

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED APRIL 30, 2008**

Prepared by Finance Department:

Gerald A. Zochowski  
Finance Director and Treasurer

# VILLAGE OF LAKE ZURICH, ILLINOIS

## TABLE OF CONTENTS

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	PAGE
<b><u>INTRODUCTORY SECTION</u></b>	
List of Elected and Appointed Officials .....	i
Organization Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting.....	iii
Letter of Transmittal from the Village Administrator and Finance Director.....	iv-vi
<b><u>FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITORS' REPORT</b> .....	<b>1 - 2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	<b>3 - 12</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Assets.....	13 - 14
Statement of Activities .....	15 - 16
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balance to	
Net Assets of Governmental Activities .....	18
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Net Assets – Proprietary Funds .....	21 - 22
Statement of Revenues, Expenses, and Changes in	
Fund Net Assets – Proprietary Funds .....	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Net Assets – Fiduciary Funds .....	25
Statement of Changes in Net Assets – Fiduciary Funds .....	26
Notes to the Financial Statements.....	27 - 65

# VILLAGE OF LAKE ZURICH, ILLINOIS

## TABLE OF CONTENTS

	PAGE
<b><u>FINANCIAL SECTION - Continued</u></b>	
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress - Illinois Municipal Retirement Fund .....	66
Schedule of Funding Progress - Police Pension Fund .....	67
Schedule of Funding Progress - Firefighters' Pension Fund.....	68
Employer Contributions - Illinois Municipal Retirement Fund.....	69
Employer Contributions - Police Pension Fund.....	70
Employer Contributions - Firefighters' Pension Fund.....	71
Budgetary Comparison Schedules - General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual .....	72
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
General Fund	
Schedules of Revenues - Budget and Actual .....	73 - 75
Schedule of Expenditures - Budget and Actual .....	76
Debt Service Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual .....	77
Capital Improvements - Capital Projects Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual .....	78
Combining Balance Sheet - Nonmajor Governmental Funds.....	
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds.....	80
Waterworks and Sewerage - Enterprise Fund	
Schedules of Revenues, Expenses, and Changes in Net Assets - Budget and Actual .....	81
Schedule of Operating Revenues - Budget and Actual .....	82
Schedule of Operating Expenses - Budget and Actual .....	83 - 85
Pension Trust Funds	
Combining Statement of Net Plan Assets.....	86
Combining Statement of Changes in Net Plan Assets.....	87
Escrow Performance - Agency Fund	
Statement of Changes in Assets and Liabilities.....	88
Police Pension - Pension Trust Fund - Schedule of Changes in Net Plan Assets - Budget and Actual .....	
	89

# VILLAGE OF LAKE ZURICH, ILLINOIS

## TABLE OF CONTENTS

	PAGE
<b><u>SUPPLEMENTAL SCHEDULES</u></b>	
Schedule of Insurance in Force .....	90
General Obligation TIF Alternate Revenue Bonds of 2002 .....	91
General Obligation TIF Alternate Revenue Bonds of 2002A.....	92
General Obligation TIF Alternate Revenue Bonds of 2003A.....	93
General Obligation Police Building Bonds of 2000 .....	94
General Obligation Refunding Bonds of 2001 .....	95
General Obligation Bonds of 2003C .....	96
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002.....	97
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B .....	98
General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D.....	99
General Obligation Waterworks and Sewerage Bonds of 2006 .....	100
IEPA Loan of 2006 .....	101
TIF Revenue Bonds of 2005A .....	102
TIF Revenue Bonds of 2005B .....	103
Equipment Purchase and Construction Installment Contract of 2004 .....	104

## **STATISTICAL SECTION (Unaudited)**

Net Assets by Component – Last Five Fiscal Years .....	105
Change in Net Assets – Last Five Fiscal Years .....	106
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	107 - 108
General Governmental Revenues by Sources – Last Ten Fiscal Years .....	109 - 110
General Governmental Expenditures by Function – Last Ten Fiscal Years .....	111 - 112
Changes in Fund Balances for Governmental Funds – Last Ten Fiscal Years .....	113 - 114
Assessed Value and Actual Value of Taxable Property -	
Last Ten Fiscal Years.....	115
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years .....	116 - 117
Principal Property Tax Payers – Current Year and Nine Years Ago .....	118
Property Tax Levies and Collections – Last Ten Fiscal Years .....	119
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	120 - 121
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	122
Schedule of Direct and Overlapping Governmental Activities Debt.....	123
Schedule of Legal Debt Margin.....	124
Pledged Revenue Coverage – Last Ten Fiscal Years.....	125
Demographic and Economic Statistics – Last Ten Fiscal Years .....	126
Principal Employers – Current Fiscal Years and Nine Years Ago .....	127
Full-Time Equivalent Village Government Employees by Function – Last Five Fiscal Years.....	128
Operating Indicators by Function/Program – Last Ten Fiscal Years.....	129 - 130
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	131

## **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

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**List of Elected and Appointed Officials**

**April 30, 2008**

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**VILLAGE BOARD OF TRUSTEES**

John G. Tolomei, Village President

Suzanne K. Branding

Stephen J. McAvoy

Stephen F. Callahan

Thomas M. Poynton

James L. Johnson

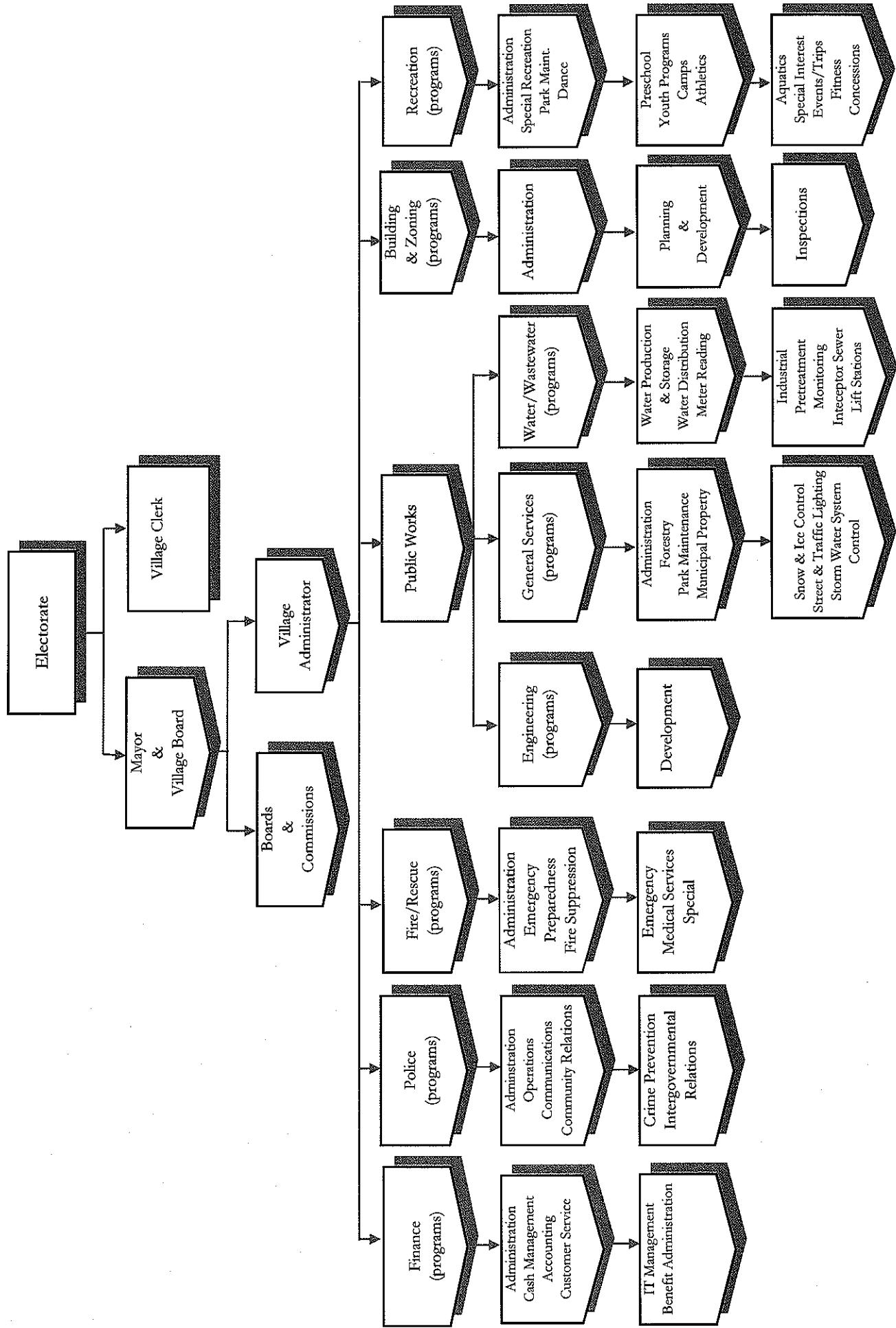
Craig W. Taylor

Gloria Palmlad, Village Clerk

Bob Vitas, Village Administrator

Gerald A. Zochowski, 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, 2007

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.



*Oliver S. Cox*

President

*Jeffrey P. Evans*

Executive Director

August 25,2008

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, 2008, 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 Complied 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 183 full time and 75 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 30<sup>th</sup>, 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 2000-2007 have risen on average approximately 8%. The 2006 Equalized assessed Value through the Village was valued at \$848,924,815. 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.

#### **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 Accomplishments**

Two very important accomplishments were achieved during the year. Those accomplishments were the hiring of a new Village Administrator and a new Finance Director/Treasurer. The Village Board again focused on and was successful in providing funding to upgrade and repair many of the Villages residential streets. The 2008 budget included \$1,000,000 in funding from the General Fund and MFT Fund to repave streets. The completion of major street projects has eased traffic flow in the downtown and is moving traffic more efficiently through Route 12 and 22. The Finance Department was successful in redesigning the Village's budgeting process to allow a move toward increased transparency and allow for preparation of the Village's budget document to be a source of information to the public. The Police

Department received the Illinois Police Chief Association and International Police chief recognition for traffic safety initiatives. In addition, the Police Department purchased and installed mobile radio interoperability equipment in the Police Supervisor's vehicles that allows other agencies responding to a mutual aid request to communicate on the Police Department radio frequency.

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 Village wells #9 and #12 were earmarked for ion exchange installation and both were completed. Ion exchange installation is necessary to reduce radium levels of finished water to meet both the Illinois Environmental Protection and the Federal Safe Drinking Water Act compliance standards. 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 continued with the 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, 2007. 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. We also want to thank Village President Tolomei and the Board of Trustees and Department Heads for their continued support.

Respectively Submitted,

Bogdan Vitas, Jr  
Village Administrator

Gerald A. Zochowski  
Finance Director/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**

August 12, 2008

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, 2008, 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, 2008, 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 schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Lake Zurich, Illinois. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is presented fairly, in all material respects, in relation to the basic financial statements taken as a whole.

Village of Lake Zurich, Illinois

August 12, 2008

Page 2

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

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

*Lauterbach & Amen LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **VILLAGE OF LAKE ZURICH**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2008**

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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, 2008. 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 \$112,344,132. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$2,195,933. Restricted net assets totaled \$1,852,808. The majority of the net assets, the amount "Invested in Capital Assets, Net of Related Debt," amounted to \$108,295,391.
- Governmental net assets decreased \$1,874,977 and Business-Type Activities net assets decreased \$666,439.
- Capital assets, net of \$46,289,482 of accumulated depreciation, amounted to \$133,453,429 at April 30, 2008. Assets capitalized include land, buildings and related improvements, machinery and equipment and infrastructure.
- Net debt decreased \$1,682,026 during the current fiscal year. Existing debt was reduced by \$2,507,756.

### **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 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* 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 development. In general, taxes and intergovernmental revenues support governmental funds. The business-type activities of the Village consist of water

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

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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 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 five 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 Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

*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 mirror the government-wide statements.

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

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#### ***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. 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 through 65 of this report.

#### ***Other Information***

In addition to the basic financial statements and accompanying notes, required supplementary information is available on page 66 through 72.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### **Net Assets**

The combined net assets for the fiscal year ended April 30, 2008 totaled \$112,344,132 and consisted of positive net assets from both governmental activities and business-type activities of \$65,812,995 and \$46,531,137 respectively. The following is a summary of the Village's net assets at April 30, 2008:

	Governmental Activities		Business-type Activities		Total	
	FYE08	FYE07	FYE08	FYE07	FYE08	FYE07
Current and other assets	\$ 27,462,436	\$ 30,826,227	\$ 5,390,020	\$ 5,481,893	\$ 32,852,456	\$ 36,308,120
Capital assets	83,233,595	82,725,718	50,219,834	49,486,651	133,453,429	132,212,369
Total assets	110,696,031	113,551,945	55,609,854	54,968,544	166,305,885	168,520,489
Long-term liabilities outstanding	32,628,608	33,890,274	6,387,520	6,497,687	39,016,128	40,387,961
Other liabilities	12,254,428	11,973,699	2,691,197	1,273,281	14,945,625	13,246,980
Total liabilities	44,883,036	45,863,973	9,078,717	7,770,968	53,961,753	53,634,941
Net assets:	65,812,995	67,687,972	46,531,137	47,197,576	112,344,132	114,885,548
Invested in capital assets, net of related debt	65,075,365	62,882,689	43,220,026	44,411,651	108,295,391	107,294,340
Restricted	1,852,808	2,851,206	-	-	1,852,808	2,851,206
Unrestricted	(1,115,178)	1,954,077	3,311,111	2,785,925	2,195,933	4,740,002
Total net assets	\$ 65,812,995	\$ 67,687,972	\$ 46,531,137	\$ 47,197,576	\$ 112,344,132	\$ 114,885,548

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.

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

#### Statement of Activities

The change in net assets was a reduction of \$2,541,416. The reduction is mainly attributable to a decrease of revenue in the culture and recreation program and due to increased expenses in Governmental activities. The governmental activities generated decreases of \$1,874,977 and business-type activities generated decreases of \$666,439 respectively for a total reduction of \$2,541,416.

The following is a summary of changes in the Village's net assets for the fiscal year ended April 30, 2008:

	Governmental Activities		Business-type Activities		Total	
	FYE08	FYE07	FYE08	FYE07	FYE08	FYE07
<b>Revenues:</b>						
Program revenues:						
Charges for Services	\$ 7,710,616	\$ 7,697,868	\$ 4,290,807	\$ 4,091,890	\$ 12,001,423	\$ 11,789,758
Capital grants	633,667	838,607			633,667	838,607
General revenues:						
Sales Tax	5,458,214	5,296,357			5,458,214	5,296,357
Property taxes	8,091,060	7,685,714	11,732	11,733	8,102,792	7,697,447
Illinois state income taxes	1,788,320	1,637,119			1,788,320	1,637,119
Other taxes	815,847	958,527			815,847	958,527
Investment earnings	407,397	541,148	179,907	263,991	587,304	805,139
Other	684,602	691,446			684,602	691,446
Total revenues	25,589,723	25,346,786	4,482,446	4,367,614	30,072,169	29,714,400
<b>Expenses:</b>						
Program expenses:						
General Government	3,156,278	2,675,926			3,156,278	2,675,926
Public Safety	16,081,083	15,419,714			16,081,083	15,419,714
Highways and Streets	3,722,055	3,311,564			3,722,055	3,311,564
Parks and Recreation	2,034,648	1,868,893			2,034,648	1,868,893
Economic Development	425,359	2,385,479			425,359	2,385,479
Interest on long-term debt	2,045,277	1,528,564			2,045,277	1,528,564
Water/Sewer			5,148,885	5,412,249	5,148,885	5,412,249
Total expenses	27,464,700	27,190,140	5,148,885	5,412,249	32,613,585	32,602,389
Excess/(deficit) before transfers	(1,874,977)	(1,843,354)	(666,439)	(1,044,635)	(2,541,416)	(2,887,989)
Transfers						
Increase/(decrease) in net assets	(1,874,977)	(1,843,354)	(666,439)	(1,044,635)	(2,541,416)	(2,887,989)
Beginning net assets	67,687,972	69,531,326	47,197,576	48,242,211	114,885,548	117,773,537
Ending net assets - April 30	\$ 65,812,995	\$ 67,687,972	\$ 46,531,137	\$ 47,197,576	\$ 112,344,132	\$ 114,885,548

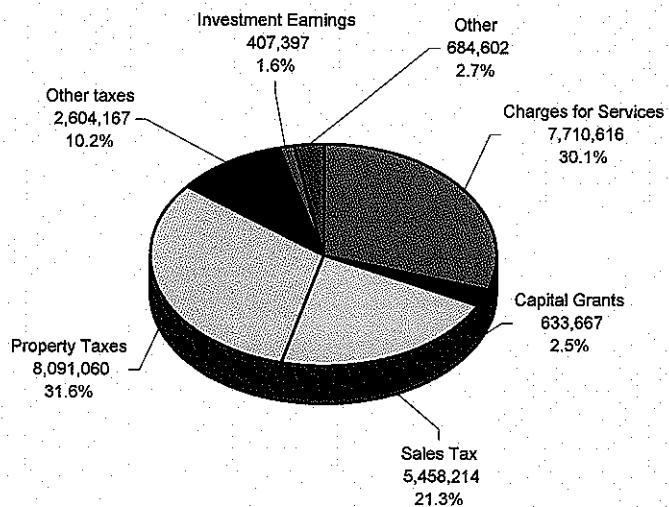
## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

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#### Revenues By Source-Governmental Activities



#### Governmental Activities -

Governmental activities resulted in a \$1,874,977 decrease in net assets. This is \$31,623 more than FYE07 decrease of \$1,843,354.

Total revenues of \$25,589,723 increased from last year by \$242,937. The increase was due mainly to the following:

- Increases in general revenues in the amount of \$435,129 helped to offset the loss of one time revenues.

Expenses of \$27,464,700 were higher than last year by \$274,560 due primarily to:

- A decrease in economic development costs totaling \$1,960,120 in the Downtown TIF.
- Increases in all department costs due to current economic conditions for commodities such as natural gas, gasoline and diesel fuels.
- Increase of long-term debt due to interest payment for TIF Revenue Bonds 2005A and 2005B.

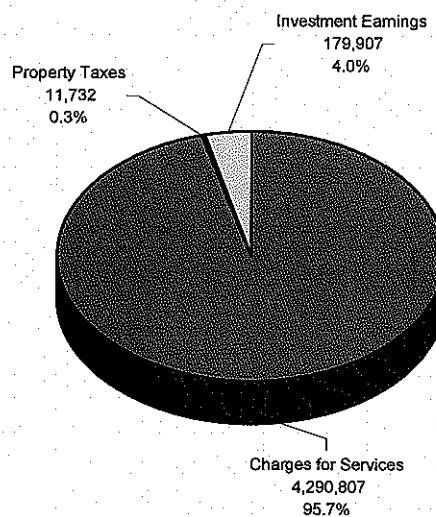
## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

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#### Revenues By Source-Business-type Activities



#### Business Type Activities -

Business-type activities resulted in a \$666,439 decrease in Village net assets for the fiscal year. The loss includes annual depreciation expense of \$1,592,747 which is not budgeted. Elements of the decrease are as follows:

- Village wells #9 and #12 earmarked for the ion exchange installation for residual costs of \$1,276,171 FYE08 as compared to FYE07.

#### 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, 2008, governmental funds reported combined fund balances of \$17,708,212. Of this amount, \$3,025,515 is unreserved and is available for future obligations. The reserved fund balance of \$14,682,697 is comprised of the following: \$12,633,621 reserved for prepaid items and land held for resale, \$45,700 reserved for public safety expenditures, \$196,268 is reserved for future debt service payments, \$594,567 for the payment of future Tax Increment Financing interest payments, \$712,347 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, 2008**

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The General Fund is the Village's primary operating fund. During FYE08 fund balance decreased \$947,763. 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 \$790,835 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 \$670,718 and \$13,056,280 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**

The emphasis of the FY08 budget was on residential street improvements including construction and engineering. General Fund revenues remained primarily flat in the areas of property taxes, however, sales taxes saw an increase of \$108,214 over budget. The General Fund also saw an increase in state income tax over budget by \$98,320. Projects such as Staples and Paulus improvements highlighted by the new spray water portion of Paulus Park were completed. The General Fund in total had a negative net change in fund balance of \$947,763. At April 30, 2008 the General Fund had a fund balance of 13.7% of total expenditures.

### **CAPITAL ASSETS**

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$133,453,429 at April 30, 2008. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>FYE08</b>	<b>FYE07</b>	<b>FYE08</b>	<b>FYE07</b>	<b>FYE08</b>	<b>FYE07</b>
Land and Improvements	\$ 31,783,228	\$ 30,537,585	\$ 249,652	\$ 249,652	\$ 32,032,880	\$ 30,787,237
Building and Improvements	9,858,770	10,146,120	-	-	9,858,770	10,146,120
Machinery & Equipment	2,773,888	3,038,982	451,135	470,732	3,225,023	3,509,714
Infrastructure	38,817,709	39,003,031	49,519,047	48,766,267	88,336,756	87,769,298
Total	\$ 83,233,595	\$ 82,725,718	\$ 50,219,834	\$ 49,486,651	\$ 133,453,429	\$ 132,212,369

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2008

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Capital additions for the year totaled \$4,702,250 and included the following major additions:

- \$243,269 – Machinery and Equipment:
  - Two new squad cars for the Police department and new radio equipment for the fire department were purchased for \$176,797.
- \$988,072 - Street Construction Projects:
  - Street upgrades and construction costs were funded from a combination of motor fuel tax allotments and operational revenue. Capital additions also included Rose Road improvements of \$66,612.
- \$2,044,231 - Well Improvements:
  - Village wells #9 and #12 were earmarked for ion exchange installation and both were completed in FYE08. 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.
- \$1,390,245 – Park Improvements:
  - Paulus Park improvements included a new spray water park was completed in FYE08 with residual costs of \$741,830. Staples Park improvements FYE08 incurred residual costs of \$491,844. New playground equipment and lifeguard fencing incurred costs of \$117,984.

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

### DEBT ADMINISTRATION

During FYE08, proceeds for an Illinois EPA loan in the amount of \$596,369 were issued to fund construction for radium removal of deep water wells. However, net debt was reduced by \$1,682,026 during the current fiscal year.

Outstanding long-term debt at April 30, 2008 is as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE08	FYE07	FYE08	FYE07	FYE08	FYE07
General Obligation Bonds	\$ 5,095,000	\$ 5,855,000	\$ -	\$ -	\$ 5,095,000	\$ 5,855,000
Alternate Revenue Bonds	10,000,000	10,000,000	4,510,000	5,075,000	14,510,000	15,075,000
TIF Revenue Bonds	9,100,000	9,555,000	-	-	9,100,000	9,555,000
IEPA Loan	-	-	2,489,808	1,941,834	2,489,808	1,941,834
Note Payable	6,091,851	6,091,851	-	-	6,091,851	6,091,851
Installment Contracts	505,000	955,000	-	-	505,000	955,000
Total	30,791,851	32,456,851	6,999,808	7,016,834	37,791,659	39,473,685

## **VILLAGE OF LAKE ZURICH**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2008**

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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 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, 2008 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 \$2,597,408 of incremental taxes have been received. In May 2008 the Lake County Clerks office confirmed the Village will receive approximately \$1,305,545 in incremental property taxes during the 2008/2009 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 4.1%. It is anticipated the CPI increase along with the value of new construction will bring in approximately \$200,000 of new revenue.
- The Village will continue to monitor the residential housing market during fiscal year 2009. Downtown redevelopment is predicated on residential and commercial development. Sluggish sales have reduced the possibility of increased incremental property taxes needed to help move the downtown forward.
- The Village has re-negotiated three collective bargaining agreements in 2008 which include the Communicator Union portion of the Fraternal Order of Police, International Firefighters Association Local 3191 and the International Union of Operating Engineers Local 150. The Fraternal Order of Police agreement will be completed after closing FYE08. Final negotiated rates for salary and benefits will increase funding requirements for personnel in the FYE 2009 budget.
- The Village will be looking to reduce medical coverage expenditures for all employees by switching medical coverage in FYE09. This change will significantly reduce benefit costs starting in fiscal year 2009.

**VILLAGE OF LAKE ZURICH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2008**

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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 \$947,763. At April 30, 2008 the fund balance of the General Fund was 13.7% of total expenditures.

The Water/Sewer Fund continues to have very strong cash balances. At April 30, 2008 the fund had a cash balance of \$4,807,479. The fund also had unrestricted net assets of \$3,311,111. Unrestricted net assets are 67% 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, 2008. 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, 2008**

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**See Following Page**

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Statement of Net Assets**

**April 30, 2008**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 4,505,897	4,807,479	9,313,376
Receivables - Net of Allowances	8,454,577	424,555	8,879,132
Due from Other Governments	1,372,499	-	1,372,499
Deposits	495,842	157,986	653,828
Prepays	289,688	-	289,688
Inventory - Land Held for Resale	12,343,933	-	12,343,933
<b>Total Current Assets</b>	<b>27,462,436</b>	<b>5,390,020</b>	<b>32,852,456</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Nondepreciable Capital Assets	28,333,170	249,652	28,582,822
Depreciable Capital Assets	81,715,906	69,444,183	151,160,089
Accumulated Depreciation	(26,815,481)	(19,474,001)	(46,289,482)
<b>Total Noncurrent Assets</b>	<b>83,233,595</b>	<b>50,219,834</b>	<b>133,453,429</b>
<b>Total Assets</b>	<b>110,696,031</b>	<b>55,609,854</b>	<b>166,305,885</b>

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

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	689,508	1,813,575	2,503,083
Accrued Payroll	757,205	74,582	831,787
Claims Payable	106,718	53,358	160,076
Interest Payable	407,756	69,088	476,844
Unearned/Deferred Revenues	8,200,793	-	8,200,793
Current Portion of Long-Term Debt	2,092,448	680,594	2,773,042
<b>Total Current Liabilities</b>	<b>12,254,428</b>	<b>2,691,197</b>	<b>14,945,625</b>
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	789,794	54,645	844,439
Net Pension Obligation Payable	2,946,963	-	2,946,963
Notes Payable	6,091,851	-	6,091,851
Installment Contracts Payable	255,000	-	255,000
IEPA Loan Payable	-	2,407,875	2,407,875
General Obligation Bonds Payable	4,320,000	-	4,320,000
Alternate Revenue Bonds Payable	8,625,000	3,925,000	12,550,000
TIF Revenue Bonds Payable	9,600,000	-	9,600,000
<b>Total Noncurrent Liabilities</b>	<b>32,628,608</b>	<b>6,387,520</b>	<b>39,016,128</b>
<b>Total Liabilities</b>	<b>44,883,036</b>	<b>9,078,717</b>	<b>53,961,753</b>
<b>NET ASSETS</b>			
Invested in Capital Assets - Net of Related Debt	65,075,365	43,220,026	108,295,391
Restricted - Special Levies	545,894	-	545,894
Restricted - Tax Increment Financing	1,306,914	-	1,306,914
Unrestricted	(1,115,178)	3,311,111	2,195,933
<b>Total Net Assets</b>	<b>65,812,995</b>	<b>46,531,137</b>	<b>112,344,132</b>

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, 2008**

		<b>Program Revenues</b>	
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Capital Grants/ Contributions</b>
<b>Governmental Activities</b>			
General Government	\$ 3,156,278	2,603,229	-
Public Safety	16,081,083	4,488,006	-
Highways and Streets	3,722,055	-	633,667
Culture and Recreation	2,034,648	619,381	-
Economic Development	425,359	-	-
Interest on Long-Term Debt	2,045,277	-	-
<b>Total Governmental Activities</b>	<b>27,464,700</b>	<b>7,710,616</b>	<b>633,667</b>

**Business-Type Activities**

Waterworks and Sewerage	5,148,885	4,290,807	-
	<b>32,613,585</b>	<b>12,001,423</b>	<b>633,667</b>

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
(553,049)	-	(553,049)
(11,593,077)	-	(11,593,077)
(3,088,388)	-	(3,088,388)
(1,415,267)	-	(1,415,267)
(425,359)	-	(425,359)
(2,045,277)	-	(2,045,277)
<u>(19,120,417)</u>	<u>-</u>	<u>(19,120,417)</u>
-	(858,078)	(858,078)
<u>(19,120,417)</u>	<u>(858,078)</u>	<u>(19,978,495)</u>
8,091,060	11,732	8,102,792
5,458,214	-	5,458,214
1,788,320	-	1,788,320
815,847	-	815,847
407,397	179,907	587,304
684,602	-	684,602
<u>17,245,440</u>	<u>191,639</u>	<u>17,437,079</u>
(1,874,977)	(666,439)	(2,541,416)
<u>67,687,972</u>	<u>47,197,576</u>	<u>114,885,548</u>
<u>65,812,995</u>	<u>46,531,137</u>	<u>112,344,132</u>

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

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Balance Sheet - Governmental Funds**

**April 30, 2008**

	General	Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Investments	\$ 2,157,672	791,935	786,024	738,504	31,762	4,505,897
Receivables - Net of Allowances						
Property Taxes	5,835,153	2,365,640	-	-	-	8,200,793
Accounts	211,269	-	42,515	-	-	253,784
Due from Other Governments	1,349,294	-		23,205	-	1,372,499
Deposits	494,392	-	-	1,450	-	495,842
Prepays	289,688	-	-	-	-	289,688
Inventory - Land Held for Resale	-	-	-	12,343,933	-	12,343,933
<b>Total Assets</b>	<b>10,337,468</b>	<b>3,157,575</b>	<b>828,539</b>	<b>13,107,092</b>	<b>31,762</b>	<b>27,462,436</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	479,775	1,100	157,821	50,812	-	689,508
Accrued Payroll	757,205	-	-	-	-	757,205
Claims Payable	106,718	-	-	-	-	106,718
Unearned/Deferred Revenues	5,835,153	2,365,640	-	-	-	8,200,793
<b>Total Liabilities</b>	<b>7,178,851</b>	<b>2,366,740</b>	<b>157,821</b>	<b>50,812</b>	<b>-</b>	<b>9,754,224</b>
<b>Fund Balances</b>						
Reserved - Prepays/Inventory	289,688	-	-	12,343,933	-	12,633,621
Reserved - Public Safety	45,700	-	-	-	-	45,700
Reserved - Working Cash	500,194	-	-	-	-	500,194
Reserved - Debt Service	-	196,268	-	-	-	196,268
Reserved - TIF	-	594,567	-	712,347	-	1,306,914
Unreserved	2,323,035	-	670,718	-	31,762	3,025,515
<b>Total Fund Balances</b>	<b>3,158,617</b>	<b>790,835</b>	<b>670,718</b>	<b>13,056,280</b>	<b>31,762</b>	<b>17,708,212</b>
<b>Total Liabilities and Fund Balances</b>	<b>10,337,468</b>	<b>3,157,575</b>	<b>828,539</b>	<b>13,107,092</b>	<b>31,762</b>	<b>27,462,436</b>

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, 2008**

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**Total Governmental Fund Balances** \$ 17,708,212

Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial  
resources and therefore, are not reported in the funds. 83,233,595

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

General Obligation Bonds Payable (5,095,000)

Alternate Revenue Bonds Payable (9,100,000)

TIF Revenue Bonds Payable (10,000,000)

Installment Contracts Payable (505,000)

Notes Payable (6,091,851)

Net Pension Obligation Payable (2,946,963)

Compensated Absences Payable (982,242)

Accrued Interest Payable (407,756)

**Net Assets of Governmental Activities** 65,812,995

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, 2008**

	General	Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 11,078,002	2,439,510	-	-	31,762	13,549,274
Licenses and Permits	2,223,784	-	-	-	-	2,223,784
Intergovernmental	2,698,160	-	539,674	-	-	3,237,834
Charges for Services	5,004,619	-	-	735	-	5,005,354
Fines and Forfeits	481,478	-	-	-	-	481,478
Interest	209,565	90,693	70,953	36,186	-	407,397
Miscellaneous	431,383	-	73,686	179,533	-	684,602
<b>Total Revenues</b>	<b>22,126,991</b>	<b>2,530,203</b>	<b>684,313</b>	<b>216,454</b>	<b>31,762</b>	<b>25,589,723</b>
<b>Expenditures</b>						
Current						
General Government	2,849,795	-	-	-	-	2,849,795
Public Safety	15,024,150	-	-	-	-	15,024,150
Highways and Streets	2,780,425	-	182,309	-	-	2,962,734
Culture and Recreation	1,943,021	-	-	-	-	1,943,021
Economic Development	-	-	-	425,359	-	425,359
Capital Outlay	-	-	2,022,320	21,913	-	2,044,233
Debt Service						
Principal Retirement	450,000	1,215,000	-	-	-	1,665,000
Interest and Fiscal Charges	27,363	2,041,925	-	-	-	2,069,288
<b>Total Expenditures</b>	<b>23,074,754</b>	<b>3,256,925</b>	<b>2,204,629</b>	<b>447,272</b>	<b>-</b>	<b>28,983,580</b>
<b>Net Change in Fund Balances</b>	<b>(947,763)</b>	<b>(726,722)</b>	<b>(1,520,316)</b>	<b>(230,818)</b>	<b>31,762</b>	<b>(3,393,857)</b>
<b>Fund Balances - Beginning</b>	<b>4,106,380</b>	<b>1,517,557</b>	<b>2,191,034</b>	<b>13,287,098</b>	<b>-</b>	<b>21,102,069</b>
<b>Fund Balances - Ending</b>	<b>3,158,617</b>	<b>790,835</b>	<b>670,718</b>	<b>13,056,280</b>	<b>31,762</b>	<b>17,708,212</b>

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, 2008**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (3,393,857)

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	2,610,716
Depreciation Expense	(2,102,839)

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	(218,371)
Additions to Net Pension Obligation Payable	(459,637)
Retirement of Installment Contract	450,000
Retirement of GO TIF Alternate Revenue Bonds Payable	455,000
Retirement of General Obligation Bonds	760,000

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.

24,011

**Changes in Net Assets of Governmental Activities** (1,874,977)

**VILLAGE OF LAKE ZURICH, ILLINOIS****Statement of Net Assets - Proprietary Fund**  
**April 30, 2008**

Waterworks  
and  
Sewerage

**ASSETS****Current Assets**

Cash and Investments	\$ 4,807,479
Receivables - Net of Allowances	
Property Taxes	11,706
Accounts	412,849
Deposits	<u>157,986</u>
Total Current Assets	<u>5,390,020</u>

**Noncurrent Assets**

Capital Assets	
Nondepreciable Capital Assets	249,652
Depreciable Capital Assets	69,444,183
Accumulated Depreciation	<u>(19,474,001)</u>
Total Noncurrent Assets	<u>50,219,834</u>
Total Assets	<u>55,609,854</u>

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

---

Waterworks  
and  
Sewerage

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 1,813,575
Accrued Payroll	74,582
Claims Payable	53,358
Interest Payable	69,088
Compensated Absences Payable	13,661
IEPA Loan Payable	81,933
Alternate Revenue Bonds Payable	<u>585,000</u>
Total Current Liabilities	<u>2,691,197</u>

**Noncurrent Liabilities**

Compensated Absences Payable	54,645
IEPA Loan Payable	2,407,875
Alternate Revenue Bonds Payable	<u>3,925,000</u>
Total Noncurrent Liabilities	<u>6,387,520</u>
	<u>9,078,717</u>

Total Liabilities

**NET ASSETS**

**Investment in Capital Assets - Net**

of Related Debt	43,220,026
Unrestricted	<u>3,311,111</u>
	<u>46,531,137</u>
Total Net Assets	

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, 2008**

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	<u>Waterworks and Sewerage</u>
Operating Revenues	
Charges for Services	<u>\$ 3,694,217</u>
Operating Expenses	
Administration	976,671
Operations	2,339,844
Depreciation	<u>1,592,747</u>
Total Operating Expenses	<u>4,909,262</u>
Operating Income (Loss)	<u>(1,215,045)</u>
Nonoperating Revenues (Expenses)	
Property Taxes	11,732
Connection Fees	596,590
Interest Income	179,907
Interest and Fiscal Charges	<u>(239,623)</u>
	<u>548,606</u>
Change in Net Assets	<u>(666,439)</u>
Net Assets - Beginning	<u>47,197,576</u>
Net Assets - Ending	<u>46,531,137</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, 2008**

	<u>Waterworks and Sewerage</u>
<b>Cash flows from Operating Activities</b>	
Receipts from Customers and Users	\$ 4,287,997
Payments to Employees	(1,594,018)
Payments to Suppliers	<u>(397,722)</u>
	<u>2,296,257</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	(2,325,930)
Issuance of Capital Debt	596,369
Principal Paid on Capital Debt	(613,395)
Interest Paid on Capital Debt	<u>(239,623)</u>
	<u>(2,582,579)</u>
<b>Cash Flows from Investing Activities</b>	
Interest Received	<u>179,907</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(106,415)</b>
<b>Cash and Cash Equivalents - Beginning</b>	<u>4,913,894</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>4,807,479</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	<u>(1,215,045)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	1,592,747
Other Income	608,322
(Accrual) Decrease in Current Assets	(14,542)
Increase (Decrease) in Current Liabilities	<u>1,324,775</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b><u>2,296,257</u></b>

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, 2008**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,346,103	1,419,190
Investments		
U.S. Government and Agency Securities	4,563,825	-
Mutual Funds	6,702,002	-
Insurance Contracts	1,258,706	-
Receivables		
Accrued Interest	112,128	-
Prepays	500	-
Total Assets	<u>17,983,264</u>	<u>1,419,190</u>
<b>LIABILITIES</b>		
Accounts Payable	5,968	19,940
Deposits Payable	-	1,399,250
Total Liabilities	<u>5,968</u>	<u>1,419,190</u>
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits  (A schedule of funding progress is presented following the notes to the financial statements.)		
	<u>17,977,296</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, 2008**

	<b>Pension Trust</b>
<b>Additions</b>	
Contributions - Employer	\$ 553,200
Contributions - Plan Members	721,432
Total Contributions	<u>1,274,632</u>
 Investment Income	
Interest Earned	709,012
Net Change in Fair Value	(237,975)
	<u>471,037</u>
Less Investment Expenses	(40,837)
Net Investment Income	<u>430,200</u>
 Total Additions	<u>1,704,832</u>
 <b>Deductions</b>	
Administration	21,886
Benefits and Refunds	491,545
Total Deductions	<u>513,431</u>
 Change in Net Assets	1,191,401
 Net Assets - Beginning	<u>16,785,895</u>
 Net Assets - Ending	<u>17,977,296</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, 2008

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	PAGE
<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	
Reporting Entity .....	29
Blended Component Units .....	30
Basis of Presentation	
Government-Wide Statements.....	30 - 31
Fund Financial Statements .....	31 - 32
Governmental Funds .....	32
General Fund .....	32
Special Revenue Funds .....	32
Debt Service Funds .....	32
Capital Projects Funds.....	32
Proprietary Funds.....	33
Enterprise Funds.....	33
Fiduciary Funds .....	33
Pension Trust Funds .....	33
Agency Funds .....	33
Measurement Focus and Basis of Accounting.....	34
Measurement Focus.....	34
Basis of Accounting .....	34 - 35
Assets, Liabilities, and Net Assets or Equity	
Cash and Investments .....	35
Interfund Receivables, Payables and Activity.....	35
Receivables.....	36
Prepays/Inventories – Land Held for Resale.....	36
Capital Assets .....	36 - 37
Compensated Absences .....	37
Long-Term Obligations .....	37
Unearned/Deferred Revenue .....	38
Fund Equity .....	38
<b>NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY</b>	
Budgetary Information .....	38 - 39
Excess of Actual Expenditures/Expenses over Budget in Individual Funds .....	39
<b>NOTE 3 – DETAIL NOTES ON ALL FUNDS</b>	
Deposits and Investments.....	39 - 40
Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk	
Village.....	40 - 42
Police Pension Fund.....	43
Firefighters' Pension Fund.....	44 - 45

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements

April 30, 2008

---

	PAGE
<b>NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued</b>	
Property Taxes .....	45
Capital Assets	
Governmental Activities.....	46 - 47
Business-Type Activities.....	47
Long-Term Debt	
Notes Payable.....	48
General Obligation Tax Increment Financing Alternate Revenue Bonds.....	48
General Obligation Bonds.....	49
General Obligation Waterworks and Sewerage Alternate Revenue Bonds .....	49 - 50
IEPA Loans.....	51
TIF Revenue Bonds .....	51 - 52
Installment Contracts.....	52 - 53
Non-Commitment Debt .....	53
Defeased Debt .....	53
Long-Term Liability Activity .....	54
Debt Service Requirements to Maturity.....	55 - 56
Legal Debt Margin .....	57
<b>NOTE 4 – OTHER INFORMATION</b>	
Risk Management .....	58
Intergovernmental Risk Management Agency .....	58 - 59
Contingent Liabilities	
Litigation .....	59
Grants .....	59
Employee Retirement System – Defined Benefit Pension Plans .....	59
Plan Descriptions, Provisions and Funding Policies	
Illinois Municipal Retirement System .....	60
Police Pension Plan.....	60 - 61
Firefighters' Pension Plan.....	61 - 62
Summary of Significant Accounting Policies and Plan Asset Matters	
Basis of Accounting.....	62
Method Used to Value Investments.....	62
Significant Investments.....	63
Related Party Transactions .....	63
Annual Pension Cost and Net Pension Obligation.....	63 - 64
Trend Information .....	65
Subsequent Event.....	65

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **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, 2008**

---

### **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, 2008**

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### **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, 2008**

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#### **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.

**Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Village maintains two nonmajor special revenue funds, the Foreign Fire Tax Fund and the Hotel Tax 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, 2008**

---

### **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, 2008**

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### **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, 2008**

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### **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, 2008**

---

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

#### **Receivables**

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

#### **Prepays /Inventories – Land Held for Resale**

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

#### **Capital Assets**

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

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

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

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements** **April 30, 2008**

---

#### **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, 2008**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

#### **ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY – Continued**

##### **Unearned/Deferred Revenue**

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

##### **Fund Equity**

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

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

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

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

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

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **BUDGETARY INFORMATION**

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

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2008**

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### **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:

<b>Fund</b>	<b>Excess</b>
Debt Service	\$ 20,150
Capital Improvements	467,302

### **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, 2008**

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#### **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 \$6,038,176 and the bank balances totaled \$5,827,401.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### 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
Illinois Metropolitan Invsetment Fund	\$ 1,562,906	929,476	633,430
Illinois Funds	3,131,484	3,131,484	-
	<hr/>	<hr/>	<hr/>
	4,694,390	4,060,960	633,430
	<hr/>	<hr/>	<hr/>

*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 does not further limit investment choices to mitigate credit risk. At year-end, the Village's investments in the Illinois Funds and the Illinois Metropolitan Investment Fund were rated AAA 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, 2008**

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#### **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, \$258,584 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, by 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 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 and diversification strategies shall be determined and revised periodically by the Finance Director. The Village's investment policy does not further mitigate concentration risk. 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.

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **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**

*Deposits.* At year-end, the carrying amount of the Fund's deposits totaled \$4,936,841 and the bank balances totaled \$4,936,841.

*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.

*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 \$2,761,237 invested in mutual funds and \$1,023,619 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, 2008

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#### 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 \$409,262 and the bank balances totaled \$409,262.

*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	\$ 982,101	-	159,234	822,867	-
U.S. Treasury Strips	95,144	-	-	-	95,144
Federal Home Loan Banks	1,562,259	-	674,850	730,222	157,187
Federal Farm Credit Banks	755,822	-	288,477	467,345	-
Government National Mortgage Association	53,682	-	-	-	53,682
Federal National Mortgage Association	455,683	-	-	404,438	51,245
Municipal Bonds	659,134	-	200,559	409,253	49,322
	4,563,825	-	1,323,120	2,834,125	406,580

*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, 2008**

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#### **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 \$3,940,765 invested in mutual funds and \$235,087 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 (\$534,024), Vanguard Institutional Mutual Fund (\$1,195,872), and T. Rowe Price Growth Fund (\$704,797).

#### **PROPERTY TAXES**

Property taxes for 2007 attach as an enforceable lien on January 1, 2007, 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, 2008, and September 1, 2008. 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, 2008

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### 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
Nondepreciable Capital Assets				
Land	<u>\$ 28,333,170</u>	-	-	<u>28,333,170</u>
Depreciable Capital Assets				
Land Improvements	2,743,426	1,390,244	-	4,133,670
Buildings	12,757,354	-	-	12,757,354
Building Improvements	77,000	-	-	77,000
Vehicles	4,027,269	86,154	-	4,113,423
Machinery and Equipment	1,298,816	132,186	-	1,431,002
Computers / Software	150,419	14,060	-	164,479
Furniture and Fixtures	43,182	-	-	43,182
Infrastructure	<u>58,007,724</u>	<u>988,072</u>	-	<u>58,995,796</u>
	<u>79,105,190</u>	<u>2,610,716</u>	-	<u>81,715,906</u>
Less Accumulated Depreciation				
Land Improvements	539,010	144,602	-	683,612
Buildings	2,668,303	283,497	-	2,951,800
Building Improvements	19,934	3,850	-	23,784
Vehicles	1,876,459	386,017	-	2,262,476
Machinery and Equipment	514,696	79,602	-	594,298
Computers / Software	57,369	27,557	-	84,926
Furniture and Fixtures	32,180	4,318	-	36,498
Infrastructure	<u>19,004,691</u>	<u>1,173,396</u>	-	<u>20,178,087</u>
	<u>24,712,642</u>	<u>2,102,839</u>	-	<u>26,815,481</u>
Total Net Depreciable Capital Assets	<u>54,392,548</u>	<u>507,877</u>	-	<u>54,900,425</u>
Total Net Capital Assets	<u>82,725,718</u>	<u>507,877</u>	-	<u>83,233,595</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### 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	\$ 88,112
Public Safety	597,296
Highway and Streets	1,325,804
Culture and Recreation	<u>91,627</u>
	<u>2,102,839</u>

#### Business-Type Activities

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

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets	\$ 249,652	-	-	249,652
Depreciable Capital Assets				
Infrastructure	66,193,877	2,229,225	-	68,423,102
Machinery and Equipment	534,246	50,408	-	584,654
Vehicles	390,130	46,297	-	436,427
	<u>67,118,253</u>	<u>2,325,930</u>	-	<u>69,444,183</u>
Less Accumulated Depreciation				
Infrastructure	17,389,576	1,514,479	-	18,904,055
Machinery and Equipment	244,615	38,437	-	283,052
Vehicles	247,063	39,831	-	286,894
	<u>17,881,254</u>	<u>1,592,747</u>	-	<u>19,474,001</u>
Total Net Depreciable Capital Assets	49,236,999	733,183	-	49,970,182
Total Net Capital Assets	<u>49,486,651</u>	<u>733,183</u>	-	<u>50,219,834</u>

Depreciation expense of \$1,592,747 was charged to business-type activities for waterworks and sewerage.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### LONG-TERM DEBT – Continued

###### 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, 2008 the prime rate is 4.75% 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.

###### 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	\$ 3,815,000	-	160,000	3,655,000
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	1,745,000	-	85,000	1,660,000
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	3,995,000	-	210,000	3,785,000
		<u>9,555,000</u>	<u>-</u>	<u>455,000</u>	<u>9,100,000</u>

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **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	\$ 4,830,000	-	270,000	4,560,000
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	895,000	-	445,000	450,000
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	130,000	-	45,000	85,000
		5,855,000	-	760,000	5,095,000

###### **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, 2008

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#### 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	\$ 1,290,000	-	195,000	1,095,000
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	1,270,000	-	235,000	1,035,000
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	465,000	-	85,000	380,000
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	-	50,000	2,000,000
		5,075,000	-	565,000	4,510,000

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **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 \$1,768,390. As of the date of this report the total amount owed to the IPEA is \$538,203. 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 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 of \$40,712 to \$63,672 plus interest at 2.5% through Dec. 16, 2026.	Waterworks and Sewerage	\$ 1,941,834	58,166	48,395	1,951,605
IEPA Loan of 2008, due in annual installments plus interest through Oct. 1, 2028.	Waterworks and Sewerage	-	538,203	-	538,203
		<b>1,941,834</b>	<b>596,369</b>	<b>48,395</b>	<b>2,489,808</b>

##### **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:

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

##### LONG-TERM DEBT – Continued

###### TIF Revenue Bonds – Continued

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

##### 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
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	\$ 210,000	-	210,000	-

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT – Continued**

###### **Installment Contracts – Continued**

<b>Issue</b>	<b>Fund Debt Retired By</b>	<b>Beginning Balances</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Ending Balances</b>
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	\$ 745,000	-	240,000	505,000
		955,000	-	450,000	505,000

###### **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 \$1,200,000.

###### **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 \$100,000 remain outstanding as of the date of this report.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

#### LONG-TERM DEBT – Continued

##### 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
<b>Governmental Activities</b>					
Compensated Absences	\$ 763,871	436,742	218,371	982,242	192,448
Net Pension Obligation	2,487,326	459,637	-	2,946,963	-
Notes Payable	6,091,851	-	-	6,091,851	-
Installment Contracts	955,000	-	450,000	505,000	250,000
General Obligation Bonds	5,855,000	-	760,000	5,095,000	775,000
GO TIF Alternate Revenue Bonds	9,555,000	-	455,000	9,100,000	475,000
TIF Alternate Revenue Bonds	10,000,000	-	-	10,000,000	400,000
	<b>35,708,048</b>	<b>896,379</b>	<b>1,883,371</b>	<b>34,721,056</b>	<b>2,092,448</b>
<b>Business-Type Activities</b>					
Compensated Absences	57,316	21,980	10,990	68,306	13,661
IEPA Loan	1,941,834	596,369	48,395	2,489,808	81,933
GO Waterworks and Sewerage					
Alternate Revenue Bonds	5,075,000	-	565,000	4,510,000	585,000
	<b>7,074,150</b>	<b>618,349</b>	<b>624,385</b>	<b>7,068,114</b>	<b>680,594</b>

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, 2008

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#### 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	Governmental Activities								
	Installment Contracts		GO TIF Alternate Revenue Bonds		General Obligation Bonds		TIF Alternate Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
April 30									
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	505,000	24,700	9,100,000	3,472,272	5,095,000	1,758,140	10,000,000	3,996,876	

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, 2008, the prime rate is 4.75%, 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, 2008****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		IEPA	
	Revenue Bonds		Loan	
	Principal	Interest	Principal	Interest
2008	\$ 585,000	164,604	81,933	48,281
2009	605,000	144,329	83,995	46,220
2010	630,000	122,743	86,108	44,107
2011	1,025,000	99,746	88,274	41,941
2012	690,000	67,194	90,494	39,720
2013	700,000	39,000	92,771	37,444
2014	275,000	11,000	95,105	35,110
2015	-	-	97,497	32,717
2016	-	-	99,950	30,265
2017	-	-	102,464	27,750
2018	-	-	105,042	25,173
2019	-	-	107,684	22,531
2020	-	-	110,393	19,822
2021	-	-	113,170	17,045
2022	-	-	116,017	14,197
2023	-	-	118,935	11,279
2024	-	-	121,927	8,287
2025	-	-	124,994	5,220
2026	-	-	114,852	2,076
Total	4,510,000	648,616	1,951,605	509,185

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued**

##### **LONG-TERM DEBT – Continued**

###### **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 - 2007	<u>\$ 848,879,734</u>
Legal Debt Limit - 8.625% of Assessed Value	73,215,877
Amount of Debt Applicable to Limit	
General Obligation Bonds	4,560,000
Installment Contracts	<u>505,000</u>
Legal Debt Margin	<u>68,150,877</u>

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements April 30, 2008**

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#### **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:

	<b>Year Ended April 30</b>	
	<b>2008</b>	<b>2007</b>
Claims Payable - Beginning	\$ 148,743	206,963
Claims Incurred	2,104,610	1,603,752
Claims Paid	(2,093,277)	(1,661,972)
Claims Payable - Ending	<u>160,076</u>	<u>148,743</u>

##### **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, 2008**

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#### **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, 2008**

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### **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 2007 was 11.06 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><u>47</u></u>

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Notes to the Financial Statements**

**April 30, 2008**

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#### **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, 2008**

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### **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, 2008**

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#### **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	\$ 534,024
Vanguard Institutional Mutual Fund	1,195,872
T. Rowe Price Growth Fund	704,797

###### **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	80,175	118,811	198,986
Adjustment to the ARC	(60,318)	(89,385)	(149,703)
Annual Pension Cost	431,869	521,042	952,911
Actual Contribution	(165,928)	(327,346)	(493,274)
Increase in the NPO	265,941	193,696	459,637
NPO - Beginning	1,002,184	1,485,142	2,487,326
NPO - Ending	1,268,125	1,678,838	2,946,963

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### 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
<b>Contribution Rates</b>			
Employer	11.06%	5.48%	7.64%
Employee	4.50%	9.91%	9.455%
Annual Required Contribution	\$574,605	\$692,295	\$739,593
Contributions Made	\$574,605	\$184,860	\$368,340
Actuarial Valuation Date	12/31/04	04/30/07	04/30/07
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis	Level % of Projected Payroll Closed Basis
Remaining Amortization Period	25 Years	26 Years	26 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
<b>Actuarial Assumptions</b>			
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
Projected Salary Increases	.4 to 11.6%	5.00%	5.00%
Inflation Rate Included	4.00%	3.00%	3.00%
Cost-of-Living Adjustments	3.00%	3.00%	3.00%

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2008

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#### NOTE 4 – OTHER INFORMATION – Continued

#### EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

##### Trend Information

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

	Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual Pension Cost (APC)	2006	\$ 467,841	\$ 416,444	\$ 494,764
	2007	564,690	591,244	521,957
	2008	574,605	431,869	521,042
Actual Contributions	2006	\$ 467,841	\$ 154,285	\$ 294,371
	2007	564,690	165,717	327,346
	2008	574,605	184,860	368,340
Percentage of APC Contributed	2006	100.00%	37.05%	59.50%
	2007	100.00%	28.03%	62.72%
	2008	100.00%	42.80%	70.69%
Net Pension Obligation	2006	\$ -	\$ 734,724	\$ 1,284,182
	2007	-	1,002,184	1,485,142
	2008	-	1,268,125	1,678,838

##### SUBSEQUENT EVENT

On August 1, 2008 the Village issued \$4,265,000 General Obligation Refunding Bonds, Series 2008A due in annual installments of \$105,000 to \$505,000 plus interest at 3.50% to 5.00% through January 1, 2020. On the same day the Village also issued \$270,000 General Obligation Limited Tax Bonds, Series 2008B due in one installment of \$270,000 plus interest at 3.50% on January 1, 2010.

## **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, 2008**

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)		(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
				Actuarial Liability (2) - (1)	Accrued Liability (2) - (1)		
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%
2007	12,106,236	13,860,429	87.34%	1,754,193	5,195,342		33.76%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information**

**Schedule of Funding Progress**

**April 30, 2008**

Actuarial Valuation Date	(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)
April 30						
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%
2007	8,520,926	16,584,974	51.38%	8,064,048	3,028,587	266.26%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Schedule of Funding Progress**

**April 30, 2008**

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)		(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
				Actuarial Liability (2) - (1)	Actuarial Accrued Liability (2) - (1)		
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%
2007	8,264,970	13,751,211	60.10%	5,486,241	4,285,543		128.02%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2008**

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Calendar Year	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2007	574,605	574,605	100.00%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2008**

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<b>Year Ended April 30</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percent Contributed</b>
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	165,717	577,274	28.71%
2008	184,860	692,295	26.70%

**VILLAGE OF LAKE ZURICH, ILLINOIS****Firefighters' Pension Fund****Required Supplementary Information****Employer Contributions****April 30, 2008**

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Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
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%
2008	368,340	739,593	49.80%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**General Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues</b>			
Taxes	\$ 11,004,921	11,004,921	11,078,002
Licenses and Permits	2,670,025	2,670,025	2,223,784
Intergovernmental	3,007,888	3,007,888	2,698,160
Charges for Services	5,145,618	5,145,618	5,004,619
Fines and Forfeitures	543,980	543,980	481,478
Interest	235,000	235,000	209,565
Miscellaneous	594,323	594,323	431,383
<b>Total Revenues</b>	<b>23,201,755</b>	<b>23,201,755</b>	<b>22,126,991</b>
<b>Expenditures</b>			
General Administration	2,489,266	2,489,266	2,849,795
Public Safety	14,899,126	14,899,126	15,024,150
Highways and Streets	3,136,231	3,136,231	2,780,425
Culture and Recreation	2,095,760	2,095,760	1,943,021
Debt Service			
Principal Retirement	450,000	450,000	450,000
Interest and Fiscal Charges	27,362	27,362	27,363
<b>Total Expenditures</b>	<b>23,097,745</b>	<b>23,097,745</b>	<b>23,074,754</b>
<b>Net Change in Fund Balance</b>	<b>104,010</b>	<b>104,010</b>	<b>(947,763)</b>
<b>Fund Balance - Beginning</b>			<b>4,106,380</b>
<b>Fund Balance - Ending</b>			<b>3,158,617</b>

## **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.

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### **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

#### **FOREIGN FIRE TAX FUND**

The Foreign Fire Tax Fund is used to account for the revenues received from a tax on fire insurance policies sold by foreign (out of state) insurance companies, and to account for the expenditures of those revenues for the operation and maintenance of the fire department.

#### **HOTEL TAX FUND**

The Hotel Tax Fund is used to account for specific hotel tax money restricted to certain uses by Village ordinance.

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#### **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.

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#### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

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#### **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.

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

### **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.

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### **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.

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### **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.

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### **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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Taxes</b>			
Property Taxes			
Corporate	\$ 1,309,563	1,309,563	1,186,947
Police Protection	893,583	893,583	901,211
Fire Protection	816,550	816,550	824,185
Ambulance	762,627	762,627	770,266
Pension	207,989	207,989	215,674
Social Security	808,847	808,847	816,482
Police Pension	177,176	177,176	184,864
Fire Pension	177,176	177,176	184,864
Liability Insurance	304,010	304,010	331,214
SRA	172,400	172,400	177,161
Road and Bridge	25,000	25,000	26,920
Municipal Sales Taxes	5,350,000	5,350,000	5,458,214
	11,004,921	11,004,921	11,078,002

**Licenses and Permits**

<b>Licenses</b>			
Television Franchise	183,000	183,000	202,020
Telephone Franchise	1,250,000	1,250,000	1,136,754
Liquor	80,000	80,000	86,099
Other Business	125,000	125,000	95,460
<b>Permits</b>			
Administrative Plan Review	200,000	200,000	176,957
Building	453,600	453,600	145,241
Electrical	55,000	55,000	75,840
Plumbing	75,000	75,000	55,453
Occupancy Certificates	25,425	25,425	42,375
Park	73,000	73,000	18,894
Truck Permits	20,000	20,000	14,255
Other	130,000	130,000	174,436
	2,670,025	2,670,025	2,223,784

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**General Fund**

**Schedule of Revenues - Budget and Actual - Continued**  
**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Intergovernmental</b>			
Illinois State Income Tax	\$ 1,690,000	1,690,000	1,788,320
Illinois State Replacement Tax	62,000	62,000	71,649
Foreign Fire Insurance	38,869	38,869	23,524
Street Maintenance Reimbursement	24,500	24,500	16,939
Local Use Tax	257,500	257,500	266,134
Auto Rental Tax	3,500	3,500	4,605
Pull Tab Taxes	2,100	2,100	1,590
<b>Reimbursements</b>			
Government Agency - Grants	197,349	197,349	93,993
Government Agency	725,070	725,070	431,406
Training	7,000	7,000	-
	<b>3,007,888</b>	<b>3,007,888</b>	<b>2,698,160</b>
<b>Charges for Services</b>			
Police Alarm Fees	33,000	33,000	51,346
Public Safety Special Detail	50,000	50,000	64,358
Watercraft Inspection Fees	10,000	10,000	9,207
Police Lock Out Fees	9,000	9,000	7,700
<b>Fire/Rescue Fees</b>			
Alarm	5,000	5,000	-
Special Detail	5,000	5,000	5,699
Ambulance Fees	300,000	300,000	289,350
Service Contract	3,557,218	3,557,218	3,568,123
Public Education	5,500	5,500	2,492
Fire Spillage Detail	10,000	10,000	2,277
Miscellaneous	5,000	5,000	5,241
Snow Removal Fees	2,000	2,000	-
Annexation Fees	37,000	37,000	5,000
Site Plan Review	29,400	29,400	52,493
Elevator Inspections	10,500	10,500	12,840
Exterior Appearance Review	4,800	4,800	4,300
Subdivision Applications	5,000	5,000	6,300
Planned Unit Development Review	6,400	6,400	6,400
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, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Charges for Services - Continued</b>			
Printing and Reproduction Fees	\$ 8,500	8,500	6,573
Special Use Permits	5,250	5,250	7,875
Zoning Text	4,000	4,000	2,625
Variances - Single Family	1,500	1,500	750
Variances - Other	4,500	4,500	2,125
Engineering Review	150,000	150,000	117,291
Watershed Development	62,500	62,500	46,240
Park Fees	25,000	25,000	19,267
Park Program Fees	625,950	625,950	547,090
Park Special Events	62,300	62,300	45,936
Park Outings	8,500	8,500	100
Park Concessions	12,300	12,300	6,988
Vehicle Maintenance Fees	89,000	89,000	108,633
	<b>5,145,618</b>	<b>5,145,618</b>	<b>5,004,619</b>
<b>Fines and Forfeitures</b>			
Circuit Court Fines	513,380	513,380	430,897
Other Fines	30,600	30,600	50,581
	<b>543,980</b>	<b>543,980</b>	<b>481,478</b>
<b>Interest</b>			
Investment Income	235,000	235,000	209,565
<b>Miscellaneous</b>			
Miscellaneous Revenue	206,100	206,100	193,999
Donations	160,823	160,823	19,785
Insurance Reimbursements	-	-	52
Sale of Capital Assets	37,000	37,000	7,209
Rent Income	190,400	190,400	210,338
	<b>594,323</b>	<b>594,323</b>	<b>431,383</b>
<b>Total Revenues</b>	<b>23,201,755</b>	<b>23,201,755</b>	<b>22,126,991</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**General Fund**

**Schedule of Expenditures - Budget and Actual**

**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>General Government</b>			
General Administration	\$ 293,855	293,855	501,569
Village Administration	262,358	262,358	384,997
Finance Department	1,071,200	1,071,200	1,088,052
Building and Zoning	861,853	861,853	875,177
	<b>2,489,266</b>	<b>2,489,266</b>	<b>2,849,795</b>
<b>Public Safety</b>			
Police Department	6,953,389	6,953,389	7,182,304
Fire Department	7,945,737	7,945,737	7,841,846
	<b>14,899,126</b>	<b>14,899,126</b>	<b>15,024,150</b>
<b>Highways and Streets</b>			
Public Works Department - General Services	<b>3,136,231</b>	<b>3,136,231</b>	<b>2,780,425</b>
<b>Culture and Recreation</b>			
Park and Recreation Department	<b>2,095,760</b>	<b>2,095,760</b>	<b>1,943,021</b>
<b>Debt Service</b>			
Principal Retirement	450,000	450,000	450,000
Interest and Fiscal Charges	27,362	27,362	27,363
	<b>477,362</b>	<b>477,362</b>	<b>477,363</b>
<b>Total Expenditures</b>	<b>23,097,745</b>	<b>23,097,745</b>	<b>23,074,754</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Debt Service Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
<b>Revenues</b>			
Taxes			
Property Taxes	\$ 2,488,356	2,488,356	2,439,510
Interest	96,500	96,500	90,693
Miscellaneous	398,562	398,562	-
<b>Total Revenues</b>	<b>2,983,418</b>	<b>2,983,418</b>	<b>2,530,203</b>
<b>Expenditures</b>			
Debt Service			
Principal Retirement	1,215,000	1,215,000	1,215,000
Interest	1,639,575	1,639,575	1,622,977
Fiscal Charges	382,200	382,200	418,948
<b>Total Expenditures</b>	<b>3,236,775</b>	<b>3,236,775</b>	<b>3,256,925</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(253,357)</b>	<b>(253,357)</b>	<b>(726,722)</b>
<b>Other Financing Sources</b>			
Transfers In	266,257	266,257	-
<b>Net Change in Fund Balance</b>	<b>12,900</b>	<b>12,900</b>	<b>(726,722)</b>
<b>Fund Balance - Beginning</b>			<u>1,517,557</u>
<b>Fund Balance - Ending</b>			<u>790,835</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Capital Improvements Fund**

**Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Revenues</b>			
Intergovernmental			
MFT Allocations	\$ 552,885	552,885	539,674
Interest	65,750	65,750	70,953
Miscellaneous	1,325,000	1,325,000	73,686
Total Revenues	1,943,635	1,943,635	684,313
<b>Expenditures</b>			
Highways and Streets			
Engineering Services	40,000	40,000	3,641
Snow and Ice Control	85,000	85,000	178,668
Capital Outlay			
Infrastructure Improvements	537,327	537,327	552,122
Park Improvements	1,075,000	1,075,000	1,470,198
Total Expenditures	1,737,327	1,737,327	2,204,629
Net Change in Fund Balance	<u>206,308</u>	<u>206,308</u>	(1,520,316)
Fund Balance - Beginning			<u>2,191,034</u>
Fund Balance - Ending			<u>670,718</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Combining Balance Sheet - Nonmajor Governmental Funds**  
**April 30, 2008**

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<u>Special Revenue Funds</u>			
Foreign	Fire	Hotel	Total
	Tax	Tax	

**ASSETS**

Cash and Investments	\$ 30,808	954	31,762
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**FUND BALANCES**

Fund Balances			
Unreserved	30,808	954	31,762

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended April 30, 2008**

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	<b>Special Revenue Funds</b>			<b>Total</b>	
	<b>Foreign</b>		<b>Tax</b>		
	<b>Fire</b>	<b>Hotel</b>			
<b>Revenues</b>					
Taxes	\$ 30,808		954	31,762	
<b>Expenditures</b>					
General Government					
<b>Net Change in Fund Balances</b>		30,808	954	31,762	
<b>Fund Balances - Beginning</b>					
<b>Fund Balances - Ending</b>	<u>30,808</u>	<u>954</u>		<u>31,762</u>	

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Waterworks and Sewerage Fund**

**Schedule of Revenues, Expenses and Changes in  
Net Assets - Budget and Actual  
Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>
<b>Operating Revenues</b>			
Charges for Services	\$ 4,356,229	4,356,229	3,694,217
<b>Operating Expenses</b>			
Administration	1,018,070	1,018,070	976,671
Operations	2,704,998	2,704,998	2,339,844
Depreciation	-	-	1,592,747
Total Operating Expenses	3,723,068	3,723,068	4,909,262
<b>Operating Income (Loss)</b>	633,161	633,161	(1,215,045)
<b>Nonoperating Revenues (Expenses)</b>			
Property Taxes	11,718	11,718	11,732
Connection Fees	1,058,500	1,058,500	596,590
Interest Income	207,000	207,000	179,907
Interest and Fiscal Charges	(260,608)	(260,608)	(239,623)
	1,016,610	1,016,610	548,606
<b>Change in Net Assets</b>	1,649,771	1,649,771	(666,439)
<b>Net Assets - Beginning</b>			<u>47,197,576</u>
<b>Net Assets - Ending</b>			<u>46,531,137</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS****Waterworks and Sewerage Fund****Schedule of Operating Revenues - Budget and Actual**  
**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
Charges for Services			
Water Charges	\$ 2,299,556	2,299,556	2,063,284
Sewer Charges	1,676,793	1,676,793	1,412,748
Meter Sales	70,000	70,000	40,300
Late Fees	74,500	74,500	83,646
Wastewater Service Agreements	90,268	90,268	54,000
Industrial Monitoring Fees	2,000	2,000	-
Inspection Fees	-	-	1,820
Other	143,112	143,112	38,419
 Total Operating Revenues	 4,356,229	 4,356,229	 3,694,217

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Waterworks and Sewerage Fund**

**Schedule of Operating Expenses - Budget and Actual**  
**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
<b>Administration</b>			
Personnel Services	\$ 552,118	552,118	572,034
Contractual Services	460,522	460,522	399,330
Commodities	5,430	5,430	4,282
	<b>1,018,070</b>	<b>1,018,070</b>	<b>975,646</b>
Capital Outlay and Maintenance	8,550	8,550	1,025
Less Nonoperating Items			
Capital Assets Capitalized	(8,550)	(8,550)	-
<b>Total Administration</b>	<b>1,018,070</b>	<b>1,018,070</b>	<b>976,671</b>
<b>Operations</b>			
Water Production and Storage			
Personnel Services	192,125	192,125	165,719
Contractual Services	636,806	636,806	671,947
Commodities	123,235	123,235	82,466
	<b>952,166</b>	<b>952,166</b>	<b>920,132</b>
Water Distribution			
Personnel Services	253,189	253,189	260,374
Contractual Services	43,189	43,189	47,160
Commodities	55,530	55,530	36,845
	<b>351,908</b>	<b>351,908</b>	<b>344,379</b>
Meter Reading			
Personnel Services	144,504	144,504	111,958
Contractual Services	44,637	44,637	45,552
Commodities	266,156	266,156	186,774
	<b>455,297</b>	<b>455,297</b>	<b>344,284</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Waterworks and Sewerage Fund**

**Schedule of Operating Expenses - Budget and Actual - Continued**  
**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>
<b>Operations - Continued</b>			
Industrial Pretreatment Monitoring			
Personnel Services	\$ 31,975	31,975	26,906
Contractual Services	12,568	12,568	7,544
Commodities	850	850	93
	<b>45,393</b>	<b>45,393</b>	<b>34,543</b>
Interceptor Sewer			
Personnel Services	165,269	165,269	148,550
Contractual Services	69,827	69,827	23,798
Commodities	15,350	15,350	5,568
	<b>250,446</b>	<b>250,446</b>	<b>177,916</b>
Lift Stations			
Personnel Services	182,737	182,737	157,659
Contractual Services	171,997	171,997	77,902
Commodities	18,500	18,500	16,206
	<b>373,234</b>	<b>373,234</b>	<b>251,767</b>
Collection System			
Personnel Services	171,997	171,997	150,818
Contractual Services	80,207	80,207	11,258
Commodities	24,350	24,350	8,493
	<b>276,554</b>	<b>276,554</b>	<b>170,569</b>
Capital Outlay and Maintenance	3,308,600	3,308,600	2,422,184
Less Nonoperating Items			
Capital Assets Capitalized	(3,308,600)	(3,308,600)	(2,325,930)
Total Operations	<b>2,704,998</b>	<b>2,704,998</b>	<b>2,339,844</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Waterworks and Sewerage Fund**

**Schedule of Operating Expenses - Budget and Actual - Continued**  
**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>
	<b>Original</b>	<b>Final</b>	
Debt Service			
Principal Retirement	\$ 821,000	821,000	613,395
Interest and Fiscal Charges	260,608	260,608	239,623
	1,081,608	1,081,608	853,018
Less Nonoperating Items			
Debt Service	(1,081,608)	(1,081,608)	(853,018)
Total Debt Service			

**VILLAGE OF LAKE ZURICH, ILLINOIS****Pension Trust Funds****Combining Statement of Net Plan Assets**  
**April 30, 2008**

	Police Pension	Firefighters' Pension	Totals
<b>Assets</b>			
Cash and Cash Equivalents	\$ 4,936,841	409,262	5,346,103
Investments			
U.S. Government and Agency Securities	-	4,563,825	4,563,825
Mutual Funds	2,761,237	3,940,765	6,702,002
Insurance Contracts	1,023,619	235,087	1,258,706
Receivables			
Accrued Interest	52,505	59,623	112,128
Prepays	-	500	500
Total Assets	8,774,202	9,209,062	17,983,264
<b>Liabilities</b>			
Accounts Payable	-	5,968	5,968
<b>Net Plan Assets Held in Trust for Pension Benefits</b>			
(A schedule of funding progress is presented following the notes to the financial statements.)	8,774,202	9,203,094	17,977,296

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Pension Trust Funds**

**Combining Statement of Changes in Net Plan Assets**  
**Year Ended April 30, 2008**

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Totals</b>
<b>Additions</b>			
Contributions - Employer	\$ 184,860	368,340	553,200
Contributions - Plan Members	296,615	424,817	721,432
<b>Total Contributions</b>	<b>481,475</b>	<b>793,157</b>	<b>1,274,632</b>
<b>Investment Income</b>			
Interest Earned	231,084	477,928	709,012
Net Change in Fair Value	(41,511)	(196,464)	(237,975)
<b>Less Investment Expenses</b>	<b>189,573</b>	<b>281,464</b>	<b>471,037</b>
Net Investment Income	-	(40,837)	(40,837)
<b>Total Additions</b>	<b>189,573</b>	<b>240,627</b>	<b>430,200</b>
<b>Total Additions</b>	<b>671,048</b>	<b>1,033,784</b>	<b>1,704,832</b>
<b>Deductions</b>			
Administration	2,774	19,112	21,886
Benefits and Refunds	414,998	76,547	491,545
<b>Total Deductions</b>	<b>417,772</b>	<b>95,659</b>	<b>513,431</b>
Change in Net Assets	253,276	938,125	1,191,401
<b>Net Plan Assets Held in Trust for Pension Benefits</b>			
Beginning of Year	8,520,926	8,264,969	16,785,895
<b>End of Year</b>	<b>8,774,202</b>	<b>9,203,094</b>	<b>17,977,296</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS****Escrow Performance Fund****Statement of Changes in Assets and Liabilities**  
**Year Ended April 30, 2008**

	<u>Beginning Balance</u>		<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>ASSETS</b>					
Cash and Investments	\$ 1,311,408		107,782	-	1,419,190
<b>Receivables</b>					
Accrued Interest	<u>1,311</u>		-	<u>1,311</u>	-
<b>Total Assets</b>	<b><u>1,312,719</u></b>		<b><u>107,782</u></b>	<b><u>1,311</u></b>	<b><u>1,419,190</u></b>
<b>LIABILITIES</b>					
<b>Liabilities</b>					
Accounts Payable	22,253		-	2,313	19,940
Deposits Payable	<u>1,290,466</u>		<u>108,784</u>	-	<u>1,399,250</u>
<b>Total Liabilities</b>	<b><u>1,312,719</u></b>		<b><u>108,784</u></b>	<b><u>2,313</u></b>	<b><u>1,419,190</u></b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Police Pension Fund**

**Schedule of Changes in Net Assets - Budget and Actual**  
**Year Ended April 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>
<b>Additions</b>			
Contributions - Employer	\$ 177,176	177,176	184,860
Contributions - Plan Members	256,152	256,152	296,615
<b>Total Contributions</b>	<b>433,328</b>	<b>433,328</b>	<b>481,475</b>
<b>Investment Income</b>			
Interest Earned	212,650	212,650	231,084
Net Change in Fair Value	225,000	225,000	(41,511)
	437,650	437,650	189,573
<b>Less Investment Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Investment Income</b>	<b>437,650</b>	<b>437,650</b>	<b>189,573</b>
<b>Total Additions</b>	<b>870,978</b>	<b>870,978</b>	<b>671,048</b>
<b>Deductions</b>			
Administration	1,000	1,000	2,774
Benefits and Refunds	418,631	418,631	414,998
<b>Total Deductions</b>	<b>419,631</b>	<b>419,631</b>	<b>417,772</b>
<b>Change in Net Assets</b>	<b>451,347</b>	<b>451,347</b>	<b>253,276</b>
<b>Net Plan Assets Held in Trust for Pension Benefits</b>			
Beginning of Year			<u>8,520,926</u>
End of Year			<u>8,774,202</u>

## **SUPPLEMENTAL SCHEDULES**

**VILLAGE OF LAKE ZURICH, ILLINOIS****Schedule of Insurance in Force**  
**Year Ended April 30, 2008**

<b>Coverage</b>	<b>Amount of Coverage</b>	<b>Expiration Date of Policy</b>
General Liability	\$ 10,000,000	11/1/08
Auto Liability	10,000,000	11/1/08
Uninsured/Underinsured Motorist	500,000	11/1/08
Public Officials Liability	10,000,000	11/1/08
Employment Practices	10,000,000	11/1/08
Workers' Compensation	101,500,000	11/1/08
Employer's Liability	1,000,000	11/1/08
First Party Property - All Risk	250,000,000	11/1/08
Flood Zone A	3,500,000	11/1/08
Boiler/Machinery	50,000,000	11/1/08
Crime		
Employee Theft/Dishonesty	5,000,000	11/1/08
Forgery, Alteration & Counterfeit Currency	5,000,000	11/1/08
Credit Card Forgery	5,000,000	11/1/08
Computer Fraud	5,000,000	11/1/08
Inside Theft, Robbery & Safe Burglary	2,500,000	11/1/08
Non-Faithful Performance	2,500,000	11/1/08
Public Officials Bonds	Statutory	11/1/08

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation TIF Alternate Revenue Bonds of 2002 April 30, 2008

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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
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>3,655,000</u>	<u>1,745,160</u>	<u>5,400,160</u>		<u>872,580</u>		<u>872,580</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS****Long-Term Debt Requirements****General Obligation TIF Alternate Revenue Bonds 2002A****April 30, 2008**


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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
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>1,660,000</u>	<u>600,502</u>	<u>2,260,502</u>		<u>300,251</u>		<u>300,251</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation TIF Alternate Revenue Bonds of 2003A

April 30, 2008

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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
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>3,785,000</u>	<u>1,126,610</u>	<u>4,911,610</u>		<u>563,305</u>		<u>563,305</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Police Building Bonds of 2000

April 30, 2008

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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
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>4,560,000</u>	<u>1,738,794</u>	<u>6,298,794</u>		<u>869,394</u>		<u>869,400</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Refunding Bonds of 2001**

**April 30, 2008**

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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
2007	\$ 450,000	16,871	466,871	2008	<u>8,438</u>	2008	<u>8,433</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Bonds of 2003C**

**April 30, 2008**

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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
2007	\$ 45,000	1,875	46,875	2008	1,275	2008	600
2008	<u>40,000</u>	<u>600</u>	<u>40,600</u>	2009	<u>600</u>		
	<u>85,000</u>	<u>2,475</u>	<u>87,475</u>		<u>1,875</u>		<u>600</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002**  
**April 30, 2008**

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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
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>1,095,000</u>	<u>142,620</u>	<u>1,237,620</u>		<u>71,313</u>		<u>71,307</u>

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Long-Term Debt Requirements**

#### **General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B April 30, 2008**

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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
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>1,035,000</u>	<u>55,584</u>	<u>1,090,584</u>		<u>34,584</u>		<u>21,000</u>

**April 30, 2008**

**Long-Term Debt Requirements**

**General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D**

**April 30, 2008**

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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
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>380,000</u>	<u>35,412</u>	<u>415,412</u>		<u>21,875</u>		<u>13,537</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Long-Term Debt Requirements**

**General Obligation Waterworks and Sewerage Bonds of 2006**  
**April 30, 2008**

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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
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>2,000,000</u>	<u>415,000</u>	<u>2,415,000</u>		<u>207,500</u>		<u>207,500</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Long-Term Debt Requirements**

**IEPA Loan of 2006**

**April 30, 2008**

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Date of Loan	October 15, 2005
Date of Maturity	June 15, 2026
Amount of Loan	\$2,000,000
Interest Rates	2.5000%
Interest Dates	June 16 and December 16
Principal Maturity Date	June 16 and December 16
Payable at	Illinois Environmental Protection Agency

**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending	Requirements			Interest Due on			
	Principal	Interest	Totals	June 16	Amount	Dec. 16	Amount
April 30							
2008	\$ 81,933	48,281	130,214	2008	24,395	2008	23,886
2009	83,995	46,220	130,215	2009	23,371	2009	22,849
2010	86,108	44,107	130,215	2010	22,321	2010	21,786
2011	88,274	41,941	130,215	2011	21,245	2011	20,696
2012	90,494	39,720	130,214	2012	20,141	2012	19,579
2013	92,771	37,444	130,215	2013	19,010	2013	18,434
2014	95,105	35,110	130,215	2014	17,850	2014	17,260
2015	97,497	32,717	130,214	2015	16,661	2015	16,056
2016	99,950	30,265	130,215	2016	15,443	2016	14,822
2017	102,464	27,750	130,214	2017	14,193	2017	13,557
2018	105,042	25,173	130,215	2018	12,913	2018	12,260
2019	107,684	22,531	130,215	2019	11,600	2019	10,931
2020	110,393	19,822	130,215	2020	10,254	2020	9,568
2021	113,170	17,045	130,215	2021	8,874	2021	8,171
2022	116,017	14,197	130,214	2022	7,459	2022	6,738
2023	118,935	11,279	130,214	2023	6,009	2023	5,270
2024	121,927	8,287	130,214	2024	4,522	2024	3,765
2025	124,994	5,220	130,214	2025	2,998	2025	2,222
2026	114,852	2,076	116,928	2026	1,436	2026	640
	<u>1,951,605</u>	<u>509,185</u>	<u>2,460,790</u>		<u>260,695</u>		<u>248,490</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Long-Term Debt Requirements**

**TIF Revenue Bonds of 2005A**

**April 30, 2008**

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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
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
	<b>8,500,000</b>	<b>3,678,812</b>	<b>12,178,812</b>		<b>1,839,406</b>		<b>1,839,406</b>

## **VILLAGE OF LAKE ZURICH, ILLINOIS**

### **Long-Term Debt Requirements**

#### **TIF Revenue Bonds of 2005B**

**April 30, 2008**

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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
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>318,062</u>	<u>1,818,062</u>		<u>159,031</u>		<u>159,031</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### Equipment Purchase and Construction Installment Contract of 2004 April 30, 2008

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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	Requirements			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
April 30							
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>505,000</u>	<u>24,700</u>	<u>529,700</u>		<u>12,350</u>		<u>12,350</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 Five Fiscal Years  
April 30, 2008 (Unaudited)**

	2004	2005	2006	2007	2008
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 63,594,963	67,029,970	63,037,308	62,882,689	65,075,365
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808
Unrestricted	233,709	2,910,750	2,962,069	1,954,077	(1,115,178)
<b>Total Governmental Activities Net Assets</b>	<b>66,516,371</b>	<b>71,595,241</b>	<b>69,531,326</b>	<b>67,687,972</b>	<b>65,812,995</b>
<b>Business-Type Activities</b>					
Invested in Capital Assets, Net of Related Debt	40,022,303	42,723,063	43,445,971	44,411,651	43,220,026
Restricted	-	-	-	-	-
Unrestricted	6,255,492	5,022,235	4,796,240	2,785,925	3,311,111
<b>Total Business-Type Activities Net Assets</b>	<b>46,277,795</b>	<b>47,745,298</b>	<b>48,242,211</b>	<b>47,197,576</b>	<b>46,531,137</b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	103,617,266	109,753,033	106,483,279	107,294,340	108,295,391
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808
Unrestricted	6,489,201	7,932,985	7,758,309	4,740,002	2,195,933
<b>Total Primary Government Net Assets</b>	<b>112,794,166</b>	<b>119,340,539</b>	<b>117,773,537</b>	<b>114,885,548</b>	<b>112,344,132</b>

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Changes in Net Assets - Last Five Fiscal Years**  
**April 30, 2008 (Unaudited)**

	2004	2005	2006	2007	2008
<b>Expenses</b>					
<b>Governmental Activities</b>					
General Government	\$ 2,413,846	2,442,432	2,416,410	2,675,926	3,156,278
Public Safety	11,303,728	12,496,702	14,598,186	15,419,714	16,081,083
Highways and Streets	4,054,985	3,486,514	3,296,350	3,311,564	3,722,055
Culture and Recreation	1,631,428	1,770,940	1,862,749	1,868,893	2,034,648
Economic Development	2,939,519	708,700	3,956,489	2,385,479	425,359
Interest on Long-Term Debt	915,673	1,087,578	1,449,772	1,528,564	2,045,277
<b>Total Governmental Activities Expenses</b>	<b>23,259,179</b>	<b>21,992,866</b>	<b>27,579,956</b>	<b>27,190,140</b>	<b>27,464,700</b>
<b>Business-Type Activities</b>					
Waterworks and Sewerage	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885
<b>Total Business-Type Activities Net Assets</b>	<b>4,005,428</b>	<b>4,020,070</b>	<b>4,634,314</b>	<b>5,412,249</b>	<b>5,148,885</b>
<b>Total Primary Government Expenses</b>	<b>27,264,607</b>	<b>26,012,936</b>	<b>32,214,270</b>	<b>32,602,389</b>	<b>32,613,585</b>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for Services	1,988,492	2,817,894	3,107,316	2,622,108	2,603,229
General Government	5,206,007	3,767,347	5,581,866	4,434,714	4,488,006
Public Safety	578,319	603,016	585,138	641,046	619,381
Culture and Recreation	1,959,365	3,678,879	796,765	838,607	633,667
Capital Grants/Operations	9,732,183	10,867,136	10,071,085	8,536,475	8,344,283
<b>Total Governmental Activities Program Revenues</b>	<b></b>	<b></b>	<b></b>	<b></b>	<b></b>
<b>Business-Type Activities</b>					
Charges for Services	3,737,934	4,507,218	4,970,094	4,091,890	4,290,807
Waterworks and Sewerage		2,300,184			
Capital Grants/Operations					
<b>Total Business-Type Activities Program Revenues</b>	<b>3,737,934</b>	<b>6,807,402</b>	<b>4,970,094</b>	<b>4,091,890</b>	<b>4,290,807</b>
<b>Total Primary Government Program Revenues</b>	<b>13,470,117</b>	<b>17,674,538</b>	<b>15,041,179</b>	<b>12,628,365</b>	<b>12,635,090</b>

	2004	2005	2006	2007	2007
<b>Net (Expense) Revenue</b>					
<b>Governmental Activities</b>					
<b>Business-Type Activities</b>					
\$ (13,526,996)	(11,125,730)	(17,508,871)	(18,653,665)	(19,120,417)	
(267,494)	2,787,332	335,780	(1,320,359)	(858,078)	
<b>Total Primary Government Net Revenue (Expense)</b>	<b>(13,794,490)</b>	<b>(8,338,398)</b>	<b>(17,173,091)</b>	<b>(19,974,024)</b>	<b>(19,978,495)</b>
<b>General Revenues and Other Changes in Net Assets</b>					
<b>Governmental Activities</b>					
<b>Taxes</b>					
Property	6,168,186	6,601,029	6,747,900	7,685,714	8,091,060
Municipal Sales	4,589,414	4,976,532	4,972,070	5,296,357	5,458,214
<b>Intergovernmental</b>					
Illinois State Income	1,117,985	1,322,612	1,468,210	1,637,119	1,788,320
Other	434,417	857,267	1,336,548	958,527	815,847
Interest Income	106,830	139,474	332,962	541,148	407,397
Miscellaneous	426,968	896,479	587,266	691,446	684,602
Transfers - Internal Activity	421,506	1,411,207	-	-	-
<b>Total Governmental Activities</b>	<b>13,265,306</b>	<b>16,204,600</b>	<b>15,444,956</b>	<b>16,810,311</b>	<b>17,245,440</b>
<b>Business-Type Activities</b>					
Property	11,723	11,723	11,728	11,733	11,732
Interest Income	55,994	79,655	149,405	263,991	179,907
Miscellaneous	-	-	-	-	-
Transfers - Internal Activity	(421,506)	(1,411,207)	-	-	-
<b>Total Business-Type Activities</b>	<b>(353,789)</b>	<b>(1,319,829)</b>	<b>161,133</b>	<b>275,724</b>	<b>191,639</b>
<b>Total Primary Government</b>	<b>12,911,517</b>	<b>14,884,771</b>	<b>15,606,089</b>	<b>17,086,035</b>	<b>17,437,079</b>
<b>Changes in Net Assets</b>					
<b>Governmental Activities</b>					
<b>Business-Type Activities</b>					
\$ (261,690)	5,078,870	(2,063,915)	(1,843,354)	(1,874,977)	
(621,283)	1,467,503	496,913	(1,044,635)	(666,439)	
<b>Total Primary Government</b>	<b>(882,973)</b>	<b>6,546,373</b>	<b>(1,567,002)</b>	<b>(2,887,989)</b>	<b>(2,541,416)</b>

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, 2008 (Unaudited)**

	1999	2000	2001	2002
General Fund				
Reserved	\$ 138,588	168,825	178,890	710,101
Unreserved	2,579,731	2,644,056	2,946,900	894,227
Total General Fund	<u>2,718,319</u>	<u>2,812,881</u>	<u>3,125,790</u>	<u>1,604,328</u>
All Other Governmental Funds				
Reserved	219,764	260,294	115,084	247,512
Unreserved, Reported in:				
Special Revenues Funds	159,141	218,668	218,492	83,274
Capital Projects Funds	64,204	197,921	3,695,408	426,782
Total All Other Governmental Funds	<u>443,109</u>	<u>676,883</u>	<u>4,028,984</u>	<u>757,568</u>

Data Source: Village Records

2003	2004	2005	2006	2007	2008
2,666,951	798,926	796,981	791,673	815,783	835,582
225,278	616,104	3,445,055	3,607,077	3,290,597	2,323,035
<b>2,892,229</b>	<b>1,415,030</b>	<b>4,242,036</b>	<b>4,398,750</b>	<b>4,106,380</b>	<b>3,158,617</b>
8,780,692	5,841,511	11,593,828	15,297,012	14,804,655	13,847,115
614,468	1,485,423	1,681,280	2,201,914	2,191,034	31,762 670,718
<b>9,395,160</b>	<b>7,326,934</b>	<b>13,275,108</b>	<b>17,498,926</b>	<b>16,995,689</b>	<b>14,549,595</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS****General Governmental Revenues By Source - Last Ten Fiscal Years**  
**April 30, 2008 (Unaudited)**

Source	1999	2000	2001	2002
Taxes	\$ 7,526,112	7,830,914	8,236,547	9,709,824
Licenses and Permits	858,376	1,430,653	1,432,837	1,339,076
Intergovernmental	2,427,347	2,469,679	2,799,797	2,705,848
Charges for Services	2,308,023	2,862,165	2,820,309	3,494,639
Fines and Forfeits	474,843	523,886	655,631	558,704
Interest Income	215,717	188,628	625,135	251,086
Miscellaneous	154,451	789,435	742,405	363,141
<b>Total</b>	<b>13,964,869</b>	<b>16,095,360</b>	<b>17,312,661</b>	<b>18,422,318</b>

Note: Includes all Governmental Funds

Data Source: Village Records

2003	2004	2005	2006	2007	2008
10,294,390	10,757,600	11,577,561	11,719,970	12,982,071	13,549,274
1,441,802	1,561,404	2,478,365	2,610,400	2,192,802	2,223,784
5,057,565	2,897,367	2,864,902	3,601,523	3,434,253	3,237,834
4,484,078	5,674,514	4,259,682	6,175,199	5,030,420	5,005,354
577,039	536,900	450,210	488,721	474,646	481,478
159,260	106,830	139,474	332,962	541,148	407,397
1,134,743	426,968	896,479	587,266	691,446	684,602
<u>23,148,877</u>	<u>21,961,583</u>	<u>22,666,673</u>	<u>25,516,041</u>	<u>25,346,786</u>	<u>25,589,723</u>

**VILLAGE OF LAKE ZURICH, ILLINOIS****General Governmental Expenditures By Function - Last Ten Fiscal Years  
April 30, 2008 (Unaudited)**

Function	1999	2000	2001	2002
General Government	\$ 1,612,042	2,451,851	1,766,668	2,417,006
Public Safety	7,608,441	7,749,472	9,397,966	10,741,008
Highways and Streets	2,474,256	2,500,506	3,024,920	3,937,218
Culture and Recreation	1,629,939	1,945,616	1,583,560	1,566,916
Economic Development	-	-	-	-
Capital Outlay	49,424	82,226	3,229,479	4,532,339
Debt Service				
Principal	993,573	973,573	1,230,850	1,098,573
Interest and Fiscal Charges	531,683	510,284	436,158	709,702
<b>Total</b>	<b>14,899,358</b>	<b>16,213,528</b>	<b>20,669,601</b>	<b>25,002,762</b>

Note: Includes all Governmental Funds

Data Source: Village Records

2003	2004	2005	2006	2007	2008
3,442,196	2,291,206	2,251,949	2,357,302	2,508,671	2,849,795
11,700,045	11,659,477	11,836,203	13,648,751	14,389,260	15,024,150
4,713,035	2,854,762	3,186,134	2,814,329	3,079,508	2,962,734
1,695,000	1,527,115	1,662,954	1,746,509	1,782,675	1,943,021
1,648,969	2,939,519	708,700	3,956,489	2,385,479	425,359
746,520	1,105,306	699,772	533,572	735,561	2,044,233
1,398,573	2,668,573	1,663,573	6,598,573	2,023,573	1,665,000
700,829	882,556	989,379	1,323,726	1,554,811	2,069,288
<b>26,045,167</b>	<b>25,928,514</b>	<b>22,998,664</b>	<b>32,979,251</b>	<b>28,459,538</b>	<b>28,983,580</b>

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years**  
**April 30, 2008 (Unaudited)**

	1999	2000	2001	2002
<b>Revenues</b>				
Taxes	\$ 7,526,112	7,830,914	8,236,547	9,709,824
Licenses and Permits	858,376	1,430,653	1,432,837	1,339,076
Intergovernmental	2,427,347	2,469,679	2,799,797	2,705,848
Charges for Services and Fees	2,308,023	2,862,165	2,820,309	3,494,639
Fines and Forfeits	474,843	523,886	655,631	558,704
Investment Income	215,717	188,628	625,135	251,086
Miscellaneous	154,451	789,435	742,405	363,141
<b>Total Revenues</b>	<b>13,964,869</b>	<b>16,095,360</b>	<b>17,312,661</b>	<b>18,422,318</b>
<b>Expenditures</b>				
General Government	1,612,042	2,451,851	1,766,668	2,417,006
Public Safety	7,608,441	7,749,472	9,397,966	10,741,008
Highways and Streets	2,474,256	2,500,506	3,024,920	3,937,218
Culture and Recreation	1,629,939	1,945,616	1,583,560	1,566,916
Economic Development	-	-	-	-
Capital Outlay	49,424	82,226	3,229,479	4,532,339
Debt Service				
Principal	993,573	973,573	1,230,850	1,098,573
Interest and Fiscal Charges	531,683	510,284	436,158	709,702
<b>Total Expenditures</b>	<b>14,899,358</b>	<b>16,213,528</b>	<b>20,669,601</b>	<b>25,002,762</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(934,489)</b>	<b>(118,168)</b>	<b>(3,356,940)</b>	<b>(6,580,444)</b>
<b>Other Financing Sources (Uses)</b>				
Debt Issuance	500,000	-	6,000,000	4,645,000
Payment to Escrow Agent	-	-	-	(4,585,733)
Transfer In	508,891	346,044	964,482	996,950
Transfer Out	-	-	-	(55,000)
Sale of Property	36,085	100,460	57,468	-
	<b>1,044,976</b>	<b>446,504</b>	<b>7,021,950</b>	<b>1,001,217</b>
<b>Net Change in Fund Balances</b>	<b>110,487</b>	<b>328,336</b>	<b>3,665,010</b>	<b>(5,579,227)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>10.27%</b>	<b>9.20%</b>	<b>9.56%</b>	<b>8.83%</b>

Data Source: Village Records

2003	2004	2005	2006	2007	2008
10,294,390	10,757,600	11,577,561	11,719,970	12,982,071	13,549,274
1,441,802	1,561,404	2,478,365	2,610,400	2,192,802	2,223,784
5,057,565	2,897,367	2,864,902	3,601,523	3,434,253	3,237,834
4,484,078	5,674,514	4,259,682	6,175,199	5,030,420	5,005,354
577,039	536,900	450,210	488,721	474,646	481,478
159,260	106,830	139,474	332,962	541,148	407,397
1,134,743	426,968	896,479	587,266	691,446	684,602
<b>23,148,877</b>	<b>21,961,583</b>	<b>22,666,673</b>	<b>25,516,041</b>	<b>25,346,786</b>	<b>25,589,723</b>
3,442,196	2,291,206	2,251,949	2,357,302	2,508,671	2,849,795
11,700,045	11,659,477	11,836,203	13,648,751	14,389,260	15,024,150
4,713,035	2,854,762	3,186,134	2,814,329	3,079,508	2,962,734
1,695,000	1,527,115	1,662,954	1,746,509	1,782,675	1,943,021
1,648,969	2,939,519	708,700	3,956,489	2,385,479	425,359
746,520	1,105,306	699,772	533,572	735,561	2,044,233
1,398,573	2,668,573	1,663,573	6,598,573	2,023,573	1,665,000
700,829	882,556	989,379	1,323,726	1,554,811	2,069,288
<b>26,045,167</b>	<b>25,928,514</b>	<b>22,998,664</b>	<b>32,979,251</b>	<b>28,459,538</b>	<b>28,983,580</b>
(2,896,290)	(3,966,931)	(331,991)	(7,463,210)	(3,112,752)	(3,393,857)
12,390,000	-	7,695,964	11,843,742	2,317,145	-
-	-	-	-	-	-
116,357	421,506	1,598,207	6,507,635	-	-
-	-	(187,000)	(6,507,635)	-	-
-	-	-	-	-	-
<b>12,506,357</b>	<b>421,506</b>	<b>9,107,171</b>	<b>11,843,742</b>	<b>2,317,145</b>	<b>-</b>
<b>9,610,067</b>	<b>(3,545,425)</b>	<b>8,775,180</b>	<b>4,380,532</b>	<b>(795,607)</b>	<b>(3,393,857)</b>
8.30%	14.31%	11.90%	24.42%	12.91%	14.16%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years  
April 30, 2008 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
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	0.813
2008	660,488,632	188,391,102	848,879,734	45,081	848,924,815	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, 2008 (Unaudited)**

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**See Following Page**

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years**  
**April 30, 2008 (Unaudited)**

Last Ten Tax Levy Years	1998	1999	2000	2001
<b>Village of Lake Zurich</b>				
Corporate	0.184	0.215	0.218	0.213
Police Protection	0.150	0.149	0.147	0.140
Fire Protection	0.123	0.133	0.131	0.127
Ambulance	0.142	0.127	0.126	0.131
Illinois Municipal Retirement	0.052	0.045	0.035	0.028
Federal Social Security	0.109	0.108	0.111	0.106
Insurance	0.054	0.033	0.036	0.042
Debt Service	0.250	0.247	0.322	0.311
Special Recreation	0.000	0.000	0.000	0.000
Police Pension	0.023	0.025	0.025	0.025
Firefighters' Pension	0.023	0.025	0.025	0.025
<b>Total Direct Tax Rate</b>	<b>1.110</b>	<b>1.107</b>	<b>1.176</b>	<b>1.148</b>
<b>Overlapping Rates</b>				
Village of Lake Zurich SSA #7	-	0.002	-	-
Lake County	0.531	0.521	0.521	0.516
Lake County Forest Preserve District	0.157	0.187	0.231	0.221
Ela Area Library District	0.320	0.408	0.396	0.387
School District #95	3.958	3.925	4.022	4.484
School District #96	3.051	3.052	3.060	2.951
Consolidated H.S. District #125	1.859	1.835	1.904	1.864
Community College #532	0.221	0.213	0.235	0.211
Ela Township - Corp. & GA	0.105	0.100	0.094	0.096
Ela Township - R & B	0.012	0.011	0.011	0.012
Ela Township - Gravel or R.I.	0.030	0.030	0.030	0.030
Lake County Public				
Building Commission	0.071	0.064	0.061	0.057
Barrington Public Library District	0.218	0.212	0.178	0.192
<b>Total Direct and Overlapping Tax Rate</b>	<b>11.643</b>	<b>11.667</b>	<b>11.919</b>	<b>12.169</b>

Data Source: Office of the County Clerk

2002	2003	2004	2005	2006	2007
0.195	0.187	0.173	0.170	0.154	0.145
0.131	0.120	0.118	0.116	0.117	0.111
0.119	0.109	0.108	0.106	0.107	0.101
0.111	0.102	0.101	0.099	0.100	0.095
0.022	0.027	0.027	0.027	0.028	0.027
0.111	0.108	0.107	0.105	0.106	0.100
0.056	0.042	0.042	0.042	0.043	0.041
0.288	0.275	0.269	0.176	0.140	0.125
0.000	0.013	0.012	0.020	0.023	0.022
0.025	0.021	0.023	0.023	0.024	0.023
0.025	0.021	0.023	0.023	0.024	0.023
1.083	1.025	1.003	0.907	0.866	0.813
0.502	0.490	0.465	0.454	0.450	0.444
0.232	0.225	0.219	0.210	0.204	0.201
0.371	0.343	0.334	0.323	0.317	0.306
4.366	4.092	4.082	4.040	3.992	3.830
3.013	2.940	3.038	3.000	2.989	2.772
1.890	1.940	2.062	2.112	2.134	2.114
0.208	0.201	0.200	0.197	0.195	0.192
0.093	0.086	0.085	0.085	0.086	0.082
0.013	0.011	0.011	0.010	0.010	0.010
0.030	0.029	0.030	0.030	0.032	0.032
0.054	0.051	-	-	-	-
0.182	0.177	0.193	0.155	0.169	0.152
12.037	11.610	11.722	11.523	11.444	10.948

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Principal Property Tax Payers - Current Year and Nine Years Ago**  
**April 30, 2008 (Unaudited)**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Village	Taxable Assessed Value	Rank	Percentage of Total Village
			Taxable Assessed Value			Taxable Assessed Value
Village Square Retail Center LLC	\$ 6,983,804	1	0.80%	\$		
Landings Acquisition Company	6,451,706	2	0.80%			
Individual Taxpayer	5,533,531	3	0.70%			
Echo Incorporated	4,753,361	4	0.60%	3,009,156	4	0.70%
Deerpath Court Retail Center LLC	4,347,796	5	0.50%			
Costco	3,722,349	6	0.40%			
Liberty Realty Lake Zurich LLC	3,390,955	7	0.40%			
HD Development of Maryland LLC	2,924,986	8	0.30%			
Target Corporation	2,789,000	9	0.30%			
Deerpath Commons Retail Center	2,785,576	10	0.30%			
Sfire Bros. Development				5,484,687	1	1.20%
Fidelity Group LP				5,322,211	2	1.20%
Individual Taxpayer				4,046,083	3	0.90%
Exxon Chemical Americas				2,477,884	5	0.60%
The Jung Partnership				2,413,991	6	0.50%
Wal-Mart Properties, Inc.				2,172,983	7	0.50%
Dayton Hudson Corporation				2,124,000	8	0.50%
Lumberman's Mutual Casualty				2,015,465	9	0.50%
Bergen Brunswig Medical Group				2,002,711	10	0.50%
	<u>43,683,064</u>		<u>5.10%</u>	<u>31,069,171</u>		<u>7.10%</u>

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

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Property Tax Levies and Collections - Last Ten Fiscal Years**  
**April 30, 2008 (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
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	6,671,241	100.10%	N/A	6,671,241	100.10%
2008	2007	6,901,759	*	N/A	*	N/A	*

N/A - Currently Not Available

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

Data Source: Office of the County Clerk

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Ratios of Outstanding Debt By Type - Last Ten Fiscal Years**  
**April 30, 2008 (Unaudited)**

Fiscal Year Ended April 30	Governmental Activities					Notes Payable
	General Obligation Bonds	GO TIF Alternate Revenue Bonds	TIF Alternate Revenue Bonds	Installment Contracts		
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	
2008	5,095,000	9,100,000	10,000,000	505,000	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.  
 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 Per Capita		
Waterworks and Sewerage Revenue Bonds	IEPA Loan			Percentage of EAV	Personal Income (1)	Per Capita (2)
\$ 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	634,163,163	4.00%	0.18%	1,335.21
4,010,000	-	30,928,110	670,769,663	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
4,510,000	2,489,808	37,791,659	848,924,815	4.45%	0.12%	1,989.87

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years**  
**April 30, 2008 (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 (2)
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	1.52%	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
2008	5,095,000	196,268	4,898,732	0.58%	257.94

Data Source: Village Records

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

(1) See Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Schedule of Direct and Overlapping Bonded Debt**  
**April 30, 2008 (Unaudited)**

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
<u>Village of Lake Zurich</u>	\$ 5,010,000 (2)	100.00%	\$ 5,010,000
Lake County, Forest Preserve District	206,524,438	2.97%	6,133,776
Ela Area Library District	12,040,000	43.46%	5,232,584
School District #95	54,113,612	50.40%	27,273,260
School District #96	13,090,000	1.66%	217,294
Consolidated High School District #125	35,828,616	0.63%	225,720
Community College #532	12,672,475	3.12%	395,381
<b>Totals</b>	<b>334,269,141</b>		<b>39,478,016</b>

(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, 2008 (Unaudited)**

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Assessed Valuation - 2007	\$ <u>848,879,734</u>
Legal Debt Limit - 8.625% of Assessed Valuation	73,215,877
Amount of Debt Applicable to Debt Limit	
General Obligation Debt Payable	
General Obligation Bonds	4,560,000
Installment Contracts	<u>505,000</u>
Legal Debt Margin	<u>68,150,877</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, 2008 (Unaudited)**

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Fiscal Year Ended April 30	Revenues*	Principal	Interest	Coverage
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	-	-	-	-
2008	-	-	-	-

Revenue Bonds were retired during fiscal year 2003.

\*As defined in applicable bond indentures and governing laws.

Data Source: Village Records

**VILLAGE OF LAKE ZURICH, ILLINOIS****Demographic and Economic Statistics - Last Ten Fiscal Years**  
**April 30, 2008 (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
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
2008	18,992	884,640	46,580	35.8	6,366	2.2

**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, 2008 (Unaudited)**

Employer	2008			1999		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Lake Zurich Comm. Unit S.D. #95	650	1	6.87%	N/A	N/A	N/A
Echo Inc.	650	2	6.87%	N/A	N/A	N/A
B&B Maintenance, Inc.	500	3	5.28%	N/A	N/A	N/A
Dovenmuehle Mortgage Inc.	500	4	5.28%	N/A	N/A	N/A
CM Products Inc.	200	5	2.11%	N/A	N/A	N/A
Food Equipment Tech, Co.	197	6	2.08%	N/A	N/A	N/A
Village of Lake Zurich	187	7	1.98%	N/A	N/A	N/A
Lexington Lake Zurich	182	8	1.92%	N/A	N/A	N/A
Pinnacle Food Products, Inc.	160	9	1.69%	N/A	N/A	N/A
Parkview Metal Products, Inc.	150	10	1.59%	N/A	N/A	N/A
	<u>3,376</u>		<u>35.68%</u>	<u>N/A</u>		<u>N/A</u>

N/A - Currently Not Available

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

**VILLAGE OF LAKE ZURICH, ILLINOIS****Full-Time Equivalent Village Government Employees by Function - Last Five Fiscal Years  
April 30, 2008 (Unaudited)**

Function	2004	2005	2006	2007	2008
<b>General Government</b>					
Administration	2	2	2	2	2
Finance	8	8	9	9	8
Public Works	17	18	17	16	19
Police	50	52	55	55	58
Fire	55	56	61	61	62
Community Development	8	8	8	9	10
Water and Sewer	10	11	13	13	13
Engineering	3	4	4	4	4
Recreation	10	10	10	9	11
<b>Total</b>	<b>163</b>	<b>169</b>	<b>179</b>	<b>178</b>	<b>187</b>

Data Source: Village Records

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years**  
**April 30, 2008 (Unaudited)**

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**See Following Page**

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years**  
**April 30, 2008 (Unaudited)**

Function/Program	1999	2000	2001
<b>Public Works</b>			
Forestry			
Number of Parkway Trees Planted	63	67	49
Number of Parkway Trees Trimmed	1,200	1,300	1,000
Fleet Services			
Number of Vehicles Maintained	80	80	81
Preventative Maintenance Services	633	643	672
<b>Public Safety</b>			
Fire			
Number of Fire Calls	1,437	1,618	1,619
Number of EMS Calls	1,478	1,678	1,627
Number of Training Hours	9,009	9,471	10,741
Police			
Part I Crime	N/A	N/A	N/A
Part II Crime	N/A	N/A	N/A
Calls for Service	11,402	11,852	11,697
State Tickets Issued	4,482	3,926	3,487
Compliance Tickets Issued	N/A	N/A	N/A
Parking Tickets Issued	2,451	1,944	2,123
<b>Community Development</b>			
Number of Building Permits Issued	828	2,804	1,481
Number of Building Inspections	3,115	5,397	7,513
Number of Food Service Inspections	N/A	N/A	N/A
<b>Highways and Streets</b>			
Sidewalk Replaced (sq. ft.)	3,675	4,200	4,250
Annual Resurfacing Program (\$)	N/A	N/A	N/A
Crack Sealing (lbs. installed)	9,825	18,000	17,550
<b>Water and Sewer</b>			
Water Main Breaks	51	29	20
Hydrants Flushed	2,950	3,000	3,100
Water Meters Read	74,400	74,700	75,000
Water Meter Service Requests	N/A	N/A	N/A
Total Distribution Pumpage (1,000 Gallons)	713MG	697MG	702MG
Average Daily Pumpage (1,000 Gallons)	1.95MG	1.9MG	1.92MG
Sanitary Sewer Televising (Feet)	10,000	10,000	12,000
Sanitary Sewer Repairs	6	2	12

N/A - Currently Not Available

Data Source: Village Records  
Information on Calendar Year-End

2002	2003	2004	2005	2006	2007	2008
40 1,150	55 1,200	53 1,230	57 1,235	61 1,268	74 692	N/A N/A
88 664	90 694	91 706	89 751	93 713	93 690	N/A N/A
1,589 1,671 12,243	1,585 1,646 12,243	1,551 1,746 12,243	1,617 1,784 12,474	1,582 1,664 11,750	1,745 1,694 9,279	N/A N/A N/A
N/A N/A 12,207 3,701 N/A 3,655	N/A N/A 12,101 4,843 N/A 2,286	N/A N/A 11,647 4,750 N/A 1,718	N/A N/A 10,982 5,077 N/A 1,998	N/A N/A 10,423 5,563 N/A 1,905	N/A N/A 10,101 5,116 N/A 1,866	N/A N/A N/A N/A N/A N/A
963 6,509 N/A	1,046 6,295 N/A	1,373 8,237 N/A	1,040 5,821 N/A	1,100 5,409 N/A	1,341 4,808 N/A	N/A N/A N/A
4,800 N/A 12,700	4,600 793,620 12,500	4,300 932,150 12,752	4,400 877,342 13,020	7,680 684,866 12,060	10,093 925,000 13,000	N/A N/A N/A
36 3,120 75,300 667 757MG 2.07MG 15,000 7	39 3,140 75,600 437 747MG 2.04MG 15,000 24	27 3,160 76,200 967 732MG 2.0MG 10,000 6	41 3,180 76,500 N/A 811MG 2.22MG 20,000 14	32 3,200 76,884 988 731MG 2.0MG 12,000 12	18 1,610 25,628 551 218MG 1.8MG 4,000 2	N/A N/A N/A N/A N/A N/A N/A N/A

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Capital Asset Statistics by Function/Program**  
**April 30, 2008 (Unaudited)**

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	17	19	19	21	21	21	20	20	20	22
Fire Stations	3	3	4	4	4	4	4	4	4	4
<b>Public Works</b>										
Streets (Miles)	241	135	200	240	152.5	152.5	158.2	158.2	158.2	159.0
Sidewalks (Miles)	N/A	N/A	N/A	N/A	84	88	89	90	90	91
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	170	175
<b>Water and Sewer</b>										
Water Mains (Miles)	92	92	97	93	96	99	104	107	107	108
Fire Hydrants	1550	1550	1550	1600	1620	1647	1731	1739	1739	1760
Sanitary Sewers (Miles)	142	145	83	97	97	99	103	106	106	107
Manholes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A - Currently Not Available

Data Source: Village Records