

VILLAGE OF LAKE ZURICH, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED APRIL 30, 2007

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:

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

1. The first part of the document is a list of the names of the members of the committee who have been appointed to the various sub-committees. The names are listed in alphabetical order of the last name.

VILLAGE OF LAKE ZURICH, ILLINOIS

List of Elected and Appointed Officials

April 30, 2007

VILLAGE BOARD OF TRUSTEES

John G. Tolomei, Acting Village President

Tom Bondi

Julie Gyarmaty

Stephen F. Callahan

Stephen J. McAvoy

Carol Coleman

Craig W. Taylor

Gloria Palmblad, Village Clerk

John Fulton Dixon, Village Administrator

Jeffrey A. Martynowicz, Finance Director and Treasurer

ACCEPTING BOARD OF TRUSTEES

John G. Tolomei, Village President

Suzanne K. Branding

Stephen J. McAvoy

Stephen F. Callahan

Thomas M. Poynton

James L. Johnson

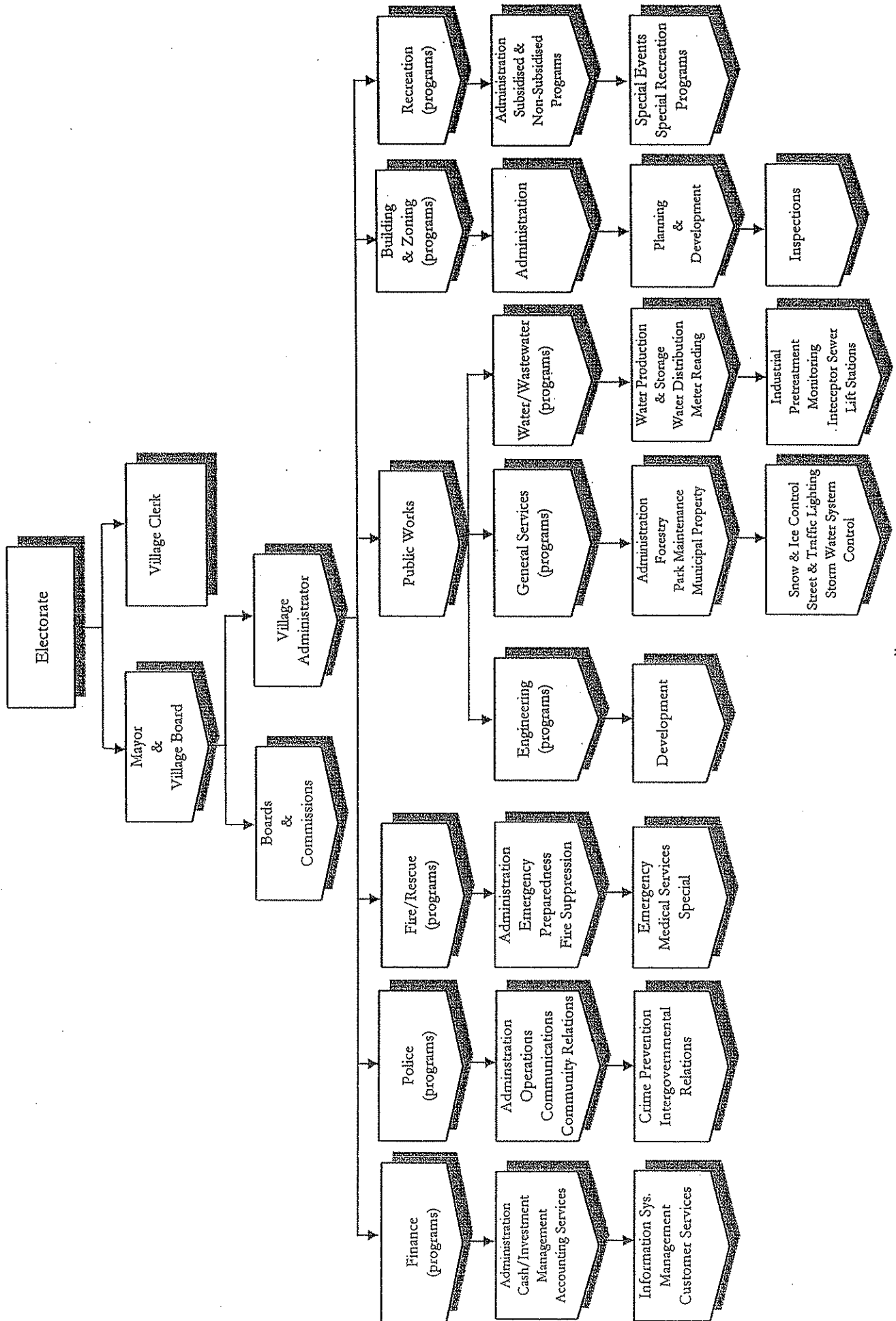
Craig W. Taylor

Gloria Palmblad, 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, 2006

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.



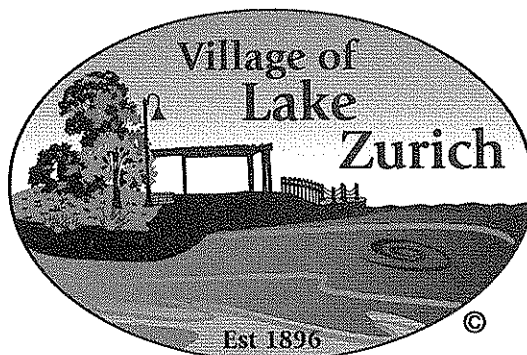
A handwritten signature in black ink, appearing to read "Romeo J. Khan".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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



Phone: (847) 438-5141
Fax: (847) 540-1769
Web: www.volz.org

September 24, 2007

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

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

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

The Village of Lake Zurich, Illinois financial statements have been audited by Lauterbach and Amen LLP, a firm of licensed certified public accountants. Lauterbach and Amen concluded that the Village's financial statements for the fiscal year ended April 30, 2007, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

Incorporated in 1896, the Village of Lake Zurich, Illinois is a non-home rule community that operates under the management form of municipal government as provided in Chapter 65, Article 5 of the Illinois Compiled Statutes. The Village is governed by a President and Board of six trustees, all of whom are elected on an at-large basis to four-year overlapping terms. Policy-making and legislative authority are vested in the Village Board. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village Administrator and Village Attorney. The Board is elected on a non partisan basis. Board members serve four year staggered terms, with three Board members elected every two years. The Village President and Clerk are elected to serve a four year term. An appointed Village Administrator is charged with the day-to-day responsibility of administering Board policy and supervising approximately 325 full and part time employees. The Village provides a full range of services, including administrative, financial, police and fire protection, public

works, water and sewer utilities, recreational activities, building and zoning inspections and cultural events.

Lake Zurich, located northwest of Chicago in Lake County, was one of the fastest growing communities over the past two decades. Today, the Village is a balanced community with a strong residential population, an industrial park and commercial corridor. Its location, along with the availability of inexpensive land spurred development of moderately priced housing units (2000 median home value \$225,100) compared to the "North Shore" communities to the east. This growth transformed the Village from a rural resort town into a traditional suburb. The population quadrupled since 1970 to 18,992 in the latest special census. Population growth is now slowing as available land for development is becoming limited. The Village expects to peak in the next few years at approximately 20,500 as less than 5% of residentially zoned land remains undeveloped. It is expected that the Village will continue to experience moderate growth, given its proximity to employment centers throughout the Chicago metropolitan area.

Annually the Village adopts a budget that defines its legal spending authority. Departments submit requests to the Village Administrator so that a budget may be prepared. The 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 budget is presented to the Village Board for review. The Village Board holds public hearings and may add to, subtract from, or change budgeted amounts. The Village's budget is adopted no later than April 30th, the close of the fiscal year.

Assessment of Economic Condition

The Village has enjoyed rising property values in Lake Zurich for the past five years. Equalized Assessed Values from 2000-2006 have risen on average approximately 8%. The 2006 Equalized assessed Value through the Village was valued at \$769,562,132. Lake Zurich was ranked the thirteenth wealthiest community, with a population of 10,000 or more, in the State of Illinois after the 2000 Census. Lake Zurich has a very strong retail sales tax base primarily located in the Rand Road Corridor. Super stores such as Costco, Home Depot, Wal-Mart and Target have helped to increase and bolster sales tax revenue in each of the last ten fiscal years by an average of 8%. The Village is also home to Peapod, a nationwide grocery delivery company. Peapods sales have increased significantly the last five years as the Village has a sales tax sharing incentive with Peapod. During the fiscal year, a Wickes Retail furniture store was constructed and opened. The Village is seeing increases in sales tax in the current fiscal year in part due to this new development. In 2002 the Village established a tax increment financing (TIF) district to revitalize the downtown district. The Elia Township Assessor and Lake County Clerks office valued the TIF district at \$22,150,185 in Assessed Value. The increase in assessed value will generate \$1,362,679 in incremental property taxes. As of the date of this report Phase II of downtown revitalization is 65% complete while Phase I has not yet taken place. Statistics from the Villages developer show 11 units in Phase II have been sold. These sales will help to increase the EAV in the TIF district. The Village is currently monitoring the downturn in the residential home construction and mortgage market. It is not clear what the effect of this downturn is now or in the future as it pertains to residential construction of downtown redevelopment.

Long Term Financial Planning

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

Major Initiatives

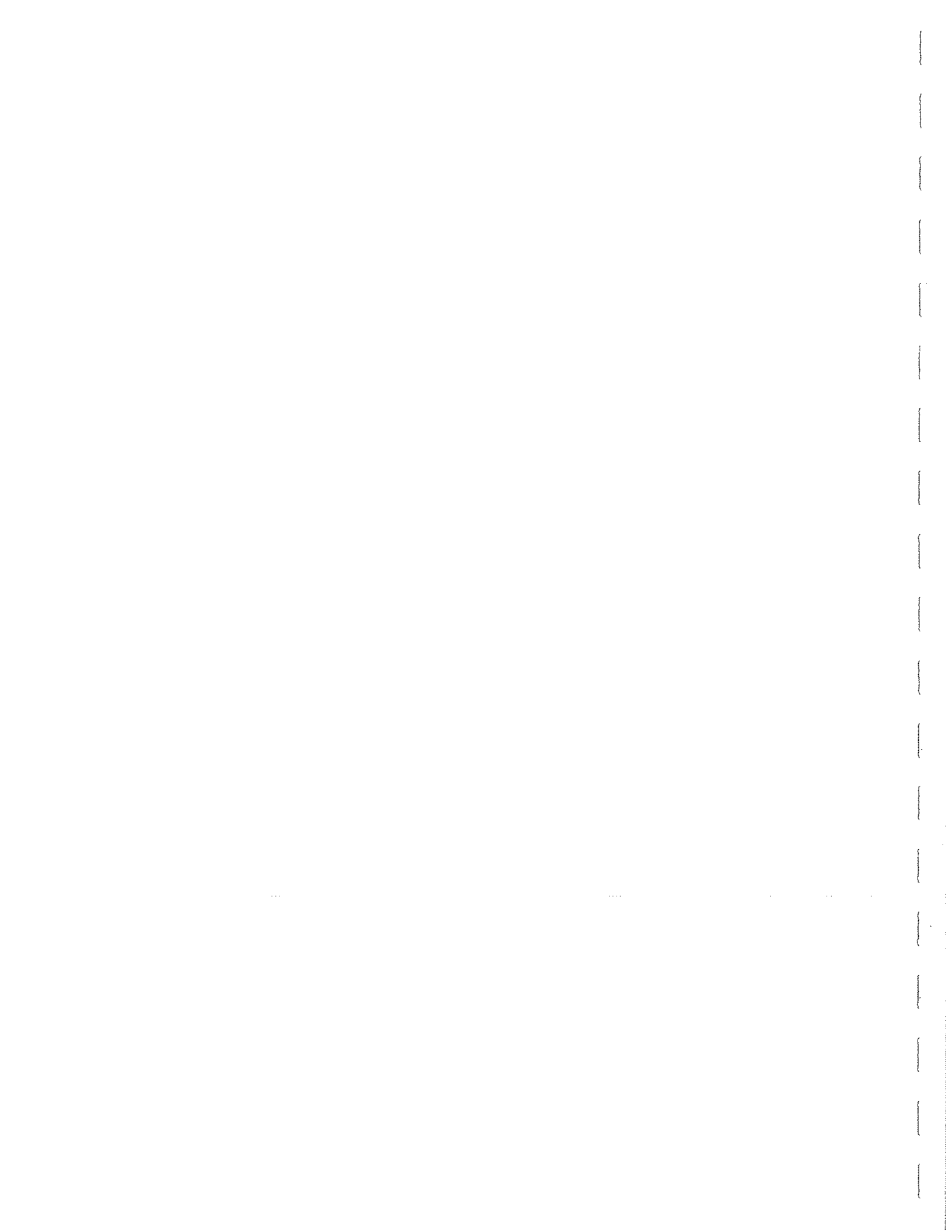
The Village Board again focused on and was successful in providing funding to upgrade and repair many of the Villages residential streets. The 2007 budget included \$1,000,000 in funding from the General Fund and MFT Fund to repave streets. The Illinois Department of Transportation completed the Route 22 bypass and Route 12 and 22 corridor during the fiscal year. The completion of these major street projects has eased traffic flow in the downtown and is moving traffic more efficiently through Route 12 and 22. The Village provided funding for many new vehicles during the year including a new ambulance in the Fire/Rescue Department, two new squad cars in the Police Department along with the expansion of in-car video recording systems. The MIS division of the Finance Department completed many infrastructure upgrades including file server replacement in all departments to accommodate the needs of electronic and digital archiving of Village documents. New software was implemented in the Park and Recreation Department to replace its antiquated registration and cash receipting program. The Police Department received the much anticipated CALEA certification. CALEA certification recognizes the Police Department as a national leader in law enforcement, training and safety programs. A contractor was selected during the year to begin improvements to Paulus Park. Construction began on a more modernized entry sign to the park, a aesthetically pleasing fence was installed between the Park and Route 12, a new gate guard facility was constructed with the goal of letting people more freely enter and use the park. Permits were also obtained from the State of Illinois to begin construction of a spray park at this park. The Village also received notification from the Illinois Department of Natural Resources that a grant was approved for \$400,000 with a \$400,000 match from the Village for Staples Park improvements. The money will be used to make necessary capital improvements to the park and the Village portion would come from developer donations.

The Village's Water and Sewer Operating system has kept pace with the Illinois EPA mandates to upgrade and remove radium from each of its deep water wells. During the year a third well was completed and two additional wells were budgeted for completion in the 2008 budget. As of the date of this report the contractor has been selected to complete the mandated upgrades. The Village Board engaged in discussions to sell some of the Village's excess water and sewer capacities to outside entities based upon public equivalent (PE) ratios. The sale of water and sewer will help to provide additional funding to the water/sewer enterprise in the form of tap on fees and increased sales. The additional revenue will be used to help pay for the sixth and final well needed to be completed. The Utilities Department also began implementation of radio read water meters. The new technology will help to streamline the reading of water meters through the Village.

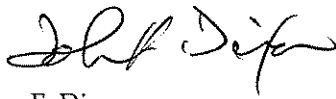
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its comprehensive annual financial report for the fiscal year ended April 30, 2006. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. It is our belief the Village of Lake Zurich's current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement Program and we are submitting it to the GFOA to determine its eligibility for this award.

The Finance Department staff is to be congratulated for their dedication in performing their duties in a professional manner. Through their collective efforts the audit was completed in a timely fashion. Special thanks go to Assistant Finance Director, Albert Walczak, for his dedication in managing preparation of this report in compliance with GASB 34 reporting requirements. We also want to thank Village President Tolomei and the Board of Trustees and Department Heads for their continued support.



Respectively Submitted,



John F. Dixon
Village Administrator



Jeffrey A. Martynowicz
Finance Director and Treasurer

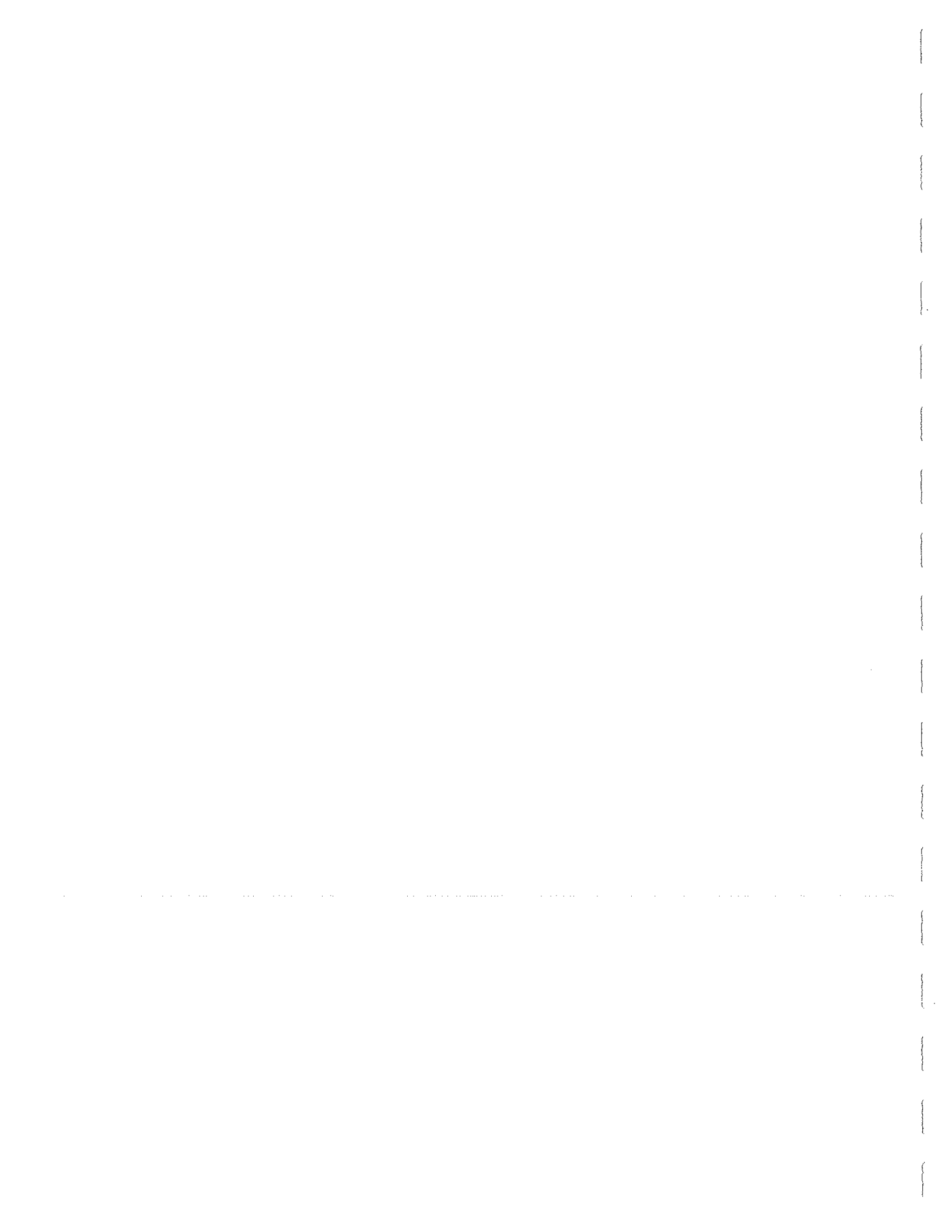
FINANCIAL SECTION

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 13, 2007

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 governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Lake Zurich, Illinois as of and for the year ended April 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Village of Lake Zurich, Illinois' management. Our responsibility is to express opinions 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lake Zurich, Illinois as of April 30, 2007, and the respective changes in financial position and cash flows, where applicable, 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.

1. The first part of the document is a list of the names of the members of the committee who have been appointed to study the problem of the shortage of housing in the city of New York.

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.

A handwritten signature in cursive script that reads "Lauterbach & Amen LLP".

LAUTERBACH & AMEN, LLP

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MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

This section of the financial report is management's overview and analysis of the financial position and financial performance of the Village of Lake Zurich for the fiscal year ended April 30, 2007. It should be read along with the transmittal letter and financial statements for the most complete understanding of the Village of Lake Zurich's financial activities for the year.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities by \$114,885,548. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$4,740,002. Restricted net assets totaled \$2,851,206. The majority of the net assets, the amount "Invested in Capital Assets, Net of Related Debt," amounted to \$107,294,340.
- Governmental net assets decreased \$1,843,354 and Business-Type Activities net assets decreased \$1,044,635.
- Capital assets, net of \$42,593,896 of accumulated depreciation, amounted to \$132,212,369 at April 30, 2007. Assets capitalized include land, buildings and related improvements, machinery and equipment and infrastructure.
- Net debt increased \$3,434,897 during the current fiscal year. The increase was from the issuance of Illinois EPA loan proceeds in the amount of \$1,586,325 and the issuance of General Obligation Alternative Revenue Bonds in the amount of \$2,050,000. Existing debt was reduced by \$2,603,976.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government wide statements

The government-wide statements (see pages 13 – 16)are intended to provide a view of the financial position and operations of the Village of Lake Zurich in a manner similar to the private sector. These statements provide a long-term view of the financial position of the Village of Lake Zurich. The *Statement of Net Assets* reflects all of the Village's assets, liabilities, with the net difference between the two reported as net assets. Over time, the change in net assets may serve as a useful indicator to reflect the improving or deteriorating position of the Village.

The government-wide *Statement of Activities* (see pages 15 – 16) reflects the change in Village net assets for the current year. These activities are reported on a full accrual basis. Thus revenues and expenses are recorded as they are incurred, regardless of when cash flow is affected. Both the *Statement of Net Assets* and the *Statement of Activities* include the Village's governmental and business-type activities. Governmental activities encompass general government, public safety, highways and streets, parks and recreation and economic

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

development. In general, taxes and intergovernmental revenues support governmental funds. The business-type activities of the Village consist of water and wastewater operations, which are funded primarily from user fees. Revenues generated from water and sewer operations are intended to cover all or a significant amount of total costs.

Fund Financial Statements

The Village of Lake Zurich utilizes fund accounting. "A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives." Fund accounting is used to ensure compliance with specific finance and legal requirements and to provide a smaller, more detailed view of a sector of the government. The Village of Lake Zurich has three fund types; governmental, proprietary and fiduciary.

Governmental funds

Governmental funds (see pages 17 – 20) included in the fund financial statements are fundamentally the same as those reflected in the government-wide statements. The major difference is that the fund statements focus almost entirely on the short-term with emphasis on fiscal responsibility with relation to the current budgetary year. As such, the statements are prepared on the modified accrual basis. A reconciliation provided on the face of the governmental fund financial statements provides those items that were used to convert the fund modified accrual basis to the governmental-wide full accrual basis.

The Village of Lake Zurich has four governmental funds to account for its governmental functions:

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

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

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

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

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

Proprietary Funds

The Village of Lake Zurich maintains one proprietary fund – the Waterworks and Sewerage Fund. As proprietary funds are reported on a full accrual basis, the Village of Lake Zurich fund statements for its Waterworks and Sewerage fund (see pages 21 – 24) mirror the government-wide statements.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

Fiduciary Funds

"Fiduciary Funds are used to account for resources held for the benefit of parties outside the government." Hence, fiduciary funds are not included in the government-wide statements. The Village of Lake Zurich has three fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and the Performance Escrow Fund (See pages 25 – 26). Like proprietary funds, fiduciary funds are accounted for on a full accrual basis.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the financial statements. The notes to the financial statement are on page 27 – 64 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is available on page 65 – 71

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

The combined net assets for the fiscal year ended April 30, 2007 totaled \$114,885,548 and consisted of positive net assets from both governmental activities and business-type activities of \$67,687,972 and \$47,197,576 respectively. The following is a summary of the Village's net assets at April 30, 2007:

	Governmental Activities		Business-type Activities		Total	
	FYE07	FYE06	FYE07	FYE06	FYE07	FYE06
Current and other assets	\$ 30,826,227	\$ 31,337,151	\$ 5,481,893	\$ 5,766,027	\$ 36,308,120	\$ 37,103,178
Capital assets	82,725,718	82,953,375	49,486,651	47,321,480	132,212,369	130,274,855
Total assets	113,551,945	114,290,526	54,968,544	53,087,507	168,520,489	167,378,033
Long-term liabilities outstanding	33,890,274	32,702,233	6,497,687	3,425,155	40,387,961	36,127,388
Other liabilities	11,973,699	12,056,967	1,273,281	1,420,141	13,246,980	13,477,108
Total liabilities	45,863,973	44,759,200	7,770,968	4,845,296	53,634,941	49,604,496
Net assets:	67,687,972	69,531,326	47,197,576	48,242,211	114,885,548	117,773,537
Invested in capital assets, net of						
related debt	62,882,689	63,037,308	44,411,651	43,445,971	107,294,340	106,483,279
Restricted	2,851,206	3,531,949	-	-	2,851,206	3,531,949
Unrestricted	1,954,077	2,962,069	2,785,925	4,796,240	4,740,002	7,758,309
Total net assets	\$ 67,687,972	\$ 69,531,326	\$ 47,197,576	\$ 48,242,211	\$ 114,885,548	\$ 117,773,537

The most sizable asset for the Village of Lake Zurich is its capital assets, most noticeably its infrastructure. Since the Village's capital assets, particularly its infrastructure, need to remain intact these assets are not sellable. Therefore, any outstanding debt must be extinguished from operating revenue sources. For more detailed information see the Statement of Net Assets (pages 13 – 14).

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

Statement of Activities

The change in net assets was a reduction of \$2,887,989. The reduction is mainly attributable to a decrease of revenue in the charges for services program in Governmental Activities and due to increased expenses in Business-type activities. The governmental activities generated decreases of \$1,843,354 and business-type activities generated decreases of \$1,044,635 respectively for a total reduction of \$2,887,989. For more information see the Statement of Activities pages 15 – 16.

The following is a summary of changes in the Village's net assets for the fiscal year ended April 30, 2007:

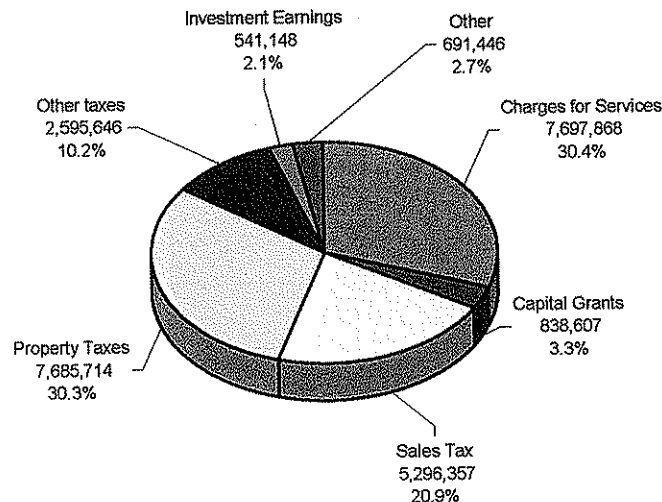
	Governmental Activities		Business-type Activities		Total	
	FYE07	FYE06	FYE07	FYE06	FYE07	FYE06
Revenues:						
Program revenues:						
Charges for Services	\$ 7,697,868	\$ 9,274,320	\$ 4,091,890	\$ 4,970,094	\$ 11,789,758	\$ 14,244,414
Capital grants	838,607	796,765	-	-	838,607	796,765
General revenues:						
Sales Tax	5,296,357	4,972,070			5,296,357	4,972,070
Property taxes	7,685,714	6,747,900	11,733	11,728	7,697,447	6,759,628
Illinois state income taxes	1,637,119	1,468,210			1,637,119	1,468,210
Other taxes	958,527	1,336,548			958,527	1,336,548
Investment earnings	541,148	332,962	263,991	149,405	805,139	482,367
Other	691,446	587,266			691,446	587,266
Total revenues	25,346,786	25,516,041	4,367,614	5,131,227	29,714,400	30,647,268
Expenses:						
Program expenses:						
General Government	2,675,926	2,416,410	-	-	2,675,926	2,416,410
Public Safety	15,419,714	14,598,186	-	-	15,419,714	14,598,186
Highways and Streets	3,311,564	3,296,350	-	-	3,311,564	3,296,350
Parks and Recreation	1,868,893	1,862,749	-	-	1,868,893	1,862,749
Economic Development	2,385,479	3,956,489	-	-	2,385,479	3,956,489
Interest on long-term debt	1,528,564	1,449,772	-	-	1,528,564	1,449,772
Water/Sewer	-	-	5,412,249	4,634,314	5,412,249	4,634,314
Total expenses	27,190,140	27,579,956	5,412,249	4,634,314	32,602,389	32,214,270
Increase/(decrease) in net assets	(1,843,354)	(2,063,915)	(1,044,635)	496,913	(2,887,989)	(1,567,002)
Beginning net assets	69,531,326	71,595,241	48,242,211	47,745,298	117,773,537	119,340,539
Ending net assets - April 30	\$ 67,687,972	\$ 69,531,326	\$ 47,197,576	\$ 48,242,211	\$ 114,885,548	\$ 117,773,537

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

Revenues By Source-Governmental Activities



Governmental Activities -

Governmental activities resulted in a \$1,843,354 decrease in net assets. This is \$220,561 less than FYE06 decrease of \$2,063,915.

Total revenues of \$25,346,786 decreased from last year by \$169,255. The decrease was due mainly to the following:

- Site cleanup reimbursements for gas stations in the Downtown TIF in the amount of \$1,100,000 occurred in FYE 06 and did not re-occur in FYE 07.
- Revenue from developer donations in the amount of \$507,000 occurred in FYE06 and did not re-occur in FYE07.
- Increases in general revenues in the amount of \$1,365,355 helped to offset the loss of one time revenues.

Expenses of \$27,190,140 were lower than last year by \$389,816 due primarily to:

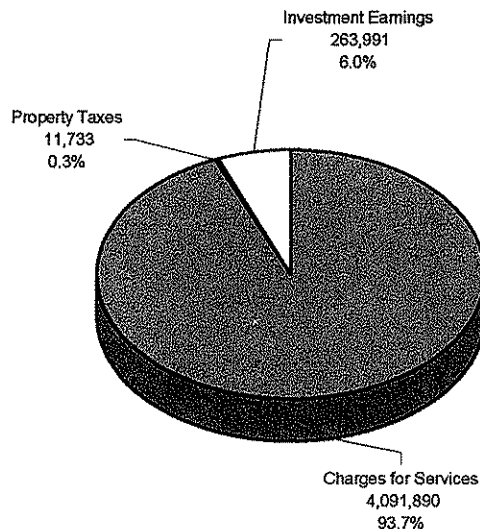
- A decrease in economic development costs totaling \$1,571,010 in the Downtown TIF.
- Operating expenditures in the Public Works General Services program were collectively under budget by \$590,430.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

Revenues By Source-Business-type Activities



Business Type Activities -

Business-type activities resulted in a \$1,044,635 decrease in Village net assets for the fiscal year. The loss includes annual depreciation expense of \$1,538,442 which is not budgeted. Elements of the decrease are as follows:

- The charges for services revenues were down for the fiscal year due to reduced water and sewer consumption as compared to prior years.
- Developer contributed infrastructure assets in the amount of \$554,297 was \$447,621 less than contributions from fiscal year 2006.

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental Funds -

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

At April 30, 2007, governmental funds reported combined fund balances of \$21,102,069. Of this amount, \$5,481,631 is unreserved and is available for future obligations. The reserved fund balance of \$15,620,438 is comprised of the following: \$12,613,822 reserved for prepaid items and land held for resale, \$45,700 reserved for public safety expenditures, \$155,410 is reserved for future debt service payments, \$1,362,147 for the payment of future Tax increment financing interest payments, \$943,165 for improvements to the Tax increment financing district and \$500,194 to maintain the working cash reserve in compliance with legal requirements.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

The General Fund is the Village's primary operating fund. During FYE07 fund balance decreased \$292,370. The decrease is primarily due to permit revenues being significantly under budget. The deficiency in permit revenue is a direct correlation to planned developments having project delays during the year. Operating expenditures were under budget in the General Fund Public Works Department as budgeted items were deferred or re-evaluated for appropriation. The reduction in operating expenditures were not enough to offset the revenue deficiency and the reduction of fund balance occurred.

The Debt Service Fund has a positive fund balance of \$1,517,557 that is restricted entirely for the payment of future debt service. The Capital Improvements Fund and the Downtown TIF Fund have positive fund balances of \$2,191,034 and \$13,218,554 respectively. The Capital Improvements fund balance will be used for street and park improvements and additions. The Downtown TIF fund balance is earmarked exclusively to fund improvements to the downtown TIF district and includes reserve fund balance for bond reserve and capitalized interest proceeds.

Proprietary Funds -

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

GENERAL FUND BUDGETARY HIGHLIGHTS

No amendments were made to the General Fund budget during the year. The emphasis of the FY07 budget was on residential street improvements including construction and engineering. General fund revenues remained primarily flat in the areas of property taxes and sales taxes over fiscal year 2006. The General Fund saw an increase in state income tax over budget by \$134,119. Interest income was also over budget by \$135,675. Projects such as Rose Road construction and Route 22 bypass utility work were completed including engineering work. The General Fund in total had a negative net change in fund balance of \$292,370. At April 30, 2007 the General Fund had a fund balance of 18.6% of total expenditures.

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$132,212,369 at April 30, 2007. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE07	FYE06	FYE07	FYE06	FYE07	FYE06
Land and Improvements	\$ 30,537,585	\$ 30,424,846	\$ 249,652	\$ 249,652	\$ 30,787,237	\$ 30,674,498
Building and Improvements	10,146,120	10,433,464	-	-	10,146,120	10,433,464
Machinery & Equipment	3,038,982	3,114,256	470,732	466,284	3,509,714	3,580,540
Infrastructure	39,003,031	38,980,809	48,766,267	46,605,544	87,769,298	85,586,353
Total	\$ 82,725,718	\$ 82,953,375	\$ 49,486,651	\$ 47,321,480	\$ 132,212,369	\$ 130,274,855

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

Capital additions for the year totaled \$5,454,651 and included the following major additions:

- \$298,250 – Machinery and Equipment:
 - A new squad car for the Police department and a new ambulance for the fire department were purchased for \$180,597.
- \$1,166,032 - Street Construction Projects:
 - Street upgrades and construction costs were funded from a combination of motor fuel tax allotments and operational revenue. The road capital improvement for the Route 22 project was completed in fiscal year 2007. Capital additions also included Rose Road improvements of \$21,801.
- \$1,518,303 - Well Improvements:
 - The third of four Village wells (Well #8) that were earmarked for ion exchange installation was completed in FYE07 with residual costs of \$1,417,067. Ion exchange installation is necessary to reduce radium levels of finished water to meet the Illinois Environmental Protection and the Federal Safe Drinking Water Act compliance standards.

Additional information on the Village's capital assets are presented in detail on pages 46 – 47 in Note 3.

DEBT ADMINISTRATION

During FYE07, proceeds for an Illinois EPA loan in the amount of \$1,586,235 were issued to fund construction for radium removal of deep water wells. In addition, a \$2,050,000 Alternate Revenue Bond was issued to provide funding for the relocation of underground water and sewer utilities from the Route 22 bypass project.

Outstanding long-term debt at April 30, 2007 is as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE07	FYE06	FYE07	FYE06	FYE07	FYE06
General Obligation Bonds	\$ 5,855,000	\$ 6,970,000	\$ -	\$ -	\$ 5,855,000	\$ 6,970,000
Alternate Revenue Bonds	10,000,000	10,000,000	5,075,000	3,520,000	15,075,000	13,520,000
TIF Revenue Bonds	9,555,000	10,000,000	-	-	9,555,000	10,000,000
IEPA Loan	-	-	1,941,834	355,509	1,941,834	355,509
Note Payable	6,091,851	3,774,706	-	-	6,091,851	3,774,706
Installment Contracts	955,000	1,418,573	-	-	955,000	1,418,573
Total	32,456,851	32,163,279	7,016,834	3,875,509	39,473,685	36,038,788

As of the last bond issue, the Village bond rating remained A-1 including the removal of the negative outlook previously reported by Moody's. The Village also remains in compliance with the statutorily required legal debt margin of 8.625% of Assessed Valuation. Additional

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

information on the Village's long term liabilities is presented in the notes to the basic financial statements.

TAX INCREMENT FINANCING DISTRICT - TIF

A Tax Increment Financing District was established in Lake Zurich in March of 2002. During FYE03, the issuance of \$10,000,000 in Tax Increment bonds was authorized in two separate bond issues of \$5,800,000 and \$4,200,000. In June 2005 a \$10,000,000 TIF Revenue Bond was issued and the Village continues to utilize a line of credit (notes payable) to help acquire additional properties. At April 30, 2006 the balance on the line of credit was \$6,091,851. The proceeds from the bonds and notes are used to pay for land acquisition and economic development cost in the downtown district which is centered at the intersection of Main Street (Route 22) and Old Rand Road. Incremental real estate taxes generated by the value added to the property tax base, along with enhanced sales tax revenues, are earmarked to repay the loans. To date \$1,236,270 of incremental taxes have been received. In May 2007 the Lake County Clerks office confirmed the Village will receive approximately \$1,362,679 in incremental property taxes during the 2007/2008 fiscal year. This amount is anticipated to increase substantially over the coming years. Significant historical improvements in the TIF district include downtown promenade and streetscape projects, acquisition of land, capital improvements to help construct the Concorde Village site and Phase II of downtown redevelopment and legal and consulting work.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Illinois Department of Revenue has certified the CPI used for calculating the Villages Tax Levy to be 2.5%. It is anticipated the CPI increase along with the value of new construction will bring in approximately \$208,000 of new revenue.
- The completion of the route 22 by-pass and route 12 corridor has significantly eased traffic congestion in the downtown and on Route 12. It was anticipated the ease in traffic congestion would have a positive effect on sales tax generation as more people can more easily access shopping centers. The Village has seen an 8% increase in sales tax during the first quarter of the 2008 fiscal year.
- The Village will be monitoring the residential housing market during fiscal year 2008. Downtown redevelopment is predicated on residential and commercial development. Sluggish sales would reduce the possibility of increased incremental property taxes needed to help move the downtown forward.
- The Village will be re-negotiating three collective bargaining agreements in 2008 which include the Fraternal Order of Police, International Firefighters Association Local 3191 and the International Union of Operating Engineers Local 150. Final negotiated rates for salary and benefits will increase funding requirements for personnel in the FYE 2009 budget.

VILLAGE OF LAKE ZURICH

MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2007

- Substantial capital expenditures and capital replacement will occur again in the water and sewer enterprise. The Village has accepted bids in FYE 2008 to remove radium in deep water wells #9 and #12. These are the last two wells that will need to be completed based upon the mandates from the Illinois EPA in 2004. The Village may consider doing the sixth and final well if funds are available in the 2008/2009 budget.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. As noted under budgetary highlights, the Village has decreased its fund balance by \$292,370. At April 30, 2007 the fund balance of the General Fund was 18.6% of total expenditures.

The Water/Sewer Fund continues to have very strong cash balances. At April 30, 2007 the fund had a cash balance of \$4,913,894. The fund also had unrestricted net assets of \$2,785,925. Unrestricted net assets are 53% of operating expenses. The strong level of cash balances and net assets will continue to help enhance the long term replacement needs of the Water/Sewer enterprise.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Lake Zurich's financial position and activities for the fiscal year ended April 30, 2007. Questions and requests for additional information should be directed to the Finance Director, Village of Lake Zurich, 70 E. Main Street, Lake Zurich, Illinois 60047.

BASIC FINANCIAL STATEMENTS

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

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets

April 30, 2007

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets

April 30, 2007

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 8,013,351	4,913,894	12,927,245
Receivables - Net of Allowances	8,314,210	437,352	8,751,562
Due from Other Governments	1,402,252	-	1,402,252
Deposits	482,592	130,647	613,239
Prepays	269,889	-	269,889
Inventory - Land Held for Resale	12,343,933	-	12,343,933
Total Current Assets	30,826,227	5,481,893	36,308,120
Noncurrent Assets			
Capital Assets			
Nondepreciable Capital Assets	28,333,170	249,652	28,582,822
Depreciable Capital Assets	79,105,190	67,118,253	146,223,443
Accumulated Depreciation	(24,712,642)	(17,881,254)	(42,593,896)
Total Noncurrent Assets	82,725,718	49,486,651	132,212,369
Total Assets	113,551,945	54,968,544	168,520,489

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

	Governmental Activities	Business- Type Activities	Total
LIABILITIES			
Current Liabilities			
Accounts Payable	722,307	537,404	1,259,711
Accrued Payroll	881,896	62,033	943,929
Claims Payable	99,162	49,581	148,743
Interest Payable	431,767	47,800	479,567
Unearned/Deferred Revenues	8,020,793	-	8,020,793
Current Portion of Long-Term Debt	1,817,774	576,463	2,394,237
Total Current Liabilities	11,973,699	1,273,281	13,246,980
Noncurrent Liabilities			
Compensated Absences Payable	611,097	45,853	656,950
Net Pension Obligation Payable	2,487,326	-	2,487,326
Notes Payable	6,091,851	-	6,091,851
Installment Contracts Payable	505,000	-	505,000
IEPA Loan Payable	-	1,941,834	1,941,834
General Obligation Bonds Payable	5,095,000	-	5,095,000
Alternate Revenue Bonds Payable	9,100,000	4,510,000	13,610,000
TIF Revenue Bonds Payable	10,000,000	-	10,000,000
Total Noncurrent Liabilities	33,890,274	6,497,687	40,387,961
Total Liabilities	45,863,973	7,770,968	53,634,941
NET ASSETS			
Invested in Capital Assets - Net of Related Debt	62,882,689	44,411,651	107,294,340
Restricted - Special Revenues	545,894	-	545,894
Restricted - Tax Increment Financing	2,305,312	-	2,305,312
Unrestricted	1,954,077	2,785,925	4,740,002
Total Net Assets	67,687,972	47,197,576	114,885,548

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, 2007

		Program Revenues	
		Charges for Services	Capital Grants/ Contributions
	Expenses		
Governmental Activities			
General Government	\$ 2,675,926	2,622,108	-
Public Safety	15,419,714	4,434,714	-
Highways and Streets	3,311,564	-	838,607
Culture and Recreation	1,868,893	641,046	-
Economic Development	2,385,479	-	-
Interest on Long-Term Debt	1,528,564	-	-
Total Governmental Activities	27,190,140	7,697,868	838,607
Business-Type Activities			
Waterworks and Sewerage	5,412,249	4,091,890	-
	32,602,389	11,789,758	838,607

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

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
(53,818)	-	(53,818)
(10,985,000)	-	(10,985,000)
(2,472,957)	-	(2,472,957)
(1,227,847)	-	(1,227,847)
(2,385,479)	-	(2,385,479)
(1,528,564)	-	(1,528,564)
(18,653,665)	-	(18,653,665)

-	(1,320,359)	(1,320,359)
(18,653,665)	(1,320,359)	(19,974,024)

7,685,714	11,733	7,697,447
5,296,357	-	5,296,357
1,637,119	-	1,637,119
958,527	-	958,527
541,148	263,991	805,139
691,446	-	691,446
16,810,311	275,724	17,086,035
(1,843,354)	(1,044,635)	(2,887,989)
69,531,326	48,242,211	117,773,537
67,687,972	47,197,576	114,885,548

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Balance Sheet - Governmental Funds

April 30, 2007

	General	Debt Service	Capital Improvements	Downtown TIF	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 3,181,854	1,518,157	2,185,995	1,127,345	8,013,351
Receivables - Net of Allowances					
Property Taxes	5,581,804	2,438,989	-	-	8,020,793
Accounts	241,951	-	49,504	-	291,455
Accrued Interest	-	-	1,962	-	1,962
Due from Other Governments	1,357,463	-		44,789	1,402,252
Deposits	481,142	-	-	1,450	482,592
Prepays	269,889	-	-	-	269,889
Inventory - Land Held for Resale	-	-	-	12,343,933	12,343,933
Total Assets	11,114,103	3,957,146	2,237,461	13,517,517	30,826,227
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	444,842	600	46,427	230,419	722,288
Accrued Payroll	881,896	-	-	-	881,896
Claims Payable	99,162	-	-	-	99,162
Due to Other Funds	19	-	-	-	19
Unearned/Deferred Revenues	5,581,804	2,438,989	-	-	8,020,793
Total Liabilities	7,007,723	2,439,589	46,427	230,419	9,724,158
Fund Balances					
Reserved - Prepays/Inventory	269,889	-	-	12,343,933	12,613,822
Reserved - Public Safety	45,700	-	-	-	45,700
Reserved - Working Cash	500,194	-	-	-	500,194
Reserved - Debt Service	-	155,410	-	-	155,410
Reserved - TIF	-	1,362,147	-	943,165	2,305,312
Unreserved	3,290,597	-	2,191,034	-	5,481,631
Total Fund Balances	4,106,380	1,517,557	2,191,034	13,287,098	21,102,069
Total Liabilities and Fund Balances	11,114,103	3,957,146	2,237,461	13,517,517	30,826,227

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, 2007

Total Governmental Fund Balances	\$ 21,102,069
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	82,725,718
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Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

General Obligation Bonds Payable	(5,855,000)
Alternate Revenue Bonds Payable	(9,555,000)
TIF Revenue Bonds Payable	(10,000,000)
Installment Contracts Payable	(955,000)
Notes Payable	(6,091,851)
Net Pension Obligation Payable	(2,639,044)
Compensated Absences Payable	(763,871)
Accrued Interest Payable	<u>(431,767)</u>

Net Assets of Governmental Activities	<u>67,536,254</u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended April 30, 2007

	General	Debt Service	Capital Improvements	Downtown TIF	Total Governmental Funds
Revenues					
Taxes	\$ 10,587,899	2,394,172	-	-	12,982,071
Licenses and Permits	2,192,802	-	-	-	2,192,802
Intergovernmental	2,864,304	-	569,949	-	3,434,253
Charges for Services	4,972,723	-	-	57,697	5,030,420
Fines and Forfeits	474,646	-	-	-	474,646
Interest	250,175	117,287	106,260	67,426	541,148
Miscellaneous	495,387	-	-	196,059	691,446
Total Revenues	21,837,936	2,511,459	676,209	321,182	25,346,786
Expenditures					
Current					
General Government	2,508,671	-	-	-	2,508,671
Public Safety	14,389,260	-	-	-	14,389,260
Highways and Streets	2,943,676	-	135,832	-	3,079,508
Culture and Recreation	1,782,675	-	-	-	1,782,675
Economic Development	-	-	-	2,385,479	2,385,479
Capital Outlay	-	-	551,257	184,304	735,561
Debt Service					
Principal Retirement	463,573	1,560,000	-	-	2,023,573
Interest and Fiscal Charges	42,451	1,512,360	-	-	1,554,811
Total Expenditures	22,130,306	3,072,360	687,089	2,569,783	28,459,538
Excess (Deficiency) of Revenues Over (Under) Expenditures	(292,370)	(560,901)	(10,880)	(2,248,601)	(3,112,752)
Other Financing Sources					
Debt Issuance	-	-	-	2,317,145	2,317,145
Net Change in Fund Balances	(292,370)	(560,901)	(10,880)	68,544	(795,607)
Fund Balances - Beginning	4,398,750	2,078,458	2,201,914	13,218,554	21,897,676
Fund Balances - Ending	4,106,380	1,517,557	2,191,034	13,287,098	21,102,069

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, 2007

Net Change in Fund Balances - Total Governmental Funds \$ (795,607)

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	1,751,038
Depreciation Expense	(1,978,695)

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	(84,345)
Additions to Net Pension Obligation Payable	(620,138)
Issuance of Notes Payable	(2,317,145)
Retirement of Installment Contract	463,573
Retirement of GO TIF Alternate Revenue Bonds Payable	445,000
Retirement of General Obligation Bonds	1,115,000

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.

26,247

Changes in Net Assets of Governmental Activities (1,995,072)

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Net Assets - Proprietary Fund April 30, 2007

	Waterworks and Sewerage
ASSETS	
Current Assets	
Cash and Investments	\$ 4,913,894
Receivables - Net of Allowances	
Property Taxes	11,706
Accounts	425,646
Deposits	<u>130,647</u>
Total Current Assets	<u>5,481,893</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	249,652
Depreciable Capital Assets	67,118,253
Accumulated Depreciation	<u>(17,881,254)</u>
Total Noncurrent Assets	<u>49,486,651</u>
Total Assets	<u>54,968,544</u>

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

Waterworks
and
Sewerage

LIABILITIES

Current Liabilities

Accounts Payable	\$ 537,404
Accrued Payroll	62,033
Claims Payable	49,581
Interest Payable	47,800
Compensated Absences Payable	11,463
Alternate Revenue Bonds Payable	565,000
Total Current Liabilities	<u>1,273,281</u>

Noncurrent Liabilities

Compensated Absences Payable	45,853
IEPA Loan Payable	1,941,834
Alternate Revenue Bonds Payable	4,510,000
Total Noncurrent Liabilities	<u>6,497,687</u>

Total Liabilities	<u>7,770,968</u>
-------------------	------------------

NET ASSETS

Investment in Capital Assets - Net
of Related Debt
Unrestricted

44,411,651
2,785,925

Total Net Assets	<u><u>47,197,576</u></u>
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund Year Ended April 30, 2007

	<u>Waterworks and Sewerage</u>
Operating Revenues	
Charges for Services	<u>\$ 3,537,593</u>
Operating Expenses	
Administration	1,012,574
Operations	2,679,921
Depreciation	<u>1,538,442</u>
Total Operating Expenses	<u>5,230,937</u>
Operating Income (Loss)	<u>(1,693,344)</u>
Nonoperating Revenues (Expenses)	
Property Taxes	11,733
Connection Fees	554,297
Interest Income	263,991
Interest and Fiscal Charges	<u>(181,312)</u>
	<u>648,709</u>
Change in Net Assets	(1,044,635)
Net Assets - Beginning	<u>48,242,211</u>
Net Assets - Ending	<u>47,197,576</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Statement of Cash Flows - Proprietary Fund Year Ended April 30, 2007

	Water and Sewerage
Cash flows from Operating Activities	
Receipts from Customers and Users	\$ 4,227,933
Payments to Employees	(1,540,633)
Payments to Suppliers	(2,367,515)
	<u>319,785</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(3,703,613)
Issuance of Capital Debt	3,636,325
Principal Paid on Capital Debt	(495,000)
Interest Paid on Capital Debt	(181,312)
	<u>(743,600)</u>
Cash Flows from Investing Activities	
Interest Received	<u>263,991</u>
Net Change in Cash and Cash Equivalents	(159,824)
Cash and Cash Equivalents - Beginning	<u>5,073,718</u>
Cash and Cash Equivalents - Ending	<u><u>4,913,894</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>(1,693,344)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation	1,538,442
Other Income	566,030
(Increase) Decrease in Current Assets	124,310
Increase (Decrease) in Current Liabilities	<u>(215,653)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>319,785</u></u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

**Statement of Net Assets - Fiduciary Funds
April 30, 2007**

	<u>Pension Trust</u>	<u>Agency</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,505,287	816,846
Investments		
U.S. Government and Agency Securities	7,448,365	494,562
Mutual Funds	6,400,159	-
Insurance Contracts	1,332,151	-
Receivables		
Accrued Interest	99,914	1,311
Other	19	-
Total Assets	<u>16,785,895</u>	<u>1,312,719</u>
LIABILITIES		
Accounts Payable	-	22,253
Deposits Payable	-	1,290,466
Total Liabilities	<u>-</u>	<u>1,312,719</u>
NET ASSETS		
Held in Trust for Pension Benefits (A schedule of funding progress is presented following the notes to the financial statements.)	<u>16,785,895</u>	<u>-</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, 2007

	Pension Trust
Additions	
Contributions - Employer	\$ 493,063
Contributions - Plan Members	689,952
Total Contributions	<u>1,183,015</u>
Investment Income	
Interest Earned	547,766
Net Change in Fair Value	926,980
	<u>1,474,746</u>
Less Investment Expenses	(34,132)
Net Investment Income	<u>1,440,614</u>
Total Additions	<u>2,623,629</u>
Deductions	
Administration	19,631
Benefits and Refunds	486,036
Total Deductions	<u>505,667</u>
Change in Net Assets	2,117,962
Net Assets - Beginning	<u>14,667,933</u>
Net Assets - Ending	<u>16,785,895</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, 2007

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VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Blended Component Units

Police Pension Employees Retirement System

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

Firefighters' Pension Employees Retirement System

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

BASIS OF PRESENTATION

Government-Wide Statements

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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, 2007

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, 2007

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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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, 2007

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 prepaids. 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, 2007

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, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY - Continued

Unearned/Deferred Revenue

Governmental funds report unearned/deferred 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, 2007

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

BUDGETARY INFORMATION - Continued

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

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

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

Fund	Excess
Debt Service	\$ 333,696
Police Pension	58,143

NOTE 3– DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2007

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS – Continued

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

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

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

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

Deposits. At year-end, the carrying amount of the Village's deposits for governmental, business-type, and agency activities totaled \$9,954,806 and the bank balances totaled \$9,793,321.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS – Continued.

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

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

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Federal Home Loan Bank	\$ 297,750	297,750	-
Federal Home Loan Mortgage Corp	688,842	-	688,842
Illinois Metropolitan Investment Fund	1,482,716	1,482,716	-
Illinois Funds	1,814,539	1,814,539	-
	4,283,847	3,595,005	688,842

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Besides investing in security instruments authorized under State Statute, the Village's investment policy further states that investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. At year-end, the Village's investments U.S. Government Agencies are all rated AAA by Standard & Poor's, and the Village's investment in the Illinois Funds and the Illinois Metropolitan Investment Fund were rated AAAM by Standard & Poor's.

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

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

Third party safekeeping is required for all collateral. To accomplish this, the securities can be held at the following locations: a Federal Reserve Bank or its branch office at another custodial facility – generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved or by an escrow agent of the pledging institution. Safekeeping will be documented by an approved written agreement. At year-end, \$393,521 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village's investment policy states that third party safekeeping is required for all securities. To accomplish this, the securities can be held at the following locations: a Federal Reserve Bank or its branch office, at another custodial facility – generally in a trust department through book-entry at the Federal Reserve, unless physical securities are involved, buy an escrow agent of the pledging institution, or by a financial institution on the Illinois State Treasurer's approved list of safekeeping banks. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement. At year-end, the Village's investments in U.S. Government Agencies are all insured or registered with the Village or its agent in the Village's name and the Village's investment in the Illinois Fund and the Illinois Metropolitan Investment Trust are noncategorizable.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village's investment policy states that investments shall be diversified to eliminate the risk of loss resulting in over concentration in a specific maturity, issuer, or class of securities. At year-end, the Village has over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations) invested in the Illinois Funds and the Illinois Metropolitan Investment Fund.

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$1,377,343 and the bank balances totaled \$1,373,792.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 to 5	6 to 10
U.S. Treasury Notes	\$ 2,252,987	497,364	1,020,205	735,418
Federal Home Loan Banks	599,532	-	299,532	300,000
Federal Home Loan Mortgage Corp	299,730	-	-	299,730
	3,152,249	497,364	1,319,737	1,335,148

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

Credit Risk. The Fund's investment policy states that safety of principal is the foremost objective of the Pension Board. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund's investments in U.S. Government and Agency securities were all rated AAA rated by Standard & Poor's.

Custodial Credit Risk. The Fund's investment policy states that investments of the Board shall be clearly held and accounted for to indicate ownership by the Board. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by national or state bank or trust company authorized to conduct a trust business in the State of Illinois. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's investment in U.S. Treasury and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

Concentration Risk. The Fund's investment policy does not mitigate concentration risk. In addition to the securities and fair values listed above, the Fund also has \$2,818,949 invested in mutual funds and \$1,119,812 invested in insurance contracts. At year-end, the Fund has no investments over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations).

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

Deposits. At year-end, the carrying amount of the Fund's deposits totaled \$127,944 and the bank balances totaled \$127,944.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Notes	\$ 951,122	-	97,250	853,872	-
U.S. Treasury Strips	85,727	-	-	-	85,727
Federal Home Loan Banks	1,852,889	-	1,028,494	773,442	50,953
Federal Farm Credit Banks	767,556	149,860	198,375	419,321	-
Government National Mortgage Association	64,001	-	-	-	64,001
Federal National Mortgage Association	57,746	-	-	-	57,746
Federal Home Loan Mortgage Corp	73,800	-	73,800	-	-
Municipal Bonds	443,275	-	197,611	171,438	74,226
	4,296,116	149,860	1,595,530	2,218,073	332,653

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

Credit Risk. The Fund's investment policy states that safety of principal is the foremost objective of the Pension Board. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they be from securities defaults or erosion of market value. The Fund's investment policy helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. At year-end, the Fund's investments in U.S. Government and Agency securities were all rated AAA rated by Standard & Poor's.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2007

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

Custodial Credit Risk. The Fund's investment policy states that investments of the Board shall be clearly held and accounted for to indicate ownership by the Board. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by national or state bank or trust company authorized to conduct a trust business in the State of Illinois. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance. Furthermore, the Fund's investment in U.S. Treasury and Agency securities are categorized as insured, registered, or held by the Fund or its agent in the Fund's name.

Concentration Risk. The Fund's investment policy does not mitigate concentration risk. In addition to the securities and fair values listed above, the Fund also has \$3,581,210 invested in mutual funds and \$212,339 invested in insurance contracts. At year-end, the Fund has over 5 percent of net plan assets available for retirement benefits (other than U.S. Government guaranteed obligations) invested in Dodge and Cox Mutual Fund (\$554,193), Vanguard Institutional Mutual Fund (\$1,157,676), and AXA Enterprise Mutual Fund (\$568,486).

PROPERTY TAXES

Property taxes for 2006 attach as an enforceable lien on January 1, 2006, 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, 2007, and September 1, 2007. 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, 2007

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	\$ 28,333,170	-	-	28,333,170
Other Capital Assets				
Land Improvements	2,511,068	232,358	-	2,743,426
Buildings	12,757,354	-	-	12,757,354
Building Improvements	77,000	-	-	77,000
Vehicles	3,729,019	298,250	-	4,027,269
Machinery and Equipment	1,298,816	-	-	1,298,816
Computers / Software	105,096	45,323	-	150,419
Furniture and Fixtures	43,182	-	-	43,182
Infrastructure	56,832,617	1,175,107	-	58,007,724
	77,354,152	1,751,038	-	79,105,190
Less Accumulated Depreciation				
Land Improvements	419,392	119,618	-	539,010
Buildings	2,384,806	283,497	-	2,668,303
Building Improvements	16,084	3,850	-	19,934
Vehicles	1,561,078	315,381	-	1,876,459
Machinery and Equipment	440,762	73,934	-	514,696
Computers / Software	32,155	25,214	-	57,369
Furniture and Fixtures	27,862	4,318	-	32,180
Infrastructure	17,851,808	1,152,883	-	19,004,691
	22,733,947	1,978,695	-	24,712,642
Total Other Capital Assets	54,620,205	(227,657)	-	54,392,548
Total Capital Assets	82,953,375	(227,657)	-	82,725,718

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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	\$ 82,910
Public Safety	562,034
Highway and Streets	1,247,533
Culture and Recreation	<u>86,218</u>
	<u>1,978,695</u>

Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets - Not Being Depreciated	\$ 249,652	-	-	249,652
Other Capital Assets				
Infrastructure	62,520,936	3,672,941	-	66,193,877
Machinery and Equipment	523,849	10,397	-	534,246
Vehicles	369,855	20,275	-	390,130
	<u>63,414,640</u>	<u>3,703,613</u>	<u>-</u>	<u>67,118,253</u>
Less Accumulated Depreciation				
Infrastructure	15,915,392	1,474,184	-	17,389,576
Machinery and Equipment	207,878	36,737	-	244,615
Vehicles	219,542	27,521	-	247,063
	<u>16,342,812</u>	<u>1,538,442</u>	<u>-</u>	<u>17,881,254</u>
Total Other Capital Assets	<u>47,071,828</u>	<u>2,165,171</u>	<u>-</u>	<u>49,236,999</u>
Total Capital Assets	<u>47,321,480</u>	<u>2,165,171</u>	<u>-</u>	<u>49,486,651</u>

Depreciation expense of \$1,538,442 was charged to business-type activities for waterworks and sewerage.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Police	General	<u>\$ 19</u>

Interfund balances are advances in anticipation of receipts.

INTERFUND TRANSFERS

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. There were no interfund transfers as of the date of this report.

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 interest is at a variable rate based upon the prime rate. At April 30, 2007 the prime rate is 8.25% and the amount outstanding on the notes payable \$6,091,851. 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, 2007

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 Bonds of 2002, due in annual installments of \$155,000 to \$385,000 through Dec. 15, 2021, plus interest at 5.0% to 6.0%.	Debt Service	\$ 3,970,000	-	155,000	3,815,000
General Obligation TIF Alternate Revenue Bonds of 2002A, due in annual installments of \$85,000 to \$155,000 through Dec. 15, 2021, plus interest at 4.0% to 4.7%.	Debt Service	1,830,000	-	85,000	1,745,000
General Obligation TIF Alternate Revenue Bonds of 2003A, due in installments of \$205,000 to \$345,000, plus interest at 3.625% to 3.75% through December 15, 2021.	Debt Service	4,200,000	-	205,000	3,995,000
		10,000,000	-	445,000	9,555,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2007

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 Bonds 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	\$ 5,085,000	-	255,000	4,830,000
General Obligation Refunding Bonds 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	1,305,000	-	410,000	895,000
General Obligation Bonds 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	580,000	-	450,000	130,000
		<u>6,970,000</u>	<u>-</u>	<u>1,115,000</u>	<u>5,855,000</u>

General Obligation Waterworks and Sewerage Alternate Revenue Bonds

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Waterworks and Sewerage Alternate Revenue Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002, due in annual installments of \$170,000 to \$240,000 plus interest at 4.00% to 4.25% through December 15, 2012.	Waterworks and Sewerage	\$ 1,475,000	-	185,000	1,290,000
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B, due in installments of \$225,000 to \$275,000 plus interest at 2.50% to 2.625% through May 1, 2011.	Waterworks and Sewerage	1,505,000	-	235,000	1,270,000
Taxable General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D, due in installments of \$80,000 to \$100,000 plus interest at 3.35% to 4.75% through May 1, 2011.	Waterworks and Sewerage	540,000	-	75,000	465,000
General Obligation Waterworks and Sewerage Bonds of 2006, due in annual installments of \$50,000 to \$700,000 plus interest at 4.00% through December 15, 2014.	Waterworks and Sewerage	-	2,050,000	-	2,050,000
		3,520,000	2,050,000	495,000	5,075,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

IEPA Loans

The Village, through the Illinois Environmental Protection Agency, received a low interest loan for the construction of waterworks and sewerage capital assets in the amount of \$2,000,000. As of the date of this report the total amount owed to the IEPA is \$1,941,834. A final repayment schedule will not be established until construction is complete and the final draws on the loan have been made. The final debt will be due semi-annually over a 20 year period plus interest at 2.5 to 4.5 percent. IEPA loans currently outstanding are as follows:

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Loan of 2006, due in annual installments plus interest through June 15, 2026.	Waterworks and Sewerage	\$ 355,509	1,586,325	-	1,941,834

TIF Revenue Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
TIF Revenue Bonds of 2005A, due in annual installments of \$50,000 to \$825,000 through Dec. 15, 2024, plus interest at 3.75% to 4.0%.	Debt Service	\$ 8,500,000	-	-	8,500,000
TIF Revenue Bonds of 2005B, due in annual installments of \$100,000 to \$350,000 through Dec. 15, 2014, plus interest at 4.30% to 4.80%.	Debt Service	1,500,000	-	-	1,500,000
		10,000,000	-	-	10,000,000

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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	\$ 23,573	-	23,573	-
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	415,000	-	205,000	210,000
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	980,000	-	235,000	745,000
		1,418,573	-	463,573	955,000

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 \$1,390,000.

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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 \$135,000 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	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 679,526	168,690	84,345	763,871	152,774
Net Pension Obligation	2,018,906	468,420	-	2,487,326	-
Notes Payable	3,774,706	2,317,145	-	6,091,851	-
Installment Contracts	1,418,573	-	463,573	955,000	450,000
General Obligation Bonds	6,970,000	-	1,115,000	5,855,000	760,000
GO TIF Alternate Revenue Bonds	10,000,000	-	445,000	9,555,000	455,000
TIF Alternate Revenue Bonds	10,000,000	-	-	10,000,000	-
	34,861,711	2,954,255	2,107,918	35,708,048	1,817,774
Business-Type Activities					
Compensated Absences	56,258	2,116	1,058	57,316	11,463
IEPA Loan	355,509	1,586,325	-	1,941,834	-
GO Waterworks and Sewerage Alternate Revenue Bonds	3,520,000	2,050,000	495,000	5,075,000	565,000
	3,931,767	3,638,441	496,058	7,074,150	576,463

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 alternate revenue bonds, revenue bonds and notes payable. Payments on the installment contracts are made by the General Fund. The Waterworks and Sewerage Fund makes payments on the IEPA Loan. 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, 2007

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		GO TIF Alternate Revenue Bonds		General Obligation Bonds		TIF Alternate Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 450,000	27,362	455,000	427,872	760,000	293,356	-	399,762
2009	250,000	16,412	475,000	408,864	775,000	262,117	400,000	399,762
2010	255,000	8,288	495,000	388,966	335,000	229,131	425,000	382,837
2011	-	-	510,000	368,194	310,000	212,896	450,000	365,100
2012	-	-	535,000	346,734	330,000	196,466	475,000	346,475
2013	-	-	560,000	324,216	345,000	178,976	475,000	327,163
2014	-	-	590,000	300,300	365,000	160,691	500,000	307,863
2015	-	-	620,000	274,876	380,000	141,346	525,000	287,925
2016	-	-	650,000	247,864	405,000	121,206	550,000	267,188
2017	-	-	680,000	219,064	425,000	99,437	575,000	246,563
2018	-	-	715,000	188,690	450,000	76,593	600,000	225,000
2019	-	-	755,000	156,100	475,000	52,406	625,000	201,000
2020	-	-	795,000	121,328	500,000	26,875	650,000	176,000
2021	-	-	835,000	83,752	-	-	675,000	150,000
2022	-	-	885,000	43,324	-	-	725,000	123,000
2023	-	-	-	-	-	-	750,000	94,000
2024	-	-	-	-	-	-	775,000	64,000
2025	-	-	-	-	-	-	825,000	33,000
Total	955,000	52,062	9,555,000	3,900,144	5,855,000	2,051,496	10,000,000	4,396,638

In addition, notes payable of \$6,091,851 are outstanding at year end. Interest at a variable rate based upon the prime rate is due on the note. At April 30, 2007, the prime rate is 7.75%, 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, 2007

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Debt Service Requirements to Maturity – Continued

Fiscal Year Ending April 30	Business-Type Activities	
	Alternate	
	Revenue Bonds	
	Principal	Interest
2007	\$ 565,000	184,068
2008	585,000	164,604
2009	605,000	144,329
2010	630,000	122,743
2011	1,025,000	99,746
2012	690,000	67,194
2013	700,000	39,000
2014	275,000	11,000
Total	5,075,000	832,684

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 - 2006	<u>\$ 769,528,958</u>
Legal Debt Limit - 8.625% of Assessed Value	66,371,873
Amount of Debt Applicable to Limit	
General Obligation Bonds	4,830,000
Installment Contracts	<u>955,000</u>
Legal Debt Margin	<u>60,586,873</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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 \$60,000 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	
	2007	2006
Claims Payable - Beginning	\$ 206,963	118,900
Claims Incurred	1,603,752	1,741,461
Claims Paid	(1,661,972)	(1,653,398)
Claims Payable - Ending	148,743	206,963

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, 2007

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, 2007

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 2006 was 11.68 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	9
Current Employees	
Vested and Nonvested	<u>38</u>
	<u>47</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2007

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	2
Current Employees Vested and Nonvested	<u>57</u>
	<u>59</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements

April 30, 2007

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 when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the provisions of the plan.

Method Used to Value Investments

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS - Continued

Summary of Significant Accounting Policies and Plan Asset Matters - Continued

Significant Investments

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

<u>Firefighters' Pension Fund</u>	<u>Amount</u>
Dodge and Cox Mutual Fund	\$ 554,193
Vanguard Institutional Mutual Fund	1,157,565
AXA Enterprise Mutual Fund	568,486

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:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Annual Required Contribution	\$ 412,012	491,616	903,628
Interest on the NPO	58,778	102,735	161,513
Adjustment to the ARC	(48,841)	(99,020)	(147,861)
Annual Pension Cost	421,949	495,331	917,280
Actual Contribution	(154,489)	(294,371)	(448,860)
Increase in the NPO	267,460	200,960	468,420
NPO - Beginning	734,724	1,284,182	2,018,906
NPO - Ending	1,002,184	1,485,142	2,487,326

VILLAGE OF LAKE ZURICH, ILLINOIS

Notes to the Financial Statements April 30, 2007

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	11.68%	15.38%	12.28%
Employee	4.50%	9.91%	9.455%
Annual Required Contribution	\$564,690	\$577,274	\$518,020
Contributions Made	\$564,690	\$165,717	\$327,346
Actuarial Valuation Date	12/31/04	04/30/05	04/30/05
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	26 Years	30 Years	28 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, 2007

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)	2005	\$ 392,300	\$ 336,248	\$ 442,916
	2006	467,841	416,444	494,764
	2007	564,690	591,244	521,957
Actual Contributions	2005	\$ 392,300	\$ 132,988	\$ 132,988
	2006	467,841	154,285	294,371
	2007	564,690	165,717	327,346
Percentage of APC Contributed	2005	100.00%	39.55%	30.03%
	2006	100.00%	37.05%	59.50%
	2007	100.00%	28.03%	62.72%
Net Pension Obligation	2005	\$ -	\$ 531,686	\$ 974,247
	2006	-	734,724	1,284,182
	2007	-	1,002,184	1,485,142

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 Schedule – 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, 2007

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)
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%
2005	10,475,161	11,951,398	87.65%	1,476,237	4,655,135	31.71%
2006	11,406,364	13,065,836	87.30%	1,659,472	4,834,675	34.32%

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

Required Supplementary Information
Schedule of Funding Progress
April 30, 2007

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2005	8,021,601	11,005,373	72.89%	2,983,772	2,514,139	118.68%
2006	8,504,710	13,459,014	63.19%	4,954,304	2,742,673	180.64%

VILLAGE OF LAKE ZURICH, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Funding Progress

April 30, 2007

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2005	6,104,797	7,964,087	76.65%	1,859,290	3,840,950	48.41%
2006	7,128,638	9,002,422	79.19%	1,873,784	4,034,235	46.45%

VILLAGE OF LAKE ZURICH, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Employer Contributions

April 30, 2007

Calendar Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2005	467,841	467,841	100.00%
2006	564,690	564,690	100.00%

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Employer Contributions
April 30, 2007**

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2006	154,285	412,012	37.45%
2007	164,717	577,274	28.53%

VILLAGE OF LAKE ZURICH, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Employer Contributions

April 30, 2007

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2006	294,371	491,616	59.88%
2007	327,346	518,020	63.19%

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 10,485,580	10,485,580	10,587,899
Licenses and Permits	3,008,300	3,008,300	2,192,802
Intergovernmental	2,991,152	2,991,152	2,864,304
Charges for Services	5,120,080	5,120,080	4,972,723
Fines and Forfeitures	568,596	568,596	474,646
Interest	114,500	114,500	250,175
Miscellaneous	449,500	449,500	495,387
Total Revenues	22,737,708	22,737,708	21,837,936
Expenditures			
General Administration	2,322,136	2,322,136	2,508,671
Public Safety	14,441,833	14,441,833	14,389,260
Highways and Streets	3,501,278	3,501,278	2,943,676
Culture and Recreation	1,877,844	1,877,844	1,782,675
Debt Service			
Principal Retirement	463,573	463,573	463,573
Interest and Fiscal Charges	42,451	42,451	42,451
Total Expenditures	22,649,115	22,649,115	22,130,306
Net Change in Fund Balance	88,593	88,593	(292,370)
Fund Balance - Beginning			4,398,750
Fund Balance - Ending			4,106,380

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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.

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Taxes			
Property Taxes			
Corporate	\$ 1,220,481	1,220,481	1,224,735
Police Protection	791,547	791,547	835,693
Fire Protection	761,915	761,915	763,650
Ambulance	712,532	712,532	713,220
Pension	190,748	190,748	194,515
Social Security	754,861	754,861	756,446
Police Pension	162,260	162,260	165,717
Fire Pension	162,260	162,260	165,717
Liability Insurance	289,637	289,637	302,577
SRA	137,339	137,339	144,085
Road and Bridge	25,000	25,000	25,187
Municipal Sales Taxes	5,277,000	5,277,000	5,296,357
	<u>10,485,580</u>	<u>10,485,580</u>	<u>10,587,899</u>
Licenses and Permits			
Licenses			
Television Franchise	180,000	180,000	186,641
Telephone Franchise	1,300,000	1,300,000	1,127,551
Liquor	80,000	80,000	64,809
Other Business	115,000	115,000	105,298
Permits			
Administrative Plan Review	333,900	333,900	176,279
Building	510,500	510,500	204,430
Electrical	92,700	92,700	57,933
Plumbing	104,600	104,600	57,719
Occupancy Certificates	56,800	56,800	43,235
Park	12,000	12,000	11,470
Truck Permits	35,000	35,000	9,690
Other	187,800	187,800	147,747
	<u>3,008,300</u>	<u>3,008,300</u>	<u>2,192,802</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual - Continued Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Intergovernmental			
Illinois State Income Tax	\$ 1,503,000	1,503,000	1,637,119
Illinois State Replacement Tax	42,000	42,000	64,363
Foreign Fire Insurance	33,121	33,121	21,475
Street Maintenance Reimbursement	27,080	27,080	38,617
Local Use Tax	224,000	224,000	245,692
Auto Rental Tax	3,500	3,500	4,291
Pull Tab Taxes	1,600	1,600	1,248
Reimbursements			
Government Agency - Grants	284,148	284,148	268,658
Government Agency	868,003	868,003	577,191
Training	4,700	4,700	5,650
	2,991,152	2,991,152	2,864,304
Charges for Services			
Police Alarm Fees	45,100	45,100	25,197
Public Safety Special Detail	42,000	42,000	79,388
Watercraft Inspection Fees	11,000	11,000	10,440
Police Lock Out Fees	11,975	11,975	10,850
Fire/Rescue Fees			
Alarm	4,800	4,800	309
Special Detail	7,000	7,000	4,785
Ambulance Fees	300,000	300,000	292,003
Service Contract	3,500,000	3,500,000	3,451,704
Public Education	5,200	5,200	5,306
Fire Spillage Detail	10,000	10,000	15,878
Miscellaneous	5,900	5,900	6,511
Snow Removal Fees	2,000	2,000	8,198
Annexation Fees	40,000	40,000	-
Site Plan Review	43,200	43,200	33,821
Elevator Inspections	10,000	10,000	12,896
Exterior Appearance Review	6,000	6,000	3,200
Subdivision Applications	5,000	5,000	850
Planned Unit Development Review	6,400	6,400	2,000
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, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services - Continued			
Printing and Reproduction Fees	\$ 12,200	12,200	7,073
Special Use Permits	6,000	6,000	11,375
Zoning Text	4,000	4,000	2,050
Variances - Single Family	2,400	2,400	1,125
Variances - Other	2,500	2,500	235
Engineering Review	200,000	200,000	204,734
Watershed Development	45,000	45,000	45,385
Park Fees	25,300	25,300	22,846
Park Program Fees	606,555	606,555	554,492
Park Special Events	47,850	47,850	52,988
Park Outings	10,000	10,000	4,185
Park Concessions	17,200	17,200	6,535
Vehicle Maintenance Fees	84,000	84,000	96,364
	<u>5,120,080</u>	<u>5,120,080</u>	<u>4,972,723</u>
Fines and Forfeitures			
Circuit Court Fines	538,446	538,446	438,286
Other Fines	30,150	30,150	36,360
	<u>568,596</u>	<u>568,596</u>	<u>474,646</u>
Interest			
Investment Income	114,500	114,500	250,175
Miscellaneous			
Miscellaneous Revenue	141,000	141,000	265,180
Donations	83,100	83,100	7,826
Insurance Reimbursements	-	-	1,070
Sale of Capital Assets	11,000	11,000	32,551
Rent Income	214,400	214,400	188,760
	<u>449,500</u>	<u>449,500</u>	<u>495,387</u>
Total Revenues	<u>22,737,708</u>	<u>22,737,708</u>	<u>21,837,936</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
General Government			
General Administration	\$ 284,623	284,623	459,925
Village Administration	252,140	252,140	341,275
Finance Department	1,055,720	1,055,720	966,451
Building and Zoning	729,653	729,653	741,020
	<u>2,322,136</u>	<u>2,322,136</u>	<u>2,508,671</u>
Public Safety			
Police Department	6,678,728	6,678,728	6,626,666
Fire Department	7,763,105	7,763,105	7,762,594
	<u>14,441,833</u>	<u>14,441,833</u>	<u>14,389,260</u>
Highways and Streets			
Public Works Department - General Services	<u>3,501,278</u>	<u>3,501,278</u>	<u>2,943,676</u>
Culture and Recreation			
Park and Recreation Department	<u>1,877,844</u>	<u>1,877,844</u>	<u>1,782,675</u>
Debt Service			
Principal Retirement	463,573	463,573	463,573
Interest and Fiscal Charges	42,451	42,451	42,451
	<u>506,024</u>	<u>506,024</u>	<u>506,024</u>
Total Expenditures	<u>22,649,115</u>	<u>22,649,115</u>	<u>22,130,306</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, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,826,029	1,826,029	2,394,172
Interest	88,037	88,037	117,287
Miscellaneous	808,358	808,358	-
Total Revenues	2,722,424	2,722,424	2,511,459
Expenditures			
Debt Service			
Principal Retirement	1,560,000	1,560,000	1,560,000
Interest	1,171,464	1,171,464	1,506,260
Fiscal Charges	7,200	7,200	6,100
Total Expenditures	2,738,664	2,738,664	3,072,360
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,240)	(16,240)	(560,901)
Other Financing Sources			
Transfers In	16,240	16,240	-
Net Change in Fund Balance	-	-	(560,901)
Fund Balance - Beginning			2,078,458
Fund Balance - Ending			1,517,557

VILLAGE OF LAKE ZURICH, ILLINOIS

Capital Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
MFT Allocations	\$ 550,987	550,987	569,949
Interest	431,340	431,340	106,260
Total Revenues	982,327	982,327	676,209
Expenditures			
Highways and Streets			
Engineering Services	40,000	40,000	3,116
Snow and Ice Control	85,000	85,000	132,716
Maintenance			
Capital Outlay			
Infrastructure Improvements	427,327	427,327	374,888
Park Improvements	430,000	430,000	176,369
Total Expenditures	982,327	982,327	687,089
Net Change in Fund Balance	-	-	(10,880)
Fund Balance - Beginning			2,201,914
Fund Balance - Ending			2,191,034

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, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services	\$ 4,530,563	4,530,563	3,537,593
Operating Expenses			
Administration	1,028,868	1,028,868	1,012,574
Operations	2,911,651	2,911,651	2,679,921
Depreciation	-	-	1,538,442
Total Operating Expenses	3,940,519	3,940,519	5,230,937
Operating Income (Loss)	590,044	590,044	(1,693,344)
Nonoperating Revenues (Expenses)			
Property Taxes	11,718	11,718	11,733
Connection Fees	1,472,000	1,472,000	554,297
Interest Income	103,625	103,625	263,991
Interest and Fiscal Charges	(278,348)	(278,348)	(181,312)
	1,308,995	1,308,995	648,709
Change in Net Assets	1,899,039	1,899,039	(1,044,635)
Net Assets - Beginning			48,242,211
Net Assets - Ending			47,197,576

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

**Schedule of Operating Revenues - Budget and Actual
Year Ended April 30, 2007**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services			
Water Charges	\$ 2,467,708	2,467,708	1,970,386
Sewer Charges	1,721,386	1,721,386	1,391,540
Meter Sales	28,105	28,105	37,935
Late Fees	67,884	67,884	55,918
Wastewater Service Agreements	90,268	90,268	52,299
Industrial Monitoring Fees	100	100	-
Inspection Fees	7,000	7,000	2,395
Other	148,112	148,112	27,120
Total Operating Revenues	4,530,563	4,530,563	3,537,593

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Administration			
Personnel Services	\$ 558,721	558,721	540,412
Contractual Services	464,557	464,557	462,938
Commodities	5,590	5,590	4,627
	<u>1,028,868</u>	<u>1,028,868</u>	<u>1,007,977</u>
Capital Outlay and Maintenance	23,520	14,150	14,994
Less Nonoperating Items			
Capital Assets Capitalized	<u>(23,520)</u>	<u>(14,150)</u>	<u>(10,397)</u>
Total Administration	<u>1,028,868</u>	<u>1,028,868</u>	<u>1,012,574</u>
Operations			
Water Production and Storage			
Personnel Services	178,621	178,621	162,786
Contractual Services	677,081	677,081	600,483
Commodities	121,035	121,035	85,765
	<u>976,737</u>	<u>976,737</u>	<u>849,034</u>
Water Distribution			
Personnel Services	222,201	222,201	243,142
Contractual Services	342,844	342,844	335,242
Commodities	54,340	54,340	31,739
	<u>619,385</u>	<u>619,385</u>	<u>610,123</u>
Meter Reading			
Personnel Services	136,801	136,801	120,072
Contractual Services	31,926	31,926	26,853
Commodities	59,146	59,146	49,995
	<u>227,873</u>	<u>227,873</u>	<u>196,920</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual - Continued Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operations - Continued			
Industrial Pretreatment Monitoring			
Personnel Services	\$ 31,133	31,133	24,015
Contractual Services	13,483	13,483	5,198
Commodities	1,100	1,100	80
	<u>45,716</u>	<u>45,716</u>	<u>29,293</u>
Interceptor Sewer			
Personnel Services	151,751	151,751	141,685
Contractual Services	73,163	73,163	20,122
Commodities	12,250	12,250	9,510
	<u>237,164</u>	<u>237,164</u>	<u>171,317</u>
Lift Stations			
Personnel Services	165,134	165,134	152,579
Contractual Services	191,259	191,259	158,653
Commodities	17,900	17,900	8,166
	<u>374,293</u>	<u>374,293</u>	<u>319,398</u>
Collection System			
Personnel Services	157,017	157,017	155,942
Contractual Services	247,216	247,216	207,146
Commodities	26,250	26,250	8,466
	<u>430,483</u>	<u>430,483</u>	<u>371,554</u>
Capital Outlay and Maintenance	6,269,000	6,269,000	3,825,498
Less Nonoperating Items			
Capital Assets Capitalized	<u>(6,269,000)</u>	<u>(6,269,000)</u>	<u>(3,693,216)</u>
Total Operations	<u>2,911,651</u>	<u>2,911,651</u>	<u>2,679,921</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Waterworks and Sewerage Fund

Schedule of Operating Expenses - Budget and Actual - Continued Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Debt Service			
Principal Retirement	\$ 695,000	695,000	-
Interest and Fiscal Charges	278,348	278,348	181,312
	973,348	973,348	181,312
Less Nonoperating Items			
Debt Service	(973,348)	(973,348)	(181,312)
Total Debt Service	-	-	-

VILLAGE OF LAKE ZURICH, ILLINOIS

Pension Trust Funds

**Combining Statement of Net Plan Assets
April 30, 2007**

	Police Pension	Firefighters' Pension	Totals
Assets			
Cash and Cash Equivalents	\$ 1,377,343	127,944	1,505,287
Investments			
U.S. Government and Agency Securities	3,152,249	4,296,116	7,448,365
Mutual Funds	2,818,949	3,581,210	6,400,159
Insurance Contracts	1,119,812	212,339	1,332,151
Receivables			
Accrued Interest	52,554	47,360	99,914
Due from Other Funds	19	-	19
Total Assets	8,520,926	8,264,969	16,785,895
Net Plan Assets Held in Trust for Pension Benefits (A schedule of funding progress is presented following the notes to the financial statements.)	8,520,926	8,264,969	16,785,895

VILLAGE OF LAKE ZURICH, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Net Plan Assets Year Ended April 30, 2007

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 165,717	327,346	493,063
Contributions - Plan Members	286,209	403,743	689,952
Total Contributions	451,926	731,089	1,183,015
Investment Income			
Interest Earned	216,451	331,315	547,766
Net Change in Fair Value	536,164	390,816	926,980
	752,615	722,131	1,474,746
Less Investment Expenses	-	(34,132)	(34,132)
Net Investment Income	752,615	687,999	1,440,614
Total Additions	1,204,541	1,419,088	2,623,629
Deductions			
Administration	2,116	17,515	19,631
Benefits and Refunds	439,654	46,382	486,036
Total Deductions	441,770	63,897	505,667
Change in Net Assets	762,771	1,355,191	2,117,962
Net Plan Assets Held in Trust for Pension Benefits			
Beginning of Year	7,758,155	6,909,778	14,667,933
End of Year	8,520,926	8,264,969	16,785,895

VILLAGE OF LAKE ZURICH, ILLINOIS

Escrow Performance Fund

**Statement of Changes in Assets and Liabilities
Year Ended April 30, 2007**

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
Cash and Investments	\$ 1,221,683	89,725	-	1,311,408
Receivables				
Accrued Interest	-	1,311	-	1,311
Other	750	-	750	-
Total Assets	1,222,433	91,036	750	1,312,719
LIABILITIES				
Liabilities				
Accounts Payable	15,122	7,131	-	22,253
Deposits Payable	1,207,311	83,155	-	1,290,466
Total Liabilities	1,222,433	90,286	-	1,312,719

VILLAGE OF LAKE ZURICH, ILLINOIS

Police Pension Fund

Schedule of Changes in Net Assets - Budget and Actual Year Ended April 30, 2007

	Budgeted Amounts		Actual Amounts
	Original	Final	
Additions			
Contributions - Employer	\$ 162,260	162,260	165,717
Contributions - Plan Members	277,238	277,238	286,209
Total Contributions	439,498	439,498	451,926
Investment Income			
Interest Earned	158,825	158,825	216,451
Net Change in Fair Value	175,000	175,000	536,164
	333,825	333,825	752,615
Less Investment Expenses	-	-	-
Net Investment Income	333,825	333,825	752,615
Total Additions	773,323	773,323	1,204,541
Deductions			
Administration	1,000	1,000	2,116
Benefits and Refunds	382,627	382,627	439,654
Total Deductions	383,627	383,627	441,770
Change in Net Assets	389,696	389,696	762,771
Net Plan Assets Held in Trust for Pension Benefits			
Beginning of Year			7,758,155
End of Year			8,520,926

SUPPLEMENTAL SCHEDULES

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Insurance in Force Year Ended April 30, 2007

Coverage	Amount of Coverage	Expiration Date of Policy
General Liability	\$ 10,000,000	12/31/07
Auto Liability	10,000,000	12/31/07
Uninsured/Underinsured Motorist	500,000	12/31/07
Public Officials Liability	10,000,000	12/31/07
Employment Practices	10,000,000	12/31/07
Abuse/Molestation	5,000,000	12/31/07
Workers' Compensation	31,500,000	12/31/07
Employer's Liability	1,000,000	12/31/07
First Party Property - All Risk	250,000,000	12/31/07
Boiler/Machinery	50,000,000	12/31/07
Crime		
Employee Theft/Dishonesty	5,000,000	12/31/07
Forgery, Alteration & Counterfeit Currency	5,000,000	12/31/07
Credit Card Forgery	5,000,000	12/31/07
Computer Fraud	5,000,000	12/31/07
Inside Theft, Robbery & Safe Burglary	2,500,000	12/31/07
Non-Faithful Performance	2,500,000	12/31/07
Public Officials Bonds	Statutory	12/31/07

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

Vehicle Purchases Installment Contract of 2002

April 30, 2007

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

Fiscal Year Ending April 30	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2008	\$ 210,000	3,150	213,150	2007	3,150		

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

Equipment Purchase and Construction Installment Contract of 2004 April 30, 2007

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
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>745,000</u>	<u>48,912</u>	<u>793,912</u>		<u>24,456</u>		<u>24,456</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Police Building Bonds of 2000 April 30, 2007

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

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
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>4,830,000</u>	<u>1,996,475</u>	<u>6,826,475</u>		<u>998,234</u>		<u>998,241</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2001

April 30, 2007

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
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
	895,000	49,321	944,321		24,663		24,658

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2003C

April 30, 2007

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
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>130,000</u>	<u>5,700</u>	<u>135,700</u>		<u>3,825</u>		<u>1,875</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Bonds of 2006

April 30, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2006	\$ 50,000	82,000	132,000	2007	41,000	2007	41,000
2007	50,000	80,000	130,000	2008	40,000	2008	40,000
2008	50,000	78,000	128,000	2009	39,000	2009	39,000
2009	50,000	76,000	126,000	2010	38,000	2010	38,000
2010	425,000	74,000	499,000	2011	37,000	2011	37,000
2011	450,000	57,000	507,000	2012	28,500	2012	28,500
2012	700,000	39,000	739,000	2013	19,500	2013	19,500
2013	275,000	11,000	286,000	2014	5,500	2014	5,500
	<u>2,050,000</u>	<u>497,000</u>	<u>2,547,000</u>		<u>248,500</u>		<u>248,500</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002 April 30, 2007

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
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>1,290,000</u>	<u>196,196</u>	<u>1,486,196</u>		<u>98,101</u>		<u>98,095</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B

April 30, 2007

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
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>1,270,000</u>	<u>85,807</u>	<u>1,355,807</u>		<u>51,223</u>		<u>34,584</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D April 30, 2007

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
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		
	<u>465,000</u>	<u>53,681</u>	<u>518,681</u>		<u>31,806</u>		<u>21,875</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Bonds of 2002 April 30, 2007

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
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
	<u>3,815,000</u>	<u>1,952,416</u>	<u>5,767,416</u>		<u>976,208</u>		<u>976,208</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Bonds 2002A April 30, 2007

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
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
	<u>1,745,000</u>	<u>675,216</u>	<u>2,420,216</u>		<u>337,608</u>		<u>337,608</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

General Obligation TIF Alternate Revenue Bonds of 2003A April 30, 2007

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
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
	<u>3,995,000</u>	<u>1,272,512</u>	<u>5,267,512</u>		<u>636,256</u>		<u>636,256</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2005A

April 30, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2008	\$ -	318,750	318,750	2007	159,375	2007	159,375
2009	50,000	318,750	368,750	2008	159,375	2008	159,375
2010	125,000	316,874	441,874	2009	158,437	2009	158,437
2011	200,000	312,188	512,188	2010	156,094	2010	156,094
2012	275,000	304,688	579,688	2011	152,344	2011	152,344
2013	300,000	294,376	594,376	2012	147,188	2012	147,188
2014	375,000	283,124	658,124	2013	141,562	2013	141,562
2015	425,000	269,062	694,062	2014	134,531	2014	134,531
2016	550,000	267,188	817,188	2015	133,594	2015	133,594
2017	575,000	246,562	821,562	2016	123,281	2016	123,281
2018	600,000	225,000	825,000	2017	112,500	2017	112,500
2019	625,000	201,000	826,000	2018	100,500	2018	100,500
2020	650,000	176,000	826,000	2019	88,000	2019	88,000
2021	675,000	150,000	825,000	2020	75,000	2020	75,000
2022	725,000	123,000	848,000	2021	61,500	2021	61,500
2023	750,000	94,000	844,000	2022	47,000	2022	47,000
2024	775,000	64,000	839,000	2023	32,000	2023	32,000
2025	825,000	33,000	858,000	2024	16,500	2024	16,500
	<u>8,500,000</u>	<u>3,997,562</u>	<u>12,497,562</u>		<u>1,998,781</u>		<u>1,998,781</u>

VILLAGE OF LAKE ZURICH, ILLINOIS

Long-Term Debt Requirements

TIF Revenue Bonds of 2005B

April 30, 2007

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

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2008	\$ -	81,012	81,012	2007	40,506	2007	40,506
2009	350,000	81,012	431,012	2008	40,506	2008	40,506
2010	300,000	65,962	365,962	2009	32,981	2009	32,981
2011	250,000	52,912	302,912	2010	26,456	2010	26,456
2012	200,000	41,788	241,788	2011	20,894	2011	20,894
2013	175,000	32,788	207,788	2012	16,394	2012	16,394
2014	125,000	24,738	149,738	2013	12,369	2013	12,369
2015	100,000	18,862	118,862	2014	9,431	2014	9,431
	<u>1,500,000</u>	<u>399,074</u>	<u>1,899,074</u>		<u>199,537</u>		<u>199,537</u>

STATISTICAL SECTION

(Unaudited)

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

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Net Assets by Component - Last Four Fiscal Years April 30, 2007 (Unaudited)

	2004	2005	2006	2007
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$ 63,594,963	67,029,970	63,037,308	62,882,689
Restricted	2,687,699	1,654,521	3,531,949	2,851,206
Unrestricted	233,709	2,910,750	2,962,069	1,954,077
Total Governmental Activities Net Assets	66,516,371	71,595,241	69,531,326	67,687,972
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	40,022,303	42,723,063	43,445,971	44,411,651
Restricted	-	-	-	-
Unrestricted	6,255,492	5,022,235	4,796,240	2,785,925
Total Business-Type Activities Net Assets	46,277,795	47,745,298	48,242,211	47,197,576
Primary Government				
Invested in Capital Assets, Net of Related Debt	103,617,266	109,753,033	106,483,279	107,294,340
Restricted	2,687,699	1,654,521	3,531,949	2,851,206
Unrestricted	6,489,201	7,932,985	7,758,309	4,740,002
Total Primary Government Net Assets	112,794,166	119,340,539	117,773,537	114,885,548

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

VILLAGE OF LAKE ZURICH, ILLINOIS

Changes in Net Assets - Last Four Fiscal Years April 30, 2007 (Unaudited)

	2004	2005	2006	2007
Expenses				
Governmental Activities				
General Government	\$ 2,413,846	2,442,432	2,416,410	2,675,926
Public Safety	11,303,728	12,496,702	14,598,186	15,419,714
Highways and Streets	4,054,985	3,486,514	3,296,350	3,311,564
Culture and Recreation	1,631,428	1,770,940	1,862,749	1,868,893
Economic Development	2,939,519	708,700	3,956,489	2,385,479
Interest on Long-Term Debt	915,673	1,087,578	1,449,772	1,528,564
Total Governmental Activities Expenses	23,259,179	21,992,866	27,579,956	27,190,140
Business-Type Activities				
Waterworks and Sewerage	4,005,428	4,020,070	4,634,314	5,412,249
Total Business-Type Activities Net Assets	4,005,428	4,020,070	4,634,314	5,412,249
Total Primary Government Expenses	27,264,607	26,012,936	32,214,270	32,602,389
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	1,988,492	2,817,894	3,107,316	2,622,108
Public Safety	5,206,007	3,767,347	5,581,866	4,434,714
Culture and Recreation	578,319	603,016	585,138	641,046
Capital Grants/Operations	1,959,365	3,678,879	796,765	838,607
Total Governmental Activities Program Revenues	9,732,183	10,867,136	10,071,085	8,536,475
Business-Type Activities				
Charges for Services				
Waterworks and Sewerage	3,737,934	4,507,218	4,970,094	4,091,890
Capital Grants/Operations	-	2,300,184	-	-
Total Business-Type Activities Program Revenues	3,737,934	6,807,402	4,970,094	4,091,890
Total Primary Government Program Revenues	13,470,117	17,674,538	15,041,179	12,628,365

	2004	2005	2006	2007
Net (Expense) Revenue				
Governmental Activities	\$ (13,526,996)	(11,125,730)	(17,508,871)	(18,653,665)
Business-Type Activities	(267,494)	2,787,332	335,780	(1,320,359)
Total Primary Government Net Revenue (Expense)	<u>(13,794,490)</u>	<u>(8,338,398)</u>	<u>(17,173,091)</u>	<u>(19,974,024)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property Taxes	6,168,186	6,601,029	6,747,900	7,685,714
Municipal Sales Taxes	4,589,414	4,976,532	4,972,070	5,296,357
Intergovernmental				
Illinois State Income Taxes	1,117,985	1,322,612	1,468,210	1,637,119
Other Taxes	434,417	857,267	1,336,548	958,527
Interest Income	106,830	139,474	332,962	541,148
Miscellaneous	426,968	896,479	587,266	691,446
Transfers - Internal Activity	421,506	1,411,207	-	-
Total Governmental Activities	<u>13,265,306</u>	<u>16,204,600</u>	<u>15,444,956</u>	<u>16,810,311</u>
Business-Type Activities				
Property Taxes	11,723	11,723	11,728	11,733
Interest Income	55,994	79,655	149,405	263,991
Miscellaneous	-	-	-	-
Transfers - Internal Activity	(421,506)	(1,411,207)	-	-
Total Business-Type Activities	<u>(353,789)</u>	<u>(1,319,829)</u>	<u>161,133</u>	<u>275,724</u>
Total Primary Government	<u>12,911,517</u>	<u>14,884,771</u>	<u>15,606,089</u>	<u>17,086,035</u>
Changes in Net Assets				
Governmental Activities	(261,690)	5,078,870	(2,063,915)	(1,843,354)
Business-Type Activities	(621,283)	1,467,503	496,913	(1,044,635)
Total Primary Government	<u>(882,973)</u>	<u>6,546,373</u>	<u>(1,567,002)</u>	<u>(2,887,989)</u>

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

VILLAGE OF LAKE ZURICH, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years April 30, 2007 (Unaudited)

	1998	1999	2000	2001
General Fund				
Reserved	\$ 223,274	138,588	168,825	178,890
Unreserved	2,273,315	2,579,731	2,644,056	2,946,900
Total General Fund	2,496,589	2,718,319	2,812,881	3,125,790
All Other Governmental Funds				
Reserved	175,629	219,764	260,294	115,084
Unreserved, Reported in:				
Special Revenues Funds	269,912	159,141	218,668	218,492
Debt Service Funds	-	-	-	-
Capital Projects Funds	873,821	64,204	197,921	3,695,408
Total All Other Governmental Funds	1,319,362	443,109	676,883	4,028,984

Data Source: Village Records

2002	2003	2004	2005	2006	2007
710,101	2,666,951	798,926	796,981	791,673	815,783
894,227	225,278	616,104	3,445,055	3,607,077	3,290,597
1,604,328	2,892,229	1,415,030	4,242,036	4,398,750	4,106,380
247,512	8,780,692	5,841,511	11,593,828	15,297,012	14,804,655
83,274	-	-	-	-	-
-	-	-	-	-	-
426,782	614,468	1,485,423	1,681,280	2,201,914	2,191,034
757,568	9,395,160	7,326,934	13,275,108	17,498,926	16,995,689

VILLAGE OF LAKE ZURICH, ILLINOIS

**General Governmental Revenues By Source - Last Ten Fiscal Years
April 30, 2007 (Unaudited)**

Source	1998	1999	2000	2001
Taxes	\$ 7,135,730	7,526,112	7,830,914	8,236,547
Licenses and Permits	754,290	858,376	1,430,653	1,432,837
Intergovernmental	1,852,272	2,427,347	2,469,679	2,799,797
Charges for Services	2,165,049	2,308,023	2,862,165	2,820,309
Fines and Forfeits	542,534	474,843	523,886	655,631
Interest Income	251,706	215,717	188,628	625,135
Miscellaneous	660,813	154,451	789,435	742,405
Total	13,362,394	13,964,869	16,095,360	17,312,661

Note: Includes All Governmental Funds

Data Source: Village Records

2002	2003	2004	2005	2006	2007
9,709,824	10,294,390	10,757,600	11,577,561	11,719,970	12,982,071
1,339,076	1,441,802	1,561,404	2,478,365	2,610,400	2,192,802
2,705,848	5,057,565	2,897,367	2,864,902	3,601,523	3,434,253
3,494,639	4,484,078	5,674,514	4,259,682	6,175,199	5,030,420
558,704	577,039	536,900	450,210	488,721	474,646
251,086	159,260	106,830	139,474	332,962	541,148
363,141	1,134,743	426,968	896,479	587,266	691,446
18,422,318	23,148,877	21,961,583	22,666,673	25,516,041	25,346,786

VILLAGE OF LAKE ZURICH, ILLINOIS

General Governmental Expenditures By Function - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Function	1998	1999	2000	2001
General Government	\$ 1,978,516	1,612,042	2,451,851	1,766,668
Public Safety	7,074,061	7,608,441	7,749,472	9,397,966
Highways and Streets	2,308,749	2,474,256	2,500,506	3,024,920
Culture and Recreation	763,783	1,629,939	1,945,616	1,583,560
Economic Development	-	-	-	-
Capital Outlay	267,788	49,424	82,226	3,229,479
Debt Service				
Principal	878,573	993,573	973,573	1,230,850
Interest and Fiscal Charges	576,055	531,683	510,284	436,158
Total	13,847,525	14,899,358	16,213,528	20,669,601

Note: Includes All Governmental Funds

Data Source: Village Records

2002	2003	2004	2005	2006	2007
2,417,006	3,442,196	2,291,206	2,251,949	2,357,302	2,508,671
10,741,008	11,700,045	11,659,477	11,836,203	13,648,751	14,389,260
3,937,218	4,713,035	2,854,762	3,186,134	2,814,329	3,079,508
1,566,916	1,695,000	1,527,115	1,662,954	1,746,509	1,782,675
-	1,648,969	2,939,519	708,700	3,956,489	2,385,479
4,532,339	746,520	1,105,306	699,772	533,572	735,561
1,098,573	1,398,573	2,668,573	1,663,573	6,598,573	2,023,573
709,702	700,829	882,556	989,379	1,323,726	1,554,811
25,002,762	26,045,167	25,928,514	22,998,664	32,979,251	28,459,538

VILLAGE OF LAKE ZURICH, ILLINOIS

Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2007 (Unaudited)

	1998	1999	2000	2001
Revenues				
Taxes	\$ 7,135,730	7,526,112	7,830,914	8,236,547
Licenses and Permits	754,290	858,376	1,430,653	1,432,837
Intergovernmental	1,852,272	2,427,347	2,469,679	2,799,797
Charges for Services and Fees	2,165,049	2,308,023	2,862,165	2,820,309
Fines and Forfeits	542,534	474,843	523,886	655,631
Investment Income	251,706	215,717	188,628	625,135
Miscellaneous	660,813	154,451	789,435	742,405
Total Revenues	13,362,394	13,964,869	16,095,360	17,312,661
Expenditures				
General Government	1,978,516	1,612,042	2,451,851	1,766,668
Public Safety	7,074,061	7,608,441	7,749,472	9,397,966
Highways and Streets	2,308,749	2,474,256	2,500,506	3,024,920
Culture and Recreation	763,783	1,629,939	1,945,616	1,583,560
Economic Development	-	-	-	-
Capital Outlay	267,788	49,424	82,226	3,229,479
Debt Service				
Principal	878,573	993,573	973,573	1,230,850
Interest and Fiscal Charges	576,055	531,683	510,284	436,158
Total Expenditures	13,847,525	14,899,358	16,213,528	20,669,601
Excess of Revenues Over (Under) Expenditures	(485,131)	(934,489)	(118,168)	(3,356,940)
Other Financing Sources (Uses)				
Proceeds from Bonds	235,726	500,000	-	6,000,000
Payment to Escrow Agent	-	-	-	-
Transfer In	308,284	508,891	346,044	964,482
Transfer Out	(153,619)	-	-	-
Sale of Property	1,980	36,085	100,460	57,468
Total Other Financing Sources (Uses)	392,371	1,044,976	446,504	7,021,950
Net Change in Fund Balances	(92,760)	110,487	328,336	3,665,010
Debt Service as a Percentage of Noncapital Expenditures	10.71%	10.27%	9.20%	9.56%

Data Source: Village Records

2002	2003	2004	2005	2006	2007
9,709,824	10,294,390	10,757,600	11,577,561	11,719,970	12,982,071
1,339,076	1,441,802	1,561,404	2,478,365	2,610,400	2,192,802
2,705,848	5,057,565	2,897,367	2,864,902	3,601,523	3,434,253
3,494,639	4,484,078	5,674,514	4,259,682	6,175,199	5,030,420
558,704	577,039	536,900	450,210	488,721	474,646
251,086	159,260	106,830	139,474	332,962	541,148
363,141	1,134,743	426,968	896,479	587,266	691,446
18,422,318	23,148,877	21,961,583	22,666,673	25,516,041	25,346,786
2,417,006	3,442,196	2,291,206	2,251,949	2,357,302	2,508,671
10,741,008	11,700,045	11,659,477	11,836,203	13,648,751	14,389,260
3,937,218	4,713,035	2,854,762	3,186,134	2,814,329	3,079,508
1,566,916	1,695,000	1,527,115	1,662,954	1,746,509	1,782,675
-	1,648,969	2,939,519	708,700	3,956,489	2,385,479
4,532,339	746,520	1,105,306	699,772	533,572	735,561
1,098,573	1,398,573	2,668,573	1,663,573	6,598,573	2,023,573
709,702	700,829	882,556	989,379	1,323,726	1,554,811
25,002,762	26,045,167	25,928,514	22,998,664	32,979,251	28,459,538
(6,580,444)	(2,896,290)	(3,966,931)	(331,991)	(7,463,210)	(3,112,752)
4,645,000	12,390,000	-	7,695,964	11,843,742	2,317,145
(4,585,733)	-	-	-	-	-
996,950	116,357	421,506	1,598,207	6,507,635	-
(55,000)	-	-	(187,000)	(6,507,635)	-
0	-	-	-	-	-
1,001,217	12,506,357	421,506	9,107,171	11,843,742	2,317,145
(5,579,227)	9,610,067	(3,545,425)	8,775,180	4,380,532	(795,607)
8.83%	8.30%	14.31%	11.90%	24.42%	12.91%

VILLAGE OF LAKE ZURICH, ILLINOIS

Equalized Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Tax Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Equalized Assessed Value	Total Direct Tax Rate
1998	\$ 339,571,575	\$ 85,397,403	\$ 424,968,978	\$ -	\$ 424,968,978	1.110
1999	351,291,936	88,060,413	439,352,349	-	439,352,349	1.107
2000	360,326,154	90,572,962	450,899,116	-	450,899,116	1.176
2001	374,214,989	104,430,873	478,645,862	-	478,645,862	1.148
2002	392,553,055	124,177,583	516,730,638	-	516,730,638	1.083
2003	430,136,293	134,714,931	564,851,224	21,060	564,872,284	1.025
2004	494,201,355	139,929,161	634,130,516	32,647	634,163,163	1.003
2005	528,188,250	142,547,903	670,736,153	33,510	670,769,663	0.907
2006	567,359,961	153,118,205	720,478,166	30,833	720,508,999	0.866
2007	600,225,289	169,303,669	769,528,958	33,174	769,562,132	N/A

N/A - Currently Not Available

Data Source: Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years
April 30, 2007 (Unaudited)**

See Following Page

VILLAGE OF LAKE ZURICH, ILLINOIS

Direct and Overlapping Property Tax Rates April 30, 2007 (Unaudited)

Last Ten Tax Levy Years	1997	1998	1999	2000
Village of Lake Zurich				
Corporate	0.183	0.184	0.215	0.218
Police Protection	0.150	0.150	0.149	0.147
Fire Protection	0.122	0.123	0.133	0.131
Ambulance	0.141	0.142	0.127	0.126
Illinois Municipal Retirement	0.051	0.052	0.045	0.035
Federal Social Security	0.106	0.109	0.108	0.111
Insurance	0.063	0.054	0.033	0.036
Debt Service	0.261	0.250	0.247	0.322
Special Recreation	0.000	0.000	0.000	0.000
Police Pension	0.022	0.023	0.025	0.025
Firefighters' Pension	0.022	0.023	0.025	0.025
Total Direct Tax Rate	1.121	1.110	1.107	1.176
Overlapping Rates				
Village of Lake Zurich SSA #7	-	-	0.002	-
Lake County	0.531	0.531	0.521	0.521
Lake County Forest Preserve District	0.155	0.157	0.187	0.231
Ela Area Library District	0.321	0.320	0.408	0.396
School District #95	3.914	3.958	3.925	4.022
School District #96	3.023	3.051	3.052	3.060
Consolidated H.S. District #125	1.860	1.859	1.835	1.904
Community College #532	0.222	0.221	0.213	0.235
Ela Township - Corp. & GA	0.106	0.105	0.100	0.094
Ela Township - R & B	0.013	0.012	0.011	0.011
Ela Township - Gravel or R.I.	0.300	0.030	0.030	0.030
Lake County Public				
Building Commission	0.073	0.071	0.064	0.061
Barrington Public Library District	0.211	0.218	0.212	0.178
Total Overlapping Rate	10.729	10.533	10.560	10.743
Total Direct and Overlapping Tax Rate	11.850	11.643	11.667	11.919

Data Source: Office of the County Clerk

2001	2002	2003	2004	2005	2006
0.213	0.195	0.187	0.173	0.170	0.154
0.140	0.131	0.120	0.118	0.116	0.117
0.127	0.119	0.109	0.108	0.106	0.107
0.131	0.111	0.102	0.101	0.099	0.100
0.028	0.022	0.027	0.027	0.027	0.028
0.106	0.111	0.108	0.107	0.105	0.106
0.042	0.056	0.042	0.042	0.042	0.043
0.311	0.288	0.275	0.269	0.176	0.140
0.000	0.000	0.013	0.012	0.020	0.023
0.025	0.025	0.021	0.023	0.023	0.024
0.025	0.025	0.021	0.023	0.023	0.024
1.148	1.083	1.025	1.003	0.907	0.866
-	-	-	-	-	-
0.516	0.502	0.490	0.465	0.454	0.450
0.221	0.232	0.225	0.219	0.210	0.204
0.387	0.371	0.343	0.334	0.323	0.317
4.484	4.366	4.092	4.082	4.040	3.992
2.951	3.013	2.940	3.038	3.000	2.989
1.864	1.890	1.940	2.062	2.112	2.134
0.211	0.208	0.201	0.200	0.197	0.195
0.096	0.093	0.086	0.085	0.085	0.086
0.012	0.013	0.011	0.011	0.010	0.010
0.030	0.030	0.029	0.030	0.030	0.032
0.057	0.054	0.051	-	-	-
0.192	0.182	0.177	0.193	0.155	0.169
11.021	10.954	10.585	10.719	10.616	10.578
12.169	12.037	11.610	11.722	11.523	11.444

VILLAGE OF LAKE ZURICH, ILLINOIS

Principal Property Tax Payers - Current Year and Nine Years Ago April 30, 2007 (Unaudited)

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Village Square Retail Center LLC	\$ 6,376,941	1	0.8%			
Landings Acquisition Company	6,273,252	2	0.8%			
Individual Taxpayer	5,212,404	3	0.7%			
Echo Incorporated	4,666,200	4	0.6%	3,002,006	4	0.7%
Deerpath Court Retail Center LLC	4,116,887	5	0.5%			
Liberty Realty Lake Zurich LLC	3,333,289	6	0.4%			
Costco	3,329,023	7	0.4%			
HD Development of Maryland LLC	2,791,139	8	0.3%			
Wal-Mart	2,686,750	9	0.3%	2,148,490	7	0.5%
The Greenhill Company LLC	2,551,194	10	0.3%			
Sfire Bros. Development				5,422,867	1	1.3%
Fidelity Group LP				4,871,861	2	1.1%
Federal Realty Investment				4,000,477	3	0.9%
Exxon Chemical Americas				2,449,955	5	0.6%
The Jung Partnership				2,386,781	6	0.6%
Lumberman's Mutual Casualty				1,992,747	8	0.5%
Colonial Hospital Supply Co.				1,980,014	9	0.5%
Chicago Title And Trust Co.				1,835,959	10	0.4%
	<u>41,337,079</u>		<u>5.10%</u>	<u>30,091,157</u>		<u>7.10%</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Fiscal Year Ended April 30	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1998	1997	\$ 4,763,902	\$ 4,758,251	99.88%	N/A	\$ 4,758,251	99.88%
1999	1998	4,876,811	4,875,223	99.97%	N/A	4,875,223	99.97%
2000	1999	4,991,455	4,980,270	99.78%	N/A	4,980,270	99.78%
2001	2000	5,628,875	5,632,691	100.07%	N/A	5,632,691	100.07%
2002	2001	5,932,068	5,921,992	99.83%	N/A	5,921,992	99.83%
2003	2002	6,117,566	6,117,622	100.00%	N/A	6,117,622	100.00%
2004	2003	6,500,172	6,454,060	99.29%	N/A	6,454,060	99.29%
2005	2004	6,728,155	6,721,078	99.89%	N/A	6,721,078	99.89%
2006	2005	6,535,016	6,534,252	99.99%	N/A	6,534,252	99.99%
2007	2006	6,664,408	* N/A	* N/A	* N/A	* N/A	* N/A

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

Data Source: Office of the County Clerk

VILLAGE OF LAKE ZURICH, ILLINOIS

Ratios of Outstanding Debt By Type - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Fiscal Year Ended April 30	Governmental Activities					Notes Payable
	General Obligation Bonds	GO TIF Alternate Revenue Bonds	TIF Alternate Revenue Bonds	Installment Contracts		
1998	\$ 7,965,000	\$ -	\$ -	\$ 2,137,157	\$ -	
1999	7,295,000	-	-	2,313,584	-	
2000	6,595,000	-	-	2,040,011	-	
2001	11,840,000	-	-	1,756,438	-	
2002	11,100,000	-	-	1,682,865	-	
2003	11,395,000	10,000,000	-	2,389,292	-	
2004	10,005,000	10,000,000	-	880,719	-	
2005	8,560,000	10,000,000	-	1,872,146	6,485,964	
2006	6,970,000	10,000,000	10,000,000	1,418,573	3,774,706	
2007	5,855,000	9,555,000	10,000,000	955,000	6,091,851	

Data Source: Village's Records

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

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

Business-Type Activities			Total Primary Government	Total Equalized Assessed Value (EAV)	Percentage of EAV	% per Capita personal income (1)	Per Capita (2)
Waterworks and Sewerage Revenue Bonds	IEPA Loan						
\$ 3,965,000	\$ -	\$ 14,067,157	\$ 424,968,978	3.31%	0.23%	\$ 799.68	
3,765,000	-	13,373,584	439,352,349	3.04%	0.29%	758.57	
3,555,000	-	12,190,011	450,899,116	2.70%	0.33%	673.33	
3,335,000	-	16,931,438	478,645,862	3.54%	0.27%	929.79	
5,110,000	-	17,892,865	516,730,638	3.46%	0.26%	918.34	
7,530,000	-	31,314,292	564,872,284	5.54%	0.13%	1,647.69	
4,490,000	-	25,375,719	635,502,841	3.99%	0.18%	1,335.21	
4,010,000	-	30,928,110	670,174,701	4.61%	0.15%	1,628.48	
3,520,000	355,509	36,038,788	720,508,999	5.00%	0.11%	1,897.58	
5,075,000	1,941,834	39,473,685	769,562,132	5.13%	0.11%	2,078.44	

VILLAGE OF LAKE ZURICH, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Fiscal Year Ended April 30	Gross General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Equalized Assessed Value (1)	Per Capita
1998	\$ 7,965,000	\$ 175,629	\$ 7,789,371	1.83%	\$ 442.80
1999	7,295,000	219,764	7,075,236	1.61%	401.32
2000	6,595,000	260,294	6,334,706	1.40%	349.91
2001	11,840,000	115,084	11,724,916	2.45%	643.87
2002	13,100,000	247,512	12,852,488	2.49%	659.64
2003	11,395,000	586,227	10,808,773	1.91%	568.73
2004	10,005,000	377,989	9,627,011	1.51%	506.55
2005	8,560,000	450,950	8,109,050	1.21%	426.97
2006	6,970,000	309,524	6,660,476	0.92%	350.70
2007	5,855,000	155,410	5,699,590	0.74%	300.10

Data Source: Village Records

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Direct and Overlapping Bonded Debt April 30, 2007 (Unaudited)

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Lake Zurich	\$ 5,725,000 (2)	100.00%	\$ 5,725,000
Lake County, Forest Preserve District	188,600,367	2.82%	5,318,530
Ela Area Library District	12,855,000	41.73%	5,364,392
School District #95	59,763,612	48.55%	29,015,234
School District #96	12,375,000	1.35%	167,063
Consolidated High School District #125	35,997,201	0.51%	183,586
Community College #532	10,428,800	2.96%	308,692
Totals	\$ 320,019,980		\$ 40,357,496

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

(2) Consists of GO Police Building Bonds of 2000 and GO Obligation Refunding Bonds of 2001.

Data Source: Lake County Tax Extension Department

VILLAGE OF LAKE ZURICH, ILLINOIS

Schedule of Legal Debt Margin April 30, 2007 (Unaudited)

Assessed Valuation - 2006	<u>\$ 769,562,132</u>
Legal Debt Limit - 8.625% of Assessed Valuation	66,374,734
Amount of Debt Applicable to Debt Limit	
General Obligation Debt Payable	
General Obligation Bonds	4,830,000
Installment Contracts	<u>955,000</u>
Legal Debt Margin	<u>60,589,734</u>

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

VILLAGE OF LAKE ZURICH, ILLINOIS

Pledged-Revenue Coverage - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Fiscal Year Ended April 30	Revenues	Principal	Interest	Coverage
1998	\$ 3,079,237	\$ 200,000	\$ 192,041	7.85
1999	3,146,226	200,000	183,029	8.21
2000	4,144,902	210,000	174,258	10.79
2001	3,635,790	220,000	164,173	9.46
2002	3,631,085	225,000	187,495	8.80
2003	3,620,412	255,000	141,390	9.13
2004	-	-	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	-	-	-

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 and Economic Statistics - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Fiscal Year Ended April 30	(1) Population	(2) Personal Income (in Thousands)	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(4) Unemployment Rate
1998	17,591	\$ 571,532	\$ 32,490	34.7	5,977	2.2
1999	17,630	676,357	38,364	34.2	5,902	1.9
2000	18,104	723,870	39,984	36.7	6,104	2.1
2001	18,210	844,980	46,402	34.7	6,280	2.9
2002	19,484	903,999	46,397	37.6	6,429	3.7
2003	19,005	796,252	41,897	36.9	6,529	3.9
2004	19,005	849,847	44,717	37.2	6,570	2.1
2005	18,992	860,490	45,308	36.8	6,512	2.1
2006	18,992	773,810	40,744	35.8	6,614	1.7
2007	18,992	846,827	44,589	35.7	6,477	1.8

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

Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago April 30, 2007 (Unaudited)

Employer	2007			1998		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Lake Zurich Comm. Unit S.D. #95	844	1	8.92%	N/A	N/A	N/A
Echo Inc.	640	2	6.76%	N/A	N/A	N/A
CM Products Inc.	320	3	3.38%	N/A	N/A	N/A
Smalley Steel Ring Company	285	4	3.01%	N/A	N/A	N/A
Village of Lake Zurich	178	5	1.88%	N/A	N/A	N/A
Pinnacle Food Products, Inc.	175	6	1.85%	N/A	N/A	N/A
Lexington Lake Zurich	155	7	1.64%	N/A	N/A	N/A
Tredegar Film Products	125	8	1.32%	N/A	N/A	N/A
Citation Corp.	120	9	1.27%	N/A	N/A	N/A
Sylvania Inc.	90	10	0.95%	N/A	N/A	N/A
	<u>2,932</u>		<u>30.98%</u>	<u>-</u>		<u>0.00%</u>

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

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VILLAGE OF LAKE ZURICH, ILLINOIS

Full-time Village Government Employees by Function Last Four Fiscal Years April 30, 2007 (Unaudited)

Function	2004	2005	2006	2007
General Government				
Administration	2	2	2	2
Finance	8	8	9	9
Public Works	17	18	17	16
Police	50	52	55	55
Fire	55	56	61	61
Community Development	8	8	8	9
Water and Sewer	10	11	13	13
Engineering	3	4	4	4
Recreation	10	10	10	9
Total	163	169	179	178

Data Source: Village Records

VILLAGE OF LAKE ZURICH, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years April 30, 2007 (Unaudited)

Function/Program	1998	1999	2000
Public Works			
Forestry			
Number of Parkway Trees Planted	51	63	67
Number of Parkway Trees Trimmed	1100	1200	1300
Fleet Services			
Number of Vehicles Maintained	80	80	80
Preventative Maintenance Services	567	633	643
Public Safety			
Fire			
Number of Fire Calls	1,581	1,437	1,618
Number of EMS Calls	1,378	1,478	1,678
Number of Training Hours	8,200	9,009	9,471
Police			
Part I Crime	N/A	N/A	N/A
Part II Crime	N/A	N/A	N/A
Calls for Service	12,353	11,402	11,852
State Tickets Issued	3,858	4,482	3,926
Compliance Tickets Issued	N/A	N/A	N/A
Parking Tickets Issued	1,920	2,451	1,944
Community Development			
Number of Building Permits Issued	788	828	2,804
Number of Building Inspections	3,225	3,115	5,397
Number of Food Service Inspections	N/A	N/A	N/A
Highways and Streets			
Sidewalk Replaced (sq. ft.)	3,600	3,675	4,200
Annual Resurfacing Program (\$)	N/A	N/A	N/A
Crack Sealing (lbs. installed)	N/A	9,825	18,000
Water and Sewer			
Water Main Breaks	35	51	29
Hydrants Flushed	2,900	2,950	3,000
Water Meters Read	74,100	74,400	74,700
Water Meter Service Requests	N/A	N/A	N/A
Total Distribution Pumpage (1,000 gallons)	698MG	713MG	697MG
Average Daily Pumpage (1,000 gallons)	1.9MG	1.95MG	1.9MG
Sanitary Sewer Televising (feet)	N/A	10,000	10,000
Sanitary Sewer Repairs	6	6	2

N/A: Not Available

Data Source: Village Records
Information on Calendar Year-End

2001	2002	2003	2004	2005	2006	2007
49	40	55	53	57	61	N/A
1000	1150	1200	1230	1235	1268	N/A
81	88	90	91	89	93	N/A
672	664	694	706	751	713	N/A
1,619	1,589	1,585	1,551	1,617	1,582	N/A
1,627	1,671	1,646	1,746	1,784	1,664	N/A
10,741	12,243	12,243	12,243	12,474	11,750	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
11,697	12,207	12,101	11,647	10,982	10,423	N/A
3,487	3,701	4,843	4,750	5,077	5,563	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
2,123	3,655	2,286	1,718	1,998	1,905	N/A
1,481	963	1,046	1,373	1,040	1,100	N/A
7,513	6,509	6,295	8,237	5,821	5,409	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
4,250	4,800	4,600	4,300	4,400	7,680	N/A
N/A	N/A	793,620	932,150	877,342	684,866	N/A
17,550	12,700	12,500	12,752	13,020	12,060	N/A
20	36	39	27	41	32	N/A
3,100	3,120	3,140	3,160	3,180	3,200	N/A
75,000	75,300	75,600	76,200	76,500	76,884	N/A
N/A	667	437	967	N/A	988	N/A
702MG	757MG	747MG	732MG	811MG	731MG	N/A
1.92MG	2.07MG	2.04MG	2.0MG	2.22MG	2.0MG	N/A
12,000	15,000	15,000	10,000	20,000	12,000	N/A
12	7	24	6	14	12	N/A

VILLAGE OF LAKE ZURICH, ILLINOIS

Capital Asset Statistics by Function/Program April 30, 2007 (Unaudited)

Function/Program	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	16	17	19	19	21	21	21	20	20	20
Fire Stations	3	3	3	4	4	4	4	4	4	4
Public Works										
Streets (Miles)	240	241	135	200	240	152.5	152.5	158.2	158.2	158.2
Sidewalks (miles)	N/A	N/A	N/A	N/A	N/A	84	88	89	90	90
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	170
Water and Sewer										
Water Mains (Miles)	90	92	92	97	93	96	99	104	107	107
Fire Hydrants	1500	1550	1550	1550	1600	1620	1647	1731	1739	1739
Sanitary Sewers (miles)	140	142	145	83	97	97	99	103	106	106
Manholes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Data Source: Village Records