellaneous | <u>-</u> | <u>4,368</u> |
| Interest and fiscal charges | <u>(84,875)</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>978,641</u> | <u>292,478</u> |
| Income (loss) before contributions and transfers | <u>3,126.167</u> | <u>938,893</u> |
| Contributions and Transfers | | |
| Capital contributions | 3,296,715 | - |
| Transfers in | <u>-</u> | <u>250,000</u> |
| Transfers out | <u>-</u> | <u>(200,000)</u> |
| Total contributions and transfers | <u>3,296,715</u> | <u>50,000</u> |
| Change in net position | <u>6,422,882</u> | <u>988,893</u> |
| Net Position, Beginning | <u>51,003,965</u> | <u>13,231,244</u> |
| Net Position, Ending | <u>\$ 57,426,847</u> | <u>\$ 14,220,137</u> |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | | |
| Change in net position of business-type activities | <u>(8,066)</u> | |
| | <u>\$ 6,414,816</u> | |

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2023

| | <u>Waterworks and Sewerage</u> | <u>Governmental Activities - Internal Service Funds</u> |
|---|--|---|
| Cash Flows From Operating Activities | | |
| Received from customers | \$ 7,748,829 | \$ 5,595,203 |
| Paid to suppliers for goods and services | (2,306,171) | (827,025) |
| Paid to employees for services | <u>(1,803,771)</u> | <u>(3,478,621)</u> |
| Net cash flows from operating activities | <u>3,638,887</u> | <u>1,289,557</u> |
| Cash Flows From Investing Activities | | |
| Investment income | <u>573,861</u> | <u>288,110</u> |
| Net cash flows from investing activities | <u>573,861</u> | <u>288,110</u> |
| Cash Flows From Noncapital Financing Activities | | |
| Receipt of transfer | - | 50,000 |
| Miscellaneous | - | 4,368 |
| Due to / from other funds | <u>(2,000,000)</u> | <u>(709)</u> |
| Net cash flows from noncapital financing activities | <u>(2,000,000)</u> | <u>53,659</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Principal paid | (938,175) | - |
| Interest paid | (116,990) | - |
| Connection fees received | 489,655 | - |
| Acquisition and construction of capital assets | <u>(2,320,435)</u> | <u>(1,078,948)</u> |
| Net cash flows from capital and related financing activities | <u>(2,885,945)</u> | <u>(1,078,948)</u> |
| Net change in cash and cash equivalents | <u>(673,197)</u> | <u>552,378</u> |
| Cash and Cash Equivalents, Beginning | <u>11,975,121</u> | <u>7,344,343</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 11,301,924</u> | <u>\$ 7,896,721</u> |

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2023

| | <u>Waterworks and Sewerage</u> | <u>Governmental Activities - Internal Service Funds</u> |
|--|--|---|
| Reconciliation of Operating Income to Net Cash Flows From Operating Activities | | |
| Operating income | \$ 2,147,526 | \$ 646,415 |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | |
| Depreciation | 2,042,040 | 442,695 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (232,427) | 1,840 |
| Prepaid items | (7,452) | 191,504 |
| Inventories | (1,720) | - |
| Deferred outflows, pension related items | 192,954 | - |
| Deferred outflows, OPEB related items | 1,596 | - |
| Accounts payable | (91,595) | 2,734 |
| Accrued wages | (992) | - |
| Compensated absences | (925) | 4,369 |
| Total OPEB liability | 4,004 | - |
| Net pension liability | (367,897) | - |
| Deferred inflows, pension related items | (35,430) | - |
| Deferred inflows, OPEB related items | <u>(10,795)</u> | <u>-</u> |
| Net cash flows from operating activities | <u>\$ 3,638,887</u> | <u>\$ 1,289,557</u> |
| Noncash Capital and Related Financing Activities | | |
| Contributions of capital assets by other funds | <u>\$ 3,296,715</u> | <u>\$ -</u> |

Village of Lake Zurich

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

| | Pension Trust Funds | Custodial Fund - Special Service Areas |
|---|----------------------------|---|
| Assets | | |
| Cash and investments | \$ 20,147 | \$ 502,419 |
| Investments: | | |
| Money markets | 578,280 | - |
| Insurance contracts | 268,306 | - |
| Illinois Police Officers' Pension Investment Fund | 32,406,699 | - |
| Illinois Firefighters' Pension Investment Fund | 52,526,589 | - |
| Prepaid items | 7,587 | - |
| Total assets | <u>85,807,608</u> | <u>502,419</u> |
| Liabilities | | |
| Accounts payable | 3,393 | 13,578 |
| Due to primary government | - | 2,137 |
| Total liabilities | <u>3,393</u> | <u>15,715</u> |
| Net Position | | |
| Restricted for retirement benefits | 85,804,215 | - |
| Restricted for special service areas | - | 486,704 |
| Total net position | <u>\$ 85,804,215</u> | <u>\$ 486,704</u> |

Village of Lake Zurich

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended December 31, 2023

| | <u>Pension Trust Funds</u> | <u>Custodial Fund - Special Service Areas</u> |
|---|-----------------------------|---|
| Additions | | |
| Contributions | | |
| Employer | \$ 4,693,049 | \$ - |
| Employee | 1,009,618 | - |
| Property tax | - | 84,919 |
| Total contributions | <u>5,702,667</u> | <u>84,919</u> |
| Investment Income | | |
| Net appreciation in fair value of investments | 9,909,503 | - |
| Interest on investments | 1,081,381 | - |
| Total investment income | <u>10,990,884</u> | <u>-</u> |
| Less investment expense | <u>(107,368)</u> | <u>-</u> |
| Net investment income | <u>10,883,516</u> | <u>-</u> |
| Total additions | <u>16,586,183</u> | <u>84,919</u> |
| Deductions | | |
| Pension payments and refunds | 5,640,435 | - |
| Administration | 77,105 | - |
| Public works | - | 57,110 |
| Total deductions | <u>5,717,540</u> | <u>57,110</u> |
| Change in fiduciary net position | <u>10,868,643</u> | <u>27,809</u> |
| Net Position, Beginning | <u>74,935,572</u> | <u>458,895</u> |
| Net Position, Ending | <u><u>\$ 85,804,215</u></u> | <u><u>\$ 486,704</u></u> |

Village of Lake Zurich

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December 31, 2023

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Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. 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% of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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

The Village reports the following major 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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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 Funds

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.

Non-Home Rule Sales Tax Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the Village.

Enterprise Funds

The Village reports the following major enterprise fund:

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

The Village reports the following nonmajor governmental funds:

Special Revenue Funds

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

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

In addition, the Village reports the following fund types:

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to 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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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. 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%.

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 Poor's, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Concentration of Credit Risk

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

Custodial Credit Risk, Deposits

The Village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. Both the Police Pension 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% 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 2023 attaches as an enforceable lien on January 1, 2023, 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).

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Tax bills for levy year 2023 are prepared by Lake County and issued on or about May 1, 2024 and August 1, 2024 and are payable in two installments, on or about June 1, 2024 and September 1, 2024 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2023 property tax levy is recognized as a receivable and deferred inflows in fiscal 2023, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2023, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2023 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.

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 |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Equity Classifications

Government-Wide Statements

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

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

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

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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.

2. Stewardship, Compliance and Accountability

Excess Expenditures Over Budget

| Fund | Budgeted Expenditures | Actual Expenditures | Excess Expenditures Over Budget |
|--|------------------------------|----------------------------|--|
| TIF Tax Allocation | \$ 563,494 | \$ 571,388 | \$ 7,894 |
| Non-Home Rule Sales Tax Capital Projects | 388,000 | 411,156 | 23,156 |
| Risk Management | 1,262,204 | 1,296,879 | 34,675 |
| Equipment Replacement | 1,370,311 | 1,567,544 | 197,233 |

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, 2023, the following individual funds held a deficit balance:

| Fund | Amount |
|------------------|---------------|
| Downtown TIF #2 | \$ (166,435) |
| TIF Debt Service | (871,652) |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

3. Detailed Notes on All Funds

Deposits and Investments

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

| | Carrying Value | Statement Balances | Associated Risks |
|---|-----------------------------|-------------------------------|---|
| Petty cash | \$ 2,675 | \$ - | N/A |
| Deposits | 52,012,564 | 52,686,322 | Custodial credit risk, deposits |
| Negotiable certificates of deposit | 1,687,850 | 1,687,850 | Credit risk, custodial credit risk, investments, concentration of credit risk, interest rate risk |
| U.S. treasuries | 4,075,611 | 4,075,611 | Custodial credit risk, investments, interest rate risk |
| Money markets | 578,280 | 578,280 | N/A |
| Illinois Police Officers' Pension Investment Fund | 32,406,699 | 32,406,699 | Credit risk, custodial credit risk, investments |
| Illinois Firefighters' Pension Investment Fund | 52,526,589 | 52,526,589 | Credit risk, custodial credit risk, investments |
| Insurance contracts | <u>268,306</u> | <u>268,306</u> | Credit risk, custodial credit risk, investments, concentration of credit risk |
| Total deposits and investments | <u>\$143,558,574</u> | <u>\$144,229,657</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position: | | | |
| Cash and investments | \$ 57,256,134 | | |
| Per statement of net position, fiduciary funds: | | | |
| Cash and investments, pension trusts | 20,147 | | |
| Cash and investments, custodial fund | 502,419 | | |
| Money markets | 578,280 | | |
| Illinois Police Officers' Investment Fund | 32,406,699 | | |
| Illinois Firefighters' Pension Investment Fund | 52,526,589 | | |
| Insurance contracts | <u>268,306</u> | | |
| Total deposits and investments | <u>\$143,558,574</u> | | |

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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, 2023 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, 2023 | | | | Total |
|------------------------------------|---------------------|---------------------|-------------|---------------------|-----------|
| | Level 1 | Level 2 | Level 3 | | |
| U.S. treasuries | \$ 4,075,611 | \$ - | \$ - | \$ 4,075,611 | |
| Negotiable certificates of deposit | - | 1,687,850 | - | - | 1,687,850 |
| Total | <u>\$ 4,075,611</u> | <u>\$ 1,687,850</u> | <u>\$ -</u> | <u>\$ 5,763,461</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, the Illinois Police Officers' Pension Investment Fund and the Illinois Firefighters' Pension Investment Fund were not rated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2023, there were no single issuers greater than 5% of net position.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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, 2023, the Village's investments were as follows:

| Investment Type | Fair Value | Maturity (In Years) | | | | Greater than 10 |
|------------------------------------|---------------------|----------------------------|---------------------|-------------|-------------|------------------------|
| | | Less than 1 | 1-5 | 6-10 | - | |
| Negotiable certificates of deposit | \$ 1,687,850 | \$ 1,445,454 | \$ 242,396 | \$ - | \$ - | \$ - |
| U.S. treasuries | <u>4,075,611</u> | <u>1,277,266</u> | <u>2,798,345</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 5,763,461</u> | <u>\$ 2,722,720</u> | <u>\$ 3,040,741</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2023, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was 13.42%. 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, 2023, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was 15.21%. 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, 2023

Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|---------------------|------------------|----------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 30,473,551 | \$ - | \$ - | \$ 30,473,551 |
| Construction in progress | 455,200 | 670,565 | 39,111 | 1,086,654 |
| Total capital assets not being depreciated | <u>30,928,751</u> | <u>670,565</u> | <u>39,111</u> | <u>31,560,205</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 10,036,610 | 455,225 | - | 10,491,835 |
| Buildings | 12,258,956 | - | - | 12,258,956 |
| Building improvements | 908,304 | 962,826 | - | 1,871,130 |
| Vehicles | 6,506,115 | 695,500 | 228,215 | 6,973,400 |
| Machinery and equipment | 3,162,719 | 383,450 | 31,892 | 3,514,277 |
| Computers/software | 166,694 | - | - | 166,694 |
| Infrastructure | <u>79,451,009</u> | <u>2,767,797</u> | <u>-</u> | <u>82,218,806</u> |
| Total capital assets being depreciated | <u>112,490,407</u> | <u>5,264,798</u> | <u>260,107</u> | <u>117,495,098</u> |
| Total capital assets | <u>143,419,158</u> | <u>5,935,363</u> | <u>299,218</u> | <u>149,055,303</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (4,412,401) | (318,411) | - | (4,730,812) |
| Buildings | (6,602,622) | (266,799) | - | (6,869,421) |
| Building improvements | (243,827) | (49,016) | - | (292,843) |
| Vehicles | (3,662,188) | (376,230) | 228,212 | (3,810,206) |
| Machinery and equipment | (1,734,336) | (174,935) | 24,407 | (1,884,864) |
| Computers/software | (97,454) | - | - | (97,454) |
| Infrastructure | <u>(39,694,759)</u> | <u>(1,538,930)</u> | <u>-</u> | <u>(41,233,689)</u> |
| Total accumulated depreciation | <u>(56,447,587)</u> | <u>(2,724,321)</u> | <u>252,619</u> | <u>(58,919,289)</u> |
| Net capital assets being depreciated | <u>56,042,820</u> | <u>2,540,477</u> | <u>7,488</u> | <u>58,575,809</u> |
| Total governmental activities capital assets, net of accumulated depreciation | <u>\$ 86,971,571</u> | <u>\$ 3,211,042</u> | <u>\$ 46,599</u> | <u>\$ 90,136,014</u> |

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|--|---------------------|
| General government | \$ 72,749 |
| Public safety | 512,418 |
| Highways and streets | 1,933,203 |
| Culture and recreation | <u>205,951</u> |
| Total governmental activities depreciation expense | <u>\$ 2,724,321</u> |

Village of Lake Zurich

Notes to Financial Statements

December 31, 2023

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Business-Type Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 250,421 | \$ - | \$ - | \$ 250,421 |
| Construction in progress | <u>394,579</u> | <u>3,444,132</u> | <u>74,364</u> | <u>3,764,347</u> |
| Total capital assets not being depreciated | <u>645,000</u> | <u>3,444,132</u> | <u>74,364</u> | <u>4,014,768</u> |
| Capital assets being depreciated: | | | | |
| Vehicles | 1,125,570 | 60,924 | - | 1,186,494 |
| Machinery and equipment | 2,331,430 | 190,880 | - | 2,522,310 |
| Computer/software | 206,031 | - | - | 206,031 |
| Infrastructure | <u>83,944,277</u> | <u>1,995,578</u> | <u>-</u> | <u>85,939,855</u> |
| Total capital assets being depreciated | <u>87,608,077</u> | <u>2,247,382</u> | <u>-</u> | <u>89,854,690</u> |
| Total capital assets | <u>88,253,077</u> | <u>5,691,514</u> | <u>74,364</u> | <u>93,869,458</u> |
| Less accumulated depreciation for: | | | | |
| Vehicles | (443,667) | (71,183) | - | (514,850) |
| Machinery and equipment | (875,127) | (99,556) | - | (974,683) |
| Computer/software | (113,114) | (2,794) | - | (115,908) |
| Infrastructure | <u>(42,711,997)</u> | <u>(1,868,507)</u> | <u>-</u> | <u>(44,580,504)</u> |
| Total accumulated depreciation | <u>(44,143,905)</u> | <u>(2,042,040)</u> | <u>-</u> | <u>(46,185,945)</u> |
| Net capital assets being depreciated | <u>43,464,172</u> | <u>205,342</u> | <u>-</u> | <u>43,668,745</u> |
| Business-type capital assets, net of accumulated depreciation | <u>\$ 44,109,172</u> | <u>\$ 3,649,474</u> | <u>\$ 74,364</u> | <u>\$ 47,683,513</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:

| Receivable Fund | Payable Fund | Amount |
|---|-----------------------|---------------------|
| General | Nonmajor Governmental | \$ 26 |
| Total, fund financial statements | | 26 |
| Add interfund receivables created with internal service fund eliminations | | 678,393 |
| Less government-wide eliminations | | (26) |
| Add interfund advances | | <u>2,000,000</u> |
| Total internal balances, government-wide statement of net position | | <u>\$ 2,678,393</u> |

All amounts are due within one year.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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' inceptions.

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

The following is a schedule of interfund advances:

| Receivable Fund | Payable Fund | Amount | Amount Not Due Within One Year |
|--|--------------------|---------------------|--------------------------------|
| General | TIF #3 | \$ 20,000 | \$ 20,000 |
| General | TIF Debt Service | 1,300,000 | 1,300,000 |
| General | TIF Tax Allocation | 135,000 | 135,000 |
| Non-Home Rule Sales Tax | | | |
| Capital Projects | Downtown TIF #2 | 50,000 | 50,000 |
| Capital Improvements | Downtown TIF #2 | 3,103,000 | 3,103,000 |
| Waterworks and Sewerage | Downtown TIF #2 | <u>2,000,000</u> | <u>2,000,000</u> |
| Total, fund financial statements | | 6,608,000 | |
| Less fund eliminations | | <u>(4,608,000)</u> | |
| Total, interfund advances, government-wide statement of net position | | <u>\$ 2,000,000</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:

| Fund Transferred To | Fund Transferred From | Amount | Principal Purpose |
|--|-----------------------|---------------------|--|
| Capital Improvement | General | \$ 5,665,000 | Funding for capital projects Funding for special events |
| Nonmajor Governmental | General | 915,413 | Administration and Dispatch Center |
| TIF Debt Service | TIF Tax Allocation | 845,000 | Funding for debt payment |
| TIF Debt Service | Debt Service | 1,241,000 | Funding for debt payment |
| Nonmajor Governmental | Nonmajor Governmental | 97,200 | Funding for special events |
| Internal Service | Internal Service | 200,000 | Funding for internal services |
| Internal Service | General | <u>50,000</u> | Funding for internal services |
| Total, fund financial statements | | 9,013,613 | |
| Less government-wide eliminations | | (9,013,613) | |
| Add capital contributions | | <u>3,296,715</u> | |
| Total transfers, government-wide statement of activities | | <u>\$ 3,296,715</u> | |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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 \$1,241,000. The Taxable General Obligation Refunding Bond (Limited Tax), Series 2023 dated June 6, 2023 were matured October 6, 2023; payable in one installment with an interest rate of 6.25%.

Short-term debt activity for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|--|------------------------------|---------------|-----------------|---------------------------|
| Taxable General Obligation Refunding Bond (Limited Tax), Series 2023 | \$ - | \$ 1,241,000 | \$ 1,241,000 | \$ - |

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2023, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|------------------------------|-----------------------------|-----------------------------|-----------------------------|--|
| Governmental Activities | | | | | |
| Bonds and notes payable: | | | | | |
| Tax increment financing bonds | \$ 18,475,000 | \$ - | \$ 1,440,000 | \$ 17,035,000 | \$ 1,500,000 |
| Financed purchases | 17,300 | - | 6,745 | 10,555 | 5,756 |
| (Discounts)/Premiums | 98,391 | - | 36,088 | 62,303 | 36,088 |
| Total bonds and notes payable | <u>18,590,691</u> | <u>-</u> | <u>1,482,833</u> | <u>17,107,858</u> | <u>1,541,844</u> |
| Other liabilities: | | | | | |
| Vested compensated absences | 2,103,004 | 119,846 | 420,601 | 1,802,249 | 360,450 |
| Total other postemployment benefits liability | 2,626,855 | 216,715 | 221,355 | 2,622,215 | - |
| Net pension liability | 57,401,010 | 10,627,181 | 12,232,807 | 55,795,384 | - |
| Total other liabilities | <u>62,130,869</u> | <u>10,963,742</u> | <u>12,874,763</u> | <u>60,219,848</u> | <u>360,450</u> |
| Total governmental activities long-term liabilities | <u><u>\$ 80,721,560</u></u> | <u><u>\$ 10,963,742</u></u> | <u><u>\$ 14,357,596</u></u> | <u><u>\$ 77,327,706</u></u> | <u><u>\$ 1,902,294</u></u> |
| Business-Type Activities | | | | | |
| Bonds and loans payable: | | | | | |
| Alternative revenue bonds | \$ 820,000 | \$ - | \$ 500,000 | \$ 320,000 | \$ 105,000 |
| Financed purchases | 2,709,320 | - | 221,108 | 2,488,212 | 226,376 |
| Illinois EPA loans, direct placement | 1,107,795 | - | 217,067 | 890,728 | 222,528 |
| (Discounts)/Premiums | 38,932 | - | 29,221 | 9,711 | 3,237 |
| Total bonds and loans payable | <u>4,676,047</u> | <u>-</u> | <u>967,396</u> | <u>3,708,651</u> | <u>557,141</u> |
| Other liabilities: | | | | | |
| Vested compensated absences | 76,865 | 14,449 | 15,374 | 75,940 | 15,188 |
| Total other postemployment benefits liability | 219,834 | 22,899 | 18,895 | 223,838 | - |
| Net pension liability | 590,656 | - | 367,897 | 222,759 | - |
| Total other liabilities | <u>887,355</u> | <u>37,348</u> | <u>402,166</u> | <u>522,537</u> | <u>15,188</u> |
| Total business-type activities long-term liabilities | <u><u>\$ 5,563,402</u></u> | <u><u>\$ 37,348</u></u> | <u><u>\$ 1,369,562</u></u> | <u><u>\$ 4,231,188</u></u> | <u><u>\$ 572,329</u></u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

The Village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the Village. As of December 31, 2023, the statutory debt limit for the Village was \$81,016,743, providing a debt margin of \$81,016,743.

Business-Type Activities Alternative Revenue Debt

| <u>Business-Type Activities</u> | | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance December 31, 2023</u> |
|--|----------|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| <u>Alternative Revenue Debt</u> | | | | | | |
| General Obligation | | | | | | |
| Waterworks and Sewerage System | | | | | | |
| Alternative Revenue Bonds Series 2016B | 8/1/2016 | 12/15/2026 | 2.00% | | 1,000,000 | \$ 320,000 |
| Total business-type activities, alternative revenue debt | | | | | | \$ 320,000 |

Debt service requirements to maturity are as follows:

| <u>Years</u> | <u>Business-Type Activities Alternative Revenue Debt</u> | |
|--------------|--|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2024 | \$ 105,000 | \$ 6,400 |
| 2025 | 105,000 | 4,300 |
| 2026 | 110,000 | 2,200 |
| Total | \$ 320,000 | \$ 12,900 |

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.

Tax Increment Financing Bonds at December 31, 2023, consists of the following:

| <u>Governmental Activities</u> | | <u>Date of Issue</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance December 31, 2023</u> |
|---|-----------|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| <u>Tax Increment Financing Bonds</u> | | | | | | |
| General Obligation TIF | | | | | | |
| Alternative Revenue Bonds Series 2014A | 9/8/2014 | 12/15/2024 | 2.00% - 3.00% | | \$ 6,325,000 | \$ 805,000 |
| 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 | 4,455,000 |
| Total governmental activities tax increment financing bonds | | | | | | \$ 17,035,000 |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Debt service requirements to maturity are as follows:

| <u>Years</u> | Governmental Activities Tax Increment Financing Bonds | |
|--------------|--|---------------------|
| | Principal | Interest |
| 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 | 1,690,000 | 367,301 |
| 2029-2033 | 7,545,000 | 1,089,629 |
| 2034 | <u>1,585,000</u> | <u>59,438</u> |
| Total | <u>\$ 17,035,000</u> | <u>\$ 3,464,631</u> |

Financed Purchases

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

| Governmental Activities | | | | | | Balance December 31, 2023 |
|---|--|--------------------------|---------------------------|---------------------------|----------------------------------|--|
| Financed Purchases | | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | |
| Copier equipment | | 9/12/2019 | 9/30/2023 | 5.24% | \$ 12,592 | \$ 2,105 |
| Copier equipment | | 2/9/2021 | 3/31/2026 | 4.45% | 17,695 | <u>8,450</u> |
| Total governmental activities financed purchases | | | | | | <u>\$ 10,555</u> |
| Business-Type Activities | | | | | | Balance December 31, 2023 |
| Financed Purchases | | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | |
| Water meters | | 10/10/2017 | 10/1/2033 | 2.50% | \$ 3,000,000 | \$ 2,423,859 |
| Sewer cleaner | | 12/20/2017 | 12/20/2024 | 3.12% | 411,582 | <u>64,353</u> |
| Total business-type activities financed purchases | | | | | | <u>\$ 2,488,212</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | Governmental Activities Financed Purchases | | Business-Type Activities Financed Purchases | |
|--------------|---|-----------------|--|-------------------|
| | Principal | Interest | Principal | Interest |
| 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 |
| 2028 | - | - | 1,367,788 | 130,189 |
| 2029-2033 | - | - | <u>309,561</u> | <u>4,842</u> |
| Total | <u>\$ 10,555</u> | <u>\$ 491</u> | <u>\$ 2,488,212</u> | <u>\$ 346,729</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Other Loans Payable - Direct Placement

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

Business-Type Activities

| Other Loans Payable - Direct Placement | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2023 |
|--|---------------|----------------|----------------|-----------------------|---------------------------|
| IEPA Loan 2006 | 10/15/2005 | 12/16/2026 | 2.50% | \$ 2,000,000 | \$ 361,774 |
| IEPA Loan 2008 | 9/27/2007 | 8/11/2028 | 1.25% | 1,673,182 | <u>528,954</u> |
| Total business-type activities other loans payable, direct placement | | | | | <u>\$ 890,728</u> |

Debt service requirements to maturity are as follows:

| Years | Business-Type Activities Other Loans Payable - Direct Placement | |
|-------|---|------------------|
| | Principal | Interest |
| 2024 | \$ 222,528 | \$ 20,886 |
| 2025 | 228,126 | 15,288 |
| 2026 | 220,577 | 9,550 |
| 2027 | 108,385 | 4,814 |
| 2028 | <u>111,112</u> | <u>2,088</u> |
| Total | <u>\$ 890,728</u> | <u>\$ 52,626</u> |

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, 2023, \$1,350,000 of bonds outstanding are considered defeased.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Lease Disclosures

Lessor - Lease Receivables

| Governmental Activities | | Date of Inception | Final Maturity | Interest Rates | Receivable Balance December 31, 2023 |
|--------------------------------------|--|--------------------------|-----------------------|-----------------------|---|
| Lease Receivables Description | | | | | |
| Tower Lease | | 8/3/2015 | 9/1/2040 | 4.75% | \$ 434,051 |
| Sunset Pavilion Lease | | 1/1/2022 | 12/31/2026 | 4.75% | 8,670 |
| Property Lease | | 1/1/2022 | 12/31/2024 | 4.75% | 10,235 |
| Property Lease | | 1/1/2022 | 12/31/2024 | 4.75% | 21,875 |
| Property Lease | | 9/1/2020 | 8/31/2025 | 4.75% | <u>7,895</u> |
| Total governmental activities | | | | | <u>\$ 482,726</u> |

The Village recognized \$53,230 and \$23,739 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, 2023, includes the following:

Governmental Activities

| | |
|--|----------------------|
| Net investment in capital assets: | |
| Capital assets not being depreciated | \$ 31,560,205 |
| Capital assets net of accumulated depreciation | <u>58,575,809</u> |
| Total net investment in capital assets | <u>\$ 90,136,014</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.

Business-Type Activities

| | |
|--|----------------------|
| Net investment in capital assets: | |
| Capital assets not being depreciated | \$ 4,014,768 |
| Capital assets net of accumulated depreciation | 43,668,745 |
| Less unamortized debt premium | (9,712) |
| Less capital related debt | <u>(3,698,940)</u> |
| Total net investment in capital assets | <u>\$ 43,974,861</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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, 2023, the Village recognized the following balances in the government-wide financial statements:

| | Total Pension Liability | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|----------------------------|-----------------------------|-----------------------------|--------------------------------|-------------------------------|----------------------------|
| IMRF | \$ 43,108,957 | \$ 1,091,217 | \$ 2,321,217 | \$ 162,412 | \$ (633,577) |
| Police Pension Plan | 59,051,484 | 26,381,829 | 4,083,933 | - | 2,800,435 |
| Firefighters' Pension Plan | <u>81,679,657</u> | <u>28,545,097</u> | <u>7,676,715</u> | <u>414,540</u> | <u>3,040,395</u> |
| Total | <u><u>\$183,840,098</u></u> | <u><u>\$ 56,018,143</u></u> | <u><u>\$ 14,081,865</u></u> | <u><u>\$ 576,952</u></u> | <u><u>\$ 5,207,253</u></u> |

Illinois Municipal Retirement Fund

Plan Description

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

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Plan Membership

At December 31, 2023, the measurement date, membership in the plan was as follows:

| | |
|-------------------------------|-------|
| Retirees and beneficiaries | 135 |
| Inactive, non-retired members | 97 |
| Active members | 73 |
| | <hr/> |
| Total | 305 |
| | <hr/> |

Contributions

As set by statute, Village employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Village's actuarially determined contribution rate for calendar year 2023 was 6.31% 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, 2023 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies

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

Actuarial Assumptions

The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2023 using the following actuarial methods and assumptions:

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Mortality

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables and future mortality improvements projected using scale MP-2021. 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-2021. 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-2021.

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 | 34.50 % | 6.35 % | 5.00 % |
| International equities | 18.00 | 8.00 | 6.35 |
| Fixed income | 24.50 | 4.85 | 4.75 |
| Real estate | 10.50 | 7.20 | 6.30 |
| Alternatives | 11.50 | | |
| Private equity | | 12.35 | 8.65 |
| Hedge funds | | - | - |
| Commodities | | 7.20 | 6.05 |
| Cash equivalents | 1.00 | 3.80 | 3.80 |

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2022 measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Discount Rate Sensitivity

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------|----------------------------|----------------------------------|------------------------------|
| Total pension liability | \$ 48,286,556 | \$ 43,108,957 | \$ 39,077,978 |
| Plan fiduciary net pension | <u>42,017,740</u> | <u>42,017,740</u> | <u>42,017,740</u> |
| Net pension liability/(asset) | <u><u>\$ 6,268,816</u></u> | <u><u>\$ 1,091,217</u></u> | <u><u>\$ (2,939,762)</u></u> |

Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2023 were as follows:

| | Increase (Decrease) | | |
|--|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a) - (b) |
| Balances at December 31, 2022 | \$ 41,258,104 | \$ 38,434,825 | \$ 2,823,279 |
| Service cost | 529,647 | - | 529,647 |
| Interest on total pension liability | 2,939,176 | - | 2,939,176 |
| Differences between expected and actual experience of the total pension liability | 373,633 | - | 373,633 |
| Change of assumptions | (26,467) | - | (26,467) |
| Benefit payments, including refunds of employee contributions | (1,965,136) | (1,965,136) | - |
| Contributions, employer | - | 397,866 | (397,866) |
| Contributions, employee | - | 283,740 | (283,740) |
| Net investment income | - | 4,183,491 | (4,183,491) |
| Other (net transfer) | <u>-</u> | <u>682,954</u> | <u>(682,954)</u> |
| Balances at December 31, 2023 | <u><u>\$ 43,108,957</u></u> | <u><u>\$ 42,017,740</u></u> | <u><u>\$ 1,091,217</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | 97.47 % |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the Village recognized pension expense of \$(633,577). 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 | \$ 233,874 | \$ 145,845 |
| Assumption changes | - | 16,567 |
| Net difference between projected and actual earnings on pension plan investments | <u>2,087,343</u> | - |
| Total | <u>\$ 2,321,217</u> | <u>\$ 162,412</u> |

The amounts reported as deferred outflows and inflows of resources related to pensions \$2,158,805 will be recognized in pension expense as follows:

| | Year Ending December 31, | Village |
|--------------|---------------------------------|----------------|
| 2024 | \$ 191,613 | |
| 2025 | 795,843 | |
| 2026 | 1,455,098 | |
| 2027 | <u>(283,749)</u> | |
| Total | <u>\$ 2,158,805</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% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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

Plan Membership

At December 31, 2023, the Police Pension membership consisted of:

| | |
|-------------------------------|------------------|
| Retirees and beneficiaries | 32 |
| Inactive, non-retired members | 5 |
| Active members | <u>32</u> |
| | |
| Total | <u><u>69</u></u> |

Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2023 was 59.61% of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2023 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, 2023

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2023 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 2023 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%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

| | Current | | |
|-----------------------------|----------------------|----------------------|----------------------|
| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
| Total pension liability | \$ 67,616,205 | \$ 59,051,484 | \$ 52,077,208 |
| Plan fiduciary net position | <u>32,669,655</u> | <u>32,669,655</u> | <u>32,669,655</u> |
| Net pension liability | <u>\$ 34,946,550</u> | <u>\$ 26,381,829</u> | <u>\$ 19,407,553</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2023 was as follows:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/Asset (a) - (b) |
| Balances at December 31, 2022 | \$ 55,472,750 | \$ 28,934,554 | \$ 26,538,196 |
| Service cost | 761,904 | - | 761,904 |
| Interest on total pension liability | 3,702,781 | - | 3,702,781 |
| Differences between expected and actual experience of the total pension liability | 1,744,970 | - | 1,744,970 |
| Benefit payments, including refunds of employee contributions | (2,757,285) | (2,757,285) | - |
| Contributions, employer | - | 2,159,735 | (2,159,735) |
| Contributions, employee | 126,364 | 485,408 | (359,044) |
| Net investment income | - | 3,875,004 | (3,875,004) |
| Administration | - | (27,761) | 27,761 |
| Balances at December 31, 2023 | <u>\$ 59,051,484</u> | <u>\$ 32,669,655</u> | <u>\$ 26,381,829</u> |

Plan fiduciary net position as a percentage of the total pension liability 55.32 %

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

For the year ended December 31, 2023, the Village recognized pension expense of \$2,800,435. The Village reported deferred outflows and inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Difference between expected and actual experience | \$ 2,109,410 | \$ - |
| Assumption changes | 72,018 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>1,902,505</u> | <u>-</u> |
| Total | <u>\$ 4,083,933</u> | <u>\$ -</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

The amounts reported as deferred outflows and inflows of resources related to pensions \$4,083,933 will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2024 | \$ 1,011,068 |
| 2025 | 1,426,400 |
| 2026 | 1,434,287 |
| 2027 | (78,650) |
| 2028 | <u>290,828</u> |
| Total | <u>\$ 4,083,933</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% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Plan Membership

At December 31, 2023, the Firefighters' Pension Plan membership consisted of:

| | |
|-------------------------------|--------------|
| Retirees and beneficiaries | 41 |
| Inactive, non-retired members | 3 |
| Active members | <hr/> 51 |
| Total | <hr/> 95 |

Contributions

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2023, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2023 was 45.78% of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2023 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, 2023

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2023 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 2023 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%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

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

| | Current | | |
|-----------------------------|----------------------|----------------------|----------------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Total pension liability | \$ 94,011,235 | \$ 81,679,657 | \$ 71,690,831 |
| Plan fiduciary net position | <u>53,134,560</u> | <u>53,134,560</u> | <u>53,134,560</u> |
| Net pension liability | <u>\$ 40,876,675</u> | <u>\$ 28,545,097</u> | <u>\$ 18,556,271</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2023 was as follows:

| | | | Increase (Decrease) | |
|--|-----------------------------------|---------------------------------------|---------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | | Net Pension Liability/Asset (a) - (b) |
| Balances at December 31, 2022 | \$ 74,631,209 | \$ 46,001,018 | | \$ 28,630,191 |
| Service cost | 1,342,279 | | - | 1,342,279 |
| Interest on total pension liability | 5,030,904 | | - | 5,030,904 |
| Differences between expected and actual experience of the total pension liability | 3,557,365 | | - | 3,557,365 |
| Benefit payments, including refunds of employee contributions | (2,883,148) | (2,883,148) | | - |
| Contributions, employer | - | 2,533,314 | | (2,533,314) |
| Contributions, employee | - | 523,162 | | (523,162) |
| Contributions, buy back | 1,048 | 1,048 | | - |
| Net investment income | - | 7,008,509 | | (7,008,509) |
| Administration | - | (49,343) | | 49,343 |
| Balances at December 31, 2023 | <u>\$ 81,679,657</u> | <u>\$ 53,134,560</u> | | <u>\$ 28,545,097</u> |

Plan fiduciary net position as a percentage of
the total pension liability 65.05 %

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

For the year ended December 31, 2023, the Village recognized pension expense of \$3,040,395. 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 | \$ 3,724,352 | \$ 414,540 |
| Assumption changes | 809,388 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>3,142,975</u> | <u>-</u> |
| Total | <u>\$ 7,676,715</u> | <u>\$ 414,540</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

The amounts reported as deferred outflows and inflows of resources related to pensions \$7,262,175 will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------------|
| 2024 | \$ 1,738,899 |
| 2025 | 2,032,196 |
| 2026 | 2,452,255 |
| 2027 | (212,280) |
| 2028 | 361,763 |
| Thereafter | <u>889,342</u> |
| Total | <u>\$ 7,262,175</u> |

Pension Segment Information

Fiduciary Net Position

| | Pension Trust | | |
|---|-----------------------|------------------------------|----------------------|
| | Police Pension | Firefighters' Pension | Total |
| Assets | | | |
| Cash and investments | \$ 10,081 | \$ 10,066 | \$ 20,147 |
| Investments: | | | |
| Money markets | 251,807 | 326,473 | 578,280 |
| Insurance contracts | - | 268,306 | 268,306 |
| Illinois Police Officers' Pension Investment Fund | 32,406,699 | - | 32,406,699 |
| Illinois Firefighters' Pension Investment Fund | - | 52,526,589 | 52,526,589 |
| Prepaid items | <u>2,068</u> | <u>5,519</u> | <u>7,587</u> |
| Total assets | <u>32,670,655</u> | <u>53,136,953</u> | <u>85,807,608</u> |
| Liabilities | | | |
| Accounts payable | <u>1,000</u> | <u>2,393</u> | <u>3,393</u> |
| Total liabilities | <u>1,000</u> | <u>2,393</u> | <u>3,393</u> |
| Net Position | | | |
| Restricted for pension benefits | <u>\$ 32,669,655</u> | <u>\$ 53,134,560</u> | <u>\$ 85,804,215</u> |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Changes in Plan Net Position

| | Pension Trust | | |
|---|----------------------|-----------------------|----------------------|
| | Police Pension | Firefighters' Pension | Total |
| Additions | | | |
| Contributions: | | | |
| Employer | \$ 2,159,735 | \$ 2,533,314 | \$ 4,693,049 |
| Employee | 485,408 | 524,210 | 1,009,618 |
| Total contributions | <u>2,645,143</u> | <u>3,057,524</u> | <u>5,702,667</u> |
| Investment income: | | | |
| Net appreciation in fair value of investments | 3,709,612 | 6,199,891 | 9,909,503 |
| Interest on investments | 214,169 | 867,212 | 1,081,381 |
| Total investment income | <u>3,923,781</u> | <u>7,067,103</u> | <u>10,990,884</u> |
| Less investment expense | (48,777) | (58,591) | (107,368) |
| Net investment income | <u>3,875,004</u> | <u>7,008,512</u> | <u>10,883,516</u> |
| Total additions | <u>6,520,147</u> | <u>10,066,036</u> | <u>16,586,183</u> |
| Deductions | | | |
| Pension payments and refunds | 2,757,285 | 2,883,150 | 5,640,435 |
| Administration | 27,761 | 49,344 | 77,105 |
| Total deductions | <u>2,785,046</u> | <u>2,932,494</u> | <u>5,717,540</u> |
| Change in net position | 3,735,101 | 7,133,542 | 10,868,643 |
| Net position, beginning | <u>28,934,554</u> | <u>46,001,018</u> | <u>74,935,572</u> |
| Net position, ending | <u>\$ 32,669,655</u> | <u>\$ 53,134,560</u> | <u>\$ 85,804,215</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, 2023

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, 2023

Benefits Provided

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

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

Employees Covered by Benefit Terms

At December 31, 2023, 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 \$2,846,053 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 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, 2023 valuation were based on the results of an actuarial experience study for the period 1/1/2022 - 12/31/2022.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Balances at December 31, 2022 | <u>\$ 2,846,689</u> |
| Changes for the year: | |
| Service cost | 53,741 |
| Interest | 117,515 |
| Changes in assumptions or other inputs | 68,358 |
| Benefit payments | <u>(240,250)</u> |
| Net changes | <u>(636)</u> |
| Balances at December 31, 2023 | <u>\$ 2,846,053</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 4.31% in 2022 to 4.00% in 2023.

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 | \$ 3,088,564 | \$ 2,846,053 | \$ 2,635,609 |

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 | \$ 2,605,176 | \$ 2,846,053 | \$ 3,128,873 |

Village of Lake Zurich

Notes to Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the Village recognized negative OPEB expense of \$114,753. At December 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 305,943 |
| Changes of assumptions or other inputs | <u>593,240</u> | <u>597,952</u> |
| Total | <u>\$ 593,240</u> | <u>\$ 903,895</u> |

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

| Year Ended December 31: | Amount |
|--------------------------------|----------------------------|
| 2024 | \$ (56,503) |
| 2025 | (56,503) |
| 2026 | (56,503) |
| 2027 | (32,146) |
| 2028 | (38,273) |
| Thereafter | <u>(70,727)</u> |
| Total | <u>\$ (310,655)</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, 2023

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, 2023, the Village has an accrued rebate liability of \$144,843 for amounts collected by the state but not yet paid to the Village and/or due to the other entities. Of this amount, \$74,911 is due to commercial entities and \$69,931 to governmental entities. For the fiscal year-to-date, the Village recorded \$400,279 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. 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

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, 2023

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|-------------------|
| Revenues | | | |
| Taxes | \$ 10,822,429 | \$ 10,988,558 | \$ 10,944,614 |
| Licenses and permits | 857,050 | 888,699 | 833,894 |
| Intergovernmental | 18,689,595 | 21,823,811 | 22,154,566 |
| Charges for services | 2,370,022 | 2,639,281 | 2,441,868 |
| Fines, forfeitures and penalties | 430,300 | 430,300 | 420,642 |
| Investment income | 200,000 | 635,000 | 767,026 |
| Miscellaneous revenues | 154,396 | 238,744 | 247,936 |
| Total revenues | 33,523,792 | 37,644,393 | 37,810,546 |
| Expenditures | | | |
| General government | 2,119,772 | 2,117,334 | 1,992,187 |
| Public safety | 23,268,246 | 22,928,834 | 22,815,372 |
| Highways and streets | 4,399,699 | 4,245,161 | 4,186,916 |
| Culture and recreation | 1,229,651 | 1,209,695 | 1,197,619 |
| Economic development | 528,072 | 536,196 | 490,551 |
| Total expenditures | 31,545,440 | 31,037,220 | 30,682,645 |
| Excess (deficiency) of revenues over expenditures | 1,978,352 | 6,607,173 | 7,127,901 |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital assets | 10,000 | 55,631 | 55,632 |
| Transfers out | (1,980,413) | (6,630,413) | (6,630,413) |
| Total other financing sources (uses) | (1,970,413) | (6,574,782) | (6,574,781) |
| Net change in fund balances | \$ 7,939 | \$ 32,391 | 553,120 |
| Fund Balance, Beginning | | | 13,951,505 |
| Fund Balance, Ending | | | \$ 14,504,625 |

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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|------------------|-------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Taxes | | | |
| Property taxes | \$ 1,414,000 | \$ 1,414,000 | \$ 1,534,947 |
| Investment income | 3,500 | 3,500 | 34,986 |
| Total revenues | <u>1,417,500</u> | <u>1,417,500</u> | <u>1,569,933</u> |
| Expenditures | | | |
| Economic development | 563,494 | 563,494 | 571,388 |
| Total expenditures | <u>563,494</u> | <u>563,494</u> | <u>571,388</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>854,006</u> | <u>854,006</u> | <u>998,545</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | (845,000) | (845,000) | (845,000) |
| Total other financing sources (uses) | <u>(845,000)</u> | <u>(845,000)</u> | <u>(845,000)</u> |
| Net change in fund balance | <u>\$ 9,006</u> | <u>\$ 9,006</u> | <u>153,545</u> |
| Fund Balance, Beginning | | | <u>74,160</u> |
| Fund Balance, Ending | | | <u>\$ 227,705</u> |

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Downtown TIF #2
For the Year Ended December 31, 2023

| | Budgeted Amounts | | |
|---------------------------------------|-------------------------|-----------------------|--------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Taxes | | | |
| Property taxes | \$ 330,000 | \$ 330,000 | \$ 366,212 |
| Investment income | 2,000 | 2,000 | 117,034 |
| Miscellaneous revenues | <u>30,900</u> | <u>30,900</u> | <u>46,732</u> |
| Total revenues | <u>362,900</u> | <u>362,900</u> | <u>529,978</u> |
| Expenditures | | | |
| Economic development | <u>6,451,440</u> | <u>6,451,440</u> | <u>3,778,486</u> |
| Total expenditures | <u>6,451,440</u> | <u>6,451,440</u> | <u>3,778,486</u> |
| Net change in fund balance | <u>\$ (6,088,540)</u> | <u>\$ (6,088,540)</u> | <u>(3,248,508)</u> |
| Fund Balance, Beginning | | | |
| Fund Balance (Deficit), Ending | | | |
| | | | <u>3,082,073</u> |
| | | <u>\$ (166,435)</u> | |

Village of Lake Zurich

Illinois Municipal Retirement Fund

Schedule of Changes in the Village's Net Pension Liability/(Asset) and Related Ratios

Last Nine 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) | \$ 31,834,989 | \$ 32,974,943 | \$ 33,321,006 | \$ 36,148,409 |
| 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) | \$ 27,171,507 | \$ 28,569,088 | \$ 32,417,988 | \$ 30,702,298 |
| Employer's Net Pension Liability/(Asset), Ending (a) - (b) | \$ 4,663,482 | \$ 4,405,855 | \$ 903,018 | \$ 5,446,111 |
| 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 | 2023 |
|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| \$ 531,265 | \$ 508,696 | \$ 491,209 | \$ 515,682 | \$ 529,647 |
| 2,580,817 | 2,665,200 | 2,730,469 | 2,873,570 | 2,939,176 |
| (282,902) | (144,446) | 620,977 | (509,819) | 373,633 |
| - | (400,862) | - | - | (26,467) |
| <u>(1,633,136)</u> | <u>(1,674,835)</u> | <u>(1,764,329)</u> | <u>(1,997,861)</u> | <u>(1,965,136)</u> |
| 1,196,044 | 953,753 | 2,078,326 | 881,572 | 1,850,853 |
| <u>36,148,409</u> | <u>37,344,453</u> | <u>38,298,206</u> | <u>40,376,532</u> | <u>41,258,104</u> |
| <u>\$ 37,344,453</u> | <u>\$ 38,298,206</u> | <u>\$ 40,376,532</u> | <u>\$ 41,258,104</u> | <u>\$ 43,108,957</u> |
| \$ 504,915 | \$ 612,352 | \$ 616,348 | \$ 482,725 | \$ 397,866 |
| 242,490 | 241,702 | 257,450 | 298,646 | 283,740 |
| 5,705,253 | 5,045,039 | 6,580,211 | (5,455,580) | 4,183,491 |
| (1,633,136) | (1,674,835) | (1,764,329) | (1,997,861) | (1,965,136) |
| <u>(37,476)</u> | <u>(49,907)</u> | <u>103,052</u> | <u>(344,532)</u> | <u>682,954</u> |
| 4,782,046 | 4,174,351 | 5,792,732 | (7,016,602) | 3,582,915 |
| <u>30,702,298</u> | <u>35,484,344</u> | <u>39,658,695</u> | <u>45,451,427</u> | <u>38,434,825</u> |
| <u>\$ 35,484,344</u> | <u>\$ 39,658,695</u> | <u>\$ 45,451,427</u> | <u>\$ 38,434,825</u> | <u>\$ 42,017,740</u> |
| <u>\$ 1,860,109</u> | <u>\$ (1,360,489)</u> | <u>\$ (5,074,895)</u> | <u>\$ 2,823,279</u> | <u>\$ 1,091,217</u> |
| 95.0% | 103.6% | 112.6% | 93.2% | 97.5% |
| \$ 5,388,637 | \$ 5,366,812 | \$ 5,603,154 | \$ 5,844,133 | \$ 6,305,332 |
| 34.5% | -25.4% | -90.6% | 48.3% | 17.3% |

Village of Lake Zurich

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

| | April 30, 2016 | December 31, 2016 | December 31, 2017 | December 31, 2018 |
|--|-------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 613,312 | \$ 431,173 | \$ 619,482 | \$ 631,724 |
| Contributions in relation to the actuarially determined contribution | (613,312) | (431,173) | (619,482) | (631,725) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ (1) |
| 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 | 20 years |
| Asset valuation method | 5-Year Smoothed Market |
| Inflation | 2.25% |
| Salary increases | 2.75% 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 | December 31, 2023 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 504,915 | \$ 612,353 | \$ 616,347 | \$ 482,725 | \$ 397,866 |
| <u>(504,915)</u> | <u>(612,352)</u> | <u>(616,348)</u> | <u>(482,725)</u> | <u>(397,866)</u> |
| <u><u>\$ -</u></u> | <u><u>\$ 1</u></u> | <u><u>\$ (1)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| \$ 5,388,637 | \$ 5,366,812 | \$ 5,603,154 | \$ 5,844,133 | \$ 6,305,332 |
| 9.37% | 11.41% | 11.00% | 8.26% | 6.31% |

Village of Lake Zurich

Police Pension Fund

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

Last Ten 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.

| December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--|--------------------------------------|
| \$ 635,929 2,901,439 | \$ 665,520 3,088,283 | \$ 715,413 3,216,586 | \$ 634,170 3,445,778 | \$ 704,024 3,577,348 | \$ 761,904 3,702,781 |
| - 48,258 | - | - | - | - | - |
| 190,986 828,894 | 24,101 - 730 | 1,752,846 - - | 7,132 144,038 - | 95,107 - - | 1,744,970 - 126,364 |
| <u>(1,793,230)</u> | <u>(1,844,332)</u> | <u>(2,107,676)</u> | <u>(2,308,656)</u> | <u>(2,394,906)</u> | <u>(2,757,285)</u> |
| 2,764,018 | 1,982,560 | 3,577,169 | 1,922,462 | 1,981,573 | 3,578,734 |
| <u>43,244,968</u> | <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> |
| <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> | <u>\$ 59,051,484</u> |
| \$ 1,820,234 373,412 | \$ 1,801,045 321,876 730 | \$ 1,865,631 471,811 - | \$ 2,020,139 333,942 - | \$ 2,099,955 336,158 - | \$ 2,159,735 359,043 126,364 |
| (1,069,397) (1,793,230) (34,947) | 4,188,319 (1,844,332) (31,117) | 3,885,940 (2,107,676) (31,350) | 3,558,796 (2,308,656) (31,659) | (5,139,056) (2,394,906) (31,906) | 3,875,004 (2,757,285) (27,760) |
| <u>(703,928)</u> | <u>4,436,521</u> | <u>4,084,356</u> | <u>3,572,562</u> | <u>(5,129,755)</u> | <u>3,735,101</u> |
| <u>22,674,798</u> | <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>\$ 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>\$ 32,669,655</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> | <u>\$ 26,381,829</u> |
| 47.75% | 55.03% | 59.13% | 63.68% | 52.16% | 55.32% |
| \$ 3,081,455 | \$ 3,354,032 | \$ 3,137,746 | \$ 3,323,824 | \$ 3,392,109 | \$ 3,623,037 |
| 780.09% | 643.53% | 671.72% | 584.47% | 782.35% | 728.17% |

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund

Schedule of Employer Contributions

Last Ten 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) | \$ (2,162) | \$ (42,210) | \$ - | \$ 17,806 |
| 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) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

2) Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 17 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 |

| December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,799,590 | \$ 1,750,667 | \$ 1,924,555 | \$ 2,006,032 | \$ 2,067,695 | \$ 2,142,608 |
| <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>2,159,735</u> |
| <u>\$ (20,644)</u> | <u>\$ (50,378)</u> | <u>\$ 58,924</u> | <u>\$ (14,107)</u> | <u>\$ (32,260)</u> | <u>\$ (17,127)</u> |
| \$ 3,081,445 | \$ 3,354,032 | \$ 3,137,746 | \$ 3,323,824 | \$ 3,392,109 | \$ 3,623,037 |
| 59.07% | 53.70% | 59.46% | 60.78% | 61.91% | 59.61% |

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Village of Lake Zurich

Police Pension Fund

Schedule of Investment Returns

Last Ten Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 |
|--|-------------------|-------------------|-----------------------|----------------------|
| 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.

| December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| -4.71% | 19.10% | 14.78% | 11.70% | -15.08% | 13.42% |

Village of Lake Zurich

Firefighters' Pension Fund

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

Last Ten 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% |

| December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 1,281,368 3,600,377 | \$ 1,290,345 3,986,763 | \$ 1,325,498 4,243,326 | \$ 1,288,974 4,499,505 | \$ 1,282,692 4,830,601 | \$ 1,342,279 5,030,904 |
| - 121,794 | | - | - | - | - |
| 1,482,142 | 302,107 | 362,654 | 276,813 | (580,359) | 3,557,365 |
| 1,010,548 | - | - | 1,163,791 | - | - |
| - | - | - | 14,026 | - | 1,048 |
| <u>(1,350,851)</u> | <u>(1,967,507)</u> | <u>(1,902,974)</u> | <u>(2,296,421)</u> | <u>(2,366,978)</u> | <u>(2,883,148)</u> |
| 6,023,584 | 3,733,502 | 4,028,504 | 4,946,688 | 3,165,956 | 7,048,448 |
| <u>52,732,975</u> | <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> |
| <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> | <u>\$ 81,679,657</u> |
| \$ 2,304,265 492,620 | \$ 2,290,246 498,580 | \$ 2,300,705 508,641 | \$ 2,498,348 502,853 | \$ 2,531,073 518,642 | \$ 2,533,314 523,162 |
| - | - | - | 14,026 | - | 1,048 |
| (1,554,258) | 6,547,762 | 6,077,296 | 5,607,760 | (9,349,166) | 7,008,509 |
| <u>(1,350,851)</u> | <u>(1,967,507)</u> | <u>(1,902,974)</u> | <u>(2,296,421)</u> | <u>(2,366,978)</u> | <u>(2,883,148)</u> |
| <u>(52,151)</u> | <u>(45,936)</u> | <u>(60,646)</u> | <u>(49,244)</u> | <u>(40,646)</u> | <u>(49,343)</u> |
| (160,375) | 7,323,145 | 6,923,022 | 6,277,322 | (8,707,075) | 7,133,542 |
| 34,344,979 | 34,184,604 | 41,507,749 | 48,430,771 | 54,708,093 | 46,001,018 |
| <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>\$ 53,134,560</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> | <u>\$ 28,545,097</u> |
| 58.18% | 66.42% | 72.81% | 76.55% | 61.64% | 65.05% |
| \$ 5,214,441 | \$ 5,324,271 | \$ 5,338,995 | \$ 5,270,025 | \$ 5,485,373 | \$ 5,533,178 |
| 471.23% | 394.09% | 338.79% | 317.97% | 521.94% | 515.89% |

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund
Schedule of Employer Contributions
Last Ten 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) | \$ (26,594) | \$ (90,136) | \$ - | \$ 22,172 |
| 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) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

2) Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 17 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 |

| December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,278,591 | \$ 2,153,131 | \$ 2,373,133 | \$ 2,491,121 | \$ 2,485,816 | \$ 2,512,418 |
| 2,304,265 | 2,290,246 | 2,300,705 | 2,498,348 | 2,531,073 | 2,533,314 |
| \$ (25,674) | \$ (137,115) | \$ 72,428 | \$ (7,227) | \$ (45,257) | \$ (20,896) |
| \$ 5,214,441 | \$ 5,324,271 | \$ 5,338,995 | \$ 5,270,025 | \$ 5,485,373 | \$ 5,533,178 |
| 44.19% | 43.02% | 43.09% | 47.41% | 46.14% | 45.78% |

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund

Schedule of Investment Returns

Last Ten Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 |
|--|-------------------|-------------------|-----------------------|----------------------|
| 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.

| December 31, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| -4.41% | 19.12% | 14.54% | 11.40% | -16.99% | 15.21% |

Village of Lake Zurich

Retiree Health Insurance Plan

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

Last Six Fiscal Years

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | | |
| Service cost | \$ 43,217 | \$ 48,030 | \$ 50,191 | \$ 64,244 | \$ 76,538 | \$ 53,741 |
| Interest | 118,607 | 118,055 | 109,049 | 64,581 | 71,532 | 117,515 |
| Changes of assumptions | (164,052) | 122,226 | 412,890 | (86,869) | (219,976) | 68,358 |
| Benefit payments, including refunds of member contributions | (173,514) | (192,924) | (179,027) | (211,262) | (206,538) | (240,250) |
| 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) | (636) |
| Total OPEB Liability, Beginning | 3,627,263 | 3,339,727 | 3,434,589 | 3,451,794 | 3,282,488 | 2,846,689 |
| Total OPEB Liability, Ending (a) | \$ 3,339,727 | \$ 3,434,589 | \$ 3,451,794 | \$ 3,282,488 | \$ 2,846,689 | \$ 2,846,053 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | | | | | | |
| | 0.00% | 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 | \$ 14,418,463 |
| Village's Net Pension Liability as a Percentage of Covered-Employee Payroll | 25.38% | 26.11% | 25.69% | 24.43% | 19.74% | 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, 2023

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, 2023

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|-----------------|----------------|
| Revenues | | | |
| Taxes | | | |
| Property: | | | |
| Police protection | \$ 1,994,000 | \$ 1,994,000 | \$ 1,983,927 |
| Fire protection | 1,994,000 | 1,994,000 | 1,983,340 |
| Ambulance | 1,000 | 1,000 | 997 |
| Pension | 51,000 | 51,000 | 50,842 |
| Police pension | 2,142,608 | 2,142,608 | 2,142,608 |
| Fire pension | 2,512,418 | 2,512,418 | 2,512,418 |
| SRA | 180,000 | 180,000 | 179,443 |
| Road and bridge | 13,000 | 92,320 | 92,321 |
| Utility: | | | |
| Electric tax | 963,006 | 963,006 | 927,910 |
| Gas tax | 388,292 | 444,250 | 444,454 |
| Telecommunication taxes | 262,649 | 293,500 | 320,256 |
| Television franchise tax | 320,456 | 320,456 | 285,515 |
| Peg Cable | - | - | 20,583 |
| Total taxes | 10,822,429 | 10,988,558 | 10,944,614 |
| Licenses and Permits | | | |
| Licenses: | | | |
| Liquor | 160,000 | 160,000 | 169,450 |
| Contractor registration | 71,200 | 87,330 | 87,670 |
| Other business | 97,000 | 97,000 | 111,375 |
| Permits: | | | |
| Administrative plan review | 85,600 | 101,119 | 101,827 |
| Building | 204,000 | 204,000 | 185,207 |
| Electrical | 34,000 | 34,000 | 39,220 |
| Plumbing | 42,000 | 42,000 | 27,742 |
| Occupancy certificates | 30,000 | 30,000 | 24,766 |
| Sidewalk | 60,000 | 60,000 | 13,900 |
| Truck permits | 8,000 | 8,000 | 20,750 |
| Other | 65,250 | 65,250 | 51,987 |
| Total licenses and permits | 857,050 | 888,699 | 833,894 |
| Intergovernmental | | | |
| State income tax | 2,983,609 | 3,155,895 | 3,155,895 |
| Municipal sales | 7,847,985 | 7,965,000 | 8,085,947 |
| Personal property replacement tax | 137,057 | 185,892 | 187,364 |
| Street maintenance reimbursement | 17,066 | 17,066 | 23,216 |
| Local use tax | 770,601 | 770,601 | 769,120 |
| Auto rental tax | 5,000 | 5,000 | 11,334 |
| Pull tax | 290,247 | 310,000 | 315,006 |
| Fire/rescue service contract | 6,350,975 | 6,415,222 | 6,415,222 |
| Vehicle maintenance charge | 39,000 | 39,000 | 36,461 |
| Cannabis tax | 32,145 | 32,145 | 29,921 |
| Licenses: | | | |
| Grants | 57,920 | 2,770,000 | 2,974,120 |
| Governmental agency | 157,990 | 157,990 | 150,960 |
| Total intergovernmental | 18,689,595 | 21,823,811 | 22,154,566 |

Village of Lake Zurich

General Fund

Detailed Schedule of Revenues - Budget and Actual

December 31, 2023

| | Original Budget | Final Budget | Actual |
|---|----------------------------|-------------------------|----------------------|
| Charges for Services | | | |
| Police fees: | | | |
| Police alarm fees | \$ 1,500 | \$ 1,500 | \$ 4,050 |
| Public safety special detail | 207,000 | 207,000 | 220,357 |
| Police administration tow fees | 40,000 | 40,000 | 37,650 |
| Police lock out fees | 5,000 | 5,000 | 5,050 |
| Police contracted services | 4,000 | 4,000 | 2,175 |
| Fire/rescue fees: | | | |
| Special detail | 5,000 | 5,000 | 6,248 |
| Ambulance fees | 1,000,000 | 1,000,000 | 781,061 |
| Spillage fees | - | - | 1,363 |
| Inspection fees | 31,000 | 86,527 | 86,527 |
| Public education | 5,000 | 5,000 | 7,396 |
| Site plan review | 100,000 | 135,513 | 158,041 |
| Elevator inspections | 500 | 500 | 1,275 |
| Printing and reproduction fees | 4,000 | 4,000 | 4,244 |
| Engineering review | 118,500 | 155,315 | 165,542 |
| Reimbursements | - | - | 2,974 |
| Park fees | 124,025 | 154,415 | 125,310 |
| Park program fees | 686,997 | 798,011 | 807,912 |
| Beach Fees | 37,000 | 37,000 | 24,243 |
| Other | 500 | 500 | 450 |
| Total charges for services | <u>2,370,022</u> | <u>2,639,281</u> | <u>2,441,868</u> |
| Fines, forfeitures and penalties | | | |
| Circuit court fines | 200,300 | 200,300 | 198,214 |
| Other fines | <u>230,000</u> | <u>230,000</u> | <u>222,428</u> |
| Total fines, forfeitures and penalties | <u>430,300</u> | <u>430,300</u> | <u>420,642</u> |
| Investment Income | | | |
| Miscellaneous | | | |
| Miscellaneous | 118,746 | 172,102 | 185,854 |
| Donations | 5,000 | 5,000 | 3,252 |
| Rent | <u>30,650</u> | <u>61,642</u> | <u>58,830</u> |
| Total miscellaneous | <u>154,396</u> | <u>238,744</u> | <u>247,936</u> |
| Total revenues | <u>\$ 33,523,792</u> | <u>\$ 37,644,393</u> | <u>\$ 37,810,546</u> |

Village of Lake Zurich

General Fund

Schedule of Expenditures - Budget and Actual

December 31, 2023

| | Original Budget | Final Budget | Actual |
|---------------------------------|--------------------|-------------------|-------------------|
| Expenditures | | | |
| General Government | | | |
| General administration | \$ 70,820 | \$ 70,820 | \$ 58,375 |
| Village administration | 995,779 | 974,987 | 914,071 |
| Finance department | 572,259 | 577,258 | 556,874 |
| Technology department | 480,914 | 494,269 | 462,867 |
| Total general government | 2,119,772 | 2,117,334 | 1,992,187 |
| Public Safety | | | |
| Police | 8,978,592 | 9,102,536 | 9,037,337 |
| Fire | 13,232,400 | 12,677,501 | 12,622,122 |
| Community development | 1,057,254 | 1,148,797 | 1,155,913 |
| Total public safety | 23,268,246 | 22,928,834 | 22,815,372 |
| Highways and Streets | | | |
| Public works | 4,399,699 | 4,245,161 | 4,186,916 |
| Culture and Recreation | | | |
| Parks and recreation department | 1,229,651 | 1,209,695 | 1,197,619 |
| Economic Development | | | |
| Total expenditures | \$ 31,545,440 | \$ 31,037,220 | \$ 30,682,645 |

Village of Lake Zurich

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2023

| | Foreign Fire Tax | Hotel Tax | Motor Fuel Tax | Special Events | Dispatch Services |
|--|---------------------|-------------------|---------------------|-------------------|----------------------|
| Assets | | | | | |
| Cash and investments | \$ 153,069 | \$ 405,473 | \$ 2,948,525 | \$ 284,276 | \$ 248,356 |
| Receivables (net): | | | | | |
| Property taxes receivable | - | - | - | - | - |
| Accounts receivable | - | 8,546 | 77,119 | - | 48,140 |
| Prepaid items | - | - | - | 13,085 | - |
| Total assets | \$ 153,069 | \$ 414,019 | \$ 3,025,644 | \$ 297,361 | \$ 296,496 |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ 69,772 | \$ 4,702 | \$ 54 |
| Accrued wages | - | 61 | - | 7,527 | 54,306 |
| Unearned revenues | - | - | - | 3,000 | 112,033 |
| Due to other funds | - | - | - | - | 26 |
| Advances from other funds | - | - | - | - | - |
| Total liabilities | - | 61 | 69,772 | 15,229 | 166,419 |
| Deferred Inflows of Resources | | | | | |
| Property taxes levied for future periods | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | 13,085 | - |
| Restricted | 153,069 | 413,958 | 2,955,872 | - | - |
| Assigned | - | - | - | 269,047 | 130,077 |
| Total fund balances | 153,069 | 413,958 | 2,955,872 | 282,132 | 130,077 |
| Total liabilities and fund balances | \$ 153,069 | \$ 414,019 | \$ 3,025,644 | \$ 297,361 | \$ 296,496 |

| <u>TIF #3</u> | Total |
|---------------|---------------------|
| | Nonmajor |
| | Governmental |
| | Funds |

| | |
|--------------------------|----------------------------|
| \$ 234,879 | \$ 4,274,578 |
| 97,889 | 97,889 |
| - 133,805 | |
| - 13,085 | |
| <u><u>\$ 332,768</u></u> | <u><u>\$ 4,519,357</u></u> |

| | |
|----------------------|-----------------------|
| \$ - \$ 74,528 | |
| - 61,894 | |
| - 115,033 | |
| - 26 | |
| <u><u>20,000</u></u> | <u><u>20,000</u></u> |
| <u><u>20,000</u></u> | <u><u>271,481</u></u> |

| | |
|----------------------|----------------------|
| <u><u>97,889</u></u> | <u><u>97,889</u></u> |
|----------------------|----------------------|

| | |
|----------------------|----------------------|
| <u><u>97,889</u></u> | <u><u>97,889</u></u> |
|----------------------|----------------------|

| | |
|-------------------------|-------------------------|
| - 13,085 | |
| 214,879 3,737,778 | |
| <u><u>- 399,124</u></u> | |
| <u><u>214,879</u></u> | <u><u>4,149,987</u></u> |

| | |
|--------------------------|----------------------------|
| <u><u>\$ 332,768</u></u> | <u><u>\$ 4,519,357</u></u> |
|--------------------------|----------------------------|

Village of Lake Zurich

Combining Statement of Revenues, Expenditures and Changes

in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2023

| | Foreign Fire Tax | Hotel Tax | Motor Fuel Tax | Special Events | Dispatch Services |
|---|---------------------|-------------------|---------------------|-------------------|----------------------|
| Revenues | | | | | |
| Taxes | \$ 120 | \$ 121,230 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 875,038 | - | - |
| Charges for services | - | - | - | - | 1,002,695 |
| Special events | - | - | - | 137,376 | - |
| Investment income | - | 8,337 | 213,123 | 1,619 | 3,607 |
| Total revenues | 120 | 129,567 | 1,088,161 | 138,995 | 1,006,302 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | 17,096 | - | - | - |
| Public safety | 50,712 | - | - | - | 1,595,870 |
| Highways and streets | - | - | 2,857,981 | - | - |
| Culture and recreation | - | - | - | 388,120 | - |
| Economic development | - | - | - | - | - |
| Total expenditures | 50,712 | 17,096 | 2,857,981 | 388,120 | 1,595,870 |
| Excess (deficiency) of revenues over expenditures | (50,592) | 112,471 | (1,769,820) | (249,125) | (589,568) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | - | 337,613 | 675,000 |
| Transfers out | - | (97,200) | - | - | - |
| Total other financing sources (uses) | - | (97,200) | - | 337,613 | 675,000 |
| Net change in fund balances | (50,592) | 15,271 | (1,769,820) | 88,488 | 85,432 |
| Fund Balances, Beginning | 203,661 | 398,687 | 4,725,692 | 193,644 | 44,645 |
| Fund Balances, Ending | \$ 153,069 | \$ 413,958 | \$ 2,955,872 | \$ 282,132 | \$ 130,077 |

| TIF #3 | Total Nonmajor Governmental Funds |
|--------|--|
|--------|--|

| | |
|---------------|------------------|
| \$ 98,085 | \$ 219,435 |
| - - | 875,038 |
| - - | 1,002,695 |
| - - | 137,376 |
| <u>302</u> | <u>226,988</u> |
| <u>98,387</u> | <u>2,461,532</u> |

| | |
|------------|------------------|
| - - | 17,096 |
| - - | 1,646,582 |
| - - | 2,857,981 |
| - - | 388,120 |
| <u>440</u> | <u>440</u> |
| <u>440</u> | <u>4,910,219</u> |

| | |
|---------------|--------------------|
| <u>97,947</u> | <u>(2,448,687)</u> |
|---------------|--------------------|

| | |
|------------|-----------------|
| - - | 1,012,613 |
| <u>- -</u> | <u>(97,200)</u> |
| <u>- -</u> | <u>915,413</u> |

| | |
|-------------------|---------------------|
| 97,947 | (1,533,274) |
| <u>116,932</u> | <u>5,683,261</u> |
| <u>\$ 214,879</u> | <u>\$ 4,149,987</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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|-------------------|-----------------|
| | Original | Final | Actual |
| Revenues | | | |
| Hotel/Motel tax | \$ 115,330 | \$ 115,330 | \$ 121,230 |
| Investment income | <u>3,900</u> | <u>3,900</u> | <u>8,337</u> |
| Total revenues | <u>119,230</u> | <u>119,230</u> | <u>129,567</u> |
| Expenditures | | | |
| Current: | | | |
| General government | <u>18,998</u> | <u>18,998</u> | <u>17,096</u> |
| Total expenditures | <u>18,998</u> | <u>18,998</u> | <u>17,096</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>100,232</u> | <u>100,232</u> | <u>112,471</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | <u>(97,200)</u> | <u>(97,200)</u> | <u>(97,200)</u> |
| Total other financing sources (uses) | <u>(97,200)</u> | <u>(97,200)</u> | <u>(97,200)</u> |
| Net change in fund balance | <u>\$ 3,032</u> | <u>\$ 3,032</u> | <u>15,271</u> |
| Fund Balance, Beginning | | | |
| Fund Balance, Ending | | | |
| | | | <u>398,687</u> |
| | | <u>\$ 413,958</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, 2023

| | Budgeted Amounts | | |
|--------------------------------|-------------------------|-----------------------|---------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Reimbursements | \$ 793,004 | \$ 793,004 | \$ 875,038 |
| Investment income | <u>30,000</u> | <u>30,000</u> | <u>213,123</u> |
| Total revenues | <u>823,004</u> | <u>823,004</u> | <u>1,088,161</u> |
| Expenditures | | | |
| Current: | | | |
| Highways and streets | <u>3,830,453</u> | <u>3,830,453</u> | <u>2,857,981</u> |
| Total expenditures | <u>3,830,453</u> | <u>3,830,453</u> | <u>2,857,981</u> |
| Net change in fund balance | <u>\$ (3,007,449)</u> | <u>\$ (3,007,449)</u> | <u>(1,769,820)</u> |
| Fund Balance, Beginning | | | <u>4,725,692</u> |
| Fund Balance, Ending | | | <u>\$ 2,955,872</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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|-------------------|------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Special events | \$ 89,700 | \$ 89,700 | \$ 137,376 |
| Investment income | <u>600</u> | <u>600</u> | <u>1,619</u> |
| Total revenues | <u>90,300</u> | <u>90,300</u> | <u>138,995</u> |
| Expenditures | | | |
| Current: | | | |
| Culture and recreation | <u>423,763</u> | <u>423,763</u> | <u>388,120</u> |
| Total expenditures | <u>423,763</u> | <u>423,763</u> | <u>388,120</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(333,463)</u> | <u>(333,463)</u> | <u>(249,125)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | <u>337,613</u> | <u>337,613</u> | <u>337,613</u> |
| Total other financing sources (uses) | <u>337,613</u> | <u>337,613</u> | <u>337,613</u> |
| Net change in fund balance | <u>\$ 4,150</u> | <u>\$ 4,150</u> | <u>88,488</u> |
| Fund Balance, Beginning | | | |
| Fund Balance, Ending | | | |
| | | | <u>193,644</u> |
| | | <u>\$ 282,132</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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|------------------|-------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Charges for services | \$ 973,465 | \$ 973,465 | \$ 1,002,695 |
| Investment income | 500 | 500 | 3,607 |
| Total revenues | <u>973,965</u> | <u>973,965</u> | <u>1,006,302</u> |
| Expenditures | | | |
| Current: | | | |
| Public safety | <u>1,614,395</u> | <u>1,614,395</u> | <u>1,595,870</u> |
| Total expenditures | <u>1,614,395</u> | <u>1,614,395</u> | <u>1,595,870</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(640,430)</u> | <u>(640,430)</u> | <u>(589,568)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | <u>675,000</u> | <u>675,000</u> | <u>675,000</u> |
| Total other financing sources (uses) | <u>675,000</u> | <u>675,000</u> | <u>675,000</u> |
| Net change in fund balance | <u>\$ 34,570</u> | <u>\$ 34,570</u> | <u>85,432</u> |
| Fund Balance, Beginning | | | <u>44,645</u> |
| Fund Balance, Ending | | | <u>\$ 130,077</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, 2023

| | Budgeted Amounts | | |
|--------------------------------|-------------------------|------------------|-------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Property tax | \$ 78,000 | \$ 78,000 | \$ 98,085 |
| Investment income | <u>-</u> | <u>-</u> | <u>302</u> |
| Total revenues | <u>78,000</u> | <u>78,000</u> | <u>98,387</u> |
| Expenditures | | | |
| Current: | | | |
| Economic development | <u>1,840</u> | <u>1,840</u> | <u>440</u> |
| Total expenditures | <u>1,840</u> | <u>1,840</u> | <u>440</u> |
| Net change in fund balance | <u>\$ 76,160</u> | <u>\$ 76,160</u> | <u>97,947</u> |
| Fund Balance, Beginning | | | <u>116,932</u> |
| Fund Balance, Ending | | | <u>\$ 214,879</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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|------------------|---------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Property tax | \$ 1,270,000 | \$ 1,270,000 | \$ 1,266,070 |
| Investment income | <u>10,000</u> | <u>10,000</u> | <u>47,940</u> |
| Total revenues | <u>1,280,000</u> | <u>1,280,000</u> | <u>1,314,010</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal | 1,241,000 | 1,241,000 | - |
| Interest and fiscal charges | <u>25,855</u> | <u>25,855</u> | <u>25,854</u> |
| Total expenditures | <u>1,266,855</u> | <u>1,266,855</u> | <u>25,854</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>13.145</u> | <u>13.145</u> | <u>1,288,156</u> |
| Other Financing Sources (Uses) | | | |
| Transfers out | <u>-</u> | <u>-</u> | <u>(1,241,000)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(1,241,000)</u> |
| Net change in fund balance | <u>\$ 13.145</u> | <u>\$ 13.145</u> | <u>47,156</u> |
| Fund Balance, Beginning | | | <u>957,108</u> |
| Fund Balance, Ending | | | <u>\$ 1,004,264</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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|--------------------|---------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Investment income | \$ 5,500 | \$ 5,500 | \$ 17,577 |
| Total revenues | <u>5,500</u> | <u>5,500</u> | <u>17,577</u> |
| Expenditures | | | |
| Debt service: | | | |
| Principal | 1,440,000 | 1,440,000 | 1,440,000 |
| Interest and fiscal charges | <u>609,978</u> | <u>609,978</u> | <u>608,031</u> |
| Total expenditures | <u>2,049,978</u> | <u>2,049,978</u> | <u>2,048,031</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,044,478)</u> | <u>(2,044,478)</u> | <u>(2,030,454)</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from bond issuance | 1,241,000 | 1,241,000 | - |
| Transfers in | <u>845,000</u> | <u>845,000</u> | <u>2,086,000</u> |
| Total other financing sources (uses) | <u>2,086,000</u> | <u>2,086,000</u> | <u>2,086,000</u> |
| Net change in fund balance | <u>\$ 41,522</u> | <u>\$ 41,522</u> | <u>55,546</u> |
| Fund Balance (Deficit), Beginning | | | <u>(927,198)</u> |
| Fund Balance (Deficit), Ending | | | <u>\$ (871,652)</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, 2023

| | Budgeted Amounts | | |
|---|-------------------------|---------------------|----------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Grants | \$ - | \$ - | \$ 213,331 |
| Park fees | - | - | 129,459 |
| Investment income | 50,000 | 50,000 | 293,890 |
| Civic contribution | 34,998 | 34,998 | 34,998 |
| Miscellaneous revenues | <u>13,500</u> | <u>13,500</u> | <u>5,810</u> |
| Total revenues | <u>98,498</u> | <u>98,498</u> | <u>677,488</u> |
| Expenditures | | | |
| Capital outlay | | | |
| Capital outlay: | | | |
| Infrastructure improvements | 1,050,000 | 1,050,000 | 27,277 |
| Capital project improvements | <u>3,530,500</u> | <u>3,530,500</u> | <u>1,934,800</u> |
| Total expenditures | <u>4,580,500</u> | <u>4,580,500</u> | <u>1,962,077</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,482,002)</u> | <u>(4,482,002)</u> | <u>(1,284,589)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | <u>1,015,000</u> | <u>5,665,000</u> | <u>5,665,000</u> |
| Total other financing sources (uses) | <u>1,015,000</u> | <u>5,665,000</u> | <u>5,665,000</u> |
| Net change in fund balance | <u>\$ (3,467,002)</u> | <u>\$ 1,182,998</u> | <u>4,380,411</u> |
| Fund Balance, Beginning | | | <u>9,881,631</u> |
| Fund Balance, Ending | | | <u>\$ 14,262,042</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, 2023

| | Budgeted Amounts | | |
|--------------------------------|-------------------------|---------------------|---------------------|
| | Original | Final | Actual |
| Revenues | | | |
| Sales tax | \$ 2,638,081 | \$ 2,638,081 | \$ 2,667,645 |
| Investment income | <u>20,000</u> | <u>20,000</u> | <u>253,585</u> |
| Total revenues | <u>2,658,081</u> | <u>2,658,081</u> | <u>2,921,230</u> |
| Expenditures | | | |
| Current: | | | |
| Highways and streets | <u>388,000</u> | <u>388,000</u> | <u>411,156</u> |
| Total expenditures | <u>388,000</u> | <u>388,000</u> | <u>411,156</u> |
| Net change in fund balance | <u>\$ 2,270,081</u> | <u>\$ 2,270,081</u> | <u>2,510,074</u> |
| Fund Balance, Beginning | | | <u>4,282,200</u> |
| Fund Balance, Ending | | | <u>\$ 6,792,274</u> |

Village of Lake Zurich

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

Waterworks and Sewerage Fund

December 31, 2023

| | Original Budget | Final Budget | Actual |
|---|--------------------|-----------------|---------------|
| Operating Revenues | | | |
| Charges for services | \$ 7,484,608 | \$ 7,484,608 | \$ 7,981,256 |
| Total operating revenues | 7,484,608 | 7,484,608 | 7,981,256 |
| Operating Expenses | | | |
| Administration | 918,760 | 910,516 | 659,018 |
| Operations | 8,888,973 | 8,888,973 | 3,132,672 |
| Depreciation | 2,119,680 | 2,119,680 | 2,042,040 |
| Total operating expenses | 11,927,413 | 11,919,169 | 5,833,730 |
| Operating income (loss) | (4,442,805) | (4,434,561) | 2,147,526 |
| Nonoperating Revenues (Expenses) | | | |
| Connection fees | 600,000 | 600,000 | 489,655 |
| Investment income | 75,000 | 75,000 | 573,861 |
| Interest and fiscal charges | (117,650) | (117,650) | (84,875) |
| Total nonoperating revenues (expenses) | 557,350 | 557,350 | 978,641 |
| Income (loss) before contributions | 439,700 | 439,700 | 893,766 |
| Contributions | | | |
| Capital contributions | - | - | 3,296,715 |
| Total contributions | - | - | 3,296,715 |
| Change in net position | \$ (3,885,455) | \$ (3,877,211) | 6,422,882 |
| Net Position, Beginning of Year | | | 51,003,965 |
| Net Position, End of Year | | | \$ 57,426,847 |

Village of Lake Zurich

Schedule of Operating Revenues - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2023

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|-------------------------------|----------------------------|-------------------------|-------------------------|
| Charges for Services | | | |
| Water charges | \$ 3,824,141 | \$ 3,824,141 | \$ 4,373,194 |
| Debt service charges | 1,008,571 | 1,008,571 | 954,437 |
| Capital charge | 2,473,396 | 2,473,396 | 2,329,198 |
| Meter sales | 15,000 | 15,000 | 48,010 |
| Late fees | 88,500 | 88,500 | 106,217 |
| Wastewater service agreements | 75,000 | 75,000 | 138,987 |
| Inspection fees | - | - | 1,500 |
| Other | - | - | 29,713 |
| Total operating revenues | <u>\$ 7,484,608</u> | <u>\$ 7,484,608</u> | <u>\$ 7,981,256</u> |

Village of Lake Zurich

Schedule of Operating Expenses - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2023

| | Original Budget | Final Budget | Actual |
|--------------------------------------|----------------------------|----------------------------|----------------------------|
| Administration | | | |
| Personnel services | \$ 432,511 | \$ 424,267 | \$ 211,388 |
| Contractual services | 392,249 | 392,249 | 372,201 |
| Commodities | <u>94,000</u> | <u>94,000</u> | <u>75,429</u> |
| Total administration | <u><u>\$ 918,760</u></u> | <u><u>\$ 910,516</u></u> | <u><u>\$ 659,018</u></u> |
| Operations | | | |
| Water service: | | | |
| Water service - personnel services | \$ 707,832 | \$ 707,832 | \$ 717,912 |
| Water service - contractual services | 870,600 | 870,600 | 534,571 |
| Water service - commodities | <u>687,750</u> | <u>687,750</u> | <u>651,933</u> |
| Total water service | <u><u>2,266,182</u></u> | <u><u>2,266,182</u></u> | <u><u>1,904,416</u></u> |
| Sewer service: | | | |
| Sewer service - personnel services | 654,990 | 654,990 | 656,986 |
| Sewer service - contractual services | 386,601 | 386,601 | 260,367 |
| Sewer service - commodities | <u>93,000</u> | <u>93,000</u> | <u>99,262</u> |
| Total sewer service | <u><u>1,134,591</u></u> | <u><u>1,134,591</u></u> | <u><u>1,016,615</u></u> |
| Capital outlay | <u><u>5,488,200</u></u> | <u><u>5,488,200</u></u> | <u><u>2,384,659</u></u> |
| Less nonoperating items: | | | |
| Capital assets capitalized | <u>-</u> | <u>-</u> | <u>(2,173,018)</u> |
| Total operations | <u><u>\$ 8,888,973</u></u> | <u><u>\$ 8,888,973</u></u> | <u><u>\$ 3,132,672</u></u> |
| Depreciation | <u><u>\$ 2,119,680</u></u> | <u><u>\$ 2,119,680</u></u> | <u><u>\$ 2,042,040</u></u> |

Village of Lake Zurich

Combining Statement of Net Position -
 Internal Service Funds
 December 31, 2023

| | Medical Self- Insurance | Risk Management | Equipment Replacement | Total |
|---|----------------------------|---------------------|--------------------------|----------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 1,814,681 | \$ 926,447 | \$ 5,155,593 | \$ 7,896,721 |
| Receivables: | | | | |
| Accounts receivable | 5,422 | - | - | 5,422 |
| Prepaid items | <u>400,000</u> | <u>1,545,936</u> | <u>-</u> | <u>1,945,936</u> |
| Total current assets | <u>2,220,103</u> | <u>2,472,383</u> | <u>5,155,593</u> | <u>9,848,079</u> |
| Noncurrent assets: | | | | |
| Capital assets (net of accumulated depreciation): | | | | |
| Property and equipment | - | - | 7,024,146 | 7,024,146 |
| Accumulated depreciation | <u>-</u> | <u>-</u> | <u>(2,569,411)</u> | <u>(2,569,411)</u> |
| Total noncurrent assets | <u>-</u> | <u>-</u> | <u>4,454,735</u> | <u>4,454,735</u> |
| Total assets | <u>2,220,103</u> | <u>2,472,383</u> | <u>9,610,328</u> | <u>14,302,814</u> |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 11,001 | 10,558 | 48,079 | 69,638 |
| Accrued wages | <u>-</u> | <u>13,039</u> | <u>-</u> | <u>13,039</u> |
| Total current liabilities | <u>11,001</u> | <u>23,597</u> | <u>48,079</u> | <u>82,677</u> |
| Total liabilities | <u>11,001</u> | <u>23,597</u> | <u>48,079</u> | <u>82,677</u> |
| Net Position | | | | |
| Net investment in capital assets | - | - | 4,454,735 | 4,454,735 |
| Unrestricted net position | <u>2,209,102</u> | <u>2,448,786</u> | <u>5,107,514</u> | <u>9,765,402</u> |
| Total net position | <u>\$ 2,209,102</u> | <u>\$ 2,448,786</u> | <u>\$ 9,562,249</u> | <u>\$ 14,220,137</u> |

Village of Lake Zurich

Combining Statement of Revenues, Expenses and Changes in Fund Net Position -
 Internal Service Funds
 Year Ended December 31, 2023

| | Medical Self- Insurance | Risk Management | Equipment Replacement | Total |
|---|----------------------------|---------------------|--------------------------|----------------------|
| Operating Revenues | | | | |
| Contributions: | | | | |
| Employer | \$ 2,941,620 | \$ 1,302,204 | \$ 864,311 | \$ 5,108,135 |
| Employee | 156,087 | - | - | 156,087 |
| Pensioner | <u>329,141</u> | <u>-</u> | <u>-</u> | <u>329,141</u> |
| Total operating revenues | <u>3,426,848</u> | <u>1,302,204</u> | <u>864,311</u> | <u>5,593,363</u> |
| Operating Expenses | | | | |
| Insurance and claims: | | | | |
| Personnel services | 3,416 | 314,429 | - | 317,845 |
| Contractual services | 3,168,561 | 1,198,377 | - | 4,366,938 |
| Less reimbursements | (10,504) | (215,927) | - | (226,431) |
| Operations: | | | | |
| Commodities | - | - | 45,901 | 45,901 |
| Depreciation | <u>-</u> | <u>-</u> | <u>442,695</u> | <u>442,695</u> |
| Total operating expenses | <u>3,161,473</u> | <u>1,296,879</u> | <u>488,596</u> | <u>4,946,948</u> |
| Operating income (loss) | <u>265,375</u> | <u>5,325</u> | <u>375,715</u> | <u>646,415</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Investment income | 43,728 | 10,306 | 234,076 | 288,110 |
| Miscellaneous | <u>-</u> | <u>4,368</u> | <u>-</u> | <u>4,368</u> |
| Total nonoperating revenues (expenses) | <u>43,728</u> | <u>14,674</u> | <u>234,076</u> | <u>292,478</u> |
| Income (loss) before transfers | <u>309,103</u> | <u>19,999</u> | <u>609,791</u> | <u>938,893</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 | 309,103 | (180,001) | 859,791 | 988,893 |
| Net Position, Beginning | <u>1,899,999</u> | <u>2,628,787</u> | <u>8,702,458</u> | <u>13,231,244</u> |
| Net Position, Ending | <u>\$ 2,209,102</u> | <u>\$ 2,448,786</u> | <u>\$ 9,562,249</u> | <u>\$ 14,220,137</u> |

Village of Lake Zurich

Combining Statement of Cash Flows -
 Internal Service Funds
 Year Ended December 31, 2023

| | Medical Self- Insurance | Risk Management | Equipment Replacement | Total |
|---|----------------------------|--------------------|--------------------------|---------------------|
| Cash Flows From Operating Activities | | | | |
| Received from customers | \$ 3,428,688 | \$ 1,302,204 | \$ 864,311 | \$ 5,595,203 |
| Paid to suppliers for goods and services | 82,867 | (873,200) | (36,692) | (827,025) |
| Paid to employees for services | (3,168,561) | (310,060) | - | (3,478,621) |
| Net cash flows from operating activities | <u>342,994</u> | <u>118,944</u> | <u>827,619</u> | <u>1,289,557</u> |
| Cash Flows From Investing Activities | | | | |
| Investment income | <u>43,728</u> | <u>10,306</u> | <u>234,076</u> | <u>288,110</u> |
| Net cash flows from investing activities | <u>43,728</u> | <u>10,306</u> | <u>234,076</u> | <u>288,110</u> |
| Cash Flows From Noncapital Financing Activities | | | | |
| Receipt (payment) of transfer | - | (200,000) | 250,000 | 50,000 |
| Due to / from other funds | (709) | - | - | (709) |
| Operating grants received (used to finance operating deficits) | - | 4,368 | - | 4,368 |
| Net cash flows from noncapital financing activities | <u>(709)</u> | <u>(195,632)</u> | <u>250,000</u> | <u>53,659</u> |
| Cash Flows From Capital and Related Financing Activities | | | | |
| Acquisition and construction of capital assets | - | - | (1,078,948) | (1,078,948) |
| Net cash flows from capital and related financing activities | - | - | (1,078,948) | (1,078,948) |
| Net change in cash and cash equivalents | 386,013 | (66,382) | 232,747 | 552,378 |
| Cash and Cash Equivalents, Beginning | <u>1,428,668</u> | <u>992,829</u> | <u>4,922,846</u> | <u>7,344,343</u> |
| Cash and Cash Equivalents, Ending | <u>\$ 1,814,681</u> | <u>\$ 926,447</u> | <u>\$ 5,155,593</u> | <u>\$ 7,896,721</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | |
| Operating income (loss) | \$ 265,375 | \$ 5,325 | \$ 375,715 | \$ 646,415 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: | | | | |
| Depreciation | - | - | 442,695 | 442,695 |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 1,840 | - | - | 1,840 |
| Prepaid items | 86,556 | 104,948 | - | 191,504 |
| Accounts payable | (10,777) | 4,302 | 9,209 | 2,734 |
| Compensated absences | - | 4,369 | - | 4,369 |
| Net cash flows from operating activities | <u>\$ 342,994</u> | <u>\$ 118,944</u> | <u>\$ 827,619</u> | <u>\$ 1,289,557</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, 2023

| | Budgeted Amounts | | |
|--------------------------------|-------------------------|------------------|---------------------|
| | Original | Final | Actual |
| Operating Revenues | | | |
| Contributions: | | | |
| Employer | \$ 2,941,620 | \$ 2,941,620 | \$ 2,941,620 |
| Employee | 175,000 | 175,000 | 156,087 |
| Pensioner | <u>322,199</u> | <u>322,199</u> | <u>329,141</u> |
| Total operating revenues | <u>3,438,819</u> | <u>3,438,819</u> | <u>3,426,848</u> |
| Operating Expenses | | | |
| Insurance and claims: | | | |
| Personnel services | 13,000 | 13,000 | 3,416 |
| Contractual services | 3,389,865 | 3,389,865 | 3,168,561 |
| Less reimbursements | <u>-</u> | <u>-</u> | <u>(10,504)</u> |
| Total insurance and claims | <u>3,402,865</u> | <u>3,402,865</u> | <u>3,161,473</u> |
| Total operating expenses | <u>3,402,865</u> | <u>3,402,865</u> | <u>3,161,473</u> |
| Operating income | <u>35,954</u> | <u>35,954</u> | <u>265,375</u> |
| Nonoperating Revenues | | | |
| Investment income | <u>5,000</u> | <u>5,000</u> | <u>43,728</u> |
| Total nonoperating revenues | <u>5,000</u> | <u>5,000</u> | <u>43,728</u> |
| Change in net position | \$ <u>40,954</u> | \$ <u>40,954</u> | 309,103 |
| Net Position, Beginning | | | <u>1,899,999</u> |
| Net Position, Ending | | | \$ <u>2,209,102</u> |

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual -
 Risk Management
 Year Ended December 31, 2023

| | Budgeted Amounts | | |
|--|-------------------------|---------------------|---------------------|
| | Original | Final | Actual |
| Operating Revenues | | | |
| Contributions: | | | |
| Employer | \$ 1,302,204 | \$ 1,302,204 | \$ 1,302,204 |
| Total operating revenues | <u>1,302,204</u> | <u>1,302,204</u> | <u>1,302,204</u> |
| Operating Expenses | | | |
| Insurance and claims: | | | |
| Personnel services | 192,204 | 192,204 | 314,429 |
| Contractual services | 1,110,000 | 1,110,000 | 1,198,377 |
| Less reimbursements | <u>(40,000)</u> | <u>(40,000)</u> | <u>(215,927)</u> |
| Total insurance and claims | <u>1,262,204</u> | <u>1,262,204</u> | <u>1,296,879</u> |
| Total operating expenses | <u>1,262,204</u> | <u>1,262,204</u> | <u>1,296,879</u> |
| Operating income | <u>40,000</u> | <u>40,000</u> | <u>5,325</u> |
| Nonoperating Revenues | | | |
| Investment income | 3,000 | 3,000 | 10,306 |
| Miscellaneous revenues | <u>-</u> | <u>-</u> | <u>4,368</u> |
| Total nonoperating revenues | <u>3,000</u> | <u>3,000</u> | <u>14,674</u> |
| Net income before contribution and transfers | <u>43,000</u> | <u>43,000</u> | <u>19,999</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>\$ (157,000)</u> | <u>\$ (157,000)</u> | <u>(180,001)</u> |
| Net Position, Beginning | | | |
| | | | <u>2,628,787</u> |
| Net Position, Ending | | | |
| | | | <u>\$ 2,448,786</u> |

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual -
 Equipment Replacement
 Year Ended December 31, 2023

| | Budgeted Amounts | | |
|---|-------------------------|---------------------|---------------------|
| | Original | Final | Actual |
| Operating Revenues | | | |
| Contributions: | | | |
| Employer | \$ 864,311 | \$ 864,311 | \$ 864,311 |
| Total operating revenues | <u>864,311</u> | <u>864,311</u> | <u>864,311</u> |
| Operating Expenses | | | |
| Operations: | | | |
| Vehicles | 591,000 | 591,000 | 697,904 |
| Equipment | 273,311 | 273,311 | 426,945 |
| Depreciation | <u>506,000</u> | <u>506,000</u> | <u>442,695</u> |
| Total operations | <u>1,370,311</u> | <u>1,370,311</u> | <u>1,567,544</u> |
| Total operating expenses | <u>1,370,311</u> | <u>1,370,311</u> | <u>1,567,544</u> |
| Operating loss | <u>(506,000)</u> | <u>(506,000)</u> | <u>(703,233)</u> |
| Nonoperating Revenues | | | |
| Investment income | <u>20,000</u> | <u>20,000</u> | <u>234,076</u> |
| Total nonoperating revenues | <u>20,000</u> | <u>20,000</u> | <u>234,076</u> |
| Net loss before transfers | <u>(486,000)</u> | <u>(486,000)</u> | <u>(469,157)</u> |
| Transfers | | | |
| Transfers in | <u>250,000</u> | <u>250,000</u> | <u>250,000</u> |
| Net transfers | <u>250,000</u> | <u>250,000</u> | <u>250,000</u> |
| Change in net position, budgetary basis | \$ <u>(236,000)</u> | \$ <u>(236,000)</u> | (219,157) |
| Adjustments to GAAP basis | | | |
| Capital assets capitalized | | | <u>1,078,948</u> |
| Change in net position, GAAP basis | | | 859,791 |
| Net Position, Beginning | | | |
| Net Position, Ending | | | |
| | | | \$ <u>9,562,249</u> |

Village of Lake Zurich

Combining Statement of Fiduciary Net Position -
Pension Trust Funds
December 31, 2023

| | Police Pension | Firefighters' Pension | Total |
|---|----------------------|--------------------------|----------------------|
| Assets | | | |
| Cash and investments | \$ 10,081 | \$ 10,066 | \$ 20,147 |
| Investments: | | | |
| Money markets | 251,807 | 326,473 | 578,280 |
| Insurance contracts | - | 268,306 | 268,306 |
| Illinois Police Officers' Pension Investment Fund | 32,406,699 | - | 32,406,699 |
| Illinois Firefighters' Pension Investment Fund | - | 52,526,589 | 52,526,589 |
| Prepaid items | 2,068 | 5,519 | 7,587 |
| Total assets | <u>32,670,655</u> | <u>53,136,953</u> | <u>85,807,608</u> |
| Liabilities | | | |
| Accounts payable | 1,000 | 2,393 | 3,393 |
| Total liabilities | 1,000 | 2,393 | 3,393 |
| Net Position | | | |
| Restricted for retirement benefits | <u>\$ 32,669,655</u> | <u>\$ 53,134,560</u> | <u>\$ 85,804,215</u> |

Village of Lake Zurich

Combining Statement of Changes in Fiduciary Net Position -
 Pension Trust Funds
 Year Ended December 31, 2023

| | Police Pension | Firefighters' Pension | Total |
|---|----------------------|--------------------------|----------------------|
| Additions | | | |
| Contributions: | | | |
| Employer | \$ 2,159,735 | \$ 2,533,314 | \$ 4,693,049 |
| Employee | <u>485,408</u> | <u>524,210</u> | <u>1,009,618</u> |
| Total contributions | <u>2,645,143</u> | <u>3,057,524</u> | <u>5,702,667</u> |
| Investment income: | | | |
| Net appreciation in fair value of investments | 3,709,612 | 6,199,891 | 9,909,503 |
| Interest on investments | <u>214,169</u> | <u>867,212</u> | <u>1,081,381</u> |
| Total investment income | <u>3,923,781</u> | <u>7,067,103</u> | <u>10,990,884</u> |
| Less investment expense | <u>(48,777)</u> | <u>(58,591)</u> | <u>(107,368)</u> |
| Net investment income | <u>3,875,004</u> | <u>7,008,512</u> | <u>10,883,516</u> |
| Total additions | <u>6,520,147</u> | <u>10,066,036</u> | <u>16,586,183</u> |
| Deductions | | | |
| Pension payments and refunds | 2,757,285 | 2,883,150 | 5,640,435 |
| Administration | <u>27,761</u> | <u>49,344</u> | <u>77,105</u> |
| Total deductions | <u>2,785,046</u> | <u>2,932,494</u> | <u>5,717,540</u> |
| Change in net position | 3,735,101 | 7,133,542 | 10,868,643 |
| Net Position, Beginning | <u>28,934,554</u> | <u>46,001,018</u> | <u>74,935,572</u> |
| Net Position, Ending | <u>\$ 32,669,655</u> | <u>\$ 53,134,560</u> | <u>\$ 85,804,215</u> |

LONG-TERM DEBT REQUIREMENTS

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Bonds

(Alternative Revenue Source) Series of 2014A

December 31, 2023

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

Future Principal and Interest Requirements

| Tax Levy | Tax Levy | | | Interest Due on | | | | |
|---------------------|-------------------|------------------|-------------------|------------------------|----------------|------------------|--------------------|------------------|
| | Year | Principal | Interest | Total | June 15 | Amount | December 15 | Amount |
| 2023 | \$ 805,000 | \$ 24,150 | \$ 829,150 | | 2024 | \$ 12,075 | 2024 | \$ 12,075 |
| | <u>\$ 805,000</u> | <u>\$ 24,150</u> | <u>\$ 829,150</u> | | | <u>\$ 12,075</u> | | <u>\$ 12,075</u> |

Village of Lake Zurich

Long-Term Debt Requirements

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

December 31, 2023

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

Future Principal and Interest Requirements

| Tax Levy | Tax Levy | | | Interest Due on | | | |
|-----------------|----------------------|---------------------|----------------------|------------------------|---------------------|---------------|---------------------|
| | Year | Principal | Interest | Total | June 15 | Amount | December 15 |
| 2023 | \$ - | \$ 413,685 | \$ 413,685 | 2024 | \$ 206,842 | 2024 | \$ 206,843 |
| 2024 | 810,000 | 413,685 | 1,223,685 | 2025 | 206,842 | 2025 | 206,843 |
| 2025 | 840,000 | 387,360 | 1,227,360 | 2026 | 193,680 | 2026 | 193,680 |
| 2026 | 875,000 | 360,060 | 1,235,060 | 2027 | 180,030 | 2027 | 180,030 |
| 2027 | 915,000 | 331,622 | 1,246,622 | 2028 | 165,811 | 2028 | 165,811 |
| 2028 | 955,000 | 301,428 | 1,256,428 | 2029 | 150,714 | 2029 | 150,714 |
| 2029 | 1,370,000 | 268,956 | 1,638,956 | 2030 | 134,478 | 2030 | 134,478 |
| 2030 | 1,415,000 | 221,008 | 1,636,008 | 2031 | 110,504 | 2031 | 110,504 |
| 2031 | 1,480,000 | 170,066 | 1,650,066 | 2032 | 85,033 | 2032 | 85,033 |
| 2032 | 1,530,000 | 116,048 | 1,646,048 | 2033 | 58,024 | 2033 | 58,024 |
| 2033 | 1,585,000 | 59,438 | 1,644,438 | 2034 | 29,719 | 2034 | 29,719 |
| | \$ 11,775,000 | \$ 3,043,356 | \$ 14,818,356 | | \$ 1,521,677 | | \$ 1,521,679 |

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2006

December 31, 2023

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

Future Principal and Interest Requirements

| Tax Levy | Tax Levy | | | Interest Due on | | | | |
|-----------------|-------------------|------------------|-------------------|------------------------|-----------------|---------------|--------------------|---------------|
| | Year | Principal | Interest | Total | June 16 | Amount | December 16 | Amount |
| 2023 | \$ 121,928 | \$ 8,287 | \$ 130,215 | 2024 | \$ 4,522 | 2024 | \$ 3,765 | |
| 2024 | 124,994 | 5,220 | 130,214 | 2025 | 2,998 | 2025 | 2,222 | |
| 2025 | 114,852 | 2,076 | 116,928 | 2026 | 1,436 | 2026 | 640 | |
| | <u>\$ 361,774</u> | <u>\$ 15,583</u> | <u>\$ 377,357</u> | | <u>\$ 8,956</u> | | <u>\$ 6,627</u> | |

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2008

December 31, 2023

| | |
|-------------------------|--|
| 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 |
| 2023 | \$ 100,600 | \$ 12,599 | \$ 113,199 | 2024 | \$ 6,612 | 2024 | \$ 5,987 |
| 2024 | 103,132 | 10,068 | 113,200 | 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>\$ 528,954</u> | <u>\$ 37,043</u> | <u>\$ 565,997</u> | | <u>\$ 20,164</u> | | <u>\$ 16,879</u> |

Village of Lake Zurich

Long-Term Debt Requirements

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

December 31, 2023

| | |
|-------------------------|-------------------------|
| 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 |
| 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>\$ 4,455,000</u> | <u>\$ 397,123</u> | <u>\$ 4,852,123</u> | | <u>\$ 229,484</u> | | <u>\$ 167,639</u> |

Village of Lake Zurich

Long-Term Debt Requirements

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

December 31, 2023

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

Future Principal and Interest Requirements

| Tax Levy | Tax Levy | | | Interest Due on | | | | |
|-----------------|-------------------|------------------|-------------------|------------------------|-----------------|---------------|--------------------|---------------|
| | Year | Principal | Interest | Total | June 15 | Amount | December 15 | Amount |
| 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>\$ 320,000</u> | <u>\$ 12,900</u> | <u>\$ 332,900</u> | | <u>\$ 6,450</u> | | <u>\$ 6,450</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 These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time. | 117 - 123 |
| Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax. | 124 - 127 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future. | 128 - 132 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the Village's financial activities take place. | 133 - 135 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs. | 136 - 138 |

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, 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 | December 31, 2023 |
|----------------------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 90,136,014 |
| Restricted | 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 | 12,186,103 |
| Unrestricted | (21,489,679) | (58,319,684) | (56,718,186) | (54,079,782) | (54,801,370) | (56,147,503) | (47,851,756) | (41,835,263) | (32,964,710) | (26,251,806) |
| Total governmental activities | <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> | <u>\$ 76,070,311</u> |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 43,974,861 |
| Restricted | | | | | | | | 1,096,080 | | |
| Unrestricted | 3,440,249 | 4,078,672 | 3,147,564 | 4,700,206 | 4,885,210 | 5,881,004 | 7,587,296 | 8,948,490 | 12,258,068 | 14,130,379 |
| Total business-type activities | <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> | <u>\$ 58,105,240</u> |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 134,110,875 |
| Restricted | 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 | 12,186,103 |
| Unrestricted | (18,049,430) | (54,241,012) | (53,570,622) | (49,379,576) | (49,916,160) | (50,266,499) | (40,264,460) | (32,886,773) | (20,706,642) | (12,121,427) |
| Total primary government | <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> | <u>\$ 134,175,551</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, 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 | December 31, 2023 |
|---|-------------------|-------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 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 | \$ 2,122,434 |
| Public safety | 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 | 24,887,179 |
| Highways and streets | 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 | 6,682,108 |
| Culture and recreation | 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 | 1,744,888 |
| Economic development | 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 | 620,537 |
| Interest on long-term debt | 1,738,490 | 1,475,911 | 1,088,971 | 967,636 | 1,045,097 | 1,000,955 | 946,072 | 885,519 | 849,545 | 820,534 |
| Total governmental activities expenses | 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 | 36,877,680 |
| Business-type activities: | | | | | | | | | | |
| Waterworks and sewerage | 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 | 5,926,671 |
| Total business-type activities expenses | 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 | 5,926,671 |
| Total primary government expenses | \$ 35,123,260 | \$ 35,883,997 | \$ 27,459,461 | \$ 38,275,477 | \$ 41,643,428 | \$ 39,797,382 | \$ 36,712,514 | \$ 33,699,349 | \$ 42,399,574 | \$ 42,804,351 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 617,962 | \$ 651,761 | \$ 282,411 | \$ 670,333 | \$ 952,435 | \$ 959,564 | \$ 920,751 | \$ 944,651 | \$ 1,025,879 | \$ 985,574 |
| Public safety | 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 | 10,007,803 |
| Highways and streets | 186,992 | 74,080 | 28,177 | 63,544 | 70,908 | 55,808 | 67,835 | 55,038 | 46,131 | 42,459 |
| Culture and recreation | 613,484 | 655,848 | 572,725 | 817,009 | 714,275 | 760,864 | 169,632 | 1,033,762 | 1,319,905 | 1,090,574 |
| Economic development | 35,000 | 95,579 | 67,340 | 94,975 | - | - | - | - | - | - |
| Operating grants | 905,163 | 594,937 | 392,568 | 610,354 | 564,495 | 740,143 | 742,456 | 810,422 | 810,124 | 876,088 |
| Capital grants | - | 47,133 | - | 66,442 | 17,636 | 19,233 | 468,874 | 648,180 | 444,296 | 236,547 |
| Total governmental activities program revenues | 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 | 13,239,045 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Waterworks and sewerage | 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 | 8,470,911 |
| Capital grants and contributions | 336,000 | - | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | 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 | 8,470,911 |
| Total primary government program revenues | \$ 15,036,978 | \$ 14,598,119 | \$ 10,601,277 | \$ 16,307,652 | \$ 16,905,266 | \$ 18,976,971 | \$ 18,037,787 | \$ 20,554,061 | \$ 22,461,113 | \$ 21,709,956 |
| Net Revenue (Expense) | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (23,638,635) |
| Business-type activities | 383,756 | 702,548 | (226,982) | 436,455 | (1,721,512) | 1,837,951 | 2,433,460 | 2,888,191 | 2,490,226 | 2,544,240 |
| Total primary government net revenue (expense) | \$ (20,086,282) | \$ (21,285,878) | \$ (16,858,184) | \$ (21,967,825) | \$ (24,738,162) | \$ (20,820,411) | \$ (18,674,727) | (13,145,288) | \$ (19,938,461) | \$ (21,094,395) |

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

| Fiscal Year | 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 | December 31, 2023 |
|---|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | \$ 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 | \$ 12,211,210 |
| Intergovernmental: | | | | | | | | | | |
| Sales | 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 | 10,753,592 |
| State income | 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 | 3,155,895 |
| Other | 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 | 6,105,673 |
| Special events | - | 108,533 | 118,252 | 193,260 | 140,970 | 158,575 | 5,406 | 99,860 | 118,415 | 138,578 |
| Investment income | 69,306 | 76,417 | 35,346 | 143,796 | 353,593 | 510,432 | 183,374 | (14,708) | 388,348 | 2,047,136 |
| Miscellaneous | 241,171 | 241,191 | 286,270 | 166,794 | 269,904 | 290,598 | 491,567 | 756,127 | 284,533 | 320,927 |
| Transfers in (out) | - | - | - | - | - | - | - | - | - | (3,296,715) |
| Total governmental activities | <u>23,097,533</u> | <u>24,168,197</u> | <u>19,978,346</u> | <u>24,724,086</u> | <u>25,537,709</u> | <u>26,279,413</u> | <u>26,083,680</u> | <u>27,956,943</u> | <u>29,667,198</u> | <u>31,436,296</u> |
| Business-type activities: | | | | | | | | | | |
| Investment income | 7,228 | 12,191 | 14,436 | 41,891 | 122,645 | 162,361 | 55,823 | (1,707) | 134,317 | 573,861 |
| Gain on sale of capital assets | - | 5,044 | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | - | 19,995 | 9,604 | 6,946 | 849 | 17,557 | - |
| Transfers in (out) | - | - | - | - | - | - | - | - | - | 3,296,715 |
| Total business-type activities | <u>7,228</u> | <u>17,235</u> | <u>14,436</u> | <u>41,891</u> | <u>142,640</u> | <u>171,965</u> | <u>62,769</u> | <u>(858)</u> | <u>151,874</u> | <u>3,870,576</u> |
| Total primary government | <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> | <u>\$ 35,306,872</u> |
| Special Item | | | | | | | | | | |
| Governmental activities | <u>\$ -</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 | <u>\$ 2,627,495</u> | <u>\$ 2,179,771</u> | <u>\$ 3,347,144</u> | <u>\$ 2,319,806</u> | <u>\$ 2,521,059</u> | <u>\$ 3,621,051</u> | <u>\$ 4,975,493</u> | <u>\$ 11,923,464</u> | <u>\$ 7,238,511</u> | <u>\$ 7,797,661</u> |
| Business-type activities | <u>390,984</u> | <u>719,783</u> | <u>(212,546)</u> | <u>478,346</u> | <u>(1,578,872)</u> | <u>2,009,916</u> | <u>2,496,229</u> | <u>2,887,333</u> | <u>2,642,100</u> | <u>6,414,816</u> |
| Total primary government change in net position | <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> | <u>\$ 14,212,477</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, 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 | December 31, 2023 |
|-------------------------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 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 | \$ 1,654,878 |
| Restricted | 434,061 | 363,308 | 344,337 | 411,917 | 406,251 | 185,151 | 284,870 | 318,483 | 263,469 | 254,959 |
| Assigned | - | - | - | - | - | 10,610 | 11,015 | 11,380 | 12,582 | 12,582 |
| Unrestricted | 7,329,746 | 7,931,993 | 8,439,557 | 8,441,987 | 8,755,112 | 9,582,847 | 10,190,688 | 10,967,447 | 12,023,069 | 12,582,206 |
| Total general fund | <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> | <u>\$ 14,504,625</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ 4,013 | \$ 30,581 | \$ 6,597 | \$ 14,197 | \$ 18,834 | \$ 7,323 | \$ 7,020 | \$ 8,308 | \$ 13,113 | \$ 13,085 |
| Restricted | 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 | 12,001,551 |
| 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 | 14,421,636 |
| Unassigned | (1,336,239) | (1,494,225) | (1,291,801) | (1,143,367) | (1,133,627) | (963,168) | (868,403) | (906,101) | (927,198) | (1,038,087) |
| Total all other governmental funds | <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> | <u>\$ 25,398,185</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, 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 | December 31, 2023 |
|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Taxes | \$ 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 | \$ 16,998,923 |
| Licenses and permits | 1,030,867 | 861,876 | 342,861 | 783,630 | 720,053 | 758,237 | 676,071 | 917,300 | 1,032,763 | 833,894 |
| Intergovernmental | 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 | 23,242,935 |
| Charges for services | 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 | 3,574,022 |
| Fines and forfeitures | 785,685 | 593,134 | 420,251 | 1,504,158 | 601,130 | 591,896 | 472,175 | 397,506 | 399,579 | 420,642 |
| Special events | - | 108,533 | 118,247 | 193,667 | 140,970 | 158,575 | 4,745 | 99,454 | 118,050 | 137,376 |
| Investment income | 69,306 | 76,417 | 35,346 | 143,796 | 294,585 | 446,764 | 159,291 | (18,646) | 295,303 | 1,759,026 |
| Miscellaneous | 224,545 | 189,008 | 343,219 | 216,458 | 232,302 | 372,740 | 199,298 | 797,259 | 308,116 | 335,476 |
| Total revenues | <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> | <u>\$ 47,302,294</u> |

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

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

Village of Lake Zurich

General Governmental Expenditures by Function
Last Ten Fiscal Years

| Fiscal Year | April 30, 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 | December 31, 2023 |
|------------------------|----------------|----------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General government | \$ 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 | \$ 2,009,283 |
| Public safety | 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 | 24,461,954 |
| Highways and streets | 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 | 7,456,053 |
| Culture and recreation | 885,710 | 888,270 | 717,928 | 1,310,582 | 1,427,470 | 1,630,883 | 843,250 | 1,151,601 | 1,476,243 | 1,585,739 |
| Economic development | 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 | 4,840,865 |
| Capital outlay | 1,401,055 | 645,296 | 290,463 | 300,552 | 946,789 | 780,102 | 282,556 | 482,789 | 1,514,811 | 1,962,077 |
| Debt service: | | | | | | | | | | |
| Principal | 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 | 1,440,000 |
| Interest | 1,585,100 | 1,205,295 | 891,844 | 915,439 | 846,844 | 799,094 | 745,943 | 697,083 | 662,106 | 633,885 |
| Total expenditures | \$ 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 | \$ 44,389,856 |

* 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, 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 | December 31, 2023 |
|--|-------------------|-------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 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 | \$ 16,998,923 |
| Licenses and permits | 1,030,867 | 861,876 | 342,861 | 783,630 | 720,053 | 758,237 | 676,071 | 917,300 | 1,032,763 | 833,894 |
| Intergovernmental | 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 | 23,242,935 |
| Charges for services | 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 | 3,574,022 |
| Fines and forfeitures | 785,685 | 593,134 | 420,251 | 1,504,158 | 601,130 | 591,896 | 472,175 | 397,506 | 399,579 | 420,642 |
| Special events | - | 108,533 | 118,247 | 193,667 | 140,970 | 158,575 | 4,745 | 99,454 | 118,050 | 137,376 |
| Investment income | 69,306 | 76,417 | 35,346 | 143,796 | 294,585 | 446,764 | 159,291 | (18,646) | 295,303 | 1,759,026 |
| Miscellaneous | 224,545 | 189,008 | 343,219 | 216,458 | 232,302 | 372,740 | 199,298 | 797,259 | 308,116 | 335,476 |
| Total revenues | 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 | 47,302,294 |
| Expenditures | | | | | | | | | | |
| General government | 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 | 2,009,283 |
| Public safety | 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 | 24,461,954 |
| Highways and streets | 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 | 7,456,053 |
| Culture and recreation | 885,710 | 888,270 | 717,928 | 1,310,582 | 1,427,470 | 1,630,883 | 843,250 | 1,151,601 | 1,476,243 | 1,585,739 |
| Economic development | 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 | 4,840,865 |
| Capital outlay | 1,401,055 | 645,296 | 290,463 | 300,552 | 946,789 | 780,102 | 282,556 | 482,789 | 1,514,811 | 1,962,077 |
| Debt service: | | | | | | | | | | |
| Principal | 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 | 1,440,000 |
| Interest | 1,585,100 | 1,205,295 | 891,844 | 915,439 | 846,844 | 799,094 | 745,943 | 697,083 | 662,106 | 633,885 |
| Total expenditures | 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 | 44,389,856 |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | | | | | | |
| (1,284,097) | 82,138 | 1,063,859 | 1,896,265 | 1,590,357 | 1,946,916 | 1,910,915 | 5,572,833 | 5,014,975 | 2,912,438 | |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from bond issuance, at par | 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 | 55,632 |
| Loss on disposal of land held for resale | - | - | - | (1,047,636) | - | - | - | - | - | - |
| Transfers in | 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 | 8,763,613 |
| Transfers (out) | (7,075,090) | (2,751,426) | (2,186,600) | (4,057,271) | (4,196,144) | (4,233,271) | (4,749,478) | (5,127,558) | (6,400,050) | (8,813,613) |
| Total other financing sources (uses) | 960,453 | 48,698 | 695,818 | (1,329,103) | (502,060) | (306,040) | (344,358) | (359,022) | (8,211) | 5,632 |
| Net change in fund balances | \$ (323,644) | \$ 130,836 | \$ 1,759,677 | \$ 567,162 | \$ 1,088,297 | \$ 1,640,876 | \$ 1,566,557 | \$ 5,213,811 | \$ 5,006,764 | \$ 2,918,070 |

* 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 | Commercial | Total | Railroad | Total Assessed Value | Total Direct Tax Rate |
|-----------|----------------|----------------|----------------|------------|----------------------|-----------------------|
| | Property | Property | | | | |
| 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 |
| 2022 | 690,193,995 | 248,419,831 | 938,613,826 | 710,726 | 939,324,552 | 1.079 |

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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Tax Rates | | | | | | | | | | |
| Village of Lake Zurich | | | | | | | | | | |
| Corporate | 0.247 | 0.251 | 0.011 | - | - | - | - | - | - | - |
| Police protection | 0.084 | 0.088 | 0.196 | 0.191 | 0.193 | 0.202 | 0.193 | 0.194 | 0.197 | 0.211 |
| Fire protection | 0.084 | 0.088 | 0.196 | 0.191 | 0.193 | 0.202 | 0.193 | 0.194 | 0.197 | 0.211 |
| Ambulance | 0.019 | 0.020 | 0.020 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Illinois municipal retirement | 0.026 | 0.026 | 0.042 | 0.012 | 0.006 | 0.005 | 0.004 | 0.005 | 0.008 | 0.005 |
| Debt service | 0.211 | 0.211 | 0.204 | 0.197 | 0.192 | 0.193 | 0.129 | 0.133 | 0.134 | 0.136 |
| Special recreation | 0.024 | 0.023 | 0.023 | 0.022 | 0.021 | 0.021 | 0.020 | 0.020 | 0.020 | 0.019 |
| Police pension | 0.185 | 0.188 | 0.197 | 0.215 | 0.209 | 0.207 | 0.211 | 0.222 | 0.228 | 0.228 |
| Firefighters' pension | 0.252 | 0.248 | 0.241 | 0.265 | 0.264 | 0.263 | 0.261 | 0.275 | 0.274 | 0.267 |
| Ptab/ce recapture | - | - | - | - | - | - | - | - | 0.002 | 0.002 |
| Total direct tax rate | 1.132 | 1.143 | 1.131 | 1.092 | 1.079 | 1.092 | 1.011 | 1.043 | 1.061 | 1.079 |
| Overlapping Rates | | | | | | | | | | |
| Lake County | 0.663 | 0.682 | 0.663 | 0.632 | 0.622 | 0.612 | 0.597 | 0.598 | 0.598 | 0.589 |
| Lake County Forest Preserve | 0.218 | 0.210 | 0.208 | 0.193 | 0.187 | 0.182 | 0.180 | 0.182 | 0.179 | 0.173 |
| Ela Area Library District | 0.409 | 0.410 | 0.398 | 0.381 | 0.371 | 0.318 | 0.319 | 0.322 | 0.329 | 0.331 |
| School District #95 | 5.242 | 5.291 | 5.191 | 5.021 | 4.960 | 5.021 | 4.986 | 5.091 | 5.206 | 5.265 |
| School District #96 | 3.976 | 4.040 | 3.870 | 3.690 | 3.655 | 3.717 | 3.766 | 3.936 | 4.032 | 4.139 |
| High School District #125 | 2.989 | 3.049 | 3.004 | 2.858 | 2.862 | 2.888 | 2.872 | 2.983 | 3.092 | 3.192 |
| Community College #532 | 0.296 | 0.306 | 0.299 | 0.285 | 0.281 | 0.282 | 0.282 | 0.290 | 0.293 | 0.296 |
| Ela Township - Corp. and GA | 0.100 | 0.100 | 0.098 | 0.095 | 0.093 | 0.094 | 0.094 | 0.096 | 0.149 | 0.145 |
| Ela Township - road and bridge | 0.011 | 0.010 | 0.010 | 0.010 | 0.010 | 0.052 | 0.052 | 0.053 | - | - |
| Ela Township - gravel or R.I. | 0.046 | 0.045 | 0.045 | 0.043 | 0.042 | - | - | - | - | - |
| Barrington Public Library District | 0.228 | 0.231 | 0.225 | 0.220 | 0.217 | 0.218 | 0.223 | 0.232 | 0.240 | 0.242 |
| Total direct and overlapping tax rate | 15.310 | 15.518 | 15.144 | 14.520 | 14.380 | 14.476 | 14.381 | 14.825 | 15.179 | 15.451 |

Data Source

Office of the County Clerk

Village of Lake Zurich

Principal Property Taxpayers
Current Year and Nine Years Ago

| Taxpayer | 2023 | | | 2014 | | |
|--|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Village Taxable Assessed Valuation |
| | | | | | | |
| Echo Incorporated | \$ 8,323,988 | 1 | 0.89% | \$ 5,303,472 | 4 | 0.67% |
| Village Square Retail Center LLC | 7,529,255 | 2 | 0.80% | 6,423,511 | 1 | 0.81% |
| Landings Capital Partners, LLC | 6,989,166 | 3 | 0.74% | | | |
| JAS II Holdings LLC | 5,941,455 | 4 | 0.63% | | | |
| Realty Income IL Properties 1 LLC | 5,617,849 | 5 | 0.60% | | | |
| Suso North Lake LP | 5,430,453 | 6 | 0.58% | | | |
| Deerpath Courth Holdings LLC | 4,550,463 | 7 | 0.48% | 4,905,330 | 5 | 0.62% |
| The Greenhill Company LLC | 4,539,569 | 8 | 0.48% | | | |
| Costco Wholesale Corp | 4,462,874 | 9 | 0.48% | 3,866,191 | 6 | 0.49% |
| PSL Lake Zurich Property Owner LLC | 4,438,060 | 10 | 0.47% | | | |
| Deerpath Commons Retail Center | | | | 6,208,375 | 2 | 0.78% |
| Individual Taxpayer (North Lake Commons) | | | | 6,130,529 | 3 | 0.77% |
| Wal-Mart Properties Inc | | | | 3,775,589 | 7 | 0.48% |
| Liberty Realty Lake Zurich LLC | | | | 3,333,737 | 8 | 0.42% |
| Regal Cinemas Inc. | | | | 2,906,620 | 9 | 0.37% |
| Target | | | | 2,302,063 | 10 | 0.29% |
| | <u>\$ 57,823,132</u> | | <u>6.16%</u> | <u>\$ 45,155,417</u> | | <u>5.70%</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 |
| 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 | 9,671,391 | 9,610,525 | 99.37% | - | 9,610,525 | 99.37% |
| 2023 | 2022 | 10,193,977 | 10,110,602 | 99.18% | 9,043 | 10,119,645 | 99.27% |

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

Data Source

Office of the County Clerk

Village of Lake Zurich

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year Ended | | Governmental Activities | | | | | Business-Type Activities | | | | Total Equalized Assessed Value (EAV) | |
|-------------------------|------|--------------------------------|---------------|--------------------------------------|------------|------------------------------------|---|-----------|---------------|------------------------------------|---|--|
| | | General Obligation Bonds | | TIF Alternate Revenue Bonds | | Financed Purchase Obligation | Waterworks and Sewerage Alt Revenue Bonds | | IEPA Loan | Financed Purchase Obligation | Total Primary Government | |
| 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 | 2,708,660 | 23,128,755 | 907,901,722 | | |
| 31-Dec | 2023 | - | 17,035,000 | - | 10,555 | 320,000 | 890,728 | 2,488,212 | 20,744,495 | 939,324,552 | | |

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

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

Data Source

Audited Financial Statements

Village of Lake Zurich

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year Ended | Gross General Obligation Bonds | | Less Amounts | | Percentage of Equalized Assessed Value | |
|-------------------------|---|------------|--------------|--------------|---|-------|
| | | | Available | In Debt | Total | |
| | | | Service Fund | | | |
| 30-Apr 2015 | \$ 2,305,000 | \$ 825,140 | | \$ 1,479,860 | | 0.19% |
| 30-Apr 2016 | 1,885,000 | 841,020 | | 1,043,980 | | 0.13% |
| 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% |
| 31-Dec 2023 | - | - | | - | | 0.00% |

Data Source

Village records

Village of Lake Zurich

Direct and Overlapping Bonded Debt - Governmental Activities

December 31, 2023

| Governmental Unit | Gross Debt | (1) Percentage of Debt Applicable to Government | * Village's Share of Debt |
|-----------------------------------|-----------------------|---|------------------------------------|
| Village of Lake Zurich | \$ 17,107,858 (2) | 100.00% | \$ 17,107,858 |
| Lake County | 143,955,000 | 3.26% | 4,692,933 |
| Lake County Forest Preserve | 149,520,000 | 3.26% | 4,874,352 |
| Ela Area Library District | - | N/A | - |
| School District #95 | 67,970,000 | 50.01% | 33,991,797 |
| School District #96 | - | N/A | - |
| High School District #125 | 43,525,000 | 1.08% | 470,070 |
| Community College #532 | <u>77,725,000</u> | 3.42% | 2,658,195 |
| | <u>482,695,000</u> | | <u>46,687,347</u> |
| Total direct and overlapping debt | <u>\$ 499,802,858</u> | | <u>\$ 63,795,205</u> |

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

(2) Consists of total bonds payable and capital leases for governmental activities.

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

Data Source

Lake County Clerk

Village of Lake Zurich

Schedule of Legal Debt Margin Information
December 31, 2023

| Equalized Assessed Valuation - 2022 | \$ | 939,324,552 |
|--|-----------|--------------------|
| Legal debt limit, 8.625% of assessed valuation | \$ | 81,016,743 |
| Amount of debt applicable to debt limit: | | |
| General obligation bonds | | - |
| Legal Debt Margin | \$ | 81,016,743 |

* Most Recent EAV Available

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

Village of Lake Zurich

Pledged-Revenue Coverage
Last Ten Fiscal Years

| Fiscal Year End | | Sales Tax Revenues* | TIF Debt | | Coverage |
|-----------------|------|---------------------|------------|------------|----------|
| | | | Principal | Interest | |
| 30-Apr | 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% |
| 31-Dec | 2023 | 8,085,947 | 1,440,000 | 591,978 | 398% |

*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 | 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% |
| 31-Dec | 2023 | 19,749 | | 59,566 | 41.2 | 5,585 | 4.7% |

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 | 2023 | | | 2014 | | |
|---------------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | % of Total Village Population | Employees | Rank | % of Total Village Population |
| Fresenius Kabi USA | 3000 | 1 | 15% | | | |
| Echo Inc | 800 | 2 | 4% | 822 | 1 | 4% |
| B&B Maintenance, Inc. | 680 | 3 | 3% | | | |
| Smalley Steel Ring Co. | 600 | 4 | 3% | 496 | 4 | 2% |
| General Binding Corp | 500 | 5 | 3% | | | |
| Lake Zurich High School | 500 | 6 | 3% | | | |
| ACCO Brands Corp | 500 | 7 | 3% | | | |
| Termax Corporation | 400 | 8 | 2% | 362 | 5 | 2% |
| Continental Automotive Systems | 400 | 9 | 2% | | | |
| | 250 | 10 | 1% | | | |
| Peapod | | | | 700 | 2 | 4% |
| Lake Zurich Community School Dist #95 | | | | 611 | 3 | 3% |
| YMCA | | | | 279 | 6 | 1% |
| Insight Beverages | | | | 199 | 7 | 1% |
| D&W Fine Pack | | | | 180 | 8 | 1% |
| Village of Lake Zurich | | | | 160 | 9 | 1% |
| All American Exterior Solutions | | | | 151 | 10 | 1% |
| | <u>7,630</u> | | <u>39%</u> | <u>3,960</u> | | <u>20%</u> |
| Village population | | | 19,749 | | | 19,917 |

Data Source

2023: 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 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 | Year End December 31 2023 |
|--------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| General Government | | | | | | | | | | |
| Administration | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Finance | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Technology | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 1 |
| Community Services | | | | | | | | | | |
| Building and Zoning | 7 | 7 | 6 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public Works, General Services | 17 | 17 | 17 | 17 | 17 | 18 | 18 | 18 | 19 | 21 |
| Public Works, Water and Sewer | 14 | 13 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Police | | | | | | | | | | |
| Police | 51 | 51 | 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| Fire | | | | | | | | | | |
| Fire | 58 | 58 | 58 | 58 | 58 | 55 | 55 | 55 | 55 | 57 |
| Engineering | | | | | | | | | | |
| Recreation | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Total | 160 | 158 | 159 | 158 | 158 | 156 | 156 | 156 | 156 | 163 |

Data Source

Village records

Village of Lake Zurich

Operating Indicators by Function
Last Ten Fiscal Years

| Function/Program | Year End | Year End | Year End | Year End |
|--|------------------|------------------|------------------|------------------|
| | April 30 2015 | April 30 2016 | April 30 2016 | April 30 2017 |
| Public Works | | | | |
| Forestry | | | | |
| Number of parkway trees planted | 24 | 21 | 218 | 307 |
| Number of parkway trees trimmed | 902 | 1,148 | 320 | 656 |
| Fleet services | | | | |
| Number of vehicles maintained | 92 | 81 | 82 | 82 |
| Preventative maintenance | 964 | 753 | 501 | 738 |
| Public Safety | | | | |
| Fire | | | | |
| Number of fire calls | 1,844 | 1,633 | 590 | 1,373 |
| Number of EMS calls | 2,150 | 2,204 | 1,511 | 2,602 |
| Number of training hours | 10,075 | 8,566 | 6,546 | 14,341 |
| Police | | | | |
| Part I crime | 344 | 276 | 94 | 327 |
| Calls for service | 9,067 | 8,757 | 5,409 | 7,104 |
| State tickets issued | 2,637 | 2,318 | 1,442 | 1,858 |
| Compliance tickets issued | 36 | 42 | 18 | 68 |
| Parking tickets issued | 1,389 | 856 | 581 | 576 |
| Red light citations | 5,262 | 3,548 | 3,118 | 4,451 |
| Community Development | | | | |
| Number of building permits issued | 3,487 | 829 | 1,274 | 1,541 |
| Number of building inspections | 6,484 | 2,128 | 2,644 | 3,188 |
| Highways and Streets | | | | |
| Sidewalk replaced (square feet) | 15,345 | 23,114 | 37,885 | 22,000 |
| Annual resurfacing program (\$) | 1,323,465 | 1,442,109 | 1,316,758 | 860,442 |
| Crack sealing (lbs. installed) | 55,564 | 55,000 | 43,668 | 39,823 |
| Curb replaced (in. ft.) | 3,892 | 4,366 | 8,555 | 2,265 |
| Water and Sewer | | | | |
| Water main breaks | 40 | 30 | 25 | 31 |
| Hydrants flushed | 1,790 | 1,797 | - | 1,504 |
| Water meters read | 81,000 | 81,000 | 53,432 | 81,000 |
| Water meter service requests | 1,172 | 997 | 730 | 1,105 |
| Total distribution pumpage (1,000 gallons) | 604MG | 593MG | 443MG | 570MG |
| Average daily consumption (1,000 gallons) | 1.3MG | 1.3MG | 1.3MG | 1.3MG |
| Sanitary sewer televising (feet) | 33,974 | 3,182 | 3,152 | 54,523 |
| Sanitary sewer repairs | 2 | 3 | 10 | 1 |

N/A - Not available

Data Source

Village records

| 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 | Year End December 31 2023 |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 276 | - | 266 | 242 | 417 | 383 |
| 377 | 750 | 300 | 352 | 324 | 562 |
| 82 | 81 | 81 | 84 | 83 | 82 |
| 704 | 694 | 705 | 693 | 688 | 674 |
| 1,388 | 1,422 | 1,095 | 1,251 | 1,487 | 1,471 |
| 2,788 | 2,655 | 2,528 | 2,918 | 3,246 | 3,315 |
| 14,563 | 13,216 | 12,867 | 14,499 | 16,517 | 19,237 |
| 264 | 260 | 587 | NA | NA | 646 |
| 7,313 | 8,453 | 7,325 | 7,403 | 9,715 | 9,822 |
| 2,373 | 2,360 | 1,848 | 2,115 | 2,504 | 2,566 |
| 37 | 58 | 48 | 47 | 52 | 55 |
| 565 | 520 | 292 | 385 | 464 | 612 |
| 3,545 | 3,433 | 2,937 | 2,137 | 2,459 | 2,372 |
| 1,435 | 1,466 | 1,506 | 1,627 | 1,536 | 1,378 |
| 3,030 | 3,958 | 3,694 | 4,583 | 5,301 | 4,055 |
| 50,900 | 40,588 | 37,775 | 35,600 | 32,525 | 42,796 |
| 1,246,860 | 1,581,334 | 1,384,210 | 1,594,360 | 1,713,206 | 2,366,479 |
| 53,000 | 53,097 | 41,538 | 33,870 | 38,167 | 17,013 |
| 12,100 | 6,924 | 6,406 | 6,508 | 9,412 | 10,893 |
| 39 | 26 | 28 | 40 | 35 | 37 |
| 1,505 | 1,505 | 1,520 | 1,520 | 1,550 | 1,555 |
| 84,000 | 82,344 | 82,344 | 82,344 | 84,192 | 82,872 |
| 587 | 447 | 296 | 320 | 359 | 394 |
| 549MG | 550MG | 548MG | 560MG | 580MG | 585MG |
| 1.3MG | 1.3MG | 1.4MG | 1.3MG | 1.3MG | 1.4MG |
| 1,084 | 2,330 | 23,836 | 2,521 | 0 | 0 |
| - | 0 | 5 | 0 | 0 | 0 |

Village of Lake Zurich

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | 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 | Year End December 31 2023 |
|-------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 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 | 22 | 22 | 22 | 21 | 21 | 21 | 21 | 21 | 22 |
| Fire Stations | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Works | | | | | | | | | | |
| Streets (lane miles) | 160.0 | 161.6 | 161.6 | 156.2 | 127.2 | 178.5 | 178.5 | 178.5 | 178.5 | 178.5 |
| Sidewalks (miles) | 91 | 101 | 102 | 98 | 98 | 102 | 102 | 100 | 105 | 105 |
| Streetlights | 180 | 215 | 220 | 220 | 224 | 226 | 255 | 255 | 255 | 255 |
| Water and Sewer | | | | | | | | | | |
| Water mains (miles) | 110 | 112 | 112 | 112 | 112 | 111 | 114 | 114 | 116 | 116 |
| Fire hydrants | 1,790 | 1,790 | 1,790 | 1,504 | 1,505 | 1,509 | 1,520 | 1,520 | 1,550 | 1,555 |
| Sanitary sewers (miles) | 107 | 93 | 93 | 93 | 93 | 93 | 94 | 94 | 95 | 95 |

N/A - Not available

Data Source

Village records