

VILLAGE OF LAKE ZURICH, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2005

Prepared by Finance Department:

Jeffrey A. Martynowicz
Finance Director and Treasurer

VILLAGE OF LAKE ZURICH, ILLINOIS

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INTRODUCTORY SECTION

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

List of Elected and Appointed Officials

April 30, 2005

VILLAGE BOARD OF TRUSTEES

James S. Krischke, President

Steven F. Callahan

Craig W. Taylor

Julianne Gyarmaty

John G. Tolomei

Stephen J. McAvoy

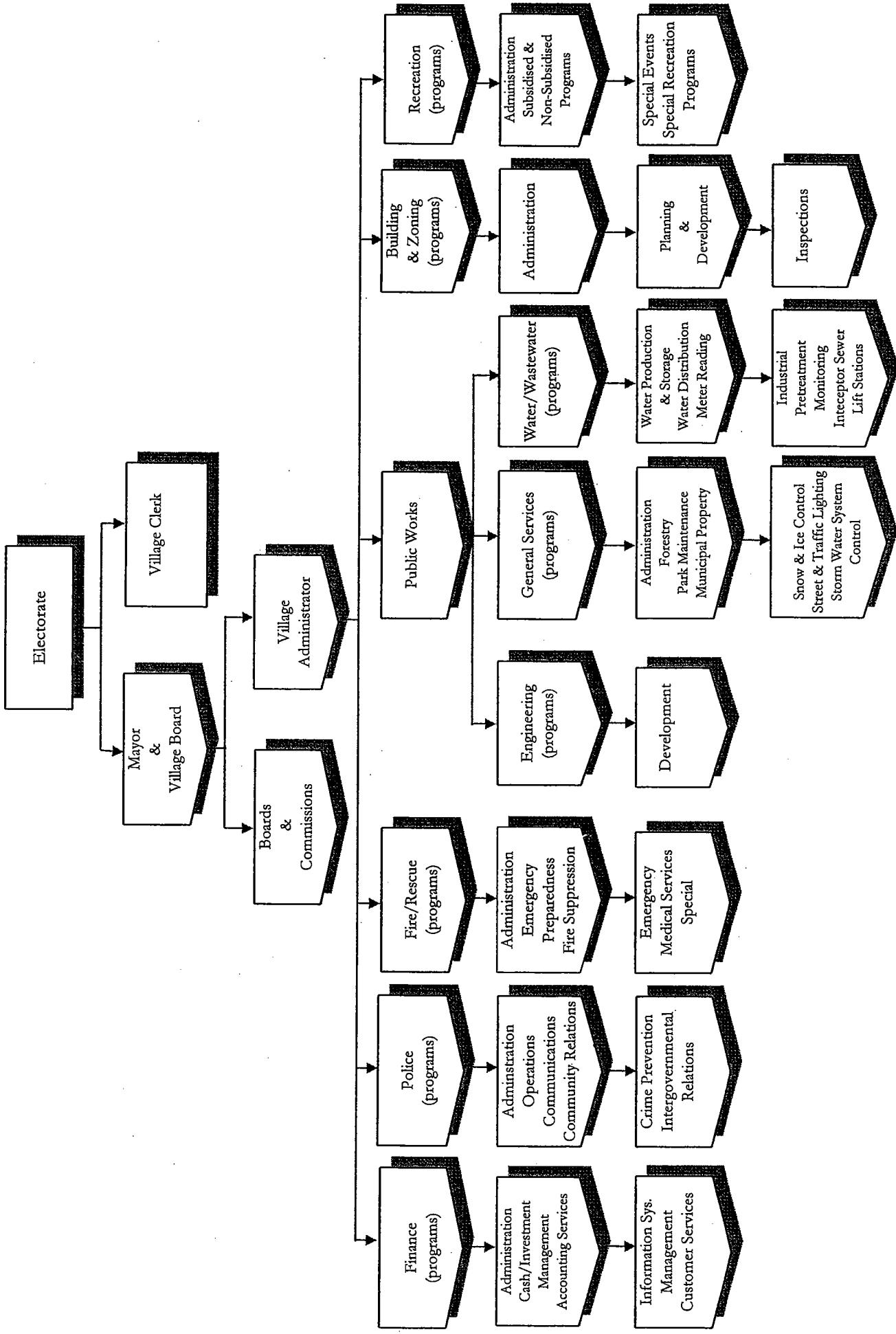
Thomas Bondi

Gloria Palmlad, Village Clerk

John Fulton Dixon, Village Administrator

Jeffrey A. Martynowicz, Finance Director and Treasurer

VILLAGE OF LAKE ZURICH ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Lake Zurich,
Illinois

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

April 30, 2004

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



Nancy L. Zelle

President

Jeffrey R. Ecker

Executive Director

FINANCIAL SECTION

This section includes:

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

INDEPENDENT AUDITORS' REPORT

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

INDEPENDENT AUDITORS' REPORT

September 6, 2005

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

We have audited the accompanying basic financial statements of the Village of Lake Zurich, Illinois as of and for the year ended April 30, 2005, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Village of Lake Zurich, Illinois' management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Village of Lake Zurich, Illinois as of April 30, 2005, and the results of its operations and the cash flows of its business type activities for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund schedules, as well as the information listed as supplemental and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Lake Zurich, Illinois. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

Village of Lake Zurich, Illinois

September 6, 2005

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The Management's Discussion and Analysis and the other required supplementary information listed in the accompanying table of contents are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

The introductory and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

Lauterbach & Amen LLP
LAUTERBACH & AMEN, LLP

BASIC FINANCIAL STATEMENTS

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets

April 30, 2005

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets

April 30, 2005

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 6,428,111	5,087,357	11,515,468
Receivables - Net	7,030,677	408,624	7,439,301
Due from Other Governments	1,142,489	-	1,142,489
Deposits	423,766	137,201	560,967
Prepays	251,087	-	251,087
Inventory - Land Held for Resale	10,153,233	-	10,153,233
	<hr/>	<hr/>	<hr/>
	25,429,363	5,633,182	31,062,545
Capital Assets			
Nondepreciable Capital Assets	28,333,170	249,652	28,582,822
Depreciable Capital Assets	76,032,963	61,375,160	137,408,123
Accumulated Depreciation	(20,822,373)	(14,891,749)	(35,714,122)
	<hr/>	<hr/>	<hr/>
	83,543,760	46,733,063	130,276,823
Total Assets	108,973,123	52,366,245	161,339,368

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

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	684,817	446,491	1,131,308
Accrued Payroll	403,827	40,198	444,025
Claims Payable	101,775	17,125	118,900
Interest Payable	331,968	60,603	392,571
Unearned Revenues	6,721,800	-	6,721,800
Current Portion of Long-Term Debt	2,185,497	499,306	2,684,803
	10,429,684	1,063,723	11,493,407
Noncurrent Liabilities			
Compensated Absences Payable	567,696	37,224	604,920
Net Pension Obligation Payable	1,505,965	-	1,505,965
Notes Payable	6,485,964	-	6,485,964
Installment Contracts Payable	1,418,573	-	1,418,573
General Obligation Bonds Payable	6,970,000	-	6,970,000
Alternate Revenue Bonds Payable	10,000,000	3,520,000	13,520,000
	26,948,198	3,557,224	30,505,422
Total Liabilities	37,377,882	4,620,947	41,998,829
NET ASSETS			
Invested in Capital Assets - Net of Related Debt	67,029,970	42,723,063	109,753,033
Restricted - Special Revenues	545,894	-	545,894
Restricted - Debt Service	118,982	-	118,982
Restricted - Tax Increment Financing	989,645	-	989,645
Unrestricted	2,910,750	5,022,235	7,932,985
Total Net Assets	71,595,241	47,745,298	119,340,539

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Activities

Year Ended April 30, 2005

		Program Revenues	
	Expenses	Charges for Services	Capital Grants/ Contribution
Primary Government			
Governmental Activities			
General Government	\$ 2,442,432	2,817,894	-
Public Safety	12,496,702	3,767,347	-
Highways and Streets	3,486,514	-	3,678,879
Culture and Recreation	1,770,940	603,016	-
Economic Development	708,700	-	-
Interest on Long-Term Debt	1,087,578	-	-
Total Governmental Activities	<u>21,992,866</u>	<u>7,188,257</u>	<u>3,678,879</u>

Business-Type Activities

Waterworks and Sewerage	4,020,070	4,507,218	2,300,184
	<u>26,012,936</u>	<u>11,695,475</u>	<u>5,979,063</u>

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

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Net Expense/Revenue		
Governmental Activities	Business-Type Activities	Total
375,462	-	375,462
(8,729,355)	-	(8,729,355)
192,365	-	192,365
(1,167,924)	-	(1,167,924)
(708,700)	-	(708,700)
(1,087,578)	-	(1,087,578)
<u>(11,125,730)</u>	<u>-</u>	<u>(11,125,730)</u>

-	<u>2,787,332</u>	<u>2,787,332</u>
<u>(11,125,730)</u>	<u>2,787,332</u>	<u>(8,338,398)</u>

6,601,029	11,723	6,612,752
4,976,532	-	4,976,532
1,322,612	-	1,322,612
857,267	-	857,267
139,474	79,655	219,129
896,479	-	896,479
1,411,207	(1,411,207)	-
<u>16,204,600</u>	<u>(1,319,829)</u>	<u>14,884,771</u>

5,078,870	1,467,503	6,546,373
<u>66,516,371</u>	<u>46,277,795</u>	<u>112,794,166</u>
<u>71,595,241</u>	<u>47,745,298</u>	<u>119,340,539</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2005

	General	Debt Service	Capital Improvements	Downtown TIF	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 3,424,779	1,082,809	1,632,993	287,530	6,428,111
Receivables - Net of Allowances					
Property Taxes	4,919,100	1,802,700	-	-	6,721,800
Accounts	292,541	-	-	-	292,541
Accrued Interest	-	12,260	4,076	-	16,336
Due from Other Governments	986,417	-	45,091	110,981	1,142,489
Deposits	422,316	-	-	1,450	423,766
Prepays	251,087	-	-	-	251,087
Inventory - Land Held for Resale	-	-	-	10,153,233	10,153,233
Total Assets	10,296,240	2,897,769	1,682,160	10,553,194	25,429,363
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	629,502	-	880	54,435	684,817
Accrued Payroll	403,827	-	-	-	403,827
Claims Payable	101,775	-	-	-	101,775
Unearned Revenues	4,919,100	1,802,700	-	-	6,721,800
Total Liabilities	6,054,204	1,802,700	880	54,435	7,912,219
Fund Balances					
Reserved - Prepays/Inventory	251,087	-	-	10,153,233	10,404,320
Reserved - Public Safety	45,700	-	-	-	45,700
Reserved - Working Cash	500,194	-	-	-	500,194
Reserved - Debt Service	-	450,950	-	-	450,950
Reserved - TIF	-	644,119	-	345,526	989,645
Unreserved	3,445,055	-	1,681,280	-	5,126,335
Total Fund Balances	4,242,036	1,095,069	1,681,280	10,498,759	17,517,144
Total Liabilities and Fund Balances	10,296,240	2,897,769	1,682,160	10,553,194	25,429,363

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

VILLAGE OF LAKE ZURICH, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities**

April 30, 2005

Total Governmental Fund Balances \$ 17,517,144

Amounts Reported for Governmental Activities in the Statement of Net Assets
are Different Because:

Capital Assets used in Governmental Activities are not Financial
Resources and therefore, are not Reported in the Funds.

83,543,760

Long-Term Liabilities are not Due and Payable in the Current
Period and therefore are not Reported in the Funds.

General Obligation Bonds Payable (8,560,000)

Alternate Revenue Bonds Payable (10,000,000)

Installment Contracts Payable (1,872,146)

Notes Payable (6,485,964)

Net Pension Obligation Payable (1,505,965)

Compensated Absences Payable (709,620)

Accrued Interest Payable (331,968)

Net Assets of Governmental Activities 71,595,241

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2005

	General	Debt Service	Capital Improvements	Downtown TIF	Total Governmental Funds
Revenues					
Taxes	\$ 9,751,220	1,826,341	-	-	11,577,561
Licenses and Permits	2,478,365	-	-	-	2,478,365
Intergovernmental	2,230,893	-	634,009	-	2,864,902
Charges for Services	3,956,456	-	194,160	109,066	4,259,682
Fines and Forfeits	450,210	-	-	-	450,210
Interest	80,550	22,308	23,264	13,352	139,474
Miscellaneous	532,286	-	-	364,193	896,479
Total Revenues	19,479,980	1,848,649	851,433	486,611	22,666,673
Expenditures					
Current					
General Government	2,251,949	-	-	-	2,251,949
Public Safety	11,836,203	-	-	-	11,836,203
Highways and Streets	3,077,621	-	108,513	-	3,186,134
Culture and Recreation	1,662,954	-	-	-	1,662,954
Economic Development	-	-	-	708,700	708,700
Capital Outlay	-	-	547,063	152,709	699,772
Debt Service					
Principal Retirement	218,573	1,445,000	-	-	1,663,573
Interest and Fiscal Charges	39,881	949,498	-	-	989,379
Total Expenditures	19,087,181	2,394,498	655,576	861,409	22,998,664
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	392,799	(545,849)	195,857	(374,798)	(331,991)
Other Financing Sources (Uses)					
Debt Issuance	1,210,000	-	-	6,485,964	7,695,964
Transfers In	1,411,207	187,000	-	-	1,598,207
Transfers Out	(187,000)	-	-	-	(187,000)
	2,434,207	187,000	-	6,485,964	9,107,171
Net Change in Fund Balance	2,827,006	(358,849)	195,857	6,111,166	8,775,180
Fund Balance - Beginning	1,415,030	1,453,918	1,485,423	4,387,593	8,741,964
Fund Balance - Ending	4,242,036	1,095,069	1,681,280	10,498,759	17,517,144

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended April 30, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 8,775,180

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. However, in the
Statement of Activities the Cost of those Assets is Allocated over their Estimated
Useful Lives and Reported as Depreciation Expense.

Capital Outlays - Capitalized	1,646,999
Infrastructure/Land Contributions from Developers	2,993,856
Depreciation Expense	(1,857,003)

The net Effect of Various Miscellaneous Transactions Involving Capital Assets
is to Increase Net Assets

Disposals - Cost	(121,891)
Disposals - Accumulated Depreciation	120,086

The Issuance of Long-Term Debt Provides Current Financial Resources to
Governmental Funds, While the Repayment of the Principal on Long-Term
Debt Consumes the Current Financial Resources of the Governmental Funds.

Additions to Compensated Absences Payable	(106,219)
Additions to Net Pension Obligation Payable	(241,548)
Issuance of Notes Payable	(6,485,964)
Retirement of Installment Contract	218,573
Issuance of Installment Contracts	(1,210,000)
Retirement of General Obligation Bonds	1,445,000

Changes to Accrued Interest on Long-Term Debt in the Statement of Activities
does not Require the use of Current Financial Resources and, therefore, are not
Reported as Expenditures in the Governmental Funds.

(98,199)

Changes in Net Assets of Governmental Activities

5,078,870

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets - Proprietary Fund (Business-Type Activities)
April 30, 2005

Waterworks
and
Sewerage

ASSETS

Current Assets

Cash and Investments	\$ 5,087,357
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Receivables - Net of Allowances

Property Taxes	11,707
----------------	--------

Accounts	390,911
----------	---------

Accrued Interest	6,006
------------------	-------

Deposits	137,201
	<hr/>
	5,633,182

Capital Assets

Nondepreciable Capital Assets	249,652
-------------------------------	---------

Depreciable Capital Assets	61,375,160
----------------------------	------------

Accumulated Depreciation	(14,891,749)
	<hr/>
	46,733,063

Total Assets	52,366,245
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The notes to the financial statements are an integral part of this statement.

Waterworks
and
Sewerage

LIABILITIES

Current Liabilities

Accounts Payable	\$ 446,491
Accrued Payroll	40,198
Claims Payable	17,125
Interest Payable	60,603
Compensated Absences Payable	9,306
Alternate Revenue Bonds Payable	490,000
	<hr/>
	1,063,723

Noncurrent Liabilities

Compensated Absences Payable	37,224
Alternate Revenue Bonds Payable	3,520,000
	<hr/>
	3,557,224
Total Liabilities	<hr/> 4,620,947

NET ASSETS

Invested in Capital Assets - Net

of Related Debt	42,723,063
Unrestricted	5,022,235
	<hr/>
Total Net Assets	47,745,298

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

VILLAGE OF LAKE ZURICH, ILLINOIS

**Statement of Revenues, Expenses, and Changes in Net Assets -
Proprietary Fund (Business-Type Activities)
Year Ended April 30, 2005**

	<u>Waterworks and Sewerage</u>
Operating Revenues	
Charges for Services	<u>\$ 3,143,295</u>
Operating Expenses	
Administration	931,119
Operations	1,554,487
Depreciation	1,391,840
Total Operating Expenses	<u>3,877,446</u>
Operating Income (Loss)	<u>(734,151)</u>
Nonoperating Revenues (Expenses)	
Property Taxes	11,723
Connection Fees	1,363,923
Interest Income	79,655
Interest Expense and Fiscal Charges	<u>(142,624)</u>
	<u>1,312,677</u>
Income Before Contributions and Transfers	578,526
Capital Contributions	2,300,184
Transfers Out	<u>(1,411,207)</u>
Change in Net Assets	1,467,503
Net Assets - Beginning	<u>46,277,795</u>
Net Assets - Ending	<u>47,745,298</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Cash Flows - Proprietary Fund (Business-Type Activities)
Year Ended April 30, 2005

	Water and Sewerage
Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 4,534,967
Payments to Employees	(1,374,302)
Payments to Suppliers	<u>(1,235,737)</u>
	<u>1,924,928</u>
Cash Flows from Noncapital Financing Activities	
Transfers Out	(1,411,207)
Property Taxes	11,723
Connection Fees	<u>1,363,923</u>
	<u>(35,561)</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,312,416)
Principal Paid on Capital Debt	(480,000)
Interest Paid on Capital Debt	<u>(142,624)</u>
	<u>(1,935,040)</u>
Cash Flows from Investing Activities	
Interest Received	<u>79,655</u>
Net Change in Cash and Cash Equivalents	33,982
Cash and Cash Equivalents - Beginning	5,053,375
Cash and Cash Equivalents - Ending	<u>5,087,357</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>(734,151)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation and Amortization Expense	1,391,840
(Increase) Decrease in Current Assets	1,391,672
Increase (Decrease) in Current Liabilities	<u>(124,433)</u>
Net Cash Provided by (Used in) Operating Activities	<u>1,924,928</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS**Statement of Net Assets - Fiduciary Funds**
April 30, 2005

	Pension Trust	Agency
ASSETS		
Cash and Cash Equivalents	\$ 1,212,496	500,336
Investments		
U.S. Government and Agency Securities	6,745,299	495,906
Mutual Funds	2,788,849	-
Insurance Contracts	2,039,981	-
Receivables		
Accounts	-	8,350
Accrued Interest	78,502	-
Prepays	750	-
Total Assets	12,865,877	1,004,592
LIABILITIES		
Accounts Payable	4,277	10,632
Deposits Payable	-	993,960
Total Liabilities	4,277	1,004,592
NET ASSETS		
Held in Trust for Pension Benefits (A schedule of funding progress is presented following the notes to the financial statements)	<u>12,861,600</u>	-

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Changes in Net Assets - Fiduciary Funds
Year Ended April 30, 2005

	Pension Trust
Additions	
Contributions - Employer	\$ 265,976
Contributions - Plan Members	594,874
Total Contributions	<u>860,850</u>
 Investment Income	
Interest Earned	311,483
Net Change in Fair Value	280,991
	<u>592,474</u>
Less Investment Expenses	24,054
Net Investment Income	<u>568,420</u>
 Total Additions	<u>1,429,270</u>
 Deductions	
Administration	26,400
Benefits and Refunds	302,675
Total Deductions	<u>329,075</u>
 Change in Net Assets	1,100,195
 Net Assets - Beginning	<u>11,761,405</u>
 Net Assets - Ending	<u>12,861,600</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

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VILLAGE OF LAKE ZURICH, ILLINOIS

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VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The Village's financial reporting entity comprises the following:

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

In determining the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units that have a significant operational or financial relationship with the Village.

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements **April 30, 2005**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Blended Component Units

Police Pension Employees Retirement System

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

Firefighters' Pension Employees Retirement System

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

BASIS OF PRESENTATION

Government-Wide Statements

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions and business-type activities (general government, public safety, public works, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

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

Fund Financial Statements

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements – Continued

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

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

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

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

Governmental Funds

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

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements – Continued

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting – Continued

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

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for sales and services. The Village also recognizes as operating revenue the portion of tap-on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

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

Interfund Receivables, Payables and Activity

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued

Receivables

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

Prepays /Inventories – Land Held for Resale

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepays. Inventory of land held for resale is valued at cost using the specific identification method, and is recognized as an expenditure when sold/consumed.

Capital Assets

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY - Continued

Capital Assets – Continued

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

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

Compensated Absences

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

Long-term Obligations

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY - Continued

Unearned Revenue

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

Fund Equity

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

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

Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

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

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. All departments of the Village submit requests for budgets to the Village Administrator so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change budgeted amounts, but may not change the form of the budget.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

BUDGETARY INFORMATION - Continued

Prior to May 1, the budget, which by State law also serves as the appropriation ordinance, is adopted by the Board of Trustees and constitutes the legal budget of the Village. The Village Administrator is authorized to transfer budgeted amounts between departments within any fund; however, the governing body must approve any revisions that alter the total expenditures of any fund. State statutes establish that expenditures may not legally exceed budgeted appropriations at the fund level. Appropriations lapse at the end of the fiscal year. During the year, no supplementary appropriations were necessary.

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

<u>Fund</u>	<u>Excess</u>
Debt Service	\$ 63,105

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - Statutes authorize the Village to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds, and the Illinois Metropolitan Investment Fund. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans, life insurance company contracts, money market mutual funds and common and preferred stocks. The Illinois Funds and the Illinois Metropolitan Investment Fund are external investment pools regulated by state statutes; the pool values participant's shares on a fair value basis.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS – Continued

Deposits

At year-end the carrying amount of the Village's deposits totaled \$8,641,792 and the bank balances totaled \$8,993,634.

	<u>Bank Balances</u>
Category 1	
Deposits covered by federal depository insurance, or by collateral held by the Village, or its agent, in the Village's name.	\$ 8,993,634
Category 2	
Deposits covered by collateral held by the pledging financial institution's trust department, or by its agent, in the Village's name.	-
Category 3	
Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the Village's name, and deposits which are uninsured and uncollateralized.	-
Total Deposits	<u>8,993,634</u>

For pension trust funds the types of deposits authorized and the mix of credit risk categories do not differ significantly from other funds of the Village.

Investments

The Village's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name, and uninsured and unregistered investments.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Investments

	Fair Value			
	Category			Totals
	1	2	3	
U.S. Treasury and Agency Securities	<u>\$ 10,314,838</u>	-	-	10,314,838
Noncategorizable				
Illinois Funds/IMET				1,512,875
Insurance Contracts				2,039,981
Mutual Funds				<u>2,788,849</u>
Total Investments				<u>16,656,543</u>

The pension trust funds own 65% of the investments in Category 1.

Reconciliation to Government-Wide Statement of Net Assets

Statement of Net Assets	
Cash and Investments	<u>\$ 11,515,468</u>
Deposits and Investments	
Deposits at Carrying Amount	8,641,792
Investment at Fair Value	16,656,543
Fiduciary Funds	<u>(13,782,867)</u>
	<u>11,515,468</u>

PROPERTY TAXES

Property taxes for 2004 attach as an enforceable lien on January 1, 2004, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by Lake County and are payable in two installments, on or about May 1, 2005, and September 1, 2005. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Capital Assets- Not Being Depreciated				
Land	\$ 27,137,970	1,195,200	-	28,333,170
Other Capital Assets				
Land Improvements	2,171,445	234,563	-	2,406,008
Buildings	12,757,354	-	-	12,757,354
Building Improvements	77,000	-	-	77,000
Vehicles	3,619,791	173,837	91,891	3,701,737
Machinery and Equipment	1,206,647	-	-	1,206,647
Computers / Software	53,253	31,605	30,000	54,858
Furniture and Fixtures	43,182	-	-	43,182
Infrastructure	52,780,527	3,005,650	-	55,786,177
	72,709,199	3,445,655	121,891	76,032,963
Less Accumulated Depreciation				
Land Improvements	199,111	106,075	-	305,186
Buildings	1,819,479	283,497	1,667	2,101,309
Building Improvements	6,717	3,850	(1,667)	12,234
Vehicles	1,062,489	297,051	90,086	1,269,454
Machinery and Equipment	249,092	64,717	(58,395)	372,204
Computers / Software	97,301	6,876	88,232	15,945
Furniture and Fixtures	19,389	4,318	163	23,544
Infrastructure	15,631,878	1,090,619	-	16,722,497
	19,085,456	1,857,003	120,086	20,822,373
Total Other Capital Assets	53,623,743	1,588,652	1,805	55,210,590
Total Capital Assets	80,761,713	2,783,852	1,805	83,543,760

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Governmental Activities – Continued

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 82,459
Public Safety	418,951
Highway and Streets	1,247,607
Culture and Recreation	<u>107,986</u>
	<u>1,857,003</u>

Business-Type Activities

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

	Beginning Balances	Increases	Decreases/ Transfers	Ending Balances
Capital Assets - Not Being Depreciated	\$ 249,652	-	-	249,652
Other Capital Assets				
Infrastructure	57,047,098	3,598,775	42,721	60,603,152
Machinery and Equipment	396,748	9,944	(42,721)	449,413
Vehicles	318,714	3,881	-	322,595
	<u>57,762,560</u>	<u>3,612,600</u>	<u>-</u>	<u>61,375,160</u>
Less Accumulated Depreciation				
Infrastructure	13,179,090	1,339,053	-	14,518,143
Machinery and Equipment	151,819	26,201	-	178,020
Vehicles	169,000	26,586	-	195,586
	<u>13,499,909</u>	<u>1,391,840</u>	<u>-</u>	<u>14,891,749</u>
Total Other Capital Assets	<u>44,262,651</u>	<u>2,220,760</u>	<u>-</u>	<u>46,483,411</u>
Total Capital Assets	<u>44,512,303</u>	<u>2,220,760</u>	<u>-</u>	<u>46,733,063</u>

Depreciation expense of \$1,391,840 was charged to business-type activities for waterworks and sewerage.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

	Transfer Out		
	General	Waterworks and Sewerage	Totals
Transfer In			
General	\$ -	1,411,207	1,411,207
Debt Service	187,000	-	187,000
	187,000	1,411,207	1,598,207

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

LONG-TERM DEBT

Notes Payable

The Village has entered into a loan agreement to provide funds for the acquisition of land parcels within the tax increment financing districts. The lender has agreed to make loan advances in the aggregate amount of not more than \$10,000,000. The loan is evidenced by a mortgage note in the same principal as the advances then outstanding. The note payable is due April 1, 2006 plus interest at a variable rate based upon the prime rate. At April 30, 2005 the prime rate is 6% and the amount outstanding on the notes payable \$6,485,964. Interest on the notes payable is due semiannually and principal is not due until the maturity date, although the Village may make advance payments. The notes are secured by the acquisition of land parcels within the tax increment financing districts of the Village.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation TIF Alternate Revenue Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation TIF Alternate Revenue Bond Series of 2002, due in annual installments of \$155,000 to \$385,000 though Dec. 15, 2021, plus interest at 5.0% to 6.0%	Debt Service	\$ 3,970,000	-	-	3,970,000
General Obligation TIF Alternate Revenue Bonds Series of 2003A, due in installments of \$205,000 to \$345,000 plus interest at 3.625% to 3.75% through December 15, 2021	Debt Service	4,200,000	-	-	4,200,000
General Obligation TIF Alternate Revenue Bond Series of 2002A, due in annual installments of \$85,000 to \$155,000 though Dec. 15, 2021, plus interest at 4.0% to 4.7%	Debt Service	1,830,000	-	-	1,830,000
		10,000,000	-	-	10,000,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT - Continued

General Obligation Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Police Building Bond Series of 2000, due in annual installments of \$215,000 to \$500,000 plus interest at 5.25% to 5.375% through December 15, 2019	Debt Service	\$ 5,565,000	-	235,000	5,330,000
General Obligation Refunding Bond Series of 2001, due in annual installments of \$410,000 to \$905,000 plus interest at 2.50% to 3.75% through December 15, 2008	Debt Service	3,050,000	-	840,000	2,210,000
General Obligation Bond Series of 2003C, due in installments of \$370,000 to \$40,000 plus interest at 2.00% to 3.00% through May 1, 2009	Debt Service	1,390,000	-	370,000	1,020,000
		10,005,000	-	1,445,000	8,560,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT - Continued

General Obligation Waterworks and Sewerage Alternate Revenue Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2002, due in annual installments of \$170,000 to \$240,000 plus interest at 4.00% to 4.25% through December 15, 2012	Waterworks and Sewerage	\$ 1,830,000	-	175,000	1,655,000
General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2003B, due in installments of \$225,000 to \$275,000 plus interest at 2.50% to 2.625% through May 1, 2011	Waterworks and Sewerage	1,960,000	-	225,000	1,735,000
Taxable General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2003D, due in installments of \$80,000 to \$100,000 plus interest at 3.35% to 4.75% through May 1, 2011	Waterworks and Sewerage	700,000	-	80,000	620,000
		4,490,000	-	480,000	4,010,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT - Continued

Installment Contracts

The government enters into installment contracts to provide funds for the acquisition of capital assets. Installment contracts currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
Fire Engine Pumper Installment Contract of 1997, due in annual installments of \$23,573 plus interest at 5.20% through January 15, 2007	General	\$ 70,719	-	23,573	47,146
Vehicle Purchases Installment Contract of 2002, due in annual installments of \$190,000 to \$210,000 plus interest at 2.0% to 3.0% through August 1, 2007	General	810,000	-	195,000	615,000
Equipment Purchases and Construction Installment Contract of 2004, due in annual installments of \$230,000 to \$255,000 plus interest at 3.25% through December 15, 2009	General	-	1,210,000	-	1,210,000
		880,719	1,210,000	218,573	1,872,146

Non-Commitment Debt

The Village has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial property deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The Village is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds outstanding are not reported as a liability on these financial statements. As of the date of this report, there was one IDRB outstanding with a principal amount of \$1,825,000.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Defeased Debt

In prior years the government defeased revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payment on the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Defeased Waterworks and Sewerage bonds of \$290,000 remain outstanding as of the date of this report.

Long-term Liability Activity

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

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Due within One Year
Governmental Activities					
Compensated Absences	\$ 603,401	212,438	106,219	709,620	141,924
Net Pension Obligation	1,264,417	241,548	-	1,505,965	-
Notes Payable	-	6,485,964	-	6,485,964	-
Installment Contracts	880,719	1,210,000	218,573	1,872,146	453,573
General Obligation Bonds	10,005,000	-	1,445,000	8,560,000	1,590,000
GO TIF Alternate Revenue Bonds	10,000,000	-	-	10,000,000	-
	22,753,537	8,149,950	1,769,792	29,133,695	2,185,497
Business-type Activities					
Compensated Absences	38,419	16,222	8,111	46,530	9,306
GO Waterworks and Sewerage					
Alternate Revenue Bonds	4,490,000	-	480,000	4,010,000	490,000
	4,528,419	16,222	488,111	4,056,530	499,306

Payments on the general obligation bonds are made by the Debt Service and Waterworks and Sewerage Fund. The Debt Service Fund makes payments on the tax increment bonds and notes payable. Payments on the installment contracts are made by the General Fund. Also, for the governmental activities, compensated absences are generally liquidated by the general fund.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity

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

Fiscal Year Ending April 30	Governmental Activities						
	Installment Contracts		Alternate Revenue Bonds		General Obligation Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2006	\$ 453,573	56,828	-	446,456	1,590,000	374,157	2,921,014
2007	463,573	42,451	445,000	446,456	1,115,000	325,245	2,837,725
2008	450,000	27,362	455,000	427,872	760,000	293,356	2,413,590
2009	250,000	16,412	475,000	408,864	775,000	262,117	2,187,393
2010	255,000	8,288	495,000	388,966	335,000	229,131	1,711,385
2011	-	-	510,000	368,194	310,000	212,896	1,401,090
2012	-	-	535,000	346,734	330,000	196,466	1,408,200
2013	-	-	560,000	324,216	345,000	178,976	1,408,192
2014	-	-	590,000	300,300	365,000	160,691	1,415,991
2015	-	-	620,000	274,876	380,000	141,346	1,416,222
2016	-	-	650,000	247,864	405,000	121,206	1,424,070
2017	-	-	680,000	219,064	425,000	99,437	1,423,501
2018	-	-	715,000	188,690	450,000	76,593	1,430,283
2019	-	-	755,000	156,100	475,000	52,406	1,438,506
2020	-	-	795,000	121,328	500,000	26,875	1,443,203
2021	-	-	835,000	83,752	-	-	918,752
2022	-	-	885,000	43,324	-	-	928,324
Total	1,872,146	151,341	10,000,000	4,793,056	8,560,000	2,750,898	28,127,441

In addition, the notes payable of \$6,485,964 are outstanding at year end. The notes are due on April 1, 2006 plus interest at the variable rate based upon the prime rate. At April 30, 2005, the prime rate is 6%, interest on the notes is due semiannually and principal is not due until the maturity date, although the Village may make advance payments.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Business-type Activities		
Fiscal Year Ending April 30	Alternate	
	Revenue Bonds	
	Principal	Interest
2005	\$ 490,000	134,015
2006	495,000	118,348
2007	515,000	102,068
2008	535,000	84,604
2009	555,000	66,329
2010	580,000	46,743
2011	600,000	25,746
2012	240,000	10,194
Total	<u>4,010,000</u>	<u>588,047</u>

Legal Debt Margin

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

Assessed Valuation - 2004	<u>\$ 670,174,701</u>
Legal Debt Limit - 8.625% of Assessed Value	<u>57,802,568</u>
Amount of Debt Applicable to Limit	
General Obligation Bonds	<u>5,330,000</u>
Installment Contracts	<u>1,872,146</u>
Legal Debt Margin	<u>50,600,422</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the Village's employees. These risks are provided for through a limited self-insurance program and private insurance coverage. The Village is self-insured for medical, dental, and life insurance benefits. Under this program, the General Fund provides coverage up to a maximum of \$40,000 per individual's claims paid. Current year risk-financing activities are accounted for in the General Fund. There were no significant changes in insurance coverage from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors.

Changes in the balances of claims liabilities are as follows:

	Year Ended April 30	
	2005	2004
Claims Payable - Beginning	\$ 210,000	242,500
Claims Incurred	1,629,096	1,649,034
Claims Paid	(1,720,196)	(1,681,534)
Claims Payable - Ending	118,900	210,000

Intergovernmental Risk Management Agency (IRMA)

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Intergovernmental Risk Management Agency (IRMA) – Continued

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

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

CONTINGENT LIABILITIES

Litigation

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

Grants

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

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Plan Descriptions, Provisions and Funding Policies

Illinois Municipal Retirement System

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The Village is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer rate for calendar year 2004 was 8.90 percent.

Police Pension Plan

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

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

Retirees and Beneficiaries Currently Receiving Benefits	7
Current Employees Vested and Nonvested	<u>37</u>
	<u>44</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS - Continued

Plan Descriptions, Provisions and Funding Policies - Continued

Police Pension Plan - Continued

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees 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 held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. 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 benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Firefighters' Pension Plan

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

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

Retirees and Beneficiaries Currently Receiving Benefits	1
Current Employees Vested and Nonvested	<u>53</u>
	<u>54</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS - Continued

Plan Descriptions, Provisions and Funding Policies - Continued

Firefighters' Pension Plan – Continued

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

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. 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 monthly salary attached to the rank at the date of retirement. The pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such 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 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Village is required to contribute the remaining amounts necessary to finance the plan, including administrative costs, as actuarially determined by an enrolled actuary. By the year 2033 the Village's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the provisions of the plan.

Method Used to Value Investments

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS - Continued

Summary of Significant Accounting Policies and Plan Asset Matters - Continued

Significant Investments

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

Related Party Transactions

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

Annual Pension Cost and Net Pension Obligation

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

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 261,579	462,746	724,325
Interest on the NPO	32,583	68,570	101,153
Adjustment to the ARC	(28,389)	(59,744)	(88,133)
Annual Pension Cost	265,773	471,572	737,345
Actual Contribution	(141,379)	(354,418)	(495,797)
Increase in the NPO	124,394	117,154	241,548
NPO - Beginning	407,292	857,125	1,264,417
NPO - Ending	531,686	974,279	1,505,965

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS - Continued

Annual Pension Cost and Net Pension Obligation – Continued

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

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	8.90%	10.89%	12.96%
Employee	4.50%	9.91%	8.45%
Annual Pension Cost	\$392,300	\$332,670	\$440,098
Contributions Made	\$392,300	\$132,988	\$132,988
Actuarial Valuation Date	12/31/01	04/30/04	04/30/04
Actuarial Cost Method	Entry Age Normal	Unit Credit	Unit Credit
Amortization Method	Level % of Projected Payroll Closed Basis	Level Dollar Closed Basis	Level Dollar Closed Basis
Remaining Amortization Period	10 Years	30 Years	30 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	8.00% Compounded Annually	8.00% Compounded Annually
Projected Salary Increases	.4 to 11.6%	5.00%	5.00%
Inflation Rate Included	4.00%	3.50%	3.50%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2005

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS - Continued

Trend Information

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

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2003	\$ 141,306	\$ 233,409	\$ 355,228
	2004	231,664	265,773	471,572
	2005	392,300	338,004	448,492
Actual Contributions	2003	\$ 141,306	\$ 129,147	\$ 128,962
	2004	231,664	141,219	354,418
	2005	392,300	132,988	132,988
Percentage of APC Contributed	2003	100.00%	55.33%	36.30%
	2004	100.00%	53.14%	75.16%
	2005	100.00%	39.35%	29.65%
Net Pension Obligation	2003	\$ -	\$ 303,030	\$ 630,859
	2004	-	407,292	857,125
	2005	-	531,686	974,247

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Funding Progress
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Employer Contributions
 - Illinois Municipal Retirement Fund
 - Police Pension Fund
 - Firefighters' Pension Fund
- Budgetary Comparison Schedules – General Fund

Notes to the Required Supplementary Information

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Funding Progress

April 30, 2005

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
1999	\$ 7,652,115	\$ 6,433,078	118.95%	\$ (1,219,037)	\$ 3,497,283	(34.86%)
2000	9,018,205	7,338,443	122.89%	(1,679,762)	3,630,560	(46.27%)
2001	9,326,553	8,041,334	115.98%	(1,285,219)	3,894,237	(33.00%)
2002	8,644,970	8,750,907	98.79%	105,937	4,193,058	2.53%
2003	9,277,735	10,488,702	88.45%	1,210,967	4,605,642	26.29%
2004	9,141,658	10,674,818	85.64%	1,533,160	4,407,867	34.78%

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

Required Supplementary Information

Schedule of Funding Progress

April 30, 2005

Actuarial valuation Date	Actuarial Value of Plan Assets	(1) Actuarial Accrued Liability (AAL) - Entry Age	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded)	Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
April 30								
1999	\$ 5,236,112	\$ 5,480,231	95.55%	\$ 244,119	\$ 1,780,400	13.71%		
2000	5,765,003	6,053,690	95.23%	288,687	1,941,670	14.87%		
2001	6,208,507	7,218,796	86.00%	1,010,289	1,914,114	52.78%		
2002	6,636,467	8,004,123	82.91%	1,367,656	2,120,905	64.48%		
2003	7,069,348	8,480,685	83.36%	1,411,337	2,332,789	60.50%		
2004	7,532,153	9,609,424	78.38%	2,077,271	2,441,034	85.10%		

VILLAGE OF LAKE ZURICH, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Funding Progress

April 30, 2005

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
1999	\$ 2,346,931	\$ 2,121,704	110.62%	\$ (225,227)	\$ 2,185,080	(10.31%)
2000	2,771,466	2,757,350	100.51%	(14,116)	2,400,046	(0.59%)
2001	3,259,059	3,192,971	102.07%	(66,088)	2,498,699	(2.64%)
2002	3,818,124	4,051,109	94.25%	232,985	3,297,606	7.07%
2003	4,451,581	5,812,971	76.58%	1,361,390	3,639,667	37.40%
2004	5,351,488	6,816,321	78.51%	1,464,833	3,599,204	40.70%

VILLAGE OF LAKE ZURICH, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Employer Contributions

April 30, 2005

Calendar Year	Employer Contributions	Annual Required Contribution	Percent Contributed
1999	\$ 271,039	\$ 271,039	100.00%
2000	223,642	223,642	100.00%
2001	169,789	169,789	100.00%
2002	141,306	141,306	100.00%
2003	231,664	231,664	100.00%
2004	392,300	392,300	100.00%

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

Required Supplementary Information

Employer Contributions

April 30, 2005

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2000	\$ 101,275	\$ 159,524	63.49%
2001	112,715	172,861	65.21%
2002	119,969	199,758	60.06%
2003	129,147	229,281	56.33%
2004	141,219	261,579	53.99%
2005	132,988	332,670	39.98%

VILLAGE OF LAKE ZURICH, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Employer Contributions

April 30, 2005

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2000	\$ 101,018	\$ 197,851	51.06%
2001	112,471	248,745	45.22%
2002	119,743	256,618	46.66%
2003	128,962	349,984	36.85%
2004	354,418	462,746	76.59%
2005	132,988	440,098	30.22%

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2005**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 9,249,130	9,249,130	9,751,220
Licenses and permits	2,191,300	2,191,300	2,478,365
Intergovernmental	3,024,099	3,024,099	2,230,893
Charges for services	3,904,127	3,904,127	3,956,456
Fines and forfeitures	563,150	563,150	450,210
Interest	34,100	34,100	80,550
Miscellaneous	304,100	304,100	532,286
Total Revenues	19,270,006	19,270,006	19,479,980
Expenditures			
General administration	2,248,811	2,248,811	2,251,949
Public safety	12,212,138	12,212,138	11,836,203
Highways and streets	4,188,219	4,188,219	3,077,621
Culture and recreation	1,621,634	1,621,634	1,662,954
Debt service			
Principal retirement	218,573	218,573	218,573
Interest and fiscal charges	23,278	23,278	39,881
Total Expenditures	20,512,653	20,512,653	19,087,181
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,242,647)	(1,242,647)	392,799
Other Financing Sources (Uses)			
Debt issuance	1,250,000	1,250,000	1,210,000
Transfers in	-	-	1,411,207
Transfers out	-	-	(187,000)
	1,250,000	1,250,000	2,434,207
Net Change in Fund Balance	7,353	7,353	2,827,006
Fund Balance - Beginning			1,415,030
Fund Balance - Ending			4,242,036

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

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

DEBT SERVICE FUND

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

CAPITAL IMPROVEMENTS - CAPITAL PROJECTS FUND

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

DOWNTOWN TIF - CAPITAL PROJECTS FUND

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

WATERWORKS AND SEWERAGE – ENTERPRISE FUND

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

POLICE PENSION – PENSION TRUST FUND

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

FIREFIGHTERS' PENSION - PENSION TRUST FUND

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

ESCROW PERFORMANCE – AGENCY FUND

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

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Capital Assets used in the operation of governmental funds include only the capital asset balances related to governmental funds.

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual

Year Ended April 30, 2005

	Budgeted Amounts		Actual
	Original	Final	Amounts
Taxes			
Property taxes			
Corporate	\$ 1,182,400	1,182,400	1,184,172
Police protection	757,600	757,600	759,908
Fire protection	688,300	688,300	690,250
Ambulance	642,000	642,000	645,921
Pension	165,000	165,000	170,965
Social security	679,000	679,000	683,904
Police pension	147,000	147,000	132,988
Fire pension	147,000	147,000	132,988
Liability insurance	263,500	263,500	265,988
SRA	77,530	77,530	82,296
Road and bridge	25,000	25,000	25,308
Municipal sales taxes	4,474,800	4,474,800	4,976,532
	9,249,130	9,249,130	9,751,220
Licenses and permits			
Licenses			
Television franchise	166,800	166,800	154,244
Telephone franchise	750,000	750,000	767,678
Liquor	125,000	125,000	66,225
Other business	130,000	130,000	108,117
Vehicle	-	-	266
Permits			
Administrative plan review	265,000	265,000	309,942
Building	406,000	406,000	483,670
Electrical	65,000	65,000	94,412
Plumbing	65,000	65,000	140,223
Occupancy certificates	42,700	42,700	64,650
Park	25,000	25,000	12,555
Truck permits	20,000	20,000	21,074
Other	130,800	130,800	255,309
	2,191,300	2,191,300	2,478,365

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
Year Ended April 30, 2003

	Budgeted Amounts		Actual Amounts
	Original	Final	
Intergovernmental			
Illinois State income tax	\$ 1,300,000	1,300,000	1,322,612
Illinois State replacement tax	35,000	35,000	42,957
Foreign fire insurance	30,945	30,945	21,018
Street maintenance reimbursement	26,762	26,762	26,241
Local use tax	175,800	175,800	196,040
Auto rental tax	5,000	5,000	1,210
Pull tab taxes	1,300	1,300	1,374
Reimbursements			
Government agency - grants	151,574	151,574	51,014
Government agency	1,288,718	1,288,718	568,332
Training	9,000	9,000	95
	3,024,099	3,024,099	2,230,893
Charges for services			
Police alarm fees	40,443	40,443	56,029
Public safety special detail	40,000	40,000	34,163
Watercraft inspection fees	11,000	11,000	11,711
Police lock out fees	8,070	8,070	10,300
Fire/Rescue fees			
Alarm	5,000	5,000	-
Special detail	7,000	7,000	3,700
Ambulance fees	220,000	220,000	243,119
Service contract	2,500,000	2,500,000	2,648,284
Public education	7,500	7,500	3,090
Fire spillage detail	10,000	10,000	1,435
Miscellaneous	3,000	3,000	2,080
Snow removal fees	1,500	1,500	-
Annexation fees	36,000	36,000	20,384
Site plan review	11,800	11,800	25,250
Elevator inspections	7,820	7,820	11,040
Exterior appearance review	6,000	6,000	6,400
Subdivision applications	5,000	5,000	7,700
Planned unit development review	6,400	6,400	300
Publication and recording	1,500	1,500	-

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued
Year Ended April 30, 2003

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services - Continued			
Printing and reproduction fees	\$ 8,300	8,300	9,118
Special use permits	6,000	6,000	6,250
Zoning text	4,000	4,000	3,850
Variances - single family	1,500	1,500	1,450
Variances - other	3,500	3,500	2,190
Engineering review	190,000	190,000	153,364
Watershed development	24,000	24,000	24,795
Park fees	38,106	38,106	16,458
Park program fees	581,597	581,597	536,477
Park special events	45,000	45,000	34,561
Park outings	16,091	16,091	7,816
Park concessions	18,000	18,000	7,704
Vehicle maintenance fees	40,000	40,000	67,438
	3,904,127	3,904,127	3,956,456
Fines and forfeitures			
Circuit court fines	535,000	535,000	421,580
Other fines	28,150	28,150	28,630
	563,150	563,150	450,210
Interest			
Investment income	34,100	34,100	80,550
Miscellaneous			
Miscellaneous revenue	81,500	81,500	260,604
Donations	5,100	5,100	51,575
Insurance reimbursements	-	-	16,656
Sale of fixed assets	20,300	20,300	28,303
Rent income	197,200	197,200	175,148
	304,100	304,100	532,286
Total Revenues	19,270,006	19,270,006	19,479,980

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2005

	Budgeted Amounts		Actual
	Original	Final	Amounts
General Government			
General administration	\$ 259,113	259,113	397,312
Village administration	218,493	218,493	269,708
Finance department	1,163,750	1,163,750	974,106
Building and zoning	607,455	607,455	610,823
	<u>2,248,811</u>	<u>2,248,811</u>	<u>2,251,949</u>
Public Safety			
Police department	6,294,919	6,294,919	6,001,972
Fire department	5,917,219	5,917,219	5,834,231
	<u>12,212,138</u>	<u>12,212,138</u>	<u>11,836,203</u>
Highways and Streets			
Public works department - general services	<u>4,188,219</u>	<u>4,188,219</u>	<u>3,077,621</u>
Culture and recreation			
Park and recreation department	<u>1,621,634</u>	<u>1,621,634</u>	<u>1,662,954</u>
Debt Service			
Principal retirement	218,573	218,573	218,573
Interest and fiscal charges	23,278	23,278	39,881
	<u>241,851</u>	<u>241,851</u>	<u>258,454</u>
Total Expenditures	<u>20,512,653</u>	<u>20,512,653</u>	<u>19,087,181</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2005**

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues			
Taxes			
Property taxes	\$ 1,620,000	1,620,000	1,826,341
Intergovernmental	300,200	300,200	-
Interest	17,100	17,100	22,308
Miscellaneous	409,255	409,255	-
Total Revenues	<u>2,346,555</u>	<u>2,346,555</u>	<u>1,848,649</u>
Expenditures			
Debt service			
Principal retirement	1,445,000	1,445,000	1,445,000
Interest	879,993	879,993	944,998
Fiscal charges	6,400	6,400	4,500
Total Expenditures	<u>2,331,393</u>	<u>2,331,393</u>	<u>2,394,498</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	15,162	15,162	(545,849)
Other Financing Sources			
Transfers In	-	-	<u>187,000</u>
Net Change in Fund Balance	<u>15,162</u>	<u>15,162</u>	<u>(358,849)</u>
Fund Balance - Beginning			<u>1,453,918</u>
Fund Balance - Ending			<u>1,095,069</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Capital Improvements Fund

**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2005**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
MFT allocations	\$ 569,000	569,000	571,193
Government agency - grants	-	-	62,816
Charges for services			
Development fees	-	-	194,160
Interest	2,360	2,360	23,264
Miscellaneous	393,925	393,925	-
Total Revenues	<u>965,285</u>	<u>965,285</u>	<u>851,433</u>
Expenditures			
Highways and streets			
Engineering services	22,000	22,000	27,608
Snow and ice control	65,000	65,000	80,025
Maintenance	-	-	880
Capital outlay			
Infrastructure improvements	484,000	484,000	484,000
Park improvements	394,285	394,285	63,063
Total Expenditures	<u>965,285</u>	<u>965,285</u>	<u>655,576</u>
Net Change in Fund Balance			195,857
Fund Balance - Beginning			<u>1,485,423</u>
Fund Balance - Ending			<u>1,681,280</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Revenues, Expenses and Changes in

Net Assets - Budget and Actual

Year Ended April 30, 2005

	Budgeted Amounts		Actual
	Original	Final	Amounts
Operating Revenues			
Charges for services	\$ 4,379,790	4,379,790	3,143,295
Operating Expenses			
Administration	1,003,001	1,003,001	931,119
Operations	2,356,778	2,356,778	1,554,487
Depreciation	-	-	1,391,840
Total Operating Expenses	3,359,779	3,359,779	3,877,446
Operating Income (Loss)	1,020,011	1,020,011	(734,151)
Nonoperating Revenues (Expenses)			
Property taxes	11,718	11,718	11,723
Connection fees	935,500	935,500	1,363,923
Interest income	89,200	89,200	79,655
Interest expense and fiscal charges	(145,250)	(145,250)	(142,624)
	891,168	891,168	1,312,677
Income Before Contributions and Transfers	1,911,179	1,911,179	578,526
Capital Contributions			
Transfers Out	-	-	2,300,184
	-	-	(1,411,207)
Change in Net Assets	1,911,179	1,911,179	1,467,503
Net Assets - Beginning			46,277,795
Net Assets - Ending			47,745,298

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Revenues - Budget and Actual
Year Ended April 30, 2005

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services			
Water charges	\$ 2,399,612	2,399,612	1,698,108
Sewer charges	1,663,157	1,663,157	1,213,652
Meter sales	28,105	28,105	80,887
Late fees	65,500	65,500	53,401
Wastewater service agreements	84,704	84,704	62,605
Industrial monitoring fees	100	100	-
Inspection fees	7,000	7,000	1,535
Other	131,612	131,612	33,107
 Total operating revenues	 4,379,790	 4,379,790	 3,143,295

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual
Year Ended April 30, 2005

	Budgeted Amounts		Actual Amounts
	Original	Final	
Administration			
Personnel services	\$ 555,634	555,634	484,481
Contractual services	443,942	443,942	410,051
Commodities	3,425	3,425	5,139
	1,003,001	1,003,001	899,671
Capital outlay and maintenance	99,230	99,230	31,448
Less nonoperating items			
Fixed assets capitalized	(99,230)	(99,230)	-
	1,003,001	1,003,001	931,119
Operations			
Water production and storage			
Personnel services	152,837	152,837	151,463
Contractual services	513,406	513,406	335,985
Commodities	49,910	49,910	46,029
	716,153	716,153	533,477
Water Distribution			
Personnel services	220,646	220,646	203,509
Contractual services	269,026	269,026	36,800
Commodities	47,040	47,040	17,113
	536,712	536,712	257,422
Meter reading			
Personnel services	116,438	116,438	126,318
Contractual services	29,100	29,100	22,182
Commodities	34,174	34,174	60,643
	179,712	179,712	209,143
Industrial pretreatment monitoring			
Personnel services	26,456	26,456	17,821
Contractual services	13,985	13,985	6,060
Commodities	1,104	1,104	146
	41,545	41,545	24,027

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual - Continued
Year Ended April 30, 2005

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operations - Continued			
Interceptor sewer			
Personnel services	\$ 137,801	137,801	115,676
Contractual services	76,296	76,296	18,282
Commodities	19,050	19,050	2,672
	233,147	233,147	136,630
Lift stations			
Personnel services	150,709	150,709	139,961
Contractual services	171,122	171,122	105,240
Commodities	19,200	19,200	10,171
	341,031	341,031	255,372
Collection system			
Personnel services	136,235	136,235	135,073
Contractual services	148,893	148,893	52,562
Commodities	23,350	23,350	6,567
	308,478	308,478	194,202
Capital outlay and maintenance	3,887,500	3,887,500	(55,786)
Less nonoperating items			
Fixed assets capitalized	(3,887,500)	(3,887,500)	-
Total operations	2,356,778	2,356,778	1,554,487
Debt Service			
Principal retirement	485,000	485,000	485,000
Interest and fiscal charges	145,250	145,250	142,624
	630,250	630,250	627,624
Less nonoperating items			
Debt Service	(630,250)	(630,250)	(627,624)
Total debt service	-	-	-

VILLAGE OF LAKE ZURICH, ILLINOIS

Pension Trust Funds

Combining Schedule of Net Plan Assets

April 30, 2005

	Police Pension	Firefighters' Pension	Totals
Assets			
Cash and cash equivalents	\$ 966,965	245,531	1,212,496
Investments			
U.S. government and agency securities	3,382,864	3,362,435	6,745,299
Mutual funds	804,381	1,984,468	2,788,849
Insurance contracts	1,864,510	175,471	2,039,981
Receivables			
Accrued interest	47,132	31,370	78,502
Prepays			
	-	750	750
Total Assets	7,065,852	5,800,025	12,865,877
Liabilities			
Accounts payable	-	4,277	4,277
Net Plan Assets Held in Trust for Pension Benefits			
(A schedule of funding progress is presented following the notes to the financial statements)	<u>7,065,852</u>	<u>5,795,748</u>	<u>12,861,600</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Pension Trust Funds

Combining Schedule of Changes in Net Plan Assets
Year Ended April 30, 2005

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - employer	\$ 132,988	132,988	265,976
Contributions - plan members	264,037	330,837	594,874
Total Contributions	397,025	463,825	860,850
Investment income			
Interest earned	182,544	128,939	311,483
Net change in fair value	135,388	145,603	280,991
Less investment expenses	317,932	274,542	592,474
Net investment income	-	24,054	24,054
Total Additions	317,932	250,488	568,420
Deductions			
Administration	2,596	23,804	26,400
Benefits and refunds	273,697	28,978	302,675
Total Deductions	276,293	52,782	329,075
Change in Net Assets	438,664	661,531	1,100,195
Net Plan Assets Held in Trust for Pension Benefits			
Beginning of Year	6,627,188	5,134,217	11,761,405
End of Year	7,065,852	5,795,748	12,861,600

VILLAGE OF LAKE ZURICH, ILLINOIS**Escrow Performance Fund****Schedule of Changes in Assets and Liabilities****Year Ended April 30, 2005**

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and investments	\$ 925,261	70,981	-	996,242
Receivables				
Other	-	8,350	-	8,350
Total Assets	925,261	79,331	-	1,004,592
LIABILITIES				
Liabilities				
Accounts payable	8,946	1,686	-	10,632
Deposits payable	916,315	77,645	-	993,960
Total Liabilities	925,261	79,331	-	1,004,592

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

Schedule of Changes in Net Assets - Budget and Actual
Year Ended April 30, 2005

	Budgeted Amounts		Actual Amounts
	Original	Final	
Additions			
Contributions - employer	\$ 147,000	147,000	132,988
Contributions - plan members	263,400	263,400	264,037
Total Contributions	410,400	410,400	397,025
Investment income			
Interest earned	143,250	143,250	182,544
Net change in fair value	300,000	300,000	135,388
	443,250	443,250	317,932
Less investment expenses			
Net investment income	-	-	-
	443,250	443,250	317,932
Total Additions	853,650	853,650	714,957
Deductions			
Administration	900	900	2,596
Benefits	295,000	295,000	273,697
Total Deductions	295,900	295,900	276,293
Change in Net Assets	557,750	557,750	438,664
Net Plan Assets Held in Trust for Pension Benefits			
Beginning of Year			<u>6,627,188</u>
End of Year			<u>7,065,852</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Firefighters' Pension Fund

Schedule of Changes in Net Assets - Budget and Actual

Year Ended April 30, 2005

	Budgeted Amounts		Actual
	Original	Final	Amounts
Additions			
Contributions - employer	\$ 350,000	350,000	132,988
Contributions - plan members	296,000	296,000	330,837
Total Contributions	646,000	646,000	463,825
Investment income			
Interest earned	136,100	136,100	128,939
Net change in fair value	200,000	200,000	145,603
	336,100	336,100	274,542
Less investment expenses	10,000	10,000	24,054
Net investment income	326,100	326,100	250,488
Total Additions	972,100	972,100	714,313
Deductions			
Administration	18,050	18,050	23,804
Benefits and refunds	40,000	40,000	28,978
Total Deductions	58,050	58,050	52,782
Change in Net Assets	914,050	914,050	661,531
Net Plan Assets Held in Trust for Pension Benefits			
Beginning of Year			<u>5,134,217</u>
End of Year			<u>5,795,748</u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Capital Assets used in the operation of governmental funds include only the capital asset balances related to governmental funds.

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Governmental Capital Assets - By Source

April 30, 2005

GOVERNMENTAL CAPITAL ASSETS

Land	\$ 28,333,170
Land Improvements	2,406,008
Buildings	12,757,354
Building Improvements	77,000
Vehicles	3,701,737
Machinery and Equipment	1,206,647
Computers/Software	54,858
Furniture and Fixtures	43,182
Infrastructure	<u>55,786,177</u>
	<u>104,366,133</u>

**INVESTMENTS IN GOVERNMENTAL
CAPITAL ASSETS BY SOURCE**

General Fund	89,706,155
Capital Projects Funds	<u>14,659,978</u>
	<u>104,366,133</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Governmental Capital Assets - By Function and Activity

April 30, 2005

Function and Activity	Land	Land Improvements	Buildings	Building Improvements
General Government	\$ 2,927,872	569,664	927,497	-
Public Safety	555,089	-	7,323,352	77,000
Highway and Streets	17,980,640	-	3,156,847	-
Culture and Recreation	<u>6,869,569</u>	<u>1,836,344</u>	<u>1,349,658</u>	-
	<u>28,333,170</u>	<u>2,406,008</u>	<u>12,757,354</u>	<u>77,000</u>

Vehicles	Machinery and Equipment	Computers	Furniture and Fixtures	Infrastructure	Totals
-	-	54,858	27,605	-	4,507,496
2,814,897	280,048	-	15,577	-	11,065,963
814,579	504,105	-	-	55,786,177	78,242,348
72,261	422,494	-	-	-	10,550,326
3,701,737	1,206,647	54,858	43,182	55,786,177	104,366,133

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Changes in Governmental Capital Assets - By Function and Activity

Year Ended April 30, 2005

Function and Activity	Balances Beginning	Additions	Deductions/Transfers	Balances Ending
General Government	\$ 4,463,825	73,671	(30,000)	4,507,496
Public Safety	11,040,585	90,845	(65,467)	11,065,963
Highways and Streets	73,984,930	4,283,842	(26,424)	78,242,348
Culture and Recreation	10,357,829	192,497	-	10,550,326
	99,847,169	4,640,855	(121,891)	104,366,133

SUPPLEMENTAL SCHEDULES

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Insurance in Force

Year Ended April 30, 2005

Coverage	Amount of Coverage	Expiration Date of Policy
General Liability	\$ 10,000,000	12/31/05
Automobiles, etc.		
BI and PD		
Comprehensive		
Collision	10,000,000	12/31/05
Building and Contents		
Blanket limit	250,000,000	12/31/05
Public Official Bonds	Statutory	12/31/05
Workmen's Compensation	30,000,000	12/31/05
Public Official Liability	10,000,000	12/31/05
Professional Liability	10,000,000	12/31/05
Employer's Liability	1,000,000	12/31/05
Employee Benefits Liability	10,000,000	12/31/05
Crime and Fidelity	5,000,000	12/31/05

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

Fire Engine Pumper Installment Contract of 1997

April 30, 2005

Date of Contract	July 10, 1997
Date of Maturity	January 15, 2007
Amount of Contract	\$235,726
Interest Rates	5.20%
Interest Dates	January 15 and July 15
Principal Maturity Date	January 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30	Requirements			Interest Due on			
	Principal	Interest	Totals	July 15	Amount	Jan. 15	Amount
2006	\$ 23,573	2,452	26,025	2005	1,226	2006	1,226
2007	23,573	1,226	24,799	2006	613	2007	613
	<u>47,146</u>	<u>3,678</u>	<u>50,824</u>		<u>1,839</u>		<u>1,839</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

Vehicle Purchases Installment Contract of 2002

April 30, 2005

Date of Contract	August 1, 2002
Date of Maturity	August 1, 2007
Amount of Contract	\$1,000,000
Interest Rates	2.0% to 3.0%
Interest Dates	February 1 and August 1
Principal Maturity Date	August 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Ending April 30	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2006	\$ 200,000	15,050	215,050	2005	8,825	2006	6,225
2007	205,000	9,375	214,375	2006	6,225	2007	3,150
2008	210,000	3,150	213,150	2007	3,150	2008	-
	615,000	27,575	642,575		18,200		9,375

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

Equipment Purchase and Construction Installment Contract of 2004 April 30, 2005

Date of Contract	June 21, 2004
Date of Maturity	December 15, 2009
Amount of Contract	\$1,210,000
Interest Rates	3.25%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year Ending April 30	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2006	\$ 230,000	39,326	269,326	2005	19,663	2005	19,663
2007	235,000	31,850	266,850	2006	15,925	2006	15,925
2008	240,000	24,212	264,212	2007	12,106	2007	12,106
2009	250,000	16,412	266,412	2008	8,206	2008	8,206
2010	255,000	8,288	263,288	2009	4,144	2009	4,144
	<u>1,210,000</u>	<u>120,088</u>	<u>1,330,088</u>		<u>60,044</u>		<u>60,044</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Police Building Bond Series of 2000

April 30, 2005

Date of Issue	May 1, 2000
Date of Maturity	December 15, 2019
Authorized Issue	\$6,000,000
Denomination of Bonds	\$5,000
Interest Rates	5.25% - 5.375%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Year	Tax Levy	Tax Levy			Interest Due on			
		Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2004	\$ 245,000	283,931	528,931	2005	141,966	2005	141,965	
2005	255,000	271,069	526,069	2006	135,534	2006	135,535	
2006	270,000	257,681	527,681	2007	128,840	2007	128,841	
2007	280,000	243,371	523,371	2008	121,685	2008	121,686	
2008	295,000	228,531	523,531	2009	114,265	2009	114,266	
2009	310,000	212,896	522,896	2010	106,448	2010	106,448	
2010	330,000	196,466	526,466	2011	98,233	2011	98,233	
2011	345,000	178,976	523,976	2012	89,488	2012	89,488	
2012	365,000	160,691	525,691	2013	80,345	2013	80,346	
2013	380,000	141,346	521,346	2014	70,673	2014	70,673	
2014	405,000	121,206	526,206	2015	60,603	2015	60,603	
2015	425,000	99,437	524,437	2016	49,718	2016	49,719	
2016	450,000	76,593	526,593	2017	38,296	2017	38,297	
2017	475,000	52,406	527,406	2018	26,203	2018	26,203	
2018	500,000	26,875	526,875	2019	13,437	2019	13,438	
	<u>5,330,000</u>	<u>2,551,475</u>	<u>7,881,475</u>		<u>1,275,734</u>		<u>1,275,741</u>	

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bond Series of 2001

April 30, 2005

Date of Issue	November 19, 2001
Date of Maturity	December 15, 2008
Authorized Issue	\$4,645,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 3.75%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2004	\$ 905,000	72,926	977,926	2005	36,463	2005	36,463
2005	410,000	45,776	455,776	2006	22,888	2006	22,888
2006	445,000	32,450	477,450	2007	16,225	2007	16,225
2007	450,000	16,871	466,871	2008	8,438	2008	8,433
	<u>2,210,000</u>	<u>168,023</u>	<u>2,378,023</u>		<u>84,014</u>		<u>84,009</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Bond Series of 2003C

April 30, 2005

Date of Issue	March 17, 2003
Date of Maturity	May 1, 2009
Authorized Issue	\$1,390,000
Denomination of Bonds	\$5,000
Interest Rates	2.0% to 3.0%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2004	\$ 440,000	17,300	457,300	2005	10,850	2005	6,450
2005	450,000	8,400	458,400	2006	6,450	2006	1,950
2006	45,000	3,225	48,225	2007	1,950	2007	1,275
2007	45,000	1,875	46,875	2008	1,275	2008	600
2008	40,000	600	40,600	2009	600		
	<u>1,020,000</u>	<u>31,400</u>	<u>1,051,400</u>		<u>21,125</u>		<u>10,275</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2002
April 30, 2005

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2004	\$ 180,000	68,176	248,176	2005	34,088	2005	34,088
2005	185,000	60,976	245,976	2006	30,488	2006	30,488
2006	195,000	53,576	248,576	2007	26,788	2007	26,788
2007	200,000	45,776	245,776	2008	22,888	2008	22,888
2008	210,000	37,776	247,776	2009	18,888	2009	18,888
2009	220,000	29,112	249,112	2010	14,556	2010	14,556
2010	225,000	19,762	244,762	2011	9,881	2011	9,881
2011	240,000	10,194	250,194	2012	5,100	2012	5,094
	<u>1,655,000</u>	<u>325,348</u>	<u>1,980,348</u>		<u>162,677</u>		<u>162,671</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2003B
April 30, 2005

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2004	\$ 230,000	42,029	272,029	2005	22,452	2005	19,577
2005	235,000	36,216	271,216	2006	19,577	2006	16,639
2006	235,000	30,223	265,223	2007	16,639	2007	13,584
2007	245,000	23,953	268,953	2008	13,584	2008	10,369
2008	255,000	17,391	272,391	2009	10,369	2009	7,022
2009	260,000	10,631	270,631	2010	7,022	2010	3,609
2010	275,000	3,609	278,609	2011	3,609		
	<u>1,735,000</u>	<u>164,052</u>	<u>1,899,052</u>		<u>93,252</u>		<u>70,800</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bond Series of 2003D
April 30, 2005

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2004	\$ 80,000	23,810	103,810	2005	12,585	2005	11,225
2005	75,000	21,156	96,156	2006	11,225	2006	9,931
2006	85,000	18,269	103,269	2007	9,931	2007	8,338
2007	90,000	14,875	104,875	2008	8,338	2008	6,537
2008	90,000	11,162	101,162	2009	6,537	2009	4,625
2009	100,000	7,000	107,000	2010	4,625	2010	2,375
2010	100,000	2,375	102,375	2011	2,375		
	<hr/> <u>620,000</u>	<hr/> <u>98,647</u>	<hr/> <u>718,647</u>		<hr/> <u>55,616</u>		<hr/> <u>43,031</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Bond Series of 2002

April 30, 2005

Date of Issue	December 30, 2002
Date of Maturity	December 15, 2021
Authorized Issue	\$3,970,000
Denomination of Bonds	\$5,000
Interest Rates	5.00% to 6.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2006	\$ -	215,006	215,006	2005	107,503	2005	107,503
2007	155,000	215,006	370,006	2006	107,503	2006	107,503
2008	160,000	207,256	367,256	2007	103,628	2007	103,628
2009	170,000	199,258	369,258	2008	99,629	2008	99,629
2010	180,000	190,756	370,756	2009	95,378	2009	95,378
2011	190,000	181,756	371,756	2010	90,878	2010	90,878
2012	200,000	172,256	372,256	2011	86,128	2011	86,128
2013	215,000	162,256	377,256	2012	81,128	2012	81,128
2014	230,000	151,238	381,238	2013	75,619	2013	75,619
2015	245,000	139,278	384,278	2014	69,639	2014	69,639
2016	260,000	126,292	386,292	2015	63,146	2015	63,146
2017	275,000	112,318	387,318	2016	56,159	2016	56,159
2018	295,000	97,468	392,468	2017	48,734	2017	48,734
2019	315,000	81,242	396,242	2018	40,621	2018	40,621
2020	335,000	63,602	398,602	2019	31,801	2019	31,801
2021	360,000	44,340	404,340	2020	22,170	2020	22,170
2022	385,000	23,100	408,100	2021	11,550	2021	11,550
	3,970,000	2,382,428	6,352,428		1,191,214		1,191,214

VILLAGE OF LAKE ZURICH, ILLINOIS**Long-Term Debt Requirements****General Obligation TIF Alternate Revenue Bond Series 2002A****April 30, 2005**

Date of Issue	December 30, 2002
Date of Maturity	December 15, 2021
Authorized Issue	\$1,830,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% to 4.70%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2006	\$ -	78,116	78,116	2005	39,058	2005	39,058
2007	85,000	78,116	163,116	2006	39,058	2006	39,058
2008	85,000	74,714	159,714	2007	37,357	2007	37,357
2009	90,000	71,316	161,316	2008	35,658	2008	35,658
2010	95,000	67,714	162,714	2009	33,857	2009	33,857
2011	95,000	63,916	158,916	2010	31,958	2010	31,958
2012	100,000	60,114	160,114	2011	30,057	2011	30,057
2013	105,000	56,114	161,114	2012	28,057	2012	28,057
2014	110,000	51,916	161,916	2013	25,958	2013	25,958
2015	115,000	47,514	162,514	2014	23,757	2014	23,757
2016	120,000	42,914	162,914	2015	21,457	2015	21,457
2017	125,000	37,874	162,874	2016	18,937	2016	18,937
2018	130,000	32,500	162,500	2017	16,250	2017	16,250
2019	135,000	26,650	161,650	2018	13,325	2018	13,325
2020	140,000	20,574	160,574	2019	10,287	2019	10,287
2021	145,000	14,100	159,100	2020	7,050	2020	7,050
2022	155,000	7,286	162,286	2021	3,643	2021	3,643
	1,830,000	831,448	2,661,448		415,724		415,724

VILLAGE OF LAKE ZURICH, ILLINOIS**Long-Term Debt Requirements****General Obligation TIF Alternate Revenue Bond Series of 2003A**
April 30, 2005

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2006	\$ -	153,334	153,334	2005	76,667	2005	76,667
2007	205,000	153,334	358,334	2006	76,667	2006	76,667
2008	210,000	145,902	355,902	2007	72,951	2007	72,951
2009	215,000	138,290	353,290	2008	69,145	2008	69,145
2010	220,000	130,496	350,496	2009	65,248	2009	65,248
2011	225,000	122,522	347,522	2010	61,261	2010	61,261
2012	235,000	114,364	349,364	2011	57,182	2011	57,182
2013	240,000	105,846	345,846	2012	52,923	2012	52,923
2014	250,000	97,146	347,146	2013	48,573	2013	48,573
2015	260,000	88,084	348,084	2014	44,042	2014	44,042
2016	270,000	78,658	348,658	2015	39,329	2015	39,329
2017	280,000	68,872	348,872	2016	34,436	2016	34,436
2018	290,000	58,722	348,722	2017	29,361	2017	29,361
2019	305,000	48,208	353,208	2018	24,104	2018	24,104
2020	320,000	37,152	357,152	2019	18,576	2019	18,576
2021	330,000	25,312	355,312	2020	12,656	2020	12,656
2022	345,000	12,938	357,938	2021	6,469	2021	6,469
	4,200,000	1,579,180	5,779,180		789,590		789,590

STATISTICAL SECTION (Unaudited)

This section includes selected financial and demographic information, generally presented on a multi-year basis.

VILLAGE OF LAKE ZURICH, ILLINOIS

**Governmental Expenditures by Function (1)
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

**General Governmental Expenditures by Function
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Fiscal Year	1996	1997	1998	1999
General Government	\$ 2,761,033	2,083,170	1,934,641	1,612,042
Public Safety	6,162,987	6,616,255	7,074,061	7,608,441
Highways and Streets	2,194,092	2,277,782	2,308,749	2,474,256
Culture and Recreation	742,458	757,786	763,783	1,629,939
Debt Service	1,102,460	1,454,268	1,454,628	1,545,256
Total	12,963,030	13,189,261	13,535,862	14,869,934

(1) Includes General, Special Revenue and Debt Service Funds

Data Source: Village Records

2000	2001	2002	2003	2004	2005
2,451,851	1,766,668	2,417,006	3,442,196	2,291,206	2,251,949
7,749,472	9,397,966	10,741,008	11,700,045	11,659,477	11,836,203
2,500,506	3,024,920	3,937,218	4,573,607	2,735,370	3,077,621
1,945,616	1,583,560	1,566,916	1,572,504	1,527,115	1,662,954
1,483,857	1,667,008	1,808,275	1,977,857	3,551,129	2,652,952
<u>16,131,302</u>	<u>17,440,122</u>	<u>20,470,423</u>	<u>23,266,209</u>	<u>21,764,297</u>	<u>21,481,679</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

**General Governmental Revenues by Source
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Fiscal Year	1996	1997	1998	1999
Taxes	\$ 8,021,788	7,118,151	7,135,730	7,526,112
Licenses and permits	438,504	631,502	754,290	858,376
Intergovernmental	425,069	1,703,757	1,852,272	1,964,224
Charges for services	1,768,186	1,892,143	2,165,049	2,308,023
Fines and forfeitures	430,934	755,398	542,534	474,843
Interest	195,293	170,412	193,573	210,900
Miscellaneous	1,056,722	415,996	348,799	617,574
Total	12,336,496	12,687,359	12,992,247	13,960,052

(1) Includes General, Special Revenue and Debt Service Funds

Data Source: Village Records

2000	2001	2002	2003	2004	2005
7,830,914	8,236,547	9,709,824	10,294,390	10,757,600	11,577,561
1,430,653	1,432,837	1,339,076	1,441,802	1,561,404	2,478,365
2,469,679	2,704,797	2,698,848	4,526,355	2,183,195	2,230,893
2,862,165	2,820,309	3,494,639	4,214,732	3,831,476	3,956,456
523,886	655,631	558,704	577,039	536,900	450,210
180,585	278,489	180,376	124,788	50,768	102,858
581,535	457,085	102,876	1,081,433	375,637	532,286
15,879,417	16,585,695	18,084,343	22,260,539	19,296,980	21,328,629

VILLAGE OF LAKE ZURICH, ILLINOIS

**Assessed Valuations, Rates and Extension
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Tax Levy Year	2004	2003	2002	2001
Equalized Assessed Valuation	<u>\$ 670,174,701</u>	<u>635,502,841</u>	<u>564,872,284</u>	<u>516,730,638</u>
Tax Extensions				
Corporate	1,160,489	1,185,885	1,101,501	1,100,636
Police Protection	791,548	760,996	739,983	723,423
Fire Protection	724,467	691,238	672,198	656,248
Ambulance	677,511	646,846	627,008	676,917
Illinois Municipal Retirement	181,117	171,224	124,272	144,685
Federal Social Security	717,759	684,896	627,008	547,734
Insurance	281,737	266,349	316,328	217,027
Debt Service	1,804,461	1,743,949	1,626,832	1,607,032
Special Recreation	80,496	82,441	-	-
Police Pension	154,285	133,174	141,218	129,183
Firefighters' Pension	154,285	133,174	141,218	129,183
	<u>6,728,155</u>	<u>6,500,172</u>	<u>6,117,566</u>	<u>5,932,068</u>
Tax Rates				
Corporate	.173	.187	.195	.213
Police Protection	.118	.120	.131	.140
Fire Protection	.108	.109	.119	.127
Ambulance	.101	.102	.111	.131
Illinois Municipal Retirement	.027	.027	.022	.028
Federal Social Security	.107	.108	.111	.106
Insurance	.042	.042	.056	.042
Debt Service	.269	.275	.288	.311
Special Recreation	.012	.013	.000	.000
Police Pension	.023	.021	.025	.025
Firefighters' Pension	.023	.021	.025	.025
	<u>1.003</u>	<u>1.025</u>	<u>1.083</u>	<u>1.148</u>

Data Source: Office of the County Clerk

2000	1999	1998	1997	1996	1995
478,645,862	450,899,116	439,352,349	424,968,978	406,515,223	391,547,395
1,043,448	969,433	808,409	777,693	731,727	720,447
703,609	671,840	659,029	637,453	601,643	544,251
627,026	599,696	540,403	518,462	483,753	430,702
603,094	572,642	623,880	599,207	585,382	516,843
167,526	202,905	228,463	216,734	203,258	195,774
531,297	486,971	478,894	450,467	422,776	450,280
172,313	148,797	237,250	267,731	256,105	301,492
1,541,240	1,113,721	1,098,381	1,109,169	1,085,396	1,123,741
-	-	-	-	-	-
119,661	112,725	101,051	93,493	85,368	74,394
119,661	112,725	101,051	93,493	85,368	74,394
5,628,875	4,991,455	4,876,811	4,763,902	4,540,776	4,432,318
.218	.215	.184	.183	.180	.184
.147	.149	.150	.150	.148	.139
.131	.133	.123	.122	.119	.110
.126	.127	.142	.141	.144	.132
.035	.045	.052	.051	.050	.050
.111	.108	.109	.106	.104	.115
.036	.033	.054	.063	.063	.077
.322	.247	.250	.261	.267	.287
.000	.000	.000	.000	.000	.000
.025	.025	.023	.022	.021	.019
.025	.025	.023	.022	.021	.019
1.176	1.107	1.110	1.121	1.117	1.132

VILLAGE OF LAKE ZURICH, ILLINOIS

**Property Tax Levies and Collections
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Year of Levy	Total Property Tax Extension	Total Tax Collections	Percent of Total Extension Collected
1995	\$ 4,432,318	\$ 4,441,080	100.20 %
1996	4,540,776	4,534,769	99.87
1997	4,763,902	4,758,251	99.88
1998	4,876,811	4,875,223	99.97
1999	4,991,455	4,980,270	99.78
2000	5,628,875	5,632,691	100.07
2001	5,932,068	5,921,992	99.83
2002	6,117,566	6,117,622	100.00
2003	6,500,172	6,490,810	99.86
2004	6,728,155	*	*

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

Data Source: Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS**Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years****April 30, 2005 (Unaudited)**

Tax Levy Year	Equalized Assessed Value	Estimated Actual Value	Ratio of Equalized Assessed Value to Estimated Actual Value
1995	\$ 391,547,395	\$ 1,175,818,003	0.333
1996	406,515,223	1,219,545,669	0.333
1997	424,968,978	1,274,906,934	0.333
1998	439,352,349	1,318,057,047	0.333
1999	450,899,116	1,352,697,348	0.333
2000	478,645,862	1,435,937,586	0.333
2001	516,730,638	1,550,191,914	0.333
2002	564,872,284	1,694,616,852	0.333
2003	635,502,841	1,906,508,523	0.333
2004	670,174,701	2,010,524,103	0.333

Data Source: Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

**Property Tax Rates Per \$100 Assessed Valuation
Direct and Overlapping Governments
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Tax Levy Year	1995	1996	1997	1998
Village of Lake Zurich	1.132	1.117	1.121	1.110
Village of Lake Zurich				
Special Service Area #6	.000	.000	.000	.000
Special Service Area #7	.000	.000	.000	.000
Lake County	.523	.525	.531	.531
Lake County Forest				
Preserve District	.156	.156	.155	.157
Ela Area Library District	.322	.320	.321	.320
School District #95	3.758	3.783	3.914	3.958
School District #96	2.988	3.009	3.023	3.051
Consolidated H.S. District #125	1.790	1.801	1.860	1.859
Community College #532	.220	.220	.222	.221
Ela Township - Corp. & GA	.109	.109	.106	.105
Ela Township - R & B	.013	.013	.013	.012
Ela Township - Gravel or R.I.	.030	.030	.030	.030
Lake County Public				
Building Commission	.076	.074	.073	.071
Barrington Public				
Library District	.212	.202	.211	.218
Total Tax Rate Per \$100 EAV	11.329	11.359	11.580	11.643
Village's Share of Total Tax Rate	9.990	9.830	9.680	9.534

Data Source: Office of the County Clerk

1999	2000	2001	2002	2003	2004
1.107	1.176	1.148	1.083	1.025	1.003
.000	.000	.000	.000	.000	.000
.002	.000	.000	.000	.000	.000
.521	.521	.516	.502	.490	.465
.187	.231	.221	.232	.225	.219
.408	.396	.387	.371	.343	.334
3.925	4.022	4.484	4.366	4.092	4.082
3.052	3.060	2.951	3.013	2.940	3.038
1.835	1.904	1.864	1.890	1.940	2.062
.213	.235	.211	.208	.201	.200
.100	.094	.096	.093	.086	.085
.011	.011	.012	.013	.011	.011
.030	.030	.030	.030	.029	.030
.064	.061	.057	.054	.051	.000
.212	.178	.192	.182	.177	.193
11.667	11.919	12.169	12.037	11.610	11.722
9.488	9.867	9.433	8.997	8.883	8.557

VILLAGE OF LAKE ZURICH, ILLINOIS

**Ratio of General Obligation Bonded Debt to
Assessed Valuation and Bonded Debt Per Capita
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Fiscal Year	Population	Assessed Value	Outstanding General Obligation Bonded Debt	Less Debt Service Funds	Net General Obligation Bonded Debt	Ratio of Outstanding General Obligation Bonded Debt to Assessed Value		
						Outstanding General Obligation Bonded Debt	Outstanding General Obligation Bonded Debt Per Capita	
1996	17,345	\$ 391,547,395	\$ 9,170,000	\$ 121,138	\$ 9,048,862	2.31%	\$ 521.70	
1997	17,550	406,515,223	8,575,000	160,314	8,414,686	2.07%	479.47	
1998	17,591	424,968,978	7,965,000	175,629	7,789,371	1.83%	442.80	
1999	17,630	439,352,349	7,295,000	219,764	7,075,236	1.61%	401.32	
2000	18,104	450,899,116	6,595,000	260,294	6,334,706	1.40%	349.91	
2001	18,210	478,645,862	11,840,000	115,084	11,724,916	2.45%	643.87	
2002	19,484	516,730,638	13,100,000	247,514	12,852,486	2.49%	659.64	
2003	19,005	564,872,284	11,395,000	2,022,530	9,372,470	1.66%	493.16	
2004	19,005	635,502,841	10,005,000	1,453,918	8,551,082	1.35%	449.94	
2005	18,992	670,174,701	8,560,000	1,095,069	7,464,931	1.11%	393.06	

Data Sources: Census Bureau, Office of the County Clerk and Village Records

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt
April 30, 2005 (Unaudited)

Governmental Unit	Gross Debt	*Percentage to Debt Applicable to Village	Village's Share of Debt
Village of Lake Zurich	\$ 7,540,000	100.000 %	\$ 7,540,000
Lake County, including			
Forest Preserve District	180,526,852	2.917	5,265,968
Ela Area Library District	13,575,000	42.721	5,799,376
School District #95	69,001,754	48.998	33,809,479
School District #96	24,985,000	1.238	309,314
Consolidated High School			
District #125	40,698,641	.459	186,807
Community College #532	12,505,843	3.076	384,680
Barrington Public Library District	745,000	1.382	10,296
Subtotal	342,038,090		45,765,920
Totals	349,578,090		53,305,920

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

Data Source: Lake County Tax Extension Department

VILLAGE OF LAKE ZURICH, ILLINOIS

**Schedule of Legal Debt Margin
April 30, 2005 (Unaudited)**

Assessed Valuation - 2004	<u>\$ 670,174,701</u>
Legal Debt Limit - 8.625% of Assessed Valuation	57,802,568
Amount of debt applicable to debt limit	
General Obligation Debt Payable	
General Obligation Bonds	5,330,000
Installment Contracts	<u>1,872,146</u>
Legal Debt Margin	<u>50,600,422</u>

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. The indebtedness limitation set forth in this section shall not apply to any indebtedness of any municipality incurred to finance the cost of the acquisition, construction or improvement of water or wastewater treatment facilities mandated by an enforceable compliance schedule developed in connection with the Federal Clean Water Act or a compliance order issued by the United States Environmental Protection Agency or the Illinois Pollution Control Board."

VILLAGE OF LAKE ZURICH, ILLINOIS**Ratio of Annual Debt Service Expenditures for General
Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years****April 30, 2005 (Unaudited)**

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures	Ratio of Debt Service to General Governmental Expenditures (Percent)
1996	\$ 599,500	502,960	1,102,460	12,963,030	8.50%
1997	845,000	609,268	1,454,268	13,189,261	11.03%
1998	878,573	576,055	1,454,628	13,535,862	10.75%
1999	993,573	531,683	1,525,256	14,849,934	10.27%
2000	1,273,573	437,791	1,711,364	16,131,302	10.61%
2001	1,230,850	436,158	1,667,008	17,440,122	9.56%
2002	5,678,573	716,201	6,394,774	20,470,423	31.24%
2003	1,095,000	485,845	1,580,845	23,266,209	6.79%
2004	1,390,000	848,196	2,238,196	21,764,297	10.28%
2005	1,445,000	417,695	1,862,695	21,481,679	8.67%

Note: Includes General, Special Revenue and Debt Service Funds

Data Source: Village Records

VILLAGE OF LAKE ZURICH, ILLINOIS

**Schedule of Revenue Bond Coverage
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Fiscal Year	Gross Revenue*	Operating Expenses**	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
1996	\$ 2,895,556	1,907,666	987,890	185,000	210,515	395,515	2.50
1997	2,952,709	1,843,795	1,108,914	180,000	200,455	380,455	2.91
1998	3,079,237	1,750,396	1,328,841	200,000	192,041	392,041	3.39
1999	3,146,226	1,767,129	1,379,097	200,000	183,029	383,029	3.60
2000	4,144,902	1,890,152	2,254,750	210,000	174,258	384,258	5.87
2001	3,635,790	1,886,278	1,749,512	220,000	164,173	384,173	4.55
2002	3,631,085	2,113,388	1,517,697	225,000	187,495	412,495	3.68
2003	3,620,412	2,453,658	1,166,754	255,000	141,390	396,390	2.94
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-

Revenue Bonds were retired during fiscal year 2003.

*As defined in applicable bond indentures and governing laws.

**Excludes depreciation.

Data Source: Village Records

VILLAGE OF LAKE ZURICH, ILLINOIS

Demographic Statistics

Last Ten Fiscal Years

April 30, 2005 (Unaudited)

Calendar Year	(1) Population	(2) Per Capita Income	(2) Median Age	(2) Education Level in Years of Formal Schooling	(3) School Enrollment	(4) Unemployment Percentage
1996	17,345	\$ 30,356	33.1	N/A	5,439	2.4
1997	17,550	33,597	34.5	N/A	5,765	2.1
1998	17,591	32,490	34.7	N/A	5,977	2.2
1999	17,630	38,364	34.2	15.2	5,902	1.9
2000	18,104	39,984	36.7	15.5	6,104	2.1
2001	18,210	N/A	N/A	N/A	6,280	2.9
2002	19,484	N/A	N/A	N/A	6,429	3.7
2003	19,005	41,897	36.9	15.6	6,529	3.9
2004	19,005	44,717	37.2	15.6	6,570	2.1
2005	18,992	45,308	36.8	15.6	6,512	N/A

Data Sources:

(1) Based on U.S. Census Bureau

(2) Based on U.S. Census Bureau (Reported by Zip Code)

(3) Annual School Census by Community Unit School District #95

(4) Illinois Department of Employment Security

VILLAGE OF LAKE ZURICH, ILLINOIS

**Property Value and Construction
Last Ten Fiscal Years**

April 30, 2005 (Unaudited)

Fiscal Year	(1) Commercial Construction		(1) Residential Construction		(2) Property Value	
	Number of Units	Value	Number of Units	Value	Commercial	Residential
1996	249	\$ 7,566,652	683	\$ 7,252,439	\$ 77,977,264	313,570,131
1997	212	17,600,456	710	17,008,565	82,054,625	324,460,598
1998	256	10,478,390	613	12,975,355	85,397,403	339,571,575
1999	268	8,217,761	541	11,296,713	88,060,413	351,291,936
2000	259	32,690,245	686	35,203,561	90,572,962	360,326,154
2001	289	36,944,309	2,752	31,306,561	104,430,873	374,214,989
2002	414	27,574,566	854	20,708,113	124,177,583	392,553,055
2003	223	22,988,889	711	16,930,067	134,714,931	430,157,353
2004	264	16,079,886	848	23,400,930	139,929,161	494,234,002
2005	231	16,321,388	1,088	43,923,550	142,547,903	528,221,760

Data Sources:

- (1) Based on building permits issued by the Village Building Department.
Property values are estimated construction costs.
- (2) Estimated historical cost data provided by County Clerk's Office.

VILLAGE OF LAKE ZURICH, ILLINOIS**Schedule of Ten Largest Real Estate Taxpayers**

April 30, 2005 (Unaudited)
Based on 1999 Assessed Valuation

Name of Taxpayer	Nature of Business	Total Taxable Valuation	Percentage of Village's Assessed Valuation
Village Square Retail Center LLC	Shopping Centers and Office Buildings	\$ 5,942,480	0.90 %
Lincoln Property Co.	Apartments	5,840,020	0.90
Individual Taxpayer	North Lake Commons, Shopping Center	4,877,150	0.70
Echo Incorporated	Power Outdoor Equipment	4,787,068	0.70
Deerpath Court Retail Center LLC	Retail	3,832,561	0.60
Regal Cinemas Inc.	Movie Theater	3,137,225	0.50
Costco	Discount Retail Store	3,099,110	0.50
HD Development of Maryland LLC	Commercial Properties	2,598,374	0.40
Wal-Mart	Discount Retail Store	2,501,194	0.40
The Greenhill Company LLC	Industrial Properties	2,375,000	0.40
Total		38,990,182	6.00

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

VILLAGE OF LAKE ZURICH, ILLINOIS

General Information

April 30, 2005 (Unaudited)

Date of incorporation	September 19, 1896
Form of government	President/Trustee/Administrator
Geographic location	Southwestern Lake County 37 miles northwest of Chicago
Area	6.9 square miles
Population	
1930	368
1940	421
1950	850
1960	3,458
1970	4,082
1980	8,225
1990	15,100
2000	18,104
2001	18,210
2002	19,484
2003	19,005
2004	19,005
2005	18,992
2004 per capita income	\$45,308
Municipal Services and Facilities	
Number of full-time employees	180
Lane miles of streets	158.2
Miles of alleys	0.3
Miles of sewers	103

VILLAGE OF LAKE ZURICH, ILLINOIS

General Information - Continued

April 30, 2005 (Unaudited)

Building inspection - # of Permits Issued

1985	532	1995	829
1986	804	1996	932
1987	1,006	1997	922
1988	1,530	1998	869
1989	1,341	2000	945
1990	1,115	2001	3,041
1991	900	2002	1,268
1992	1,037	2003	934
1993	900	2004	1,112
1994	725	2005	1,319

Value of construction authorized (fiscal year):

1985	19,855,148	1995	12,351,994
1986	26,778,328	1996	14,819,091
1987	34,291,870	1997	34,609,021
1988	69,881,543	1998	23,453,745
1989	50,414,640	2000	67,893,806
1990	49,077,856	2001	68,250,870
1991	35,962,086	2002	48,282,679
1992	30,460,628	2003	39,918,956
1993	17,220,561	2004	39,480,816
1994	10,186,208	2005	60,244,938

Fire protection

Number of firefighters	53
Number of stations	4
Number of fire hydrants	1,731
Number of rescue boats	2
I.S.O. rating	Class 3
Rural fire protection district	Class 5

VILLAGE OF LAKE ZURICH, ILLINOIS

General Information - Continued

April 30, 2005 (Unaudited)

Police protection

Number of police officers	37
Number of community service officers	2
Number of crossing guards	12
Number of police vehicles	20
Number of police boats	1
Number of community service vehicles	2
Number of bicycles	5
Motorcycles	2

Library services

Number of branch libraries	1
Number of books	178,820
Number of registered borrowers	25,359
1996 total circulation	813,757
Number of audiovisual items	28,775
Total number of program attendance	24,107

Recreation facilities

Number of parks and playgrounds	30
Park area in acres	227.0

Municipal water utility

Population serviced	18,992
Rated daily pumping capacity	6.5 mgd
Average daily pumpage	2.2 mgd
Miles of water mains	104
Number of metered accounts	6,348

Election

Number of registered voters	10,659
Number of votes cast in last municipal election	2,610
Percentage of registered voters voting in last municipal election	24.50%