



At the Heart of Community

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31ST, 2018

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
VILLAGE OF LAKE ZURICH, IL**
As of and for the Year Ended December 31, 2018

Prepared by the Finance Department

Jodie K. Hartman
Finance Director / Treasurer

VILLAGE OF LAKE ZURICH

TABLE OF CONTENTS As of and for the Year Ended December 31, 2018

| | <u>Page(s)</u> |
|--|----------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | i - vii |
| Certificate of Achievement for Excellence in Financial Reporting | viii |
| Organizational Chart | ix |
| List of Elected and Appointed Officials | x |
| FINANCIAL SECTION | |
| <i>INDEPENDENT AUDITORS' REPORT</i> | 1 - 3 |
| <i>REQUIRED SUPPLEMENTARY INFORMATION</i> | |
| <i>MANAGEMENT's DISCUSSION AND ANALYSIS</i> | MD&A 1 - 13 |
| <i>BASIC FINANCIAL STATEMENTS</i> | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 - 6 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | 7 - 10 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 11 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 12 - 13 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 14 |
| Statement of Net Position - Proprietary Funds | 15 - 16 |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 17 |
| Statement of Cash Flows - Proprietary Funds | 18 - 19 |
| Statement of Fiduciary Net Position - Fiduciary Funds | 20 |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds | 21 |
| Index to Notes to Financial Statements | 22 |
| Notes to Financial Statements | 23 - 74 |
| <i>REQUIRED SUPPLEMENTARY INFORMATION</i> | |
| <i>General Fund</i> | |
| Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 75 |

VILLAGE OF LAKE ZURICH

TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2018

REQUIRED SUPPLEMENTARY INFORMATION (cont.)

Special Revenue Funds

| | |
|---|----|
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - TIF Tax Allocation | 76 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Downtown TIF #2 | 77 |

Historical Pension and Other Postemployment Benefit Information

| | |
|--|----|
| Illinois Municipal Retirement Fund - Schedule of Changes in the Village's Net Pension Liability and Related Ratios | 78 |
| Illinois Municipal Retirement Fund - Schedule of Employer Contributions | 79 |
| Police Pension Fund - Schedule of Changes in the Village's Net Pension Liability and Related Ratios - Last Five Fiscal Years | 80 |
| Police Pension Fund - Schedule of Employer's Contributions | 81 |
| Police Pension Fund - Schedule of Investment Returns | 82 |
| Firefighters' Pension Fund - Schedule of Changes in the Village's Net Pension Liability and Related Ratios | 83 |
| Firefighters' Pension Fund - Schedule of Employer Contributions | 84 |
| Firefighters' Pension Fund - Schedule of Investment Returns | 85 |
| Retiree Health Insurance Plan - Schedule of Changes in the Total OPEB Liability and Related Ratios | 86 |
| Notes to Required Supplementary Information | 87 |

SUPPLEMENTARY INFORMATION

General Fund

| | |
|---|---------|
| Detailed Schedule of Revenues - Budget and Actual | 88 - 90 |
| Schedule of Expenditures - Budget and Actual | 91 |

Governmental Funds

| | |
|--|---------|
| Combining Balance Sheet - Nonmajor Governmental Funds | 92 - 93 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds | 94 - 95 |
| Schedules of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Budget and Actual | |
| Hotel Tax - Nonmajor Special Revenue Fund | 96 |
| Motor Fuel Tax - Nonmajor Special Revenue Fund | 97 |
| Special Events - Nonmajor Special Revenue Fund | 98 |
| Dispatch Services - Nonmajor Special Revenue Fund | 99 |

VILLAGE OF LAKE ZURICH

TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2018

SUPPLEMENTARY INFORMATION (cont.)

| | |
|--|-----------|
| TIF #3 - Nonmajor Special Revenue Fund | 100 |
| Park Improvements - Nonmajor Capital Projects Fund | 101 |
| Non-Home Rule Sales Tax Capital Projects - Nonmajor Capital Projects Fund | 102 |
| Debt Service - Major Debt Service Fund | 103 |
| TIF Debt Service - Major Debt Service Fund | 104 |
| Capital Improvements - Major Capital Projects Fund | 105 |
| Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual | |
| Waterworks and Sewerage - Enterprise Fund | 106 |
| Schedule of Operating Revenues - Budget to Actual - Waterworks and Sewerage - Enterprise Fund | |
| | 107 |
| Schedule of Operating Expenses - Budget to Actual - Waterworks and Sewerage - Enterprise Fund | |
| | 108 |
| Combining Statement of Net Position - Internal Services Funds | 109 |
| Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds | 110 |
| Combining Statement of Cash Flows - Internal Service Funds | 111 - 112 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Budget and Actual | |
| Medical Self-Insurance - Internal Service Fund | 113 |
| Risk Management - Internal Service Fund | 114 |
| Equipment Replacement - Internal Service Fund | 115 |
| Combining Statement of Fiduciary Net Position - Pension Trust Funds | 116 |
| Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds | 117 |
| Statement of Changes in Assets and Liabilities - Agency Funds | 118 |
| Long-Term Debt Requirements | |
| General Obligation Refunding Bonds Series of 2008A | 119 |
| General Obligation TIF Alternative Revenue Bonds Series of 2009A | 120 |
| General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2014A | 121 |
| General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2015A | 122 |
| General Obligation Waterworks and Sewerage Bonds (Alternative Revenue Source) Series of 2013A | 123 |

VILLAGE OF LAKE ZURICH

TABLE OF CONTENTS (cont.) As of and for the Year Ended December 31, 2018

SUPPLEMENTARY INFORMATION (cont.)

| | |
|---|-----------|
| IEPA Loan of 2006 | 124 |
| IEPA Loan of 2008 | 125 |
| General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2016A | 126 |
| General Obligation Waterworks and Sewerage Bonds (Alternative Revenue Source) Series of 2016B | 127 |
| STATISTICAL SECTION | |
| Financial Trends | |
| Net Position by Component | 128 - 129 |
| Change in Net Position | 130 - 133 |
| Fund Balances of Governmental Funds | 134 - 135 |
| General Governmental Revenues by Source | 136 |
| General Governmental Expenditures by Function | 137 |
| Changes in Fund Balances of Governmental Funds | 138 - 139 |
| Revenue Capacity | |
| Assessed Value and Actual Value of Taxable Property | 140 |
| Property Tax Rates - Direct and Overlapping Governments | 141 |
| Principal Property Taxpayers | 142 |
| Property Tax Levies and Collections | 143 |
| Debt Capacity | |
| Ratios of Outstanding Debt by Type | 144 |
| Ratios of General Bonded Debt Outstanding | 145 |
| Direct and Overlapping Bonded Debt - Governmental Activities | 146 |
| Schedule of Legal Debt Margin Information | 147 |
| Pledged-Revenue Coverage | 148 |
| Demographic and Economic Information | |
| Demographic and Economic Information | 149 |
| Principal Employers | 150 |
| Operating Information | |
| Full-Time Equivalent Employees | 151 |
| Operating Indicators by Function | 152 - 153 |
| Capital Asset Statistics by Function/Program | 154 |



OFFICE OF THE VILLAGE MANAGER

Ray Keller

June 23, 2019

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

The Finance Department is pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) of the Village of Lake Zurich, Illinois (the Village) for the fiscal year ended December 31, 2018. This report provides a broad view of the Village's financial activities for the twelve-month 2018 fiscal year and its financial position at December 31, 2018.

Although addressed to the elected officials and citizens of the Village, this report has a number of other users. Foremost among these other users are bondholders of the Village, financial institutions, credit rating agencies, educational institutions, and other government entities. Illinois statutes require that Illinois municipalities publish financial statements on an annual basis that are prepared in accordance with generally accepted accounting principles and are audited by independent accountants. In producing a CAFR, the Village of Lake Zurich has chosen to provide financial information that is significantly greater than that which is required under state law.

Responsibility for both the accuracy of the information presented in the CAFR as well as the completeness and fairness of the presentation, including all disclosures, rests with the Village. We believe that the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position of the Village and the results of its operations; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Village's financial affairs have been included.

Baker Tilly Virchow Krause, LLP (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended December 31, 2018. The independent auditors' report is located at the front of the financial section of this report.

Management of the Village has established a system of internal control designed to assure that the assets of the Village are safeguarded against loss, theft, or misuse. The system of internal control also assures that the accounting system compiles reliable financial data for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable, not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of the costs and benefits requires estimates and judgments by management.

This letter of transmittal should be read in conjunction with management's discussion and analysis to obtain the most complete assessment of the Village's current financial status and its future prospects.

Profile of the Government

The Village of Lake Zurich is located in southwestern Lake County, 37 miles northwest of downtown Chicago. The Village is an established residential community which traditionally served as a market center for surrounding rural areas and, earlier in the 20th century, as a popular summer resort. The population has increased by more than five times since 1960, as the Village has shared in the economic growth from an expanding Chicago metropolitan area. Lake Zurich has developed into a stable community with above-average wealth and housing values, and a balanced tax and revenue base.

Settlers first came to the area in the 1830's. George Ela settled in the area of Deer Grove, not far from Cedar Lake (now Lake Zurich) in 1935. Seth Paine, a Chicagoan, came to the area in 1836, and built a number of commercial establishments in what is now downtown Lake Zurich. New England farmers and German immigrants followed, and the Village was incorporated on September 19, 1896.

The Village grew slowly after its incorporation. The Palatine and Lake Zurich and Wauconda Railroad was built in 1910, but the line was discontinued in 1920. Rand Road (now U.S. Route 12) was paved through town in 1922, and helped establish Lake Zurich, with its rural setting and 250-acre lake, as a summer resort community. The east-west State Route 22, which also runs through Lake Zurich, was constructed in 1927. Population growth accelerated after World War II, with the Village's population increasing from 850 in 1950 to 3,458 in 1960, and further to 4,082 in 1970, 8,225 in 1980, and 14,927 in 1990 (up 81.5% from 1980). The 2000 Census reported a population of 18,104 up 21.3% from 1990. The Village estimates its current population at 19,932. The land area of the Village is 6.9 square miles.

The Village's municipal neighbors include North Barrington to the west, Deer Park to the south, Kildeer to the southeast and east, and Hawthorn Woods to the north. Transportation links include U.S. Route 12 and State Route 22, and freight rail service by the CN Railroad. Commuter train service to Chicago is available in Barrington, five miles from Lake Zurich. O'Hare International Airport is approximately 30 miles from the Village.

The Village is a non-home rule community operating under the management form of municipal government as provided in 65 ICLS 5. Lake Zurich is governed by a President and six-member Board of Trustees. All are elected at an at-large basis in non-partisan elections to overlapping four year terms. The Board and President are charged with (among other things) setting policy, passing ordinances, adopting the budget and hiring the Village Manager. In turn, the Village Manager oversees day-to-day operations of the Village. Additional demographic information about the Village can be found in the statistical section of this report.

The Reporting Entity

This report includes all activities and functions of the Village that are under the jurisdiction of the Board of Trustees, as set forth in state and local law. There are two blended component units included in this report, those being the Police Pension Fund and the Firefighters' Pension Fund. These two pension plans are governed by separate boards, but the Village is obligated by state statute to fund the two plans based on actuarial valuations.

Accounting System and Budgetary Control

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Village's accounting records are generally maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when measurable and available to liquidate obligations of the current period. Expenditures are recorded when a liability is incurred that is expected to draw upon current financial resources. The modified accrual accounting records are the basis for assessing budgetary compliance. After the end of the year, the Village's management makes certain adjustments to the accounting records to permit the preparation of required financial statements on the accrual basis of accounting to comply with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

The annual budget serves as the foundation for the Village's financial planning and control. It also serves as the legal authority to spend public funds. The Village Board has adopted the Budget Act for purposes of legally appropriating public funds. The Village Manager was designated by the Village Board as the Budget Officer. All departments submit their budget requests to the Village Manager approximately four months before the start of the next fiscal year. The Director of Finance prepares a projection of revenues to be received during the fiscal year. The Village Manager, Director of Finance, and appropriate staff review all budget requests and revenue estimates and develop a proposed budget. The proposed budget is presented to the Village Board and a formal public hearing is held prior to its adoption by the Village Board, which is required by state law prior to the first day of the fiscal year. The Budget Officer may approve the transfer of budgeted funds from one account to another, provided the two accounts are within the same object class and within the same department and fund. Any other amendments or increases to the annual budget may be done only by a two-thirds vote of the Village Board. The Village's fiscal periods coincide with the calendar year.

Factors Affecting Economic Condition

Local Economy: Lake Zurich is primarily a white-collar community and therefore the residents have been less affected by the loss of manufacturing jobs impacting other states and counties. Revenues are showing modest increases, while expenditures continued to increase, especially in the areas of pension and health care costs.

Lake Zurich has a very strong retail sales tax base acquired through commodity retail establishments primarily located on the Rand Road Corridor. Sales tax revenue for the Village continues to be stable. The Village has a strong mix of retail superstores, such as Costco, Home Depot, Wal-Mart, Target, Jewel and Mariano's, which has helped in weathering downturns in the economy. The Village is also home to Peapod, a nationwide grocery delivery company. Peapod's sales have remained steady with signs of increase as more employees are hired; and the Village has a sales tax sharing incentive with Peapod. Despite a strong sales tax base, the rising cost of operations limits the Village's ability to properly maintain and improve the citizens' investment in Village infrastructure. To assist with long term plan, the village embarked on a 20-year Community Investment Plan (CIP) that to manage the over \$130 million in infrastructure, including roads, water mains, sanitary and storm sewers, buildings and equipment. Village management is continuously looking for ways to cut costs and/or increase revenues. However, a large proportion of the increasing costs are mandated by statute, regulatory agencies, and/or labor contracts.

Retail vacancy rates remained steady over the last year showing a drop in Quarter 2, but then rising again in Quarters 3 and 4. The retail vacancy rate decreased in the first quarter of 2019 to 6.9% vacancy from 7.3% vacancy as reported in Quarter 4 of 2018. The industrial vacancy rate has shown a decrease in the first two quarters of 2018, but with an increase in Quarter 3. The rate remained flat at 4.4% in Quarter 1 of 2019 compared to Quarter 4 of 2018. The Office vacancy rate has however, seen a sharper decrease during last year from just below 12% at the beginning of the year 8.6% at the end of 2018. The vacancy rate continued to drop to 7.3% during Quarter 1 of 2019.

Interest in new construction continued to remain high with several new projects getting underway or completed in 2018. New construction activity in the industrial sector consisted of completion of Phase 1 of a self-storage facility at the southwestern end of the industrial park and a new 24,000 square-foot building addition to a 19,300 square-foot building for a display company. In the retail sector, the demolition of the approximately 80,000 sq. ft. vacant Kmart property was completed opening the way for new construction at that location; and a gas station and daycare facility in a new shopping center begun in the previous year were completed while the construction commenced on a new drive-through restaurant at that same center. In the residential sector, construction of the first of two apartment buildings on Main Street was completed, while the second was well under way.

The village also updated its zoning regulations for new marinas and boat ramps for properties along the lake front. The village also began the process of placing a moratorium on new tobacco or e-cig/vaping shops until December 31, 2019. The process of updating the village comprehensive plan continued the year with a series of educational videos and presentations to the Planning and Zoning Commission which were viewed by the entire community.

The Village is directly impacted by the financial condition of the State of Illinois. Due to the state's budget shortfall, shared revenue payments to the Village continue to be a target for fixing the State's own financial difficulties. Local share of the state Income Tax have been reduced and an administrative fee has been applied to the Non-Home Rule Sales Tax collection. The State continues to look at freezing property tax rates and/or other reductions to revenue sharing with local governments, both of which could be of severe financial detriment to the Village. We are closely monitoring the political environment in Springfield. Either change alone would further decrease the resources available to the Village, especially if both are adopted, and in turn the level of services we can provide our residents would likely be impacted. As a non-home rule community, options for replacing the lost revenue are virtually non-existent.

Long-Term Financial Planning: The Village uses a number of processes and resultant planning documents to accomplish its financial planning. As discussed above, the Village adopts an annual budget. The village board adopted the formal Community Investment Plan (CIP) in September 2017, forecasting out funding needs for capital items that are expected to exceed \$20,000 and have a useful life of more than a year, such as road improvements, large machinery and equipment, and building improvements. Projects were prioritized by mandatory, essential, deferrable and contributory. The CIP covers a twenty-year span of anticipated capital needs.

The Finance Department has developed five-year financial forecasts for funds, which are updated at least quarterly. These forecasts project revenues, expenditures, fund balance levels, and cash and investment levels. The forecasts are used for purposes of monitoring the long-term financial outlook of the Village, determining available funding for the capital projects, and assisting the Village Manager in setting budget goals for department directors.

Major Accomplishments and Initiatives for Fiscal Year 2018

The fiscal year ended December 31, 2018 saw many accomplishments and major initiatives come to fruition, including:

TIF Funding. Completed the setup of a new Tax Increment Financing (TIF) district for the Rand Road corridor, providing a long-term financing tool for redevelopment and infrastructure improvements area.

Pension Obligations. Continued to fund public safety pension obligations to meet the 100% funding goal by 2040. As of the end of 2018, the Police Pension Fund is 50.7% funded and the Fire Pension Fund is 64.4% funded.

Expanding Outreach. The Village has begun participation in the Greater Waukegan Development Coalition in an effort to develop working relationships with numerous Lake County municipalities to drive foreign direct investment into the region, promote grant procurement, and conduct market analyses.

Sunset Pavilion Beer Garden. Constructed and contracted for the operation of Sunset Pavilion, a new community amenity at Breezewald Park to increase activity in the Main Street area.

Planning for the Future. Began updating the Village's Comprehensive Plan.

Expanding Economic Development Efforts. The Village participated in the first Select Chicago event, an initiative designed to highlight development opportunities throughout the area by generating interest from foreign investors.

Attracting Residents to Main Street. Somerset by the Lake apartment buildings on Main Street were completed, with renters beginning to occupy the two buildings.

Reducing Water Loss. Completed the meter replacement program and water performance improvement project by replacing over 6,600 old mechanical meters.

Reinforcing Sewers. Completed televising sanitary sewers and started the lining / replacement program to minimize future sewer collapses.

Upgrading First Responder Alerts. The Fire Department partnered with the Lake County Emergency Telephone Systems Board and Rural Fire Protection District to install new station altering technology.

Buffalo Creek Lift Station. Invested over \$630,000 in the relocation and replacement of the Buffalo Creek lift station, replacing the old station that was over 40 years old.

Recreation Program Growth. Aquatics, dance, day camp, and early childhood programs all experienced enrollment growth.

Replacing Core Software. Implemented a new integrated enterprise resource platform for core functions of municipal operations.

More Business Friendly. Integrated and streamlined the Village's business registration, inspection and permitting processes to improve efficiency, service sustainability, and retention

Ensuring Public Safety. Police Department received first place award in the Illinois Traffic Safety Challenge due to efforts on occupant protection, impaired driving, distracted driving, and bicycle and pedestrian safety.

Staying Prepared. The Village received Class 3 Public Protection Classification (PPC) from the Insurance Services Office (ISO) for fire protection services. Of the 46,000+ departments evaluated nationwide, Lake Zurich scored in the top 7%. Property and casualty insurers use this rating as one component in calculating premium costs for fire insurance policies. Departments are rated on a 1 – 10 scale with a class 1 rating equating to the best and a 10 the worse.

Volunteer Opportunities. Over 450 community supporters shared their time and talents with the Village by volunteering for recreation programs and special events.

Hosting a Party. Hosted 40 community and special events to enhance social capital and quality of life, including the new summer Arts at the Lake Festival.

Extending Helping Hands. Lake Zurich joined “A Way Out”, a growing program that serves as an entry point for the Lake County Opioid Initiative, creating additional treatment access points.

Some of the more significant initiatives planned for the 2019 fiscal year are as follows:

- Adopt a new 5-year Village Strategic Plan for 2019 - 2023.
- Update the 20-year Community Investment Plan that includes over \$130 million in road, water mains, sanitary and storm sewers, buildings and equipment.
- Implement Comprehensive Plan recommendations for updates to the Village's zoning and land development codes, with a focus on Main Street and the North Rand Road corridor.
- Conduct third bi-annual National Citizen Survey to gauge citizen satisfaction and priorities.
- Continue to fund public safety pension obligations to meet 100% funding goal by 2044.
- Demolish, prepare and promote Village-owned properties that are available for development.
- Implement year 2 of a multi-year sewer lining program to minimize future sewer collapses.
- Update the long-standing service agreement with the Lake Zurich Rural Fire Protection District.
- Continue to invest in scheduled equipment replacements including new fire engine, patrol cars and dump trucks.
- Monitor and support accurate population counting in the 2020 U.S. Census, which will impact state funding allocations for the next ten years.
- Continue to encourage productive conversations between the public and Village representatives via dozens of special events, Coffee with the Mayor, neighborhood block parties, and several public-safety engagements.

Awards and Acknowledgements

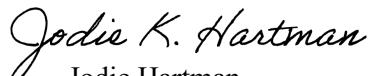
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Lake Zurich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This represented the thirtieth consecutive year that the Village has received this prestigious award. In order to be awarded a Certificate of Achievement, the Village must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, particularly Accounting Supervisor Miriam Hernandez. The Village President and Village Board of Trustees must be acknowledged and thanked for setting the highest standards of professionalism in the oversight and management of the Village's finances.

Respectfully submitted,



Ray Keller
Village Manager



Jodie Hartman
Director of Finance/
Village Treasurer



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Village of Lake Zurich
Illinois**

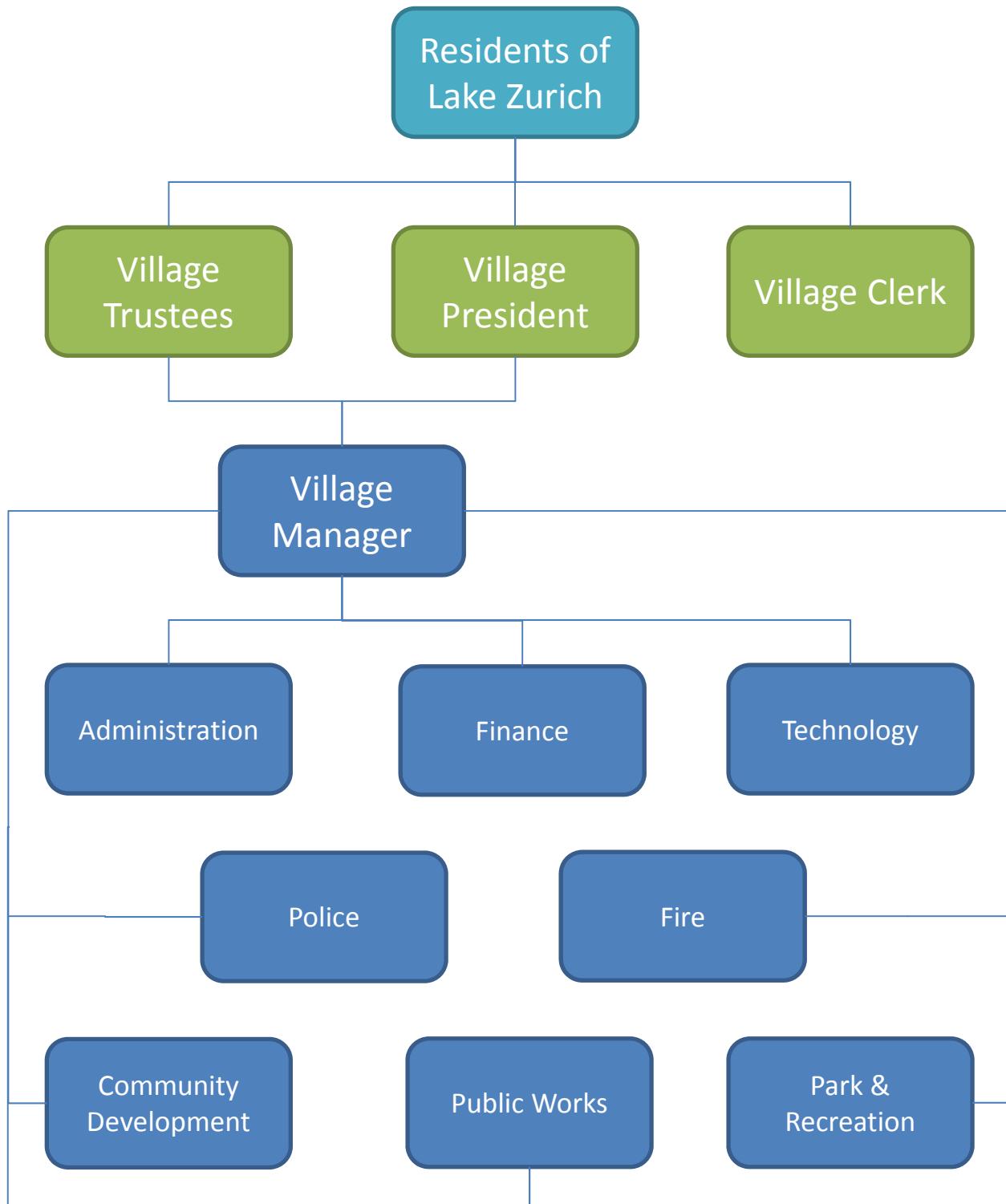
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Monill

Executive Director/CEO

Village of Lake Zurich Organization Chart





INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lake Zurich, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Village of Lake Zurich's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Lake Zurich's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Village of Lake Zurich's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the 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 December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the Village of Lake Zurich adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Zurich's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lake Zurich's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Virchawka Krause, LLP

Oak Brook, Illinois
June 20, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2018

This section of the financial report is management's overview and analysis of the financial position and financial performance of the Village of Lake Zurich for the fiscal year ended December 31, 2018. This statement should be read along with the transmittal letter and financial statements for the most complete understanding of the Village of Lake Zurich's financial activities for the year.

FINANCIAL HIGHLIGHTS

VILLAGE FUNDS AS A WHOLE:

- Total assets of the Village exceeded liabilities by \$81 million.
- Total net position of the Village increased \$942k.
- Combined revenues totaled \$42.6 million, a 4% increase.
- Overall expenses totaled \$41.6 million, a 9% increase.

GENERAL FUND:

- Fund balance increased by \$175k.
- Total fund balance at the end of the year was \$10.7 million, of which \$1.57 million was non-spendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$4.5 million.

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position decreased \$1.6 million, mostly due to the completion of the water meter project.
- Total net position at the end of the year was \$41.7 million, of which \$36.8 million was invested in fixed assets and \$4.9 million in unrestricted funds.
- Working capital of the fund decreased from \$7.6 million to \$4.4 million. Lease proceeds of \$3 million recorded in 2017 were spent in their entirety during 2018 for the meter replacement project.

LONG-TERM DEBT

- Total long-term debt increased \$11.8 million to \$92 million outstanding as of December 31, 2018. Included in this figure is a \$14 million increase to net pension liability.
- Bonded debt alone decreased \$2.1 million to \$27.5 million outstanding as of December 31, 2018.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, increased \$802k to \$129.9 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$200k to \$84.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

In accordance with generally accepted accounting principles, the Village presents its financial statements so as to offer two perspectives of its financial position and results of operation. The government-wide perspective presents financial information for the government as a whole. The fund perspective involves the presentation of financial information for individual accounting entities established by the Village for specific purposes. The focus of the fund statements is on major funds. Both perspectives (government-wide and major fund) address likely user questions, provide a broad basis for comparison, and enhance the Village's accountability.

Government wide statements

The government-wide statements are intended to provide a view of the financial position and operations of the Village in a manner similar to the private sector. These statements provide a long-term view of the

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

December 31, 2018

financial position of the Village of Lake Zurich. The *Statement of Net Position* reflects all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference between them reported as net position. Over time, the change in net position may serve as a useful indicator to reflect the improving or deteriorating position of the Village.

The government-wide *Statement of Activities* reflects the change in Village net position for the current year. These activities are reported on a full accrual basis. Thus revenues and expenses are recorded as they are incurred, regardless of when cash flow is affected. Both the *Statement of Net Position* and the *Statement of Activities* include the Village's governmental and business-type activities.

Governmental activities encompass general government, public safety, highways and streets, culture and recreation and economic development. In general, taxes and intergovernmental revenues support governmental funds. The business-type activities of the Village consist of water and sewer operations, which are funded primarily from user fees. Revenues generated from water and sewer operations are intended to cover all or a significant amount of total costs. The government-wide financial statements can be found on pages 4-6 of this report.

Fund Financial Statements

The Village of Lake Zurich utilizes fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with specific financial and legal requirements. The Village of Lake Zurich has three fund types; governmental, proprietary and fiduciary.

Governmental Funds

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

The Village of Lake Zurich has fifteen governmental funds to account for governmental functions. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for these funds, all of which are considered to be "major" funds. The purposes of these major funds are as follows:

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

The TIF (#1) Tax Allocation Fund accounts for all revenues and transfers to pay for administrative, debt service, and capital improvement activity necessary to stimulate and induce redevelopment of Downtown Lake Zurich pursuant to the Tax Increment Finance (TIF) Act.

The Downtown TIF #2 Special Revenue Fund captures all the costs and revenue associated with the construction and improvements to TIF District #2.

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

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

December 31, 2018

The TIF (#1) Debt Service Fund accounts for the accumulation of financial resources to pay principal and interest expenses generated related to TIF District #1.

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

The TIF (#1) Capital Projects Fund captures all the costs and revenue associated with the construction and improvements to TIF District #1.

Data from the other eight (8) funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. Budgetary comparisons are included at the fund level in the combining and individual fund financial statements. The basic governmental fund financial statements can be found on pages 7 through 14 of this report.

Proprietary Funds

The Village of Lake Zurich maintains one proprietary fund – the Waterworks and Sewerage Fund. This proprietary fund is categorized as an enterprise fund, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. As proprietary funds are reported on a full accrual basis, the Village of Lake Zurich fund statements for its Waterworks and Sewerage fund mirror the government-wide statements. The basic proprietary fund financial statements can be found on pages 15 through 19 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Hence, fiduciary funds are not included in the government-wide statements, as their resources are not available to support the Village's own programs. The Village of Lake Zurich has 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. The basic fiduciary fund statements can be found on pages 20 and 21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is critical to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are on pages 23 through 74 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Included in this report is a budgetary comparison statement for the General Fund and the special revenue funds, as well as information regarding the Village's progress in funding its obligation to provide pension and other postemployment benefits to its employees. This information is available on pages 75 through 86.

Amendments to Budget

Amendments to the budget are typically made throughout the year. The Village Manager, as Budget Officer, is authorized to implement a budget transfer between accounts within the same object class, provided it is within the same department and fund. No transfers were authorized by the Budget Officer

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

December 31, 2018

during the year. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board. Two (2) budget amendments were approved during the fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

The combined net position for the fiscal year ended December 31, 2018 totaled \$81.2 million and consisted of net position from both governmental activities and business-type activities of \$39.6 million and \$41.6 million respectively. Following is a table that shows total net position of the Village as of December 31, 2018 with a comparison to the preceding fiscal year.

Statement of Net Position
As of December 31, 2017 and 2018

| Category | Governmental Activities | | Business-type Activities | | Total Village Wide | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 12/31/2018 | 12/31/2017 | 12/31/2018 | 12/31/2017 | 12/31/2018 | 12/31/2017 |
| Current and other assets | \$ 39,913,269 | \$ 37,578,248 | \$ 6,279,029 | \$ 9,437,075 | \$ 46,192,298 | \$ 47,015,323 |
| Capital assets | 84,726,413 | 84,526,783 | 45,177,602 | 44,575,572 | 129,904,015 | 129,102,355 |
| Total assets | 124,639,682 | 122,105,031 | 51,456,631 | 54,012,647 | 176,096,313 | 176,117,678 |
| Deferred Outflows | 17,406,395 | 9,606,360 | 634,059 | 172,653 | 18,040,454 | 9,779,013 |
| Total assets & deferred outflows | 142,046,077 | 131,711,391 | 52,090,690 | 54,185,300 | 194,136,767 | 185,896,691 |
| Current and other liabilities | 3,933,870 | 3,862,925 | 1,401,764 | 1,815,377 | 5,335,634 | 5,678,302 |
| Long-term liabilities | 80,203,424 | 65,842,092 | 8,927,467 | 8,232,663 | 89,130,891 | 74,074,755 |
| Total liabilities | 84,137,294 | 69,705,017 | 10,329,231 | 10,048,040 | 94,466,525 | 79,753,057 |
| Deferred Inflows | 18,314,266 | 21,754,025 | 106,613 | 662,316 | 18,420,879 | 22,416,341 |
| Total liabilities and deferred inflows | 102,451,560 | 91,459,042 | 10,435,844 | 10,710,356 | 112,887,404 | 102,169,398 |
| Net position: | | | | | | |
| Net invest capital assets | 83,682,136 | 83,071,165 | 36,769,636 | 38,774,738 | 120,451,772 | 121,845,903 |
| Restricted | 10,713,751 | 11,260,966 | - | - | 10,713,751 | 11,260,966 |
| Unrestricted | (54,801,370) | (54,079,782) | 4,885,210 | 4,700,206 | (49,916,160) | (49,379,576) |
| Total net position | \$ 39,594,517 | \$ 40,252,349 | \$ 41,654,846 | \$ 43,474,944 | \$ 81,249,363 | \$ 83,727,293 |

The Village's net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure less any related debt used to acquire those assets still outstanding), is the largest portion of the Village's net position. As of December 31, 2018, capital assets net of related debt totaled \$120.5 million. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other resources, since capital assets themselves cannot be used to liquidate these liabilities.

In the governmental activities, the total net position decreased by \$658k, including restatement. The General Fund was able to transfer additional funds to the Capital Improvement and the Equipment Replacement funds to accumulate resources for upcoming capital needs. General Fund was still able to post a surplus of \$175k.

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

December 31, 2018

Cash and investments for governmental activities increased \$336k. Total assets and deferred outflows for the governmental activities increased to \$142 million. This is attributable to the increased deferred outflow of resources relating to pensions from \$10 million to \$14.6 million. Total liabilities and deferred inflows grew as well, from \$91 million to \$102 million, due to changes for pension liabilities.

For the business-type activities, total net position decreased by \$1.6 million. Lease proceeds of \$3 million from 2017 were spent to complete the meter replacement project. This contributed to non-capital assets (cash, investments, receivables, etc.) decreasing by \$2.1 million. The Village continues to pay down existing debt.

During the current fiscal year, total net position of the Village decreased by \$2.5 million, including restatement, compared to a \$2.8 million increase in 2017. A more detailed explanation of the change in net position of the governmental activities and business-type activities is provided in the following sections.

Statement of Activities

The following summarizes the changes in the Village's net position for the 2018 fiscal year:

**Change in Net Position
For the Fiscal Years Ended December 31, 2017 and 2018**

| Category | Governmental Activities | | Business-type Activities | | Total Village Wide | |
|-------------------------------|-------------------------|-------------------|--------------------------|-------------------|--------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 10,131,867 | \$ 9,958,614 | \$ 6,191,268 | \$ 5,672,242 | \$ 16,323,135 | \$ 15,630,856 |
| Operating grants | 564,495 | 610,354 | - | - | 564,495 | 610,354 |
| Capital grants | 17,636 | 66,442 | - | - | 17,636 | 66,442 |
| General revenues: | | | | | | |
| Taxes | 13,012,858 | 12,696,253 | - | - | 13,012,858 | 12,696,253 |
| Intergovernmental | 11,760,384 | 11,523,983 | - | - | 11,760,384 | 11,523,983 |
| Investment earnings | 353,593 | 143,796 | 142,640 | 41,891 | 496,233 | 185,687 |
| Other | 410,874 | 360,054 | - | - | 410,874 | 360,054 |
| Total revenues | 36,251,707 | 35,359,496 | 6,333,908 | 5,714,133 | 42,585,615 | 41,073,629 |
| Expenses: | | | | | | |
| General Government | 2,188,126 | 1,769,844 | - | - | 2,188,126 | 1,769,844 |
| Public Safety | 22,341,200 | 22,066,110 | - | - | 22,341,200 | 22,066,110 |
| Highways and Streets | 5,281,131 | 4,522,520 | - | - | 5,281,131 | 4,522,520 |
| Culture and Recreation | 1,803,515 | 1,526,825 | - | - | 1,803,515 | 1,526,825 |
| Economic Development | 1,071,579 | 2,186,755 | - | - | 1,071,579 | 2,186,755 |
| Interest on long-term debt | 1,045,097 | 967,636 | - | - | 1,045,097 | 967,636 |
| Water/Sewer | - | - | 7,912,780 | 5,235,787 | 7,912,780 | 5,235,787 |
| Total expenses | 33,730,648 | 33,039,690 | 7,912,780 | 5,235,787 | 41,643,428 | 38,275,477 |
| Change in Net Position | 2,521,059 | 2,319,806 | (1,578,872) | 478,346 | 942,187 | 2,798,152 |
| Beginning net position | 40,252,349 | 37,932,543 | 43,474,944 | 42,996,598 | 83,727,293 | 80,929,141 |
| Change in Acct. Principle | (3,178,891) | - | (241,226) | - | (3,420,117) | - |
| Ending net position | 39,594,517 | 40,252,349 | 41,654,846 | 43,474,944 | 81,249,363 | 83,727,293 |

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

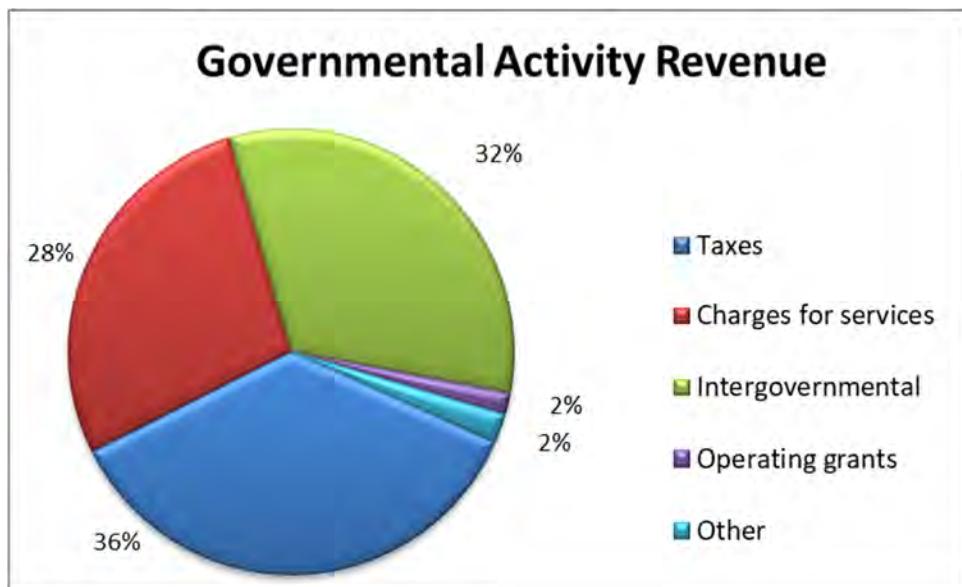
December 31, 2018

Governmental Activities

As is typical for governmental activities of local governments, program revenues cover a small percentage of program expenses, with general revenues covering the majority of expenses. For fiscal year 2018, governmental program expenses of \$33.7 million exceeded program revenues of \$10.7 million by \$23 million. General revenues of \$25.5 million made up for the deficiency.

Revenues

The following graph indicates the breakdown of 2018 revenues by type.



Total revenues of \$36.2 million were higher than last year by \$892k (2.5%). No new major revenue sources were implemented. The increase was spread between property taxes (\$194k), sales tax (\$92k), investment earnings (\$210k) and charges for services (\$173k) as the biggest categories.

Utility taxes have been fluctuating, but ended the year up \$38k (3%). The telecommunications tax has been unpredictable in the past few years. Receipts for the full year were down 14% at \$620k. Receipts have been declining due to changes in how customers receive their phone service, such as free long-distance with most cellular plans. Grant revenues were also down by \$95k due to limited grant opportunities.

Sales tax revenues came in at \$9.2 million, a 1% increase. Lake Zurich's mix of retailers provides stability and consistency during more difficult financial periods better than localities that are selling more luxury or specialty products.

The State Income Tax receipts of \$1.88 million have also been fluctuating as the State of Illinois changed the total rate and sharing percentage, effective July 2017. While the tax rate was increased, the sharing rate was decreased. The State has also declared additional credits for businesses not previously offered, decreasing the amounts available for distribution to local governments. Income Tax was up \$77k for the year, a 4% bump.

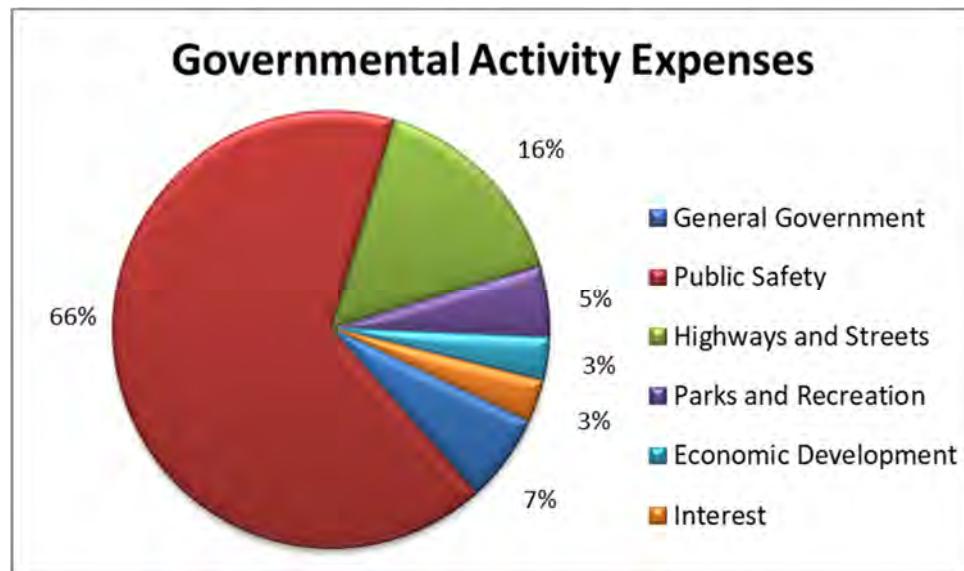
Charges for Services make up 28% of the Village's governmental revenue. Charges for services increased by \$173k (1.7%), coming in at \$10.1 million. No new charges were implemented; activity levels were up.

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

December 31, 2018

Expenses

Governmental activity expenses represent the costs to operate the Village core services, excluding water and sewer service. The following chart shows the breakdown of governmental expenses by activity.



Expenses associated with governmental activities increased by \$690k, or 2%. By far the most significant category of expenses relate to public safety, which totaled \$22.3 million of the total \$33.7 million. This includes both police and fire operational expenses, as well as annual contributions to the respective downstate pension funds of over \$4 million for the year.

Business Type Activities

For business-type activities, net position decreased a total of \$1.6 million. Program revenues of \$6.2 million exceeded program expenses of \$7.9 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$1.8 million (22% of operating expenses).

Revenues associated with business-type activities totaled \$6.3 million, up 11% for the year. Charges for services increased, from \$5.7 to \$6.2 million (9%). An increase to water and sewer rates was effective the first day of the fiscal year. Business-type expenses increased \$2.7 million compared to the prior year, up to \$7.9 million from \$5.2 million in fiscal 2017. Over \$3 million was attributable to the water meter replacement project. The Village has prioritized a few large capital projects for the past three years, utilizing bond funds specifically issued to address these concerns. As the infrastructure continues to age, capital expenses will continue to be a large drain of resources for this fund.

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

December 31, 2018

FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental Funds

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

At December 31, 2018 governmental funds reported combined fund balances of \$22.6 million. Of this amount, \$7.6 million is unrestricted and is available for future obligations. About \$10.7 million is restricted, with \$3.4 million restricted for Tax Increment Financing (TIF), \$2.5 million for capital projects and \$1.4 million for debt service. The remainder of restricted funds relate to special recreation, public safety, highway and streets, special events and a small amount for tourism, generated by the hotel tax.

GENERAL FUND:

The General Fund is the Village's primary operating fund. For the fiscal year ended December 31, 2018, fund balance in the General Fund increased by \$175k from current year activities. Change to fund balance is a combination of revenues of \$28.8 million compared to expenditures of \$26.5 million. Other financing uses of \$2.2 million are also included, representing a transfer of \$1 million to the Capital Improvement Fund, \$575k to the Dispatch Services Fund, \$91k to the Special Events Fund and \$475k to the Equipment Replacement Fund. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$10.7 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund has a fund balance of \$83k, restricted entirely for TIF purposes. This is \$18k higher than the previous year.
- The Debt Service Fund has a positive fund balance of \$1.37 million that is restricted entirely for the payment of future debt service. This is \$35k higher than the previous year, as funds were set aside for the upcoming principal and interest payments in January 2019.
- The TIF (#1) Debt Service Fund currently has a negative fund balance of \$868k. While any fund balance in this fund would be restricted for payment of future debt service, the fund received a long-term advance of over \$1.5 million to cover its expenditures to date. Fund balance improved by \$42k during the year and the long-term advance has been reduced to \$1.3 million. Now that the TIF has been extended, the debt restructured, and several negative increment parcels removed, the TIF is working on rebuilding the fund balance of future years.
- The Capital Improvements Fund fund balance increased \$311k to \$2.87 million. The majority of the increase is due to advanced funding from the General Fund for upcoming capital projects. \$269k of this fund balance is earmarked for noise mitigation related to the CN rail, which will be drawn down over the next few fiscal years.
- The TIF (#1) Capital Project Fund had no activity for the year, holding the fund balance at negative \$182k. The fund has received \$185,000 from the General Fund as a long-term advance to cover expenditures to date. The TIF is working on rebuilding the fund balance for possible repayment in future years.
- The Downtown TIF Fund #2 increased fund balance by \$181k over the year. Fund balance at year-end of \$3.37 million is restricted entirely for TIF purposes, almost solely land held for resale.

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

December 31, 2018

Proprietary Funds

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

At December 31, 2018, net position of the proprietary fund totaled \$41.2 million. Cash and investments totaled \$6.1 million, an increase of \$547k (10%). Lease proceeds of \$3 million for the water meter replacement project received in 2017 were depleted from current assets during 2018. This was a major factor in working capital decreasing from \$7.6 million to \$4.4 million; however, as of 12/31/16, the working capital had been \$4 million, so the fund is still in a better financial position than two years ago.

Operating revenues increased 14% from the previous year to \$6.1 million. A rate increase to the Lake Zurich portion of water bills took effect January 1, 2018. Completion of the water meter replacement project is providing more accurate consumption records. While gallons billed remained fairly consistent (465 million gallons), gallons pumped through the system went down by 21 million gallons to 549 million, demonstrating conservation of water and more accurate billing. Operating expenses (including depreciation) of \$8.15 million were 61% higher than the previous year, with approximately \$3.3 million as a one-time large capital expense for the water meter project. Outside of that project, expenses were relatively stable compared to the \$5.1 million in 2017. Depreciation increased by \$91k (5%) to \$1.8 million.

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced overall losses in the fiscal year ended December 31, 2018. Combined, the funds reported a \$864k loss for the year due to extreme investment market losses in fourth quarter 2018. During 2017, the two funds combined reported an \$8.3 million increase in plan fiduciary net position. In 2018, investment earnings (net related expenses) posted a combined loss of \$2.6 million between the two funds. Cash and investments totaled \$56 million as of December 31st.

Agency Funds: The Village has several agency funds, including an escrow performance fund and several special service area funds. These funds do not have budgets, nor do they have measures of operations. They are used to account for assets and liabilities of funds kept in a custodial manner. Total assets of agency funds increased over last fiscal year by \$109k. Total cash and investments as of December 31, 2018 was \$1.8 million, about \$61k higher than the end of the previous fiscal year. The activity of the special service areas has been broken out from the escrow performance fund activity for transparency.

GENERAL FUND HIGHLIGHTS

Amendments to Budget

The Village Manager as Budget Officer is authorized to implement a budget transfer between accounts within the same object class, provided it is within the same department and fund. Budget transfers between object classes and any increases or decreases to the total budget must be approved by the Village Board. The revenues and expenditures were monitored closely throughout the year compared to stay in compliance with the fund level budgetary policy.

Two budget amendments were approved for this fiscal year that affected the General Fund. Revenues and other financing sources were increased \$778,577, with matching increases to expenditures and other

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

December 31, 2018

financing uses. The largest revenue increases were to the Fire District Agreement (\$199k), Sales Tax (\$179k) and Income Tax (\$169k). For expenditures, tax rebates were reduced by \$124k as one of the sharing agreements was no longer valid. Overtime in the Fire Department was increased by \$103k. No other major changes were made to expenditures. With additional savings apparent, increases were made to transfers out to the Capital Improvement Fund and the Equipment Replacement Fund to help fund several upcoming expensive but necessary capital projects and replacements.

Change in Fund Balance

General Fund

When the original budget was adopted in December of 2017, a surplus of \$1k was expected for the General Fund. After the budget amendments, the budgeted surplus remained \$1k. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$175k. Revenues and other financing sources came in at \$28.9 million for the year, \$26k more than budgeted. Expenditures totaled \$26.5 million, which was \$116k less than budgeted. Other financing uses (transfers out) were reduced by \$32k, based on projected revenues to the recipient funds. Overall, expenditures and other financing uses totaled \$28.7 million, \$148k lower than budgeted. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended December 31, 2018.

**General Fund Budgetary Highlights
Fiscal Year Ended December 31, 2018**

| | Final Budget | Actual |
|---|----------------------|----------------------|
| Revenues & Other Financing Sources | | |
| Taxes | \$ 9,913,577 | \$ 9,927,153 |
| Licenses and permits | 762,556 | 720,053 |
| Intergovernmental | 15,429,021 | 15,215,740 |
| Charges for services | 1,885,522 | 2,092,655 |
| Fines and forfeits | 611,000 | 601,130 |
| Other revenue | 246,614 | 292,399 |
| Sub-total revenues | \$ 28,848,290 | \$ 28,849,130 |
| Other financing sources | 19,522 | 19,522 |
| Total Revenues and Other Financing Sources | \$ 28,867,812 | \$ 28,868,652 |
| Expenditures and Other Financing Uses | | |
| General government | \$ 1,867,882 | \$ 1,789,293 |
| Public safety | 19,897,025 | 19,858,506 |
| Highways and streets | 2,973,281 | 3,001,308 |
| Culture and recreation | 1,092,596 | 1,070,078 |
| Economic development | 815,922 | 786,750 |
| Sub-total expenditures | \$ 26,646,706 | \$ 26,505,935 |
| Other financing uses | | |
| Transfers to Other Funds | 2,220,082 | 2,187,722 |
| Total Expenditures and Other Financing Sources | 28,866,788 | 28,693,657 |
| Change in Fund Balance | \$ 1,024 | \$ 174,995 |

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

December 31, 2018

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$129.9 million at December 31, 2018. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------|--------------------------------|----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
| | FYE 18 | FYE 17 | FYE 18 | FYE 17 | FYE 18 | FYE 17 |
| Land and Improvements | \$ 35,375,303 | \$ 34,429,458 | \$ 249,652 | \$ 249,652 | \$ 35,624,955 | \$ 34,679,110 |
| Building and Improvements | 8,582,207 | 7,456,382 | - | - | 8,582,207 | 7,456,382 |
| Machinery & Equipment | 1,642,233 | 1,065,097 | 1,409,874 | 947,216 | 3,052,107 | 2,012,313 |
| Vehicles | 3,474,782 | 2,021,236 | 519,983 | 100,589 | 3,994,765 | 2,121,825 |
| Other | 124,461 | 156,081 | 1,213,503 | 14,341 | 1,337,964 | 170,422 |
| Infrastructure | 35,527,427 | 39,398,529 | 41,784,590 | 43,263,774 | 77,312,017 | 82,662,303 |
| Total | <u>\$ 84,726,413</u> | <u>\$ 84,526,783</u> | <u>\$ 45,177,602</u> | <u>\$ 44,575,572</u> | <u>\$ 129,904,015</u> | <u>\$ 129,102,355</u> |

Capital additions for the year totaled \$2.8 million for governmental funds and \$2.8 million for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- Land improvements of \$547k, with \$498k on the parking lot for the Community Services Facility.
- Building and building improvements of \$155k for the construction of the concession pavilion within Breezewald Park and an adjustment to value of Village owned properties.
- Infrastructure improvements of \$1.35 million for the annual road program.
- Equipment of \$59k for a station alerting system for Fire Station 1.
- Computer software of \$128k for the new enterprise solution software BS&A.
- Vehicles of \$553k, with \$70k for police vehicles, \$261k for a new ambulance, \$37k for a fire administration car and \$185k for a new public works dump truck.

Business-Type Fund:

- Infrastructure improvements of \$579k for improvements to the Buffalo Creek lift station.
- Machinery and Equipment of \$286k, for lift station control equipment (\$76k) and pump replacements (\$116k), as well as \$94k reclassified from other categories.
- Vehicles of \$456k for a Vactor Sewer Cleaner truck (\$415k) and a utility pickup truck (\$41k)

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 44 and 45.

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

December 31, 2018

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$2.1 million. Series 2018 was issued for \$1,104,000 on a short-term basis and was repaid before the end of the fiscal year. During the year, the only additional new debt was a capital lease for a sewer vactor vehicle for \$465k.

| | Governmental Activities | | Business-type Activities | | Total Village Wide | |
|-------------------------------|--------------------------------|-------------------|---------------------------------|------------------|---------------------------|-------------------|
| | FYE 18 | FYE 17 | FYE 18 | FYE 17 | FYE 18 | FYE 17 |
| General Obligation Bonds | \$ 990,000 | \$ 1,450,000 | \$ - | \$ - | \$ 990,000 | \$ 1,450,000 |
| TIF Alternate Revenue Bonds | 23,585,000 | 24,660,000 | - | - | 23,585,000 | 24,660,000 |
| TIF Revenue Bonds | - | - | - | - | - | - |
| Water Alternate Revenue Bonds | - | - | 2,970,000 | 3,500,000 | 2,970,000 | 3,500,000 |
| Bonded Debt Total | 24,575,000 | 26,110,000 | 2,970,000 | 3,500,000 | 27,545,000 | 29,610,000 |
| IEPA Loan | - | - | 1,924,089 | 2,115,799 | 1,924,089 | 2,115,799 |
| Compensated Absences | 1,135,210 | 1,101,366 | 76,185 | 70,558 | 1,211,395 | 1,171,924 |
| Net Pension Liability | 52,928,556 | 39,680,561 | 1,127,626 | 180,623 | 54,056,182 | 39,861,184 |
| Capital Lease Obligation | 252,725 | 378,767 | 3,358,063 | 3,000,000 | 3,610,788 | 3,378,767 |
| Other Postemployment Benefits | 3,082,201 | 3,365,496 | 257,526 | 261,767 | 3,339,727 | 3,627,263 |
| Other | 242,222 | 289,992 | 155,814 | 185,034 | 398,036 | 475,026 |
| Total Other LT Debt | 57,640,914 | 44,816,182 | 6,899,303 | 5,813,781 | 64,540,217 | 50,629,963 |
| Combined LT Debt Total | 82,215,914 | 70,926,182 | 9,869,303 | 9,313,781 | 92,085,217 | 80,239,963 |

The Village maintains a AAA, stable outlook, bond rating from Standard and Poors, which had been upgraded from AA in 2013. Maintaining the AAA stable was based on the following factors:

- Very strong economy, with a projected per capita buying income at 167% the national average.
- Very strong budgetary flexibility
- Strong overall budgetary performance.
- Strong debt and contingent liabilities profile.

Additional information on the Village's long-term debt is presented in the notes to the basic financial statements on pages 48 through 53.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Village is directly impacted by the financial condition of the State of Illinois. The political environment in Springfield is being closely monitored for legislation that could reduce or eliminate the shared revenue, and in turn impact the level of service to the residents. The State reduced the local sharing of the Income Tax starting July 2017 and implemented an administration fee on local taxes such as the Non-Home Rule Sales Tax. Preliminary information on the State's upcoming budget for 2019/20 show partial no change to these revenues.
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2018 Tax Levy to be 2.1% for the second year in a row. Any increase in CPI along with the value of new construction will be used to offset the growing cost of funding for both police and fire pension funds for the Village.

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

December 31, 2018

- Minimizing retail vacancies continue to be a priority for the Village, as sales tax is a significant revenue source. The Village will continue to monitor economic trends relating to retail sales and adjust forecasts/spending as appropriate.
- One of the four union contracts expire mid-2019. Negotiated salary and benefit increases are expected to be reasonable and in-line with market conditions, allowing for increased stability in the operating budget of the Village.

The above factors were taken into consideration for funding and planning purposes for current and future fiscal years. At December 31, 2018 the unrestricted fund balance of the General Fund was 30% of total expenditures of the upcoming year. Village policy states a minimum unrestricted fund balance be maintained of 25% with a target of 40%.

The Water/Sewer Fund had cash and investments of \$6.1 million at December 31, 2018. The fund also had unrestricted net position of \$4.4 million. The Village monitors both revenues and expenses to determine the rate levels necessary to cover the maintenance and long term replacement infrastructure needs of the Water/Sewer Fund. The Village Board approved a rate increase effective January 1, 2018.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village of Lake Zurich's financial position and activities for the fiscal year ended December 31, 2018. Questions and requests for additional information should be directed to the Finance Director, Village of Lake Zurich, 70 E. Main Street, Lake Zurich, Illinois 60047.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKE ZURICH

STATEMENT OF NET POSITION As of December 31, 2018

| | Governmental Activities | Business-Type Activities | Totals |
|--|-----------------------------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Cash and investments | \$ 18,655,253 | \$ 6,086,703 | \$ 24,741,956 |
| Receivables (net) | | | |
| Property taxes | 10,925,898 | - | 10,925,898 |
| Accounts | 1,773,534 | 931,044 | 2,704,578 |
| Accrued interest | 29,504 | 8,011 | 37,515 |
| Internal balances | 805,126 | (805,126) | - |
| Due from fiduciary funds | 150,000 | 7,437 | 157,437 |
| Due from other governmental units | 2,570,480 | - | 2,570,480 |
| Cash at paying agent | 504,800 | - | 504,800 |
| Prepaid items | 964,338 | 46,976 | 1,011,314 |
| Inventories | 15,935 | 3,984 | 19,919 |
| Land held for resale | 3,518,401 | - | 3,518,401 |
| Capital Assets | | | |
| Capital assets not being depreciated | 30,598,012 | 1,463,155 | 32,061,167 |
| Capital assets net of accumulated depreciation | 54,128,401 | 43,714,447 | 97,842,848 |
| Total Assets | <u>124,639,682</u> | <u>51,456,631</u> | <u>176,096,313</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related amounts | 14,634,058 | 634,059 | 15,268,117 |
| Unamortized loss on refunding | 2,772,337 | - | 2,772,337 |
| Total Deferred Outflows of Resources | <u>17,406,395</u> | <u>634,059</u> | <u>18,040,454</u> |
| LIABILITIES | | | |
| Accounts payable | 478,220 | 377,591 | 855,811 |
| Accrued payroll | 383,167 | 29,766 | 412,933 |
| Other payables | 456,214 | - | 456,214 |
| Accrued interest payable | 133,721 | 33,615 | 167,336 |
| Unearned revenues | 449,941 | - | 449,941 |
| Due to fiduciary funds | 20,117 | - | 20,117 |
| Noncurrent Liabilities | | | |
| Due within one year | 2,012,490 | 941,836 | 2,954,326 |
| Due in more than one year | 80,203,424 | 8,927,467 | 89,130,891 |
| Total Liabilities | <u>84,137,294</u> | <u>10,310,275</u> | <u>94,447,569</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred property taxes | 10,932,873 | - | 10,932,873 |
| Property taxes levied for future periods | 7,154,523 | 106,613 | 7,261,136 |
| OPEB related amounts | 226,870 | 18,956 | 245,826 |
| Total Deferred Inflows of Resources | <u>18,314,266</u> | <u>125,569</u> | <u>18,439,835</u> |
| NET POSITION | | | |
| Net investment in capital assets | 83,682,136 | 36,769,636 | 120,451,772 |
| Restricted for | | | |
| Special recreation | 295,261 | - | 295,261 |
| Public safety | 316,520 | - | 316,520 |
| TIF | 3,448,566 | - | 3,448,566 |
| Debt Service | 1,371,416 | - | 1,371,416 |
| Noise mitigation | 269,213 | - | 269,213 |
| Capital projects | 2,521,865 | - | 2,521,865 |
| Highways and streets | 2,109,372 | - | 2,109,372 |
| Tourism | 381,538 | - | 381,538 |
| Unrestricted | <u>(54,801,370)</u> | <u>4,885,210</u> | <u>(49,916,160)</u> |
| TOTAL NET POSITION | <u>\$ 39,594,517</u> | <u>\$ 41,654,846</u> | <u>\$ 81,249,363</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | |
|--|-------------------------|-----------------------------|---|---|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Governmental Activities | | | | |
| General government | \$ 2,188,126 | \$ 952,435 | \$ 4,150 | \$ - |
| Public safety | 22,341,200 | 8,394,249 | - | - |
| Highways and streets | 5,281,131 | 70,908 | 560,345 | 15,680 |
| Culture and recreation | 1,803,515 | 714,275 | - | 1,956 |
| Economic development | 1,071,579 | - | - | - |
| Interest and fiscal charges | 1,045,097 | - | - | - |
| Total Governmental Activities | <u>33,730,648</u> | <u>10,131,867</u> | <u>564,495</u> | <u>17,636</u> |
| Business-type Activities | | | | |
| Waterworks and sewerage | <u>7,912,780</u> | <u>6,191,268</u> | <u>-</u> | <u>-</u> |
| Total Business-type Activities | <u>7,912,780</u> | <u>6,191,268</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 41,643,428</u> | <u>\$ 16,323,135</u> | <u>\$ 564,495</u> | <u>\$ 17,636</u> |
| General Revenues | | | | |
| Taxes | | | | |
| Property taxes | | | | |
| Utility taxes | | | | |
| Telecommunications taxes | | | | |
| Other taxes | | | | |
| Intergovernmental - unrestricted | | | | |
| Replacement | | | | |
| Sales taxes | | | | |
| Local use | | | | |
| Shared income tax | | | | |
| Other | | | | |
| Special events | | | | |
| Investment income | | | | |
| Miscellaneous | | | | |
| Total General Revenues | | | | |
| Change in net position | | | | |
| NET POSITION - Beginning of Year (as restated) | | | | |
| NET POSITION - END OF YEAR | | | | |

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position

| Governmental Activities | Business-type Activities | Totals |
|----------------------------|-----------------------------|----------------------|
| \$ (1,231,541) | \$ (1,231,541) | |
| (13,946,951) | - | (13,946,951) |
| (4,634,198) | - | (4,634,198) |
| (1,087,284) | - | (1,087,284) |
| (1,071,579) | - | (1,071,579) |
| <u>(1,045,097)</u> | <u>-</u> | <u>(1,045,097)</u> |
| <u>(23,016,650)</u> | <u>-</u> | <u>(23,016,650)</u> |
| | | |
| | <u>(1,721,512)</u> | <u>(1,721,512)</u> |
| | <u>(1,721,512)</u> | <u>(1,721,512)</u> |
| | <u>(23,016,650)</u> | <u>(1,721,512)</u> |
| | | <u>(24,738,162)</u> |
| | | |
| 10,715,277 | - | 10,715,277 |
| 1,297,676 | - | 1,297,676 |
| 619,507 | - | 619,507 |
| 380,398 | - | 380,398 |
| | | |
| 56,959 | - | 56,959 |
| 9,235,646 | - | 9,235,646 |
| 576,670 | - | 576,670 |
| 1,879,984 | - | 1,879,984 |
| 11,125 | - | 11,125 |
| 140,970 | - | 140,970 |
| 353,593 | 122,645 | 476,238 |
| <u>269,904</u> | <u>19,995</u> | <u>289,899</u> |
| <u>25,537,709</u> | <u>142,640</u> | <u>25,680,349</u> |
| | | |
| 2,521,059 | (1,578,872) | 942,187 |
| | | |
| <u>37,073,458</u> | <u>43,233,718</u> | <u>80,307,176</u> |
| <u>\$ 39,594,517</u> | <u>\$ 41,654,846</u> | <u>\$ 81,249,363</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

| | <u>General Fund</u> | <u>TIF Tax Allocation</u> | <u>Downtown TIF #2</u> | <u>Debt Service</u> |
|----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 4,522,676 | \$ 82,686 | \$ 88,088 | \$ 866,586 |
| Receivables | | | | |
| Property taxes receivable | 7,904,225 | 1,256,222 | 83,626 | 1,681,825 |
| Accounts receivable | 970,351 | - | 8,936 | 30 |
| Accrued interest | 19,050 | - | - | - |
| Due from other funds | 2,548,691 | - | 9,757 | - |
| Advances to other funds | 1,540,000 | - | - | - |
| Due from other governments | 2,570,480 | - | - | - |
| Cash at paying agent | - | - | - | 504,800 |
| Prepaid items | 16,831 | - | 943 | - |
| Inventories | 15,935 | - | - | - |
| Land held for resale | - | - | 3,518,401 | - |
| TOTAL ASSETS | <u>\$ 20,108,239</u> | <u>\$ 1,338,908</u> | <u>\$ 3,709,751</u> | <u>\$ 3,053,241</u> |

See accompanying notes to financial statements.

| TIF Debt Service | Capital Improvements | TIF #1 Capital Projects | Nonmajor Governmental Funds | Totals |
|-------------------|----------------------|-------------------------|-----------------------------|----------------------|
| \$ 431,361 | \$ 4,077,407 | \$ 2,659 | \$ 4,725,535 | \$ 14,796,998 |
| - | - | - | - | 10,925,898 |
| - | - | - | 787,236 | 1,766,553 |
| 890 | 9,564 | - | - | 29,504 |
| - | - | - | 795 | 2,559,243 |
| - | - | - | 250,000 | 1,790,000 |
| - | - | - | - | 2,570,480 |
| - | - | - | - | 504,800 |
| - | - | - | 18,834 | 36,608 |
| - | - | - | - | 15,935 |
| - | - | - | - | <u>3,518,401</u> |
| <u>\$ 432,251</u> | <u>\$ 4,086,971</u> | <u>\$ 2,659</u> | <u>\$ 5,782,400</u> | <u>\$ 38,514,420</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2018

| | <u>General Fund</u> | <u>TIF Tax Allocation</u> | <u>Downtown TIF #2</u> | <u>Debt Service</u> |
|--|----------------------|---------------------------|------------------------|---------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 339,017 | \$ - | \$ 3,270 | \$ - |
| Accrued wages | 355,607 | - | - | - |
| Other liabilities | 234,365 | - | - | - |
| Due to other funds | 9,757 | - | - | - |
| Advances from other funds | - | - | 250,000 | - |
| Due to fiduciary funds | 20,117 | - | - | - |
| Unearned revenues | 321,355 | - | - | - |
| Total Liabilities | <u>1,280,218</u> | <u>-</u> | <u>253,270</u> | <u>-</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenues | 189,667 | - | - | - |
| Property taxes levied for future periods | <u>7,904,225</u> | <u>1,256,222</u> | <u>90,601</u> | <u>1,681,825</u> |
| Total Deferred Inflows of Resources | <u>8,093,892</u> | <u>1,256,222</u> | <u>90,601</u> | <u>1,681,825</u> |
| Fund Balances | | | | |
| Nonspendable for prepaid items | 16,831 | - | - | - |
| Nonspendable for inventory | 15,935 | - | - | - |
| Nonspendable for advances to other funds | 1,540,000 | - | - | - |
| Restricted for special recreation | 295,261 | - | - | - |
| Restricted for public safety | 110,990 | - | - | - |
| Restricted for TIF | - | 82,686 | 3,365,880 | - |
| Restricted for debt service | - | - | - | 1,371,416 |
| Restricted for noise mitigation | - | - | - | - |
| Restricted for capital projects | - | - | - | - |
| Restricted for highways and streets | - | - | - | - |
| Restricted for tourism | - | - | - | - |
| Assigned to capital project funds | - | - | - | - |
| Assigned to special events | - | - | - | - |
| Unassigned | <u>8,755,112</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>10,734,129</u> | <u>82,686</u> | <u>3,365,880</u> | <u>1,371,416</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| | <u>\$ 20,108,239</u> | <u>\$ 1,338,908</u> | <u>\$ 3,709,751</u> | <u>\$ 3,053,241</u> |

See accompanying notes to financial statements.

| TIF Debt Service | Capital Improvements | TIF #1 Capital Projects | Nonmajor Governmental Funds | Totals |
|-------------------|----------------------|-------------------------|-----------------------------|----------------------|
| \$ - \$ 1,325 | \$ - | \$ 28,278 | \$ 371,890 | |
| - - | - | 27,560 | 383,167 | |
| - 215,000 | - | 6,849 | 456,214 | |
| - 1,000,795 | - | 272,881 | 1,283,433 | |
| 1,300,000 - | 185,000 | 55,000 | 1,790,000 | |
| - - | - | - | 20,117 | |
| - - | - | 128,586 | 449,941 | |
| <u>1,300,000</u> | <u>1,217,120</u> | <u>185,000</u> | <u>519,154</u> | <u>4,754,762</u> |
| | | | | |
| - - | - | - | 189,667 | |
| <u>- -</u> | <u>-</u> | <u>-</u> | <u>10,932,873</u> | |
| <u>- -</u> | <u>-</u> | <u>-</u> | <u>11,122,540</u> | |
| | | | | |
| - - | - | 18,834 | 35,665 | |
| - - | - | - | 15,935 | |
| - - | - | - | 1,540,000 | |
| - - | - | - | 295,261 | |
| - - | - | 205,530 | 316,520 | |
| - - | - | - | 3,448,566 | |
| - - | - | - | 1,371,416 | |
| - 269,213 | - | - | 269,213 | |
| - - | - | 2,521,865 | 2,521,865 | |
| - - | - | 2,109,372 | 2,109,372 | |
| - - | - | 381,538 | 381,538 | |
| - 2,600,638 | - | 9,617 | 2,610,255 | |
| - - | - | 100,027 | 100,027 | |
| <u>(867,749)</u> | <u>-</u> | <u>(182,341)</u> | <u>(83,537)</u> | <u>7,621,485</u> |
| <u>(867,749)</u> | <u>2,869,851</u> | <u>(182,341)</u> | <u>5,263,246</u> | <u>22,637,118</u> |
| | | | | |
| <u>\$ 432,251</u> | <u>\$ 4,086,971</u> | <u>\$ 2,659</u> | <u>\$ 5,782,400</u> | <u>\$ 38,514,420</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

| | |
|--|-----------------------------|
| Total Fund Balances - Governmental Funds | \$ 22,637,118 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. | 84,726,413 |
| Less internal service fund portion | (2,242,878) |
| Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. | 189,667 |
| The loss on refunding of bonds is capitalized as amortized over the life of the bonds on the statement of net position. | 2,772,337 |
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 14,634,058 |
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | (7,154,523) |
| Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds | (226,870) |
| Internal service funds are reported in the statement of net position as governmental activities. | 6,608,830 |
| Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds. | |
| Bonds and notes payable | (24,575,000) |
| Capital lease payable | (252,725) |
| Compensated absences | (1,135,210) |
| Accrued interest | (133,721) |
| Unamortized debt discount | (242,222) |
| Net pension liability | (52,928,556) |
| Total OPEB liability | <u>(3,082,201)</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 39,594,517</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

| | General Fund | TIF Tax Allocation | Downtown TIF #2 | Debt Service |
|--|-----------------------------|-------------------------|----------------------------|----------------------------|
| REVENUES | | | | |
| Taxes | \$ 9,927,153 | \$ 1,303,973 | \$ 93,896 | \$ 1,644,892 |
| Licenses and permits | 720,053 | - | - | - |
| Intergovernmental | 15,215,740 | - | - | - |
| Charges for services | 2,092,655 | - | - | - |
| Fines, forfeitures and penalties | 601,130 | - | - | - |
| Special events | - | - | - | - |
| Investment income | 154,121 | 4,208 | 260 | 19,354 |
| Miscellaneous revenues | 138,278 | - | 91,687 | - |
| Total Revenues | <u>28,849,130</u> | <u>1,308,181</u> | <u>185,843</u> | <u>1,664,246</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,789,293 | - | - | - |
| Public safety | 19,858,506 | - | - | - |
| Highways and streets | 3,001,308 | - | - | - |
| Culture and recreation | 1,070,078 | - | - | - |
| Economic development | 786,750 | 500,124 | 5,277 | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | 460,000 |
| Interest and fiscal charges | - | - | - | 65,361 |
| Total Expenditures | <u>26,505,935</u> | <u>500,124</u> | <u>5,277</u> | <u>525,361</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,343,195</u> | <u>808,057</u> | <u>180,566</u> | <u>1,138,885</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (2,187,722) | (790,000) | - | (1,104,000) |
| Proceeds from sales of capital assets | 19,522 | - | - | - |
| Total Other Financing Sources (Uses) | <u>(2,168,200)</u> | <u>(790,000)</u> | <u>-</u> | <u>(1,104,000)</u> |
| Net Change in Fund Balances | 174,995 | 18,057 | 180,566 | 34,885 |
| FUND BALANCES (DEFICIT) - Beginning of Year | <u>10,559,134</u> | <u>64,629</u> | <u>3,185,314</u> | <u>1,336,531</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 10,734,129</u> | <u>\$ 82,686</u> | <u>\$ 3,365,880</u> | <u>\$ 1,371,416</u> |

See accompanying notes to financial statements.

| TIF Debt Service | Capital Improvements | TIF #1 Capital Projects | Nonmajor Governmental Funds | Totals |
|---------------------|----------------------|-------------------------|-----------------------------|----------------------|
| \$ - | \$ - | \$ - | \$ 2,254,757 | \$ 15,224,671 |
| | | | | 720,053 |
| | 1,956 | | 526,154 | 15,743,850 |
| | - | | 875,437 | 2,968,092 |
| | - | | - | 601,130 |
| | - | | 140,970 | 140,970 |
| 4,357 | 45,775 | - | 66,510 | 294,585 |
| | 2,337 | | - | 232,302 |
| <u>4,357</u> | <u>50,068</u> | | <u>3,863,828</u> | <u>35,925,653</u> |
| | | | | |
| - | - | - | 16,499 | 1,805,792 |
| - | - | - | 1,553,821 | 21,412,327 |
| - | - | - | 2,066,867 | 5,068,175 |
| - | - | - | 357,392 | 1,427,470 |
| - | - | - | 748 | 1,292,899 |
| - | 738,959 | - | 207,830 | 946,789 |
| 1,075,000 | - | - | - | 1,535,000 |
| 781,483 | - | - | - | 846,844 |
| <u>1,856,483</u> | <u>738,959</u> | | <u>4,203,157</u> | <u>34,335,296</u> |
| | | | | |
| <u>(1,852,126)</u> | <u>(688,891)</u> | | <u>(339,329)</u> | <u>1,590,357</u> |
| | | | | |
| 1,894,000 | 1,000,000 | - | 780,562 | 3,674,562 |
| - | - | - | (114,422) | (4,196,144) |
| <u>-</u> | <u>-</u> | | <u>-</u> | <u>19,522</u> |
| <u>1,894,000</u> | <u>1,000,000</u> | | <u>666,140</u> | <u>(502,060)</u> |
| | | | | |
| 41,874 | 311,109 | - | 326,811 | 1,088,297 |
| | | | | |
| <u>(909,623)</u> | <u>2,558,742</u> | <u>(182,341)</u> | <u>4,936,435</u> | <u>21,548,821</u> |
| | | | | |
| <u>\$ (867,749)</u> | <u>\$ 2,869,851</u> | <u>\$ (182,341)</u> | <u>\$ 5,263,246</u> | <u>\$ 22,637,118</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 1,088,297

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is

capitalized in the government-wide financial statements 2,814,072

Less internal service funds (451,865)

Depreciation is reported in the government-wide financial statements (2,511,439)

Less: Net book value of assets retired (103,003)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

(94,808)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repaid 1,661,042

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt discount 47,770

Amortization of loss on refunding (258,749)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences (33,844)

Accrued interest on debt 12,726

Net pension liability (13,247,995)

Total OPEB liability 283,295

Deferred outflows of resources related to pensions 8,058,784

Deferred inflows of resources related to pensions 3,968,449

Deferred inflows of resources related to OPEB (226,870)

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities

1,515,197

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 2,521,059

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|---------------------------------------|----------------------------|---|
| ASSETS | | |
| Current Assets | | |
| Cash and investments | \$ 6,086,703 | \$ 3,858,255 |
| Accounts receivable | 931,044 | 6,981 |
| Accrued interest | 8,011 | - |
| Due from other funds | - | 20,000 |
| Due from fiduciary funds | 7,437 | 150,000 |
| Prepaid items | 46,976 | 927,730 |
| Inventories | 3,984 | - |
| Total Current Assets | <u>7,084,155</u> | <u>4,962,966</u> |
| Noncurrent Assets | | |
| Capital Assets | | |
| Capital assets not being depreciated | 1,463,155 | - |
| Property and equipment | 80,297,088 | 2,949,995 |
| Less: Accumulated depreciation | (36,582,641) | (707,117) |
| Total Noncurrent Assets | <u>45,177,602</u> | <u>2,242,878</u> |
| Total Assets | <u>52,261,757</u> | <u>7,205,844</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related amounts | 634,059 | - |
| Total Deferred Outflows of Resources | <u>634,059</u> | <u>-</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|---|-----------------------------|---|
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | \$ 377,591 | \$ 106,330 |
| Accrued wages | 29,766 | - |
| Accrued interest | 33,615 | - |
| Due to other funds | 1,264,909 | 30,901 |
| Compensated absences | 15,237 | - |
| Unamortized bond premium | 29,220 | - |
| IEPA loan payable | 196,532 | - |
| Capital lease obligation | 155,847 | - |
| Alternative revenue bonds payable | <u>545,000</u> | <u>-</u> |
| | | |
| Total Current Liabilities | <u>2,647,717</u> | <u>137,231</u> |
| Noncurrent Liabilities | | |
| Long-Term Debt | | |
| Compensated absences | 60,948 | - |
| Total other postemployment benefit liability | 257,526 | - |
| Net pension liability | 1,127,626 | - |
| Unamortized bond premium | 126,594 | - |
| IEPA loan payable | 1,727,557 | - |
| Capital lease obligation | 3,202,216 | - |
| Alternative revenue bonds payable | <u>2,425,000</u> | <u>-</u> |
| Total Noncurrent Liabilities | <u>8,927,467</u> | <u>-</u> |
| | | |
| Total Liabilities | <u>11,575,184</u> | <u>137,231</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related amounts | 106,613 | - |
| OPEB related amounts | <u>18,956</u> | <u>-</u> |
| | | |
| Total Deferred Inflows of Resources | <u>125,569</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 36,769,636 | 2,242,878 |
| Unrestricted net position | <u>4,425,427</u> | <u>4,825,735</u> |
| | | |
| TOTAL NET POSITION | <u>41,195,063</u> | <u>\$ 7,068,613</u> |
| Reconciliation to the Statement of Net Position: | | |
| Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds. | <u>459,783</u> | <u>-</u> |
| Net Position Business-type Activities | <u><u>\$ 41,654,846</u></u> | <u><u>-</u></u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS For the Year Ended December 31, 2018

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|--|----------------------------|---|
| OPERATING REVENUES | | |
| Charges for services | \$ 6,067,163 | \$ - |
| Contributions | - | 5,045,395 |
| Total Operating Revenues | <u>6,067,163</u> | <u>5,045,395</u> |
| OPERATING EXPENSES | | |
| Administration | 678,126 | - |
| Operations | 5,645,548 | 229,927 |
| Insurance and claims | - | 3,282,873 |
| Depreciation | <u>1,827,588</u> | <u>288,395</u> |
| Total Operating Expenses | <u>8,151,262</u> | <u>3,801,195</u> |
| Operating Income (Loss) | <u>(2,084,099)</u> | <u>1,244,200</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Connection fees | 124,105 | - |
| Investment income | 122,645 | 59,003 |
| Miscellaneous revenues | - | 150,195 |
| Gain on sale of capital assets | 19,995 | - |
| Interest and fiscal charges | <u>(221,301)</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>45,444</u> | <u>209,198</u> |
| Income (Loss) Before Transfers | <u>(2,038,655)</u> | <u>1,453,398</u> |
| TRANSFERS | | |
| Transfers in | - | 521,582 |
| Total Transfers | <u>-</u> | <u>521,582</u> |
| Change in Net Position | (2,038,655) | 1,974,980 |
| NET POSITION - Beginning of Year (as restated) | <u>43,233,718</u> | <u>5,093,633</u> |
| NET POSITION- END OF YEAR | 41,195,063 | \$ 7,068,613 |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds | 459,783 | |
| Change in Net Position of Business-type Activities | <u>\$ (1,578,872)</u> | |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|---|----------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Received from customers | \$ 6,016,016 | \$ 5,042,946 |
| Paid to suppliers for goods and services | (2,318,147) | (1,336,936) |
| Paid to employees for services | (1,636,070) | (2,694,569) |
| Net Cash Flows From Operating Activities | <u>2,061,799</u> | <u>1,011,441</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | 116,250 | 59,003 |
| Net Cash Flows From Investing Activities | <u>116,250</u> | <u>59,003</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Receipt (payment) on interfund loan | 1,268,110 | 97,086 |
| Receipt of operating transfer | - | 521,582 |
| Miscellaneous | - | 150,195 |
| Net Cash Flows From Noncapital Financing Activities | <u>1,268,110</u> | <u>768,863</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Debt issued | 411,582 | - |
| Principal paid | (775,229) | - |
| Interest paid | (250,097) | - |
| Connection fees received | 124,105 | - |
| Acquisition and construction of capital assets | (2,429,619) | (740,260) |
| Proceeds from the sale of capital assets | 19,995 | - |
| Net Cash Flows From Capital and Related Financing Activities | <u>(2,899,263)</u> | <u>(740,260)</u> |
| Net Change in Cash and Cash Equivalents | 546,896 | 1,099,047 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | 5,539,807 | 2,759,208 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 6,086,703</u> | <u>\$ 3,858,255</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

| | Waterworks and Sewerage | Governmental Activities - Internal Service Funds |
|--|----------------------------|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income (loss) | \$ (2,084,099) | \$ 1,244,200 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | |
| Depreciation | 1,827,588 | 288,395 |
| Changes in assets and liabilities | | |
| Accounts receivable | (51,147) | (2,449) |
| Prepaid items | (44,893) | (592,927) |
| Inventories | (1,524) | (20,000) |
| Deposits | 3,000,575 | - |
| Deferred outflows - pension related items | (461,406) | - |
| Accounts payable | (539,330) | 94,222 |
| Accrued wages | 4,393 | - |
| Compensated absences | 5,627 | - |
| Total other postemployment liability | (4,241) | - |
| Net pension liability | 947,003 | - |
| Deferred inflows - pension related items | (555,703) | - |
| Deferred inflows - OPEB related items | <u>18,956</u> | <u>-</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 2,061,799</u> | <u>\$ 1,011,441</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| None | | |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2018

| | <u>Pension Trusts</u> | <u>Agency Fund</u> |
|------------------------------------|-----------------------|--------------------|
| ASSETS | | |
| Cash and investments | \$ 14,205 | \$ 1,822,998 |
| Investments | | |
| U.S. treasuries | 2,055,336 | - |
| U.S. agencies | 15,123,575 | - |
| Mutual funds | 31,644,484 | - |
| Corporate bonds | 3,175,070 | - |
| State and local obligations | 2,966,144 | - |
| Money markets | 477,650 | - |
| Certificates of deposit | 49,380 | - |
| Insurance contracts | 495,989 | - |
| Receivables - (net) | | |
| Accrued interest | 180,893 | 5,208 |
| Accounts receivable | - | 55,374 |
| Other | 75 | - |
| Due from primary government | - | 20,117 |
| Prepaid items | 4,468 | - |
| Total Assets | <u>56,187,269</u> | <u>1,903,697</u> |
| LIABILITIES | | |
| Accounts payable | 31,795 | 633,341 |
| Due to primary government | - | 157,437 |
| Deposits | - | 1,112,919 |
| Total Liabilities | <u>31,795</u> | <u>1,903,697</u> |
| NET POSITION | | |
| Restricted for retirement benefits | <u>\$ 56,155,474</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2018

| | <u>Pension Trusts</u> |
|--|-----------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 4,124,499 |
| Employee | <u>866,031</u> |
| Total Contributions | <u><u>4,990,530</u></u> |
| Investment income | |
| Net appreciation (depreciation) in fair value of investments | (5,143,636) |
| Interest on investments | <u>2,635,528</u> |
| Total Investment Income | <u>(2,508,108)</u> |
| Less Investment expense | |
| Net Investment Income | <u><u>(2,623,653)</u></u> |
| Total Additions | <u><u>2,366,877</u></u> |
| DEDUCTIONS | |
| Pension payments and refunds | 3,144,080 |
| Administration | <u>87,100</u> |
| Total Deductions | <u><u>3,231,180</u></u> |
| Change in Net Position | (864,303) |
| NET POSITION - Beginning of Year | <u><u>57,019,777</u></u> |
| NET POSITION - END OF YEAR | <u><u>\$ 56,155,474</u></u> |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

| NOTE | Page |
|---|-------------|
| I Summary of Significant Accounting Policies | 23 |
| A. Reporting Entity | 23 |
| B. Government-Wide and Fund Financial Statements | 24 |
| C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation | 27 |
| D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity | 29 |
| 1. Deposits and Investments | 29 |
| 2. Receivables | 32 |
| 3. Inventories and Prepaid Items | 33 |
| 4. Capital Assets | 33 |
| 5. Deferred Outflows of Resources | 34 |
| 6. Compensated Absences | 34 |
| 7. Long-Term Obligations | 35 |
| 8. Deferred Inflows of Resources | 35 |
| 9. Equity Classifications | 35 |
| II Stewardship, Compliance, and Accountability | 37 |
| A. Deficit Balances | 37 |
| III Detailed Notes on All Funds | 37 |
| A. Deposits and Investments | 37 |
| B. Receivables | 43 |
| C. Capital Assets | 44 |
| D. Interfund Receivables/Payables, Advances and Transfers | 46 |
| E. Short-Term Debt Activity | 48 |
| F. Long-Term Obligations | 48 |
| G. Lease Disclosures | 53 |
| H. Restatement of Net Position | 53 |
| IV Other Information | 54 |
| A. Employees' Retirement System | 54 |
| B. Risk Management | 67 |
| C. Commitments and Contingencies | 69 |
| D. Other Postemployment Benefits | 69 |
| E. Tax Increment Financing District | 72 |
| F. Tax Abatement | 72 |
| G. Effect of New Accounting Standards on Current-Period Financial Statements | 73 |

See accompanying notes to financial statements.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Lake Zurich, Illinois (the village) was incorporated in 1896. The village is a non home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The village operates under a President-Trustee form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation (water and sewer), health and social services, public improvements, planning and zoning, and general administrative services.

The accounting policies of the Village of Lake Zurich, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the village. The reporting entity for the village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The village has not identified any organizations that meet this criteria.

The Police Pension Employees Retirement System (PPERS) is established for the village's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the village's President, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The village and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. 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 possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the village's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the village's President, one pension beneficiary elected by the membership; and two fire employees elected by the membership constitute the pension board. The village and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. 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 possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the village's firefighters because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the FPERS.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This standard was implemented December 31, 2018.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the village or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the village believes is particularly important to financial statement users may be reported as a major fund.

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

The village reports the following major governmental funds:

General Fund - accounts for the village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

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

Downtown TIF #2 Fund - used to account for all restricted revenues and activities associated with improvements within the Tax Increment Financing District.

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

TIF Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of TIF debt principal, interest, and related costs.

Capital Improvements Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the village.

TIF #1 Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for TIF #1.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The village reports the following major enterprise fund:

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

The village reports the following nonmajor governmental funds:

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

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

Capital Projects Funds - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Park Improvements Fund
Non-Home Rule Sales Tax Capital Projects Fund

In addition, the village reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the village, or to other governmental units, on a cost-reimbursement basis.

Medical Self-Insurance Fund
Risk Management Fund
Equipment Replacement Fund

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Pension (and Other Employee Benefit) Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police Pension Fund
Firefighters' Pension Fund

Agency Funds - used to account for and report assets held by the village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

| | |
|----------------------------|---|
| Escrow Performance Fund | accounts for performance deposits for refundable deposits held by the village to ensure the completion of public improvements by private developers that the village holds on behalf of others as their agent |
| Special Service Areas Fund | accounts for receipts and disbursements related to maintenance within special service areas within the village |

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Property tax revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the village considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Intergovernmental aids and grants are recognized as revenues in the period the village is entitled the resources and the amounts are available. Amounts owed to the village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, franchise taxes, licenses, miscellaneous taxes, public charges for services, and interest. Other general revenues such as permits, fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks and Sewerage Fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the village to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The police pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|-----------------------------|--------|--|
| Fixed Income | 40.0% | 1.40% |
| Large cap domestic equities | 42.0% | 6.60% |
| Small cap domestic equities | 12.0% | 8.50% |
| International equities | 6.0% | 6.40% |

Illinois Compiled Statutes (ILCS) limit the police pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The long-term expected rate of return on the police pension fund's investments was determined using an asset allocation study conducted by the police pension fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the police pension fund's target asset allocation are listed in the table above.

The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code. The firefighters' pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

| Asset Class | Target | Long-Term Expected Real Rate of Return |
|-----------------------------|--------|--|
| Fixed income | 40.0% | 1.40% |
| Large cap domestic equities | 42.0% | 6.60% |
| Small cap domestic equities | 12.0% | 8.50% |
| International equities | 6.0% | 6.40% |

Illinois Compiled Statutes (ILCS) limit the firefighters' pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. The blended asset class is comprised of all other asset classes to allow for rebalancing the portfolio.

The long-term expected rate of return on the firefighters' pension fund's investments was determined using an asset allocation study conducted by the firefighters' pension fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the firefighters' pension fund's target asset allocation are listed in the table above.

The village has adopted an investment policy. That policy follows the state statute for allowable investments.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk

In accordance with its investment policy, the village limits its exposure to interest rate risk by structuring the portfolio in a manner that provides sufficient liquidity to enable the village to meet all operating requirements which may be reasonably anticipated in any fund. The investment policy limits the maximum maturity length of investments to three years from the date of purchase unless the funds invested are earmarked for a special purpose, in which case the maximum maturity length shall be five years from the date of purchase, but must coincide as nearly as possible with the expected use of the funds. The police pension fund's and firefighters' pension fund's investment policy does not limit the maximum maturity length of investments in the funds.

Credit Risk

The village limits its exposure to credit risk by investing in securities issued by the United States Government, securities issued by agencies of the United States Government, which are implicitly guaranteed by the United States Government, or corporate bonds rated within the three highest classifications by at least two standard rating services. The police pension fund and the firefighters' pension fund limit exposure to credit risk by primarily investing in obligations guaranteed by the United States Government, securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and investment grade corporate bonds rated at or above BBB- by Standard and Poors, Baa3 by Moody's and BBB- by Fitch by at least two of the three rating agencies.

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

The village's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. Both the police pension fund and the firefighters' pension fund investment policies require all bank balances to be covered by federal depository insurance.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

The village's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the village's agent in the village's name. To limit exposure, the police pension fund and the firefighters' pension fund require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third party acting as the fund's agent separate from where the investment was purchased in the fund's name.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold. Investment in IMET's 1-3 year fund may be redeemed with 5 business days' notice.

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2018 attaches as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance).

Tax bills for levy year 2018 are prepared by Lake County and issued on or about May 1, 2019 and August 1, 2019, and are payable in two installments, on or about June 1, 2019 and September 1, 2019 or within 30 days of the tax bills being issued.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

The county collects such taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and deferred inflows in fiscal 2018, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2018, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2018 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

3. Inventories and Prepaid Items

Inventories are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for on the consumption method.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for computers and software, \$15,000 for vehicles and furniture and fixtures, \$25,000 for land improvements and machinery and equipment, \$50,000 for buildings and building improvements, and \$250,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

| | | |
|-------------------------|-------|-------|
| Land improvements | 20-30 | Years |
| Buildings | 45 | Years |
| Building improvements | 10-30 | Years |
| Vehicles | 3-25 | Years |
| Computers and software | 5 | Years |
| Furniture and fixtures | 5-20 | Years |
| Machinery and equipment | 10-30 | Years |
| Infrastructure | 40-50 | Years |

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

Vested or accumulated vacation leave, including related Social Security and Medicare, that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements and the remainder is reported in long-term debt. Vested or accumulated vacation leave and vested sick leave of proprietary funds at both levels and governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

7. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of bonds payable, notes payable, net pension liability, total other postemployment benefit liability and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

9. Equity Classifications

Government-Wide Statements

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

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

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

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by ordinance, adopted a financial policy authorizing the Finance Director to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2018, the following individual funds held a deficit balance:

| Fund | Amount |
|-------------------------|--------------|
| TIF Debt Service | \$ (867,749) |
| TIF #2 Capital Projects | (182,341) |
| Dispatch Services | (31,386) |
| TIF #3 | (52,151) |

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. The deposits and investments of the pension trust funds are held separately from those of other funds.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

| | Carrying Value | Statement Balances | Associated Risks |
|---|-----------------------------|-----------------------------|--|
| Petty cash | \$ 2,500 | \$ - | N/A |
| Deposits | 10,998,493 | 11,836,177 | Custodial credit risk - deposits |
| Money markets | 533,411 | 533,411 | Custodial credit risk - deposits |
| Illinois funds | 7,351,629 | 7,339,029 | Credit risk |
| Certificates of deposit | 5,003,380 | 5,003,380 | Custodial credit risk |
| Corporate bonds | 3,175,070 | 3,175,070 | Credit risk, custodial credit risk, concentration of credit risk, interest rate risk |
| U.S treasuries | 2,055,336 | 2,055,336 | Custodial credit risk, interest rate risk |
| U.S agencies | 16,460,739 | 16,460,739 | Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk |
| Mutual funds - other than bond funds | 31,644,484 | 31,644,484 | N/A |
| State and local obligations | 2,966,144 | 2,966,144 | Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk |
| Negotiable CDs | 2,384,412 | 2,384,412 | Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk |
| Insurance contracts | <u>495,989</u> | <u>495,989</u> | Credit risk, custodial credit risk - investments, concentration of credit risk |
| Total Deposits and Investments | <u>\$ 83,071,587</u> | <u>\$ 83,894,171</u> | |
| Reconciliation to financial statements | | | |
| Per statement of net position | | | |
| Cash and investments | \$ 24,741,956 | | |
| Cash at paying agent | 504,800 | | |
| Per statement of net position - fiduciary funds | | | |
| Cash and investments - pension trusts | 14,205 | | |
| Cash and investments - agency fund | 1,822,998 | | |
| U.S. treasuries | 2,055,336 | | |
| U.S. agencies | 15,123,575 | | |
| Mutual funds | 31,644,484 | | |
| Corporate bonds | 3,175,070 | | |
| State and local obligations | 2,966,144 | | |
| Money markets | 477,650 | | |
| Certificates of deposit | 49,380 | | |
| Insurance contracts | <u>495,989</u> | | |
| Total Deposits and Investments | <u>\$ 83,071,587</u> | | |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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

The village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2018 the village utilized the market valuation method for all recurring fair value measurements and investments were measured using the valuation inputs as follows:

| <u>Village</u> | | December 31, 2018 | | | |
|----------------|-----------------|-------------------|--------------|---------|--------------|
| | Investment Type | Level 1 | Level 2 | Level 3 | Total |
| Negotiable CDs | | \$ - | \$ 2,384,412 | \$ - | \$ 2,384,412 |
| U.S agencies | | - | 1,337,164 | - | 1,337,164 |
| Total | | \$ - | \$ 3,721,576 | \$ - | \$ 3,721,576 |

Police Pension

| | | December 31, 2018 | | | |
|--------------------------------------|-----------------|-------------------|--------------|---------|---------------|
| | Investment Type | Level 1 | Level 2 | Level 3 | Total |
| U.S treasuries | | \$ 915,477 | \$ - | \$ - | \$ 915,477 |
| Mutual funds - other than bond funds | | 12,483,949 | - | - | 12,483,949 |
| State and local obligations | | - | 1,382,420 | - | 1,382,420 |
| U.S agencies | | - | 6,989,202 | - | 6,989,202 |
| Total | | \$ 13,399,426 | \$ 8,371,622 | \$ - | \$ 21,771,048 |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Firefighters' Pension

| Investment Type | December 31, 2018 | | | | Total |
|--------------------------------------|----------------------|---------------------|-------------------|----------------------|--------------|
| | Level 1 | Level 2 | Level 3 | | |
| U.S treasuries | \$ 1,139,859 | \$ - | \$ - | \$ - | \$ 1,139,859 |
| Mutual funds - other than bond funds | 19,160,535 | - | - | - | 19,160,535 |
| Corporate bonds | 3,175,070 | - | - | - | 3,175,070 |
| State and local obligations | - | 1,583,724 | - | - | 1,583,724 |
| U.S agencies | - | 8,134,373 | - | - | 8,134,373 |
| Insurance contracts | - | - | 495,989 | - | 495,989 |
| Total | <u>\$ 23,475,464</u> | <u>\$ 9,718,097</u> | <u>\$ 495,989</u> | <u>\$ 33,689,550</u> | |

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the village's deposits may not be returned to the village.

The village does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The village does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2018, the village's investments were rated as follows:

| Investment Type | Standard & Poors | Moody's Investors Services |
|-----------------------------|------------------|----------------------------|
| Negotiable CDs | Not Rated | Not Rated |
| U.S agencies | AA+ | AAA |
| Corporate bonds | AAA-BBB | Aaa-Baa1 |
| State and local obligations | AAA-NR | Aaa-NR |
| Illinois funds | AAA | NR |
| Insurance contracts | NR | NR |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2018, the police pension fund has over 5% of net plan assets invested in various agency securities as indicated in the table below.

The police pension board has diversified its investment holdings as follows:

| | |
|--------------------------|--------------|
| Federal Farm Credit Bank | \$ 2,935,248 |
| Federal Home Loan Bank | 3,054,579 |

At December 31, 2018, the firefighters' pension fund has over 5% of net plan assets invested in various agency securities as indicated in the table below.

The firefighters' pension board has diversified its investment holdings as follows:

| | |
|--------------------------|--------------|
| Federal Farm Credit Bank | \$ 2,850,599 |
| Federal Home Loan Bank | 4,486,660 |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2018, investments were as follows:

Village

| Investment Type | Fair Value | Maturity (In Years) | | | | Greater than 10 |
|-----------------|---------------------|---------------------|---------------------|-------------|-------------|--------------------|
| | | Less than 1 | 1-5 | 6-10 | | |
| Negotiable CDs | \$ 2,384,412 | \$ 1,109,480 | \$ 1,274,932 | \$ - | \$ - | - |
| U.S agencies | 1,337,164 | 778,129 | 559,035 | - | - | - |
| Totals | \$ 3,721,576 | \$ 1,887,609 | \$ 1,833,967 | \$ - | \$ - | - |

Police Pension

| Investment Type | Fair Value | Maturity (In Years) | | | | Greater than 10 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|--------------------|
| | | Less than 1 | 1-5 | 6-10 | | |
| U.S treasuries | \$ 915,477 | \$ 199,063 | \$ 591,609 | \$ 124,805 | \$ - | - |
| State and local obligations | 1,382,420 | 50,059 | 1,066,200 | 161,095 | 105,066 | |
| U.S agencies | 6,989,202 | 322,762 | 1,969,776 | 4,696,664 | - | - |
| Totals | \$ 9,287,099 | \$ 571,884 | \$ 3,627,585 | \$ 4,982,564 | \$ 105,066 | - |

Firefighters' Pension

| Investment Type | Fair Value | Maturity (In Years) | | | | Greater than 10 |
|-----------------------------|----------------------|---------------------|---------------------|---------------------|-------------------|--------------------|
| | | Less than 1 | 1-5 | 6-10 | | |
| U.S treasuries | \$ 1,139,859 | \$ 347,789 | \$ 247,031 | \$ 545,039 | \$ - | - |
| State and local obligations | 1,583,724 | 249,079 | 677,437 | 657,208 | - | - |
| U.S agencies | 8,134,373 | 201,193 | 1,791,394 | 6,036,865 | 104,921 | |
| Corporate bonds | 3,175,070 | 231,550 | 1,667,361 | 1,276,159 | - | - |
| Totals | \$ 14,033,026 | \$ 1,029,611 | \$ 4,383,223 | \$ 8,515,271 | \$ 104,921 | - |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2018, the annual money-weighted rate of return on the police pension plan investments, net of pension plan investment expense, was (4.71)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

For the year ended December 31, 2018, the annual money-weighted rate of return on the firefighters' pension plan investments, net of pension plan investment expense, was (4.41)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

| | Beginning Balance | Adjustments* | Additions | Deletions | Ending Balance |
|---|----------------------|--------------------|--------------------|-------------------|----------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 30,463,170 | \$ - | \$ 10,381 | \$ - | \$ 30,473,551 |
| Construction in progress | <u>156,081</u> | <u>-</u> | <u>8,295</u> | <u>39,915</u> | <u>124,461</u> |
| Total Capital Assets Not Being Depreciated | <u>30,619,251</u> | <u>-</u> | <u>18,676</u> | <u>39,915</u> | <u>30,598,012</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 6,776,958 | 681,693 | 547,042 | - | 8,005,693 |
| Buildings | 12,219,888 | - | 155,344 | 116,276 | 12,258,956 |
| Building improvements | 729,162 | 1,371,425 | - | - | 2,100,587 |
| Vehicles | 5,210,062 | 1,228,727 | 553,155 | 223,271 | 6,768,673 |
| Machinery and equipment | 2,513,600 | 156,645 | 59,276 | 289,654 | 2,439,867 |
| Computers/software | 270,030 | 413,451 | 127,829 | - | 811,310 |
| Infrastructure | <u>71,671,408</u> | <u>(3,851,941)</u> | <u>1,352,750</u> | <u>-</u> | <u>69,172,217</u> |
| Total Capital Assets Being Depreciated | <u>99,391,108</u> | <u>-</u> | <u>2,795,396</u> | <u>629,201</u> | <u>101,557,303</u> |
| Total Capital Assets | <u>130,010,359</u> | <u>-</u> | <u>2,814,072</u> | <u>669,116</u> | <u>132,155,315</u> |
| Less: Accumulated depreciation for | | | | | |
| Land improvements | (2,810,670) | - | (293,271) | - | (3,103,941) |
| Buildings | (5,301,296) | - | (270,983) | 53,186 | (5,519,093) |
| Building improvements | (191,372) | - | (66,871) | - | (258,243) |
| Vehicles | (3,188,826) | - | (328,337) | 223,272 | (3,293,891) |
| Machinery and equipment | (1,460,173) | - | (142,305) | 289,655 | (1,312,823) |
| Computers/software | (258,360) | - | (37,761) | - | (296,121) |
| Infrastructure | <u>(32,272,879)</u> | <u>-</u> | <u>(1,371,911)</u> | <u>-</u> | <u>(33,644,790)</u> |
| Total Accumulated Depreciation | <u>(45,483,576)</u> | <u>-</u> | <u>(2,511,439)</u> | <u>566,113</u> | <u>(47,428,902)</u> |
| Net Capital Assets Being Depreciated | <u>53,907,532</u> | <u>-</u> | <u>283,957</u> | <u>63,088</u> | <u>54,128,401</u> |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 84,526,783</u> | <u>\$ -</u> | <u>\$ 302,633</u> | <u>\$ 103,003</u> | <u>\$ 84,726,413</u> |

* Alignment of asset classes to reflect historical records.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|--|-------------------------|
| General government | \$ 116,527 |
| Public safety | 510,274 |
| Highways and streets | 1,679,988 |
| Culture and recreation | <u>204,650</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 2,511,439</u> |

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--|----------------------|--------------------|-------------------|----------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 249,652 | \$ - | \$ - | \$ 249,652 |
| Construction in progress | <u>14,341</u> | <u>1,199,162</u> | <u>-</u> | <u>1,213,503</u> |
| Total Capital Assets Not Being Depreciated | <u>263,993</u> | <u>1,199,162</u> | <u>-</u> | <u>1,463,155</u> |
| Capital assets being depreciated | | | | |
| Vehicles | 534,789 | 456,127 | 138,637 | 852,279 |
| Machinery and equipment | 1,603,706 | 286,305 | - | 1,890,011 |
| Computer/software | - | 240,845 | - | 240,845 |
| Infrastructure | <u>77,066,774</u> | <u>579,130</u> | <u>331,951</u> | <u>77,313,953</u> |
| Total Capital Assets Being Depreciated | <u>79,205,269</u> | <u>1,562,407</u> | <u>470,588</u> | <u>80,297,088</u> |
| Total Capital Assets | <u>79,469,262</u> | <u>2,761,569</u> | <u>470,588</u> | <u>81,760,243</u> |
| Less: Accumulated depreciation for | | | | |
| Vehicles | (434,200) | (36,733) | 138,637 | (332,296) |
| Machinery and equipment | (522,530) | (61,698) | - | (584,228) |
| Computer/software | (133,960) | (2,794) | - | (136,754) |
| Infrastructure | <u>(33,803,000)</u> | <u>(1,726,363)</u> | <u>-</u> | <u>(35,529,363)</u> |
| Total Accumulated Depreciation | <u>(34,893,690)</u> | <u>(1,827,588)</u> | <u>138,637</u> | <u>(36,582,641)</u> |
| Net Capital Assets Being Depreciated | <u>44,311,579</u> | <u>(265,181)</u> | <u>331,951</u> | <u>43,714,447</u> |
| Business-type Capital Assets, Net of Accumulated Depreciation | <u>\$ 44,575,572</u> | <u>\$ 933,981</u> | <u>\$ 331,951</u> | <u>\$ 45,177,602</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

| Receivable Fund | Payable Fund | Amount |
|---|-----------------------|--------------------|
| General | Capital Improvement | \$ 1,000,000 |
| General | Water and Sewer | 1,264,909 |
| General | Internal Service | 10,901 |
| General | Nonmajor Governmental | 272,881 |
| Downtown TIF #2 | General | 9,757 |
| Nonmajor Governmental | Capital Improvement | 795 |
| Internal Service | Internal Service | <u>20,000</u> |
| Total - Fund Financial Statements | | 2,579,243 |
| Less: Interfund receivables created with internal service fund eliminations | | (459,783) |
| Less: Government-wide eliminations | | <u>(1,314,334)</u> |
| Total Internal Balances - Government-Wide Statement of Net Position | | <u>\$ 805,126</u> |

All amounts are due within one year.

Advances

The general fund is advancing funds to the TIF #3 fund, the TIF debt service fund, and the TIF capital projects fund. The amount advanced is due to the cash flow issues in the funds since the districts' inceptions.

The non-home rule sales tax capital projects fund is advancing funds to the downtown TIF #2 fund. The amount advance is due to the cash flow issues in the fund since the district's inception.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances (cont.)

The following is a schedule of interfund advances:

| Receivable Fund | Payable Fund | Amount | Amount Not Due Within One Year |
|--|----------------------|---------------------|--------------------------------|
| General | TIF #3 | \$ 55,000 | \$ 55,000 |
| General | TIF Debt Service | 1,300,000 | 1,300,000 |
| General | TIF Capital Projects | 185,000 | 185,000 |
| Non-Home Rule Sales Tax Capital Projects | Downtown TIF #2 | <u>250,000</u> | 250,000 |
| Total | | <u>\$ 1,790,000</u> | |

The principal purpose of these advances is to fund TIF eligible expenditures in advance of sufficient increment to cover costs.

Transfers

The following is a schedule of interfund transfers:

| Fund Transferred To | Fund Transferred From | Amount | Principal Purpose |
|---|-----------------------|--------------------|--|
| Capital Improvement | General | \$ 1,000,000 | Funding for capital projects |
| Internal Service | General | 521,582 | Funding for internal services |
| TIF Debt Service | TIF Tax Allocation | 790,000 | Funding for debt payment |
| Nonmajor Governmental | Nonmajor Governmental | 114,422 | Funding for special events |
| TIF Debt Service | Debt Service | 1,104,000 | Funding for debt payment |
| Nonmajor Governmental | General | <u>666,140</u> | Funding for special events administration and Dispatch Center |
| Total - Fund Financial Statements | | 4,196,144 | |
| Less: Government-wide eliminations | | <u>(4,196,144)</u> | |
| Total Transfers - Government-Wide Statement of Activities | | \$ <u>—</u> | |

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. SHORT-TERM DEBT ACTIVITY

The village issued short-term debt for \$1,104,000. The Taxable General Obligation Refunding Bond (Limited Tax), Series 2018 dated June 12, 2018 were matured October 5, 2018; payable in annual installment with interest rate of 4.00%.

Short-term debt activity for the year ended December 31, 2018, was as follows:

| | Beginning Balance | Issued | Redeemed | Ending Balance |
|--|------------------------|---------------------|---------------------|------------------------|
| Taxable General Obligation Refunding Bond (Limited Tax), Series 2018 | \$ <u> </u> - | \$ <u>1,104,000</u> | \$ <u>1,104,000</u> | \$ <u> </u> - |

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2018, was as follows:

| | Beginning Balance (as restated) | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|---|---------------------------------------|----------------------|---------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds Payable | | | | | |
| General obligation debt | \$ 1,450,000 | \$ - | \$ 460,000 | \$ 990,000 | \$ 485,000 |
| Tax increment financing bonds | 24,660,000 | - | 1,075,000 | 23,585,000 | 1,140,000 |
| (Discounts)/Premiums | 289,992 | - | 47,770 | 242,222 | 35,827 |
| Total Bonds Payable | <u>26,399,992</u> | <u>-</u> | <u>1,582,770</u> | <u>24,817,222</u> | <u>1,660,827</u> |
| Other Liabilities | | | | | |
| Vested compensated absences | 1,101,366 | 56,105 | 22,261 | 1,135,210 | 227,042 |
| Capital leases | 378,767 | - | 126,042 | 252,725 | 124,621 |
| Total other postemployment benefits liability | 3,365,496 | - | 283,295 | 3,082,201 | - |
| Net pension liability | 39,680,561 | 13,247,995 | - | 52,928,556 | - |
| Total Other Liabilities | <u>44,526,190</u> | <u>13,304,100</u> | <u>431,598</u> | <u>57,398,692</u> | <u>351,663</u> |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 70,926,182</u> | <u>\$ 13,304,100</u> | <u>\$ 2,014,368</u> | <u>\$ 82,215,914</u> | <u>\$ 2,012,490</u> |
| Business-type Activities | | | | | |
| Bonds and Loans Payable | | | | | |
| Alternative revenue bonds | \$ 3,500,000 | \$ - | \$ 530,000 | \$ 2,970,000 | \$ 545,000 |
| (Discounts)/Premiums | 185,034 | - | 29,220 | 155,814 | 29,220 |
| Illinois EPA loans | 2,115,799 | - | 191,710 | 1,924,089 | 196,532 |
| Total Bonds and Loans Payable | <u>5,800,833</u> | <u>-</u> | <u>750,930</u> | <u>5,049,903</u> | <u>770,752</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------------|----------------------------|--------------------------|----------------------------|-----------------------------------|
| Business-type Activities (cont.) | | | | | |
| Other Liabilities | | | | | |
| Vested compensated absences | \$ 70,558 | \$ 19,739 | \$ 14,112 | \$ 76,185 | \$ 15,237 |
| Capital leases | 3,000,000 | 411,582 | 53,519 | 3,358,063 | 155,847 |
| Total other postemployment benefits liability | 261,767 | - | 4,241 | 257,526 | - |
| Net pension liability | 180,623 | 947,003 | - | 1,127,626 | - |
| Total Other Liabilities | <u>3,512,948</u> | <u>1,378,324</u> | <u>71,872</u> | <u>4,819,400</u> | <u>171,084</u> |
| Total Business-type Activities Long-Term Liabilities | <u><u>\$ 9,313,781</u></u> | <u><u>\$ 1,378,324</u></u> | <u><u>\$ 822,802</u></u> | <u><u>\$ 9,869,303</u></u> | <u><u>\$ 941,836</u></u> |

The compensated absences liability, total other postemployment benefits liability, and net pension liability attributable to governmental activities will be liquidated primarily by the general fund.

The village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the village. As of December 31, 2018, the statutory debt limit for the village was \$75,302,321, providing a debt margin of \$74,312,321.

General Obligation Debt

All general obligation bonds payable are backed by the full faith and credit of the village. Bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

| Governmental Activities | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2018 |
|---|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| General Obligation Debt | | | | | |
| 2008A General Obligation Refunding Bonds | 8/1/2008 | 1/1/2021 | 3.50% to 5.00% | \$ 4,265,000 | <u>\$ 990,000</u> |
| Total Governmental Activities - General Obligation Debt | | | | | <u><u>\$ 990,000</u></u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

| <u>Years</u> | Governmental Activities | |
|---------------|-------------------------|------------------|
| | General Obligation Debt | |
| | Principal | Interest |
| 2019 | \$ 485,000 | \$ 29,900 |
| 2020 | 505,000 | 10,100 |
| 2021 | - | - |
| 2022 | - | - |
| 2023 | - | - |
| Totals | \$ 990,000 | \$ 40,000 |

Alternative Revenue Debt

Business-type Activities Alternative Revenue Debt

| | | | | | |
|--|----------|------------|-----------------|--------------|---------------------|
| Water and Sewerage Fund - 2013 General Obligation Bonds (Alternative Revenue) | 9/4/2013 | 12/15/2023 | 3.00%- 4.00% | \$ 3,800,000 | \$ 2,155,000 |
| General Obligation Waterworks and Sewerage System Alternative Revenue Bonds Series 2016B | 8/1/2016 | 12/15/2026 | 2.00% | 1,000,000 | <u>815,000</u> |
| | | | | | <u>\$ 2,970,000</u> |

Debt service requirements to maturity are as follows:

| <u>Years</u> | Business-type Activities | |
|---------------|--------------------------|-------------------|
| | Alternative Revenue Debt | |
| | Principal | Interest |
| 2019 | \$ 545,000 | \$ 95,750 |
| 2020 | 550,000 | 79,225 |
| 2021 | 550,000 | 61,475 |
| 2022 | 505,000 | 42,600 |
| 2023 | 500,000 | 24,400 |
| 2024-2026 | 320,000 | 12,900 |
| Totals | \$ 2,970,000 | \$ 316,350 |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Tax Increment Financing Bonds

Tax increment financing bonds are payable from incremental taxes derived from a separately created tax increment financing district.

The village has pledged future sales tax revenues to repay revenue bonds issued in 2009, 2014, 2015 and 2016. Proceeds from the bonds provided financing for the various TIF improvements.

Tax Increment Financing Bonds at December 31, 2018, consists of the following:

Governmental Activities

| Tax Increment Financing Bonds | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2018 |
|--|---------------|----------------|----------------|-----------------------|-----------------------------|
| General Obligation TIF Alternative Revenue Bonds Series 2009A | 4/1/2009 | 2/1/2021 | 3.30% - 6.15% | \$ 7,830,000 | \$ 755,000 |
| General Obligation TIF Alternative Revenue Bonds Series 2014A | 9/8/2014 | 12/15/2024 | 2.00% - 3.00% | 6,325,000 | 4,390,000 |
| General Obligation TIF Alternative Revenue Bonds Series 2015A | 4/23/2015 | 12/15/2034 | 3.25% - 3.75% | 11,775,000 | 11,775,000 |
| General Obligation TIF Alternative Revenue Bonds Series 2016A | 5/16/2016 | 2/1/2029 | 1.10% - 3.05% | 6,785,000 | <u>6,665,000</u> |
| Total Governmental Activities Tax Increment Financing Bonds | | | | | <u>\$ 23,585,000</u> |

Debt service requirements to maturity are as follows:

| Years | Governmental Activities | |
|---------------|--------------------------------------|----------------------------|
| | Tax Increment Financing Bonds | |
| | Principal | Interest |
| 2019 | \$ 1,140,000 | \$ 733,975 |
| 2020 | 1,210,000 | 700,004 |
| 2021 | 1,360,000 | 662,711 |
| 2022 | 1,400,000 | 628,691 |
| 2023 | 1,440,000 | 591,978 |
| 2024-2028 | 7,905,000 | 2,315,562 |
| 2029-2033 | 7,545,000 | 1,089,630 |
| 2034 | <u>1,585,000</u> | <u>59,438</u> |
| Totals | <u>\$ 23,585,000</u> | <u>\$ 6,781,989</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

| Business-type Activities | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2018 |
|---|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| Illinois EPA Loans Payable | | | | | |
| IEPA Loan 2006 | 10/15/2005 | 12/16/2026 | 2.5% | \$ 2,000,000 | \$ 927,974 |
| IEPA Loan 2008 | 9/27/2007 | 8/11/2028 | 1.25% | 1,673,182 | 996,115 |
| Total Business-type Activities Illinois EPA Loans Payable | | | | | <u>\$ 1,924,089</u> |

Debt service requirements to maturity are as follows:

| Years | Business-type Activities | |
|---------------|-----------------------------------|--------------------------|
| | Illinois EPA Loans Payable | |
| | Principal | Interest |
| 2019 | \$ 196,532 | \$ 46,882 |
| 2020 | 201,476 | 41,938 |
| 2021 | 206,545 | 36,870 |
| 2022 | 211,741 | 31,673 |
| 2023 | 217,067 | 26,347 |
| 2024-2028 | <u>890,728</u> | <u>52,626</u> |
| Totals | <u>\$ 1,924,089</u> | <u>\$ 236,336</u> |

Capital Leases

Refer to Note III. G.

Prior-Year Defeasance of Debt

In prior years, the village defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the village's financial statements. At December 31, 2018, \$13,530,000 of bonds outstanding are considered defeased.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES

Lessee - Capital Leases

During fiscal year 2013, the village entered into a capital lease obligation for copier equipment. The interest rate for the lease is 6.00%. During fiscal year 2014, the village entered into a capital lease obligation for copier equipment. The interest rate for the lease is 6.78%. During fiscal year 2015, the village entered into a capital lease obligation for a police records management system. The interest rate for the lease is 3.02%. During fiscal year 2017, the village entered into a capital lease obligation for water meters. The interest rate for the lease is 2.50%. During fiscal year 2018, the village entered into a capital lease obligation for a sewer cleaner. The interest rate for the lease is 3.12%.

The gross amount of these assets under capital leases is \$3,541,438, which are included in capital assets in the governmental and business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2018, are as follows:

| Years | Governmental Activities | | | Business-type Activities | | |
|---------------|-------------------------|------------------|-------------------|--------------------------|-------------------|---------------------|
| | Principal | Interest | Totals | Principal | Interest | Totals |
| 2019 | \$ 124,621 | \$ 7,631 | \$ 132,252 | \$ 155,847 | \$ 85,085 | \$ 240,932 |
| 2020 | 128,104 | 3,871 | 131,975 | 160,104 | 80,828 | 240,932 |
| 2021 | - | - | - | 164,478 | 76,453 | 240,931 |
| 2022 | - | - | - | 168,973 | 71,958 | 240,931 |
| 2023 | - | - | - | 220,449 | 66,902 | 287,351 |
| 2024-2028 | - | - | - | 1,066,362 | 251,168 | 1,317,530 |
| 2029-2033 | - | - | - | 1,421,850 | 95,560 | 1,517,410 |
| Totals | \$ 252,725 | \$ 11,502 | \$ 264,227 | \$ 3,358,063 | \$ 727,954 | \$ 4,086,017 |

H. RESTATEMENT OF NET POSITION

Net position has been restated due to the implementation of GASB No. 75. The restatement is necessary to record the prior year total other postemployment benefit liability.

| | Governmental Activities | Business-Type Activities/ Waterworks and Sewerage Fund |
|---|-------------------------|---|
| Net position as of December 31, 2017 (as reported) | \$ 40,252,349 | \$ 43,474,944 |
| Adjustment to record the total OPEB liability as of December 31, 2017 | (3,365,496) | (261,767) |
| Adjustment to remove prior year net OPEB obligation | <u>186,605</u> | <u>20,541</u> |
| Net position as of December 31, 2017 (as restated) | \$ 37,073,458 | \$ 43,233,718 |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

The village contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Illinois Municipal Retirement Fund

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

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

Plan membership. At December 31, 2018, the measurement date, membership in the plan was as follows:

| | |
|-------------------------------|-----|
| Retirees and beneficiaries | 113 |
| Inactive, non-retired members | 87 |
| Active members | 69 |
| <hr/> | |
| Total | 269 |
| <hr/> | |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. As set by statute, village employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The village's actuarially determined contribution rate for calendar year 2018 was 11.74% of annual covered payroll for IMRF. The village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions. The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2018 using the following actuarial methods and assumptions:

| | |
|---------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Investment Rate of Return | 7.25% |
| Salary increases | 3.30% to 14.25%, including inflation |
| Price inflation | 2.50% |

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Projected Returns/Risks | |
|------------------------|-------------------|-------------------------|--------------------|
| | | One Year Arithmetic | Ten Year Geometric |
| Equities | 37.00% | 8.50% | 7.15% |
| International equities | 18.00% | 9.20% | 7.25% |
| Fixed income | 28.00% | 3.75% | 3.75% |
| Real estate | 9.00% | 7.30% | 6.25% |
| Alternatives | 7.00% | | |
| Private equity | | 12.40% | 8.50% |
| Hedge funds | | 5.75% | 5.50% |
| Commodities | | 4.75% | 3.20% |
| Cash equivalents | 1.00% | 2.50% | 2.50% |

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2017 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

| | Current | | |
|-------------------------------|----------------------|---------------------|---------------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| Total pension liability | \$ 40,962,476 | \$ 36,148,409 | \$ 32,236,223 |
| Plan fiduciary net pension | 30,702,298 | 30,702,298 | 30,702,298 |
| Net pension liability/(asset) | <u>\$ 10,260,178</u> | <u>\$ 5,446,111</u> | <u>\$ 1,533,925</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The changes in net pension liability/(asset) for the calendar year ended December 31, 2018 were as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Increase (Decrease) | Net Pension Liability/(Asset) (a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------|---|
| Balances at December 31, 2017 | \$ 33,321,006 | \$ 32,417,988 | \$ 903,018 | |
| Service cost | 497,479 | - | 497,479 | |
| Interest on total pension liability | 2,457,376 | - | 2,457,376 | |
| Differences between expected and actual experience of the total pension liability | 427,124 | - | 427,124 | |
| Change of assumptions | 1,054,884 | - | 1,054,884 | |
| Benefit payments, including refunds of employee contributions | (1,609,460) | (1,609,460) | - | |
| Contributions - employer | - | 631,725 | (631,725) | |
| Contributions - employee | - | 242,143 | (242,143) | |
| Net investment income | - | (1,685,438) | 1,685,438 | |
| Other (net transfer) | - | 705,340 | (705,340) | |
| Balances at December 31, 2018 | <u>\$ 36,148,409</u> | <u>\$ 30,702,298</u> | <u>\$ 5,446,111</u> | |
| Plan fiduciary net position as a percentage of the total pension liability | | | | 84.93 % |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the village recognized pension expense of \$253,020. The village reported deferred outflows and inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 299,418 | \$ 73,985 |
| Assumption changes | 739,485 | 440,927 |
| Net difference between projected and actual earnings on pension plan investments | <u>2,023,422</u> | <u>-</u> |
| Total | <u>\$ 3,062,325</u> | <u>\$ 514,912</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$2,547,413) will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2019 | \$ 725,536 |
| 2020 | 594,208 |
| 2021 | 404,540 |
| 2022 | <u>823,129</u> |
| Total | <u>\$ 2,547,413</u> |

Police Pension

Plan description. Police sworn personnel are covered by the police pension plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the police pension fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

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

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Plan membership. At December 31, 2018, the police pension membership consisted of:

| | |
|-------------------------------|---------------|
| Retirees and beneficiaries | 26 |
| Inactive, non-retired members | 2 |
| Active members | <u>31</u> |
| Total | <u>59</u> |

Contributions. Covered employees are required to contribute 9.91% of their base salary to the police pension plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The village's actuarially determined contribution rate for the fiscal year ending December 31, 2018 was 59.07% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. The financial statements of the police pension plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

| | |
|------------------------------|------------------|
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Interest rate | 6.75% |
| Inflation | 2.50% |
| Projected salary increases | 3.50% |
| Cost-of-living adjustments | 3.00% |

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2018. Ten percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

Discount rate. The discount rate used to measure the total pension liability for the police pension plan was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------------|----------------------|--------------------------|----------------------|
| Total pension liability | \$ 53,078,788 | \$ 46,008,986 | \$ 40,287,047 |
| Plan fiduciary net position | <u>21,970,870</u> | <u>21,970,870</u> | <u>21,970,870</u> |
| Net pension liability | <u>\$ 31,107,918</u> | <u>\$ 24,038,116</u> | <u>\$ 18,316,177</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2018 was as follows:

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/Asset (a) - (b) |
| Balances at December 31, 2017 | \$ 43,244,968 | \$ 22,674,798 | \$ 20,570,170 |
| Service cost | 635,929 | - | 635,929 |
| Interest on total pension liability | 2,901,439 | - | 2,901,439 |
| Differences between expected and actual experience of the total pension liability | 190,986 | - | 190,986 |
| Change of assumptions | 828,894 | - | 828,894 |
| Benefit payments, including refunds of employee contributions | (1,793,230) | (1,793,230) | - |
| Contributions - employer | - | 1,820,234 | (1,820,234) |
| Contributions - employee | - | 373,412 | (373,412) |
| Net investment income | - | (1,069,397) | 1,069,397 |
| Administration | - | (34,947) | 34,947 |
| Balances at December 31, 2018 | <u>\$ 46,008,986</u> | <u>\$ 21,970,870</u> | <u>\$ 24,038,116</u> |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the village recognized pension expense of \$2,334,133. The village reported deferred outflows and inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 862,765 | \$ 1,885,204 |
| Assumption changes | 1,802,402 | 834,990 |
| Net difference between projected and actual earnings on pension plan investments | <u>1,843,325</u> | <u>-</u> |
| Total | <u>\$ 4,508,492</u> | <u>\$ 2,720,194</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,788,298) will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|------------------|
| 2019 | \$ 678,113 |
| 2020 | 609,432 |
| 2021 | 159,006 |
| 2022 | 198,043 |
| 2023 | 143,704 |
| Total | \$ 1,788,298 |

Firefighters' Pension

Plan description. Fire sworn personnel are covered by the firefighters' pension plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The village accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the firefighters' pension plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the firefighters' pension plan as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

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

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Plan membership. At December 31, 2018, the firefighters' pension plan membership consisted of:

| | |
|-------------------------------|----------|
| Retirees and beneficiaries | 30 |
| Inactive, non-retired members | 53 |
| Active members | <hr/> 3 |
| Total | <hr/> 86 |

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2018, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The village is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the village's contributions must accumulate to the point where the past service cost for the firefighters' pension plan is 90% funded by the year 2040. The village's actuarially determined contribution rate for the fiscal year ending December 31, 2018 was 44.19% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of significant accounting policies. The financial statements of the firefighters' pension plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The village's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

| | |
|------------------------------|------------------|
| Actuarial cost method | Entry Age Normal |
| Asset valuation method | Market Value |
| Actuarial assumptions | |
| Interest rate | 6.75% |
| Inflation | 2.50% |
| Projected salary increases | 3.50% |
| Cost-of-living adjustments | 1.25% - 3.00% |

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality, projected 5 years past the valuation date with Scale MP-2018. Ten percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

Discount rate. The discount rate used to measure the total pension liability for the firefighters' pension plan was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-----------------------------|----------------------|--------------------------|----------------------|
| Total pension liability | \$ 68,345,206 | \$ 58,756,559 | \$ 51,050,017 |
| Plan fiduciary net position | <u>34,184,604</u> | <u>34,184,604</u> | <u>34,184,604</u> |
| Net pension liability | <u>\$ 34,160,602</u> | <u>\$ 24,571,955</u> | <u>\$ 16,865,413</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Changes in net pension liability/(asset). The village's changes in net pension liability/(asset) for the calendar year ended December 31, 2018 was as follows:

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/Asset (a) - (b) |
| Balances at December 31, 2017 | \$ 52,732,975 | \$ 34,344,979 | \$ 18,387,996 |
| Service cost | 1,281,368 | - | 1,281,368 |
| Interest on total pension liability | 3,600,377 | - | 3,600,377 |
| Differences between expected and actual experience of the total pension liability | 1,482,142 | - | 1,482,142 |
| Change of assumptions | 1,010,548 | - | 1,010,548 |
| Benefit payments, including refunds of employee contributions | (1,350,851) | (1,350,851) | - |
| Contributions - employer | - | 2,304,265 | (2,304,265) |
| Contributions - employee | - | 492,620 | (492,620) |
| Net investment income | - | (1,554,258) | 1,554,258 |
| Administration | - | (52,151) | 52,151 |
| Balances at December 31, 2018 | <u>\$ 58,756,559</u> | <u>\$ 34,184,604</u> | <u>\$ 24,571,955</u> |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2018, the village recognized pension expense of \$3,393,396. The village reported deferred outflows and inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 2,203,270 | \$ 2,391,130 |
| Assumption changes | 2,115,596 | 1,634,900 |
| Net difference between projected and actual earnings on pension plan investments | 3,378,434 | - |
| Total | <u>\$ 7,697,300</u> | <u>\$ 4,026,030</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$3,671,270) will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------------|
| 2019 | \$ 1,317,455 |
| 2020 | 1,230,892 |
| 2021 | 562,208 |
| 2022 | 494,267 |
| 2023 | (289,651) |
| Thereafter | <u>356,099</u> |
| Total | <u>\$ 3,671,270</u> |

PENSION SEGMENT INFORMATION

Fiduciary Net Position

| | Pension Trust | | |
|------------------------------------|----------------------|--------------------------|----------------------|
| | Police Pension | Firefighters' Pension | Total |
| Assets | | | |
| Cash and investments | \$ 9,205 | \$ 5,000 | \$ 14,205 |
| Investments | | | |
| U.S. treasuries | 915,477 | 1,139,859 | 2,055,336 |
| U.S. agencies | 6,989,202 | 8,134,373 | 15,123,575 |
| Mutual funds | 12,483,949 | 19,160,535 | 31,644,484 |
| Corporate bonds | - | 3,175,070 | 3,175,070 |
| State and local obligations | 1,382,420 | 1,583,724 | 2,966,144 |
| Money markets | 138,761 | 338,889 | 477,650 |
| Certificates of deposit | - | 49,380 | 49,380 |
| Insurance contracts | - | 495,989 | 495,989 |
| Receivables | | | |
| Accrued interest | 60,805 | 120,088 | 180,893 |
| Other | 33 | 42 | 75 |
| Prepaid items | 2,624 | 1,844 | 4,468 |
| Total Assets | <u>21,982,476</u> | <u>34,204,793</u> | <u>56,187,269</u> |
| Liabilities | | | |
| Accounts payable | 11,605 | 20,190 | 31,795 |
| Total Liabilities | <u>11,605</u> | <u>20,190</u> | <u>31,795</u> |
| Net Position | | | |
| Restricted for retirement benefits | <u>\$ 21,970,871</u> | <u>\$ 34,184,603</u> | <u>\$ 56,155,474</u> |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

| | Pension Trust | | |
|--|-----------------------------|-----------------------------|-----------------------------|
| | Police Pension | Firefighters' Pension | Total |
| Additions | | | |
| Contributions | | | |
| Employer | \$ 1,820,235 | \$ 2,304,264 | \$ 4,124,499 |
| Employee | <u>373,412</u> | <u>492,619</u> | <u>866,031</u> |
| Total Contributions | <u><u>2,193,647</u></u> | <u><u>2,796,883</u></u> | <u><u>4,990,530</u></u> |
| Investment Income | | | |
| Net appreciation (depreciation) in fair value of investments | (2,031,285) | (3,112,351) | (5,143,636) |
| Interest on investments | <u>1,007,676</u> | <u>1,627,852</u> | <u>2,635,528</u> |
| Total Investment income | <u><u>(1,023,609)</u></u> | <u><u>(1,484,499)</u></u> | <u><u>(2,508,108)</u></u> |
| Less investment income | 45,788 | 69,757 | 115,545 |
| Net investment income | <u><u>(1,069,397)</u></u> | <u><u>(1,554,256)</u></u> | <u><u>(2,623,653)</u></u> |
| Total Additions | <u><u>1,124,250</u></u> | <u><u>1,242,627</u></u> | <u><u>2,366,877</u></u> |
| Deductions | | | |
| Pension payments and refunds | 1,793,229 | 1,350,851 | 3,144,080 |
| Administration | <u>34,948</u> | <u>52,152</u> | <u>87,100</u> |
| Total Deductions | <u><u>1,828,177</u></u> | <u><u>1,403,003</u></u> | <u><u>3,231,180</u></u> |
| Change in net position | (703,927) | (160,376) | (864,303) |
| Net position, beginning of year | <u><u>22,674,798</u></u> | <u><u>34,344,979</u></u> | <u><u>57,019,777</u></u> |
| Net position, end of year | <u><u>\$ 21,970,871</u></u> | <u><u>\$ 34,184,603</u></u> | <u><u>\$ 56,155,474</u></u> |

B. RISK MANAGEMENT

The village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The village participates in a public entity risk pools to provide coverage for losses from (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees). However, other risks, such as (torts; theft of, damage to, or destruction of assets; errors and omission; workers compensation; and health care of its employees) are accounted for and financed by the village in internal service funds - the self-insurance fund and the risk management fund.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

IRMA

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

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

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

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

Intergovernmental Personnel Benefit Cooperative

The Village participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental, and nonprofit public service entities.

The IPBC receives, processes, and pays such claims as they may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers: a Benefit Administrator and a Treasurer. The village does not exercise any control over the activities of the IPBC beyond its representation on the Board of Directors.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the village's financial position or results of operations.

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 that may be disallowed by the grantor cannot be determined at this time, although the village expects such amounts, to be immaterial.

D. OTHER POSTEMPLOYMENT BENEFITS

Plan description. The village administers a single-employer defined contribution healthcare plan ("the Retiree Health Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the village and can be amended by the village through its personnel manual and union contracts. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a separate report. The activity of the plan is reported in the village's governmental and business-type activities.

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

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

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 19 |
| Active plan members | <u>151</u> |
| Total | <u><u>170</u></u> |

TOTAL OPEB LIABILITY

The village's total OPEB liability of \$3,339,727 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 3.00% |
| Salary increases | 4.00% |
| Healthcare cost trend rates | HMO Plan 5.50%; PPO Plan and HDHP 6.50% |
| Retirees' share of benefit-related costs | 100% |

The discount rate was based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on the RP-2014 Blue Collar Mortality projected to the valuation date with Scale MP-2015.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 - December 31, 2018.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

CHANGES IN THE TOTAL OPEB LIABILITY

| | <u>Total OPEB Liability</u> |
|--|---------------------------------|
| Balances at December 31, 2017 | <u>\$ 3,627,263</u> |
| Changes for the year: | |
| Service cost | 43,217 |
| Interest | 118,607 |
| Changes in assumptions or other inputs | (164,052) |
| Other changes | (111,794) |
| Benefit payments | <u>(173,514)</u> |
| Net changes | <u>(287,536)</u> |
| Balances at December 31, 2018 | <u>\$ 3,339,727</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.35 percent in 2017 to 3.64 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the village, as well as what the village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.6 percent) or 1-percentage-point higher (4.6 percent) than the current discount rate:

| | 1% Decrease (2.6%) | Discount Rate (3.6%) | 1% Increase (4.6%) |
|----------------------|-----------------------|-------------------------|-----------------------|
| Total OPEB liability | \$ 3,073,830 | \$ 3,339,727 | \$ 3,648,080 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the village, as well as what the village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

| | Healthcare Cost | | |
|----------------------|------------------------|------------------------|------------------------|
| | 1% Decrease (5.5%) | Trend Rates (6.5%) | 1% Increase (7.5%) |
| | Decreasing to 3.5%) | Decreasing to 4.5%) | Decreasing to 5.5%) |
| Total OPEB liability | \$ 3,670,438 | \$ 3,339,727 | \$ 3,055,238 |

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

D. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018, the village recognized negative OPEB expense of \$131,803. At December 31, 2018, the village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Inflows of Resources |
|--|----------------------------------|
| Changes of assumptions or other inputs | <u>\$ 245,826</u> |
| Total | <u>\$ 245,826</u> |

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

| <u>Year Ended December 31:</u> | <u>Amount</u> |
|--------------------------------|-------------------|
| 2018 | \$ 30,020 |
| 2019 | 30,020 |
| 2020 | 30,020 |
| 2021 | 30,020 |
| 2022 | 30,020 |
| Thereafter | <u>95,726</u> |
| Total | <u>\$ 245,826</u> |

E. TAX INCREMENT FINANCING DISTRICT

The Village of Lake Zurich has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the village and its surrounding areas. As part of the redevelopment plans, the village has made significant improvements to utilities, public parking, intersections, and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly, and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the village created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

F. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The village rebates sales tax in order to recruit, retain, or improve local business facilities or their supporting public infrastructure under certain circumstances. The terms of these rebate arrangements are specified within written agreements with the business and governmental entities concerned.

The village has entered into economic incentive agreements with three commercial entities, as well as with two other government agencies, whereby the village has agreed to rebate a portion of sales taxes generated by particular businesses to each entity. Each agreement for rebate with the commercial entities is limited to a specified time period and are limited to sales taxes generated by the commercial entity. The commercial rebates are paid monthly or quarterly, depending on specific terms, with the agreements expiring between 10 and 30 years after commencement. The agreements with the government agencies exist in perpetuity based on an intergovernmental agreement to rebate portions of sales taxes generated by any businesses on particular properties. These payments are made monthly in accordance with the agreements.

As of December 31, 2018, the village has an accrued rebate liability of \$223,394 for amounts collected by the state but not yet paid to the village and/or due to the other entities. Of this amount, \$161,460 is due to commercial entities and \$61,934 to governmental entities. For the fiscal year-to-date, the village recorded \$709,484 in payment across all sales tax rebate agreements.

VILLAGE OF LAKE ZURICH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

NOTE IV - OTHER INFORMATION (cont.)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE ZURICH

GENERAL FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|--|------------------------|------------------------|--------------------------|
| Revenues | | | |
| Taxes | \$ 10,013,758 | \$ 9,913,577 | \$ 9,927,153 |
| Licenses and permits | 723,650 | 762,556 | 720,053 |
| Intergovernmental | 14,743,522 | 15,429,021 | 15,215,740 |
| Charges for services | 1,829,435 | 1,885,522 | 2,092,655 |
| Fines, forfeitures and penalties | 646,000 | 611,000 | 601,130 |
| Investment income | 75,000 | 123,984 | 154,121 |
| Miscellaneous revenues | <u>52,870</u> | <u>122,630</u> | <u>138,278</u> |
| Total Revenues | <u>28,084,235</u> | <u>28,848,290</u> | <u>28,849,130</u> |
| Expenditures | | | |
| General government | 1,851,792 | 1,867,882 | 1,789,293 |
| Public safety | 19,892,950 | 19,897,025 | 19,858,506 |
| Highways and streets | 2,929,903 | 2,973,281 | 3,001,308 |
| Culture and recreation | 1,039,636 | 1,092,596 | 1,070,078 |
| Economic development | <u>939,130</u> | <u>815,922</u> | <u>786,750</u> |
| Total Expenditures | <u>26,653,411</u> | <u>26,646,706</u> | <u>26,505,935</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,430,824</u> | <u>2,201,584</u> | <u>2,343,195</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from sale of capital assets | 5,000 | 19,522 | 19,522 |
| Transfers out | <u>(1,434,800)</u> | <u>(2,220,082)</u> | <u>(2,187,722)</u> |
| Total Other Financing Sources (Uses) | <u>(1,429,800)</u> | <u>(2,200,560)</u> | <u>(2,168,200)</u> |
| Net Change in Fund Balances | <u>\$ 1,024</u> | <u>\$ 1,024</u> | <u>174,995</u> |
| Fund Balance, Beginning of Year | | | <u>10,559,134</u> |
| Fund Balance, End of Year | | | <u>\$ 10,734,129</u> |

See independent auditors' report and accompanying notes to required supplementary information

VILLAGE OF LAKE ZURICH

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF TAX ALLOCATION For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|------------------|------------------|------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Property taxes | \$ 1,260,000 | \$ 1,300,000 | \$ 1,303,973 |
| Investment income | 2,500 | 2,500 | 4,208 |
| Total Revenues | <u>1,262,500</u> | <u>1,302,500</u> | <u>1,308,181</u> |
| EXPENDITURES | | | |
| Economic development | 501,900 | 501,900 | 500,124 |
| Total Expenditures | <u>501,900</u> | <u>501,900</u> | <u>500,124</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>760,600</u> | <u>800,600</u> | <u>808,057</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (755,000) | (790,000) | (790,000) |
| Total Other Financing Sources (Uses) | <u>(755,000)</u> | <u>(790,000)</u> | <u>(790,000)</u> |
| Net Change in Fund Balance | <u>\$ 5,600</u> | <u>\$ 10,600</u> | 18,057 |
| FUND BALANCE - Beginning of Year | | | 64,629 |
| FUND BALANCE - END OF YEAR | | | <u>\$ 82,686</u> |

VILLAGE OF LAKE ZURICH

DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DOWNTOWN TIF #2
For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|------------------|-------------------|---------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Property taxes | \$ 85,500 | \$ 85,500 | \$ 93,896 |
| Investment income | 100 | 100 | 260 |
| Miscellaneous revenues | <u>101,000</u> | <u>101,000</u> | <u>91,687</u> |
| Total Revenues | <u>186,600</u> | <u>186,600</u> | <u>185,843</u> |
| EXPENDITURES | | | |
| Economic development | <u>126,325</u> | <u>31,325</u> | <u>5,277</u> |
| Total Expenditures | <u>126,325</u> | <u>31,325</u> | <u>5,277</u> |
| Net Change in Fund Balance | <u>\$ 60,275</u> | <u>\$ 155,275</u> | <u>180,566</u> |
| FUND BALANCE - Beginning of Year | | | <u>3,185,314</u> |
| FUND BALANCE - END OF YEAR | | | <u>\$ 3,365,880</u> |

VILLAGE OF LAKE ZURICH

ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY
AND RELATED RATIOS
Last Four Fiscal Years

| | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | |
| Service cost | \$ 551,596 | \$ 512,260 | \$ 515,984 | \$ 497,479 |
| Interest | 2,268,919 | 2,351,795 | 2,437,948 | 2,457,376 |
| Differences between expected and actual experience | (359,277) | (340,738) | (97,822) | 427,124 |
| Changes of assumptions | 41,608 | (83,331) | (1,056,112) | 1,054,884 |
| Benefit payments, including refunds of member contributions | <u>(1,369,411)</u> | <u>(1,300,032)</u> | <u>(1,453,935)</u> | <u>(1,609,460)</u> |
| Net change in total pension liability | 1,133,435 | 1,139,954 | 346,063 | 2,827,403 |
| Total pension liability - beginning | 30,701,554 | 31,834,989 | 32,974,943 | 33,321,006 |
| Total pension liability - ending (a) | \$ 31,834,989 | \$ 32,974,943 | \$ 33,321,006 | \$ 36,148,409 |
| Plan fiduciary net position | | | | |
| Employer contributions | \$ 653,377 | \$ 628,101 | \$ 619,482 | \$ 631,725 |
| Employee contributions | 231,267 | 233,460 | 232,112 | 242,143 |
| Net investment income | 136,524 | 1,863,659 | 4,957,532 | (1,685,438) |
| Benefit payments, including refunds of member contributions | <u>(1,369,411)</u> | <u>(1,300,032)</u> | <u>(1,453,935)</u> | <u>(1,609,460)</u> |
| Other (net transfer) | <u>(27,440)</u> | <u>(27,607)</u> | <u>(506,291)</u> | <u>705,340</u> |
| Net change in plan fiduciary net position | (375,683) | 1,397,581 | 3,848,900 | (1,715,690) |
| Plan fiduciary net position - beginning | 27,547,190 | 27,171,507 | 28,569,088 | 32,417,988 |
| Plan fiduciary net position - ending (b) | \$ 27,171,507 | \$ 28,569,088 | \$ 32,417,988 | \$ 30,702,298 |
| Employer's net pension liability - ending (a) - (b) | \$ 4,663,482 | \$ 4,405,855 | \$ 903,018 | \$ 5,446,111 |
| Plan fiduciary net position as a percentage of the total pension liability | 85.35% | 86.64% | 97.29% | 84.93% |
| Covered payroll | \$ 5,139,246 | \$ 4,934,022 | \$ 5,158,053 | \$ 5,380,953 |
| Employer's net pension liability as a percentage of covered payroll | 90.74% | 89.30% | 17.51% | 101.21% |

Notes to Schedule:

The village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LAKE ZURICH

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Four Fiscal Years

| | <u>April 30, 2016</u> | <u>December 31, 2016</u> | <u>December 31, 2017</u> | <u>December 31, 2018</u> |
|--|---------------------------|------------------------------|------------------------------|------------------------------|
| Actuarially determined contribution | \$ 613,312 | \$ 431,173 | \$ 619,482 | \$ 631,724 |
| Contributions in relation to the actuarially determined contribution | <u>(613,312)</u> | <u>(431,173)</u> | <u>(619,482)</u> | <u>(631,725)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1)</u> |
| Covered payroll | \$ 5,139,246 | \$ 3,387,062 | \$ 5,158,053 | \$ 5,380,953 |
| Contributions as a percentage of covered payroll | 11.93% | 12.73% | 12.01% | 11.74% |

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

Notes to Schedule:

The village implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Aggregate Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 25 years |
| Asset valuation method | 5-Year Smoothed Market |
| Inflation | 2.75% |
| Salary increases | 3.75% to 14.50% including inflation |
| Investment rate of return | 7.50% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | RP-2014 CHBCA |

Other information:

There were no benefit changes during the year.

VILLAGE OF LAKE ZURICH

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS
Last Five Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability | | | | | |
| Service cost | \$ 677,265 | \$ 618,479 | \$ 404,047 | \$ 718,675 | \$ 635,929 |
| Interest | 2,218,436 | 2,554,948 | 1,926,743 | 2,795,706 | 2,901,439 |
| Differences between expected and actual experience | 500,612 | (28,659) | (2,808,702) | 985,053 | 190,986 |
| Changes of assumptions | 2,735,157 | 2,501,228 | - | (1,168,984) | 828,894 |
| Benefit payments, including refunds of member contributions | (1,024,394) | (1,267,820) | (901,384) | (1,569,353) | (1,793,230) |
| Net change in total pension liability | <u>5,107,076</u> | <u>4,378,176</u> | <u>(1,379,296)</u> | <u>1,761,097</u> | <u>2,764,018</u> |
| Total pension liability - beginning | <u>33,377,915</u> | <u>38,484,991</u> | <u>42,863,167</u> | <u>41,483,871</u> | <u>43,244,968</u> |
| Total pension liability - ending (a) | <u><u>\$ 38,484,991</u></u> | <u><u>\$ 42,863,167</u></u> | <u><u>\$ 41,483,871</u></u> | <u><u>\$ 43,244,968</u></u> | <u><u>\$ 46,008,986</u></u> |
| Plan fiduciary net position | | | | | |
| Employer contributions | \$ 1,398,130 | \$ 1,445,052 | \$ 1,564,453 | \$ 1,772,589 | \$ 1,820,234 |
| Employee contributions | 301,323 | 302,885 | 218,169 | 304,715 | 373,412 |
| Net investment income | 1,301,083 | 127,632 | 869,361 | 2,535,432 | (1,069,397) |
| Benefit payments, including refunds of member contributions | (1,024,394) | (1,267,820) | (901,384) | (1,569,353) | (1,793,230) |
| Administration | (28,758) | (31,815) | (25,420) | (26,555) | (34,947) |
| Net change in plan fiduciary net position | <u>1,947,384</u> | <u>575,934</u> | <u>1,725,179</u> | <u>3,016,828</u> | <u>(703,928)</u> |
| Plan fiduciary net position - beginning | <u>15,409,473</u> | <u>17,356,857</u> | <u>17,932,791</u> | <u>19,657,970</u> | <u>22,674,798</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 17,356,857</u></u> | <u><u>\$ 17,932,791</u></u> | <u><u>\$ 19,657,970</u></u> | <u><u>\$ 22,674,798</u></u> | <u><u>\$ 21,970,870</u></u> |
| Village's net pension liability - ending (a) - (b) | <u><u>\$ 21,128,134</u></u> | <u><u>\$ 24,930,376</u></u> | <u><u>\$ 21,825,901</u></u> | <u><u>\$ 20,570,170</u></u> | <u><u>\$ 24,038,116</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 45.10% | 41.84% | 47.39% | 52.43% | 47.75% |
| Covered payroll | \$ 3,053,408 | \$ 3,109,454 | \$ 3,101,474 | \$ 3,055,082 | \$ 3,081,455 |
| Village's net pension liability as a percentage of covered payroll | 691.95% | 801.76% | 703.73% | 673.31% | 780.09% |

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

Notes to Schedule:

The pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LAKE ZURICH

POLICE PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last Five Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|--|---------------------------|---------------------------|-------------------------------|------------------------------|------------------------------|
| Actuarially determined contribution | \$ 1,392,968 | \$ 1,402,842 | \$ 1,564,453 | \$ 1,790,395 | \$ 1,799,590 |
| Contributions in relation to the actuarially determined contribution | <u>\$ 1,395,130</u> | <u>\$ 1,445,052</u> | <u>\$ 1,564,453</u> | <u>\$ 1,772,589</u> | <u>\$ 1,820,234</u> |
| Contribution deficiency (excess) | <u><u>\$ (2,162)</u></u> | <u><u>\$ (42,210)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 17,806</u></u> | <u><u>\$ (20,644)</u></u> |
| Covered payroll | \$ 3,053,408 | \$ 3,109,454 | \$ 3,101,474 | \$ 3,055,082 | \$ 3,081,445 |
| Contributions as a percentage of covered payroll | 45.69% | 46.47% | 50.44% | 58.02% | 59.07% |

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

Notes to Schedule:

1) The plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 22 years |
| Asset valuation method | 5 year smoothed market |
| Inflation | 2.50% |
| Salary increases | 3.50% per year |
| Investment rate of return | 6.75% |
| Mortality | Healthy - RP-2014 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2015 |
| | Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2015 |

VILLAGE OF LAKE ZURICH

POLICE PENSION FUND SCHEDULE OF INVESTMENT RETURNS Last Five Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|--|-------------------|-------------------|-----------------------|----------------------|----------------------|
| Annual money-weighted rate of return, net of investment expense | 8.08% | 0.72% | 4.73% | 12.80% | -4.71% |

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

Notes to Schedule:

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF LAKE ZURICH

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN THE VILLAGE'S NET PENSION LIABILITY AND RELATED RATIOS Last Five Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016 | December 31, 2017 | December 31, 2018 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability | | | | | |
| Service cost | \$ 1,134,464 | \$ 1,149,541 | \$ 751,025 | \$ 1,421,674 | \$ 1,281,368 |
| Interest | 2,701,567 | 2,980,213 | 2,314,004 | 3,442,447 | 3,600,377 |
| Differences between expected and actual experience | (173,195) | 305,055 | (3,347,579) | 1,116,190 | 1,482,142 |
| Changes of assumptions | 1,221,986 | 2,811,180 | - | (2,288,858) | 1,010,548 |
| Benefit payments, including refunds of member contributions | (611,825) | (901,657) | (550,340) | (1,072,050) | (1,350,851) |
| Net change in total pension liability | <u>4,272,997</u> | <u>6,344,332</u> | <u>(832,890)</u> | <u>2,619,403</u> | <u>6,023,584</u> |
| Total pension liability - beginning | <u>40,329,133</u> | <u>44,602,130</u> | <u>50,946,462</u> | <u>50,113,572</u> | <u>52,732,975</u> |
| Total pension liability - ending (a) | <u><u>\$ 44,602,130</u></u> | <u><u>\$ 50,946,462</u></u> | <u><u>\$ 50,113,572</u></u> | <u><u>\$ 52,732,975</u></u> | <u><u>\$ 58,756,559</u></u> |
| Plan fiduciary net position | | | | | |
| Employer contributions | \$ 1,904,487 | \$ 1,905,569 | \$ 1,911,342 | \$ 2,176,385 | \$ 2,304,265 |
| Employee contributions | 457,701 | 478,570 | 328,920 | 562,401 | 492,620 |
| Net investment income | 1,562,177 | (320,256) | 750,015 | 3,723,725 | (1,554,258) |
| Benefit payments, including refunds of member contributions | (611,825) | (901,657) | (550,340) | (1,072,050) | (1,350,851) |
| Administration | (54,703) | (61,615) | (63,270) | (84,741) | (52,151) |
| Net change in plan fiduciary net position | <u>3,257,837</u> | <u>1,100,611</u> | <u>2,376,667</u> | <u>5,305,720</u> | <u>(160,375)</u> |
| Plan fiduciary net position - beginning | <u>22,304,144</u> | <u>25,561,981</u> | <u>26,662,592</u> | <u>29,039,259</u> | <u>34,344,979</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 25,561,981</u></u> | <u><u>\$ 26,662,592</u></u> | <u><u>\$ 29,039,259</u></u> | <u><u>\$ 34,344,979</u></u> | <u><u>\$ 34,184,604</u></u> |
| Village's net pension liability - ending (a) - (b) | <u><u>\$ 19,040,149</u></u> | <u><u>\$ 24,283,870</u></u> | <u><u>\$ 21,074,313</u></u> | <u><u>\$ 18,387,996</u></u> | <u><u>\$ 24,571,955</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 57.31% | 52.33% | 57.95% | 65.13% | 58.18% |
| Covered payroll | \$ 5,140,563 | \$ 5,130,269 | \$ 5,322,548 | \$ 5,208,600 | \$ 5,214,441 |
| Village's net pension liability as a percentage of covered payroll | 370.39% | 473.34% | 395.94% | 353.03% | 471.23% |

Notes to Schedule:

The pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

VILLAGE OF LAKE ZURICH

FIREFIGHTERS' PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last Five Fiscal Years

| | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|--|---------------------------|---------------------------|-------------------------------|------------------------------|------------------------------|
| Actuarially determined contribution | \$ 1,905,372 | \$ 1,815,433 | \$ 1,911,342 | \$ 2,198,557 | \$ 2,278,591 |
| Contributions in relation to the actuarially determined contribution | 1,931,996 | 1,905,569 | 1,911,342 | 2,176,385 | 2,304,265 |
| Contribution deficiency (excess) | <u>\$ (26,624)</u> | <u>\$ (90,136)</u> | <u>\$ -</u> | <u>\$ 22,172</u> | <u>\$ (25,674)</u> |
| Covered payroll | \$ 5,140,563 | \$ 5,130,269 | \$ 5,322,548 | \$ 5,208,600 | \$ 5,214,441 |
| Contributions as a percentage of covered payroll | 37.58% | 37.14% | 35.91% | 41.78% | 44.19% |

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

Notes to Schedule:

1) The plan implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2014 is not available

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 22 years |
| Asset valuation method | 5 year smoothed market |
| Inflation | 2.50% |
| Salary increases | 3.50% per year |
| Investment rate of return | 6.75% |
| Mortality | Healthy - RP-2014 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2015 |
| | Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2015 |

VILLAGE OF LAKE ZURICH

FIREFIGHTERS' PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Five Fiscal Years

| | <u>April 30, 2015</u> | <u>April 30, 2016</u> | <u>December 31, 2016*</u> | <u>December 31, 2017</u> | <u>December 31, 2018</u> |
|--|---------------------------|---------------------------|-------------------------------|------------------------------|------------------------------|
| Annual money-weighted rate of return, net of investment expense | 6.53% | -1.18% | 5.05% | 12.59% | -4.41% |

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

Notes to Schedule:

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

VILLAGE OF LAKE ZURICH
RETIREE HEALTH INSURANCE PLAN
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
Most Recent Fiscal Year

2018

| | |
|--|----------------------------|
| Total OPEB liability | |
| Service cost | \$ 43,217 |
| Interest | 118,607 |
| Changes of assumptions | (164,052) |
| Benefit payments, including refunds of member contributions | (173,514) |
| Other changes | <u>(111,794)</u> |
| Net change in total OPEB liability | (287,536) |
| Total OPEB liability - beginning | <u>3,627,263</u> |
| Total OPEB liability - ending | <u><u>\$ 3,339,727</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% |
| Covered payroll | \$ 13,156,588 |
| Village's total OPEB liability as a percentage of covered payroll | 25.38% |

Notes to Schedule:

The village implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

VILLAGE OF LAKE ZURICH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2018

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted(at the fund level) for the General, Special Revenue (except the Foreign Fire Insurance Tax),Debt Service, Capital Projects (except Downtown TIF), Enterprise, Internal Service and Pension Trust Funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level, or, where no departmental segregation of a fund exists, the fund level. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to restrict that portion of the applicable appropriation - is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as restrictions of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

All departments of the village submit requests for appropriation to the village's manager so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and can add to, subtract from or change appropriations; but cannot change the form of the budget.

Management cannot amend the budget for individual funds without seeking the approval of the governing body.

Expenditures cannot legally exceed budgeted appropriations at the fund or department (General Fund) level and the Board of Trustees must approve any over expenditures of appropriation or transfers of appropriated amounts. During the year, two supplementary appropriations were necessary.

EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations are as follows:

| | <u>Final Budget</u> | <u>Expenditures</u> | <u>Excess</u> |
|------------------------|---------------------|---------------------|---------------|
| General Fund | | | |
| Village administration | \$ 710,879 | \$ 715,163 | \$ 4,284 |
| Community development | 761,140 | 786,052 | 24,912 |
| Public works | 2,973,281 | 3,001,308 | 28,027 |

S U P P L E M E N T A R Y I N F O R M A T I O N

VILLAGE OF LAKE ZURICH
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|-----------------------------|--------------------|------------------|------------------|
| Revenues | | | |
| Taxes | | | |
| Property | | | |
| Corporate | \$ 1,000 | \$ 1,000 | \$ 1,002 |
| Police protection | 1,666,848 | 1,666,848 | 1,669,315 |
| Fire protection | 1,666,848 | 1,666,848 | 1,669,315 |
| Ambulance | 1,000 | 1,000 | 1,001 |
| Pension | 60,000 | 48,000 | 60,089 |
| Police pension | 1,799,590 | 1,799,590 | 1,800,370 |
| Fire pension | 2,278,591 | 2,278,591 | 2,279,576 |
| SRA | 180,000 | 180,000 | 180,266 |
| Road and bridge | 11,000 | 11,000 | 11,582 |
| Utility | | | |
| Electric tax | 1,009,599 | 1,009,599 | 1,010,124 |
| Gas tax | 275,721 | 275,721 | 287,552 |
| Telecommunication taxes | 704,031 | 630,516 | 619,507 |
| Television franchise tax | <u>359,530</u> | <u>344,864</u> | <u>337,454</u> |
| Total Taxes | <u>10,013,758</u> | <u>9,913,577</u> | <u>9,927,153</u> |
| Licenses and Permits | | | |
| Licenses | | | |
| Liquor | 150,000 | 164,000 | 163,473 |
| Contractor registration | 55,800 | 55,800 | 65,400 |
| Other business | 103,450 | 114,450 | 105,528 |
| Permits | | | |
| Administrative plan review | 120,000 | 85,905 | 82,382 |
| Building | 70,000 | 124,651 | 128,035 |
| Electrical | 25,000 | 25,000 | 28,218 |
| Plumbing | 30,000 | 30,000 | 19,697 |
| Occupancy certificates | 35,000 | 35,000 | 24,417 |
| Truck permits | 5,000 | 5,000 | 1,685 |
| Other | <u>129,400</u> | <u>122,750</u> | <u>101,218</u> |
| Total licenses and permits | <u>723,650</u> | <u>762,556</u> | <u>720,053</u> |

VILLAGE OF LAKE ZURICH
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|-----------------------------------|--------------------|-------------------|-------------------|
| Intergovernmental | | | |
| State income tax | \$ 1,664,235 | \$ 1,833,563 | \$ 1,879,984 |
| Municipal sales | 7,067,197 | 7,246,561 | 7,126,460 |
| Personal property replacement tax | 59,335 | 59,335 | 56,959 |
| Street maintenance reimbursement | 15,383 | 15,383 | 15,680 |
| Local use tax | 500,656 | 544,569 | 576,670 |
| Auto rental tax | 4,800 | 4,800 | 7,949 |
| Pull tax | 164,500 | 222,500 | 226,878 |
| Fire/rescue service contract | 5,061,386 | 5,260,660 | 5,084,055 |
| Vehicle maintenance charge | 25,000 | 25,000 | 26,712 |
| Licenses | | | |
| Grants | 31,000 | 31,000 | 41,978 |
| Governmental agency | 150,030 | 185,650 | 172,415 |
| Total intergovernmental | <u>14,743,522</u> | <u>15,429,021</u> | <u>15,215,740</u> |
| Charges for services | | | |
| Police fees | | | |
| Police alarm fees | 5,000 | 5,000 | 9,325 |
| Public safety special detail | 30,000 | 30,000 | 41,389 |
| Police administration tow fees | 50,000 | 71,050 | 79,050 |
| Police lock out fees | 7,500 | 7,500 | 8,850 |
| Police contracted services | - | - | 3,868 |
| Fire/rescue fees | | | |
| Special detail | 9,855 | 9,855 | 10,888 |
| Ambulance fees | 725,000 | 790,000 | 932,155 |
| Spillage fees | - | - | 3,721 |
| Inspection fees | 34,300 | 34,300 | 61,142 |
| Public education | - | - | 5,893 |
| Site plan review | 89,500 | 72,595 | 55,294 |
| Elevator inspections | 21,000 | 21,000 | 15,253 |
| Planned unit development review | - | - | - |
| Printing and reproduction fees | 5,000 | 5,000 | 5,906 |
| Engineering review | 115,000 | 53,077 | 49,117 |
| Watershed development | 5,000 | 5,000 | 2,760 |
| Reimbursements | 10,000 | 10,000 | 2,174 |
| Park fees | 77,700 | 77,700 | 87,507 |
| Park program fees | 616,580 | 665,445 | 687,546 |
| Beach Fees | 28,000 | 28,000 | 29,420 |
| Other | - | - | 1,397 |
| Total charges for services | <u>1,829,435</u> | <u>1,885,522</u> | <u>2,092,655</u> |

VILLAGE OF LAKE ZURICH
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|---|-----------------------------|-----------------------------|-----------------------------|
| Fines, forfeitures and penalties | | | |
| Circuit court fines | \$ 271,000 | \$ 271,000 | \$ 254,331 |
| Other fines | <u>375,000</u> | <u>340,000</u> | <u>346,799</u> |
| Total fines, forfeitures and penalties | <u>646,000</u> | <u>611,000</u> | <u>601,130</u> |
| Investment Income | <u>75,000</u> | <u>123,984</u> | <u>154,121</u> |
| Miscellaneous | | | |
| Miscellaneous revenues | 8,670 | 63,730 | 74,118 |
| Donations | - | - | 4,150 |
| Rent | <u>44,200</u> | <u>58,900</u> | <u>60,010</u> |
| Total miscellaneous | <u>52,870</u> | <u>122,630</u> | <u>138,278</u> |
| Total Revenues | <u><u>\$ 28,084,235</u></u> | <u><u>\$ 28,848,290</u></u> | <u><u>\$ 28,849,130</u></u> |

VILLAGE OF LAKE ZURICH
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|---------------------------------|----------------------|----------------------|----------------------|
| Expenditures | | | |
| General Government | | | |
| General administration | \$ 72,092 | \$ 72,092 | \$ 44,831 |
| Village administration | 733,360 | 710,879 | 715,163 |
| Finance department | 539,439 | 547,022 | 545,757 |
| Technology department | <u>506,901</u> | <u>537,889</u> | <u>483,542</u> |
| Total general government | <u>1,851,792</u> | <u>1,867,882</u> | <u>1,789,293</u> |
| Public Safety | | | |
| Police | 7,529,465 | 7,491,903 | 7,456,040 |
| Fire | 11,498,463 | 11,643,982 | 11,616,414 |
| Community development | <u>865,022</u> | <u>761,140</u> | <u>786,052</u> |
| Total public safety | <u>19,892,950</u> | <u>19,897,025</u> | <u>19,858,506</u> |
| Highways and Streets | | | |
| Public works | <u>2,929,903</u> | <u>2,973,281</u> | <u>3,001,308</u> |
| Culture and Recreation | | | |
| Parks and recreation department | <u>1,039,636</u> | <u>1,092,596</u> | <u>1,070,078</u> |
| Economic Development | | | |
| | <u>939,130</u> | <u>815,922</u> | <u>786,750</u> |
| Total Expenditures | <u>\$ 26,653,411</u> | <u>\$ 26,646,706</u> | <u>\$ 26,505,935</u> |

VILLAGE OF LAKE ZURICH

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2018

| | Foreign Fire Tax | Hotel Tax | Motor Fuel Tax | Special Events | Dispatch Services |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 205,530 | \$ 373,036 | \$ 2,088,925 | \$ 131,229 | \$ 207,336 |
| Accounts receivable | - | 8,530 | 50,425 | 3,300 | 150,317 |
| Advances to other funds | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Prepaid items | <u>17,959</u> | <u>-</u> | <u>-</u> | <u>875</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 223,489</u> | <u>\$ 381,566</u> | <u>\$ 2,139,350</u> | <u>\$ 135,404</u> | <u>\$ 357,653</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ 22,063 | \$ - | \$ 2,457 |
| Accrued wages | - | 28 | - | 2,142 | 25,390 |
| Unearned revenues | - | - | 7,915 | 2,345 | 118,326 |
| Other liabilities | - | - | - | - | - |
| Due to other funds | - | - | - | 30,015 | 242,866 |
| Advances from other funds | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>28</u> | <u>29,978</u> | <u>34,502</u> | <u>389,039</u> |
| Fund Balances | | | | | |
| Nonspendable | 17,959 | - | - | 875 | - |
| Restricted | 205,530 | 381,538 | 2,109,372 | - | - |
| Assigned | - | - | - | 100,027 | - |
| Unassigned | - | - | - | - | (31,386) |
| Total Fund Balances | <u>223,489</u> | <u>381,538</u> | <u>2,109,372</u> | <u>100,902</u> | <u>(31,386)</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 223,489</u> | <u>\$ 381,566</u> | <u>\$ 2,139,350</u> | <u>\$ 135,404</u> | <u>\$ 357,653</u> |

| <u>TIF #3</u> | <u>Park Improvements</u> | <u>Non-Home Rule Sales Tax Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|-----------------|--------------------------|---|--|
| \$ 2,849 | \$ 9,617 | \$ 1,707,013 | \$ 4,725,535 |
| - | - | 574,664 | 787,236 |
| - | - | 250,000 | 250,000 |
| - | - | 795 | 795 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>18,834</u> |
| <u>\$ 2,849</u> | <u>\$ 9,617</u> | <u>\$ 2,532,472</u> | <u>\$ 5,782,400</u> |
| | | | |
| \$ - | \$ - | \$ 3,758 | \$ 28,278 |
| - | - | - | 27,560 |
| - | - | - | 128,586 |
| - | - | 6,849 | 6,849 |
| - | - | - | 272,881 |
| <u>55,000</u> | <u>-</u> | <u>-</u> | <u>55,000</u> |
| <u>55,000</u> | <u>-</u> | <u>10,607</u> | <u>519,154</u> |
| | | | |
| - | - | - | 18,834 |
| - | - | 2,521,865 | 5,218,305 |
| - | 9,617 | - | 109,644 |
| <u>(52,151)</u> | <u>-</u> | <u>-</u> | <u>(83,537)</u> |
| <u>(52,151)</u> | <u>9,617</u> | <u>2,521,865</u> | <u>5,263,246</u> |
| | | | |
| <u>\$ 2,849</u> | <u>\$ 9,617</u> | <u>\$ 2,532,472</u> | <u>\$ 5,782,400</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

| | Foreign Fire Tax | Hotel Tax | Motor Fuel Tax | Special Events | Dispatch Services |
|--|--------------------------|--------------------------|----------------------------|--------------------------|---------------------------|
| REVENUES | | | | | |
| Taxes | \$ 35,217 | \$ 110,354 | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 526,154 | - | - |
| Charges for services | - | - | - | - | 841,675 |
| Special events | - | - | - | 140,970 | - |
| Investment income | - | 404 | 31,961 | 193 | 195 |
| Total Revenues | <u>35,217</u> | <u>110,758</u> | <u>558,115</u> | <u>141,163</u> | <u>841,870</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | 16,499 | - | - | - |
| Public safety | 36,534 | - | - | - | 1,517,287 |
| Highways and streets | - | - | 486,212 | - | - |
| Culture and recreation | - | - | - | 357,392 | - |
| Economic development | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | <u>36,534</u> | <u>16,499</u> | <u>486,212</u> | <u>357,392</u> | <u>1,517,287</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,317)</u> | <u>94,259</u> | <u>71,903</u> | <u>(216,229)</u> | <u>(675,417)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | - | 205,562 | 575,000 |
| Transfers out | - | (114,422) | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(114,422)</u> | <u>-</u> | <u>205,562</u> | <u>575,000</u> |
| Net Change in Fund Balances | <u>(1,317)</u> | <u>(20,163)</u> | <u>71,903</u> | <u>(10,667)</u> | <u>(100,417)</u> |
| FUND BALANCES (DEFICIT) | | | | | |
| - Beginning of Year | <u>224,806</u> | <u>401,701</u> | <u>2,037,469</u> | <u>111,569</u> | <u>69,031</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 223,489</u> | <u>\$ 381,538</u> | <u>\$ 2,109,372</u> | <u>\$ 100,902</u> | <u>\$ (31,386)</u> |

| TIF #3 | Park Improvements | Non-Home Rule Sales Tax Capital Projects | Total Nonmajor Governmental Funds |
|-------------|-------------------|--|-----------------------------------|
| \$ - | \$ - | \$ 2,109,186 | \$ 2,254,757 |
| | | | 526,154 |
| | 33,762 | - | 875,437 |
| | - | - | 140,970 |
| | 280 | 33,477 | 66,510 |
| | <u>34,042</u> | <u>2,142,663</u> | <u>3,863,828</u> |
| | | | |
| | | | 16,499 |
| | | | 1,553,821 |
| | | 1,580,655 | 2,066,867 |
| | | - | 357,392 |
| 748 | - | - | 748 |
| | <u>207,830</u> | <u>1,580,655</u> | <u>207,830</u> |
| | <u>748</u> | <u>207,830</u> | <u>4,203,157</u> |
| | | | |
| | (748) | (173,788) | 562,008 |
| | | | (339,329) |
| | | | |
| | | | 780,562 |
| | | | (114,422) |
| | | | 666,140 |
| | | | |
| (748) | (173,788) | 562,008 | 326,811 |
| | | | |
| | (51,403) | 183,405 | 1,959,857 |
| | | | 4,936,435 |
| | | | |
| \$ (52,151) | \$ 9,617 | \$ 2,521,865 | \$ 5,263,246 |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HOTEL TAX For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|------------------|--------------------|-------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Hotel/Motel tax | \$ 106,586 | \$ 109,858 | \$ 110,354 |
| Investment income | 1,800 | 1,800 | 404 |
| Total Revenues | <u>108,386</u> | <u>111,658</u> | <u>110,758</u> |
| EXPENDITURES | | | |
| General government | 16,738 | 17,313 | 16,499 |
| Total Expenditures | <u>16,738</u> | <u>17,313</u> | <u>16,499</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>91,648</u> | <u>94,345</u> | <u>94,259</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | (85,000) | (114,422) | (114,422) |
| Total Other Financing Sources (Uses) | <u>(85,000)</u> | <u>(114,422)</u> | <u>(114,422)</u> |
| Net Change in Fund Balance | <u>\$ 6,648</u> | <u>\$ (20,077)</u> | <u>(20,163)</u> |
| FUND BALANCE - Beginning of Year | | | 401,701 |
| FUND BALANCE - END OF YEAR | | | <u>\$ 381,538</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|-----------------------------------|-------------------------|-------------------------|----------------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Reimbursements | \$ 500,052 | \$ 500,052 | \$ 526,154 |
| Investment income | 12,000 | 12,000 | 31,961 |
| Total Revenues | <u>512,052</u> | <u>512,052</u> | <u>558,115</u> |
| EXPENDITURES | | | |
| Highways and streets | 491,890 | 491,890 | 486,212 |
| Total Expenditures | <u>491,890</u> | <u>491,890</u> | <u>486,212</u> |
| Net Change in Fund Balance | <u><u>\$ 20,162</u></u> | <u><u>\$ 20,162</u></u> | 71,903 |
| FUND BALANCE - Beginning of Year | | | <u>2,037,469</u> |
| FUND BALANCE - END OF YEAR | | | <u><u>\$ 2,109,372</u></u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL EVENTS For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|------------------|------------------|-------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Special events | \$ 165,925 | \$ 148,067 | \$ 140,970 |
| Investment income | 250 | 250 | 193 |
| Total Revenues | <u>166,175</u> | <u>148,317</u> | <u>141,163</u> |
| EXPENDITURES | | | |
| Culture and recreation | 362,638 | 369,423 | 357,392 |
| Total Expenditures | <u>362,638</u> | <u>369,423</u> | <u>357,392</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(196,463)</u> | <u>(221,106)</u> | <u>(216,229)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 208,500 | 237,922 | 205,562 |
| Total Other Financing Sources (Uses) | <u>208,500</u> | <u>237,922</u> | <u>205,562</u> |
| Net Change in Fund Balance | <u>\$ 12,037</u> | <u>\$ 16,816</u> | <u>(10,667)</u> |
| FUND BALANCE - Beginning of Year | | | 111,569 |
| FUND BALANCE - END OF YEAR | | | <u>\$ 100,902</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DISPATCH SERVICES For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|------------------|------------------|--------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Charges for services | \$ 631,670 | \$ 969,834 | \$ 841,675 |
| Investment income | 200 | 200 | 195 |
| Total Revenues | <u>631,870</u> | <u>970,034</u> | <u>841,870</u> |
| EXPENDITURES | | | |
| Public safety | 1,569,106 | 1,542,371 | 1,517,287 |
| Total Expenditures | <u>1,569,106</u> | <u>1,542,371</u> | <u>1,517,287</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(937,236)</u> | <u>(572,337)</u> | <u>(675,417)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 942,300 | 575,000 | 575,000 |
| Total Other Financing Sources (Uses) | <u>942,300</u> | <u>575,000</u> | <u>575,000</u> |
| Net Change in Fund Balance | <u>\$ 5,064</u> | <u>\$ 2,663</u> | <u>(100,417)</u> |
| FUND BALANCE - Beginning of Year | | | 69,031 |
| FUND BALANCE (DEFICIT) - END OF YEAR | | | <u>\$ (31,386)</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF #3 For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|---------------------------|--------------------------|---------------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| | \$ _____ - | \$ _____ - | \$ _____ - |
| EXPENDITURES | | | |
| Economic development | 62,400 | 5,400 | 748 |
| Total Expenditures | <u>62,400</u> | <u>5,400</u> | <u>748</u> |
| Net Change in Fund Balance | <u>\$ (62,400)</u> | <u>\$ (5,400)</u> | <u>(748)</u> |
| FUND BALANCE (DEFICIT) - Beginning of Year | | | (51,403) |
| FUND BALANCE (DEFICIT) - END OF YEAR | | | <u>\$ (52,151)</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PARK IMPROVEMENTS For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|-----------------------------------|---------------------|---------------------|------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Charges for services | \$ 71,970 | \$ 71,970 | \$ 33,762 |
| Investment income | 1,080 | 1,080 | 280 |
| Total Revenues | 73,050 | 73,050 | 34,042 |
| EXPENDITURES | | | |
| Park improvements | 212,550 | 212,550 | 207,830 |
| Total Expenditures | 212,550 | 212,550 | 207,830 |
| Net Change in Fund Balance | \$ (139,500) | \$ (139,500) | (173,788) |
| FUND BALANCE - Beginning of Year | | | 183,405 |
| FUND BALANCE - END OF YEAR | | | \$ 9,617 |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - NON-HOME RULE SALES TAX CAPITAL PROJECTS
For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|-------------------------|--------------------------|----------------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Sales tax | \$ 2,027,442 | \$ 2,057,442 | \$ 2,109,186 |
| Investment income | 6,000 | 6,000 | 33,477 |
| Total Revenues | <u>2,033,442</u> | <u>2,063,442</u> | <u>2,142,663</u> |
| EXPENDITURES | | | |
| Highways and streets | 2,033,000 | 1,834,000 | 1,580,655 |
| Total Expenditures | <u>2,033,000</u> | <u>1,834,000</u> | <u>1,580,655</u> |
| Net Change in Fund Balance | <u>\$ 442</u> | <u>\$ 229,442</u> | <u>562,008</u> |
| FUND BALANCE - Beginning of Year | | | <u>1,959,857</u> |
| FUND BALANCE - END OF YEAR | | | <u>\$ 2,521,865</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|-------------------------|-------------------------|----------------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Property tax | \$ 1,642,461 | \$ 1,642,461 | \$ 1,644,892 |
| Investment income | 8,100 | 8,100 | 19,354 |
| Total Revenues | <u>1,650,561</u> | <u>1,650,561</u> | <u>1,664,246</u> |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal | 1,564,000 | 1,564,000 | 460,000 |
| Interest and fiscal charges | 65,367 | 65,367 | 65,361 |
| Total Expenditures | <u>1,629,367</u> | <u>1,629,367</u> | <u>525,361</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>21,194</u> | <u>21,194</u> | <u>1,138,885</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | - | - | (1,104,000) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(1,104,000)</u> |
| Net Change in Fund Balance | <u>\$ 21,194</u> | <u>\$ 21,194</u> | <u>34,885</u> |
| FUND BALANCE - Beginning of Year | | | <u>1,336,531</u> |
| FUND BALANCE - END OF YEAR | | | <u>\$ 1,371,416</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DEBT SERVICE For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|--------------------|--------------------|---------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Investment income | \$ 2,400 | \$ 2,400 | \$ 4,357 |
| Total Revenues | <u>2,400</u> | <u>2,400</u> | <u>4,357</u> |
| EXPENDITURES | | | |
| Debt Service | | | |
| Principal | 1,075,000 | 1,075,000 | 1,075,000 |
| Interest and fiscal charges | 782,796 | 784,096 | 781,483 |
| Total Expenditures | <u>1,857,796</u> | <u>1,859,096</u> | <u>1,856,483</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,855,396)</u> | <u>(1,856,696)</u> | <u>(1,852,126)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from bond issuance | 1,104,000 | 1,104,000 | - |
| Transfers in | 755,000 | 790,000 | 1,894,000 |
| Total Other Financing Sources (Uses) | <u>1,859,000</u> | <u>1,894,000</u> | <u>1,894,000</u> |
| Net Change in Fund Balance | <u>\$ 3,604</u> | <u>\$ 37,304</u> | <u>41,874</u> |
| FUND BALANCE (DEFICIT) - Beginning of Year | | | <u>(909,623)</u> |
| FUND BALANCE (DEFICIT) - END OF YEAR | | | <u>\$ (867,749)</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|---|---------------------|-------------------|---------------------|
| | Original | Final | Actual |
| REVENUES | | | |
| Grants | \$ 19,000 | \$ 19,000 | \$ 1,956 |
| Investment income | 12,000 | 12,000 | 45,775 |
| Miscellaneous revenues | 2,000 | 2,000 | 2,337 |
| Total Revenues | <u>33,000</u> | <u>33,000</u> | <u>50,068</u> |
| EXPENDITURES | | | |
| Capital Outlay | | | |
| Infrastructure improvements | 242,000 | 177,000 | 51,437 |
| Capital project improvements | <u>731,500</u> | <u>681,500</u> | <u>687,522</u> |
| Total Expenditures | <u>973,500</u> | <u>858,500</u> | <u>738,959</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(940,500)</u> | <u>(825,500)</u> | <u>(688,891)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 485,000 | 1,000,000 | 1,000,000 |
| Total Other Financing Sources (Uses) | <u>485,000</u> | <u>1,000,000</u> | <u>1,000,000</u> |
| Net Change in Fund Balance | <u>\$ (455,500)</u> | <u>\$ 174,500</u> | <u>311,109</u> |
| FUND BALANCE - Beginning of Year | | | <u>2,558,742</u> |
| FUND BALANCE - END OF YEAR | | | <u>\$ 2,869,851</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET TO ACTUAL WATERWORKS AND SEWERAGE FUND For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|--|-----------------------|-----------------------|----------------------|
| Operating Revenues | | | |
| Charges for services | \$ 6,120,542 | \$ 6,120,542 | \$ 6,067,163 |
| Total operating revenues | <u>6,120,542</u> | <u>6,120,542</u> | <u>6,067,163</u> |
| Operating Expenses | | | |
| Administration | 790,319 | 876,155 | 678,126 |
| Operations | 8,666,603 | 8,274,899 | 5,645,548 |
| Depreciation | <u>1,700,000</u> | <u>1,760,000</u> | <u>1,827,588</u> |
| Total operating expenses | <u>11,156,922</u> | <u>10,911,054</u> | <u>8,151,262</u> |
| Operating Income (Loss) | <u>(5,036,380)</u> | <u>(4,790,512)</u> | <u>(2,084,099)</u> |
| Non-Operating Revenues (Expenses) | | | |
| Connection fees | 175,000 | 175,000 | 124,105 |
| Investment income | 30,000 | 90,000 | 122,645 |
| Gain on sale of capital assets | - | - | 19,995 |
| Interest and fiscal charges | <u>(237,254)</u> | <u>(237,254)</u> | <u>(221,301)</u> |
| Total non-operating revenues (expenses) | <u>(32,254)</u> | <u>27,746</u> | <u>45,444</u> |
| Change in Net Position | <u>\$ (5,068,634)</u> | <u>\$ (4,762,766)</u> | <u>(2,038,655)</u> |
| Net Position, Beginning of Year | | | <u>43,233,718</u> |
| Net Position, End of Year | | | <u>\$ 41,195,063</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF OPERATING REVENUES - BUDGET TO ACTUAL WATERWORKS AND SEWERAGE FUND For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|-------------------------------------|-------------------------|-------------------------|-------------------------|
| Charges for Services | | | |
| Water charges | \$ 3,231,265 | \$ 3,231,262 | \$ 3,174,669 |
| Sewer charges | 986,620 | 986,621 | 1,015,246 |
| Capital Charge | 1,667,857 | 1,667,859 | 1,418,756 |
| Meter sales | 13,000 | 13,000 | 3,810 |
| Late fees | 121,500 | 121,500 | 465,966 |
| Wastewater service agreements | 100,000 | 100,000 | 45,984 |
| Inspection fees | 300 | 300 | 160 |
| Other | - | - | (57,428) |
| Total operating revenues | <u>\$ 6,120,542</u> | <u>\$ 6,120,542</u> | <u>\$ 6,067,163</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF OPERATING EXPENSES - BUDGET TO ACTUAL WATERWORKS AND SEWERAGE FUND For the Year Ended December 31, 2018

| | Original Budget | Final Budget | Actual |
|--------------------------------------|---------------------|---------------------|---------------------|
| Administration | | | |
| Personnel services | \$ 420,261 | \$ 420,141 | \$ 299,974 |
| Contractual services | 313,558 | 399,394 | 327,122 |
| Commodities | <u>56,500</u> | <u>56,620</u> | <u>51,030</u> |
| Total Administration | <u>\$ 790,319</u> | <u>\$ 876,155</u> | <u>\$ 678,126</u> |
| Operations | | | |
| Water Service | | | |
| Water service - personnel services | \$ 686,770 | \$ 695,770 | \$ 681,689 |
| Water service - contractual services | 971,850 | 767,150 | 332,003 |
| Water service - commodities | <u>573,510</u> | <u>510,560</u> | <u>455,337</u> |
| Total water service | <u>2,232,130</u> | <u>1,973,480</u> | <u>1,469,029</u> |
| Sewer Service | | | |
| Sewer service - personnel services | 617,303 | 617,303 | 609,036 |
| Sewer service - contractual services | 610,520 | 500,466 | 409,705 |
| Sewer service - commodities | <u>81,150</u> | <u>81,150</u> | <u>87,491</u> |
| Total water service | <u>1,308,973</u> | <u>1,198,919</u> | <u>1,106,232</u> |
| Capital outlay | <u>5,125,500</u> | <u>5,102,500</u> | <u>5,499,906</u> |
| Less non-operating items | | | |
| Capital assets capitalized | <u>-</u> | <u>-</u> | <u>(2,429,619)</u> |
| Total Operations | <u>\$ 8,666,603</u> | <u>\$ 8,274,899</u> | <u>\$ 5,645,548</u> |
| Depreciation | <u>\$ 1,700,000</u> | <u>\$ 1,760,000</u> | <u>\$ 1,827,588</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2018

| | Medical Self- Insurance | Risk Management | Equipment Replacement | Totals |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and investments | \$ 913,024 | \$ 1,135,671 | \$ 1,809,560 | \$ 3,858,255 |
| Receivables | | | | |
| Accounts receivable | 6,981 | - | - | 6,981 |
| Prepaid items | 482,800 | 444,930 | - | 927,730 |
| Due from other funds | - | 20,000 | - | 20,000 |
| Due from fiduciary funds | - | - | 150,000 | 150,000 |
| Total Current Assets | <u>1,402,805</u> | <u>1,600,601</u> | <u>1,959,560</u> | <u>4,962,966</u> |
| Noncurrent Assets | | | | |
| Capital assets (net of accumulated depreciation) | | | | |
| Property and equipment | - | - | 2,949,995 | 2,949,995 |
| Accumulated depreciation | - | - | (707,117) | (707,117) |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> | <u>2,242,878</u> | <u>2,242,878</u> |
| Total Assets | <u>1,402,805</u> | <u>1,600,601</u> | <u>4,202,438</u> | <u>7,205,844</u> |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | 11,700 | 6,664 | 87,966 | 106,330 |
| Due to other funds | 3,122 | - | 27,779 | 30,901 |
| Total Current Liabilities | <u>14,822</u> | <u>6,664</u> | <u>115,745</u> | <u>137,231</u> |
| Total Liabilities | <u>14,822</u> | <u>6,664</u> | <u>115,745</u> | <u>137,231</u> |
| NET POSITION | | | | |
| Net investment in capital assets | - | - | 2,242,878 | 2,242,878 |
| Unrestricted net position | 1,387,983 | 1,593,937 | 1,843,815 | 4,825,735 |
| TOTAL NET POSITION | <u>\$ 1,387,983</u> | <u>\$ 1,593,937</u> | <u>\$ 4,086,693</u> | <u>\$ 7,068,613</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2018

| | Medical Self- Insurance | Risk Management | Equipment Replacement | Totals |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| OPERATING REVENUES | | | | |
| Contributions | | | | |
| Employer | \$ 2,802,806 | \$ 972,000 | \$ 859,591 | \$ 4,634,397 |
| Employee | 180,349 | - | - | 180,349 |
| Pensioner | <u>230,649</u> | <u>-</u> | <u>-</u> | <u>230,649</u> |
| Total Operating Revenues | <u>3,213,804</u> | <u>972,000</u> | <u>859,591</u> | <u>5,045,395</u> |
| OPERATING EXPENSES | | | | |
| Insurance and claims | | | | |
| Personnel services | 17,224 | 32,117 | - | 49,341 |
| Claims | 70 | - | - | 70 |
| Contractual services | 2,662,452 | 646,510 | - | 3,308,962 |
| Less reimbursements | (24,741) | (50,759) | - | (75,500) |
| Operations | | | | |
| Commodities | - | 125,000 | 104,927 | 229,927 |
| Depreciation | - | - | 288,395 | 288,395 |
| Total Operating Expenses | <u>2,655,005</u> | <u>752,868</u> | <u>393,322</u> | <u>3,801,195</u> |
| Operating Income (Loss) | <u>558,799</u> | <u>219,132</u> | <u>466,269</u> | <u>1,244,200</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 7,031 | 31,738 | 20,234 | 59,003 |
| Miscellaneous revenues | - | 195 | 150,000 | 150,195 |
| Total Nonoperating Revenues (Expenses) | <u>7,031</u> | <u>31,933</u> | <u>170,234</u> | <u>209,198</u> |
| Income (Loss) Before Transfers | <u>565,830</u> | <u>251,065</u> | <u>636,503</u> | <u>1,453,398</u> |
| TRANSFERS | | | | |
| Transfers in | 46,582 | - | 475,000 | 521,582 |
| Total Transfers | <u>46,582</u> | <u>-</u> | <u>475,000</u> | <u>521,582</u> |
| Change in net position | 612,412 | 251,065 | 1,111,503 | 1,974,980 |
| NET POSITION - Beginning of Year | <u>775,571</u> | <u>1,342,872</u> | <u>2,975,190</u> | <u>5,093,633</u> |
| NET POSITION - END OF YEAR | <u>\$ 1,387,983</u> | <u>\$ 1,593,937</u> | <u>\$ 4,086,693</u> | <u>\$ 7,068,613</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

| | Medical Self- Insurance | Risk Management | Equipment Replacement | Totals |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Received from customers | \$ 3,211,355 | \$ 972,000 | \$ 859,591 | \$ 5,042,946 |
| Paid to suppliers for goods and services | (397,250) | (922,725) | (16,961) | (1,336,936) |
| Paid to employees for services | <u>(2,662,452)</u> | <u>(32,117)</u> | <u>-</u> | <u>(2,694,569)</u> |
| Net Cash Flows From Operating Activities | <u>151,653</u> | <u>17,158</u> | <u>842,630</u> | <u>1,011,441</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment income | 7,031 | 31,738 | 20,234 | 59,003 |
| Net Cash Flows From Investing Activities | <u>7,031</u> | <u>31,738</u> | <u>20,234</u> | <u>59,003</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Receipt (payment) on interfund loan | (22,186) | (24,185) | 143,457 | 97,086 |
| Receipt of operating transfer | 46,582 | - | 475,000 | 521,582 |
| Miscellaneous | <u>-</u> | <u>195</u> | <u>150,000</u> | <u>150,195</u> |
| Net Cash Flows From Noncapital Financing Activities | <u>24,396</u> | <u>(23,990)</u> | <u>768,457</u> | <u>768,863</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | <u>-</u> | <u>-</u> | <u>(740,260)</u> | <u>(740,260)</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>-</u> | <u>-</u> | <u>(740,260)</u> | <u>(740,260)</u> |
| Net Change in Cash and Cash Equivalents | 183,080 | 24,906 | 891,061 | 1,099,047 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>729,944</u> | <u>1,110,765</u> | <u>918,499</u> | <u>2,759,208</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 913,024</u> | <u>\$ 1,135,671</u> | <u>\$ 1,809,560</u> | <u>\$ 3,858,255</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 21, 2018

| | <u>Medical Self- Insurance</u> | <u>Risk Management</u> | <u>Equipment Replacement</u> | <u>Totals</u> |
|--|------------------------------------|----------------------------|----------------------------------|----------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 558,799 | \$ 219,132 | \$ 466,269 | \$ 1,244,200 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | |
| Depreciation | - | - | 288,395 | 288,395 |
| Changes in assets and liabilities | | | | |
| Accounts receivable | (2,449) | - | - | (2,449) |
| Inventory | - | (20,000) | - | (20,000) |
| Prepaid items | (406,600) | (186,327) | - | (592,927) |
| Accounts payable | <u>1,903</u> | <u>4,353</u> | <u>87,966</u> | <u>94,222</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 151,653</u> | <u>\$ 17,158</u> | <u>\$ 842,630</u> | <u>\$ 1,011,441</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| None | | | | |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MEDICAL SELF-INSURANCE For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|----------------------------------|------------------|-------------------|---------------------|
| | Original | Final | Actual |
| OPERATING REVENUES | | | |
| Contributions | | | |
| Employer | \$ 2,449,388 | \$ 2,802,806 | \$ 2,802,806 |
| Employee | 186,115 | 186,115 | 180,349 |
| Pensioner | <u>202,334</u> | <u>202,334</u> | <u>230,649</u> |
| Total Operating Revenues | <u>2,837,837</u> | <u>3,191,255</u> | <u>3,213,804</u> |
| OPERATING EXPENSES | | | |
| Insurance and claims | | | |
| Personnel services | 22,000 | 22,000 | 17,224 |
| Claims | 20,000 | 1,000 | 70 |
| Contractual services | 2,767,018 | 2,766,150 | 2,662,452 |
| Less reimbursements | <u>-</u> | <u>-</u> | <u>(24,741)</u> |
| Total Operating Expenses | <u>2,809,018</u> | <u>2,789,150</u> | <u>2,655,005</u> |
| Operating Income | <u>28,819</u> | <u>402,105</u> | <u>558,799</u> |
| NON-OPERATING REVENUES | | | |
| Investment income | <u>540</u> | <u>540</u> | <u>7,031</u> |
| Total Non-Operating Revenues | <u>540</u> | <u>540</u> | <u>7,031</u> |
| Net Income Before Transfers | <u>29,359</u> | <u>402,645</u> | <u>565,830</u> |
| TRANSFERS | | | |
| Transfers in | <u>-</u> | <u>46,582</u> | <u>46,582</u> |
| Net Transfers | <u>-</u> | <u>46,582</u> | <u>46,582</u> |
| Change in net position | <u>\$ 29,359</u> | <u>\$ 449,227</u> | <u>612,412</u> |
| NET POSITION - Beginning of Year | | | <u>775,571</u> |
| NET POSITION - END OF YEAR | | | <u>\$ 1,387,983</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL RISK MANAGEMENT

For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|----------------------------------|--------------------|-------------------|---------------------|
| | Original | Final | Actual |
| OPERATING REVENUES | | | |
| Contributions Employer | \$ 972,000 | \$ 972,000 | \$ 972,000 |
| Total Operating Revenues | <u>972,000</u> | <u>972,000</u> | <u>972,000</u> |
| OPERATING EXPENSES | | | |
| Insurance and claims | | | |
| Personnel services | 37,000 | 37,000 | 32,117 |
| Contractual services | 960,000 | 844,583 | 646,510 |
| Less reimbursements | <u>(50,000)</u> | <u>(50,000)</u> | <u>(50,759)</u> |
| Operations | | | |
| Commodities | <u>125,000</u> | <u>145,000</u> | <u>125,000</u> |
| Total Operating Expenses | <u>1,072,000</u> | <u>976,583</u> | <u>752,868</u> |
| Operating Income | <u>(100,000)</u> | <u>(4,583)</u> | <u>219,132</u> |
| NON-OPERATING REVENUES | | | |
| Investment income | 360 | 360 | 31,738 |
| Miscellaneous revenues | <u>-</u> | <u>-</u> | <u>195</u> |
| Total Non-Operating Revenues | <u>360</u> | <u>360</u> | <u>31,933</u> |
| Change in net position | <u>\$ (99,640)</u> | <u>\$ (4,223)</u> | <u>251,065</u> |
| NET POSITION - Beginning of Year | | | <u>1,342,872</u> |
| NET POSITION - END OF YEAR | | | <u>\$ 1,593,937</u> |

VILLAGE OF LAKE ZURICH

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL EQUIPMENT REPLACEMENT For the Year Ended December 31, 2018

| | Budgeted Amounts | | |
|--|---------------------|-------------------|---------------------|
| | Original | Final | Actual |
| OPERATING REVENUES | | | |
| Contributions Employer | \$ 843,294 | \$ 887,370 | \$ 859,591 |
| Total Operating Revenues | <u>843,294</u> | <u>887,370</u> | <u>859,591</u> |
| OPERATING EXPENSES | | | |
| Operations | | | |
| Vehicles | 559,000 | 559,000 | 553,154 |
| Technology | 100,000 | 120,000 | 127,830 |
| Equipment | 145,210 | 198,210 | 164,204 |
| Depreciation | <u>160,000</u> | <u>275,000</u> | <u>288,395</u> |
| Total Operating Expenses | <u>964,210</u> | <u>1,152,210</u> | <u>1,133,583</u> |
| Operating Loss | <u>(120,916)</u> | <u>(264,840)</u> | <u>(273,992)</u> |
| NON-OPERATING REVENUES | | | |
| Investment income | 2,500 | 2,500 | 20,234 |
| Miscellaneous revenues | <u>-</u> | <u>-</u> | <u>150,000</u> |
| Total Non-Operating Revenues | <u>2,500</u> | <u>2,500</u> | <u>170,234</u> |
| Net Loss Before Transfers | <u>(118,416)</u> | <u>(262,340)</u> | <u>(103,758)</u> |
| TRANSFERS | | | |
| Transfers in | <u>-</u> | <u>475,000</u> | <u>475,000</u> |
| Net Transfers | <u>-</u> | <u>475,000</u> | <u>475,000</u> |
| Change in net position - Budgetary Basis | <u>\$ (118,416)</u> | <u>\$ 212,660</u> | <u>371,242</u> |
| Adjustments to GAAP Basis | | | |
| Capital assets capitalized | | | <u>740,261</u> |
| Change in net position - GAAP basis | | | 1,111,503 |
| NET POSITION - Beginning of Year | | | <u>2,975,190</u> |
| NET POSITION - END OF YEAR | | | <u>\$ 4,086,693</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2018

| | Police Pension | Firefighters' Pension | Totals |
|------------------------------------|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Cash and investments | \$ 9,205 | \$ 5,000 | \$ 14,205 |
| Investments | | | |
| U.S. treasuries | 915,477 | 1,139,859 | 2,055,336 |
| U.S. agencies | 6,989,202 | 8,134,373 | 15,123,575 |
| Mutual funds | 12,483,949 | 19,160,535 | 31,644,484 |
| Corporate bonds | - | 3,175,070 | 3,175,070 |
| State and local obligations | 1,382,420 | 1,583,724 | 2,966,144 |
| Money markets | 138,761 | 338,889 | 477,650 |
| Certificates of deposit | - | 49,380 | 49,380 |
| Insurance contracts | - | 495,989 | 495,989 |
| Receivables | | | |
| Accrued interest | 60,805 | 120,088 | 180,893 |
| Other | 33 | 42 | 75 |
| Prepaid items | <u>2,624</u> | <u>1,844</u> | <u>4,468</u> |
| Total Assets | <u>21,982,476</u> | <u>34,204,793</u> | <u>56,187,269</u> |
| LIABILITIES | | | |
| Accounts payable | 11,605 | 20,190 | 31,795 |
| Total Liabilities | <u>11,605</u> | <u>20,190</u> | <u>31,795</u> |
| NET POSITION | | | |
| Restricted for retirement benefits | <u>\$ 21,970,871</u> | <u>\$ 34,184,603</u> | <u>\$ 56,155,474</u> |

VILLAGE OF LAKE ZURICH

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS For the Year Ended December 31, 2018

| | Police Pension | Firefighters' Pension | Total |
|--|-----------------------------|-----------------------------|-----------------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 1,820,235 | \$ 2,304,264 | \$ 4,124,499 |
| Employee | 373,412 | 492,619 | 866,031 |
| Total Contributions | <u>2,193,647</u> | <u>2,796,883</u> | <u>4,990,530</u> |
| Investment income | | | |
| Net appreciation (depreciation) in fair value of investments | (2,031,285) | (3,112,351) | (5,143,636) |
| Interest on investments | 1,007,676 | 1,627,852 | 2,635,528 |
| Total Investment Income | <u>(1,023,609)</u> | <u>(1,484,499)</u> | <u>(2,508,108)</u> |
| Less Investment expense | 45,788 | 69,757 | 115,545 |
| Net Investment Income | <u>(1,069,397)</u> | <u>(1,554,256)</u> | <u>(2,623,653)</u> |
| Total Additions | <u>1,124,250</u> | <u>1,242,627</u> | <u>2,366,877</u> |
| DEDUCTIONS | | | |
| Pension payments and refunds | 1,793,229 | 1,350,851 | 3,144,080 |
| Administration | 34,948 | 52,152 | 87,100 |
| Total Deductions | <u>1,828,177</u> | <u>1,403,003</u> | <u>3,231,180</u> |
| Change in Net Position | (703,927) | (160,376) | (864,303) |
| NET POSITION - Beginning of Year | <u>22,674,798</u> | <u>34,344,979</u> | <u>57,019,777</u> |
| NET POSITION, END OF YEAR | <u>\$ 21,970,871</u> | <u>\$ 34,184,603</u> | <u>\$ 56,155,474</u> |

VILLAGE OF LAKE ZURICH

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year Ended December 31, 2018

| | Balance December 31, 2017 | Additions | Deletions | Balance December 31, 2018 |
|---------------------------------|---------------------------------|---------------------|---------------------|---------------------------------|
| Total All Agency Funds | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,761,536 | \$ 1,563,300 | \$ 1,501,838 | \$ 1,822,998 |
| Receivables | | | | |
| Other | 32,921 | 100,701 | 73,040 | 60,582 |
| Due from other funds | - | 20,117 | - | 20,117 |
| Total assets | <u>\$ 1,794,457</u> | <u>\$ 1,684,118</u> | <u>\$ 1,574,878</u> | <u>\$ 1,903,697</u> |
| Liabilities | | | | |
| Accounts payable | \$ 673,723 | \$ 288,449 | \$ 328,831 | \$ 633,341 |
| Due to other funds | 15,675 | 289,959 | 148,197 | 157,437 |
| Deposits payable | 1,105,059 | 325,501 | 317,641 | 1,112,919 |
| Total liabilities | <u>\$ 1,794,457</u> | <u>\$ 903,909</u> | <u>\$ 794,669</u> | <u>\$ 1,903,697</u> |
| 1. Escrow Performance | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,086,915 | \$ 1,507,170 | \$ 1,401,268 | \$ 1,192,817 |
| Receivables | | | | |
| Other | 23,836 | 100,701 | 71,279 | 53,258 |
| Due from other funds | - | 20,117 | - | 20,117 |
| Total assets | <u>\$ 1,110,751</u> | <u>\$ 1,627,988</u> | <u>\$ 1,472,547</u> | <u>\$ 1,266,192</u> |
| Liabilities | | | | |
| Accounts payable | \$ 954 | \$ 224,604 | \$ 222,285 | \$ 3,273 |
| Due to other funds | 4,738 | 289,959 | 144,697 | 150,000 |
| Deposits payable | 1,105,059 | 325,501 | 317,641 | 1,112,919 |
| Total liabilities | <u>\$ 1,110,751</u> | <u>\$ 840,064</u> | <u>\$ 684,623</u> | <u>\$ 1,266,192</u> |
| 2. Special Service Areas | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 674,621 | \$ 56,130 | \$ 100,570 | \$ 630,181 |
| Receivables | | | | |
| Other | 9,085 | - | 1,761 | 7,324 |
| Total assets | <u>\$ 683,706</u> | <u>\$ 56,130</u> | <u>\$ 102,331</u> | <u>\$ 637,505</u> |
| Liabilities | | | | |
| Accounts payable | \$ 672,769 | \$ 63,845 | \$ 106,546 | \$ 630,068 |
| Due to other funds | 10,937 | - | 3,500 | 7,437 |
| Total liabilities | <u>\$ 683,706</u> | <u>\$ 63,845</u> | <u>\$ 110,046</u> | <u>\$ 637,505</u> |

LONG-TERM DEBT REQUIREMENTS

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS GENERAL OBLIGATION REFUNDING BONDS SERIES OF 2008A As of December 31, 2018

| | |
|-------------------------|-----------------|
| Date of Issue | August 1, 2008 |
| Date of Maturity | January 1, 2021 |
| Authorized Issue | \$4,265,000 |
| Denomination of Bonds | \$5,000 |
| Interest Rates | 3.5% to 5.0% |
| Principal Maturity Date | January 1 |

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|-------------------|------------------|---------------------|-----------------|------------------|--------|------------------|
| | Principal | Interest | Total | January 1 | Amount | July 1 | Amount |
| 2018 | \$ 485,000 | \$ 29,900 | \$ 514,900 | 2019 | \$ 19,800 | 2019 | \$ 10,100 |
| 2019 | <u>505,000</u> | <u>10,100</u> | <u>515,100</u> | 2020 | <u>10,100</u> | | - |
| | <u>\$ 990,000</u> | <u>\$ 40,000</u> | <u>\$ 1,030,000</u> | | <u>\$ 29,900</u> | | <u>\$ 10,100</u> |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION TIF ALTERNATE REVENUE BONDS SERIES OF 2009A
As of December 31, 2018

Date of Issue April 1, 2009
Date of Maturity February 1, 2021
Authorized Issue \$7,830,000
Denomination of Bonds \$5,000
Interest Rates 3.30% to 6.15%
Principal Maturity Date February 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------|-------------------|------------------|-------------------|-----------------|------------------|------------|------------------|
| | Principal | Interest | Total | August 1 | Amount | February 1 | Amount |
| 2018 | \$ 350,000 | \$ 29,028 | \$ 379,028 | 2019 | \$ 14,514 | 2020 | \$ 14,514 |
| 2019 | <u>405,000</u> | <u>10,226</u> | <u>415,226</u> | 2020 | <u>5,113</u> | 2021 | <u>5,113</u> |
| | <u>\$ 755,000</u> | <u>\$ 39,254</u> | <u>\$ 794,254</u> | | <u>\$ 19,627</u> | | <u>\$ 19,627</u> |

VILLAGE OF LAKE ZURICH
LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION BONDS
(ALTERNATIVE REVENUE SOURCE) SERIES OF 2014A
As of December 31, 2018

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|-------------------|---------------------|-----------------|-------------------|-------------|-------------------|
| | Principal | Interest | Total | June 15 | Amount | December 15 | Amount |
| 2019 | \$ 670,000 | \$ 125,000 | \$ 795,000 | 2019 | \$ 62,500 | 2019 | \$ 62,500 |
| 2020 | 685,000 | 111,600 | 796,600 | 2020 | 55,800 | 2020 | 55,800 |
| 2021 | 725,000 | 91,050 | 816,050 | 2021 | 45,525 | 2021 | 45,525 |
| 2022 | 745,000 | 69,300 | 814,300 | 2022 | 34,650 | 2022 | 34,650 |
| 2023 | 760,000 | 46,950 | 806,950 | 2023 | 23,475 | 2023 | 23,475 |
| 2024 | 805,000 | 24,150 | 829,150 | 2024 | 12,075 | 2024 | 12,075 |
| | <u>\$ 4,390,000</u> | <u>\$ 468,050</u> | <u>\$ 4,858,050</u> | | <u>\$ 234,025</u> | | <u>\$ 234,025</u> |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BONDS
 (ALTERNATE REVENUE SOURCE) SERIES OF 2015A
 As of December 31, 2018

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------|----------------------|---------------------|----------------------|-----------------|---------------------|-------------|---------------------|
| | Principal | Interest | Total | June 15 | Amount | December 15 | Amount |
| 2019 | \$ - | \$ 413,685 | \$ 413,685 | 2019 | \$ 206,842 | 2019 | \$ 206,843 |
| 2020 | - | 413,685 | 413,685 | 2020 | 206,842 | 2020 | 206,843 |
| 2021 | - | 413,685 | 413,685 | 2021 | 206,842 | 2021 | 206,843 |
| 2022 | - | 413,685 | 413,685 | 2022 | 206,842 | 2022 | 206,843 |
| 2023 | - | 413,685 | 413,685 | 2023 | 206,842 | 2023 | 206,843 |
| 2024 | - | 413,685 | 413,685 | 2024 | 206,842 | 2024 | 206,843 |
| 2025 | 810,000 | 413,685 | 1,223,685 | 2025 | 206,842 | 2025 | 206,843 |
| 2026 | 840,000 | 387,360 | 1,227,360 | 2026 | 193,680 | 2026 | 193,680 |
| 2027 | 875,000 | 360,060 | 1,235,060 | 2027 | 180,030 | 2027 | 180,030 |
| 2028 | 915,000 | 331,622 | 1,246,622 | 2028 | 165,811 | 2028 | 165,811 |
| 2029 | 955,000 | 301,428 | 1,256,428 | 2029 | 150,714 | 2029 | 150,714 |
| 2030 | 1,370,000 | 268,956 | 1,638,956 | 2030 | 134,478 | 2030 | 134,478 |
| 2031 | 1,415,000 | 221,008 | 1,636,008 | 2031 | 110,504 | 2031 | 110,504 |
| 2032 | 1,480,000 | 170,066 | 1,650,066 | 2032 | 85,033 | 2032 | 85,033 |
| 2033 | 1,530,000 | 116,048 | 1,646,048 | 2033 | 58,024 | 2033 | 58,024 |
| 2034 | 1,585,000 | 59,438 | 1,644,438 | 2034 | 29,719 | 2034 | 29,719 |
| | <u>\$ 11,775,000</u> | <u>\$ 5,111,781</u> | <u>\$ 16,886,781</u> | | <u>\$ 2,555,887</u> | | <u>\$ 2,555,894</u> |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
GENERAL OBLIGATION WATERWORKS AND SEWERAGE BONDS
(ALTERNATE REVENUE SOURCE) SERIES OF 2013A
December 31, 2018

Date of Issue September 4, 2013
Date of Maturity December 15, 2023
Authorized Issue \$3,800,000
Denomination of Bonds \$5,000
Interest Rates 3.00% to 4.00%
Principal Maturity Date December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------|---------------------|-------------------|---------------------|-----------------|-------------------|-------------|-------------------|
| | Principal | Interest | Total | June 15 | Amount | December 15 | Amount |
| 2019 | \$ 450,000 | \$ 79,450 | \$ 529,450 | 2019 | \$ 39,725 | 2019 | \$ 39,725 |
| 2020 | 450,000 | 64,825 | 514,825 | 2020 | 32,412 | 2020 | 32,412 |
| 2021 | 450,000 | 49,075 | 499,075 | 2021 | 24,537 | 2021 | 24,537 |
| 2022 | 405,000 | 32,200 | 437,200 | 2022 | 16,100 | 2022 | 16,100 |
| 2023 | 400,000 | 16,000 | 416,000 | 2023 | 8,000 | 2023 | 8,000 |
| | <u>\$ 2,155,000</u> | <u>\$ 241,550</u> | <u>\$ 2,396,550</u> | | <u>\$ 120,774</u> | | <u>\$ 120,774</u> |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS

IEPA LOAN OF 2006

As of December 31, 2018

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | | |
|---------------------|-------------------|-------------------|---------------------|-----------------|------------------|-------------|------------------|--|
| | Principal | Interest | Total | June 16 | Amount | December 16 | Amount | |
| 2019 | \$ 107,684 | \$ 22,531 | \$ 130,215 | 2019 | \$ 11,600 | 2019 | \$ 10,931 | |
| 2020 | 110,393 | 19,822 | 130,215 | 2020 | 10,254 | 2020 | 9,568 | |
| 2021 | 113,170 | 17,045 | 130,215 | 2021 | 8,874 | 2021 | 8,171 | |
| 2022 | 116,017 | 14,197 | 130,214 | 2022 | 7,459 | 2022 | 6,738 | |
| 2023 | 118,935 | 11,279 | 130,214 | 2023 | 6,009 | 2023 | 5,270 | |
| 2024 | 121,927 | 8,287 | 130,214 | 2024 | 4,522 | 2024 | 3,765 | |
| 2025 | 124,994 | 5,220 | 130,214 | 2025 | 2,998 | 2025 | 2,222 | |
| 2026 | 114,854 | 2,076 | 116,930 | 2026 | 1,436 | 2026 | 640 | |
| | <u>\$ 927,974</u> | <u>\$ 100,457</u> | <u>\$ 1,028,431</u> | | <u>\$ 53,152</u> | | <u>\$ 47,305</u> | |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS IEPA LOAN OF 2008 As of December 31, 2018

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

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|-------------------|-------------------|---------------------|-----------------|------------------|-----------|------------------|
| | Principal | Interest | Total | February 11 | Amount | August 11 | Amount |
| 2019 | \$ 88,848 | \$ 24,351 | \$ 113,199 | 2019 | \$ 12,451 | 2019 | \$ 11,900 |
| 2020 | 91,083 | 22,116 | 113,199 | 2020 | 11,341 | 2020 | 10,775 |
| 2021 | 93,375 | 19,824 | 113,199 | 2021 | 10,202 | 2021 | 9,622 |
| 2022 | 95,724 | 17,476 | 113,200 | 2022 | 9,035 | 2022 | 8,441 |
| 2023 | 98,132 | 15,068 | 113,200 | 2023 | 7,839 | 2023 | 7,229 |
| 2024 | 100,600 | 12,599 | 113,199 | 2024 | 6,612 | 2024 | 5,987 |
| 2025 | 103,131 | 10,068 | 113,199 | 2025 | 5,354 | 2025 | 4,714 |
| 2026 | 105,725 | 7,474 | 113,199 | 2026 | 4,065 | 2026 | 3,409 |
| 2027 | 108,385 | 4,814 | 113,199 | 2027 | 2,744 | 2027 | 2,070 |
| 2028 | 111,112 | 2,088 | 113,200 | 2028 | 1,389 | 2028 | 699 |
| | <u>\$ 996,115</u> | <u>\$ 135,878</u> | <u>\$ 1,131,993</u> | | <u>\$ 71,032</u> | | <u>\$ 64,846</u> |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS
 GENERAL OBLIGATION REFUNDING BONDS
 (ALTERNATE REVENUE SOURCE) SERIES OF 2016A
 As of December 31, 2018

Date of Issue May 16, 2016
 Date of Maturity February 1, 2029
 Authorized Issue \$6,785,000
 Interest Rates 1.10% to 3.05%
 Principal Maturity Date February 1 and August 1

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------------|---------------------|---------------------|---------------------|-----------------|-------------------|----------|-------------------|
| | Principal | Interest | Total | February 1 | Amount | August 1 | Amount |
| 2019 | \$ 120,000 | \$ 166,263 | \$ 286,263 | 2019 | \$ 83,536 | 2019 | \$ 82,727 |
| 2020 | 120,000 | 164,493 | 284,493 | 2020 | 82,726 | 2020 | 81,767 |
| 2021 | 635,000 | 157,976 | 792,976 | 2021 | 81,766 | 2021 | 76,210 |
| 2022 | 655,000 | 145,706 | 800,706 | 2022 | 76,210 | 2022 | 69,496 |
| 2023 | 680,000 | 131,343 | 811,343 | 2023 | 69,496 | 2023 | 61,847 |
| 2024 | 695,000 | 115,353 | 810,353 | 2024 | 61,846 | 2024 | 53,507 |
| 2025 | 715,000 | 97,717 | 812,717 | 2025 | 53,506 | 2025 | 44,211 |
| 2026 | 725,000 | 78,453 | 803,453 | 2026 | 44,211 | 2026 | 34,242 |
| 2027 | 750,000 | 57,797 | 807,797 | 2027 | 34,242 | 2027 | 23,555 |
| 2028 | 775,000 | 35,679 | 810,679 | 2028 | 23,555 | 2028 | 12,124 |
| 2029 | 795,000 | 12,124 | 807,124 | 2029 | 12,124 | 2029 | - |
| | <u>\$ 6,665,000</u> | <u>\$ 1,162,904</u> | <u>\$ 7,827,904</u> | | <u>\$ 623,218</u> | | <u>\$ 539,686</u> |

VILLAGE OF LAKE ZURICH

LONG-TERM DEBT REQUIREMENTS

GENERAL OBLIGATION WATERWORKS AND SEWERAGE BONDS (ALTERNATE REVENUE SOURCE) SERIES OF 2016B

As of December 31, 2018

Date of Issue August 1, 2016
Date of Maturity December 15, 2026
Authorized Issue \$1,000,000
Denomination of Bonds \$5,000
Interest Rates 2%
Principal Maturity Date December 15

FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

| Tax Levy Year | Tax Levy | | | Interest Due on | | | |
|---------------|-------------------|------------------|-------------------|-----------------|------------------|----------|------------------|
| | Principal | Interest | Total | February 1 | Amount | August 1 | Amount |
| 2019 | \$ 95,000 | \$ 16,300 | \$ 111,300 | 2019 | \$ 8,150 | 2019 | \$ 8,150 |
| 2020 | 100,000 | 14,400 | 114,400 | 2020 | 7,200 | 2020 | 7,200 |
| 2021 | 100,000 | 12,400 | 112,400 | 2021 | 6,200 | 2021 | 6,200 |
| 2022 | 100,000 | 10,400 | 110,400 | 2022 | 5,200 | 2022 | 5,200 |
| 2023 | 100,000 | 8,400 | 108,400 | 2023 | 4,200 | 2023 | 4,200 |
| 2024 | 105,000 | 6,400 | 111,400 | 2024 | 3,200 | 2024 | 3,200 |
| 2025 | 105,000 | 4,300 | 109,300 | 2025 | 2,150 | 2025 | 2,150 |
| 2026 | 110,000 | 2,200 | 112,200 | 2026 | 1,100 | 2026 | 1,100 |
| | <u>\$ 815,000</u> | <u>\$ 74,800</u> | <u>\$ 889,800</u> | | <u>\$ 37,400</u> | | <u>\$ 37,400</u> |

Statistical Section

This part of the Village of Lake Zurich, Illinois' 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.

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| 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. | 128 - 139 |
| Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax. | 140 - 143 |
| 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. | 144 - 148 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the Village's financial activities take place. | 149 - 150 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the Village's financial report relates to the services the Village provides and the activities it performs. | 151 - 154 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

VILLAGE OF LAKE ZURICH

NET POSITION BY COMPONENT Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>April 30, 2010</u> | <u>April 30, 2011</u> | <u>April 30, 2012</u> | <u>April 30, 2013</u> |
|---------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 80,849,072 | \$ 80,013,336 | \$ 76,652,153 | \$ 76,983,201 |
| Restricted | 3,262,355 | 322,374 | 17,592,724 | 18,839,037 |
| Unrestricted | <u>(17,511,096)</u> | <u>(16,028,682)</u> | <u>(24,640,955)</u> | <u>(22,946,143)</u> |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 66,600,331</u> | <u>\$ 64,307,028</u> | <u>\$ 69,603,922</u> | <u>\$ 72,876,095</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 41,351,561 | \$ 40,968,949 | \$ 41,753,593 | \$ 41,029,978 |
| Unrestricted | <u>2,424,907</u> | <u>1,261,950</u> | <u>593,365</u> | <u>1,228,483</u> |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>\$ 43,776,468</u> | <u>\$ 42,230,899</u> | <u>\$ 42,346,958</u> | <u>\$ 42,258,461</u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 122,200,633 | \$ 120,982,285 | \$ 118,405,746 | \$ 118,013,179 |
| Restricted | 3,262,355 | 3,222,374 | 17,592,724 | 18,839,037 |
| Unrestricted | <u>(15,086,189)</u> | <u>(14,766,732)</u> | <u>(24,047,590)</u> | <u>(21,717,660)</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 110,376,799</u> | <u>\$ 109,437,927</u> | <u>\$ 111,950,880</u> | <u>\$ 115,134,556</u> |

* The Village implemented GASB Statement No.68 in 2016, causing a reduction in unrestricted net position.

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

Data Source

Audited Financial Statements

| April 30, 2014 | April 30, 2015 | April 30, 2016* | December 31, 2016** | December 31, 2017 | December 31, 2018 |
|-----------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|
| \$ 79,846,136 | \$ 80,503,360 | \$ 82,125,245 | \$ 82,623,774 | \$ 83,071,165 | \$ 83,682,136 |
| 10,192,895 | 10,960,283 | 10,779,838 | 12,026,955 | 11,260,966 | 10,713,751 |
| (22,692,562) | (21,489,679) | (58,319,684) | (56,718,186) | (54,079,782) | (54,801,370) |
| <u>\$ 67,346,469</u> | <u>\$ 69,973,964</u> | <u>\$ 34,585,399</u> | <u>\$ 37,932,543</u> | <u>\$ 40,252,349</u> | <u>\$ 39,594,517</u> |
| | | | | | |
| \$ 41,321,810 | \$ 39,678,649 | \$ 39,130,472 | \$ 39,849,034 | \$ 38,774,738 | \$ 36,769,636 |
| 1,406,104 | 3,440,249 | 4,078,672 | 3,147,564 | 4,700,206 | 4,885,210 |
| <u>\$ 42,727,914</u> | <u>\$ 43,118,898</u> | <u>\$ 43,209,144</u> | <u>\$ 42,996,598</u> | <u>\$ 43,474,944</u> | <u>\$ 41,654,846</u> |
| | | | | | |
| \$ 121,167,946 | \$ 120,182,009 | \$ 121,255,717 | \$ 122,472,808 | \$ 121,845,903 | \$ 120,451,772 |
| 10,192,895 | 10,960,283 | 10,779,838 | 12,026,955 | 11,260,966 | 10,713,751 |
| (21,286,458) | (18,049,430) | (54,241,012) | (53,570,622) | (49,379,576) | (49,916,160) |
| <u>\$ 110,074,383</u> | <u>\$ 113,092,862</u> | <u>\$ 77,794,543</u> | <u>\$ 80,929,141</u> | <u>\$ 83,727,293</u> | <u>\$ 81,249,363</u> |

VILLAGE OF LAKE ZURICH

CHANGE IN NET POSITION Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>April 30, 2010</u> | <u>April 30, 2011</u> | <u>April 30, 2012</u> | <u>April 30, 2013</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| EXPENSES | | | | |
| Governmental Activities | | | | |
| General government | \$ 2,952,818 | \$ 3,396,022 | \$ 3,074,208 | \$ 3,140,972 |
| Public safety | 15,425,916 | 16,529,348 | 17,950,169 | 18,486,450 |
| Highways and streets | 4,183,379 | 4,021,341 | 4,439,375 | 4,290,953 |
| Culture and recreation | 1,574,777 | 1,332,039 | 1,347,279 | 1,205,021 |
| Economic development | 1,920,010 | 1,098,934 | 926,436 | 479,102 |
| Interest on long-term debt | 1,146,842 | 1,233,206 | 1,045,608 | 1,254,435 |
| Total governmental activities expenses | <u>27,203,742</u> | <u>27,610,890</u> | <u>28,783,075</u> | <u>28,856,933</u> |
| Business-Type Activities | | | | |
| Waterworks and sewerage | 5,013,468 | 4,753,896 | 4,673,670 | 4,986,492 |
| Total Business-type Activities Expenses | <u>5,013,468</u> | <u>4,753,896</u> | <u>4,673,670</u> | <u>4,986,492</u> |
| TOTAL PRIMARY GOVERNMENT EXPENSES | <u>\$ 32,217,210</u> | <u>\$ 32,364,786</u> | <u>\$ 33,456,745</u> | <u>\$ 33,843,425</u> |
| PROGRAM REVENUES | | | | |
| Governmental Activities | | | | |
| Charges for Services | | | | |
| General government | \$ 2,175,734 | \$ 1,967,590 | \$ 838,464 | \$ 1,965,735 |
| Public Safety | 5,264,203 | 5,643,674 | 6,844,127 | 7,205,320 |
| Highways and streets | - | - | 439,467 | 520,172 |
| Culture and recreation | 478,097 | 642,923 | 676,449 | 599,609 |
| Economic development | - | - | - | - |
| Operating grants | - | - | 835,918 | 1,165,632 |
| Capital Grants | 1,738,582 | 1,718,995 | 537,892 | 516 |
| Total Governmental Activities Program Revenues | <u>9,656,616</u> | <u>9,973,182</u> | <u>10,172,317</u> | <u>11,456,984</u> |
| Business-Type Activities | | | | |
| Charges for Services | | | | |
| Waterworks and sewerage | 4,512,406 | 3,716,174 | 3,682,437 | 4,784,199 |
| Capital grants and contributions | 5,560 | - | 989,110 | 110,136 |
| Total Business-Type Activities Program Revenues | <u>4,517,966</u> | <u>3,716,174</u> | <u>4,671,547</u> | <u>4,894,335</u> |
| TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES | <u>\$ 14,174,582</u> | <u>\$ 13,689,356</u> | <u>\$ 14,843,864</u> | <u>\$ 16,351,319</u> |
| NET REVENUE (EXPENSE) | | | | |
| Governmental Activities | | | | |
| \$ (17,547,126) | \$ (17,637,708) | \$ (18,610,758) | \$ (17,399,949) | |
| Business-Type Activities | (495,502) | (1,037,722) | (2,123) | (92,157) |
| TOTAL PRIMARY GOVERNMENT NET REVENUE (EXPENSE) | <u>\$ (18,042,628)</u> | <u>\$ (18,675,430)</u> | <u>\$ (18,612,881)</u> | <u>\$ (17,492,106)</u> |

| April 30, 2014 | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 1,613,068 | \$ 1,802,610 | \$ 1,522,322 | \$ 772,641 | \$ 1,769,844 | \$ 2,188,126 |
| 18,582,961 | 19,438,857 | 20,687,223 | 16,155,251 | 22,066,110 | 22,341,200 |
| 4,647,467 | 4,969,501 | 4,855,446 | 3,518,270 | 4,522,520 | 5,281,131 |
| 1,109,942 | 1,143,280 | 1,147,881 | 920,054 | 1,526,825 | 1,803,515 |
| 940,077 | 1,128,755 | 1,515,262 | 1,231,598 | 2,186,755 | 1,071,579 |
| 1,409,508 | 1,738,490 | 1,475,911 | 1,088,971 | 967,636 | 1,045,097 |
| <u>28,303,023</u> | <u>30,221,493</u> | <u>31,204,045</u> | <u>23,686,785</u> | <u>33,039,690</u> | <u>33,730,648</u> |
| <u>4,871,170</u> | <u>4,901,767</u> | <u>4,679,952</u> | <u>3,772,676</u> | <u>5,235,787</u> | <u>7,912,780</u> |
| <u>4,871,170</u> | <u>4,901,767</u> | <u>4,679,952</u> | <u>3,772,676</u> | <u>5,235,787</u> | <u>7,912,780</u> |
| <u>\$ 33,174,193</u> | <u>\$ 35,123,260</u> | <u>\$ 35,883,997</u> | <u>\$ 27,459,461</u> | <u>\$ 38,275,477</u> | <u>\$ 41,643,428</u> |
| | | | | | |
| \$ 535,567 | \$ 617,962 | \$ 651,761 | \$ 282,411 | \$ 670,333 | \$ 952,435 |
| 7,086,380 | 7,392,854 | 7,096,281 | 5,712,362 | 8,312,753 | 8,394,249 |
| 469,234 | 186,992 | 74,080 | 28,177 | 63,544 | 70,908 |
| 529,221 | 613,484 | 655,848 | 572,725 | 817,009 | 714,275 |
| - | 35,000 | 95,579 | 67,340 | 94,975 | - |
| 688,520 | 905,163 | 594,937 | 392,568 | 610,354 | 564,495 |
| - | - | 47,133 | - | 66,442 | 17,636 |
| <u>9,308,922</u> | <u>9,751,455</u> | <u>9,215,619</u> | <u>7,055,583</u> | <u>10,635,410</u> | <u>10,713,998</u> |
| | | | | | |
| 4,782,300 | 4,949,523 | 5,382,500 | 3,545,694 | 5,672,242 | 6,191,268 |
| <u>530,814</u> | <u>336,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | | | |
| <u>5,313,114</u> | <u>5,285,523</u> | <u>5,382,500</u> | <u>3,545,694</u> | <u>5,672,242</u> | <u>6,191,268</u> |
| | | | | | |
| <u>\$ 14,622,036</u> | <u>\$ 15,036,978</u> | <u>\$ 14,598,119</u> | <u>\$ 10,601,277</u> | <u>\$ 16,307,652</u> | <u>\$ 16,905,266</u> |
| | | | | | |
| \$ (18,994,101) | \$ (20,470,038) | \$ (21,988,426) | \$ (16,631,202) | \$ (22,404,280) | \$ (23,016,650) |
| <u>441,944</u> | <u>383,756</u> | <u>702,548</u> | <u>(226,982)</u> | <u>436,455</u> | <u>(1,721,512)</u> |
| | | | | | |
| <u>\$ (18,552,157)</u> | <u>\$ (20,086,282)</u> | <u>\$ (21,285,878)</u> | <u>\$ (16,858,184)</u> | <u>\$ (21,967,825)</u> | <u>\$ (24,738,162)</u> |

VILLAGE OF LAKE ZURICH, ILLINOIS

CHANGE IN NET POSITION (cont.)

Last Ten Fiscal Years

| Fiscal Year | April 30, 2010 | April 30, 2011 | April 30, 2012 | April 30, 2013 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property | \$ 8,887,061 | \$ 8,841,223 | \$ 9,060,819 | \$ 9,096,330 |
| Intergovernmental | | | | |
| Sales | 5,476,150 | 5,793,566 | 7,375,471 | 7,940,113 |
| State income | 1,536,443 | 1,541,627 | 1,601,915 | 1,769,156 |
| Other | 592,692 | 734,484 | 2,045,202 | 1,445,829 |
| Special events | - | - | - | - |
| Investment Income | 25,419 | 48,447 | 86,173 | 69,478 |
| Miscellaneous | 2,826,017 | 785,058 | 236,987 | 654,381 |
| Transfers in (out) | <u>500,000</u> | <u>500,000</u> | - | - |
| Total Governmental Activities | <u>19,843,782</u> | <u>18,244,405</u> | <u>20,406,567</u> | <u>20,975,287</u> |
| Business-Type Activities | | | | |
| Property taxes | 11,719 | (11,706) | - | - |
| Investment Income | 6,983 | 3,859 | 10,873 | 3,660 |
| Gain on sale of capital assets | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Transfers in (out) | <u>(500,000)</u> | <u>(500,000)</u> | - | - |
| Total Business-Type Activities | <u>(481,298)</u> | <u>(507,847)</u> | <u>10,873</u> | <u>3,660</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 19,362,484</u> | <u>\$ 17,736,558</u> | <u>\$ 20,417,440</u> | <u>\$ 20,978,947</u> |
| SPECIAL ITEM | | | | |
| Governmental Activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental Activities | \$ 2,296,656 | \$ 606,697 | \$ 1,795,809 | \$ 3,575,338 |
| Business-Type Activities | <u>(976,800)</u> | <u>(1,545,569)</u> | <u>8,750</u> | <u>(88,497)</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 1,319,856</u> | <u>\$ (938,872)</u> | <u>\$ 1,804,559</u> | <u>\$ 3,486,841</u> |

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

Data Source

Audited Financial Statements

| April 30, 2014 | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| \$ 9,342,465 | \$ 9,927,632 | \$ 10,134,009 | \$ 10,413,933 | \$ 10,521,260 | \$ 10,715,277 |
| 8,145,378 | 8,640,078 | 8,767,277 | 6,093,965 | 9,143,132 | 9,235,646 |
| 1,912,965 | 1,922,554 | 2,092,124 | 1,192,340 | 1,803,091 | 1,879,984 |
| 1,336,144 | 2,296,792 | 2,748,646 | 1,838,240 | 2,752,753 | 2,942,335 |
| - | - | 108,533 | 118,252 | 193,260 | 140,970 |
| 17,587 | 69,306 | 76,417 | 35,346 | 143,796 | 353,593 |
| 247,071 | 241,171 | 241,191 | 286,270 | 166,794 | 269,904 |
| (26,291) | - | - | - | - | - |
| <u>20,975,319</u> | <u>23,097,533</u> | <u>24,168,197</u> | <u>19,978,346</u> | <u>24,724,086</u> | <u>25,537,709</u> |
| - | - | - | - | - | - |
| 1,218 | 7,228 | 12,191 | 14,436 | 41,891 | 122,645 |
| - | - | 5,044 | - | - | - |
| - | - | - | - | - | 19,995 |
| <u>26,291</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>27,509</u> | <u>7,228</u> | <u>17,235</u> | <u>14,436</u> | <u>41,891</u> | <u>142,640</u> |
| <u>\$ 21,002,828</u> | <u>\$ 23,104,761</u> | <u>\$ 24,185,432</u> | <u>\$ 19,992,782</u> | <u>\$ 24,765,977</u> | <u>\$ 25,680,349</u> |
| <u>\$ (7,018,317)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ (5,037,099)</u> | <u>\$ 2,627,495</u> | <u>\$ 2,179,771</u> | <u>\$ 3,347,144</u> | <u>\$ 2,319,806</u> | <u>\$ 2,521,059</u> |
| <u>469,453</u> | <u>390,984</u> | <u>719,783</u> | <u>(212,546)</u> | <u>478,346</u> | <u>(1,578,872)</u> |
| <u>\$ (4,567,646)</u> | <u>\$ 3,018,479</u> | <u>\$ 2,899,554</u> | <u>\$ 3,134,598</u> | <u>\$ 2,798,152</u> | <u>\$ 942,187</u> |

VILLAGE OF LAKE ZURICH

FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>April 30, 2010</u> | <u>April 30, 2011</u> | <u>April 30, 2012</u> | <u>April 30, 2013</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| GENERAL FUND | | | | |
| Reserved | \$ 1,107,457 | \$ 1,137,365 | \$ - | \$ - |
| Unreserved | 2,410,450 | 4,024,311 | - | - |
| Nonspendable | - | - | - | 1,888,744 |
| Restricted | - | - | 339,445 | 328,685 |
| Unrestricted | - | - | 5,382,483 | 7,368,345 |
| TOTAL GENERAL FUND | \$ 3,517,907 | \$ 5,161,676 | \$ 5,721,928 | \$ 9,585,774 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Reserved | \$ 15,787,496 | \$ 15,710,939 | \$ - | \$ - |
| Unreserved, reported in | | | | |
| Special Revenue Funds | 151,872 | 259,001 | - | - |
| Capital Project Funds | 954,551 | 1,490,591 | - | - |
| Nonspendable | - | - | - | - |
| Restricted | - | - | 17,631,245 | 18,510,352 |
| Assigned | - | - | - | - |
| Unrestricted | - | - | (381,557) | - |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | \$ 16,893,919 | \$ 17,460,531 | \$ 17,249,688 | \$ 18,510,352 |

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

Note: The Village implemented GASB Statement No. 54 for the year ended April 30, 2012.

Data Source

Audited Financial Statements

| April 30, 2014 | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|---------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,552,148 | 1,874,738 | 1,802,987 | 1,679,491 | 1,705,230 | 1,572,766 |
| 348,816 | 434,061 | 363,308 | 344,337 | 411,917 | 406,251 |
| <u>7,667,560</u> | <u>7,329,746</u> | <u>7,931,993</u> | <u>8,439,557</u> | <u>8,441,987</u> | <u>8,755,112</u> |
| <u>\$ 9,568,524</u> | <u>\$ 9,638,545</u> | <u>\$ 10,098,288</u> | <u>\$ 10,463,385</u> | <u>\$ 10,559,134</u> | <u>\$ 10,734,129</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 2,187 | 4,013 | 30,581 | 6,597 | 14,197 | 18,834 |
| 9,844,079 | 10,526,222 | 10,416,530 | 11,682,618 | 10,849,049 | 10,307,500 |
| - | 258,605 | 170,808 | 120,860 | 1,269,808 | 2,710,282 |
| - | <u>(1,336,239)</u> | <u>(1,494,225)</u> | <u>(1,291,801)</u> | <u>(1,143,367)</u> | <u>(1,133,627)</u> |
| <u>\$ 9,846,266</u> | <u>\$ 9,452,601</u> | <u>\$ 9,123,694</u> | <u>\$ 10,518,274</u> | <u>\$ 10,989,687</u> | <u>\$ 11,902,989</u> |

VILLAGE OF LAKE ZURICH

GENERAL GOVERNMENTAL REVENUES BY SOURCE Last Ten Fiscal Years

| Fiscal Year | April 30, 2010 | April 30, 2011 | April 30, 2012 | April 30, 2013 | April 30, 2014 | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| Taxes | \$ 10,160,886 | \$ 10,667,029 | \$ 12,020,367 | \$ 12,249,275 | \$ 12,462,615 | \$ 14,047,185 | \$ 14,575,401 | \$ 13,415,421 | \$ 14,897,858 | \$ 15,224,671 |
| Licenses and permits | 618,304 | 830,107 | 598,732 | 669,712 | 821,173 | 1,030,867 | 861,876 | 342,861 | 783,630 | 720,053 |
| Intergovernmental | 9,343,867 | 8,771,807 | 9,445,800 | 10,972,018 | 14,288,150 | 15,103,784 | 15,254,299 | 11,034,163 | 15,758,848 | 15,743,850 |
| Charges for services | 5,236,050 | 5,804,830 | 6,170,629 | 6,491,618 | 1,395,081 | 1,587,616 | 1,681,998 | 1,324,421 | 1,861,081 | 2,968,092 |
| Fines and forfeitures | 789,855 | 810,309 | 762,168 | 753,126 | 812,169 | 785,685 | 593,134 | 420,251 | 1,504,158 | 601,130 |
| Special Events | - | - | - | - | - | - | 108,533 | 118,247 | 193,667 | 140,970 |
| Investment income | 25,419 | 48,447 | 86,174 | 69,478 | 17,587 | 69,306 | 76,417 | 35,346 | 143,796 | 294,585 |
| Miscellaneous | 2,826,017 | 785,058 | 1,045,451 | 1,227,043 | 513,757 | 224,545 | 189,008 | 343,219 | 216,458 | 232,302 |
| Total revenues | <u>\$ 29,000,398</u> | <u>\$ 27,717,587</u> | <u>\$ 30,129,321</u> | <u>\$ 32,432,270</u> | <u>\$ 30,310,532</u> | <u>\$ 32,848,988</u> | <u>\$ 33,340,666</u> | <u>\$ 27,033,929</u> | <u>\$ 35,359,496</u> | <u>\$ 35,925,653</u> |

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

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION Last Ten Fiscal Years

| <u>Fiscal Year</u> | April 30, 2010 | April 30, 2011 | April 30, 2012 | April 30, 2013 | April 30, 2014 | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|
| General government | \$ 3,063,431 | \$ 2,939,988 | \$ 3,022,604 | \$ 3,012,651 | \$ 2,028,374 | \$ 2,576,664 | \$ 2,478,464 | \$ 1,810,269 | \$ 1,782,457 | \$ 1,805,792 |
| Public Safety | 14,934,390 | 15,670,720 | 17,188,744 | 18,380,336 | 18,557,096 | 19,097,605 | 20,087,385 | 15,540,578 | 21,304,838 | 21,412,327 |
| Highways and streets | 2,982,812 | 2,778,043 | 2,886,662 | 3,837,520 | 4,328,310 | 4,668,487 | 4,986,161 | 3,790,189 | 4,341,341 | 5,068,175 |
| Culture and recreation | 1,367,164 | 1,115,371 | 1,086,760 | 952,048 | 879,566 | 885,710 | 888,270 | 717,928 | 1,310,582 | 1,427,470 |
| Economic development | 1,920,010 | 1,098,934 | 925,553 | 478,179 | 938,891 | 1,128,464 | 1,507,657 | 1,227,799 | 2,188,022 | 1,292,899 |
| Capital Outlay | 1,031,091 | 865,580 | 1,501,194 | 1,239,971 | 1,450,335 | 1,401,055 | 645,296 | 290,463 | 300,552 | 946,789 |
| Debt Service | | | | | | | | | | |
| Principal | 1,250,000 | 905,000 | 520,000 | 1,105,000 | 2,162,000 | 2,790,000 | 1,460,000 | 1,701,000 | 1,320,000 | 1,535,000 |
| Interest | 901,415 | 1,172,426 | 919,876 | 1,028,952 | 1,331,090 | 1,585,100 | 1,205,295 | 891,844 | 915,439 | 846,844 |
| Total expenditures | <u>\$ 27,450,313</u> | <u>\$ 26,546,062</u> | <u>\$ 28,051,393</u> | <u>\$ 30,034,657</u> | <u>\$ 31,675,662</u> | <u>\$ 34,133,085</u> | <u>\$ 33,258,528</u> | <u>\$ 25,970,070</u> | <u>\$ 33,463,231</u> | <u>\$ 34,335,296</u> |

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

Note: Includes all governmental funds.

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>April 30, 2010</u> | <u>April 30, 2011</u> | <u>April 30, 2012</u> | <u>April 30, 2013</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| REVENUES | | | | |
| Taxes | \$ 10,160,886 | \$ 10,667,029 | \$ 12,020,367 | \$ 12,249,275 |
| Licenses and permits | 618,304 | 830,107 | 598,732 | 669,712 |
| Intergovernmental | 9,343,867 | 8,771,807 | 9,445,800 | 10,972,018 |
| Charges for services | 5,236,050 | 5,804,830 | 6,170,629 | 6,491,618 |
| Fines and forfeitures | 789,855 | 810,309 | 762,168 | 753,126 |
| Special Events | - | - | - | - |
| Investment income | 25,419 | 48,447 | 86,174 | 69,478 |
| Miscellaneous | <u>2,826,017</u> | <u>785,058</u> | <u>1,045,451</u> | <u>1,227,043</u> |
| Total revenues | <u>29,000,398</u> | <u>27,717,587</u> | <u>30,129,321</u> | <u>32,432,270</u> |
| EXPENDITURES | | | | |
| General government | 3,063,431 | 2,939,988 | 3,022,604 | 3,012,651 |
| Public Safety | 14,934,390 | 15,670,720 | 17,188,744 | 18,380,336 |
| Highways and streets | 2,982,812 | 2,778,043 | 2,886,662 | 3,837,520 |
| Culture and recreation | 1,367,164 | 1,115,371 | 1,086,760 | 952,048 |
| Economic development | 1,920,010 | 1,098,934 | 925,553 | 478,179 |
| Capital Outlay | 1,031,091 | 865,580 | 1,501,194 | 1,239,971 |
| Debt Service | | | | |
| Principal | 1,250,000 | 905,000 | 520,000 | 1,105,000 |
| Interest | <u>901,415</u> | <u>1,172,426</u> | <u>919,876</u> | <u>1,028,952</u> |
| Total expenditures | <u>27,450,313</u> | <u>26,546,062</u> | <u>28,051,393</u> | <u>30,034,657</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | <u>1,550,085</u> | <u>1,171,525</u> | <u>2,077,928</u> | <u>2,397,613</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from bond issuance, at par | 475,000 | 4,445,000 | - | 2,650,000 |
| Premium on bonds issued | - | - | - | 588,025 |
| Payments to escrow agent | - | (3,875,000) | - | (2,674,286) |
| Proceeds from capital lease obligation | - | - | - | 251,892 |
| Proceeds from sale of capital assets | - | - | - | - |
| Loss on disposal of land held for resale | - | - | - | - |
| Transfers in | 1,375,643 | 1,505,934 | 1,713,738 | 1,519,953 |
| Transfers (out) | <u>(875,643)</u> | <u>(1,005,934)</u> | <u>(1,713,738)</u> | <u>(1,519,953)</u> |
| Total Other Financing Sources (Uses) | <u>975,000</u> | <u>1,070,000</u> | <u>-</u> | <u>815,631</u> |
| NET CHANGE IN FUND BALANCES | | | | |
| | <u>\$ 2,525,085</u> | <u>\$ 2,241,525</u> | <u>\$ 2,077,928</u> | <u>\$ 3,213,244</u> |

DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES

8.72% 8.14% 5.30% 7.42%

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

Data Source

Audited Financial Statements

| April 30, 2014 | April 30, 2015 | April 30, 2016 | December 31, 2016* | December 31, 2017 | December 31, 2018 |
|---------------------------|-------------------------|-----------------------|-------------------------|------------------------|-------------------------|
| \$ 12,462,615 | \$ 14,047,185 | \$ 14,575,401 | \$ 13,415,421 | \$ 14,897,858 | \$ 15,224,671 |
| 821,173 | 1,030,867 | 861,876 | 342,861 | 783,630 | 720,053 |
| 14,288,150 | 15,103,784 | 15,254,299 | 11,034,163 | 15,758,848 | 15,743,850 |
| 1,395,081 | 1,587,616 | 1,681,998 | 1,324,421 | 1,861,081 | 2,968,092 |
| 812,169 | 785,685 | 593,134 | 420,251 | 1,504,158 | 601,130 |
| - | - | 108,533 | 118,247 | 193,667 | 140,970 |
| 17,587 | 69,306 | 76,417 | 35,346 | 143,796 | 294,585 |
| 513,757 | 224,545 | 189,008 | 343,219 | 216,458 | 232,302 |
| <u>30,310,532</u> | <u>32,848,988</u> | <u>33,340,666</u> | <u>27,033,929</u> | <u>35,359,496</u> | <u>35,925,653</u> |
| 2,028,374 | 2,576,664 | 2,478,464 | 1,810,269 | 1,782,457 | 1,805,792 |
| 18,557,096 | 19,097,605 | 20,087,385 | 15,540,578 | 21,304,838 | 21,412,327 |
| 4,328,310 | 4,668,487 | 4,986,161 | 3,790,189 | 4,341,341 | 5,068,175 |
| 879,566 | 885,710 | 888,270 | 717,928 | 1,310,582 | 1,427,470 |
| 938,891 | 1,128,464 | 1,507,657 | 1,227,799 | 2,188,022 | 1,292,899 |
| 1,450,335 | 1,401,055 | 645,296 | 290,463 | 300,552 | 946,789 |
| 2,162,000 | 2,790,000 | 1,460,000 | 1,701,000 | 1,320,000 | 1,535,000 |
| 1,331,090 | 1,585,100 | 1,205,295 | 891,844 | 915,439 | 846,844 |
| <u>31,675,662</u> | <u>34,133,085</u> | <u>33,258,528</u> | <u>25,970,070</u> | <u>33,463,231</u> | <u>34,335,296</u> |
| <u>(1,365,130)</u> | <u>(1,284,097)</u> | <u>82,138</u> | <u>1,063,859</u> | <u>1,896,265</u> | <u>1,590,357</u> |
| 537,000 | 19,155,000 | - | 7,861,000 | - | - |
| - | 397,596 | - | - | - | - |
| - | (18,746,704) | - | (6,890,182) | - | - |
| - | 129,856 | - | - | - | - |
| - | 24,705 | 48,698 | 35,000 | 18,533 | 19,522 |
| - | - | - | - | (1,047,636) | - |
| 2,376,589 | 7,075,090 | 2,751,426 | 1,876,600 | 3,757,271 | 3,674,562 |
| (2,725,982) | (7,075,090) | (2,751,426) | (2,186,600) | (4,057,271) | (4,196,144) |
| <u>187,607</u> | <u>960,453</u> | <u>48,698</u> | <u>695,818</u> | <u>(1,329,103)</u> | <u>(502,060)</u> |
| <u>\$ (1,177,523)</u> | <u>\$ (323,644)</u> | <u>\$ 130,836</u> | <u>\$ 1,759,677</u> | <u>\$ 567,162</u> | <u>\$ 1,088,297</u> |

12.08% 12.10% 8.17% 10.65% 7.04% 7.38%

VILLAGE OF LAKE ZURICH

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY Last Ten Levy Years

| Levy Year | Residential Property | Commercial Property | Total | Railroad | Total Assessed Value | Total Direct Tax Rate |
|-----------|----------------------|---------------------|-------------|----------|----------------------|-----------------------|
| 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 | 0.856 |
| 2011 | 670,744,254 | 201,024,795 | 871,769,049 | 352,395 | 872,121,444 | 0.907 |
| 2012 | 632,208,141 | 207,333,243 | 839,541,384 | 321,748 | 839,863,132 | 0.998 |
| 2013 | 586,319,303 | 205,938,281 | 792,257,584 | 258,669 | 792,516,253 | 1.132 |
| 2014 | 553,285,740 | 215,022,246 | 768,307,986 | 671,745 | 768,979,731 | 1.143 |
| 2015 | 579,562,017 | 213,818,454 | 793,380,471 | 810,109 | 794,190,580 | 1.131 |
| 2016 | 610,424,796 | 219,836,708 | 830,261,504 | 894,933 | 831,156,437 | 1.092 |
| 2017 | 630,620,612 | 230,592,071 | 861,212,683 | 739,186 | 861,951,869 | 1.079 |

Data Source

VILLAGE OF LAKE ZURICH

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Levy Years

| Tax Levy Year | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| TAX RATES | | | | | | | | | | |
| Village of Lake Zurich | | | | | | | | | | |
| Corporate | 0.008 | 0.012 | 0.260 | 0.256 | 0.261 | 0.247 | 0.251 | 0.011 | - | - |
| Police protection | 0.111 | 0.097 | 0.078 | 0.078 | 0.080 | 0.084 | 0.088 | 0.196 | 0.191 | 0.193 |
| Fire protection | 0.101 | 0.088 | 0.077 | 0.078 | 0.080 | 0.084 | 0.088 | 0.196 | 0.191 | 0.193 |
| Ambulance | 0.096 | 0.083 | 0.015 | 0.016 | 0.018 | 0.019 | 0.020 | 0.020 | 0.000 | 0.000 |
| Illinois municipal retirement | 0.027 | 0.027 | 0.006 | 0.023 | 0.023 | 0.026 | 0.026 | 0.042 | 0.012 | 0.006 |
| Debt service | 0.126 | 0.109 | 0.116 | 0.124 | 0.136 | 0.211 | 0.211 | 0.204 | 0.197 | 0.192 |
| Special recreation | 0.021 | 0.020 | 0.021 | 0.022 | 0.023 | 0.024 | 0.023 | 0.023 | 0.022 | 0.021 |
| Police pension | 0.079 | 0.096 | 0.142 | 0.136 | 0.159 | 0.185 | 0.188 | 0.197 | 0.215 | 0.209 |
| Firefighters' pension | 0.084 | 0.104 | 0.141 | 0.174 | 0.218 | 0.252 | 0.248 | 0.241 | 0.265 | 0.264 |
| Federal social security | 0.096 | 0.094 | - | - | - | - | - | - | - | - |
| Insurance | 0.076 | 0.074 | - | - | - | - | - | - | - | - |
| Total direct tax rate | 0.825 | 0.804 | 0.856 | 0.907 | 0.998 | 1.132 | 1.143 | 1.131 | 1.092 | 1.079 |
| OVERLAPPING RATES | | | | | | | | | | |
| Lake County | 0.453 | 0.464 | 0.505 | 0.554 | 0.608 | 0.663 | 0.682 | 0.663 | 0.632 | 0.622 |
| Lake County Forest Preserve | 0.199 | 0.200 | 0.198 | 0.201 | 0.212 | 0.218 | 0.210 | 0.208 | 0.193 | 0.187 |
| Ela Area Library District | 0.308 | 0.308 | 0.329 | 0.356 | 0.386 | 0.409 | 0.410 | 0.398 | 0.381 | 0.371 |
| School District #95 | 3.899 | 3.901 | 4.136 | 4.446 | 4.914 | 5.242 | 5.291 | 5.191 | 5.021 | 4.960 |
| School District #96 | 2.869 | 2.916 | 3.086 | 3.453 | 3.756 | 3.976 | 4.040 | 3.870 | 3.690 | 3.655 |
| High School District #125 | 2.139 | 2.185 | 2.306 | 2.465 | 2.751 | 2.989 | 3.049 | 3.004 | 2.858 | 2.862 |
| Community College #532 | 0.196 | 0.200 | 0.218 | 0.240 | 0.272 | 0.296 | 0.306 | 0.299 | 0.285 | 0.281 |
| Ela Township - Corp. and GA | 0.084 | 0.084 | 0.091 | 0.099 | 0.088 | 0.100 | 0.100 | 0.098 | 0.095 | 0.093 |
| Ela Township - road and bridge | 0.005 | 0.007 | 0.008 | 0.009 | 0.010 | 0.011 | 0.010 | 0.010 | 0.010 | 0.010 |
| Ela Township - gravel or R.I. | 0.038 | 0.036 | 0.039 | 0.042 | 0.030 | 0.046 | 0.045 | 0.045 | 0.043 | 0.042 |
| Barrington Public Library District | 0.150 | 0.161 | 0.170 | 0.185 | 0.213 | 0.228 | 0.231 | 0.225 | 0.220 | 0.217 |
| TOTAL DIRECT AND OVERLAPPING TAX RATE | | | | | | | | | | |
| | 11.165 | 11.266 | 11.942 | 12.957 | 14.238 | 15.310 | 15.518 | 15.144 | 14.520 | 14.380 |

[Data Source](#)

Office of the County Clerk

VILLAGE OF LAKE ZURICH

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

| Taxpayer | 2018 | | | 2009 | | |
|-----------------------------------|------------------------------|------|--|------------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Village Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Village Assessed Valuation |
| | | | | | | |
| Village Square Retail Center LLC | \$ 7,234,783 | 1 | 0.84% | \$ 7,154,907 | 1 | 0.84% |
| Landings Capital Partners, LLC | 6,450,387 | 2 | 0.75% | 6,219,109 | 2 | 0.73% |
| Echo Incorporated | 6,225,689 | 3 | 0.72% | 4,869,817 | 5 | 0.57% |
| Suso North Lake LP (North Lake) | 5,593,233 | 4 | 0.65% | 5,669,103 | 3 | 0.67% |
| Deerpath Commons Retail Center | 5,153,356 | 5 | 0.60% | 5,599,440 | 4 | 0.66% |
| Deerpath Court Retail Center LLC | 4,853,334 | 6 | 0.56% | 4,406,687 | 6 | 0.52% |
| Costco | 4,116,534 | 7 | 0.48% | 3,813,546 | 7 | 0.45% |
| Greenhill Company LLC | 4,014,252 | 8 | 0.47% | | | |
| Roundys Supermarkets, Inc | 3,796,971 | 9 | 0.44% | | | |
| Food Equipment Technologies (GPT) | 3,343,237 | 10 | 0.39% | | | |
| Liberty Realty Lake Zurich LLC | | | | 3,474,034 | 8 | 0.41% |
| HD Development of Maryland LLC | | | | 2,996,648 | 9 | 0.35% |
| Target Corporation | | | | 2,857,330 | 10 | 0.34% |
| | <u>\$ 50,781,776</u> | | <u>5.89%</u> | <u>\$ 47,060,621</u> | | <u>5.54%</u> |

Data Source

Office of the County Clerk and Ela Township Assessor

VILLAGE OF LAKE ZURICH

PROPERTY TAX LEVIES AND COLLECTIONS Last Ten Levy Years

| Fiscal Year Ended | Tax Levy Year | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------------|---------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2009 | 2008 | 7,305,853 | 7,291,787 | 99.81% | N/A | 7,291,787 | 99.81% |
| 2010 | 2009 | 7,220,195 | 7,214,819 | 99.93% | \$ 2,602 | 7,217,421 | 99.96% |
| 2011 | 2010 | 7,465,360 | 7,445,276 | 99.73% | \$ 3,904 | 7,449,180 | 99.78% |
| 2012 | 2011 | 7,617,559 | 7,613,211 | 99.94% | \$ 1,298 | 7,614,509 | 99.96% |
| 2013 | 2012 | 7,909,312 | 7,894,694 | 99.82% | \$ 1,243 | 7,895,936 | 99.83% |
| 2014 | 2013 | 8,637,807 | 8,623,589 | 99.84% | \$ 2,301 | 8,625,891 | 99.86% |
| 2015 | 2014 | 8,794,144 | \$ 8,780,768 | 99.85% | \$ 8,382 | 8,789,150 | 99.94% |
| 2016 | 2015 | 9,016,727 | \$ 8,967,347 | 99.45% | \$ - | 8,967,347 | 99.45% |
| 2017 | 2016 | 9,124,243 | \$ 9,013,937 | 98.79% | \$ 1,325 | 9,015,262 | 98.81% |
| 2018 | 2017 | 9,301,823 | \$ 9,258,837 | 99.54% | \$ 97 | 9,258,934 | 99.54% |

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

RATIOS OF OUTSTANDING DEBT BY TYPE Last Ten Fiscal Years

| Fiscal Year Ended | Governmental Activities | | | | Business-Type Activities | | | | Total Equalized Assessed Value (EAV) | Percentage of EAV | Per Capita* |
|-------------------------|--------------------------------|-------------------------|--------------------------------------|--------------------------------|---|--------------|--------------------------------|--------------------------------|---|----------------------|----------------|
| | General Obligation Bonds | TIF Revenue Bonds | TIF Alternate Revenue Bonds | Capital Lease Obligation | Waterworks and Sewerage Alt Revenue Bonds | IEPA Loan | Capital Lease Obligation | Total Primary Government | | | |
| 30-Apr 2010 | 4,160,000 | 20,135,000 | 8,165,000 | - | 3,320,000 | 3,450,320 | - | 39,230,320 | 885,557,913 | 4.43% | 1,920.51 |
| 30-Apr 2011 | 3,815,000 | 20,265,000 | 8,165,000 | - | 2,690,000 | 3,294,988 | - | 38,229,988 | 898,034,255 | 4.26% | 1,947.43 |
| 30-Apr 2012 | 3,455,000 | 20,235,000 | 7,915,000 | - | 1,665,000 | 3,132,971 | - | 36,402,971 | 872,121,444 | 4.17% | 1,837.33 |
| 30-Apr 2013 | 3,085,000 | 20,145,000 | 7,775,000 | 313,563 | 975,000 | 2,968,015 | - | 35,261,578 | 839,863,132 | 4.20% | 1,770.43 |
| 30-Apr 2014 | 2,700,000 | 19,405,000 | 7,275,000 | 243,559 | 4,075,000 | 2,797,744 | - | 36,496,303 | 792,516,253 | 4.82% | 1,820.90 |
| 30-Apr 2015 | 2,305,000 | 25,865,000 | 550,000 | 764,956 | 3,800,000 | 2,623,190 | - | 35,908,146 | 756,892,029 | 4.74% | 1,796.04 |
| 30-Apr 2016 | 1,885,000 | 25,375,000 | - | 599,590 | 3,390,000 | 2,444,244 | - | 33,693,834 | 768,979,731 | 4.38% | 1,685.28 |
| 31-Dec 2016 | 1,885,000 | 25,545,000 | - | 551,196 | 3,990,000 | 2,302,805 | - | 34,274,001 | 794,190,580 | 4.32% | 1,714.30 |
| 31-Dec 2017 | 1,450,000 | 24,660,000 | - | 378,767 | 3,500,000 | 2,115,799 | 3,411,582 | 35,516,148 | 831,155,897 | 4.27% | 1,776.43 |
| 31-Dec 2018 | 990,000 | 23,827,222 | - | 252,725 | 3,125,814 | 1,924,089 | 3,358,063 | 33,477,913 | 861,951,869 | 3.88% | 1,682.05 |

* See the schedule of Demographic and Economic Information on page 119 for personal income and population data.

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

Data Source

Audited Financial Statements

VILLAGE OF LAKE ZURICH

RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

| Fiscal Year Ended | | Gross General Obligation Bonds | Less: Amounts Available In Debt Service Fund | Total | Percentage of Equalized Assessed Value |
|-------------------------|------|---|---|-----------|---|
| 30-Apr | 2010 | 4,160,000 | 723,398 | 3,436,602 | 0.40% |
| 30-Apr | 2011 | 3,815,000 | 778,594 | 3,036,406 | 0.34% |
| 30-Apr | 2012 | 3,455,000 | 791,581 | 2,663,419 | 0.30% |
| 30-Apr | 2013 | 3,085,000 | 796,995 | 2,288,005 | 0.26% |
| 30-Apr | 2014 | 2,700,000 | 796,996 | 1,903,004 | 0.23% |
| 30-Apr | 2015 | 2,305,000 | 826,062 | 1,478,938 | 0.19% |
| 30-Apr | 2016 | 1,885,000 | 841,020 | 1,043,980 | 0.14% |
| 31-Dec | 2016 | 1,885,000 | 1,326,294 | 558,706 | 0.07% |
| 31-Dec | 2017 | 1,450,000 | 1,336,531 | 113,469 | 0.01% |
| 31-Dec | 2018 | 990,000 | 990,000 | - | 0.00% |

Data Source

Village records

VILLAGE OF LAKE ZURICH

DIRECT AND OVERLAPPING BONDED DEBT -
GOVERNMENTAL ACTIVITIES
December 31, 2018

| Governmental Unit | Gross Debt | (1) Percentage of Debt Applicable to Government | * Village's Share of Debt |
|--|-----------------------|---|------------------------------------|
| Village of Lake Zurich | \$ 990,000 (2) | 100.00% | \$ 990,000 |
| Lake County | 174,530,000 | 3.31% | 5,784,891 |
| Lake County Forest Preserve | 240,365,000 | 3.32% | 7,977,539 |
| Ela Area Library District | - | N/A | - |
| School District #95 | 8,509,349 | 52.34% | 4,453,626 |
| School District #96 | - | N/A | - |
| High School District #125 | 48,415,000 | 24.25% | 11,741,995 |
| Community College #532 | <u>58,465,000</u> | 3.49% | 2,039,314 |
| | <u>530,284,349</u> | | <u>31,997,365</u> |
| TOTAL DIRECT AND OVERLAPPING DEBT | \$ 531,274,349 | | \$ 32,987,365 |

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

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

Data Source

Lake County Clerk

VILLAGE OF LAKE ZURICH

SCHEDULE OF LEGAL DEBT MARGIN INFORMATION December 31, 2017

| EQUALIZED ASSESSED VALUATION - 2018 | \$ | 873,070,391 |
|---|-----------|--------------------|
| Legal debt limit - 8.625% of assessed valuation | \$ | 75,302,321 |
| Amount of debt applicable to debt limit: | | |
| General obligation bonds | | 990,000 |
| LEGAL DEBT MARGIN | \$ | 74,312,321 |

* Most Recent EAV Available

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

VILLAGE OF LAKE ZURICH

PLEDGED-REVENUE COVERAGE Last Ten Fiscal Years

| Fiscal Year End | SALES TAX | | | TIF DEBT | | | Coverage |
|-----------------|--------------|-----------|------------|----------|--|--|----------|
| | | Revenues* | Principal | Interest | | | |
| 30-Apr 2012 | \$ 5,878,258 | \$ 30,000 | \$ 717,266 | | | | 787% |
| 30-Apr 2013 | 6,069,546 | 90,000 | 749,724 | | | | 723% |
| 30-Apr 2014 | 6,234,680 | 740,000 | 871,603 | | | | 387% |
| 30-Apr 2015 | 6,658,825 | 815,000 | 856,478 | | | | 398% |
| 30-Apr 2016 | 6,790,142 | 490,000 | 1,057,105 | | | | 439% |
| 31-Dec 2016 | 4,691,004 | 625,000 | 826,302 | | | | 323% |
| 31-Dec 2017 | 7,100,938 | 885,000 | 811,427 | | | | 419% |
| 31-Dec 2018 | 7,126,460 | 1,075,000 | 794,095 | | | | 381% |

*As defined in applicable bond indentures and governing laws. Amount shown represents Municipal Sales Tax received by the Village. Additional revenues have also been pledged, should sales tax ever fail to be sufficient.

Data Source

Village records

VILLAGE OF LAKE ZURICH

DEMOGRAPHIC AND ECONOMIC INFORMATION Last Ten Fiscal Years

| Fiscal Year End | (1) Population | (1) Per Capita Personal Income | (1) Median Age | (2) School Enrollment | (3) Unemployment Rate |
|-----------------|-------------------|---|----------------------|-----------------------------|-----------------------------|
| 30-Apr 2009 | 19,932 | 36,069 | 34.7 | 6,188 | 6.7% |
| 30-Apr 2010 | 20,427 | 36,682 | 34.7 | 6,207 | 10.3% |
| 30-Apr 2011 | 19,631 | 37,547 | 38.6 | 6,023 | 8.5% |
| 30-Apr 2012 | 19,813 | 40,641 | 39.8 | 5,944 | 8.8% |
| 30-Apr 2013 | 19,917 | 37,008 | 36.8 | 5,913 | 4.4% |
| 30-Apr 2014 | 20,043 | 39,128 | 41.1 | 5,892 | 6.7% |
| 30-Apr 2015 | 19,993 | 39,271 | 39.9 | 5,716 | 4.5% |
| 30-Apr 2016 | 19,993 | 41,168 | 38.8 | 5,769 | 5.5% |
| 31-Dec 2016 | 19,993 | 42,397 | 40.0 | 5,666 | 5.3% |
| 31-Dec 2017 | 19,993 | 46,202 | 39.6 | 5,677 | 4.9% |
| 31-Dec 2018 | 19,903 | 44,486 | 38.9 | 5,590 | 4.2% |

Data Source

(1) Based on U.S. Census Bureau for Lake County, Illinois (Estimates in non-census years)

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

(3) Illinois Department of Employment Security

VILLAGE OF LAKE ZURICH

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| Employer | 2018 | | | 2009 | | |
|--|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | % of Total Village Population | Employees | Rank | % of Total Village Population |
| Echo Inc. | 800 | 1 | 4% | 690 | 2 | 4% |
| Peapod | 800 | 2 | 4% | | | |
| Lake Zurich Community School Dist. #95 | 685 | 3 | 3% | 763 | 1 | 4% |
| Smalley Steel Ring Co. | 540 | 4 | 3% | | | |
| Termax Corp | 400 | 5 | 2% | | | |
| CM Packaging, Inc. | 200 | 6 | | 200 | 5 | 1% |
| Food Equipment Tech, Inc | 170 | 7 | | 197 | 6 | 1% |
| Village of Lake Zurich | 155 | 8 | 1% | 182 | 7 | 1% |
| Lexington Health Care Lake Zurich | 150 | 9 | 1% | 182 | 8 | 1% |
| Tredegar Film Products | 134 | 10 | 1% | | | |
| B&B Maintenance | | | | 500 | 3 | 3% |
| Dovenmuehle Mortgage Inc | | | | 500 | 4 | 3% |
| Pinnacle Food Products | | | | 160 | 9 | 1% |
| Parkview Metal Products | | | | 150 | 10 | 1% |
| | <u>4,034</u> | | <u>18%</u> | <u>3,524</u> | | <u>19%</u> |
| Village population | | | 19,993 | | | 18,992 |

Data Source

2018: Lake County Partner records and verification by employers when available.

2009 statistics are from Village Records

This table excludes the Village's larger retail establishments, which include food stores (Mariano's and Jewel) and department stores (Home Depot, Costco, Wal-Mart, Target, and Kohl's).

VILLAGE OF LAKE ZURICH

FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

| Function/Program | Year End | Year End | Year End |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| | April 30 2010 | April 30 2011 | April 30 2012 | April 30 2013 | April 30 2014 | April 30 2015 | April 30 2016 | December 31 2016 | December 31 2017 | December 31 2018 |
| GENERAL GOVERNMENT | | | | | | | | | | |
| Administration | 3 | 4 | 4 | 4 | 5 | 5 | 4 | 4 | 4 | 4 |
| Finance | 6 | 7 | 7 | 5 | 5 | 5 | 5 | 6 | 6 | 6 |
| Technology | N/A | N/A | N/A | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| COMMUNITY SERVICES | | | | | | | | | | |
| Building and Zoning | 9 | 8 | 8 | 8 | 7 | 7 | 7 | 6 | 5 | 5 |
| Public Works - General Services | 23 | 20 | 20 | 18 | 17 | 17 | 17 | 17 | 17 | 17 |
| Public Works - Water and Sewer | 12 | 12 | 12 | 13 | 14 | 14 | 13 | 12 | 12 | 12 |
| POLICE | 55 | 53 | 53 | 51 | 51 | 51 | 51 | 52 | 52 | 52 |
| FIRE | 61 | 60 | 60 | 58 | 58 | 58 | 58 | 58 | 58 | 58 |
| ENGINEERING | 3 | 3 | 3 | - | - | | | | | |
| RECREATION | 5 | 3 | 3 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| TOTAL | 177 | 170 | 170 | 160 | 160 | 160 | 158 | 159 | 158 | 158 |

Data Source

Village records

VILLAGE OF LAKE ZURICH

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

| Function/Program | Year End | Year End | Year End | Year End | Year End |
|--|----------|-----------|----------|----------|-----------|
| | April 30 | April 30 | April 30 | April 30 | April 30 |
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| PUBLIC WORKS | | | | | |
| Forestry | | | | | |
| Number of parkway trees planted | 48 | 102 | 54 | 122 | 140 |
| Number of parkway trees trimmed | 600 | 800 | 638 | 707 | 800 |
| Fleet services | | | | | |
| Number of vehicles maintained | 93 | 92 | 91 | 91 | 85 |
| Preventative maintenance | 676 | 969 | 346 | 324 | 664 |
| PUBLIC SAFETY | | | | | |
| Fire | | | | | |
| Number of fire calls | 1,453 | 1,401 | 1,382 | 1,398 | 1,483 |
| Number of EMS calls | 1,672 | 1,735 | 1,746 | 1,787 | 1,848 |
| Number of training hours | 9,476 | 11,366 | 11,949 | 9,651 | 8,877 |
| Police | | | | | |
| Part I crime | N/A | N/A | 257 | 293 | 324 |
| Calls for service | 9,113 | 9,063 | 9,168 | N/A | 9,392 |
| State tickets issued | 4,515 | 3,773 | 3,774 | 3,474 | 2,786 |
| Compliance tickets issued | 101 | 103 | 108 | 46 | 29 |
| Parking tickets issued | 1,902 | 1,674 | 1,693 | 1,609 | 1,640 |
| Red light citations | 4,854 | 4,506 | 4,237 | 3,692 | 4,536 |
| COMMUNITY DEVELOPMENT | | | | | |
| Number of building permits issued | 1,343 | 1,492 | 1,539 | 1,506 | 1,639 |
| Number of building inspections | 3,368 | 5,533 | 6,317 | 4,813 | 5,611 |
| HIGHWAYS AND STREETS | | | | | |
| Sidewalk replaced (square feet) | 11,748 | 5,625 | 5,825 | 5,025 | 3,150 |
| Annual resurfacing program (\$) | 350,000 | 1,106,893 | - | - | 1,109,353 |
| Crack sealing (lbs. installed) | - | - | - | - | 11,515 |
| Curb replaced (ln. ft.) | 3,282 | 262 | 267 | 614 | 427 |
| WATER AND SEWER | | | | | |
| Water main breaks | 38 | 31 | 30 | 70 | 51 |
| Hydrants flushed | 3,560 | 1,765 | 1,780 | 1,780 | 1,790 |
| Water meters read | 79,716 | 80,676 | 80,796 | 80,916 | 81,000 |
| Water meter service requests | 869 | 910 | 893 | 1,019 | 1,053 |
| Total distribution pumpage (1,000 gallons) | 624MG | 600MG | 599MG | 681MG | 630MG |
| Average daily consumption (1,000 gallons) | 1.71MG | 1.4MG | 1.4MG | 1.5MG | 1.4MG |
| Sanitary sewer televising (feet) | 2,500 | 2,250 | 2,000 | 2,829 | 10,920 |
| Sanitary sewer repairs | 1 | 1 | 1 | 1 | 3 |

N/A - Not available

Data Source

Village records

| Year End April 30 2015 | Year End April 30 2016 | Year End December 31 2016 | Year End December 31 2017 | Year End December 31 2018 |
|------------------------------|------------------------------|---------------------------------|---------------------------------|---------------------------------|
| 24 | 21 | 218 | 307 | 276 |
| 902 | 1,148 | 320 | 656 | 377 |
| 92 | 81 | 82 | 82 | 82 |
| 964 | 753 | 501 | 738 | 704 |
| 1,844 | 1,633 | 590 | 1,373 | 1,388 |
| 2,150 | 2,204 | 1,511 | 2,602 | 2,788 |
| 10,075 | 8,566 | 6,546 | 14,341 | 14,563 |
| 344 | 276 | 94 | 327 | 264 |
| 9,067 | 8,757 | 5,409 | 7,104 | 7,313 |
| 2,637 | 2,318 | 1,442 | 1,858 | 2,373 |
| 36 | 42 | 18 | 68 | 37 |
| 1,389 | 856 | 581 | 576 | 565 |
| 5,262 | 3,548 | 3,118 | 4,451 | 3,545 |
| 3,487 | 829 | 1,274 | 1,541 | 1,435 |
| 6,484 | 2,128 | 2,644 | 3,188 | 3,030 |
| 15,345 | 23,114 | 37,885 | 22,000 | 50,900 |
| 1,323,465 | 1,442,109 | 1,316,758 | 860,442 | 1,246,860 |
| 55,564 | 55,000 | 43,668 | 39,823 | 53,000 |
| 3,892 | 4,366 | 8,555 | 2,265 | 12,100 |
| 40 | 30 | 25 | 31 | 39 |
| 1,790 | 1,797 | - | 1,504 | 1,505 |
| 81,000 | 81,000 | 53,432 | 81,000 | 84,000 |
| 1,172 | 997 | 730 | 1,105 | 587 |
| 604MG | 593MG | 443MG | 570MG | 549MG |
| 1.3MG | 1.3MG | 1.3MG | 1.3MG | 1.3MG |
| 33,974 | 3,182 | 3,152 | 54,523 | 1,084 |
| 2 | 3 | 10 | 1 | 0 |

VILLAGE OF LAKE ZURICH

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

| Function/Program | Year End | Year End |
|-------------------------|----------|----------|----------|----------|----------|----------|----------|-------------|-------------|
| | April 30 | December 31 | December 31 |
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2016 | 2017 |
| POLICE | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Firing range | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 22 | 23 | 23 | 23 | 23 | 23 | 22 | 22 | 21 |
| FIRE STATIONS | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| PUBLIC WORKS | | | | | | | | | |
| Streets (lane miles) | 159.0 | 159.0 | 159.4 | 159.7 | 159.7 | 160.0 | 161.6 | 161.6 | 156.2 |
| Sidewalks (miles) | 91 | 91 | 91 | 91 | 91 | 91 | 101 | 102 | 98 |
| Streetlights | 175 | 175 | 175 | 180 | 180 | 180 | 215 | 220 | 220 |
| WATER AND SEWER | | | | | | | | | |
| Water mains (miles) | 108 | 108 | 109 | 109 | 110 | 110 | 112 | 112 | 112 |
| Fire hydrants | 1,760 | 1,760 | 1,765 | 1,765 | 1,790 | 1,790 | 1,790 | 1,790 | 1,504 |
| Sanitary sewers (miles) | 107 | 107 | 107 | 107 | 107 | 107 | 93 | 93 | 93 |

N/A - Not available

[Data Source](#)

Village records