

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2010**

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED APRIL 30, 2010**

Prepared by Finance Department:

Gerald A. Zochowski  
Finance Director and Treasurer

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## **INTRODUCTORY SECTION**

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

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

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **List of Elected and Appointed Officials**

**April 30, 2010**

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### **VILLAGE BOARD OF TRUSTEES**

Suzanne K. Branding, Village President

Jeffrey M. Halen

Dana Rzeznik

James L. Johnson

Jonathan W. Sprawka

Thomas M. Poynton

Richard C. Sustich

Debra Incardone, Village Clerk

Bob Vitas, Village Administrator

Gerald A. Zochowski, Finance Director and Treasurer





# The Village of LAKE ZURICH

## Organization Chart

### CITIZENS OF LAKE ZURICH

Village  
Board

Village Clerk

Village  
Administrator

Finance  
Department

Police  
Department

Public Works  
Department

Fire/Rescue  
Department

Park and  
Recreation  
Department

Building and  
Zoning  
Department

# 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, 2009

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



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enner".

Executive Director

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



Phone: (847) 438-5141  
Fax: (847) 540-1768  
Web: [www.volz.org](http://www.volz.org)

September 8, 2010

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 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, 2010, are fairly presented in conformity with generally accepted accounting principles. The independent auditors' report is presented as the first component of the financial section of this report.

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

## **Profile of the Government**

Incorporated in 1896, the Village of Lake Zurich, Illinois is a non-home rule community that operates under the management form of municipal government as provided in Chapter 65, Article 5 of the Illinois Compiled Statutes. The Village is governed by a President and Board of six trustees, all of whom are elected on an at-large basis to four-year overlapping terms. Policy-making and legislative authority are vested in the Village Board. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the Village Administrator and Village Attorney. The Board is elected on a non partisan basis. Board members serve four year staggered terms, with three Board members elected every two years. The Village President and Clerk are elected to serve a four year term. An appointed Village Administrator is charged with the day-to-day responsibility of administering Board policy and supervising approximately 177 full time and 73 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, economic development, and cultural events.

Lake Zurich, located northwest of Chicago in Lake County, is a balanced community with a strong residential population, an industrial park and commercial corridor. The Village offers its 19,932 residents a peaceful, affordable suburban living in close proximity to top-rated schools, medical resources, retail centers, and cultural venues. The population increased by 9 percent from the 2000 census, to 19,932 according to the latest special census. It is expected that the Village will continue to experience moderate growth, given its proximity and a relatively low median home value of \$345,594 as opposed to a median home value of the north shore communities.

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 requested budget appropriations for the next fiscal year are prepared by fund, function and activity. The budget is presented to the Village Board for review. The Village Board holds public hearings and adjusts the requested budgeted amounts to reflect anticipated operations and capital spending for the delivery of services offered by the Village. 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 2009 Equalized Assessed Value through the Village was valued at \$885,496,373 which remained constant with the 2006 assessed value. Lake Zurich was rated the thirteenth wealthiest community, with a population of 10,000 or more, in the State of Illinois after the 2000 Census.

Like other communities, Lake Zurich has felt the effects of the recession. The unemployment rate in Lake Zurich is 10.3 percent, slightly higher than the U.S. average of 10.20 percent. Recent job growth is negative. Lake Zurich jobs have decreased by 4.75 percent. In recent years the Village had enjoyed rising property values, however, this last year home appreciation was negative 17.55 percent.

Lake Zurich has a very strong retail sales tax base primarily located on the Rand Road Corridor. Sales tax revenue for the Village has remained relatively constant despite the recessionary economic condition. This can be attributed to the retail mix including 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 nation wide grocery delivery company. Peapods sales have increased significantly the last five years and the Village has a sales tax sharing incentive with Peapod. By the end of calendar year 2011, the Wal-mart will become a Super Wal-mart.

Despite a strong sales tax base, the Village is experiencing expenses that are rising , and a decreasing revenue base. The Village is vigorously pursuing cost saving and process improvement mechanisms, such as employee wage freezes, increased employee contributions for health insurance. At the same time the Village has implemented or will attempt to implement new revenue sources including Municipal Utility Tax, Non-home rule sales tax, Red-Light Cameras. The Village is doing more with less, as are all other organizations.

### **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 the Villages vehicles in each department. The Utilities division has also earmarked the replacement, repair and improvement of existing water mains and sanity sewers. The Finance Department is currently compiling a comprehensive Village wide five year operating and capital improvement plan. Although the Village has developed these schedules, the implementation has fallen behind due to lack of resources.

### **Major Accomplishments**

A major achievement during the current fiscal year, that will have significant impact on future Village operations, was the updating of the Village of Lake Zurich's Strategic Plan, including mission, vision, community values, and strategic goals and objectives to guide future Village operations. The plan is expected to be completed within the next fiscal year. In conjunction with this, a community satisfaction survey, to incorporate community stakeholder input into future operations, and to gauge community preferences for service delivery and other municipal operations, was completed.

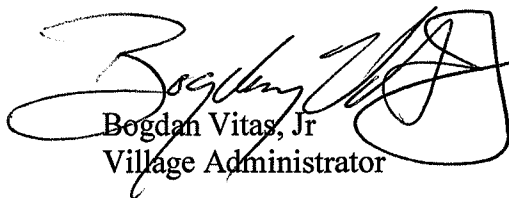
Several Village-wide operational processes were improved. Payroll was outsourced to provide for more accurate job costing and employee leave request maintenance. The purchasing requisition and purchase order process was automated within the financial software with a goal of minimizing expense budget overages, and minimizing duplicate entry in processing vendor payments. The Village also implemented a real-time, and archived streaming video database of Village Board meetings to increase organizational transparency and accountability.

### **Awards and Acknowledgements**

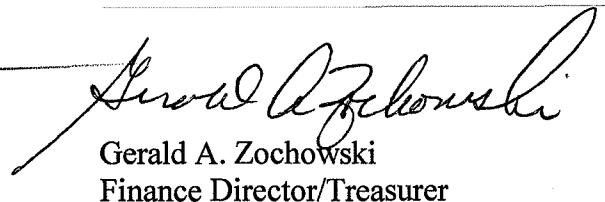
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its comprehensive annual financial report for the fiscal year ended April 30, 2009. In order to be awarded a Certificate of Achievement, the 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 the 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, Maria Forrest, for her dedication in managing preparation of this report. We also want to thank Village President Suzanne Branding and the Board of Trustees and Department Heads for their continued support.

Respectfully 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**

July 21, 2010

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, 2010, 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.

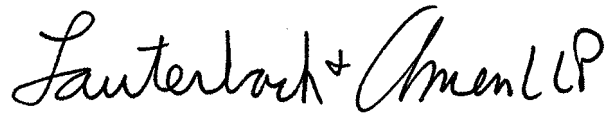
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes 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, 2010, 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 statements and 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.

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

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

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

LAUTERBACH & AMEN, LLP

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

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2010

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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, 2010. 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 \$110,376,799. Unrestricted net assets (net assets used to meet ongoing operations) totaled \$13,213,811. Restricted net assets totaled \$3,262,355. The majority of the net assets, the amount "Invested in Capital Assets, Net of Related Debt," amounted to \$93,900,633.
- Governmental net assets increased by \$2,296,656 and Business-Type Activities net assets decreased by \$976,800.
- Capital assets, net of \$53,795,160 of accumulated depreciation, amounted to \$131,308,571 at April 30, 2010. Assets capitalized include land, buildings and related improvements, machinery and equipment and infrastructure.
- Net debt decreased by \$1,472,534 during the current fiscal year. Existing debt was reduced by \$2,006,521.

#### 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 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.

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2010

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#### **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 seven 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 TIF Tax Allocation Fund* accounts for all revenues and transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act.

*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 Improvements 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, 2010

#### *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 17 through 61 of this report.

#### *Other Information*

In addition to the basic financial statements and accompanying notes, required supplementary information is available on page 62 through 71.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### **Net Assets**

The combined net assets for the fiscal year ended April 30, 2010 totaled \$110,376,799 and consisted of positive net assets from both governmental activities and business-type activities of \$66,600,331 and \$43,776,468 respectively. The following is a summary of the Village's net assets at April 30, 2010:

	Governmental Activities		Business-type Activities		Total	
	FYE10	FYE09	FYE10	FYE09	FYE10	FYE09
Current and other assets	\$ 29,927,733	\$ 28,254,159	\$ 3,584,717	\$ 4,091,725	\$ 33,512,450	\$ 32,345,884
Capital assets	83,186,690	84,130,913	48,121,881	49,631,557	131,308,571	133,762,470
Total assets	113,114,423	112,385,072	51,706,598	53,723,282	164,821,021	166,108,354
Long-term liabilities outstanding	35,968,821	36,475,926	6,037,292	6,768,843	42,006,113	43,244,769
Other liabilities	10,545,271	11,605,471	1,892,838	2,201,171	12,438,109	13,806,642
Total liabilities	46,514,092	48,081,397	7,930,130	8,970,014	54,444,222	57,051,411
Net assets:	66,600,331	64,303,675	43,776,468	44,753,268	110,376,799	109,056,943
Invested in capital assets, net of						
related debt	52,549,072	52,814,210	41,351,561	42,163,704	93,900,633	94,977,914
Restricted	3,262,355	1,952,723	-	-	3,262,355	1,952,723
Unrestricted	10,788,904	9,536,742	2,424,907	2,589,564	13,213,811	12,126,306
Total net assets	\$ 66,600,331	\$ 64,303,675	\$ 43,776,468	\$ 44,753,268	\$ 110,376,799	\$ 109,056,943

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, 2010

### Statement of Activities

The change in net assets was an increase of \$1,319,856. Revenues were up 8 percent or approximately \$2,534,000 from FYE09, while expenditure decreased by 6 percent or approximately \$2,074,000 from the previous year. The governmental activities generated increases of \$2,296,656 and business-type activities generated decreases of \$976,800 respectively for a total increase of \$1,319,856. A more in depth discussion of the change in net assets follows.

The following is a summary of changes in the Village's net assets for the fiscal year ended April 30, 2010:

	Governmental Activities		Business-type Activities		Total	
	FYE10	FYE09	FYE10	FYE09	FYE10	FYE09
Revenues:						
Program revenues:						
Charges for Services	\$ 7,918,034	\$ 7,326,865	\$ 4,512,406	\$ 3,846,907	\$ 12,430,440	\$ 11,173,772
Capital grants	1,738,582	677,672	5,560	-	1,744,142	677,672
General revenues:						
Sales Tax	5,476,150	5,592,133	-	-	5,476,150	5,592,133
Property taxes	8,887,061	8,248,091	11,719	11,724	8,898,780	8,259,815
Illinois state income taxes	1,536,443	1,683,021	-	-	1,536,443	1,683,021
Other taxes	592,692	825,019	-	-	592,692	825,019
Investment earnings	25,419	107,426	6,983	34,070	32,402	141,496
Other	2,826,017	2,650,181	-	-	2,826,017	2,650,181
Total revenues	29,000,398	27,110,408	4,536,668	3,892,701	33,537,066	31,003,109
Expenses:						
Program expenses:						
General Government	2,952,818	3,529,170	-	-	2,952,818	3,529,170
Public Safety	15,425,916	16,767,143	-	-	15,425,916	16,767,143
Highways and Streets	4,183,379	3,972,096	-	-	4,183,379	3,972,096
Parks and Recreation	1,574,777	2,242,138	-	-	1,574,777	2,242,138
Economic Development	1,920,010	913,927	-	-	1,920,010	913,927
Interest on long-term debt	1,146,842	1,695,254	-	-	1,146,842	1,695,254
Water/Sewer	-	-	5,013,468	5,170,570	5,013,468	5,170,570
Total expenses	27,203,742	29,119,728	5,013,468	5,170,570	32,217,210	34,290,298
Excess/(deficit) before transfers	1,796,656	(2,009,320)	(476,800)	(1,277,869)	1,319,856	(3,287,189)
Transfers	500,000	500,000	(500,000)	(500,000)	-	-
Increase/(decrease) in net assets	2,296,656	(1,509,320)	(976,800)	(1,777,869)	1,319,856	(3,287,189)
Beginning net assets	64,303,675	65,812,995	44,753,268	46,531,137	109,056,943	112,344,132
Ending net assets - April 30	\$ 66,600,331	\$ 64,303,675	\$ 43,776,468	\$ 44,753,268	\$ 110,376,799	\$ 109,056,943

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2010

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#### **Governmental Activities -**

Governmental activities resulted in a \$2,296,656 increase in net assets. This is a \$3,805,976 increase from FYE09.

Total revenues of \$29,000,398 increased from last year by approximately 7 percent, or \$1,889,990. The increase was primarily a result of a capital grant received by Park and Recreation of approximately \$983,000. The general fund also had an increase as a result of the red-light camera income of approximately \$379,000, and an increase of property tax of approximately \$639,000.

Governmental expenses of \$27,203,742 decreased by approximately 7 percent, or \$1,915,986 from the previous year. The operational factors listed below attributed to the decrease:

- Public safety expenses of \$15,425,916 decreased by 8 percent, or \$1,341,227 from the previous year. There was an increase in sworn pension cost of \$889,000 that was offset by decreases in labor of approximately \$533,000, and a decrease in net pension obligation of approximately \$1,900,000.
- Economic development expenses of \$1,920,010 increased over 100 percent, or \$1,006,083 from the previous year. The increase reflects a developer payment of approximately \$1,200,000 coupled with a decrease in legal fees of approximately \$95,000.
- General government expenses of \$2,952,818 were down 16 percent, or \$576,352 from the previous year. Approximately \$241,000 of the decrease is related to compensated absences.
- Culture and Recreation expenses of \$1,574,777 were down by 30 percent, or \$667,361 from the previous year. The decrease is primarily a move of the park maintenance program of \$685,609, to the Highways and Streets program budget.
- Interest on long-term debt decrease by \$548,412 from the previous year, as anticipated from the restructure of the TIF debt service in the previous year.



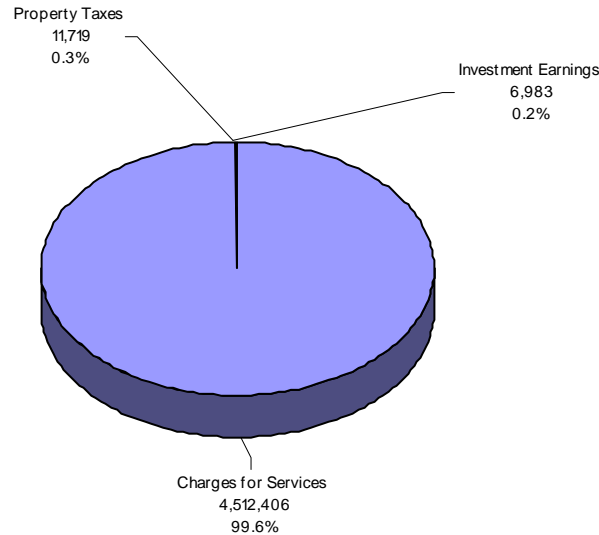
## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2010

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



#### Business Type Activities -

Business-type activities resulted in a \$976,800 decrease in Village net assets for the fiscal year. The loss includes annual depreciation expense of \$1,667,106 which is not budgeted.

Business-type expenses of \$5,013,468 remained flat as compared to the previous year. Revenue increased by 17 percent or approximately \$643,000 from the previous year. The increase was primarily due to an increase of \$791,000 in connections fees. The connection fee revenue was generated through an intergovernmental agreement with the Village of North Barrington.

### 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, 2010, governmental funds reported combined fund balances of \$20,380,682. Of this amount, \$3,516,873 is unreserved and is available for future obligations. The reserved fund balance of \$16,863,809 is comprised of the following: \$12,838,711 reserved for prepaid items and land held for resale, \$112,485 reserved for public safety expenditures, \$762,743 is reserved for future debt service payments, \$589,761 for the payment of future Tax Increment Financing interest payments, \$99,915 for allocation for eligible TIF expenditures, \$712,347 for improvements to the Tax Increment Financing district, \$1,960,000 is reserved for noise mitigation for the CN Rail, 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, 2010

The General Fund is the Village's primary operating fund. During FYE10 fund balance increased by \$320,229. The increase in fund balance is a combination of increased revenues of approximately \$452,000 and an increase in expenditures of approximately \$170,000.

The Debt Service Fund has a positive fund balance of \$1,352,504 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 \$3,292,735 and \$11,965,749 respectively. The Capital Improvements fund balance will be used for street and park improvements and additions. The reserve of \$1,960,000 is earmarked for noise mitigation related to the CN rail. The Downtown TIF fund balance is earmarked exclusively to fund improvements to the downtown TIF district and includes reserve fund balance for 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

During the year the Village made amendments to the General Fund budget for line item changes, but the overall budget was not amended. The emphasis of the FY10 budget was on residential street improvements including construction and engineering. General Fund revenues remained primarily flat in the areas of property taxes. Various park improvements projects were completed the largest being the improvements at Paulus Park, and Bristol Trails. Work was completed on the Police Firing Range. The General Fund in total had a positive net change in fund balance of \$320,229. At April 30, 2010 the General Fund had a fund balance of 15.6% of total expenditures.

### CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$131,308,571 at April 30, 2010. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE10	FYE09	FYE10	FYE09	FYE10	FYE09
Land and Improvements	\$ 34,257,950	\$ 34,021,114	\$ 249,652	\$ 249,652	\$ 34,507,602	\$ 34,270,766
Building and Improvements	9,613,918	9,677,903	-	-	9,613,918	9,677,903
Machinery & Equipment	2,488,341	2,544,369	387,939	416,091	2,876,280	2,960,460
Infrastructure	36,826,481	37,887,527	47,484,290	48,965,814	84,310,771	86,853,341
Total	\$ 83,186,690	\$ 84,130,913	\$ 48,121,881	\$ 49,631,557	\$ 131,308,571	\$ 133,762,470

## **VILLAGE OF LAKE ZURICH**

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

**April 30, 2010**

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Capital additions for the year totaled \$1,348,126 and included the following major additions:

- \$420,559 – Land and Improvements:
  - Park Improvement spending totaled \$420,559, a majority of the spending was for improvements at Paulus Park, and Bristol Trails.
- \$226,995 – Buildings:
  - The Police Firing Range was complete in FYE10. The project was funded by issuing debt.
- \$144,064 – Vehicles:
  - A Ford Explorer was purchased for use by the fire operations. A 2010 International was purchased to be used in the public works and water and sewer operations.
- \$328,522 – Machinery and Equipment:
  - Machinery and equipment spending totaled \$328,522. Of this amount, \$267,790 was spending on playground equipment.
- \$122,540 – Streets:
  - Street light construction and road resurfacing program.
- \$105,446 – Water and Sewer Infrastructure Improvements:
  - Spending on the ion exchange installation for the Village well #12 substantially completed in FYE09 amounted to \$62,021 during FYE10. Ion exchange installation is necessary to reduce radium levels of finished water to meet the Illinois Environmental Protection and the Federal Safe Drinking Water Act compliance standards.

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 35 - 36.

### **DEBT ADMINISTRATION**

During FYE10, proceeds for an Illinois EPA loan in the amount of \$58,987 were issued as a final project payment funding the construction for radium removal of deep water wells. However, net debt was decreased by \$1,472,534 during the current fiscal year.

## VILLAGE OF LAKE ZURICH

### MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2010

Outstanding long-term debt at April 30, 2010 is as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE10	FYE09	FYE10	FYE09	FYE10	FYE09
General Obligation Bonds	\$ 4,160,000	\$ 4,575,000	\$ -	\$ -	\$ 4,160,000	\$ 4,575,000
Alternate Revenue Bonds	8,165,000	8,270,000	3,925,000	3,320,000	12,090,000	11,590,000
TIF Revenue Bonds	20,135,000	20,135,000	-	-	20,135,000	20,135,000
IEPA Loan	-	-	3,542,854	3,450,320	3,542,854	3,450,320
Note Payable	-	-	-	-	-	-
Installment Contracts	-	255,000	-	-	-	255,000
Total	32,460,000	33,235,000	7,467,854	6,770,320	39,927,854	40,005,320

On March 29, 2009, Standard & Poor's upgraded the Village's bond rating from an A+ to an AA rating. Standard & Poor's rationale for upgrading the rating was due to the following four reasons: participation in the deep and diverse Chicago metropolitan area economy, very strong wealth and income levels, strong general fund reserve position, and low overall net debt burden as a percent of market value. 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 on pages 37 - 48.

#### TAX INCREMENT FINANCING DISTRICT - TIF

##### *Financing*

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.

During FYE09 the Village issued \$13,610,000 of which \$5,429,542 was payment to an escrow agent to refund 4 years of debt principal and interest on certain existing TIF bonds. The balance of the line of credit of \$6,091,851 was also paid off. The restructured debt implementation aligned the future debt service payments with the expected incremental revenue.

##### *Development*

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. 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.

## **VILLAGE OF LAKE ZURICH**

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

**April 30, 2010**

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During FYE09 the adoption of the new plan by the Village Board moved the Village to new "Form Based Code" regulations to govern the future quality of all downtown development within a new Zoning Overlay District. The Village Board entered into a new redevelopment agreement with Equity Services Group, LLC of Barrington, Illinois.

#### *Incremental Revenue*

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 \$5,398,995 of incremental taxes have been received. In May 2010 the Lake County Clerks office confirmed the Village will receive approximately \$1,502,452 in incremental property taxes during the 2010/2011 fiscal year. This amount is anticipated to increase substantially over the coming years.

### **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 .1%. It is anticipated the CPI increase along with the value of new construction will bring in approximately \$51,000 of new revenue.
- The Village will continue to monitor the residential housing market during fiscal year 2011. 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 did not re-negotiate any labor contract agreements during FYE10. Final negotiated rates for salary and benefits will increase funding requirements for personnel in the FYE 2011 budget and into the future. The Bargaining units did make concessions on increased employee contributions for health insurance and also agreed to a wage freeze for fiscal year 2011. This saved the Village approximately \$484,000 in wages, and \$203,000 in health insurance.
- The Village did explore alternate risk management coverage options for possible cost savings during FY10, but was unable to take action because it lacked the needed reserve requirement prior to any change in carriers.

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 increased its governmental fund balance by \$2,252,085. At April 30, 2010 the fund balance of the General Fund was 15.6% of total expenditures.

The Water/Sewer Fund continues to have very strong cash balances. At April 30, 2010 the fund had a cash balance of \$2,751,429. The fund also had unrestricted net assets of \$2,424,907. Unrestricted net assets are 50.6% of operating expenses. During FYE10 the Village conducted a rate study to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund.

**VILLAGE OF LAKE ZURICH**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**April 30, 2010**

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**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, 2010. 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, 2010**

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**See Following Page**



**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Statement of Net Assets  
April 30, 2010**

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments	\$ 5,543,843	2,751,429	8,295,272
Receivables - Net of Allowances	9,079,502	709,544	9,789,046
Due from Other Governments	1,719,319	-	1,719,319
Deposits	746,358	123,744	870,102
Prepays	494,778	-	494,778
Inventory - Land Held for Resale	12,343,933	-	12,343,933
Total Current Assets	29,927,733	3,584,717	33,512,450
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Nondepreciable Capital Assets	30,463,170	249,652	30,712,822
Depreciable Capital Assets	83,716,249	70,674,660	154,390,909
Accumulated Depreciation	(30,992,729)	(22,802,431)	(53,795,160)
Total Noncurrent Assets	83,186,690	48,121,881	131,308,571
Total Assets	113,114,423	51,706,598	164,821,021

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

	Governmental Activities	Business- Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	384,281	990,129	1,374,410
Accrued Payroll	364,151	26,201	390,352
Interest Payable	319,021	76,454	395,475
Unearned/Deferred Revenues	8,798,619	-	8,798,619
Current Portion of Long-Term Debt	679,199	800,054	1,479,253
Total Current Liabilities	10,545,271	1,892,838	12,438,109
Noncurrent Liabilities			
Compensated Absences Payable	856,794	53,621	910,415
Net Pension Obligation Payable	4,887,014	-	4,887,014
Net Other Postemployment Benefit Payable	52,395	-	52,395
IEPA Loan Payable	-	3,293,671	3,293,671
General Obligation Bonds Payable	3,815,000	-	3,815,000
Alternate Revenue Bonds Payable - Net	20,296,849	2,690,000	22,986,849
TIF Revenue Bonds Payable	8,045,000	-	8,045,000
Unamortized Gain on Refunding	(1,984,231)	-	(1,984,231)
Total Noncurrent Liabilities	35,968,821	6,037,292	42,006,113
Total Liabilities	46,514,092	7,930,130	54,444,222
<b>NET ASSETS</b>			
Invested in Capital Assets - Net of Related Debt	52,549,072	41,351,561	93,900,633
Restricted - Special Levies	612,679	-	612,679
Restricted - Tax Increment Financing	689,676	-	689,676
Restricted - Capital Projects	1,960,000	-	1,960,000
Unrestricted	10,788,904	2,424,907	13,213,811
Total Net Assets	66,600,331	43,776,468	110,376,799

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, 2010

		Program Revenues	
		Charges for Services	Capital Grants/ Contributions
	Expenses		
Governmental Activities			
General Government	\$ 2,952,818	2,175,734	-
Public Safety	15,425,916	5,264,203	-
Highways and Streets	4,183,379	-	1,738,582
Culture and Recreation	1,574,777	478,097	-
Economic Development	1,920,010	-	-
Interest on Long-Term Debt	1,146,842	-	-
Total Governmental Activities	27,203,742	7,918,034	1,738,582
Business-Type Activities			
Waterworks and Sewerage	5,013,468	4,512,406	5,560
	32,217,210	12,430,440	1,744,142

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

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

Net Expense/Revenue		
Governmental Activities	Business-Type Activities	Total
(777,084)	-	(777,084)
(10,161,713)	-	(10,161,713)
(2,444,797)	-	(2,444,797)
(1,096,680)	-	(1,096,680)
(1,920,010)	-	(1,920,010)
(1,146,842)	-	(1,146,842)
(17,547,126)	-	(17,547,126)

-	(495,502)	(495,502)
(17,547,126)	(495,502)	(18,042,628)

8,887,061	11,719	8,898,780
5,476,150	-	5,476,150
1,536,443	-	1,536,443
592,692	-	592,692
25,419	6,983	32,402
2,826,017	-	2,826,017
500,000	(500,000)	-
19,843,782	(481,298)	19,362,484
2,296,656	(976,800)	1,319,856
64,303,675	44,753,268	109,056,943
66,600,331	43,776,468	110,376,799

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

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Balance Sheet - Governmental Funds

April 30, 2010

	General	TIF Tax Allocation	Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Investments	\$ 1,166,501	-	1,072,554	3,152,916	-	151,872	5,543,843
Receivables - Net of Allowances							
Property Taxes	6,236,893	-	2,480,330	-	-	-	8,717,223
Accounts	201,397	8,530	-	143,236	-	-	353,163
Accrued Interest	129	-	2,475	5,068	1,444	-	9,116
Due from Other Funds	-	102,153	277,475	-	-	-	379,628
Due from Other Governments	1,719,319	-	-	-	-	-	1,719,319
Deposits	746,358	-	-	-	-	-	746,358
Prepays	494,778	-	-	-	-	-	494,778
Inventory - Land Held for Resale	-	-	-	-	12,343,933	-	12,343,933
<b>Total Assets</b>	<b>10,565,375</b>	<b>110,683</b>	<b>3,832,834</b>	<b>3,301,220</b>	<b>12,345,377</b>	<b>151,872</b>	<b>30,307,361</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts Payable	314,129	10,768	-	8,485	-	-	333,382
Accrued Payroll	364,151	-	-	-	-	-	364,151
Due to Other Funds	50,899	-	-	-	379,628	-	430,527
Unearned/Deferred Revenues	6,318,289	-	2,480,330	-	-	-	8,798,619
<b>Total Liabilities</b>	<b>7,047,468</b>	<b>10,768</b>	<b>2,480,330</b>	<b>8,485</b>	<b>379,628</b>	<b>-</b>	<b>9,926,679</b>
<b>Fund Balances</b>							
Reserved - Prepays/Inventory	494,778	-	-	-	12,343,933	-	12,838,711
Reserved - Public Safety	112,485	-	-	-	-	-	112,485
Reserved - Working Cash	500,194	-	-	-	-	-	500,194
Reserved - Debt Service	-	-	762,743	-	-	-	762,743
Reserved - TIF	-	99,915	589,761	-	-	-	689,676
Reserved - Capital Projects	-	-	-	1,960,000	-	-	1,960,000
Unreserved - General	2,410,450	-	-	-	-	-	2,410,450
Unreserved - Special Revenue	-	-	-	-	-	151,872	151,872
Unreserved - Capital Projects	-	-	-	1,332,735	(378,184)	-	954,551
<b>Total Fund Balances</b>	<b>3,517,907</b>	<b>99,915</b>	<b>1,352,504</b>	<b>3,292,735</b>	<b>11,965,749</b>	<b>151,872</b>	<b>20,380,682</b>
<b>Total Liabilities and Fund Balances</b>	<b>10,565,375</b>	<b>110,683</b>	<b>3,832,834</b>	<b>3,301,220</b>	<b>12,345,377</b>	<b>151,872</b>	<b>30,307,361</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, 2010**

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<b>Total Governmental Fund Balances</b>	<b>\$ 20,380,682</b>
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Amounts reported for governmental activities in the Statement of Net Assets  
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	83,186,690
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Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

General Obligation Bonds Payable	(4,160,000)
Alternate Revenue Bonds Payable	(20,135,000)
TIF Revenue Bonds Payable	(8,165,000)
Unamortized Gain on Refunding	1,984,231
Unamortized Premium on Debt Issuance	(161,849)
Net Other Postemployment Benefit Obligation Payable	(52,395)
Net Pension Obligation Payable	(4,887,014)
Compensated Absences Payable	(1,070,993)
Accrued Interest Payable	<u>(319,021)</u>

<b>Net Assets of Governmental Activities</b>	<b><u>66,600,331</u></b>
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The notes to the financial statements are an integral part of this statement.

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Year Ended April 30, 2010

	General	TIF Tax Allocation	Debt Service	Capital Improvements	Downtown TIF	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 11,658,941	1,498,430	1,113,655	-	-	92,185	14,363,211
Licenses and Permits	1,892,129	-	-	-	-	-	1,892,129
Intergovernmental	2,158,143	-	-	1,709,574	-	-	3,867,717
Charges for Services	5,236,050	-	-	-	-	-	5,236,050
Fines and Forfeits	789,855	-	-	-	-	-	789,855
Interest	11,380	500	3,520	8,007	1,748	264	25,419
Miscellaneous	626,690	123,055	-	2,076,272	-	-	2,826,017
<b>Total Revenues</b>	<b>22,373,188</b>	<b>1,621,985</b>	<b>1,117,175</b>	<b>3,793,853</b>	<b>1,748</b>	<b>92,449</b>	<b>29,000,398</b>
<b>Expenditures</b>							
<b>Current</b>							
General Government	3,062,914	-	-	-	-	517	3,063,431
Public Safety	14,934,390	-	-	-	-	-	14,934,390
Highways and Streets	2,925,203	-	-	57,609	-	-	2,982,812
Culture and Recreation	1,367,164	-	-	-	-	-	1,367,164
Economic Development	-	746,342	-	-	1,173,668	-	1,920,010
Capital Outlay	-	-	-	1,031,091	-	-	1,031,091
<b>Debt Service</b>							
Principal Retirement	255,000	-	995,000	-	-	-	1,250,000
Interest and Fiscal Charges	8,288	-	893,123	4	-	-	901,415
<b>Total Expenditures</b>	<b>22,552,959</b>	<b>746,342</b>	<b>1,888,123</b>	<b>1,088,704</b>	<b>1,173,668</b>	<b>517</b>	<b>27,450,313</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(179,771)</b>	<b>875,643</b>	<b>(770,948)</b>	<b>2,705,149</b>	<b>(1,171,920)</b>	<b>91,932</b>	<b>1,550,085</b>
<b>Other Financing Sources</b>							
Debt Issuance	-	-	475,000	-	-	-	475,000
Transfers In	500,000	-	794,254	-	81,389	-	1,375,643
Transfers Out	-	(875,643)	-	-	-	-	(875,643)
	<b>500,000</b>	<b>(875,643)</b>	<b>1,269,254</b>	<b>-</b>	<b>81,389</b>	<b>-</b>	<b>975,000</b>
<b>Net Change in Fund Balances</b>	<b>320,229</b>	<b>-</b>	<b>498,306</b>	<b>2,705,149</b>	<b>(1,090,531)</b>	<b>91,932</b>	<b>2,525,085</b>
<b>Fund Balances - Beginning</b>	<b>3,197,678</b>	<b>99,915</b>	<b>854,198</b>	<b>587,586</b>	<b>13,056,280</b>	<b>59,940</b>	<b>17,855,597</b>
<b>Fund Balances - Ending</b>	<b>3,517,907</b>	<b>99,915</b>	<b>1,352,504</b>	<b>3,292,735</b>	<b>11,965,749</b>	<b>151,872</b>	<b>20,380,682</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, 2010**

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,525,085</b>
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Amounts reported for governmental activities in the Statement of Activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in the  
Statement of Activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital Outlays - Capitalized	1,190,696
Depreciation Expense	(2,127,408)
Disposals - Net of Accumulated Depreciation	(7,511)

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	241,009
Additions to Net Pension Obligation Payable	(27,387)
Additions to Other Postemployment Benefit Obligation Payable	(27,401)
Issuance of Debt	(475,000)
Retirement of Debt	1,250,000
Amortization of Gain on Refunding	(104,433)
Amortization of Premium on Debt Issuance	8,518

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.

(149,512)

**Changes in Net Assets of Governmental Activities**

2,296,656

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



**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Statement of Net Assets - Proprietary Fund  
April 30, 2010**

	<u>Waterworks and Sewerage</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 2,751,429
Receivables - Net of Allowances	
Property Taxes	11,706
Accounts	507,177
Accrued Interest	617
Deposits	2,000
Prepays	188,044
Inventories	<u>123,744</u>
Total Current Assets	<u>3,584,717</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable Capital Assets	249,652
Depreciable Capital Assets	70,674,660
Accumulated Depreciation	<u>(22,802,431)</u>
Total Noncurrent Assets	<u>48,121,881</u>
Total Assets	<u>51,706,598</u>

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

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Waterworks  
and  
Sewerage

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**LIABILITIES**

Current Liabilities

Accounts Payable	\$ 990,129
Accrued Payroll	26,201
Interest Payable	76,454
Compensated Absences Payable	13,405
IEPA Loan Payable	156,649
Alternate Revenue Bonds Payable	630,000
Total Current Liabilities	<u>1,892,838</u>

Noncurrent Liabilities

Compensated Absences Payable	53,621
IEPA Loan Payable	3,293,671
Alternate Revenue Bonds Payable	2,690,000
Total Noncurrent Liabilities	<u>6,037,292</u>
Total Liabilities	<u>7,930,130</u>

**NET ASSETS**

Investment in Capital Assets - Net of Related Debt	41,351,561
Unrestricted	<u>2,424,907</u>
Total Net Assets	<u><u>43,776,468</u></u>

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, 2010

	Waterworks and Sewerage
Operating Revenues	
Charges for Services	\$ 3,460,008
Operating Expenses	
Administration	1,071,542
Operations	2,052,141
Depreciation	1,667,106
Total Operating Expenses	4,790,789
Operating Income (Loss)	(1,330,781)
Nonoperating Revenues (Expenses)	
Property Taxes	11,719
Connection Fees	1,052,398
Grants	5,560
Interest Income	6,983
Interest and Fiscal Charges	(222,679)
	853,981
Income (Loss) Before Transfers	(476,800)
Transfers Out	(500,000)
Change in Net Assets	(976,800)
Net Assets - Beginning	44,753,268
Net Assets - Ending	43,776,468

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, 2010**

	<u>Waterworks and Sewerage</u>
Cash flows from Operating Activities	
Receipts from Customers and Users	\$ 4,387,701
Payments to Employees	(1,252,045)
Payments to Suppliers	(2,213,988)
	<u>921,668</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(157,430)
Issuance of Capital Debt	58,987
Principal Paid on Capital Debt	(756,521)
Interest Paid on Capital Debt	(222,679)
	<u>(1,077,643)</u>
Cash Flows from Noncapital Financing Activities	
Transfers Out	(500,000)
Property Taxes	11,719
	<u>(488,281)</u>
Cash Flows from Investing Activities	
Interest Received	6,983
	<u>6,983</u>
Net Change in Cash and Cash Equivalents	(637,273)
Cash and Cash Equivalents - Beginning	<u>3,388,702</u>
Cash and Cash Equivalents - Ending	<u><u>2,751,429</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>(1,330,781)</u>
Adjustments to Reconcile Operating Income to Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Depreciation	1,667,106
Other Income	1,057,958
(Increase) Decrease in Current Assets	(130,265)
Increase (Decrease) in Current Liabilities	(342,350)
Net Cash Provided by (Used in) Operating Activities	<u><u>921,668</u></u>

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

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Statement of Net Assets - Fiduciary Funds  
April 30, 2010**

	Pension Trust	Agency
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 232,254	1,540,269
Investments		
U.S. Government and Agency Securities	10,253,752	-
State and Local Governments Securities	757,720	
Mutual Funds	8,604,606	-
Money Market Mutual Funds	90,847	
Insurance Contracts	218,207	-
Receivables		
Accrued Interest	113,335	118
Other	-	10,800
Due from Other Governments	50,899	-
Prepays	3,620	-
Total Assets	20,325,240	1,551,187
<b>LIABILITIES</b>		
Accounts Payable	9,133	2,667
Deposits Payable	-	1,548,520
Total Liabilities	9,133	1,551,187
<b>NET ASSETS</b>		
Held in Trust for Pension Benefits	20,316,107	-

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, 2010

	Pension Trust
Additions	
Contributions - Employer	\$ 1,440,680
Contributions - Plan Members	803,133
Total Contributions	<u>2,243,813</u>
Investment Income	
Interest Earned	549,327
Net Change in Fair Value	2,328,115
	<u>2,877,442</u>
Less Investment Expenses	(60,871)
Net Investment Income	<u>2,816,571</u>
Total Additions	<u>5,060,384</u>
Deductions	
Administration	74,430
Benefits and Refunds	840,756
Total Deductions	<u>915,186</u>
Change in Net Assets	4,145,198
Net Assets - Beginning	<u>16,170,909</u>
Net Assets - Ending	<u>20,316,107</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, 2010

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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, 2010**

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#### **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, 2010**

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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, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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, 2010

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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 one major special revenue fund, the TIF Tax Allocation Fund, which is used to capture all revenues and to record fund transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the TIF act. 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, 2010

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#### 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, 2010**

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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, 2010**

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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, 2010**

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

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

###### **Receivables**

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

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

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

###### **Capital Assets**

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

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

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

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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#### 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, 2010**

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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, 2010

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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 Foreign Fire Fund 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:

<u>Fund</u>	<u>Excess</u>
Debt Service	\$ 51,693

#### 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, 2010

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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 \$4,116,798 and the bank balances totaled \$4,537,210.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

#### 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 Investment Fund	\$ 945,828	945,828	-
Illinois Funds	2,507,007	2,507,007	-
Federal Home Loan Bank	1,081,268	-	1,081,268
U.S. Treasury Notes	1,184,640	306,239	878,401
	<u>5,718,743</u>	<u>3,759,074</u>	<u>1,959,669</u>

*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 AAAM by Standard & Poor's.

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

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

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

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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, \$371,647 of the bank balance of deposits was not covered by collateral, federal depository or equivalent insurance.

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

##### **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 \$2,851 and the bank balances totaled \$4,581.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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

#### DEPOSITS AND INVESTMENTS – Continued

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

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
U.S. Treasury Notes	\$ 1,575,779	253,906	810,035	511,838	-
State and Local Obligations	20,291	-	-	20,291	-
Federal Farm Credit	1,563,036	-	466,187	1,096,849	-
Federal Home Loan Mortgage Corp.	1,009,777	305,255	257,339	447,183	-
Federal Home Loan Bank	913,594	-	207,167	706,427	-
Federal National Mortgage Assoc.	100,791	-	100,791	-	-
Money Market Mutual Funds	90,847	90,847	-	-	-
	5,274,115	650,008	1,841,519	2,782,588	-

The Pension Fund assumes any callable securities will not be called.

*Interest Rate Risk.* In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

*Credit Risk.* The Fund 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. The Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The investments in the securities of U.S. government agencies were all rated triple A by Standard & Poor's or by Moody's Investors Services. The Fund's investment policy also prescribes to the "prudent person" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

*Custodial Credit Risk.* In the case of deposits, the Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Fund's deposits with financial institutions. At April 30, 2010, \$51,286 of the bank balance of deposits was uninsured and uncollateralized.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

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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 – Continued

For investments, the Fund's investment policy limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Fund, to act as custodian for its securities and collateral. Money market mutual funds, Illinois Fund, and equity mutual funds are not subject to custodial credit risk.

*Concentration Risk.* The Fund does not have a formal written policy with regards to concentration credit risk for investments. At April 30, 2010, the Fund has over 5% of plan net assets invested in various agency securities as indicated in the previous table. Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation. The Fund has diversified its equity mutual fund holdings as follows:

Vanguard	\$ 622,872
Bridgeway Ultra Small	107,178
Cohen & Steers	184,403
FBR Focus	11,237
First Eagle Overseas	56,871
Lazard Emerging Markets	56,776
LSB Value	901,652
Royce Total Return	249,848
T. Rowe Price	627,317
UMB Scout	109,200
Vanguard International Value	54,470
Baron Small Cap	255,615
RS Global National	183,704
FBR Focus CL I	73,408

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

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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

*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
State and Local Governments Securities	\$ 737,429	-	542,763	96,041	98,625
U.S. Government Treasuries	1,975,747	-	1,048,306	927,441	-
U.S. Government Agencies	3,115,028	150,141	1,765,490	853,065	346,332
Money Market Mutual Funds	5,110,051	5,110,051	-	-	-
	10,938,255	5,260,192	3,356,559	1,876,547	444,957

The Fund assumes any callable securities will not be called.

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

*Credit Risk.* 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. The investments in the securities of U.S. Government agencies were all rated AAA by Standard & Poor's.

*Custodial Credit Risk.* The Fund's investment policy states that investments of the Board shall be clearly held and accounted for to indicate ownership by the Board. The Fund will direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by national or state bank or trust company authorized to conduct a trust business in the State of Illinois. Equity mutual funds are not subject to custodial credit risk. At April 30, 2010, the categorizable investments are held by the counterparty in the Fund's name. Furthermore, the Fund's investments 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.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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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

*Concentration Risk.* The Fund does not have a formal written policy with regards to custodial credit risk for investments. The Fund's investment in Vanguard Institutional of \$1,517,945 represents greater than 5% of plan net assets. The Pension Board has diversified its insurance contracts and equity mutual fund holdings as follows:

Guardian	\$ 91,131
Prudential Annuity	48,659
Hartford	78,417
Royce Total Return	262,816
Vanguard Institutional	1,517,945
Wm. Blair International Growth	233,307
First Eagle Overseas	189,441
Vanguard Int Exp	173,860
DFA Int Value	219,854
Royce Premier	268,065
DFA Real Estate	181,918
American Beacon	890,245
Barron Small Cap	273,843

##### PROPERTY TAXES

Property taxes for 2008 attach as an enforceable lien on January 1, 2009, 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, 2010, and September 1, 2010. 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, 2010

### 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	\$ 30,463,170	-	-	30,463,170
Depreciable Capital Assets				
Land Improvements	4,414,799	420,559	-	4,835,358
Buildings	12,864,077	226,995	-	13,091,072
Building Improvements	77,000	-	-	77,000
Vehicles	4,209,004	92,080	90,973	4,210,111
Machinery and Equipment	1,599,251	328,522	-	1,927,773
Computers / Software	164,479	-	-	164,479
Furniture and Fixtures	43,182	-	-	43,182
Infrastructure	59,244,734	122,540	-	59,367,274
	82,616,526	1,190,696	90,973	83,716,249
Less Accumulated Depreciation				
Land Improvements	856,855	183,723	-	1,040,578
Buildings	3,235,540	287,130	-	3,522,670
Building Improvements	27,634	3,850	-	31,484
Vehicles	2,628,066	324,925	83,462	2,869,529
Machinery and Equipment	690,143	114,673	-	804,816
Computers / Software	113,171	26,761	-	139,932
Furniture and Fixtures	40,167	2,760	-	42,927
Infrastructure	21,357,207	1,183,586	-	22,540,793
	28,948,783	2,127,408	83,462	30,992,729
Total Net Depreciable Capital Assets	53,667,743	(936,712)	7,511	52,723,520
Total Net Capital Assets	84,130,913	(936,712)	7,511	83,186,690

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements

April 30, 2010

### 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	\$ 102,995
Public Safety	464,139
Highway and Streets	1,352,661
Culture and Recreation	207,613
	<u>2,127,408</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	69,445,480	105,446	-	69,550,926
Machinery and Equipment	584,654	-	-	584,654
Vehicles	487,096	51,984	-	539,080
	<u>70,517,230</u>	<u>157,430</u>	<u>-</u>	<u>70,674,660</u>
Less Accumulated Depreciation				
Infrastructure	20,479,666	1,586,970	-	22,066,636
Machinery and Equipment	320,297	32,143	-	352,440
Vehicles	335,362	47,993	-	383,355
	<u>21,135,325</u>	<u>1,667,106</u>	<u>-</u>	<u>22,802,431</u>
Total Net Depreciable Capital Assets	<u>49,381,905</u>	<u>(1,509,676)</u>	<u>-</u>	<u>47,872,229</u>
Total Net Capital Assets	<u>49,631,557</u>	<u>(1,509,676)</u>	<u>-</u>	<u>48,121,881</u>

Depreciation expense of \$1,667,106 was charged to business-type activities for waterworks and sewerage.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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

##### INTERFUND TRANSFERS

Interfund transfers for the year consisted of the following:

Transfer In	Transfer Out	Amount
General	Waterworks and Sewerage	\$ 500,000
Debt Service	TIF Tax Allocation	794,254
Downtown TIF	TIF Tax Allocation	<u>81,389</u>
		<u>1,375,643</u>

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

##### INTERFUND BALANCES

Interfund balances are advances in anticipation of receipts. The composition of interfund balances as of the date of this report, is as follows:

Receivable Fund	Payable Fund	Amount
TIF Tax Allocation	Downtown TIF	\$ 102,153
Debt Service	Downtown TIF	277,475
Police Pension	General	24,669
Firefighters' Pension	General	<u>26,230</u>
		<u>430,527</u>

##### LONG-TERM DEBT

###### 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.

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements April 30, 2010

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

#### LONG-TERM DEBT – Continued

##### General Obligation TIF Alternate Revenue Bonds – Continued

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, plus interest at 5.0% to 6.0% through December 15, 2021.	Debt Service	\$ 2,700,000	-	-	2,700,000
General Obligation TIF Alternate Revenue Bonds of 2002A, due in annual installments of \$85,000 to \$155,000, plus interest at 4.0% to 4.7% through December 15, 2021.	Debt Service	1,175,000	-	-	1,175,000
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	2,650,000	-	-	2,650,000
General Obligation TIF Alternate Revenue Bonds of 2009A, due in annual installments of \$30,000 to \$830,000, plus interest at 3.30% to 6.15% through February 1, 2029.	Debt Service	7,830,000	-	-	7,830,000

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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

##### LONG-TERM DEBT – Continued

##### General Obligation TIF Alternate Revenue Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation TIF Alternate Revenue Bonds of 2009B, due in annual installments of \$125,000 to \$425,000, plus interest at 4.10% to 5.10% through December 15, 2020.	Debt Service	\$ 1,525,000	-	-	1,525,000
General Obligation TIF Alternate Revenue Refunding Bonds of 2009C, due in annual installments of \$125,000 to \$1,350,000, plus interest at 4.00% to 4.20% through December 15, 2024.	Debt Service	4,255,000	-	-	4,255,000
		20,135,000	-	-	20,135,000

##### 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 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	\$ 40,000	-	40,000	-

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements April 30, 2010

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

#### LONG-TERM DEBT – Continued

##### General Obligation Bonds – Continued

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Refunding Bonds of 2008A, due in annual installments of \$105,000 to \$505,000 plus interest at 3.50% to 5.00% through January 1, 2020.	Debt Service	\$ 4,265,000	-	105,000	4,160,000
General Obligation Limited Tax Bonds of 2008B, due in one installment of \$270,000 plus interest at 3.50% on January 1, 2010.	Debt Service	270,000	-	270,000	-
General Obligation Refunding Bonds of 2009D, due in one installment of \$475,000 plus interest at 3.00% on October 15, 2009.	Debt Service	-	475,000	475,000	-
		4,575,000	475,000	890,000	4,160,000

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements April 30, 2010

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

#### LONG-TERM DEBT – Continued

##### General Obligation Waterworks and Sewerage Alternate Revenue Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Waterworks and Sewerage Alternate Revenue 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	\$ 895,000	-	210,000	685,000
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	790,000	-	255,000	535,000
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	290,000	-	90,000	200,000

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements April 30, 2010

### 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 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	\$ 1,950,000	-	50,000	1,900,000
		3,925,000	-	605,000	3,320,000

#### IEPA Loans

The Village issues IEPA loans for the construction of waterworks and sewerage capital assets. 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	\$ 1,869,672	-	83,995	1,785,677
IEPA Loan of 2008, due in annual installments of \$55,420 to \$109,599 plus interest at 1.25% through Aug. 11, 2028.	Waterworks and Sewerage	1,673,182	58,987	67,526	1,664,643
		3,542,854	58,987	151,521	3,450,320



## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

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

##### LONG-TERM DEBT – Continued

##### TIF Revenue Bonds

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

Issue	Fund Debt Retired By	Beginning Balances	Issuances	Retirements	Ending Balances
TIF Revenue Bonds of 2005A, due in annual installments of \$50,000 to \$825,000 through Dec. 15, 2024, plus interest at 3.75% to 4.0%.	Debt Service	\$ 7,550,000	-	-	7,550,000
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	720,000	-	105,000	615,000
		8,270,000	-	105,000	8,165,000

##### 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
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	\$ 255,000	-	255,000	-

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

### **Notes to the Financial Statements April 30, 2010**

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

##### **LONG-TERM DEBT – Continued**

###### **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 \$975,000.

###### **Defeased Debt**

On July 30, 2009, the Village issued \$475,000 par value General Obligation Bonds of 2009D to refund \$344,044 in interest of the General Obligation Alternate Revenue Source Bonds of 2009A. The Village defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of 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. Through this refunding, the Village increased its total debt service by approximately \$134,000 and obtained an economic loss of approximately \$133,200. The Village undertook the above refundings to restructure future debt service payments to match anticipated cash flows.

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 \$5,000, General Obligation Police Building Bonds of \$3,985,000, General Obligation Alternate Revenue Source Bonds of \$1,605,000, and TIF Revenue Bonds of \$1,010,000 remain outstanding as of the date of this report.

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements

April 30, 2010

### 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	\$ 1,312,002	241,009	482,018	1,070,993	214,199
Net Pension Obligation	4,859,627	-	-	4,859,627	-
GO TIF Alternate Revenue Bonds	20,135,000	-	-	20,135,000	-
General Obligation Bonds	4,575,000	475,000	890,000	4,160,000	345,000
TIF Alternate Revenue Bonds	8,270,000	-	105,000	8,165,000	120,000
Installment Contracts	255,000	-	255,000	-	-
Unamortized Gain on Refunding	(2,088,664)	-	(104,433)	(1,984,231)	-
Unamortized Premium on Debt Issuance	170,367	-	8,518	161,849	-
Net Other Post-Employment Benefit Obligation	24,994	27,401	-	52,395	-
	<u>37,513,326</u>	<u>743,410</u>	<u>1,636,103</u>	<u>36,620,633</u>	<u>679,199</u>
<b>Business-Type Activities</b>					
Compensated Absences	71,887	4,861	9,722	67,026	13,405
GO Waterworks and Sewerage Alternate Revenue Bonds	3,925,000	-	605,000	3,320,000	630,000
IEPA Loans	3,542,854	58,987	151,521	3,450,320	156,649
	<u>7,539,741</u>	<u>63,848</u>	<u>766,243</u>	<u>6,837,346</u>	<u>800,054</u>

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 loans. Also, for the governmental activities, compensated absences, net pension obligation and the net other post-employment benefit obligation are generally liquidated by the general fund.

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements April 30, 2010

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

#### LONG-TERM DEBT – Continued

#### Debt Service Requirements to Maturity

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

Fiscal Year Ending April 30	Governmental Activities					
	GO TIF Alternate Revenue Bonds		General Obligation Bonds		TIF Alternate Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ -	860,675	345,000	174,638	120,000	52,912
2012	30,000	851,173	360,000	162,562	130,000	41,788
2013	65,000	840,185	370,000	149,962	140,000	32,788
2014	690,000	975,919	385,000	136,550	500,000	307,862
2015	770,000	946,847	395,000	121,150	525,000	287,924
2016	850,000	913,985	420,000	105,350	550,000	267,188
2017	1,045,000	876,883	435,000	84,350	575,000	246,562
2018	1,240,000	830,824	460,000	62,600	600,000	225,000
2019	1,430,000	774,612	485,000	39,600	625,000	201,000
2020	1,625,000	707,740	505,000	20,200	650,000	176,000
2021	1,900,000	629,307	-	-	675,000	150,000
2022	2,085,000	535,170	-	-	725,000	123,000
2023	1,590,000	435,594	-	-	750,000	94,000
2024	1,755,000	362,260	-	-	775,000	64,000
2025	2,010,000	279,992	-	-	825,000	33,000
2026	695,000	184,682	-	-	-	-
2027	740,000	143,330	-	-	-	-
2028	785,000	98,930	-	-	-	-
2029	830,000	51,043	-	-	-	-
Total	20,135,000	11,299,151	4,160,000	1,056,962	8,165,000	2,303,024

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

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

##### LONG-TERM DEBT – Continued

##### Debt Service Requirements to Maturity – Continued

Fiscal Year Ending April 30	Business-Type Activities			
	Alternate Revenue Bonds		IEPA Loan	
	Principal	Interest	Principal	Interest
2010	\$ 630,000	122,743	-	-
2011	1,025,000	99,746	156,649	84,561
2012	690,000	67,194	161,923	81,346
2013	700,000	39,000	165,995	77,273
2014	275,000	11,000	170,172	73,097
2015	-	-	174,454	68,816
2016	-	-	178,842	64,427
2017	-	-	183,340	59,929
2018	-	-	187,953	55,315
2019	-	-	192,681	50,588
2020	-	-	197,528	45,741
2021	-	-	202,497	40,772
2022	-	-	207,591	35,679
2023	-	-	212,813	30,456
2024	-	-	218,166	25,102
2025	-	-	223,655	19,614
2026	-	-	229,280	13,988
2027	-	-	221,762	8,220
2028	-	-	109,599	3,455
2029	-	-	55,420	698
Total	3,320,000	339,683	3,450,320	839,077

##### 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.

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Notes to the Financial Statements April 30, 2010

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

#### LONG-TERM DEBT – Continued

#### Legal Debt Margin – Continued

Assessed Valuation - 2009	<u>\$ 898,034,255</u>
Legal Debt Limit - 8.625% of Assessed Value	77,455,454
Amount of Debt Applicable to Limit	
General Obligation Bonds	<u>4,160,000</u>
Legal Debt Margin	<u>73,295,454</u>

#### NET ASSETS – INVESTED IN CAPITAL ASSETS – NET OF RELATED DEBT

Invested in capital assets – net of related debt, was comprised of the following as of April 30, 2010:

##### Governmental Activities

Capital Assets - Net of Accumulated Depreciation		\$ 83,186,690
Less Capital Related Debt:		
General Obligation Bonds	(4,160,000)	
Alternate Revenue Bonds	(20,135,000)	
TIF Revenue Bonds	(8,165,000)	
Unamortized Gain on Refunding	1,984,231	
Unamortized Premium on Debt Issuance	(161,849)	<u>(30,637,618)</u>
Investment in Capital Assets - Net of Related Debt		<u>52,549,072</u>

##### Business-Type Activities

Capital Assets - Net of Accumulated Depreciation		\$ 48,059,860
Less Capital Related Debt:		
IEPA Loan	(3,450,320)	
Alternate Revenue Bonds	(3,320,000)	<u>(6,770,320)</u>
Investment in Capital Assets - Net of Related Debt		<u>41,289,540</u>

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

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

**April 30, 2010**

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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 insurance from private insurance companies. The Village currently reports all its risk management activities in the General Fund and Waterworks and Sewerage Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

##### **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.

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.

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

### **Notes to the Financial Statements April 30, 2010**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **CONTINGENT LIABILITIES – Continued**

###### **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.

###### **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 2009 was 11.23 percent.



## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

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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

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	13
Current Employees Vested and Nonvested	<u>34</u>
	<u>47</u>

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.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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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

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	3
Current Employees Vested and Nonvested	<u>55</u>
	<u>58</u>

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

### **Notes to the Financial Statements April 30, 2010**

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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, 2010

#### 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.

Fund	Investment	Amount
Police Pension	Vanguard 500	\$ 622,872
Police Pension	LSV Value Fund	901,652
Police Pension	T. Rowe Price Growth Fund	627,317
Firefighters' Pension	Vanguard Institutional	1,517,945

##### Related Party Transactions

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

##### Annual Pension Cost and Net Pension Obligation

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

	Police Pension	Firefighters' Pension	Totals
Annual Required Contribution	\$ 863,038	952,492	1,815,530
Interest on the NPO	165,514	166,703	332,217
Adjustment to the ARC	(332,243)	(347,437)	(679,680)
Annual Pension Cost	696,309	771,758	1,468,067
Actual Contribution	(698,244)	(742,436)	(1,440,680)
Increase in the NPO	(1,935)	29,322	27,387
NPO - Beginning	2,409,177	2,450,450	4,859,627
NPO - Ending	2,407,242	2,479,772	4,887,014

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements

April 30, 2010

#### NOTE 4 – OTHER INFORMATION – Continued

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

#### Annual Pension Cost and Net Pension Obligation – Continued

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

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Contribution Rates			
Employer	11.23%	7.16%	8.96%
Employee	4.50%	9.91%	9.455%
Actuarial Valuation Date	12/31/09	04/30/09	04/30/09
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	23 Years	24 Years	24 Years
Asset Valuation Method	5-Year Smoothed Market	Market	Market
Actuarial Assumptions			
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
Projected Salary Increases	.4 to 10.0%	4.00%	4.00%
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, 2010

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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)	2008	\$ 574,605	\$ 600,705	\$ 549,040
	2009	596,291	717,903	767,874
	2010	610,176	696,309	771,758
Actual Contributions	2008	\$ 574,605	\$ 184,860	\$ 368,340
	2009	596,291	194,781	404,709
	2010	610,176	698,244	742,436
Percentage of APC Contributed	2008	100.00%	30.77%	67.09%
	2009	100.00%	27.13%	52.71%
	2010	100.00%	100.28%	96.20%
Net Pension Obligation	2008	\$ -	\$ 1,268,125	\$ 1,678,838
	2009	-	2,409,177	2,450,450
	2010	-	2,407,242	2,479,772

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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#### NOTE 4 – OTHER INFORMATION – Continued

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

##### Funded Status and Funding Progress

The Village's funded status for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial Valuation Date	12/31/09	04/30/09	04/30/09
Percent Funded	75.92%	36.13%	43.75%
Actuarial Accrued Liability for Benefits	\$15,697,255	\$20,749,711	\$19,825,903
Actuarial Value of Assets	\$11,916,709	\$7,496,618	\$8,674,291
Funded Actuarial Accrued Liability (UAAL)	(\$3,780,546)	(\$13,253,093)	(\$11,151,612)
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$5,433,449	\$2,720,516	\$4,519,520
Ratio of UAAL to Covered Payroll	69.58%	487.15%	246.74%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS

##### Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Village provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Village's General Fund.

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

All health care benefits are provided through the Village's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Village's plan becomes secondary.

All retirees contribute 100% of the actuarially determined premium to the plan. For the fiscal year ending April 30, 2010, retirees contributed \$58,173. Active employees do not contribute to the plan until retirement.

At April 30, 2010, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	5
Active Employees	<u>169</u>
Total	<u>174</u>
Participating Employers	1

The Village does not currently have a funding policy.



## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

##### Annual OPEB Costs and Net OPEB Obligation

The Village first had an actuarial valuation performed for the plan as of April 30, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009.

The net OPEB obligation (NOPEBO) as of April 30, 2010, was calculated as follows:

	OPEB
Annual Required Contribution	\$ 51,680
Interest on the NOPEBO	2,584
Adjustment to the ARC	-
Annual NOPEBO Cost	54,264
Actual Contribution	26,863
Change in the NOPEBO	27,401
NOPEBO - Beginning of Year	24,994
NOPEBO - End of Year	52,395

##### Trend Information

The Village's annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	\$ N/A	\$ N/A	N/A %	\$ N/A
2009	51,857	26,863	51.80	24,994
2010	51,680	26,863	51.98	27,401

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Notes to the Financial Statements April 30, 2010

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#### NOTE 4 – OTHER INFORMATION – Continued

#### OTHER POST-EMPLOYMENT BENEFITS – Continued

#### Annual OPEB Costs and Net OPEB Obligation – Continued

#### Funded Status and Funding Progress

The funded status of the plan as of April 30, 2010, was as follows:

Actuarial Accrued Liability (AAL)	\$ 1,032,756
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	1,032,756
Funded Ratio (actuarial value of plan assets/AAL)	0.00%
Covered Payroll (active plan members)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

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

**April 30, 2010**

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#### **NOTE 4 – OTHER INFORMATION – Continued**

##### **OTHER POST-EMPLOYMENT BENEFITS – Continued**

##### **Actuarial Methods and Assumptions – Continued**

In the April 30, 2009 actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of 3.0% inflation), and an annual healthcare cost trend rate of 8.0%, with an ultimate rate of 6.0%. The actuarial value of assets was not determined as the Village has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2010, was 29 years.

## **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
  - Other Post-Employment Benefit Plan
- Employer Contributions
  - Illinois Municipal Retirement Fund
  - Police Pension Fund
  - Firefighters' Pension Fund
  - Other Post-Employment Benefit Plan
- Budgetary Comparison Schedules
  - General Fund
  - TIF Tax Allocation – Special Revenue 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, 2010

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2008	11,037,150	14,164,791	77.92%	3,127,641	5,328,787	58.69%
2009	11,916,709	15,697,255	75.92%	3,780,546	5,433,449	69.58%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Police Pension Fund**

**Required Supplementary Information**

**Schedule of Funding Progress**

**April 30, 2010**

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2008	8,774,202	19,008,281	46.16%	10,234,079	3,066,128	333.78%
2009	7,496,618	20,749,711	36.13%	13,253,093	2,720,516	487.15%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Schedule of Funding Progress**

**April 30, 2010**

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Unit Credit	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
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%
2008	9,203,095	17,500,606	52.59%	8,297,511	4,490,884	184.76%
2009	8,674,291	19,825,903	43.75%	11,151,612	4,519,520	246.74%

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Other Post-Employment Benefit Plan

### Required Supplementary Information

#### Schedule of Funding Progress

April 30, 2010

Actuarial Valuation Date April 30	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2005	\$ N/A	\$ N/A	N/A	\$ N/A	\$ N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	-	1,032,756	0.00%	1,032,756	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available. The Village is required to have an actuarial valuation performed triennially.



**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Illinois Municipal Retirement Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2010**

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<b>Fiscal Year</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percent Contributed</b>
2005	\$ 392,300	\$ 392,300	100.00%
2006	467,841	467,841	100.00%
2007	564,690	564,690	100.00%
2008	574,605	574,605	100.00%
2009	596,291	596,291	100.00%
2010	610,176	610,176	100.00%

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Police Pension Fund

### Required Supplementary Information Employer Contributions April 30, 2010

Year Ended April 30	Employer Contributions	Annual Required Contribution	Percent Contributed
2005	\$ 132,988	\$ 261,579	50.84%
2006	154,285	332,670	46.38%
2007	165,717	412,012	40.22%
2008	184,860	577,274	32.02%
2009	194,781	692,295	28.14%
2010	698,244	863,038	80.91%

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Firefighters' Pension Fund**

**Required Supplementary Information**

**Employer Contributions**

**April 30, 2010**

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<b>Year Ended April 30</b>	<b>Employer Contributions</b>	<b>Annual Required Contribution</b>	<b>Percent Contributed</b>
2005	\$ 132,988	\$ 462,746	28.74%
2006	294,371	440,098	66.89%
2007	327,346	491,616	66.59%
2008	368,340	518,020	71.11%
2009	404,709	739,593	54.72%
2010	742,436	952,492	77.95%

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Other Post-Employment Benefit Plan

### Required Supplementary Information

#### Employer Contributions

April 30, 2010

Year Ended April 30	Employer Contributions	Annual Required Contributions	Percent Contributed
2005	\$ N/A	\$ N/A	N/A
2006	N/A	N/A	N/A
2007	N/A	N/A	N/A
2008	N/A	N/A	N/A
2009	26,863	51,857	51.80%
2010	26,863	51,680	51.98%

The Village implemented GASB Statement No. 45 for the fiscal year ended April 30, 2009. Information for prior years is not available.

**VILLAGE OF LAKE ZURICH, ILLINOIS****General Fund****Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
<b>Revenues</b>			
Taxes	\$ 11,652,156	11,652,156	11,658,941
Licenses and Permits	1,789,110	1,789,110	1,892,129
Intergovernmental	2,683,900	2,683,900	2,158,143
Charges for Services	5,423,217	5,423,217	5,236,050
Fines and Forfeitures	1,954,474	1,954,474	789,855
Interest	75,000	75,000	11,380
Miscellaneous	358,600	358,600	626,690
Total Revenues	23,936,457	23,936,457	22,373,188
<b>Expenditures</b>			
General Administration	3,011,041	3,287,126	3,062,914
Public Safety	16,235,223	15,981,685	14,934,390
Highways and Streets	2,451,301	3,193,153	2,925,203
Culture and Recreation	2,250,822	1,486,423	1,367,164
Debt Service			
Principal Retirement	255,000	255,000	255,000
Interest and Fiscal Charges	8,288	8,288	8,288
Total Expenditures	24,211,675	24,211,675	22,552,959
Excess (Deficiency) of Revenues Over (Under) Expenditures	(275,218)	(275,218)	(179,771)
<b>Other Financing Sources</b>			
Transfers In	500,000	500,000	500,000
Net Change in Fund Balance	224,782	224,782	320,229
Fund Balance - Beginning			3,197,678
Fund Balance - Ending			3,517,907

**VILLAGE OF LAKE ZURICH, ILLINOIS****TIF Tax Allocation - Special Revenue Fund****Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 1,435,000	1,435,000	1,498,430
Interest	10,000	10,000	500
Miscellaneous	128,676	128,676	123,055
Total Revenues	1,573,676	1,573,676	1,621,985
Expenditures			
Economic Development	839,500	839,500	746,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	734,176	734,176	875,643
Other Financing Sources (Uses)			
Debt Issuance	1,750,000	1,750,000	-
Transfers Out	(1,014,503)	(1,014,503)	(875,643)
	735,497	735,497	(875,643)
Net Change in Fund Balance	1,469,673	1,469,673	-
Fund Balance - Beginning			99,915
Fund Balance - Ending			99,915

# **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.

## **TIF TAX ALLOCATION FUND**

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

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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.

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

## **CAPITAL PROJECTS FUNDS – Continued**

### **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.

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### **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, 2010

	Budgeted Amounts		Actual
	Original	Final	Amounts
Taxes			
Property Taxes			
Corporate	\$ 68,250	68,250	70,703
Police Protection	961,165	961,165	981,077
Fire Protection	873,786	873,786	892,692
Ambulance	822,330	822,330	848,499
Pension	229,126	229,126	238,640
Social Security	818,932	818,932	848,499
Police Pension	672,131	672,131	698,244
Fire Pension	718,051	718,051	742,437
Liability Insurance	644,085	644,085	671,727
SRA	179,300	179,300	185,609
Road and Bridge	40,000	40,000	4,664
Municipal Sales Taxes	5,625,000	5,625,000	5,476,150
	11,652,156	11,652,156	11,658,941
Licenses and Permits			
Licenses			
Television Franchise	200,000	200,000	180,732
Telephone Franchise	1,000,000	1,000,000	1,093,093
Liquor	80,000	80,000	83,889
Other Business	105,000	105,000	96,733
Permits			
Administrative Plan Review	84,720	84,720	114,943
Building	138,860	138,860	78,822
Electrical	28,470	28,470	33,075
Plumbing	26,640	26,640	31,815
Occupancy Certificates	13,225	13,225	27,325
Park	33,500	33,500	22,690
Truck Permits	8,000	8,000	11,038
Other	70,695	70,695	117,974
	1,789,110	1,789,110	1,892,129

# VILLAGE OF LAKE ZURICH, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual - Continued Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Intergovernmental			
Illinois State Income Tax	\$ 1,848,000	1,848,000	1,536,443
Illinois State Replacement Tax	62,000	62,000	52,102
Street Maintenance Reimbursement	18,000	18,000	24,645
Local Use Tax	282,000	282,000	238,607
Auto Rental Tax	4,500	4,500	2,410
Pull Tab Taxes	2,000	2,000	2,355
Reimbursements			
Government Agency - Grants	144,100	144,100	29,008
Government Agency	321,000	321,000	271,062
Training	2,300	2,300	1,511
	<u>2,683,900</u>	<u>2,683,900</u>	<u>2,158,143</u>
Charges for Services			
Police Alarm Fees	53,900	53,900	42,633
Public Safety Special Detail	30,500	30,500	33,872
Watercraft Inspection Fees	7,500	7,500	7,252
Police Lock Out Fees	8,000	8,000	6,400
Fire/Rescue Fees			
Alarm	2,000	2,000	200
Special Detail	5,380	5,380	5,916
Ambulance Fees	320,000	320,000	333,502
Service Contract	4,069,782	4,069,782	4,027,707
Public Education	3,500	3,500	337
Miscellaneous	5,000	5,000	16,529
Site Plan Review	37,750	37,750	101,558
Elevator Inspections	14,080	14,080	13,820
Exterior Appearance Review	2,400	2,400	2,600
Subdivision Applications	-	-	4,100
Planned Unit Development Review	2,000	2,000	4,775

# VILLAGE OF LAKE ZURICH, ILLINOIS

## General Fund

### Schedule of Revenues - Budget and Actual - Continued Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services - Continued			
Printing and Reproduction Fees	\$ 5,600	5,600	5,157
Special Use Permits	6,150	6,150	7,875
Zoning Text	4,100	4,100	2,175
Variances - Single Family	375	375	1,125
Variances - Other	1,450	1,450	725
Engineering Review	45,500	45,500	39,650
Watershed Development	23,900	23,900	12,330
Park Fees	38,700	38,700	41,728
Park Program Fees	563,600	563,600	399,267
Park Special Events	44,050	44,050	20,210
Park Outings	5,000	5,000	(180)
Park Concessions	18,000	18,000	17,072
Vehicle Maintenance Fees	105,000	105,000	87,715
	5,423,217	5,423,217	5,236,050
Fines and Forfeitures			
Circuit Court Fines	412,224	412,224	386,190
Other Fines	1,542,250	1,542,250	403,665
	1,954,474	1,954,474	789,855
Interest			
Investment Income	75,000	75,000	11,380
Miscellaneous			
Miscellaneous Revenue	95,100	95,100	107,430
Donations	6,100	6,100	6,137
Insurance Proceeds	-	-	236,246
Insurance Reimbursements	12,500	12,500	10,338
Sale of Capital Assets	20,000	20,000	42,529
Rent Income	224,900	224,900	224,010
	358,600	358,600	626,690
Total Revenues	23,936,457	23,936,457	22,373,188

# VILLAGE OF LAKE ZURICH, ILLINOIS

## General Fund

### Schedule of Expenditures - Budget and Actual Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
General Government			
General Administration	\$ 756,568	700,606	736,479
Village Administration	427,944	654,561	553,013
Finance Department	901,531	957,847	833,534
Building and Zoning	924,998	974,112	939,888
	3,011,041	3,287,126	3,062,914
Public Safety			
Police Department	7,824,844	7,557,311	6,726,853
Fire Department	8,410,379	8,424,374	8,207,537
	16,235,223	15,981,685	14,934,390
Highways and Streets			
Public Works Department - General Services	2,451,301	3,193,153	2,925,203
Culture and Recreation			
Park and Recreation Department	2,250,822	1,486,423	1,367,164
Debt Service			
Principal Retirement	255,000	255,000	255,000
Interest and Fiscal Charges	8,288	8,288	8,288
	263,288	263,288	263,288
Total Expenditures	24,211,675	24,211,675	22,552,959

**VILLAGE OF LAKE ZURICH, ILLINOIS****TIF Tax Allocation - Special Revenue Fund****Schedule of Expenditures - Budget and Actual  
Year Ended April 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Economic Development			
Personnel Services	\$		
Overtime	-	458	457
IMRF	-	52	51
FICA	-	28	28
Medicare	-	7	7
Contractual Services			
Legal Fees	-	80,500	80,075
Consultants	-	10,000	131
Memberships/Dues/Subscriptions	500	500	-
Training & Business Meetings	-	35	34
Legal Notices	1,500	1,500	-
SD #95 Reimbursement	560,000	494,965	493,557
Lake County Real Estate Taxes	80,000	80,000	66,928
Electricity	10,000	10,000	6,994
Natural Gas	20,000	20,000	11,164
Other Professional Services	73,000	52,000	11,960
Building & Grounds Maintenance	59,500	76,688	74,956
Capital Outlay			
Other Improvement	35,000	12,767	-
Total Expenditures	839,500	839,500	746,342

**VILLAGE OF LAKE ZURICH, ILLINOIS****Debt Service Fund****Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
Year Ended April 30, 2010**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes			
Property Taxes	\$ 1,074,092	1,074,092	1,113,655
Interest	25,000	25,000	3,520
Total Revenues	1,099,092	1,099,092	1,117,175
Expenditures			
Debt Service			
Principal Retirement	995,000	995,000	995,000
Interest and Fiscal Charges	841,430	841,430	893,123
Total Expenditures	1,836,430	1,836,430	1,888,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(737,338)	(737,338)	(770,948)
Other Financing Sources			
Debt Issuance	475,000	475,000	475,000
Transfers In	740,000	740,000	794,254
	1,215,000	1,215,000	1,269,254
Net Change in Fund Balance	477,662	477,662	498,306
Fund Balance - Beginning			854,198
Fund Balance - Ending			1,352,504

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Capital Improvements Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Intergovernmental			
MFT Allocations	\$ 499,700	499,700	515,981
Grants	-	-	1,193,593
Interest	31,250	31,250	8,007
Miscellaneous	750,000	750,000	2,076,272
Total Revenues	1,280,950	1,280,950	3,793,853
Expenditures			
Highways and Streets			
Snow and Ice Control	155,000	57,609	57,609
Capital Outlay			
Infrastructure Improvements	351,201	182,156	182,156
Park Improvements	560,000	731,940	621,940
Capital Project Improvements	-	283,137	226,995
Debt Service			
Interest and Fiscal Charges	-	-	4
Total Expenditures	1,066,201	1,254,842	1,088,704
Net Change in Fund Balance	214,749	26,108	2,705,149
Fund Balance - Beginning			587,586
Fund Balance - Ending			3,292,735

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Downtown TIF Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Interest	\$ -	-	1,748
Expenditures			
Economic Development	1,500,000	1,500,000	1,173,668
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,500,000)	(1,500,000)	(1,171,920)
Other Financing Sources			
Transfers In	274,503	274,503	81,389
Net Change in Fund Balance	<u>(1,225,497)</u>	<u>(1,225,497)</u>	(1,090,531)
Fund Balance - Beginning			<u>13,056,280</u>
Fund Balance - Ending			<u>11,965,749</u>



**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Combining Balance Sheet - Nonmajor Governmental Funds**

**April 30, 2010**

	<u>Special Revenue Funds</u>		
	Foreign		
	Fire	Hotel	
	Tax	Tax	Total
<b>ASSETS</b>			
Cash and Investments	\$ 92,384	59,488	151,872
<b>FUND BALANCES</b>			
Fund Balances			
Unreserved	92,384	59,488	151,872

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended April 30, 2010**

	Special Revenue Funds		
	Foreign Fire Tax	Hotel Tax	Total
Revenues			
Taxes	\$ 34,293	57,892	92,185
Interest	264	-	264
Total Revenues	34,557	57,892	92,449
Expenditures			
General Government	517	-	517
Net Change in Fund Balances	34,040	57,892	91,932
Fund Balances - Beginning	58,344	1,596	59,940
Fund Balances - Ending	92,384	59,488	151,872

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Hotel Tax - Special Revenue Fund

#### Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Taxes	\$ 78,000	78,000	57,892
Expenditures			
General Government	-	-	-
Net Change in Fund Balance	<u>78,000</u>	<u>78,000</u>	57,892
Fund Balance - Beginning			<u>1,596</u>
Fund Balance - Ending			<u>59,488</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, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operating Revenues			
Charges for Services	\$ 3,816,210	3,816,210	3,460,008
Operating Expenses			
Administration	1,021,978	1,127,950	1,071,542
Operations	2,619,143	2,593,170	2,052,141
Depreciation	-	-	1,667,106
Total Operating Expenses	3,641,121	3,721,120	4,790,789
Operating Income (Loss)	175,089	95,090	(1,330,781)
Nonoperating Revenues (Expenses)			
Property Taxes	11,718	11,718	11,719
Connection Fees	1,089,000	1,089,000	1,052,398
Grants	-	-	5,560
Interest Income	100,000	100,000	6,983
Interest and Fiscal Charges	(242,610)	(242,610)	(222,679)
	958,108	958,108	853,981
Income (Loss) Before Transfers	1,133,197	1,053,198	(476,800)
Transfers In	750,000	750,000	-
Transfers Out	(500,000)	(500,000)	(500,000)
Change in Net Assets	1,383,197	1,303,198	(976,800)
Net Assets - Beginning			44,753,268
Net Assets - Ending			43,776,468

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Waterworks and Sewerage Fund

#### Schedule of Operating Revenues - Budget and Actual Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Charges for Services			
Water Charges	\$ 2,070,206	2,070,206	1,856,741
Sewer Charges	1,428,914	1,428,914	1,303,983
Meter Sales	20,000	20,000	16,185
Late Fees	80,000	80,000	76,189
Wastewater Service Agreements	140,090	140,090	59,369
Inspection Fees	500	500	955
Other	76,500	76,500	146,586
Total Operating Revenues	3,816,210	3,816,210	3,460,008

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Waterworks and Sewerage Fund

### Schedule of Operating Expenses - Budget and Actual Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Administration			
Personnel Services	\$ 486,235	576,453	569,311
Contractual Services	525,113	543,489	498,184
Commodities	10,630	8,008	4,047
	<u>1,021,978</u>	<u>1,127,950</u>	<u>1,071,542</u>
Capital Outlay and Maintenance	450	450	-
Less Nonoperating Items			
Capital Assets Capitalized	<u>(450)</u>	<u>(450)</u>	<u>-</u>
Total Administration	<u>1,021,978</u>	<u>1,127,950</u>	<u>1,071,542</u>
Operations			
Water Production and Storage			
Personnel Services	228,244	203,255	202,053
Contractual Services	517,725	604,822	511,834
Commodities	156,435	158,597	144,600
	<u>902,404</u>	<u>966,674</u>	<u>858,487</u>
Water Distribution			
Personnel Services	232,191	224,951	216,669
Contractual Services	80,700	81,018	59,618
Commodities	69,350	69,350	39,695
	<u>382,241</u>	<u>375,319</u>	<u>315,982</u>
Meter Reading			
Personnel Services	169,482	151,552	141,889
Contractual Services	31,230	33,625	28,382
Commodities	212,190	212,190	16,111
	<u>412,902</u>	<u>397,367</u>	<u>186,382</u>

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Waterworks and Sewerage Fund

### Schedule of Operating Expenses - Budget and Actual - Continued Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Operations - Continued			
Industrial Pretreatment Monitoring			
Personnel Services	\$ 34,281	39,133	38,093
Contractual Services	7,300	7,299	3,133
Commodities	750	750	48
	42,331	47,182	41,274
Interceptor Sewer			
Personnel Services	135,483	120,809	109,005
Contractual Services	49,400	40,588	8,238
Commodities	14,500	14,077	2,986
	199,383	175,474	120,229
Lift Stations			
Personnel Services	210,401	197,244	183,963
Contractual Services	135,010	131,274	76,171
Commodities	19,150	19,969	12,608
	364,561	348,487	272,742
Collection System			
Personnel Services	205,351	188,176	173,042
Contractual Services	84,470	68,927	16,107
Commodities	25,500	25,564	5,825
	315,321	282,667	194,974
Capital Outlay and Maintenance	1,113,800	1,033,800	157,480
Less Nonoperating Items			
Capital Assets Capitalized	(1,113,800)	(1,033,800)	(95,409)
Total Operations	2,619,143	2,593,170	2,052,141

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Waterworks and Sewerage Fund

### Schedule of Operating Expenses - Budget and Actual - Continued Year Ended April 30, 2010

	Budgeted Amounts		Actual Amounts
	Original	Final	
Debt Service			
Principal Retirement	\$ 786,933	786,933	756,521
Interest and Fiscal Charges	242,610	242,610	222,679
	1,029,543	1,029,543	979,200
Less Nonoperating Items			
Debt Service	(1,029,543)	(1,029,543)	(979,200)
Total Debt Service	-	-	-



# VILLAGE OF LAKE ZURICH, ILLINOIS

## Pension Trust Funds

### Combining Statement of Net Plan Assets April 30, 2010

	Police Pension	Firefighters' Pension	Totals
<b>Assets</b>			
Cash and Cash Equivalents	\$ 2,851	229,403	232,254
Investments			
U.S. Government and Agency Securities	5,162,977	5,090,775	10,253,752
State and Local Governments Securities	20,291	737,429	757,720
Mutual Funds	3,494,555	5,110,051	8,604,606
Money Market Mutual Funds	90,847	-	90,847
Insurance Contracts	-	218,207	218,207
Receivables			
Accrued Interest	48,297	65,038	113,335
Due from Other Funds	24,669	26,230	50,899
Prepays	1,750	1,870	3,620
Total Assets	8,846,237	11,479,003	20,325,240
<b>Liabilities</b>			
Accounts Payable	2,398	6,735	9,133
<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.)	8,843,839	11,472,268	20,316,107

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Pension Trust Funds

### Combining Statement of Changes in Net Plan Assets Year Ended April 30, 2010

	Police Pension	Firefighters' Pension	Totals
<b>Additions</b>			
Contributions - Employer	\$ 698,244	742,436	1,440,680
Contributions - Plan Members	318,255	484,878	803,133
Total Contributions	1,016,499	1,227,314	2,243,813
<b>Investment Income</b>			
Interest Earned	258,640	290,687	549,327
Net Change in Fair Value	856,052	1,472,063	2,328,115
	1,114,692	1,762,750	2,877,442
Less Investment Expenses	(24,422)	(36,449)	(60,871)
Net Investment Income	1,090,270	1,726,301	2,816,571
<b>Total Additions</b>	2,106,769	2,953,615	5,060,384
<b>Deductions</b>			
Administration	34,440	39,990	74,430
Benefits and Refunds			
Benefits	701,246	115,648	816,894
Refunds	23,862	-	23,862
Total Deductions	759,548	155,638	915,186
<b>Change in Net Assets</b>	1,347,221	2,797,977	4,145,198
<b>Net Plan Assets Held in Trust for Pension Benefits</b>			
Beginning of Year	7,496,618	8,674,291	16,170,909
End of Year	8,843,839	11,472,268	20,316,107

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Escrow Performance Fund**

**Statement of Changes in Assets and Liabilities**

**Year Ended April 30, 2010**

	Beginning Balance	Additions	Deductions	Ending Balance
<b>ASSETS</b>				
Cash and Investments	\$ 1,486,890	53,379	-	1,540,269
Receivables				
Accrued Interest	-	118	-	118
Other	-	10,800	-	10,800
Total Assets	1,486,890	64,297	-	1,551,187
<b>LIABILITIES</b>				
Liabilities				
Accounts Payable	35,082	-	32,415	2,667
Deposits Payable	1,451,808	96,712	-	1,548,520
Total Liabilities	1,486,890	96,712	32,415	1,551,187

## **SUPPLEMENTAL SCHEDULES**

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Schedule of Insurance in Force Year Ended April 30, 2010

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

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation TIF Alternate Revenue Bonds of 2002 April 30, 2010

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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

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#### CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2011	\$ -	151,238	151,238	2010	75,619	2010	75,619
2012	-	151,238	151,238	2011	75,619	2011	75,619
2013	-	151,238	151,238	2012	75,619	2012	75,619
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>2,700,000</u>	<u>1,292,592</u>	<u>3,992,592</u>		<u>646,296</u>		<u>646,296</u>

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **Long-Term Debt Requirements**

### **General Obligation TIF Alternate Revenue Bonds 2002A April 30, 2010**

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
2011	\$ -	-	-	2010	-	2010	-
2012	-	-	-	2011	-	2011	-
2013	-	-	-	2012	-	2012	-
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>1,175,000</u>	<u>281,328</u>	<u>1,456,328</u>		<u>140,664</u>		<u>140,664</u>

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

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

April 30, 2010

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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

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### CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2011	\$ -	-	-	2010	-	2010	-
2012	-	-	-	2011	-	2011	-
2013	-	-	-	2012	-	2012	-
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>2,650,000</u>	<u>515,092</u>	<u>3,165,092</u>		<u>257,546</u>		<u>257,546</u>



# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

### General Obligation TIF Alternate Revenue Bonds of 2009A April 30, 2010

Date of Issue	April 1, 2009
Date of Maturity	February 1, 2029
Authorized Issue	\$7,830,000
Denomination of Bonds	\$5,000
Interest Rates	3.30% to 6.15%
Interest Dates	February 1 and August 1
Principal Maturity Date	February 1

### CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	Aug. 1	Amount	Feb. 1	Amount
2011	\$ -	433,064	433,064	2010	216,532	2011	216,532
2012	30,000	433,062	463,062	2011	216,531	2012	216,531
2013	65,000	432,074	497,074	2012	216,037	2013	216,037
2014	100,000	429,764	529,764	2013	214,882	2014	214,882
2015	150,000	426,116	576,116	2014	213,058	2015	213,058
2016	200,000	420,266	620,266	2015	210,133	2016	210,133
2017	240,000	411,964	651,964	2016	205,982	2017	205,982
2018	300,000	401,404	701,404	2017	200,702	2018	200,702
2019	350,000	387,456	737,456	2018	193,728	2019	193,728
2020	405,000	370,306	775,306	2019	185,153	2020	185,153
2021	515,000	349,852	864,852	2020	174,926	2021	174,926
2022	550,000	322,816	872,816	2021	161,408	2022	161,408
2023	590,000	292,564	882,564	2022	146,282	2023	146,282
2024	625,000	259,230	884,230	2023	129,615	2024	129,615
2025	660,000	223,292	883,292	2024	111,646	2025	111,646
2026	695,000	184,682	879,682	2025	92,341	2026	92,341
2027	740,000	143,330	883,330	2026	71,665	2027	71,665
2028	785,000	98,930	883,930	2027	49,465	2028	49,465
2029	830,000	51,043	881,043	2028	25,522	2029	25,521
	<u>7,830,000</u>	<u>6,071,215</u>	<u>13,901,215</u>		<u>3,035,608</u>		<u>3,035,607</u>

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **Long-Term Debt Requirements**

### **General Obligation TIF Alternate Revenue Refunding Bonds of 2009B April 30, 2010**

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Date of Issue	April 17, 2009
Date of Maturity	December 15, 2020
Authorized Issue	\$1,525,000
Denomination of Bonds	\$5,000
Interest Rates	4.10% to 5.10%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15

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### **CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
2011	\$ -	71,825	71,825	2010	35,913	2010	35,913
2012	-	71,825	71,825	2011	35,913	2011	35,913
2013	-	71,825	71,825	2012	35,913	2012	35,913
2014	-	71,825	71,825	2013	35,913	2013	35,913
2015	-	71,825	71,825	2014	35,913	2014	35,913
2016	-	71,825	71,825	2015	35,913	2015	35,913
2017	125,000	71,825	196,825	2016	35,913	2016	35,913
2018	225,000	66,700	291,700	2017	33,350	2017	33,350
2019	325,000	57,026	382,026	2018	28,513	2018	28,513
2020	425,000	42,076	467,076	2019	21,038	2019	21,038
2021	425,000	21,672	446,672	2020	10,836	2020	10,836
	<u>1,525,000</u>	<u>690,249</u>	<u>2,215,249</u>		<u>345,125</u>		<u>345,125</u>

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

### General Obligation TIF Alternate Revenue Refunding Bonds of 2009C

April 30, 2010

Date of Issue	April 1, 2009
Date of Maturity	December 15, 2024
Authorized Issue	\$4,255,000
Denomination of Bonds	\$5,000
Interest Rates	4.00% to 4.20%
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
2011	\$ -	174,030	174,030	2010	87,015	2010	87,015
2012	-	174,030	174,030	2011	87,015	2011	87,015
2013	-	174,030	174,030	2012	87,015	2012	87,015
2014	-	174,030	174,030	2013	87,015	2013	87,015
2015	-	174,030	174,030	2014	87,015	2014	87,015
2016	-	174,030	174,030	2015	87,015	2015	87,015
2017	-	174,030	174,030	2016	87,015	2016	87,015
2018	-	174,030	174,030	2017	87,015	2017	87,015
2019	-	174,030	174,030	2018	87,015	2018	87,015
2020	-	174,030	174,030	2019	87,015	2019	87,015
2021	125,000	174,030	299,030	2020	87,015	2020	87,015
2022	650,000	169,030	819,030	2021	84,515	2021	84,515
2023	1,000,000	143,030	1,143,030	2022	71,515	2022	71,515
2024	1,130,000	103,030	1,233,030	2023	51,515	2023	51,515
2025	1,350,000	56,700	1,406,700	2024	28,350	2024	28,350
	<u>4,255,000</u>	<u>2,386,120</u>	<u>6,641,120</u>		<u>1,193,060</u>		<u>1,193,060</u>

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

### General Obligation Refunding Bonds of 2008A

April 30, 2010

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Date of Issue	August 1, 2008
Date of Maturity	January 1, 2020
Authorized Issue	\$4,265,000
Denomination of Bonds	\$5,000
Interest Rates	3.50% to 5.00%
Interest Dates	July 1 and January 1
Principal Maturity Date	January 1

### CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	July 1	Amount	Jan. 1	Amount
2009	\$ 345,000	174,638	519,638	2010	87,319	2011	87,319
2010	360,000	162,562	522,562	2011	81,281	2012	81,281
2011	370,000	149,962	519,962	2012	74,981	2013	74,981
2012	385,000	136,550	521,550	2013	68,275	2014	68,275
2013	395,000	121,150	516,150	2014	60,575	2015	60,575
2014	420,000	105,350	525,350	2015	52,675	2016	52,675
2015	435,000	84,350	519,350	2016	42,175	2017	42,175
2016	460,000	62,600	522,600	2017	31,300	2018	31,300
2017	485,000	39,600	524,600	2018	19,800	2019	19,800
2018	505,000	20,200	525,200	2019	10,100	2020	10,100
	<u>4,160,000</u>	<u>1,056,962</u>	<u>5,216,962</u>		<u>528,481</u>		<u>528,481</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2002 April 30, 2010

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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

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#### CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	June 15	Amount	Dec. 15	Amount
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>685,000</u>	<u>59,068</u>	<u>744,068</u>		<u>29,537</u>		<u>29,531</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003B April 30, 2010

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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
2009	\$ 260,000	10,631	270,631	2010	7,022	2010	3,609
2010	275,000	3,609	278,609	2011	3,609		
	535,000	14,240	549,240		10,631		3,609

**April 30, 2008**

**Long-Term Debt Requirements**

**Taxable General Obligation Waterworks and Sewerage Alternate Revenue Bonds of 2003D  
April 30, 2010**

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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

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**CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS**

Tax Levy Year	Tax Levy			Interest Due on			
	Principal	Interest	Totals	May 1	Amount	Nov. 1	Amount
2009	\$ 100,000	7,000	107,000	2010	4,625	2010	2,375
2010	100,000	2,375	102,375	2011	2,375		
	<u>200,000</u>	<u>9,375</u>	<u>209,375</u>		<u>7,000</u>		<u>2,375</u>

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **Long-Term Debt Requirements**

### **General Obligation Waterworks and Sewerage Bonds of 2006 April 30, 2010**

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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
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>1,900,000</u>	<u>257,000</u>	<u>2,157,000</u>		<u>128,500</u>		<u>128,500</u>



# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

### IEPA Loan of 2006

April 30, 2010

Date of Loan	October 15, 2005
Date of Maturity	December 16, 2026
Amount of Loan	\$2,000,000
Interest Rates	2.50%
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 April 30	Requirements			Interest Due on			
	Principal	Interest	Totals	June 16	Amount	Dec. 16	Amount
2011	\$ 86,108	44,107	130,215	2010	22,321	2010	21,786
2012	88,274	41,941	130,215	2011	21,245	2011	20,696
2013	90,494	39,720	130,214	2012	20,141	2012	19,579
2014	92,771	37,444	130,215	2013	19,010	2013	18,434
2015	95,105	35,110	130,215	2014	17,850	2014	17,260
2016	97,497	32,717	130,214	2015	16,661	2015	16,056
2017	99,950	30,265	130,215	2016	15,443	2016	14,822
2018	102,464	27,750	130,214	2017	14,193	2017	13,557
2019	105,042	25,173	130,215	2018	12,913	2018	12,260
2020	107,684	22,531	130,215	2019	11,600	2019	10,931
2021	110,393	19,822	130,215	2020	10,254	2020	9,568
2022	113,170	17,045	130,215	2021	8,874	2021	8,171
2023	116,017	14,197	130,214	2022	7,459	2022	6,738
2024	118,935	11,279	130,214	2023	6,009	2023	5,270
2025	121,927	8,287	130,214	2024	4,522	2024	3,765
2026	124,994	5,220	130,214	2025	2,998	2025	2,222
2027	114,852	2,076	116,928	2026	1,436	2026	640
	<u>1,785,677</u>	<u>414,684</u>	<u>2,200,361</u>		<u>212,929</u>		<u>201,755</u>

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

### IEPA Loan of 2008

April 30, 2010

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

## CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Aug. 11	Amount	Feb. 11	Amount
2011	\$ 70,541	40,454	110,995	2010	20,071	2011	20,383
2012	73,649	39,405	113,054	2011	19,931	2012	19,474
2013	75,501	37,553	113,054	2012	19,011	2013	18,542
2014	77,401	35,653	113,054	2013	18,067	2014	17,586
2015	79,349	33,706	113,055	2014	17,099	2015	16,607
2016	81,345	31,710	113,055	2015	16,108	2016	15,602
2017	83,390	29,664	113,054	2016	15,091	2017	14,573
2018	85,489	27,565	113,054	2017	14,048	2018	13,517
2019	87,639	25,415	113,054	2018	12,980	2019	12,435
2020	89,844	23,210	113,054	2019	11,884	2020	11,326
2021	92,104	20,950	113,054	2020	10,761	2021	10,189
2022	94,421	18,634	113,055	2021	9,610	2022	9,024
2023	96,796	16,259	113,055	2022	8,430	2023	7,829
2024	99,231	13,823	113,054	2023	7,220	2024	6,603
2025	101,728	11,327	113,055	2024	5,979	2025	5,348
2026	104,286	8,768	113,054	2025	4,708	2026	4,060
2027	106,910	6,144	113,054	2026	3,404	2027	2,740
2028	109,599	3,455	113,054	2027	2,068	2028	1,387
2029	55,420	698	56,118	2028	698	2029	
	<u>1,664,643</u>	<u>424,393</u>	<u>2,089,036</u>		<u>217,168</u>		<u>207,225</u>

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Long-Term Debt Requirements

### TIF Revenue Bonds of 2005A

April 30, 2010

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
2011	\$ -	-	-	2010	-	2010	-
2012	-	-	-	2011	-	2011	-
2013	-	-	-	2012	-	2012	-
2014	375,000	297,188	672,188	2013	148,594	2013	148,594
2015	425,000	283,126	708,126	2014	141,563	2014	141,563
2016	550,000	267,188	817,188	2015	133,594	2015	133,594
2017	575,000	246,562	821,562	2016	123,281	2016	123,281
2018	600,000	225,000	825,000	2017	112,500	2017	112,500
2019	625,000	201,000	826,000	2018	100,500	2018	100,500
2020	650,000	176,000	826,000	2019	88,000	2019	88,000
2021	675,000	150,000	825,000	2020	75,000	2020	75,000
2022	725,000	123,000	848,000	2021	61,500	2021	61,500
2023	750,000	94,000	844,000	2022	47,000	2022	47,000
2024	775,000	64,000	839,000	2023	32,000	2023	32,000
2025	825,000	33,000	858,000	2024	16,500	2024	16,500
	<u>7,550,000</u>	<u>2,160,064</u>	<u>9,710,064</u>		<u>1,080,032</u>		<u>1,080,032</u>

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Long-Term Debt Requirements

#### TIF Revenue Bonds of 2005B

April 30, 2010

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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
2011	\$ 120,000	28,306	148,306	2010	14,153	2010	14,153
2012	130,000	22,966	152,966	2011	11,483	2011	11,483
2013	140,000	18,726	158,726	2012	9,363	2012	9,363
2014	125,000	10,676	135,676	2013	5,338	2013	5,338
2015	100,000	4,800	104,800	2014	2,400	2014	2,400
	<u>615,000</u>	<u>85,474</u>	<u>700,474</u>		<u>42,737</u>		<u>42,737</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 Village's overall financial health.

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Net Assets by Component - Last Seven Fiscal Years April 30, 2010 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010
<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	52,814,210	52,549,072
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808	1,952,723	3,262,355
Unrestricted	233,709	2,910,750	2,962,069	1,954,077	(1,115,178)	9,536,742	10,788,904
Total Governmental Activities Net Assets	66,516,371	71,595,241	69,531,326	67,687,972	65,812,995	64,303,675	66,600,331
<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	42,163,703	41,351,561
Restricted	-	-	-	-	-	-	-
Unrestricted	6,255,492	5,022,235	4,796,240	2,785,925	3,311,111	2,589,565	2,424,907
Total Business-Type Activities Net Assets	46,277,795	47,745,298	48,242,211	47,197,576	46,531,137	44,753,268	43,776,468
<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	94,977,913	93,900,633
Restricted	2,687,699	1,654,521	3,531,949	2,851,206	1,852,808	1,952,723	3,262,355
Unrestricted	6,489,201	7,932,985	7,758,309	4,740,002	2,195,933	12,126,307	13,213,811
Total Primary Government Net Assets	112,794,166	119,340,539	117,773,537	114,885,548	112,344,132	109,056,943	110,376,799

Data Source: Village Records

The Village implemented GASB 34 in Fiscal Year 2004.

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Changes in Net Assets - Last Seven Fiscal Years April 30, 2010 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>							
Governmental Activities							
General Government	\$ 2,413,846	2,442,432	2,416,410	2,675,926	3,156,278	3,529,170	2,952,818
Public Safety	11,303,728	12,496,702	14,598,186	15,419,714	16,081,083	16,767,143	15,425,916
Highways and Streets	4,054,985	3,486,514	3,296,350	3,311,564	3,722,055	3,972,096	4,183,379
Culture and Recreation	1,631,428	1,770,940	1,862,749	1,868,893	2,034,648	2,242,138	1,574,777
Economic Development	2,939,519	708,700	3,956,489	2,385,479	425,359	913,927	1,920,010
Interest on Long-Term Debt	915,673	1,087,578	1,449,772	1,528,564	2,045,277	1,695,254	1,146,842
Total Governmental Activities Expenses	23,259,179	21,992,866	27,579,956	27,190,140	27,464,700	29,119,728	27,203,742
Business-Type Activities							
Waterworks and Sewerage	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885	5,170,570	5,013,468
Total Business-Type Activities Net Assets	4,005,428	4,020,070	4,634,314	5,412,249	5,148,885	5,170,570	5,013,468
Total Primary Government Expenses	27,264,607	26,012,936	32,214,270	32,602,389	32,613,585	34,290,298	32,217,210
<b>Program Revenues</b>							
Governmental Activities							
Charges for Services							
General Government	1,988,492	2,817,894	3,107,316	2,622,108	2,603,229	2,136,166	2,175,734
Public Safety	5,206,007	3,767,347	5,581,866	4,434,714	4,488,006	4,560,817	5,264,203
Culture and Recreation	578,319	603,016	585,138	641,046	619,381	629,882	478,097
Capital Grants/Operations	1,959,365	3,678,879	796,765	838,607	633,667	677,672	1,738,582
Total Governmental Activities Program Revenues	9,732,183	10,867,136	10,071,085	8,536,475	8,344,283	8,004,537	9,656,616
Business-Type Activities							
Charges for Services							
Waterworks and Sewerage	3,737,934	4,507,218	4,970,094	4,091,890	4,290,807	3,846,907	4,512,406
Capital Grants/Operations	-	2,300,184	-	-	-	-	5,560
Total Business-Type Activities Program Revenues	3,737,934	6,807,402	4,970,094	4,091,890	4,290,807	3,846,907	4,517,966
Total Primary Government Program Revenues	13,470,117	17,674,538	15,041,179	12,628,365	12,635,090	11,851,444	14,174,582

	2004	2005	2006	2007	2008	2009	2010
Net (Expense) Revenue							
Governmental Activities	\$ (13,526,996)	(11,125,730)	(17,508,871)	(18,653,665)	(19,120,417)	(21,115,191)	(17,547,126)
Business-Type Activities	(267,494)	2,787,332	335,780	(1,320,359)	(858,078)	(1,323,663)	(495,502)
Total Primary Government Net Revenue (Expense)	(13,794,490)	(8,338,398)	(17,173,091)	(19,974,024)	(19,978,495)	(22,438,854)	(18,042,628)
General Revenues and Other Changes in Net Assets							
Governmental Activities							
Taxes							
Property	6,168,186	6,601,029	6,747,900	7,685,714	8,091,060	8,248,091	8,887,061
Municipal Sales	4,589,414	4,976,532	4,972,070	5,296,357	5,458,214	5,592,133	5,476,150
Intergovernmental							
Illinois State Income	1,117,985	1,322,612	1,468,210	1,637,119	1,788,320	1,683,021	1,536,443
Other	434,417	857,267	1,336,548	958,527	815,847	825,019	592,692
Interest Income	106,830	139,474	332,962	541,148	407,397	107,426	25,419
Miscellaneous	426,968	896,479	587,266	691,446	684,602	2,650,181	2,826,017
Transfers - Internal Activity	421,506	1,411,207	-	-	-	500,000	500,000
Total Governmental Activities	13,265,306	16,204,600	15,444,956	16,810,311	17,245,440	19,605,871	19,843,782
Business-Type Activities							
Property	11,723	11,723	11,728	11,733	11,732	11,724	11,719
Interest Income	55,994	79,655	149,405	263,991	179,907	34,070	6,983
Transfers - Internal Activity	(421,506)	(1,411,207)	-	-	-	(500,000)	(500,000)
Total Business-Type Activities	(353,789)	(1,319,829)	161,133	275,724	191,639	(454,206)	(481,298)
Total Primary Government	12,911,517	14,884,771	15,606,089	17,086,035	17,437,079	19,151,665	19,362,484
Changes in Net Assets							
Governmental Activities	(261,690)	5,078,870	(2,063,915)	(1,843,354)	(1,874,977)	(1,509,320)	2,296,656
Business-Type Activities	(621,283)	1,467,503	496,913	(1,044,635)	(666,439)	(1,777,869)	(976,800)
Total Primary Government	(882,973)	6,546,373	(1,567,002)	(2,887,989)	(2,541,416)	(3,287,189)	1,319,856

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, 2010 (Unaudited)

	2001	2002	2003	2004
General Fund				
Reserved	\$ 178,890	710,101	2,666,951	798,926
Unreserved	2,946,900	894,227	225,278	616,104
Total General Fund	3,125,790	1,604,328	2,892,229	1,415,030
All Other Governmental Funds				
Reserved	115,084	247,512	8,780,692	5,841,511
Unreserved, Reported in:				
Special Revenues Funds	218,492	83,274	-	-
Capital Projects Funds	3,695,408	426,782	614,468	1,485,423
Total All Other Governmental Funds	4,028,984	757,568	9,395,160	7,326,934

Data Source: Village Records

2005	2006	2007	2008	2009	2010
796,981	791,673	815,783	835,582	1,029,890	1,107,457
3,445,055	3,607,077	3,290,597	2,323,035	2,167,788	2,410,450
4,242,036	4,398,750	4,106,380	3,158,617	3,197,678	3,517,907
11,593,828	15,297,012	14,804,655	13,847,115	14,010,393	15,756,352
-	-	-	31,762	59,940	151,872
1,681,280	2,201,914	2,191,034	670,718	587,586	954,551
13,275,108	17,498,926	16,995,689	14,549,595	14,657,919	16,862,775

## VILLAGE OF LAKE ZURICH, ILLINOIS

### General Governmental Revenues By Source - Last Ten Fiscal Years April 30, 2010 (Unaudited)

Source	2001	2002	2003	2004
Taxes	\$ 8,236,547	9,709,824	10,294,390	10,757,600
Licenses and Permits	1,432,837	1,339,076	1,441,802	1,561,404
Intergovernmental	2,799,797	2,705,848	5,057,565	2,897,367
Charges for Services	2,820,309	3,494,639	4,484,078	5,674,514
Fines and Forfeits	655,631	558,704	577,039	536,900
Interest Income	625,135	251,086	159,260	106,830
Miscellaneous	742,405	363,141	1,134,743	426,968
Total	17,312,661	18,422,318	23,148,877	21,961,583

Note: Includes all Governmental Fund

Data Source: Village Records

2005	2006	2007	2008	2009	2010
11,577,561	11,719,970	12,982,071	13,549,274	13,840,224	14,363,211
2,478,365	2,610,400	2,192,802	2,223,784	1,912,348	1,892,129
2,864,902	3,601,523	3,434,253	3,237,834	3,185,712	3,867,717
4,259,682	6,175,199	5,030,420	5,005,354	5,005,802	5,236,050
450,210	488,721	474,646	481,478	408,715	789,855
139,474	332,962	541,148	407,397	107,426	25,419
896,479	587,266	691,446	684,602	2,650,181	2,826,017
22,666,673	25,516,041	25,346,786	25,589,723	27,110,408	29,000,398

## VILLAGE OF LAKE ZURICH, ILLINOIS

### General Governmental Expenditures By Function - Last Ten Fiscal Years April 30, 2010 (Unaudited)

Function	2001	2002	2003	2004
General Government	\$ 1,766,668	2,417,006	3,442,196	2,291,206
Public Safety	9,397,966	10,741,008	11,700,045	11,659,477
Highways and Streets	3,024,920	3,937,218	4,713,035	2,854,762
Culture and Recreation	1,583,560	1,566,916	1,695,000	1,527,115
Economic Development	-	-	1,648,969	2,939,519
Capital Outlay	3,229,479	4,532,339	746,520	1,105,306
Debt Service				
Principal	1,230,850	1,098,573	1,398,573	2,668,573
Interest and Fiscal Charges	436,158	709,702	700,829	882,556
Total	20,669,601	25,002,762	26,045,167	25,928,514

Note: Includes all Governmental Funds

Data Source: Village Records

2005	2006	2007	2008	2009	2010
2,251,949	2,357,302	2,508,671	2,849,795	3,083,437	3,063,431
11,836,203	13,648,751	14,389,260	15,024,150	14,471,695	14,934,390
3,186,134	2,814,329	3,079,508	2,962,734	2,809,433	2,982,812
1,662,954	1,746,509	1,782,675	1,943,021	2,004,690	1,367,164
708,700	3,956,489	2,385,479	425,359	913,927	1,920,010
699,772	533,572	735,561	2,044,233	2,771,192	1,031,091
1,663,573	6,598,573	2,023,573	1,665,000	1,900,000	1,250,000
989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415
22,998,664	32,979,251	28,459,538	28,983,580	29,887,875	27,450,313

# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **Changes in Fund Balances for Governmental Funds - Last Ten Fiscal Years April 30, 2010 (Unaudited)**

	2001	2002	2003	2004
<b>Revenues</b>				
Taxes	\$ 8,236,547	9,709,824	10,294,390	10,757,600
Licenses and Permits	1,432,837	1,339,076	1,441,802	1,561,404
Intergovernmental	2,799,797	2,705,848	5,057,565	2,897,367
Charges for Services and Fees	2,820,309	3,494,639	4,484,078	5,674,514
Fines and Forfeits	655,631	558,704	577,039	536,900
Investment Income	625,135	251,086	159,260	106,830
Miscellaneous	742,405	363,141	1,134,743	426,968
<b>Total Revenues</b>	<b>17,312,661</b>	<b>18,422,318</b>	<b>23,148,877</b>	<b>21,961,583</b>
<b>Expenditures</b>				
General Government	1,766,668	2,417,006	3,442,196	2,291,206
Public Safety	9,397,966	10,741,008	11,700,045	11,659,477
Highways and Streets	3,024,920	3,937,218	4,713,035	2,854,762
Culture and Recreation	1,583,560	1,566,916	1,695,000	1,527,115
Economic Development	-	-	1,648,969	2,939,519
Capital Outlay	3,229,479	4,532,339	746,520	1,105,306
Debt Service				
Principal	1,230,850	1,098,573	1,398,573	2,668,573
Interest and Fiscal Charges	436,158	709,702	700,829	882,556
<b>Total Expenditures</b>	<b>20,669,601</b>	<b>25,002,762</b>	<b>26,045,167</b>	<b>25,928,514</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,356,940)</b>	<b>(6,580,444)</b>	<b>(2,896,290)</b>	<b>(3,966,931)</b>
<b>Other Financing Sources (Uses)</b>				
Debt Issuance	6,000,000	4,645,000	12,390,000	-
Premium on Debt Issuance	-	-	-	-
Payment to Escrow Agent	-	(4,585,733)	-	-
Transfer In	964,482	996,950	116,357	421,506
Transfer Out	-	(55,000)	-	-
Sale of Property	57,468	-	-	-
	<b>7,021,950</b>	<b>1,001,217</b>	<b>12,506,357</b>	<b>421,506</b>
<b>Net Change in Fund Balances</b>	<b>3,665,010</b>	<b>(5,579,227)</b>	<b>9,610,067</b>	<b>(3,545,425)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>9.56%</b>	<b>8.83%</b>	<b>8.30%</b>	<b>14.31%</b>

Data Source: Village Records

2005	2006	2007	2008	2009	2010
11,577,561	11,719,970	12,982,071	13,549,274	13,840,224	14,363,211
2,478,365	2,610,400	2,192,802	2,223,784	1,912,348	1,892,129
2,864,902	3,601,523	3,434,253	3,237,834	3,185,712	3,867,717
4,259,682	6,175,199	5,030,420	5,005,354	5,005,802	5,236,050
450,210	488,721	474,646	481,478	408,715	789,855
139,474	332,962	541,148	407,397	107,426	25,419
896,479	587,266	691,446	684,602	2,650,181	2,826,017
22,666,673	25,516,041	25,346,786	25,589,723	27,110,408	29,000,398
2,251,949	2,357,302	2,508,671	2,849,795	3,083,437	3,063,431
11,836,203	13,648,751	14,389,260	15,024,150	14,471,695	14,934,390
3,186,134	2,814,329	3,079,508	2,962,734	2,809,433	2,982,812
1,662,954	1,746,509	1,782,675	1,943,021	2,004,690	1,367,164
708,700	3,956,489	2,385,479	425,359	913,927	1,920,010
699,772	533,572	735,561	2,044,233	2,771,192	1,031,091
1,663,573	6,598,573	2,023,573	1,665,000	1,900,000	1,250,000
989,379	1,323,726	1,554,811	2,069,288	1,933,501	901,415
22,998,664	32,979,251	28,459,538	28,983,580	29,887,875	27,450,313
(331,991)	(7,463,210)	(3,112,752)	(3,393,857)	(2,777,467)	1,550,085
7,695,964	11,843,742	2,317,145	-	18,145,000	475,000
-	-	-	-	170,367	-
-	-	-	-	(15,890,515)	-
1,598,207	6,507,635	-	-	8,747,910	1,375,643
(187,000)	(6,507,635)	-	-	(8,247,910)	(875,643)
-	-	-	-	-	-
9,107,171	11,843,742	2,317,145	-	2,924,852	975,000
8,775,180	4,380,532	(795,607)	(3,393,857)	147,385	2,525,085
11.90%	24.42%	12.91%	14.16%	14.27%	8.19%



**VILLAGE OF LAKE ZURICH, ILLINOIS****Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years  
April 30, 2010 (Unaudited)**

Tax Levy Year	Residential Property	Commercial Property	Total	Railroad	Total Assessed Value	Total Direct Tax Rate
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	0.825
2009	684,983,790	200,512,583	885,496,373	61,540	885,557,913	0.804
2010	692,693,597	205,270,180	897,963,777	70,478	898,034,255	N/A

Data Source: Office of the County Clerk

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years  
April 30, 2010 (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, 2010 (Unaudited)

Last Ten Tax Levy Years	2000	2001	2002	2003
<b>Village of Lake Zurich</b>				
Corporate	0.218	0.213	0.195	0.187
Police Protection	0.147	0.140	0.131	0.120
Fire Protection	0.131	0.127	0.119	0.109
Ambulance	0.126	0.131	0.111	0.102
Illinois Municipal Retirement	0.035	0.028	0.022	0.027
Federal Social Security	0.111	0.106	0.111	0.108
Insurance	0.036	0.042	0.056	0.042
Debt Service	0.322	0.311	0.288	0.275
Special Recreation	0.000	0.000	0.000	0.013
Police Pension	0.025	0.025	0.025	0.021
Firefighters' Pension	0.025	0.025	0.025	0.021
<b>Total Direct Tax Rate</b>	<b>1.176</b>	<b>1.148</b>	<b>1.083</b>	<b>1.025</b>
<b>Overlapping Rates</b>				
Village of Lake Zurich SSA #7	-	-	-	-
Lake County	0.521	0.516	0.502	0.490
Lake County Forest Preserve District	0.231	0.221	0.232	0.225
Ela Area Library District	0.396	0.387	0.371	0.343
School District #95	4.022	4.484	4.366	4.092
School District #96	3.060	2.951	3.013	2.940
Consolidated H.S. District #125	1.904	1.864	1.890	1.940
Community College #532	0.235	0.211	0.208	0.201
Ela Township - Corp. & GA	0.094	0.096	0.093	0.086
Ela Township - R & B	0.011	0.012	0.013	0.011
Ela Township - Gravel or R.I.	0.030	0.030	0.030	0.029
Lake County Public				
Building Commission	0.061	0.057	0.054	0.051
Barrington Public Library District	0.178	0.192	0.182	0.177
<b>Total Direct and Overlapping Tax Rate</b>	<b>11.919</b>	<b>12.169</b>	<b>12.037</b>	<b>11.610</b>

Data Source: Office of the County Clerk

2004	2005	2006	2007	2008	2009
0.173	0.170	0.154	0.145	0.008	0.012
0.118	0.116	0.117	0.111	0.111	0.097
0.108	0.106	0.107	0.101	0.101	0.088
0.101	0.099	0.100	0.095	0.096	0.083
0.027	0.027	0.028	0.027	0.027	0.027
0.107	0.105	0.106	0.100	0.096	0.094
0.042	0.042	0.043	0.041	0.076	0.074
0.269	0.176	0.140	0.125	0.126	0.109
0.012	0.020	0.023	0.022	0.021	0.020
0.023	0.023	0.024	0.023	0.079	0.096
0.023	0.023	0.024	0.023	0.084	0.104
1.003	0.907	0.866	0.813	0.825	0.804
-	-	-	-	-	-
0.465	0.454	0.450	0.444	0.453	0.464
0.219	0.210	0.204	0.201	0.199	0.200
0.334	0.323	0.317	0.306	0.308	0.308
4.082	4.040	3.992	3.830	3.899	3.901
3.038	3.000	2.989	2.772	2.869	2.916
2.062	2.112	2.134	2.114	2.139	2.185
0.200	0.197	0.195	0.192	0.196	0.200
0.085	0.085	0.086	0.082	0.084	0.084
0.011	0.010	0.010	0.010	0.005	0.007
0.030	0.030	0.032	0.032	0.038	0.036
-	-	-	-	-	-
0.193	0.155	0.169	0.152	0.150	0.161
11.722	11.523	11.444	10.948	11.165	11.266

# VILLAGE OF LAKE ZURICH, ILLINOIS

## Principal Property Tax Payers - Current Year and Ten Years Ago April 30, 2010 (Unaudited)

Taxpayer	2010			2000		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Value
Village Square Retail Center LLC	\$ 7,303,013	1	0.8%	\$		
Landings Capital Partners, LLC	6,099,280	2	0.7%			
Deerpath Commons Retail Center	5,971,461	3	0.7%	2,921,132	3	0.6%
Individual Taxpayer	5,786,454	4	0.6%			
Echo Incorporated	4,970,621	5	0.6%			
Deerpath Court Retail Center LLC	4,661,603	6	0.5%			
Costco	3,892,486	7	0.4%			
Liberty Realty Lake Zurich LLC	3,545,947	8	0.4%			
HD Development of Maryland LLC	3,026,364	9	0.3%			
Target Corporation	2,833,050	10	0.3%			
Fidelity Group LP				11,613,649	1	2.6%
Individual Taxpayer				4,167,144	2	0.9%
Tredegar Film Products				2,553,163	4	0.6%
The Jung Partnership				2,483,831	5	0.6%
Bergen Brunswig Medical Group				2,176,815	6	0.5%
Wal-Mart Properties, Inc.				2,161,836	7	0.5%
Dayton Hudson Corporation				2,124,000	8	0.5%
Lexington Health Care				1,696,294	9	0.4%
LZ Venture				1,683,877	10	0.4%
	<u>48,090,279</u>		<u>5.3%</u>	<u>33,581,741</u>		<u>7.4%</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, 2010 (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
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	6,885,811	99.77%	N/A	6,885,811	99.77%
2009	2008	7,305,853	7,291,787	99.81%	N/A	7,291,787	99.81%
2010	2009	7,220,195	* N/A	* N/A	* N/A	* 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, 2010 (Unaudited)

Fiscal Year Ended April 30	Governmental Activities					Notes Payable
	General	GO TIF	TIF	Installment		
	Obligation Bonds	Alternate Revenue Bonds	Alternate Revenue Bonds	Contracts		
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	
2009	4,575,000	20,135,000	8,270,000	255,000	-	
2010	4,160,000	20,135,000	8,165,000	-	-	

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 EAV	Percentage of Personal Income (1)	Per Capita (2)
Waterworks and Sewerage Revenue Bonds	IEPA Loan					
\$ 3,335,000	\$ -	\$ 16,931,438	\$ 478,645,862	3.54%	2.00%	\$ 929.79
5,110,000	-	17,892,865	516,730,638	3.46%	1.98%	918.34
7,530,000	-	31,314,292	564,872,284	5.54%	3.93%	1,647.69
4,490,000	-	25,375,719	634,163,163	4.00%	2.99%	1,335.21
4,010,000	-	30,928,110	670,769,663	4.61%	3.59%	1,628.48
3,520,000	355,509	36,038,788	720,508,999	5.00%	4.66%	1,897.58
5,075,000	1,941,834	39,473,685	769,562,132	5.13%	4.66%	2,078.44
4,510,000	2,489,808	37,791,659	848,924,815	4.45%	4.27%	1,989.87
3,925,000	3,542,854	40,702,854	885,557,913	4.60%	5.66%	2,042.09
3,320,000	3,450,320	39,230,320	898,034,255	4.37%	5.24%	1,920.51



## VILLAGE OF LAKE ZURICH, ILLINOIS

### Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years April 30, 2010 (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)
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
2009	4,575,000	259,631	4,315,369	0.49%	216.50
2010	4,160,000	723,398	3,436,602	0.38%	168.24

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, 2010 (Unaudited)**

Governmental Unit	Gross Debt	Percentage to Debt Applicable to Village (1)	Village's Share of Debt
Village of Lake Zurich	\$ 4,160,000 (2)	100.00%	\$ 4,160,000
Lake County, Forest Preserve District	154,770,000	2.89%	4,473,836
Ela Area Library District	11,255,000	42.30%	4,760,817
School District #95	47,998,612	49.09%	23,561,355
School District #96	7,625,000	1.66%	126,260
Consolidated High School District #125	32,160,000	0.62%	200,877
Community College #532	8,351,229	3.04%	253,893
Totals	262,159,841		33,377,038

(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 Bonds of 2008A

Data Source: Lake County Tax Extension Department

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Schedule of Legal Debt Margin April 30, 2010 (Unaudited)

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Assessed Valuation - 2009	<u>\$ 898,034,255</u>
Legal Debt Limit - 8.625% of Assessed Valuation	77,455,454
Amount of Debt Applicable to Debt Limit	
General Obligation Debt Payable	
General Obligation Bonds	<u>4,160,000</u>
Legal Debt Margin	<u>73,295,454</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, 2010 (Unaudited)

Fiscal Year Ended April 30	Revenues*	Principal	Interest	Coverage
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	-	-	-	-
2009	-	-	-	-
2010	-	-	-	-

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, 2010 (Unaudited)**

<b>Fiscal Year Ended April 30</b>	<b>(1) Population</b>	<b>(2) Personal Income (in Thousands)</b>	<b>(2) Per Capita Personal Income</b>	<b>(2) Median Age</b>	<b>(3) School Enrollment</b>	<b>(4) Unemployment Rate</b>
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
2009	19,932	718,927	36,069	34.7	6,188	6.7
2010	20,427	749,303	36,682	34.7	6,207	10.3

### **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, 2010 (Unaudited)

Employer	2010			2001		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Lake Zurich Comm. Unit S.D. #95	763	1	8.06%	N/A	N/A	N/A
Echo Inc.	690	2	7.29%	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
Wal-Mart	200	6	2.11%	N/A	N/A	N/A
Food Equipment Tech, Co.	197	7	2.08%	N/A	N/A	N/A
Village of Lake Zurich	182	8	1.92%	N/A	N/A	N/A
Lexington Lake Zurich	182	9	1.92%	N/A	N/A	N/A
Pinnacle Food Products, Inc.	160	10	1.69%	N/A	N/A	N/A
	<u>3,574</u>		<u>37.77%</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 Six Fiscal Years April 30, 2010 (Unaudited)

Function	2005	2006	2007	2008	2009	2010
General Government						
Administration	2	2	2	2	4	3
Finance	8	9	9	8	7	6
Public Works	18	17	16	19	19	23
Police	52	55	55	58	55	55
Fire	56	61	61	62	62	61
Community Development	8	8	9	10	10	9
Water and Sewer	11	13	13	13	12	12
Engineering	4	4	4	4	3	3
Recreation	10	10	9	11	10	5
Total	169	179	178	187	182	177

Data Source: Village Records

**VILLAGE OF LAKE ZURICH, ILLINOIS**

**Operating Indicators by Function/Program - Last Ten Fiscal Years  
April 30, 2010 (Unaudited)**

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**See Following Page**



# **VILLAGE OF LAKE ZURICH, ILLINOIS**

## **Operating Indicators by Function/Program - Last Ten Fiscal Years April 30, 2010 (Unaudited)**

Function/Program	2001	2002	2003
<b>Public Works</b>			
Forestry			
Number of Parkway Trees Planted	49	40	55
Number of Parkway Trees Trimmed	1,000	1,150	1,200
Fleet Services			
Number of Vehicles Maintained	81	88	90
Preventative Maintenance Services	672	664	694
<b>Public Safety</b>			
Fire			
Number of Fire Calls	1,619	1,589	1,585
Number of EMS Calls	1,627	1,671	1,646
Number of Training Hours	10,741	12,243	12,243
Police			
Part I Crime	N/A	N/A	N/A
Part II Crime	N/A	N/A	N/A
Calls for Service	11,697	12,207	12,101
State Tickets Issued	3,487	3,701	4,843
Compliance Tickets Issued	N/A	N/A	N/A
Parking Tickets Issued	2,123	3,655	2,286
<b>Community Development</b>			
Number of Building Permits Issued	1,481	963	1,046
Number of Building Inspections	7,513	6,509	6,295
Number of Food Service Inspections	N/A	N/A	N/A
<b>Highways and Streets</b>			
Sidewalk Replaced (sq. ft.)	4,250	4,800	4,600
Annual Resurfacing Program (\$)	N/A	N/A	793,620
Crack Sealing (lbs. installed)	17,550	12,700	12,500
<b>Water and Sewer</b>			
Water Main Breaks	20	36	39
Hydrants Flushed	3,100	3,120	3,140
Water Meters Read	75,000	75,300	75,600
Water Meter Service Requests	N/A	667	437
Total Distribution Pumpage (1,000 Gallons)	702MG	757MG	747MG
Average Daily Pumpage (1,000 Gallons)	1.92MG	2.07MG	2.04MG
Sanitary Sewer Televising (Feet)	12,000	15,000	15,000
Sanitary Sewer Repairs	12	7	24

N/A - Currently Not Available

Data Source: Village Records  
Information on Calendar Year-End

2004	2005	2006	2007	2008	2009	2010
53	57	61	74	42	40	N/A
1,230	1,235	1,268	692	737	527	N/A
91	89	93	93	95	94	N/A
706	751	713	690	736	739	N/A
1,551	1,617	1,582	1,745	1,793	1,401	N/A
1,746	1,784	1,664	1,694	1,665	1,694	N/A
12,243	12,474	11,750	9,279	11,817	10,753	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
11,647	10,982	10,423	10,101	9,860	9,650	N/A
4,750	5,077	5,563	5,116	4,672	4,885	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
1,718	1,998	1,905	1,866	1,983	1,944	N/A
1,373	1,040	1,100	1,341	1,135	1,325	N/A
8,237	5,821	5,409	4,808	5,142	4,000	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
4,300	4,400	7,680	10,093	3,140	2,800	N/A
932,150	877,342	684,866	925,000	100,000	400,000	N/A
12,752	13,020	12,060	13,000	13,000	13,000	N/A
27	41	32	18	35	43	N/A
3,160	3,180	3,200	1,610	3,520	3,560	N/A
76,200	76,500	76,884	25,628	79,878	80,088	N/A
967	N/A	988	551	819	873	N/A
732MG	811MG	731MG	218MG	687MG	621MG	N/A
2.0MG	2.22MG	2.0MG	1.8MG	1.88MG	1.70MG	N/A
10,000	20,000	12,000	4,000	3,000	2,500	N/A
6	14	12	2	1	6	N/A

## VILLAGE OF LAKE ZURICH, ILLINOIS

### Capital Asset Statistics by Function/Program April 30, 2010 (Unaudited)

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Firing Range	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
Patrol Units	19	21	21	21	20	20	20	22	21	22
<b>Fire Stations</b>	4	4	4	4	4	4	4	4	4	4
<b>Public Works</b>										
Streets (Miles)	200	240	152.5	152.5	158.2	158.2	158.2	159.0	159.0	159.0
Sidewalks (Miles)	N/A	N/A	84	88	89	90	90	91	91	91
Streetlights	N/A	N/A	N/A	N/A	N/A	N/A	170	175	175	175
<b>Water and Sewer</b>										
Water Mains (Miles)	97	93	96	99	104	107	107	108	108	108
Fire Hydrants	1,550	1,600	1,620	1,647	1,731	1,739	1,739	1,760	1,760	1,760
Sanitary Sewers (Miles)	83	97	97	99	103	106	106	107	107	0
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