

Village of Lake Zurich, Illinois

2021

Annual Comprehensive Financial Report

For the Fiscal Year Ending December 31, 2021



**Annual Comprehensive
Financial Report
of the Village of Lake Zurich, Illinois**

For the Year Ended December 31, 2021

Prepared by the Finance Department

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Finance Director

Village of Lake Zurich

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OFFICE OF THE VILLAGE MANAGER

Ray Keller

July 13, 2022

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 Annual Comprehensive Financial Report of the Village of Lake Zurich, Illinois (the Village) for the fiscal year ended December 31, 2021. This report provides a broad view of the Village's financial activities for the twelve-month 2021 fiscal year and its financial position at December 31, 2021.

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 an Annual Comprehensive Financial Report, 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 Annual Comprehensive Financial Report 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 US, LLP (Certified Public Accountants) has issued an unmodified ("clean") opinion on the Village's financial statements for the fiscal year ended December 31, 2021. 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 1835. 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 2020 Census reported a population of 19,759 up 32% from 1990. 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. Further, the legal level of budgetary control resides at the department level, or where no departmental segregation of a fund exists, the fund level. 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

Global Economy: In March 2020, the global economy was significantly impacted by the drastic response to COVID-19, which led to unprecedented unemployment, due to business closures; significant market declines; temporary closures of non-life sustaining business activities, including "stay-at-home" orders for certain hard-hit areas. Local tax revenues took drastic declines during these mandated shut down months, but have since rebounded, at least for the time being.

During Spring 2022, the global economy has been strained due to continuing supply-chain bottlenecks; ongoing outbreaks of COVID leading to massive shutdowns of regional economies and ports in China; the Russian invasion of Ukraine: the highest consumer inflation in 40 years, especially in food and energy prices; and raising interest rates by the Federal Reserve. The global instability created by these geo-political events has caused wild volatility in global stock markets and bond prices, specifically during the first half of 2022.

Local Economy: Lake Zurich is primarily a white-collar community and therefore the residents have been less affected by losses of manufacturing jobs.

Lake Zurich has a very strong retail sales tax base acquired through commodity retail establishments primarily located on the Rand Road Corridor. 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. 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 planning, the Village embarked on a 20-year Community Investment Plan (CIP) 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 decreased in Quarter 1 of 2022 to 3.1% vacant from 3.4% in the fourth Quarter of 2021. This continues a steady decline from a peak retail vacancy rate of 8.5% that Lake Zurich experienced in Quarter 4 of 2020, during the economic hardships of mandated COVID lockdowns. As of March 31, 2022, there was 82,341 square feet of retail space reported vacant in Lake Zurich, with average rates at \$14.77 per square foot (nnn).

The industrial vacancy rate decreased to 1.8% in Quarter 1 of 2022 compared to Quarter 4 of last year when 2.2% was reported vacant. The Lake Zurich Industrial Park is mature, thriving, and continues to attract large employers in manufacturing, production, and transportation industries. Indeed, the industrial park is Lake Zurich's primary employment center. The Village's industrial vacancy rate experienced a recent peak of 7.5% in Quarter 2 of 2020, once again due to the mandated shut downs prompted by the COVID public health emergency. It has experienced a steady decline since then to its current 1.8% vacant rate.

Meanwhile, the Village's Office vacancy rate has hovered between 2.5% and 3.8% vacant since early 2020 and currently sits at 3.3% vacant as of the end of Quarter 1 2022. Lake Zurich does not have a heavy concentration of office spaces and thus was rather insulated from a spiking office vacancy rate during the COVID shutdowns.

Despite the economic and supply chain challenges of the last several months related to the COVID pandemic, the Village issued nearly \$38 million in construction value for permits during 2021, an increase of nearly \$15.3 million from 2020.

Lake Zurich economic development efforts paid off in 2021, with efforts to attract private sector investment resulting in new projects across the village and at least 30 new businesses opening up from the Main Street District to the Route 22 corridor to the industrial park.

The Village was pleased to attract Factor 75 to the vacant Peapod building on Ensell Road. Main Street development projects ramped up with the total renovations of the former Bank of America building on West Main into a high-end dining establishment with oyster bar and fresh seafood retail store. The Village also completed an agreement with the Lake Zurich Florist for the sale and redevelopment of a new two-story mixed-use building on South Old Rand Road. Finally, during 2021 the Village sold the small office building at 133 West Main Street to a Korean BBQ restaurant, which has moved its operations from Park Ridge to Lake Zurich.

During the pandemic, the United States saw an increasing trend of people moving out of city urban environments and into the suburbs, facilitated by the pandemic-era work-from-home lifestyles. Lake Zurich saw its piece of this national trend. During 2021, the Village has approved several new residential start-ups that are currently underway, including The Sanctuary of Lake Zurich on the northwest corner of the Lake (*23 townhomes within three buildings plus a commercial / restaurant component*), Canterbury Townes

on Route 222 (*38 townhomes within nine buildings*), Avery Ridge off of Midlothian Road (*34 single-family homes*) and Wildwood Estates on Honey Lake Road (*24 duplex residences within 12 buildings*).

In Fall of 2021, the Village successfully attracted its first adult-use recreational cannabis dispensary, Justice Cannabis, to locate at the former TGI Friday's restaurant on Rand Road. During 2022, the company will be renovating the building into one of its flagship retail locations in Illinois.

Lake Zurich's recovery from the economic slumps of the COVID pandemic has been strong, thanks to the organizational and financial restructuring efforts over the past 6 – 8 years. These sound financial practices and policy decisions enabled the Village to weather the pandemic and the economic conditions that came with it.

Throughout the pandemic, the Village worked with the local Chamber of Commerce and Lake County Partners to secure over \$1.8 million of small business grants to over 100 local Lake Zurich businesses. Village Staff developed a webpage dedicated to a live, updated listing of eateries offering take-out/delivery during the mandated shut-downs. The Village suspended noise ordinances and eased signage restrictions for grocery stores and other businesses deemed essential and authorized to stay open. The Village also eased rent restrictions to business tenants who rent village-owned building and worked with households that encouraged financial difficulties to allow flexible water-sewer payment plans for those in need.

At the Staff-level of the organization, the Village adjusted personnel levels to allow mobile working arrangements and staggered work times for personnel required to be physically present. Commercial plan reviews and inspections were transitioned to online permitting and virtual inspections. The Village moved public meetings to virtual formats, which had the added benefit of increasing accessibility to local legislative meetings.

Signature park and recreation programs made big returns in 2021 after being cancelled in 2020 due to the pandemic restrictions. The Academy of Performing Arts (dance), day camp, and early childhood Yellow Brick Road preschool programs saw huge increases during 2021 in both participation and revenue. Aquatic beach passes saw a 30% increase from 2020 to 2021. Dance programs saw a 66% increase from 2020 to 2021. The Village's Staff at Parks and Rec were able to return to the Paulus Park Barn facility in summer 2021 after renovations were completed following the 2019 structure fire.

During 2021, the Village progressed on an in-depth study with outside consultants at Engineering Enterprises Inc. to examine alternative water sources for the residents and businesses of Lake Zurich. Specifically, the Village is looking at the most cost-effective methods of obtaining Lake Michigan water through different joint action water agencies in the northwest suburbs. The Central Lake County Joint Action Water Agency (CLCJAWA) is rising to the top of the options as the most practical, due to its geographical proximity to Lake Zurich and large volume of water capacity available. A final decision on water source is expected by the end of 2022 or early 2023.

In 2021, the Village conducted its fourth biennial National Community Survey. This is a statistically-valid survey conducted by social scientists and statisticians at the National Research Center. Residents continue to rate the quality of life in Lake Zurich highly, with 92% giving the Village an "excellent or good" rating as a place to live. Nearly all Lake Zurich residents (95%) gave positive ratings to the overall feeling of safety in the Village. These numbers are higher than national benchmark comparisons.

Residents also expressed their support of the continued revitalization of the Main Street District with 31% rating the downtown "excellent or good," up from 10% in 2017. When asked about recent economic development efforts, 55% of residents rated Lake Zurich progress as "excellent or good," up from 42% in 2017.

Finally, the Village is directly impacted by the financial condition of the State of Illinois. Shared revenue payments to the Village continue to be a target for fixing the State's own financial difficulties, however, preliminary information on the State's upcoming budget for 2022/2023 proposes an increase to the distribution rate formula for the Local Government Distributive Fund (LGDF). Non-Home Rule Sales Tax collection continues to have an administrative fee applied. We are closely monitoring the political environment in Springfield. As a non-home rule community, options for replacing any 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, and an update to the CIP is expected in 2022.

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 2021

The fiscal year ended December 31, 2021 saw many accomplishments and major initiatives come to fruition, including:

- **Balanced Budget.** Created balanced 2022 budget with an eye on sustaining progress towards strategic goals with nearly \$11 million in infrastructure funding (a record high), including funds for road resurfacing, sewer lift stations, seal coating, street patching, surface crack sealing, and asphalt materials. The 2022 budget totals \$59.9 million to fund a full-service municipality with 157 full-time employees.
- **Paulus Park Grant.** Implementation has started on the \$400,000 IDNR grant that was secured for Paulus Park enhancements, including woodland trails, shorelines restorations, a new fishing pier, and other park amenities.
- **Steadily Funding Pensions.** Continued to fund public safety pension obligations to meet the 100% funding goal by the end of 2040. As of January 1, 2022, the Police Pension Fund is 57.6% funded and the Fire Pension is 69.5% funded.
- **Building Reserves.** The Village's official General Fund balance is to maintain a minimum of 25% with a target of 40% of total expenditures of the upcoming year. The General Fund balance at the end of 2021 is 36%, a significant accomplishment that allows for top bond ratings and low interest rates for tax payers.
- **Maintaining Top Status.** Maintained a AAA stable outlook bond rating status from Standard & Poor's, partly based on a strong local economy and overall budgetary flexibility and performance.

- **Alternative Water Source Transition.** Kicked off the in-depth analysis with consultants at EEI to examine alternative water sources. Arranged facility tours for elected officials. Cultivating a professional relationship with Central Lake County JAWA as the most feasible choice. One of the largest strategic decisions in the 126-year history of the Village of Lake Zurich.
- **Targeted Funding for Roads.** Used \$1.8 million in Non-Home Rule Sales Tax (nearly 100% of this source) to fund the 2021 road resurfacing program along Deerpath Road and the Quail Run subdivision.
- **Sanitary Sewer Lining.** Last year, the Village completed year 5 of the ongoing sanitary sewer lining program that kicked off in 2017. Lining was completed in Old Mill Grove and Manor subdivisions. \$1.5 million project.
- **Tennis and Pickleball Courts Refreshed.** The Village renovated the Heatherleigh tennis courts, which now also include pickleball courts (to be used with portable nets) and repurposed the former Safety Town pad at Paulus Park to be a permanent pickleball court furnished with a net for community use.
- **Kuechmann Kove at the Arboretum:** The Village welcomed the newest amenity to the community in 2021, the Kuechmann Kove playscape at Kuechmann Arboretum. Building this kid's nature playscape is intended to provide an opportunity for unstructured play in a woodland setting and could not have been accomplished without the dedicated volunteers of the Ancient Oaks Foundation.
- **Main Street Development**
 - Successfully sold the village-owned office building at 133 West Main Street to Korean Blue Ridge BBQ restaurant, which has moved from Park Ridge to Lake Zurich.
 - Completed the TIF development agreement with Vela Carina for the redevelopment of the long-vacant Bank of America building, resulting in a total renovation of this building with a high-end dining establishment that will include a banquet space, bar area, oyster bar, and fresh seafood retail store.
 - Completed the TIF development agreement with the Lake Zurich Florist for the sale and redevelopment of village-owned vacant lots on South Old Rand Road, which will result in a new two-story mixed-use building with four commercial tenant spaces and four residential units on the second floor.
- **Kildeer Crossings.** Added 90 non-resident water customers plus future commercial water customer (expected to generate \$2.8 million over next 40 years). Secured \$500,000 contribution from Pulte Homes for capital investment in Lake Zurich.

Negotiated with Pulte to secure a \$956,000 payment to Lake Zurich for non-resident connection fees for homes as they are permitted. Negotiated with Pulte to replace Lake Zurich's 50+ year old water line that extends across property (a \$200,000+ project).

- **Filled PeaPod Vacancy.** Secured HelloFresh / Factor 75 to occupy the former 100,000 square foot PeaPod facility at 1325 Ensell Road.
- **Residential Developments.** We continue to welcome new families to Lake Zurich. This past year has seen several new residential start-ups, including:
 - The Sanctuary of Lake Zurich (*23 townhomes within three buildings with a commercial component*).
 - Canterbury Estates on Route 22 (*38 townhomes in within 9 buildings*).
 - Wildwood Estates on Honey Lake Road (*24 duplex residents with 12 buildings*).
- **Foreign Outreach.** Over the summer of 2021, the Village hosted a Select Chicago workshop that focused on foreign direct investment. The session included reps of companies from Australia, Poland, Lithuania, and Estonia.
- **Attracted several new businesses to Lake Zurich,** including:
 - Sungor Transportation
 - G2 Revolution
 - Andy's Deli
 - Popeyes
 - La Michoacana
 - All Stars Lake County
 - MVP Sports Academy
 - Milieu Landscaping
 - Journey Cremations
 - Brightway Insurance
 - Every Kind of Beautiful
 - Acosta's Home Furnishings
 - Formula One Cheer
- **Construction Permits.** Despite the economic and supply chain challenges related to the COVID-19 pandemic, the Village issued 1,435 construction permits in 2021, just below 2020 when the Village issued 1,506 permits.
- **Attracting Growth Industries.** Successfully attracted Lake Zurich's first dispensary, Justice Cannabis, to locate at the former TGIF building on Rand Road. The company will be renovating the building into one of its flagship retail locations in Illinois (held up by lawsuits at the State level – not related to Justice).
- **Streambank Stabilization Efforts.** The Village partnered with the Lake County Storm Water Management Commission for streambank stabilization efforts in the Coventry Creek and Cedar Creek subdivisions and shoreline restorations along the Paulus Park shore.

- **Double the Trees.** Doubled investment in suburban forest canopy to \$100,000 and 456 parkway trees for 2022.
- **Expanded Recycling.** Launched new styrofoam recycling program in partnership with the American Legion, providing residents with another option to dispose of a material that typically ends up in nearby landfills.
- **Curbside E-Waste Event.** Lake Zurich's first ever curbside e-waste collection event occurred in July 2021. This is part of the Village's new agreement with Prairieland Disposal / LRS. A total of 28 pallets full of old electronics were collected. Each pallet weighs about 200 pounds, so between 2 – 3 tons of e-waste was collected in this new convenient way to dispose of e-waste.
- **Eco-Friendly Snow Plowing.** Added anti-icing and pre-wet controls to all snow plow vehicles to reduce road salt usage and phosphate deposits.
- **Settled Two Union Contracts.** Renegotiated the collective bargaining agreements with FOP Dispatch for 2022-2044 contract and IAFF for 2021-2024 contract. Locked in three years of COLA's with Dispatch at 2.5% each year. Locked in four years of COLA's with Fire at 2.5% each year.
- **Governor's Hometown Award.** During 2021, the Village received the Governor's Hometown Award for the transformation of Kuechmann Arboretum over the last several years, including the improved walking trails, benches, dedicated signage, and nature playscape. This Hometown Award is proudly displayed on Rand Road.
- **Barn Rehab.** Finished renovations at the Paulus Park Barn and completed the return of operations to the Barn after the 2019 structure fire, followed by the restoration of the popular skate park.
- **Attracted Several New Employees to the Team.** Throughout the pandemic, talent acquisition efforts were challenging, but the Village still managed to hire more than 60 part-time and full-time individuals (most of these are seasonal parks staff). During a time where local governments nationwide have experienced recruitment and hiring struggles, the Village has continued to attract, hire, and train highly qualified individuals.

This includes new Fire Chief David Pilgard, who was appointed as Chief in July 2021 after 33 years of service with the Lake Zurich fire service, and new Finance Director Amy Sparkowski, who was appointed as Director in August 2021.

- **National Incident Based Reporting.** The Lake Zurich Police Department was one of the first agencies in the region to successfully transition from the Illinois Uniform Crime Reporting (IUCR) Program to the National Incident-Based Reporting System (NIBRS).
- **Staying Prepared - Incident Command System.** The Village of Lake Zurich Office of Emergency Management Staff Team used the Incident Command System (ICS) to develop Incident Action Plans (IAPs) for significant events that could occur in the community. In addition to

enhancing the readiness of the village, the foundation was laid to continue to use the ICS by more personnel thus increasing the preparedness to respond to significant and critical incidents.

- **Parks and Recreation Events Returned.** The Village offered COVID-friendly events for the community, such as the drive-thru Bunny event and various social media contests in Spring 2021 and the return to in-person community events in Summer 2021. The Village welcomed four new event partners this year with Phase 3's Bushel of Apples Fest, All Community Event's Jack O' Lantern World, Food Truck Socials at the Promenade and the new Unplugged Fest.

An expanded internal event line-up included a community clothing drive and Groove Grove Friday's at the Promenade. Food Truck Socials and Groove Grove operated from the Block A / Promenade property to increase exposure and use of the site and bring more community members to enjoy Main Street.

- **NCS #4 – Reaffirming our Direction.** In summer 2021, the Village completed its 4th National Community Survey, a statistically-valid survey conducted by the National Research Center.
 - Results show about 9 in 10 residents give “excellent or good” ratings to the overall quality of life in Lake Zurich and as a place to raise children.
 - 75% were pleased with the overall quality of services provided by the Village, public information services, and the job Village government does with treating residents with respect.
 - Ratings that increased since 2019 include customer service, the value of services for taxes paid, overall direction and being honest.
- **Promoting Transparent Government.** Continued to promote the availability of live broadcasts of Village public meetings and information through the Village website, Benchmarks, and Facebook.
- **Meeting People Where They Are.** Engaged discussions with residents in the community continued at various venues, including neighborhood block parties and the ongoing monthly Coffee with the Mayor events at the Koffee Kup.

Some of the more significant initiatives planned for the 2022 fiscal year are as follows:

. Goal #1 – Financial Sustainability

- **Contain Engineering Expenses.** Review and update engineering and site design fee structure to ensure cost coverage and market comparability.
- **County-Wide RMS Consortium.** Monitor and guide where possible the county-wide records management effort launching through the Sheriff's Office. Analyze costs savings available to the Village from migrating members of the Lake Zurich RMS consortium to the new county-wide effort.

- **Long-Term Perspective.** Update the award-winning 20-year Community Investment Plan and budget guide for priority capital projects in future years.
- **Financial Forecasts.** Update 5-year financial forecasts for all Village funds, including extended COVID-impacted scenarios.
- **Storm Water Management.** Explore possible options for sustainable storm water management infrastructure investment.
- **Pension Obligations.** Continue to fund public safety pension obligations to meet 100% funding goal by 2040.

Goal #2 – Community and Economic Development

- **Economic Development Plans and Marketing Strategy.** Develop strategies to advance current economic development efforts with a more encompassing and comprehensive methodology, including a comprehensive marketing plan to promote the Main Street District, recruit retail and commercial businesses to the Route 12 and 22 corridors, attract new residents, and promote community pride and events.
- **Grow the Industrial / Manufacturing Tax Base.** Prepare database of remaining parcels in the industrial park and partner with owners and industrial brokers to facilitate industrial development. Use the information contained in the database to more rapidly respond to inquiries from the Illinois Department of Commerce and Economic Opportunity seeking location and site data for manufacturers considering expanding or relocating to Illinois.
- **Business Retention Program.** Implement business retention program, including survey of current and post-COVID needs of the Lake Zurich business community and develop a library for business-oriented resources. Once distributed and results analyzed, a retention program can be developed based on survey data from the business community.
- **Apply for Capital Grants.** Rebuild Downtowns & Main Streets Capital Grant program, which awards up to \$3 million for downtown redevelopment efforts throughout the State, is in process, with an early 2022 application deadline.
- **Complete Ongoing Developments.** Facilitate the completion of the ongoing developments started in 2021, including Life Time, Avery Ridge, Wildwood Estates, Canterbury Townes, Sanctuary of Lake Zurich, and Vault 232.
- **Grow Village Boundaries.** Facilitate the annexation and expansion of Heritage Christian Church on Quentin Road into the municipal boundaries of Lake Zurich.

- **Implement Updated Comprehensive Plan.** Implement Comprehensive Plan recommendations for updates to the Village's zoning and land development codes following the recommendations of the Strategic Plan.
- **Continue Successful Block A Reuse.** Continue to enhance the Block A property as usable public gathering space with current available resources, while planning for permanent private sector development.

Goal #3 – Infrastructure Investment

- **Focus on Main Street District.** Complete \$1.7M in water, sewer and road improvements on South Old Rand Road; provide parking enhancement on North Old Rand Road, and complete design for West Main Street infrastructure, to support Main Street area redevelopment opportunities.
- **Alternative Water Source Study.** Complete the Alternative Water Source Study, expected during the first quarter of 2022. Begin implementation of action steps to secure, finance and construct long-term investments in the Village's existing well facilities, or take next steps for transition to a Lake Michigan source.
- **Upgrading Fire Station.** Replace the 25-year-old industrial-personal protective equipment washing machine at fire station 1. Replace/upgrade the 20-year-old vehicle exhaust system at fire station 1.
- **New Public Safety Equipment.** Place in service the new fire engine ordered in 2021. Order and place in service a new ambulance. Order and place in service a new set of extrication equipment.
- **Maintain Annual Road Investment.** Invest a minimum of \$2 million in ongoing road resurfacing program.
- **Accelerate Tree Replacement.** Double the annual investment to \$100,000 for parkway trees to enhance the suburban forest canopy.
- **Resurfacing at Village properties.** Reinvest in and reduce liability risks of the parking lots at Village Hall and Buffalo Creek, and the tennis and basketball courts at Sonoma Park.
- **Prevent Sewer Collapses.** Implement year 5 of a multi-year sewer lining program to minimize future sewer collapses.
- **Enhance Paulus Park.** Finalize all projects associated with the \$400,000 IDNR OSLAD grant such as the ADA non-motorized craft launch, fishing pier, shoreline restoration and stage. Replace aging Chalet building deck.

- **Improve Village Walkability.** Identify routes for future trail improvements for walking and biking.

Goal #4 – Service Sustainability

- **Keep Service Levels High.** Maintain public safety and public works service levels (response times, customer service, etc.) within current fiscal constraints.
- **Planning for Next Gen Employees.** Continue to monitor and adjust retirement and succession plans for police, fire, and public works departments to accommodate the numerous retirements of long-term employees expected in the near future.
- **Adjust to New Public Safety Laws.** Continue to meet the implementation deadlines for new laws and training requirements, specifically those found in the Illinois SAFE-T Act.
- **SCADA Communications** - Integrate updated communications for the SCADA (Supervisory Control and Data Acquisition) systems between remote municipal facilities.
- **Software Application Refresh** – Two key software system are being sunset by the vendor and need to be replaced while maintaining legacy transactions. Firehouse, an application used by the Fire Department, will migrate to ESO during 2022. Webtrac and Rectrac used by the Recreation Department will migrate to a new application server-based environment near the end of 2022.
- **Invoice Cloud** – Self-service, pay-your-way options and online invoice review for water billing was kicked off in late 2021 and will be made available to the public during the Q1 of 2022.
- **Regional Collaboration and Cost-Sharing.** Work with regional public safety partners in preparation for regional Computer-Aided Dispatch (CAD), and police Records Management Systems (RMS).
- **Software We Depend On.** Replace the current fire department Records Management System for National Fire Incident Reporting due to the end-of-life for Fire House software. Transition from current, unsupported Rectrac 10.3 software to its new platform, Rectrac 3.1.
- **Strategic Plan Update.** Adopt an updated Village Strategic Plan for 2022 and Beyond.
- **Expand Public Safety Recruitment Outreach.** Expand efforts to recruit a broad pool of candidates for public safety positions. 2022 is a testing year for the police and fire departments, at a time when area departments are experiencing decreases in candidate pools.
- **Emergency Management Updates.** The Village Emergency Operations Plan will be reviewed and updated to current Incident Command and Emergency Management practices.

Goal #5 – Civic Engagement

- **Village Website.** Reorganize and refresh community information throughout the Village website to showcase Lake Zurich under the working title: *We Are Lake Zurich*.
- **Non-Cash Transactions at Events.** The use of credit cards at Village events continues to increase at events calling for an upgraded data communications system to reduce wait times.
- **Special Events.** Continue offering community-wide events that bring together residents and guests in fun, safe settings.
- **Keep Government Accessible.** Continue availability of live online broadcasts of Village public meetings and information available through the Village website, Benchmarks and social media platforms.
- **Meeting Residents Where They Are.** Continue monthly Coffee with the Mayor and similar events as conditions warrant. When safe to proceed, encourage neighborhood block parties with village officials, police and fire to foster civically engaged residents. Continue hosting special events to enhance social capital and quality of life.

Acknowledgements

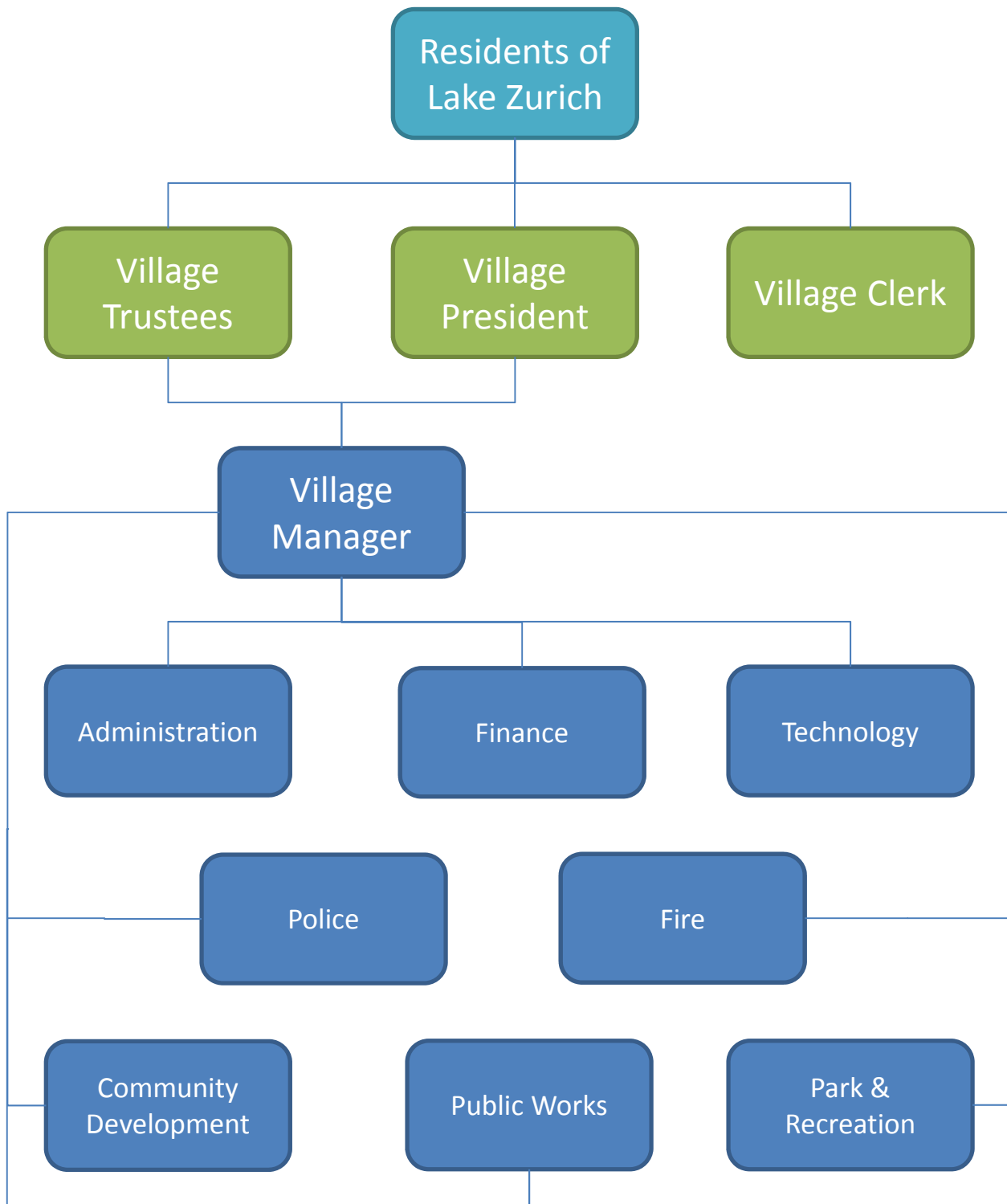
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. The Village President and Village Board of Trustees must be acknowledged and thanked for setting the highest standards of professionalism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

Respectfully submitted,

Ray Keller
Ray Keller
Village Manager

Amy Sparkowski
Amy Sparkowski
Director of Finance/
Village Treasurer

Village of Lake Zurich Organization Chart



VILLAGE OF LAKE ZURICH, ILLINOIS
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2021

VILLAGE BOARD OF TRUSTEES

Tom Poynton, Mayor

Dan Bobrowski

Mary Beth Euker

Marc Spacone

Janice Gannon

Jonathan Sprawka

Greg Weider

Kathleen Johnson, Village Clerk

Ray Keller, Village Manager

Amy Sparkowski, Finance Director/Treasurer

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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 (the Village), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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 as of December 31, 2021 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that rise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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'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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2022 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
July 13, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

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, 2021. 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 and deferred outflows of the Village exceeded liabilities and deferred inflows by \$110 million.
- Total net position of the Village increased \$14.8 million.
- Combined revenues totaled \$48.5 million, a 9.8% increase.
- Overall expenses totaled \$33.7 million, a 8.2% decrease.

GENERAL FUND:

- Fund balance increased by \$909k.
- Total fund balance at the end of the year was \$13.0 million, of which \$1.7 million was non-spendable as advances to other funds, inventory and prepaid expenditures.
- Cash and investments totaled \$9.6 million.

BUSINESS-TYPE ACTIVITIES (Water and Sewer Fund)

- Net position increased \$2.9 million, mainly due to an increase in revenues.
- Total net position at the end of the year was \$49.0 million, of which \$39.0 million was invested in capital assets, \$1.1 million was restricted for employee retirement, and \$8.9 million was unrestricted funds.
- Working capital of the fund increased from \$6.9 million to \$8.8 million.

LONG-TERM DEBT

- Total long-term debt decreased \$4.4 million to \$67.2 million outstanding as of December 31, 2021. Included in this figure is a \$3.0 million decrease to net pension liability.
- Bonded debt alone decreased \$1.4 million to \$21.8 million outstanding as of December 31, 2021.

CAPITAL ASSETS

- Total capital assets, net of accumulated depreciation, increased \$411k to \$130.6 million.
- Capital assets for governmental activities, net of accumulated depreciation, increased \$109k to \$86.0 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.

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

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 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 4-5 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 thirteen 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.

VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

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.

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.

Data from the other seven (7) 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 6 through 13 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 14 through 17 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 eight (8) fiduciary funds – the Police Pension Fund, the Firefighters Pension Fund, and six (6) Custodial Fund for Special Service Areas. Like proprietary funds, fiduciary funds are accounted for on a full accrual basis. The basic fiduciary fund statements can be found on pages 19 and 20 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 21 through 64 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 65 through 85.

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,

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

December 31, 2021

provided it is within the same department and fund. No transfers were authorized by the Budget Officer 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, 2021 totaled \$110 million and consisted of net position from both governmental activities and business-type activities of \$61 million and \$49 million respectively. Following is a table that shows total net position of the Village as of December 31, 2021 with a comparison to the preceding fiscal year.

Statement of Net Position
As of December 31, 2020 and 2021

	Governmental Activities		Business-type Activities		Total Village Wide	
Category	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current and other assets	\$ 59,018,382	\$ 47,617,058	\$ 13,483,662	\$ 9,617,716	\$ 72,502,044	\$ 57,234,774
Capital assets	86,028,829	85,919,640	44,594,077	45,114,261	130,622,906	\$131,033,901
Total assets	145,047,211	133,536,698	58,077,739	54,731,977	203,124,950	\$188,268,675
Deferred Outflows	7,692,843	7,951,927	118,305	69,896	7,811,148	\$ 8,021,823
Total assets & deferred outflows	152,740,054	141,488,625	58,196,044	54,801,873	210,936,098	196,290,498
Current and other liabilities	6,286,633	4,561,238	2,966,786	1,902,092	9,253,419	6,463,330
Long-term liabilities	59,393,237	63,832,134	5,006,628	5,943,689	64,399,865	69,775,823
Total liabilities	65,679,870	68,393,372	7,973,414	7,845,781	73,653,284	76,239,153
Deferred Inflows	26,026,045	23,984,578	1,174,306	795,101	27,200,351	24,779,679
Total liabilities and deferred inflows	91,705,915	92,377,950	9,147,720	8,640,882	100,853,635	101,018,832
Net position:						
Net invest capital assets	86,028,829	85,919,640	39,003,754	38,573,695	125,032,583	124,493,335
Restricted	16,840,573	10,948,697	1,096,080	-	17,936,653	10,948,697
Unrestricted	(41,835,263)	(47,757,662)	8,948,490	7,587,296	(32,886,773)	(40,170,366)
Total net position	\$ 61,034,139	\$ 49,110,675	\$ 49,048,324	\$ 46,160,991	\$110,082,463	\$ 95,271,666

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, 2021, capital assets net of related debt totaled \$125 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 increased by \$11.9 million. 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 \$909k.

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

December 31, 2021

Cash and investments for governmental activities increased \$6.8 million. Total assets and deferred outflows for the governmental activities increased \$11.3 million to \$152.7 million. This is attributable to the increase in cash and investments. Total liabilities and deferred inflows decreased slightly from \$92.4 million to \$91.7 million.

For the business-type activities, total net position increased by \$2.9 million. This is mainly due to an increase in operating revenues.

During the current fiscal year, total net position of the Village increased by \$14.8 million compared to a \$8.4 million increase in 2020. 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 2021 fiscal year:

Change in Net Position For the Fiscal Years Ended December 31, 2020 and 2021						
	Governmental Activities		Business-type Activities		Total Village Wide	
Category	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 11,246,919	\$ 9,430,920	\$ 7,848,540	\$ 7,395,537	\$ 19,095,459	\$ 16,826,457
Operating grants	810,422	1,788,515	-	-	810,422	1,788,515
Capital grants	648,180	468,874	-	-	648,180	468,874
General revenues:						
Taxes	13,388,750	12,798,403	-	-	13,388,750	12,798,403
Intergovernmental	13,446,255	11,558,871	-	-	13,446,255	11,558,871
Investment earnings	(14,708)	183,374	(1,707)	55,823	(16,415)	239,197
Other	1,136,646	496,973	849	6,946	1,137,495	503,919
Total revenues	40,662,464	36,725,930	7,847,682	7,458,306	48,510,146	44,184,236
Expenses:						
General Government	1,724,549	1,761,391	-	-	1,724,549	1,761,391
Public Safety	18,808,688	21,301,322	-	-	18,808,688	21,301,322
Highways and Streets	5,464,562	5,241,285	-	-	5,464,562	5,241,285
Culture and Recreation	1,236,703	997,789	-	-	1,236,703	997,789
Economic Development	618,979	1,502,578	-	-	618,979	1,502,578
Interest on long-term debt	885,519	946,072	-	-	885,519	946,072
Water/Sewer	-	-	4,960,349	4,962,077	4,960,349	4,962,077
Total expenses	28,739,000	31,750,437	4,960,349	4,962,077	33,699,349	36,712,514
Change in Net Position	11,923,464	4,975,493	2,887,333	2,496,229	14,810,797	7,471,722
Beginning net position	49,110,675	43,215,568	46,160,991	43,664,762	95,271,666	86,880,330
Adjustment for GASB 84	-	919,614	-	-	-	919,614
Ending net position	61,034,139	49,110,675	49,048,324	46,160,991	110,082,463	95,271,666

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

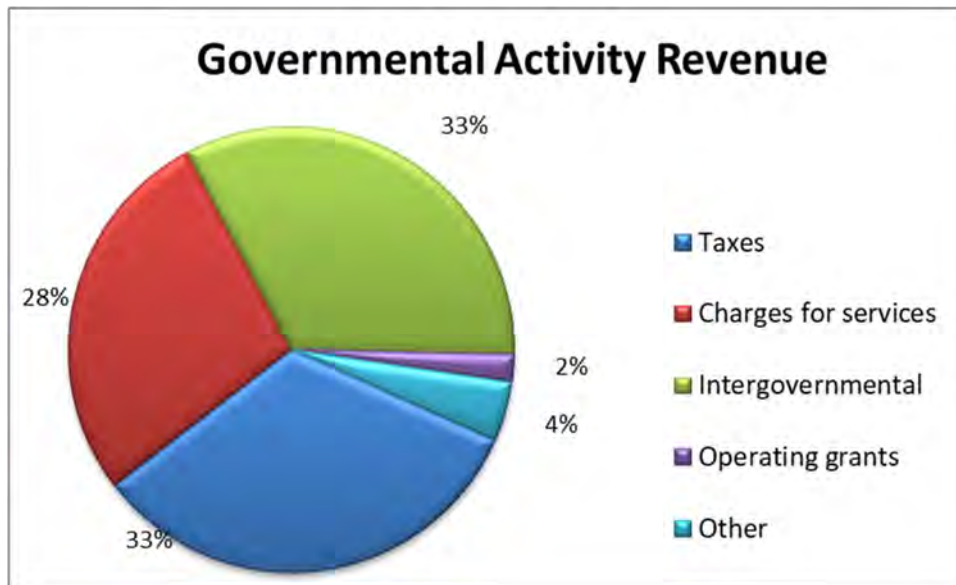
December 31, 2021

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 2021, governmental program expenses of \$28.7 million exceeded program revenues of \$12.7 million by \$16.0 million. General revenues of \$28.0 million made up for the deficiency.

Revenues

The following graph indicates the breakdown of 2021 revenues by type.



Total revenues of \$40.7 million were higher than last year by \$3.9 million (10.7%). No new major revenue sources were implemented. The increase was spread between charges for services (\$1.8 million), sales tax (\$1.2 million), shared income tax (\$461k), and property taxes (\$336k) as the biggest categories.

Utility taxes have been fluctuating, and ended the year up \$104k (8.5%). The telecommunications tax has been unpredictable in the past few years. Receipts were down 16.1% at \$409k. Receipts have been declining due to changes in how customers receive their phone service, such as free long-distance with most cellular plans.

Sales tax revenues came in at \$9.7 million, an increase of \$1.2 million (14.6%). 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 \$2.6 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 \$461k for the year, an increase of 21.6%.

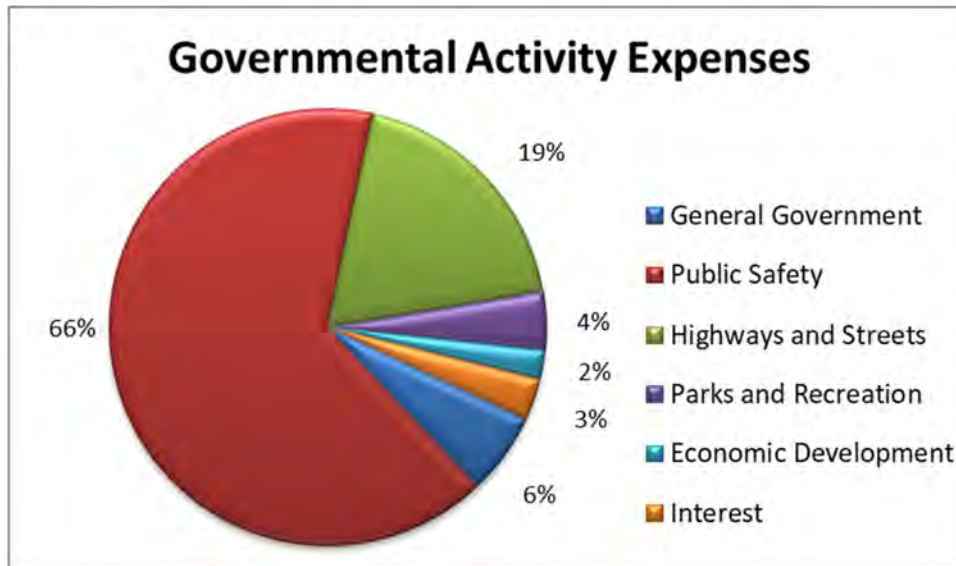
VILLAGE OF LAKE ZURICH MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2021

Charges for Services make up 28% of the Village's governmental revenue. Charges for services increased by \$1.8 million (19.3%), coming in at \$11.2 million. No new charges were implemented; activity levels increased in excess of pre-pandemic levels.

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 decreased by \$3.0 million, or 9.5%. The most significant decreases relate to public safety, which decreased \$1.8 million (8.3%) and economic development which decreased \$862k (57.4%). The decrease in public safety was primarily due to the GASB 68 pension adjustment related to the pension funds' deferred outflows and inflows.

Business Type Activities

For business-type activities, net position increased a total of \$2.9 million. Program revenues of \$7.8 million exceeded program expenses of \$5.0 million. Depreciation of water and sewer fund capital assets is a large portion of the expenses at \$2.0 million (41% of operating expenses).

Revenues associated with business-type activities totaled \$7.8 million, up 6% from the prior year. This increase was largely due to the increased water and sewer connection fees from new residential developments. Business-type expenses remained consistent compared to the prior year. 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, 2021

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, 2021 governmental funds reported combined fund balances of \$32.0 million. Of this amount, \$10.1 million is unrestricted and is available for future obligations. About \$12.8 million is restricted, with \$3.5 million restricted for Tax Increment Financing (TIF), \$3.6 million for capital projects and \$922k 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, 2021, fund balance in the General Fund increased by \$909k from current year activities. Change to fund balance is a combination of revenues of \$31.3 million compared to expenditures of \$27.3 million. Other financing uses of \$3.1 million are also included, representing a transfer of \$2.1 million to the Capital Improvement Fund, \$476k to the Dispatch Services Fund, \$131k to the Special Events Fund and \$400k to the Equipment Replacement Fund. After all activity and adjustments are accounted for, the General Fund has an ending fund balance of \$13.0 million.

OTHER MAJOR FUNDS:

- The TIF Tax Allocation Fund currently has a fund balance of \$35k. This is \$64k higher than the previous year negative fund balance of \$29k. The increase is primarily due to an increase in property taxes. Any fund balance in the TIF Tax Allocation Fund would be restricted entirely for TIF purposes.
- The Debt Service Fund has a positive fund balance of \$922k that is restricted entirely for the payment of future debt service. This is \$21k higher than the previous year, in order to meet the annual short term general obligation refunding bonds that will be paid by the Debt Service Fund.
- The TIF (#1) Debt Service Fund currently has a negative fund balance of \$906k. 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 decreased by \$82k during the year and the long-term advance is at \$1.3 million, unchanged from last year. 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 \$2.6 million to \$7.3 million. The majority of the increase is due to advanced funding from the General Fund for upcoming capital projects. \$240k 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 Downtown TIF Fund #2 increased fund balance by \$211k over the year, due primarily to decreased economic development expenses. Fund balance at year-end of \$3.4 million is restricted entirely for TIF purposes, almost solely land held for resale.

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

December 31, 2021

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, 2021, net position of the proprietary fund totaled \$48.5 million. Cash and investments totaled \$10.8 million, an increase of \$2.9 million (37.8%). Operating revenues increased 1% from the previous year to \$7.2 million. No rate increases to the Lake Zurich portion of water bills took effect during 2021. Completion of the water meter replacement project is providing more accurate consumption records. Gallons billed (476 million gallons) and gallons pumped (583 million gallons) remained fairly consistent with the prior year demonstrating conservation use of water and more accurate billing. Operating expenses (including depreciation) of \$4.9 million were consistent with the previous year. Depreciation increased by \$61k (3%) to \$2.0 million.

Fiduciary Funds

Police and Firefighters' Pension Funds: The Village's two single-employer pension plans experienced growth in the fiscal year ended December 31, 2021. Combined, the funds reported a \$9.8 million increase in plan fiduciary net position. Investment earnings (net of related expenses) posted a combined gain of \$9.2 million between the two funds. Cash and investments totaled \$88.6 million as of December 31st.

Custodial Funds: The Village has six (6) special service area funds. Combined, the funds reported a \$34k increase in net position to \$462k. This increase was primarily due to decreased deductions.

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 through a budget amendment. The revenues and expenditures were monitored closely throughout the year 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 \$3.0 million, with an increase to expenditures and other financing uses of \$3.04 million. The largest revenue increases were to Sales Tax (\$1.4 million), and Income Tax (\$809k). For expenditures, the major decreases were for Engineering and Architectural expenses of (\$106k) and Fuel (\$65k). Additionally, increases were made to transfers out to the Capital Improvement Fund (\$2.1 million) and the Equipment Replacement Fund (\$400k) to help fund several upcoming expensive but necessary capital projects and replacements.

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

December 31, 2021

Change in Fund Balance

General Fund

When the original budget was adopted in December of 2021, a surplus of \$9k was expected for the General Fund. After the budget amendments, the expectation changed to a budget surplus of \$12k. The actual Fund Balance for General Fund, however, shows a surplus at year-end of \$909k. Revenues and other financing sources came in at \$31.3 million for the year, \$566k more than budgeted. Expenditures totaled \$27.3 million, which was \$331k less than budgeted. Overall, expenditures and other financing uses totaled \$30.4 million. The following table summarizes General Fund revenues and expenditures, with a comparison to budget, for the fiscal year ended December 31, 2021.

**General Fund Budgetary Highlights
Fiscal Year Ended December 31, 2021**

	Final Budget	Actual
Revenues & Other Financing Sources		
Taxes	\$ 10,241,440	\$ 10,292,894
Licenses and permits	913,345	917,300
Intergovernmental	16,807,132	17,504,551
Charges for services	2,139,254	2,005,711
Fines and forfeits	481,096	397,506
Other revenue	147,413	178,033
Sub-total revenues	\$ 30,729,680	\$ 31,295,995
Other financing sources	40,978	40,978
Total Revenues and Other Financing Sources	\$ 30,770,658	\$ 31,336,973
Expenditures and Other Financing Uses		
General government	\$ 1,968,664	\$ 1,768,601
Public safety	21,233,018	21,160,981
Highways and streets	3,092,776	3,060,038
Culture and recreation	893,497	886,568
Economic development	473,962	454,622
Sub-total expenditures	\$ 27,661,917	\$ 27,330,810
Other financing uses		
Transfers to Other Funds	3,096,700	3,096,700
Total Expenditures and Other Financing Sources	30,758,617	30,427,510
Change in Fund Balance	\$ 12,041	\$ 909,463

CAPITAL ASSETS

The Village of Lake Zurich's investment in capital assets, net of accumulated depreciation, amounted to \$130.6 million at December 31, 2021. The investment includes land, buildings, improvements, machinery and equipment, vehicles and infrastructure as follows:

	Governmental Activities		Business-type Activities		Total	
	FYE 21	FYE 20	FYE 21	FYE 20	FYE 21	FYE 20
Land and Improvements	\$ 34,959,097	\$35,245,051	\$ 249,652	\$ 249,652	\$ 35,208,749	\$ 35,494,703
Building and Improvements	6,414,577	6,711,452	-	-	6,414,577	6,711,452
Machinery & Equipment	1,372,731	1,528,779	1,447,309	1,413,485	2,820,040	2,942,264
Vehicles	3,156,750	2,889,543	773,569	668,811	3,930,319	3,558,354
Other	578,528	123,419	282,885	282,885	861,413	406,304
Infrastructure	39,547,146	39,421,396	41,840,662	42,499,428	81,387,808	81,920,824
Total	\$ 86,028,829	\$85,919,640	\$ 44,594,077	\$45,114,261	\$ 130,622,906	\$ 131,033,901

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

December 31, 2021

Capital additions for the year totaled \$2.7 million for governmental funds and \$1.5 million for the business-type activities of the water and sewer fund. Additions included the following major projects:

Governmental Funds:

- Land improvements of \$368k, with \$325k on the Paulus Park OSLAD Project and \$43k on tennis court resurfacing.
- Infrastructure improvements of \$1.62 million for the annual road program.
- Vehicles of \$632k, for a new fire engine.

Business-Type Fund:

- Infrastructure improvements of \$1.2 million for the sanitary sewer lining.
- Machinery and Equipment of \$129k, for pump replacements.
- Vehicles of \$183k for a Ford F550 (\$103k), and a sewer rodder (\$80k).

Additional information on the Village's capital assets is presented in the notes to the basic financial statements on pages 38 and 39.

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

December 31, 2021

DEBT ADMINISTRATION

During the fiscal year, bonded debt was decreased by \$1.4 million. Series 2021 was issued for \$1,172,000 on a short-term basis and was repaid before the end of the fiscal year. During the year, there was no additional new debt.

	Governmental Activities		Business-type Activities		Total Village Wide	
	FYE 21	FYE 20	FYE 21	FYE 20	FYE 21	FYE 20
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TIF Alternate Revenue Bonds	19,875,000	21,235,000	-	-	19,875,000	21,235,000
TIF Revenue Bonds	-	-	-	-	-	-
Water Alternate Revenue Bonds	-	-	1,325,000	1,875,000	1,325,000	1,875,000
Bonded Debt Total	19,875,000	21,235,000	1,325,000	1,875,000	21,200,000	23,110,000
IEPA Loan	-	-	1,319,536	1,526,081	1,319,536	1,526,081
Compensated Absences	1,995,589	1,847,043	88,500	98,266	2,084,089	1,945,309
Net Pension Liability	36,184,028	39,164,762	-	-	36,184,028	39,164,762
Capital Lease Obligation	25,377	14,560	2,877,634	3,042,112	2,903,011	3,056,672
Other Postemployment Benefits	3,022,047	3,177,041	260,441	274,753	3,282,488	3,451,794
Other	134,479	170,567	68,152	97,373	202,631	267,940
Total Other LT Debt	41,361,520	44,373,973	4,614,263	5,038,585	45,975,783	49,412,558
Combined LT Debt Total	61,236,520	65,608,973	5,939,263	6,913,585	67,175,783	72,522,558

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 41 through 44.

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 in 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 2022/2023 proposes an increase to the distribution rate formula for the Local Government Distributive Fund (LGDF).
- The Illinois Department of Revenue certified the CPI used for calculating the Village's 2021 Tax Levy to be 1.4%. 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.
- 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.

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

December 31, 2021

- During Spring 2022, the global economy has been strained due to continuing supply-chain bottlenecks; on-going outbreaks of COVID leading to massive shutdowns of regional economies and ports in China; the Russian invasion of Ukraine: the highest consumer inflation in 40 years, especially in food and energy prices; and raising interest rates by the Federal Reserve. The global instability created by these geo-political events has caused wild volatility in global stock markets and bond prices, specifically during the first half of 2022.
- One of the four union contracts is set to December 31, 2022. 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, 2021 the unrestricted fund balance of the General Fund was 36% 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 \$10.8 million at December 31, 2021. The fund also had unrestricted net position of \$8.4 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.

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, 2021. 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

December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 34,348,780	\$ 10,750,161	\$ 45,098,941
Receivables (net):			
Property taxes	11,471,712	-	11,471,712
Accounts	2,099,534	983,631	3,083,165
Internal balances	(595,532)	595,532	-
Due from fiduciary funds	-	2,137	2,137
Due from other governmental units	2,796,037	-	2,796,037
Prepaid items	1,850,039	49,911	1,899,950
Inventories	22,533	6,210	28,743
Land held for resale	3,046,464	-	3,046,464
Net pension asset	3,978,815	1,096,080	5,074,895
Capital assets:			
Capital assets not being depreciated	31,052,079	532,537	31,584,616
Capital assets net of accumulated depreciation	54,976,750	44,061,540	99,038,290
Total assets	<u>145,047,211</u>	<u>58,077,739</u>	<u>203,124,950</u>
Deferred Outflows of Resources			
Pension related amounts	5,294,157	86,080	5,380,237
Unamortized loss on refunding	2,024,756	-	2,024,756
OPEB related amounts	373,930	32,225	406,155
Total deferred outflows of resources	<u>7,692,843</u>	<u>118,305</u>	<u>7,811,148</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable	1,182,729	1,956,967	3,139,696
Accrued payroll	620,321	50,953	671,274
Deposits payable	475,985	-	475,985
Other payables	240,259	-	240,259
Accrued interest payable	84,305	26,231	110,536
Unearned revenues	1,839,751	-	1,839,751
Noncurrent liabilities:			
Due within one year	1,843,283	932,635	2,775,918
Due in more than one year	59,393,237	5,006,628	64,399,865
Total liabilities	<u>65,679,870</u>	<u>7,973,414</u>	<u>73,653,284</u>
Deferred Inflows of Resources			
Property taxes levied for future periods	11,299,134	-	11,299,134
Pension related amounts	14,240,338	1,132,373	15,372,711
OPEB related amounts	486,573	41,933	528,506
Total deferred inflows of resources	<u>26,026,045</u>	<u>1,174,306</u>	<u>27,200,351</u>
Net Position			
Net investment in capital assets	86,028,829	39,003,754	125,032,583
Restricted for:			
Special recreation	71,987	-	71,987
Public safety	352,563	-	352,563
TIF	3,457,012	-	3,457,012
Debt service	921,761	-	921,761
Noise mitigation	239,530	-	239,530
Capital projects	3,572,887	-	3,572,887
Highways and streets	3,779,300	-	3,779,300
Tourism	374,975	-	374,975
PEG fees	91,743	-	91,743
Employee retirement	3,978,815	1,096,080	5,074,895
Unrestricted	(41,835,263)	8,948,490	(32,886,773)
Total net position	<u>\$ 61,034,139</u>	<u>\$ 49,048,324</u>	<u>\$ 110,082,463</u>

See notes to financial statements

Village of Lake Zurich

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 1,724,549	\$ 944,651	\$ 14,734	\$ -	\$ (765,164)	\$ -	\$ (765,164)
Public safety	18,808,688	9,213,468	-	-	(9,595,220)	-	(9,595,220)
Highways and streets	5,464,562	55,038	795,688	448,180	(4,165,656)	-	(4,165,656)
Culture and recreation	1,236,703	1,033,762	-	200,000	(2,941)	-	(2,941)
Economic development	618,979	-	-	-	(618,979)	-	(618,979)
Interest and fiscal charges	885,519	-	-	-	(885,519)	-	(885,519)
Total governmental activities	28,739,000	11,246,919	810,422	648,180	(16,033,479)	-	(16,033,479)
Business-type activities:							
Waterworks and sewerage	4,960,349	7,848,540	-	-	-	2,888,191	2,888,191
Total business-type activities	4,960,349	7,848,540	-	-	-	2,888,191	2,888,191
Total	\$ 33,699,349	\$ 19,095,459	\$ 810,422	\$ 648,180	(16,033,479)	2,888,191	(13,145,288)
General Revenues							
Taxes							
Property taxes					11,170,535	-	11,170,535
Utility taxes					1,321,613	-	1,321,613
Telecommunications taxes					408,996	-	408,996
Other taxes					487,606	-	487,606
Intergovernmental, unrestricted							
Replacement					110,952	-	110,952
Sales taxes					9,722,198	-	9,722,198
Local use					754,627	-	754,627
Shared income tax					2,594,046	-	2,594,046
Intergovernmental revenues					264,432	-	264,432
Special events					99,860	-	99,860
Investment income					(14,708)	(1,707)	(16,415)
Miscellaneous					756,127	849	756,976
Other					280,659	-	280,659
Total general revenues					27,956,943	(858)	27,956,085
Change in net position					11,923,464	2,887,333	14,810,797
Net Position, Beginning					49,110,675	46,160,991	95,271,666
Net Position, Ending					\$ 61,034,139	\$ 49,048,324	\$ 110,082,463

See notes to financial statements

Village of Lake Zurich

Balance Sheet
Governmental Funds
December 31, 2021

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Assets				
Cash and investments	\$ 9,575,883	\$ 182,914	\$ 473,240	\$ 890,512
Receivables:				
Property taxes receivable	8,442,765	1,428,825	297,793	1,246,249
Accounts receivable	1,131,457	-	65,625	-
Due from other funds	754	-	-	-
Advances to other funds	1,525,000	-	-	-
Due from other governments	2,796,037	-	-	-
Prepaid items	144,722	-	-	-
Inventories	22,533	-	-	-
Land held for resale	-	-	3,046,464	-
	<u>-</u>	<u>-</u>	<u>3,046,464</u>	<u>-</u>
Total assets	<u>\$ 23,639,151</u>	<u>\$ 1,611,739</u>	<u>\$ 3,883,122</u>	<u>\$ 2,136,761</u>

See notes to financial statements

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 393,899	\$ 8,703,647	\$ 7,809,361	\$ 28,029,456
-	-	56,080	11,471,712
-	11,666	879,753	2,088,501
-	-	80	834
-	-	100,000	1,625,000
-	-	-	2,796,037
-	-	8,308	153,030
-	-	-	22,533
-	-	-	3,046,464
<u>\$ 393,899</u>	<u>\$ 8,715,313</u>	<u>\$ 8,853,582</u>	<u>\$ 49,233,567</u>

See notes to financial statements

Village of Lake Zurich

Balance Sheet
Governmental Funds
December 31, 2021

	<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	\$ 732,060	\$ -	\$ 43,365	\$ -
Accrued wages	561,464	-	-	-
Other liabilities	160,898	-	65,000	-
Due to other funds	80	-	-	-
Advances from other funds	-	185,000	100,000	-
Unearned revenues	374,616	-	2,500	-
Deposits	<u>475,985</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,305,103</u>	<u>185,000</u>	<u>210,865</u>	<u>-</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	<u>8,344,848</u>	<u>1,391,886</u>	<u>291,320</u>	<u>1,215,000</u>
Total deferred inflows of resources	<u>8,344,848</u>	<u>1,391,886</u>	<u>291,320</u>	<u>1,215,000</u>
Fund Balances (Deficit)				
Nonspendable for prepaid items	144,722	-	-	-
Nonspendable for inventory	22,533	-	-	-
Nonspendable for advances to other funds	1,525,000	-	-	-
Restricted for special recreation	71,987	-	-	-
Restricted for public safety	154,753	-	-	-
Restricted for TIF	-	34,853	3,380,937	-
Restricted for debt service	-	-	-	921,761
Restricted for noise mitigation	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for highways and streets	-	-	-	-
Restricted for tourism	-	-	-	-
Restricted for PEG	91,743	-	-	-
Assigned to capital project funds	-	-	-	-
Assigned to special events	-	-	-	-
Assigned to dispatch services	-	-	-	-
Assigned to special projects	11,015	-	-	-
Unassigned	<u>10,967,447</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>12,989,200</u>	<u>34,853</u>	<u>3,380,937</u>	<u>921,761</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 23,639,151</u>	<u>\$ 1,611,739</u>	<u>\$ 3,883,122</u>	<u>\$ 2,136,761</u>

See notes to financial statements

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ 80,400	\$ 304,008	\$ 1,159,833
-	-	53,331	614,795
-	-	14,361	240,259
-	-	754	834
1,300,000	-	40,000	1,625,000
-	1,352,477	110,158	1,839,751
-	-	-	475,985
<u>1,300,000</u>	<u>1,432,877</u>	<u>522,612</u>	<u>5,956,457</u>
-	-	56,080	11,299,134
-	-	56,080	11,299,134
-	-	8,308	153,030
-	-	-	22,533
-	-	-	1,525,000
-	-	-	71,987
-	-	197,810	352,563
-	-	41,222	3,457,012
-	-	-	921,761
-	239,530	-	239,530
-	-	3,572,887	3,572,887
-	-	3,779,300	3,779,300
-	-	374,975	374,975
-	-	-	91,743
-	7,042,906	-	7,042,906
-	-	145,457	145,457
-	-	154,931	154,931
-	-	-	11,015
<u>(906,101)</u>	<u>-</u>	<u>-</u>	<u>10,061,346</u>
<u>(906,101)</u>	<u>7,282,436</u>	<u>8,274,890</u>	<u>31,977,976</u>
<u>\$ 393,899</u>	<u>\$ 8,715,313</u>	<u>\$ 8,853,582</u>	<u>\$ 49,233,567</u>

See notes to financial statements

Village of Lake Zurich

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

Total Fund Balances, Governmental Funds	\$ 31,977,976
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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.	86,028,829
Less internal service fund portion	(3,872,200)
The loss on refunding of bonds is capitalized and amortized over the life of the bonds on the statement of net position.	2,024,756
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	5,294,157
Deferred outflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	373,930
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(14,240,338)
Deferred inflows of resources related to OPEB do not relate to current financial resources and are not reported in the governmental funds.	(486,573)
Internal service funds are reported in the statement of net position as governmental activities.	11,275,612
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	3,978,815
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	(19,875,000)
Capital lease payable	(25,377)
Compensated absences	(1,995,589)
Accrued interest	(84,305)
Unamortized debt discount	(134,479)
Net pension liability	(36,184,028)
Total OPEB liability	<u>(3,022,047)</u>

Net Position of Governmental Activities	<u>\$ 61,034,139</u>
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Village of Lake Zurich

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2021

	<u>General Fund</u>	<u>TIF Tax Allocation</u>	<u>Downtown TIF #2</u>	<u>Debt Service</u>
Revenues				
Taxes	\$ 10,292,894	\$ 1,394,675	\$ 291,904	\$ 1,210,911
Licenses and permits	917,300	-	-	-
Intergovernmental	17,504,551	-	-	-
Charges for services	2,005,711	-	-	-
Fines, forfeitures and penalties	397,506	-	-	-
Special events	-	-	-	-
Investment income	(17,548)	339	247	769
Miscellaneous revenues	<u>195,581</u>	<u>-</u>	<u>29,000</u>	<u>-</u>
Total revenues	<u>31,295,995</u>	<u>1,395,014</u>	<u>321,151</u>	<u>1,211,680</u>
Expenditures				
Current:				
General government	1,768,601	-	-	-
Public safety	21,160,981	-	-	-
Highways and streets	3,060,038	-	-	-
Culture and recreation	886,568	-	-	-
Economic development	454,622	545,854	109,875	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,557</u>
Total expenditures	<u>27,330,810</u>	<u>545,854</u>	<u>109,875</u>	<u>18,557</u>
Excess (deficiency) of revenues over expenditures	<u>3,965,185</u>	<u>849,160</u>	<u>211,276</u>	<u>1,193,123</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(3,096,700)	(785,000)	-	(1,172,000)
Proceeds from sales of capital assets	<u>40,978</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,055,722)</u>	<u>(785,000)</u>	<u>-</u>	<u>(1,172,000)</u>
Net change in fund balances	909,463	64,160	211,276	21,123
Fund Balances (Deficit), Beginning	<u>12,079,737</u>	<u>(29,307)</u>	<u>3,169,661</u>	<u>900,638</u>
Fund Balances (Deficit), Ending	<u>\$ 12,989,200</u>	<u>\$ 34,853</u>	<u>\$ 3,380,937</u>	<u>\$ 921,761</u>

See notes to financial statements

<u>TIF Debt Service</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 2,624,360	\$ 15,814,744
-	-	-	917,300
-	200,000	1,426,253	19,130,804
-	250,617	935,027	3,191,355
-	-	-	397,506
-	-	99,454	99,454
(692)	(6,087)	4,326	(18,646)
<u>-</u>	<u>572,678</u>	<u>-</u>	<u>797,259</u>
<u>(692)</u>	<u>1,017,208</u>	<u>5,089,420</u>	<u>40,329,776</u>
-	-	16,842	1,785,443
-	-	1,556,343	22,717,324
-	-	2,391,788	5,451,826
-	-	265,033	1,151,601
-	-	526	1,110,877
-	482,789	-	482,789
1,360,000	-	-	1,360,000
<u>678,526</u>	<u>-</u>	<u>-</u>	<u>697,083</u>
<u>2,038,526</u>	<u>482,789</u>	<u>4,230,532</u>	<u>34,756,943</u>
<u>(2,039,218)</u>	<u>534,419</u>	<u>858,888</u>	<u>5,572,833</u>
1,957,000	2,090,000	680,558	4,727,558
-	-	(73,858)	(5,127,558)
<u>-</u>	<u>-</u>	<u>-</u>	<u>40,978</u>
<u>1,957,000</u>	<u>2,090,000</u>	<u>606,700</u>	<u>(359,022)</u>
(82,218)	2,624,419	1,465,588	5,213,811
<u>(823,883)</u>	<u>4,658,017</u>	<u>6,809,302</u>	<u>26,764,165</u>
<u>\$ (906,101)</u>	<u>\$ 7,282,436</u>	<u>\$ 8,274,890</u>	<u>\$ 31,977,976</u>

See 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
Year Ended December 31, 2021

Net Change in Fund Balances, Total Governmental Funds	\$ 5,213,811
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of 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.	2,745,375
Less internal service funds	(254,847)
Depreciation is reported in the government-wide financial statements	(2,636,186)

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.

Debt issued	(17,695)
Principal repaid	1,366,878

Governmental funds report debt premiums and discounts as other financing sources or uses. 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	36,088
Amortization of loss on refunding	(230,081)

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	(148,546)
Accrued interest on debt	5,558
Net pension asset/liability	5,892,808
Net OPEB liability	154,994
Deferred outflows of resources related to pensions	24,071
Deferred outflows of resources related to OPEB	(53,074)
Deferred inflows of resources related to pensions	(1,558,870)
Deferred inflows of resources related to OPEB	(6,402)

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

<u>1,389,582</u>

Change in Net Position of Governmental Activities	<u>\$ 11,923,464</u>
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Village of Lake Zurich

Statement of Net Position
Proprietary Funds
December 31, 2021

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Assets		
Current assets:		
Cash and investments	\$ 10,750,161	\$ 6,319,324
Accounts receivable	983,631	11,033
Due from fiduciary funds	2,137	-
Prepaid items	49,911	1,697,009
Inventories	<u>6,210</u>	<u>-</u>
Total current assets	<u>11,792,050</u>	<u>8,027,366</u>
Noncurrent assets:		
Capital assets:		
Capital assets not being depreciated	532,537	-
Property and equipment	86,176,949	5,608,098
Less accumulated depreciation	(42,115,409)	(1,735,898)
Other assets:		
Net pension asset	<u>1,096,080</u>	<u>-</u>
Total noncurrent assets	<u>45,690,157</u>	<u>3,872,200</u>
Total assets	<u>57,482,207</u>	<u>11,899,566</u>
Deferred Outflows of Resources		
Pension related amounts	86,080	-
OPEB related amount	<u>32,225</u>	<u>-</u>
Total deferred outflows of resources	<u>118,305</u>	<u>-</u>

See notes to financial statements

Village of Lake Zurich

Statement of Net Position
Proprietary Funds
December 31, 2021

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 1,956,967	\$ 22,896
Accrued wages	50,953	5,526
Accrued interest	26,231	-
Compensated absences	17,700	-
Unamortized bond premium	29,220	-
IEPA loan payable	211,741	-
Capital lease obligation	168,974	-
Alternative revenue bonds payable	<u>505,000</u>	<u>-</u>
Total current liabilities	<u>2,966,786</u>	<u>28,422</u>
Noncurrent liabilities:		
Long-term debt:		
Compensated absences	70,800	-
Total other postemployment benefit liability	260,441	-
Unamortized bond premium	38,932	-
IEPA loan payable	1,107,795	-
Capital lease obligation	2,708,660	-
Alternative revenue bonds payable	<u>820,000</u>	<u>-</u>
Total noncurrent liabilities	<u>5,006,628</u>	<u>-</u>
Total liabilities	<u>7,973,414</u>	<u>28,422</u>
Deferred Inflows of Resources		
Pension related amounts	1,132,373	-
OPEB related amounts	<u>41,933</u>	<u>-</u>
Total deferred inflows of resources	<u>1,174,306</u>	<u>-</u>
Net Position		
Net investment in capital assets	39,003,754	3,872,200
Restricted for:		
Employee retirement	1,096,080	-
Unrestricted net position	<u>8,352,958</u>	<u>7,998,944</u>
Total net position	48,452,792	11,871,144
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.	<u>595,532</u>	<u>(595,532)</u>
Net Position Business-Type Activities	<u><u>\$ 49,048,324</u></u>	
Net internal service funds reported in the statement of net position as governmental activities		<u><u>\$ 11,275,612</u></u>

See notes to financial statements

Village of Lake Zurich

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2021

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for services	\$ 7,226,903	\$ -
Contributions	<u>-</u>	<u>4,823,771</u>
Total operating revenues	<u>7,226,903</u>	<u>4,823,771</u>
Operating Expenses		
Administration	246,692	-
Operations	2,643,138	29,477
Insurance and claims	-	3,381,479
Depreciation	<u>1,989,123</u>	<u>377,470</u>
Total operating expenses	<u>4,878,953</u>	<u>3,788,426</u>
Operating income (loss)	<u>2,347,950</u>	<u>1,035,345</u>
Nonoperating Revenues (Expenses)		
Connection fees	621,637	-
Investment income	(1,707)	3,938
Miscellaneous	-	11,926
Gain on sale of capital assets	849	-
Interest and fiscal charges	<u>(143,023)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>477,756</u>	<u>15,864</u>
Income (loss) before transfers	<u>2,825,706</u>	<u>1,051,209</u>
Transfers		
Transfers in	-	600,000
Transfers out	<u>-</u>	<u>(200,000)</u>
Total transfers	<u>-</u>	<u>400,000</u>
Change in net position	2,825,706	1,451,209
Net Position, Beginning	<u>45,627,086</u>	<u>10,419,935</u>
Net Position, Ending	<u>\$ 48,452,792</u>	<u>\$ 11,871,144</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds	<u>61,627</u>	
Change in net position of business-type activities	<u>\$ 2,887,333</u>	

See notes to financial statements

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Waterworks and Sewerage	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities		
Received from customers	\$ 7,175,624	\$ 4,819,448
Paid to suppliers for goods and services	(559,080)	(838,877)
Paid to employees for services	<u>(1,724,521)</u>	<u>(2,971,317)</u>
Net cash flows from operating activities	<u>4,892,023</u>	<u>1,009,254</u>
Cash Flows From Investing Activities		
Investment income	<u>(1,707)</u>	<u>3,938</u>
Net cash flows from investing activities	<u>(1,707)</u>	<u>3,938</u>
Cash Flows From Noncapital Financing Activities		
Receipt of transfer	-	400,000
Miscellaneous	-	10,217
Due to / from other funds	<u>1,750</u>	<u>-</u>
Net cash flows from noncapital financing activities	<u>1,750</u>	<u>410,217</u>
Cash Flows From Capital and Related Financing Activities		
Principal paid	(921,023)	-
Interest paid	(174,797)	-
Connection fees received	621,637	-
Acquisition and construction of capital assets	(1,472,237)	(630,608)
Proceeds from the sale of capital assets	<u>4,145</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(1,942,275)</u>	<u>(630,608)</u>
Net change in cash and cash equivalents	2,949,791	792,801
Cash and Cash Equivalents, Beginning	<u>7,800,370</u>	<u>5,526,523</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 10,750,161</u></u>	<u><u>\$ 6,319,324</u></u>

See notes to financial statements

Village of Lake Zurich

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	<u>Waterworks and Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities		
Operating income (loss)	\$ 2,347,950	\$ 1,035,345
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	1,989,123	377,470
Changes in assets and liabilities:		
Accounts receivable	(51,279)	(4,323)
Prepaid items	862	(388,810)
Inventories	(3,529)	-
Net pension asset	(802,332)	-
Deferred outflows, pension related items	(53,112)	-
Deferred outflows, OPEB related items	4,703	-
Accounts payable	1,102,058	(13,464)
Accrued wages	2,452	3,036
Compensated absences	(9,766)	-
Total OPEB liability	(14,312)	-
Deferred inflows, pension related items	378,798	-
Deferred inflows, OPEB related items	<u>407</u>	<u>-</u>
Net cash flows from operating activities	<u><u>\$ 4,892,023</u></u>	<u><u>\$ 1,009,254</u></u>
Noncash Capital and Related Financing Activities		
None		

See notes to financial statements

Village of Lake Zurich

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	Pension Trust Funds	Custodial Fund - Special Service Areas
Assets		
Cash and investments	\$ 15,963	\$ 465,156
Investments:		
U.S. treasuries	3,579,160	-
U.S. agencies	18,069,690	-
Mutual funds	54,835,587	-
Corporate bonds	5,080,602	-
State and local obligations	4,948,695	-
Money markets	622,201	-
Certificates of deposit	1,207,670	-
Insurance contracts	257,789	-
Receivables:		
Accrued interest	170,694	-
Prepaid items	4,843	-
Total assets	<u>88,792,894</u>	<u>465,156</u>
Liabilities		
Accounts payable	20,493	589
Due to primary government	<u>-</u>	<u>2,137</u>
Total liabilities	<u>20,493</u>	<u>2,726</u>
Net Position		
Restricted for retirement benefits	88,772,401	-
Restricted for special service areas	<u>-</u>	<u>462,430</u>
Total net position	<u><u>\$ 88,772,401</u></u>	<u><u>\$ 462,430</u></u>

See notes to financial statements

Village of Lake Zurich

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2021

	Pension Trust Funds	Custodial Fund - Special Service Areas
Additions		
Contributions		
Employer	\$ 4,518,488	\$ -
Employee	850,821	-
Property tax	-	57,791
Total contributions	<u>5,369,309</u>	<u>57,791</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	5,352,444	-
Interest on investments	<u>3,988,602</u>	-
Total investment income	9,341,046	-
Less investment expense	<u>(173,476)</u>	-
Net investment income	<u>9,167,570</u>	-
Total additions	<u>14,536,879</u>	<u>57,791</u>
Deductions		
Pension payments and refunds	4,605,077	-
Administration	81,919	-
Public works	-	23,682
Total deductions	<u>4,686,996</u>	<u>23,682</u>
Change in fiduciary net position	9,849,883	34,109
Net Position, Beginning	<u>78,922,518</u>	<u>428,321</u>
Net Position, Ending	<u>\$ 88,772,401</u>	<u>\$ 462,430</u>

Village of Lake Zurich

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December 31, 2021

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Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

1. 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).

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.

Fiduciary Component Units

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. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. PPERS is reported as a fiduciary component unit pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. 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. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

Government-Wide and Fund Financial Statements

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 effect of material interfund activity has been eliminated from these statements. Interfund services provided and used are not eliminated from these statements.

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.

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 percent 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 percent test is at least 5 percent 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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

The Village reports the following major funds:

General Fund

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.

Special Revenue Funds

TIF Tax Allocation Fund is 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 is used to account for all restricted revenues and activities associated with improvements within the Tax Increment Financing District.

Debt Service Funds

Debt Service Fund is 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 is 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 Projects Fund

Capital Improvements Fund is 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.

Enterprise Funds

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

Special Revenue Funds are 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

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Capital Projects Fund

Capital Projects Fund is 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.

Non-Home Rule Sales Tax Capital Projects Fund

In addition, the Village reports the following fund types:

Internal Service Funds

Internal Service Funds are 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

Pension Trust Funds

Pension Trust Funds are 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.

Police Pension Fund
Firefighters' Pension Fund

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Special Service Areas Fund accounts for receipts and disbursements related to maintenance within special service areas within the Village.

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
December 31, 2021

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

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 and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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 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 %	1.10 %
Large cap domestic equities	42.0	6.00
Small cap domestic equities	12.0	7.80
International equities	6.0	6.90

Illinois Compiled Statutes (ILCS) limit the Police Pension Fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent 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 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 %	1.10 %
Large cap domestic equities	42.0	6.00
Small cap domestic equities	12.0	7.80
International equities	6.0	6.90

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Illinois Compiled Statutes (ILCS) limit the Firefighters' Pension Fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent 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.

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 percent 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 percent. Securities in any one company should not exceed 5 percent of the total fund.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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 percent of the value of the deposit. Both the Police Pension and Firefighters' Pension's investment policies limit exposure to deposit custodial credit risk by requiring deposits in excess of FDIC insurable limits to be collateralized.

Custodial Credit Risk, Investments

The Village's investment policy requires pledging of collateral with a fair value of 110 percent 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 methods and inputs as outlined in Note 3. 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.

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 3 for further information.

Receivables

Property taxes for levy year 2021 attaches as an enforceable lien on January 1, 2021, 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 2021 are prepared by Lake County and issued on or about May 1, 2022 and August 1, 2022 and are payable in two installments, on or about June 1, 2021 and September 1, 2021 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2021 property tax levy is recognized as a receivable and deferred inflows in fiscal 2021, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2021, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2021 levy.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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.

Inventories and Prepaid Items

Governmental fund inventories, if material, 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. They are valued at cost based on FIFO and charged to construction and/or operation and maintenance expense when used.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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.

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.

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.

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.

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.

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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

- 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.

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.

See Note 3 for further information.

Land Held for Resale

The Village's land held for resale includes land that is being held for sale for future development of the Village. The assets are valued at lower of cost or market.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

2. Stewardship, Compliance and Accountability

Deficit Balances

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

As of December 31, 2021, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
TIF Debt Service	\$ (906,101)

3. Detailed Notes on All Funds

Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Petty cash	\$ 2,675	\$ -	N/A
Deposits	38,128,807	38,882,767	Custodial credit risk - deposits
Mutual funds, other than bond funds	54,835,587	54,835,587	N/A
			Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Corporate bonds	5,080,602	5,080,602	Custodial credit risk, interest rate risk
U.S. treasuries	5,779,419	5,779,419	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. agencies	18,069,690	18,069,690	N/A
Money markets	622,201	622,201	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
State and local obligations	5,211,733	5,211,733	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Negotiable CDs	6,192,951	6,192,951	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Insurance contracts	<u>257,789</u>	<u>257,789</u>	risk
Total deposits and investments	<u>\$134,181,454</u>	<u>\$134,932,739</u>	

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

Reconciliation to financial statements

Per statement of net position:

Cash and investments \$ 45,098,941

Per statement of net position, fiduciary funds:

Cash and investments, pension trusts	15,963
Cash and investments, custodial fund	465,156
U.S. treasuries	3,579,160
U.S. agencies	18,069,690
Money markets	622,201
Corporate bonds	5,080,602
State and local obligations	4,948,695
Mutual funds, bond funds	54,835,587
Certificates of deposit	1,207,670
Insurance contracts	<u>257,789</u>

Total deposits and investments \$134,181,454

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. Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 are valued using either a discounted cash flow or market comparable companies technique.

As of December 31, 2021 the Village utilized the market valuation method for all recurring fair value measurements and investments were measured using the valuation inputs as follows:

Village

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ 2,200,259	\$ -	\$ -	\$ 2,200,259
State & local bonds	263,038	-	-	263,038
Negotiable certificates of deposit	-	<u>4,985,281</u>	-	<u>4,985,281</u>
Total	<u>\$ 2,463,297</u>	<u>\$ 4,985,281</u>	<u>\$ -</u>	<u>\$ 7,448,578</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Police Pension

Investment Type	December 31, 2021			Total
	Level 1	Level 2	Level 3	
U.S. treasuries	\$ 1,344,027	\$ -	\$ -	\$ 1,344,027
Mutual funds, other than bond funds	21,012,513	-	-	21,012,513
Negotiable certificates of deposit	-	224,633	-	224,633
Corporate bonds	2,075,517	-	-	2,075,517
State and local obligations	-	1,919,788	-	1,919,788
U.S. agencies	-	6,941,074	-	6,941,074
Total	<u>\$ 24,432,057</u>	<u>\$ 9,085,495</u>	<u>\$ -</u>	<u>\$ 33,517,552</u>

Firefighters' Pension

Investment Type	December 31, 2021			Total
	Level 1	Level 2	Level 3	
U.S. treasuries	\$ 2,235,133	\$ -	\$ -	\$ 2,235,133
Mutual funds, other than bond funds	33,823,074	-	-	33,823,074
Negotiable certificates of deposit	-	983,037	-	983,037
Corporate bonds	3,005,085	-	-	3,005,085
State and local obligations	-	3,028,907	-	3,028,907
U.S. agencies	-	11,128,616	-	11,128,616
Insurance contracts	-	-	257,789	257,789
Total	<u>\$ 39,063,292</u>	<u>\$ 15,140,560</u>	<u>\$ 257,789</u>	<u>\$ 54,461,641</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
December 31, 2021

As of December 31, 2021, the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Negotiable CDs	Not Rated	Not Rated
U.S. agencies	AA+	Aaa
Corporate bonds	AAA-BBB	Aaa-Baa2
State and local obligations	AAA-AA-	Aaa-A2
Insurance contracts	Not Rated	Not Rated

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, 2021, the Police Pension Fund has over 5 percent 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	\$	3,355,908
Federal Home Loan Bank		2,736,342

At December 31, 2021, the Firefighters' Pension Fund has over 5 percent 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	\$	5,396,855
Federal Home Loan Bank		4,743,292

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, 2021, investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Greater than 10</u>
Negotiable certificates of deposit	\$ 4,985,281	\$ 2,744,276	\$ 2,241,005	\$ -	\$ -
U.S. agencies	263,038	-	263,038	-	-
U.S. treasuries	<u>2,200,259</u>	<u>-</u>	<u>2,200,259</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,448,578</u>	<u>\$ 2,744,276</u>	<u>\$ 4,704,302</u>	<u>\$ -</u>	<u>\$ -</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Police Pension

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. treasuries	\$ 1,344,027	\$ 101,453	\$ 790,097	\$ 452,477	\$ -
Negotiable certificates of deposit	224,633	-	224,633	-	-
U.S. agencies	6,941,074	150,630	2,226,447	4,563,997	-
Corporate bonds	2,075,517	-	1,044,903	1,030,614	-
State and local obligations	<u>1,919,788</u>	<u>353,892</u>	<u>514,132</u>	<u>1,051,764</u>	<u>-</u>
Total	<u>\$ 12,505,039</u>	<u>\$ 605,975</u>	<u>\$ 4,800,212</u>	<u>\$ 7,098,852</u>	<u>\$ -</u>

Firefighters' Pension

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. treasuries	\$ 2,235,133	\$ 252,305	\$ 1,172,375	\$ 810,453	\$ -
Negotiable certificates of deposit	983,037	-	501,050	481,987	-
U.S. agencies	11,128,616	-	3,178,695	7,948,586	1,335
Corporate bonds	3,005,085	501,373	1,859,739	643,973	-
State and local obligations	<u>3,028,907</u>	<u>163,584</u>	<u>720,665</u>	<u>1,896,110</u>	<u>248,548</u>
Total	<u>\$ 20,380,778</u>	<u>\$ 917,262</u>	<u>\$ 7,432,524</u>	<u>\$ 11,781,109</u>	<u>\$ 249,883</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2021, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was 11.70 percent. 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, 2021, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was 11.40 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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
December 31, 2021

Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 30,473,551	\$ -	\$ -	\$ 30,473,551
Construction in progress	123,419	458,042	2,933	578,528
Total capital assets not being depreciated	<u>30,596,970</u>	<u>458,042</u>	<u>2,933</u>	<u>31,052,079</u>
Capital assets being depreciated:				
Land improvements	8,533,822	42,627	-	8,576,449
Buildings	12,258,956	-	-	12,258,956
Building improvements	708,778	-	-	708,778
Vehicles	6,277,263	632,317	121,630	6,787,950
Machinery and equipment	2,965,856	-	-	2,965,856
Computers/software	166,694	-	-	166,694
Infrastructure	<u>76,102,808</u>	<u>1,615,322</u>	<u>-</u>	<u>77,718,130</u>
Total capital assets being depreciated	<u>107,014,177</u>	<u>2,290,266</u>	<u>121,630</u>	<u>109,182,813</u>
Total capital assets	<u>137,611,147</u>	<u>2,748,308</u>	<u>124,563</u>	<u>140,234,892</u>
Less accumulated depreciation for:				
Land improvements	(3,766,297)	(324,606)	-	(4,090,903)
Buildings	(6,063,317)	(271,176)	-	(6,334,493)
Building improvements	(192,965)	(25,699)	-	(218,664)
Vehicles	(3,387,720)	(365,110)	121,630	(3,631,200)
Machinery and equipment	(1,531,884)	(143,265)	-	(1,675,149)
Computers/software	(71,887)	(12,783)	-	(84,670)
Infrastructure	<u>(36,677,437)</u>	<u>(1,493,547)</u>	<u>-</u>	<u>(38,170,984)</u>
Total accumulated depreciation	<u>(51,691,507)</u>	<u>(2,636,186)</u>	<u>121,630</u>	<u>(54,206,063)</u>
Net capital assets being depreciated	<u>55,322,670</u>	<u>(345,920)</u>	<u>-</u>	<u>54,976,750</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 85,919,640</u>	<u>\$ 112,122</u>	<u>\$ 2,933</u>	<u>\$ 86,028,829</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 84,940
Public safety	464,913
Highways and streets	1,888,095
Culture and recreation	<u>198,238</u>
Total governmental activities depreciation expense	<u>\$ 2,636,186</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 249,652	\$ -	\$ -	\$ 249,652
Construction in progress	282,885	-	-	282,885
Total capital assets not being depreciated	532,537	-	-	532,537
Capital assets being depreciated:				
Vehicles	942,452	183,117	-	1,125,569
Machinery and equipment	2,033,540	128,678	26,985	2,135,233
Computer/software	206,030	-	-	206,030
Infrastructure	81,549,676	1,160,441	-	82,710,117
Total capital assets being depreciated	84,731,698	1,472,236	26,985	86,176,949
Total capital assets	85,264,235	1,472,236	26,985	86,709,486
Less accumulated depreciation for:				
Vehicles	(273,641)	(78,359)	-	(352,000)
Machinery and equipment	(718,558)	(88,762)	23,687	(783,633)
Computer/software	(107,527)	(2,794)	-	(110,321)
Infrastructure	(39,050,248)	(1,819,207)	-	(40,869,455)
Total accumulated depreciation	(40,149,974)	(1,989,122)	23,687	(42,115,409)
Net capital assets being depreciated	44,581,724	(516,886)	3,298	44,061,540
Business-type capital assets, net of accumulated depreciation	<u>\$ 45,114,261</u>	<u>\$ (516,886)</u>	<u>\$ 3,298</u>	<u>\$ 44,594,077</u>

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	Nonmajor Governmental	\$ 754
Nonmajor Governmental	General	80
Total, fund financial statements		834
Add interfund receivables created with internal service fund eliminations		595,532
Less government-wide eliminations		(834)
Total internal balances, government-wide statement of net position		<u>\$ 595,532</u>

All amounts are due within one year.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Advances

The general fund is advancing funds to the TIF #3 fund, the TIF debt service fund and the TIF tax allocation. 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 advanced is due to the cash flow issues in the fund since the district's inception.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	TIF #3	\$ 40,000	\$ 40,000
General	TIF Debt Service	1,300,000	1,300,000
General	TIF Tax Allocation	185,000	185,000
Non-Home Rule Sales Tax Capital Projects	Downtown TIF #2	<u>100,000</u>	100,000
Total		<u>\$ 1,625,000</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:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Capital Improvement	General	\$ 2,090,000	Funding for capital projects
Internal Service	General	400,000	Funding for internal services
			Funding for special events administration and
Nonmajor Governmental	General	606,700	Dispatch Center
TIF Debt Service	TIF Tax Allocation	785,000	Funding for debt payment
TIF Debt Service	Debt Service	1,172,000	Funding for debt payment
Nonmajor Governmental	Nonmajor Governmental	73,858	Funding for special events
Internal Service	Internal Service	<u>200,000</u>	Funding for internal services
Total, fund financial statements		5,327,558	
Less government-wide eliminations		<u>(5,327,558)</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

December 31, 2021

Short-Term Debt Activity

The Village issued short-term debt for \$1,172,000. The Taxable General Obligation Refunding Bond (Limited Tax), Series 2021 dated June 8, 2021 were matured October 8, 2021; payable in annual installment with interest rate of 4.75 percent.

Short-term debt activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Taxable General Obligation Refunding Bond (Limited Tax), Series 2021	\$ -	\$ 1,172,000	\$ 1,172,000	\$ -

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds payable:					
Tax increment financing bonds	\$ 21,235,000	\$ -	\$ 1,360,000	\$ 19,875,000	\$ 1,400,000
(Discounts)/Premiums	170,567	-	36,088	134,479	36,088
Total bonds payable	21,405,567	-	1,396,088	20,009,479	1,436,088
Other liabilities:					
Vested compensated absences	1,847,043	524,830	376,284	1,995,589	399,118
Capital leases	14,560	17,695	6,878	25,377	8,077
Total other postemployment benefits liability	3,177,041	39,506	194,500	3,022,047	-
Net pension liability	39,164,762	6,869,150	9,849,884	36,184,028	-
Total other liabilities	44,203,406	7,451,181	10,427,546	41,227,041	407,195
Total governmental activities long-term liabilities	\$ 65,608,973	\$ 7,451,181	\$ 11,823,634	\$ 61,236,520	\$ 1,843,283
Business-Type Activities					
Bonds and loans payable:					
Alternative revenue bonds	\$ 1,875,000	\$ -	\$ 550,000	\$ 1,325,000	\$ 505,000
Illinois EPA loans - direct placement	1,526,081	-	206,545	1,319,536	211,741
(Discounts)/Premiums	97,373	-	29,221	68,152	29,220
Total bonds and loans payable	3,498,454	-	785,766	2,712,688	745,961
Other liabilities:					
Vested compensated absences	98,266	9,887	19,653	88,500	17,700
Capital leases	3,042,112	-	164,478	2,877,634	168,974
Total other postemployment benefits liability	274,753	2,450	16,762	260,441	-
Total other liabilities	3,415,131	12,337	200,893	3,226,575	186,674
Total business-type activities long-term liabilities	\$ 6,913,585	\$ 12,337	\$ 986,659	\$ 5,939,263	\$ 932,635

The Village is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625 percent of the most recent available equalized assessed valuation of the Village. As of December 31, 2021, the statutory debt limit for the Village was \$78,007,527, providing a debt margin of \$78,007,527.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Business-Type Activities Alternative Revenue Debt

<u>Business-Type Activities</u>					<u>Balance</u>
<u>Alternative Revenue Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2021</u>
Water and Sewerage Fund, 2013 General Obligation Bonds (Alternative Revenue)	9/4/2013	12/15/2023	3.00%- 4.00%	\$ 3,800,000	\$ 805,000
General Obligation Waterworks and Sewerage System Alternative Revenue Bonds Series 2016B	8/1/2016	12/15/2026	2.00%	1,000,000	<u>520,000</u>
Total business-type activities, alternative revenue debt					<u>\$ 1,325,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities</u>	
	<u>Alternative Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 505,000	\$ 42,600
2023	500,000	24,400
2024	105,000	6,400
2025	105,000	4,300
2026	<u>110,000</u>	<u>2,200</u>
Total	<u>\$ 1,325,000</u>	<u>\$ 79,900</u>

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, net of specified operating expenses, to repay revenue bonds issued in 2014, 2015 and 2016. Proceeds from the bonds provided financing for the various TIF improvements.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Tax Increment Financing Bonds at December 31, 2021, consists of the following:

Governmental Activities

<u>Tax Increment Financing Bonds</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
General Obligation TIF Alternative Revenue Bonds Series 2014A	9/8/2014	12/15/2024	2.00% - 3.00%	\$ 6,325,000	\$ 2,310,000
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>5,790,000</u>
Total governmental activities tax increment financing bonds					<u>\$ 19,875,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Tax Increment Financing Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,400,000	\$ 628,691
2023	1,440,000	591,978
2024	1,500,000	553,188
2025	1,525,000	511,403
2026	1,565,000	465,814
2027-2031	7,850,000	1,588,674
2032-2034	<u>4,595,000</u>	<u>345,552</u>
Total	<u>\$ 19,875,000</u>	<u>\$ 4,685,300</u>

Other Loans Payable - Direct Placement

Loans are payable from Illinois Environmental Protection Agency. The outstanding IEPA notes are direct borrowings and contain a provision that in an event of default, the IEPA shall pursue the collection of the amounts past due, the outstanding balance and relating costs by any other reasonable means provided by the law.

Business-Type Activities

<u>Other Loans Payable - Direct Placement</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
IEPA Loan 2006	10/15/2005	12/16/2026	2.5%	\$ 2,000,000	\$ 596,727
IEPA Loan 2008	9/27/2007	8/11/2028	1.25%	1,673,182	<u>722,809</u>
Total business-type activities other loans payable - direct placement					<u>\$ 1,319,536</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Other Loans Payable - Direct Placement	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 211,741	\$ 31,673
2023	217,067	26,347
2024	222,528	20,886
2025	228,126	15,288
2026	220,577	9,550
2027-2028	<u>219,497</u>	<u>6,902</u>
Total	<u>\$ 1,319,536</u>	<u>\$ 110,646</u>

Other Debt Information

Estimated payments of certain obligations are not included in the debt service requirement schedules. 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.

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, 2021, \$3,480,000 of bonds outstanding are considered defeased.

Lease Disclosures

Lessee, Capital Leases

During fiscal year 2017, the Village entered into a capital lease obligation for water meters. The interest rate for the lease is 2.50 percent. 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 percent. During fiscal year 2019, the Village entered into two capital lease obligations for copier equipment. The interest rates for the leases are 6.57 percent and 5.24 percent. During fiscal year 2021, the Village entered into a capital lease obligation for copier equipment. The interest rate for the lease is 4.45 percent.

The gross amount of these assets under capital leases is \$3,411,582, which are included in capital assets in the business-type activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2021, are as follows:

<u>Years</u>	Governmental Activities			Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,077	\$ 1,052	\$ 9,129	\$ 168,974	\$ 71,958	\$ 240,932
2023	6,745	654	7,399	220,449	66,902	287,351
2024	5,756	348	6,104	226,376	60,975	287,351
2025	3,817	136	3,953	166,104	54,887	220,991
2026	982	7	989	194,303	50,480	244,783
2027-2031	-	-	-	1,289,912	163,098	1,453,010
2032-2034	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,516</u>	<u>17,289</u>	<u>628,805</u>
Total	<u>\$ 25,377</u>	<u>\$ 2,197</u>	<u>\$ 27,574</u>	<u>\$ 2,877,634</u>	<u>\$ 485,589</u>	<u>\$ 3,363,223</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:	
Capital assets not being depreciated	\$ 31,052,079
Capital assets net of accumulated depreciation	<u>54,976,750</u>
Total net investment in capital assets	<u>\$ 86,028,829</u>

The Governmental Activities long-term debt for Tax increment financing bonds (and related premiums/ discounts) and the capital leases did not result in capital assets. The Tax increment financing bond proceeds were used to purchase land held for resale.

Business-Type Activities

Net investment in capital assets:	
Capital assets not being depreciated	\$ 532,537
Capital assets net of accumulated depreciation	44,061,540
Less unamortized debt premium	(68,153)
Less capital related debt	<u>(5,522,170)</u>
Total net investment in capital assets	<u>\$ 39,003,754</u>

4. Other Information

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, benefit 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. This report is also available for download at www.imrf.org.

For the year ended December 31, 2021, the Village recognized the following balances in the government-wide financial statements:

	<u>Total Pension Liability</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
IMRF	\$ 40,376,532	\$ -	\$ 398,556	\$ 5,242,929	\$ (1,591,157)
Police Pension Plan	53,491,177	19,426,868	1,927,994	3,816,580	940,609
Firefighters' Pension Plan	<u>71,465,253</u>	<u>16,757,160</u>	<u>3,053,687</u>	<u>6,313,202</u>	<u>950,728</u>
Total	<u>\$ 165,332,962</u>	<u>\$ 36,184,028</u>	<u>\$ 5,380,237</u>	<u>\$ 15,372,711</u>	<u>\$ 300,180</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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 percent 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 percent 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 percent of their final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service after 15 years to a maximum of 75 percent 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 every year after retirement, upon reaching age 67, by the lesser of 3 percent 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, 2021, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	125
Inactive, non-retired members	93
Active members	<u>69</u>
Total	<u><u>287</u></u>

Contributions

As set by statute, Village employees participating in IMRF are required to contribute 4.50 percent 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 2021 was 11.00 percent 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, 2021 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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, 2021 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	2.85% to 13.75%, including inflation
Price inflation	2.50%

Mortality

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106 percent) and Female (adjusted 105 percent) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.

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	39.00 %	5.85 %	4.50 %
International equities	15.00	7.40	5.75
Fixed income	25.00	2.10	2.00
Real estate	10.00	6.80	5.90
Alternatives	10.00		
Private equity		11.45	8.10
Hedge funds		-	-
Commodities		5.50	4.30
Cash equivalents	1.00	1.70	1.70

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25 percent. The discount rate calculated using the December 31, 2020 measurement date was 7.25 percent. 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 percent 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 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 45,272,080	\$ 40,376,532	\$ 36,600,411
Plan fiduciary net pension	<u>45,451,427</u>	<u>45,451,427</u>	<u>45,451,427</u>
Net pension liability/(asset)	<u>\$ (179,347)</u>	<u>\$ (5,074,895)</u>	<u>\$ (8,851,016)</u>

Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2021 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a) - (b)</u>
Balances at December 31, 2020	\$ 38,298,206	\$ 39,658,695	\$ (1,360,489)
Service cost	491,209	-	491,209
Interest on total pension liability	2,730,469	-	2,730,469
Differences between expected and actual experience of the total pension liability	620,977	-	620,977
Benefit payments, including refunds of employee contributions	(1,764,329)	(1,764,329)	-
Contributions, employer	-	616,348	(616,348)
Contributions, employee	-	257,450	(257,450)
Net investment income	-	6,580,211	(6,580,211)
Other (net transfer)	-	103,052	(103,052)
Balances at December 31, 2021	<u>\$ 40,376,532</u>	<u>\$ 45,451,427</u>	<u>\$ (5,074,895)</u>

Plan fiduciary net position as a percentage of
the total pension liability

112.57 %

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of \$(1,591,157). The Village reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 398,556	\$ 51,864
Assumption changes	-	119,880
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>5,071,185</u>
Total	<u>\$ 398,556</u>	<u>\$ 5,242,929</u>

The amounts reported as deferred outflows and inflows of resources related to pensions \$(4,844,373) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Village</u>
2022	\$ (1,076,252)
2023	(1,773,921)
2024	(1,247,498)
2025	<u>(746,702)</u>
Total	<u>\$ (4,844,373)</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 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent 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 percent of the original pension and 3 percent compounded annually thereafter.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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 percent 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 percent 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 percent or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan Membership

At December 31, 2021, the Police Pension membership consisted of:

Retirees and beneficiaries	31
Inactive, non-retired members	4
Active members	<u>31</u>
Total	<u><u>66</u></u>

Contributions

Covered employees are required to contribute 9.91 percent 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 percent funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2021 was 60.78 percent of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2021 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
December 31, 2021

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2021 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	2.50% - 12.00%
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-2021. Ten percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Discount Rate

The discount rate used to measure the total pension liability for the Police Pension Plan was 6.75 percent, 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 percent 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 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 61,459,873	\$ 53,491,177	\$ 47,030,351
Plan fiduciary net position	<u>34,064,309</u>	<u>34,064,309</u>	<u>34,064,309</u>
Net pension liability	<u>\$ 27,395,564</u>	<u>\$ 19,426,868</u>	<u>\$ 12,966,042</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2021 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2020	\$ 51,568,715	\$ 30,491,747	\$ 21,076,968
Service cost	634,170	-	634,170
Interest on total pension liability	3,445,778	-	3,445,778
Differences between expected and actual experience of the total pension liability	7,132	-	7,132
Change of assumptions	144,038	-	144,038
Benefit payments, including refunds of employee contributions	(2,308,656)	(2,308,656)	-
Contributions, employer	-	2,020,139	(2,020,139)
Contributions, employee	-	333,942	(333,942)
Net investment income	-	3,558,796	(3,558,796)
Administration	-	(31,659)	31,659
Balances at December 31, 2021	<u>\$ 53,491,177</u>	<u>\$ 34,064,309</u>	<u>\$ 19,426,868</u>

Plan fiduciary net position as a percentage of the total pension liability

63.68 %

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of \$940,609. 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	\$ 1,531,666	\$ 468,117
Assumption changes	396,328	333,996
Net difference between projected and actual earnings on pension plan investments	-	3,014,467
Total	<u>\$ 1,927,994</u>	<u>\$ 3,816,580</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

The amounts reported as deferred outflows and inflows of resources related to pensions \$(1,888,586) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (739,363)
2023	(793,702)
2024	(398,024)
2025	17,308
2026	<u>25,195</u>
Total	<u>\$ (1,888,586)</u>

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 percent of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75 percent 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 percent of the original pension and 3 percent 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 percent 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 percent 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 percent or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Plan Membership

At December 31, 2021, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	35
Inactive, non-retired members	4
Active members	<u>50</u>
Total	<u><u>89</u></u>

Contributions

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2021, the contribution percentage was 9.455 percent. 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 percent funded by the year 2040. The Village's actuarially determined contribution rate for the fiscal year ending December 31, 2021 was 47.41 percent of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2021 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
December 31, 2021

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2021 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	2.50% - 18.00%
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-2021. Twenty percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of a 2021 experience study performed for the Illinois Firefighters' Pension Investment Fund.

Discount Rate

The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 6.75 percent, 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 percent 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 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 82,745,233	\$ 71,465,253	\$ 62,377,515
Plan fiduciary net position	<u>54,708,093</u>	<u>54,708,093</u>	<u>54,708,093</u>
Net pension liability	<u>\$ 28,037,140</u>	<u>\$ 16,757,160</u>	<u>\$ 7,669,422</u>

Village of Lake Zurich

Notes to Financial Statements

December 31, 2021

Changes in Net Pension Liability/(Asset)

The Village's changes in net pension liability/(asset) for the calendar year ended December 31, 2021 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2020	\$ 66,518,565	\$ 48,430,771	\$ 18,087,794
Service cost	1,288,974	-	1,288,974
Interest on total pension liability	4,499,505	-	4,499,505
Differences between expected and actual experience of the total pension liability	276,813	-	276,813
Change of assumptions	1,163,791	-	1,163,791
Benefit payments, including refunds of employee contributions	(2,296,421)	(2,296,421)	-
Contributions, employer	-	2,498,348	(2,498,348)
Contributions, employee	-	502,853	(502,853)
Contributions, buy back	14,026	14,026	-
Net investment income	-	5,607,760	(5,607,760)
Administration	-	(49,244)	49,244
Balances at December 31, 2021	<u>\$ 71,465,253</u>	<u>\$ 54,708,093</u>	<u>\$ 16,757,160</u>

Plan fiduciary net position as a percentage of the total pension liability

76.55 %

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2021, the Village recognized pension expense of \$950,728. 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	\$ 1,623,059	\$ 956,452
Assumption changes	1,430,628	653,960
Net difference between projected and actual earnings on pension plan investments	-	4,702,790
Total	<u>\$ 3,053,687</u>	<u>\$ 6,313,202</u>

Village of Lake Zurich

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The amounts reported as deferred outflows and inflows of resources related to pensions \$(3,259,515) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ (1,160,405)
2023	(1,944,323)
2024	(455,747)
2025	(162,450)
2026	257,609
Thereafter	<u>205,801</u>
Total	<u><u>\$ (3,259,515)</u></u>

Pension Segment Information

Fiduciary Net Position

	<u>Pension Trust</u>		
	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
Assets			
Cash and investments	\$ 9,284	\$ 6,679	\$ 15,963
Investments:			
U.S. treasuries	1,344,027	2,235,133	3,579,160
U.S. agencies	6,941,074	11,128,616	18,069,690
Mutual funds	21,012,513	33,823,074	54,835,587
Corporate bonds	2,075,517	3,005,085	5,080,602
State and local obligations	1,919,788	3,028,907	4,948,695
Money markets	491,114	131,087	622,201
Certificates of deposit	224,633	983,037	1,207,670
Insurance contracts	-	257,789	257,789
Receivables, (net allowances for uncollectibles)			
Accrued interest	61,467	109,227	170,694
Prepaid items	<u>2,022</u>	<u>2,821</u>	<u>4,843</u>
Total assets	<u>34,081,439</u>	<u>54,711,455</u>	<u>88,792,894</u>
Liabilities			
Accounts payable	<u>17,131</u>	<u>3,362</u>	<u>20,493</u>
Total liabilities	<u>17,131</u>	<u>3,362</u>	<u>20,493</u>
Net Position			
Restricted for pension benefits	<u><u>\$ 34,064,308</u></u>	<u><u>\$ 54,708,093</u></u>	<u><u>\$ 88,772,401</u></u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 2,020,139	\$ 2,498,349	\$ 4,518,488
Employee	<u>333,942</u>	<u>516,879</u>	<u>850,821</u>
Total contributions	<u>2,354,081</u>	<u>3,015,228</u>	<u>5,369,309</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	2,125,766	3,226,678	5,352,444
Interest on investments	<u>1,499,304</u>	<u>2,489,298</u>	<u>3,988,602</u>
Total investment income	3,625,070	5,715,976	9,341,046
Less investment expense	<u>(65,840)</u>	<u>(107,636)</u>	<u>(173,476)</u>
Net investment income	<u>3,559,230</u>	<u>5,608,340</u>	<u>9,167,570</u>
Total additions	<u>5,913,311</u>	<u>8,623,568</u>	<u>14,536,879</u>
Deductions			
Pension payments and refunds	2,308,656	2,296,421	4,605,077
Administration	<u>32,094</u>	<u>49,825</u>	<u>81,919</u>
Total deductions	<u>2,340,750</u>	<u>2,346,246</u>	<u>4,686,996</u>
Change in net position	3,572,561	6,277,322	9,849,883
Net position, beginning	<u>30,491,747</u>	<u>48,430,771</u>	<u>78,922,518</u>
Net position, ending	<u>\$ 34,064,308</u>	<u>\$ 54,708,093</u>	<u>\$ 88,772,401</u>

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 pool called 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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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.

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.

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.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

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 percent of the actuarially determined premium to the plan. Active employees do not contribute to the plan until retirement.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	22
Active plan members	<u>146</u>
Total	<u><u>168</u></u>

Total OPEB Liability

The Village's total OPEB liability of \$3,282,488 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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 5.00%; PPO Plan and HDHP 6.00%
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-2017.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2020 - December 31, 2020.

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at December 31, 2020	<u>\$ 3,451,794</u>
Changes for the year:	
Service cost	64,244
Interest	64,581
Changes in assumptions or other inputs	(86,869)
Benefit payments	<u>(211,262)</u>
Net changes	<u>(169,306)</u>
Balances at December 31, 2021	<u><u>\$ 3,282,488</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent in 2020 to 2.25 percent in 2021.

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	<u>\$ 3,568,125</u>	<u>\$ 3,282,488</u>	<u>\$ 3,034,902</u>

Sensitivity of the Total 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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$ 3,002,025</u>	<u>\$ 3,282,488</u>	<u>\$ 3,611,042</u>

Village of Lake Zurich

Notes to Financial Statements
December 31, 2021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Village recognized negative OPEB expense of \$106,542. At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 252,703
Changes of assumptions or other inputs	<u>406,155</u>	<u>275,803</u>
Total	<u>\$ 406,155</u>	<u>\$ 528,506</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>
2022	\$ (22,284)
2023	(22,284)
2024	(22,284)
2025	(22,284)
2026	(22,284)
Thereafter	<u>(10,931)</u>
Total	<u>\$ (122,351)</u>

Subsequent Event

Subsequent to December 31, 2021, the investment markets have experienced significant volatility. It is highly likely that the values of the Village's investments have changed by material amounts since year end.

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.

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 one commercial entity, 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, 2021, the Village has an accrued rebate liability of \$142,722 for amounts collected by the state but not yet paid to the Village and/or due to the other entities. Of this amount, \$73,594 is due to commercial entities and \$69,128 to governmental entities. For the fiscal year-to-date, the Village recorded \$381,750 in payment across all sales tax rebate agreements.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

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

December 31, 2021

	Original Budget	Final Budget	Actual
Revenues			
Taxes	\$ 10,185,492	\$ 10,241,440	\$ 10,292,894
Licenses and permits	721,250	913,345	917,300
Intergovernmental	14,527,517	16,807,132	17,504,551
Charges for services	1,474,953	2,139,254	2,005,711
Fines, forfeitures and penalties	582,000	481,096	397,506
Investment income	118,000	17,315	(17,548)
Miscellaneous revenues	101,870	130,098	195,581
Total revenues	27,711,082	30,729,680	31,295,995
Expenditures			
General government	1,829,710	1,968,664	1,768,601
Public safety	20,967,934	21,233,018	21,160,981
Highways and streets	3,005,542	3,092,776	3,060,038
Culture and recreation	828,388	893,497	886,568
Economic development	473,962	473,962	454,622
Total expenditures	27,105,536	27,661,917	27,330,810
Excess (deficiency) of revenues over expenditures	605,546	3,067,763	3,965,185
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	10,000	40,978	40,978
Transfers out	(606,700)	(3,096,700)	(3,096,700)
Total other financing sources (uses)	(596,700)	(3,055,722)	(3,055,722)
Net change in fund balances	\$ 8,846	\$ 12,041	909,463
Fund Balance, Beginning			12,079,737
Fund Balance, Ending			\$ 12,989,200

See notes to required supplementary information

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - TIF Tax Allocation
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Taxes			
Property taxes	\$ 1,398,850	\$ 1,398,850	\$ 1,394,675
Investment income	<u>1,500</u>	<u>1,500</u>	<u>339</u>
Total revenues	<u>1,400,350</u>	<u>1,400,350</u>	<u>1,395,014</u>
Expenditures			
Economic development	<u>547,061</u>	<u>547,061</u>	<u>545,854</u>
Total expenditures	<u>547,061</u>	<u>547,061</u>	<u>545,854</u>
Excess (deficiency) of revenues over (under) expenditures	<u>853,289</u>	<u>853,289</u>	<u>849,160</u>
Other Financing Sources (Uses)			
Transfers out	<u>(785,000)</u>	<u>(785,000)</u>	<u>(785,000)</u>
Total other financing sources (uses)	<u>(785,000)</u>	<u>(785,000)</u>	<u>(785,000)</u>
Net change in fund balance	<u>\$ 68,289</u>	<u>\$ 68,289</u>	64,160
Fund Balance (Deficit), Beginning			<u>(29,307)</u>
Fund Balance, Ending			<u>\$ 34,853</u>

See notes to required supplementary information

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Downtown TIF #2
For the Year Ended December 31, 2021

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Taxes			
Property taxes	\$ 218,000	\$ 218,000	\$ 291,904
Investment income	720	720	247
Miscellaneous revenues	<u>28,500</u>	<u>28,500</u>	<u>29,000</u>
Total revenues	<u>247,220</u>	<u>247,220</u>	<u>321,151</u>
Expenditures			
Economic development	<u>227,100</u>	<u>227,100</u>	<u>109,875</u>
Total expenditures	<u>227,100</u>	<u>227,100</u>	<u>109,875</u>
Net change in fund balance	<u>\$ 20,120</u>	<u>\$ 20,120</u>	211,276
Fund Balance, Beginning			<u>3,169,661</u>
Fund Balance, Ending			<u>\$ 3,380,937</u>

See notes to required supplementary information

Village of Lake Zurich

Illinois Municipal Retirement Fund
Schedule of Changes in the Village's Net Pension Liability and Related Ratios
Last Seven 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	(1,369,411)	(1,300,032)	(1,453,935)	(1,609,460)
Net change in total pension liability	1,133,435	1,139,954	346,063	2,827,403
Total Pension Liability, Beginning	<u>30,701,554</u>	<u>31,834,989</u>	<u>32,974,943</u>	<u>33,321,006</u>
Total Pension Liability, Ending (a)	<u><u>\$ 31,834,989</u></u>	<u><u>\$ 32,974,943</u></u>	<u><u>\$ 33,321,006</u></u>	<u><u>\$ 36,148,409</u></u>
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	(1,369,411)	(1,300,032)	(1,453,935)	(1,609,460)
Other (net transfer)	(27,440)	(27,607)	(506,291)	705,340
Net change in plan fiduciary net position	(375,683)	1,397,581	3,848,900	(1,715,690)
Plan Fiduciary Net Position, Beginning	<u>27,547,190</u>	<u>27,171,507</u>	<u>28,569,088</u>	<u>32,417,988</u>
Plan Fiduciary Net Position, Ending (b)	<u><u>\$ 27,171,507</u></u>	<u><u>\$ 28,569,088</u></u>	<u><u>\$ 32,417,988</u></u>	<u><u>\$ 30,702,298</u></u>
Employer's Net Pension Liability (Asset), Ending (a) - (b)	<u><u>\$ 4,663,482</u></u>	<u><u>\$ 4,405,855</u></u>	<u><u>\$ 903,018</u></u>	<u><u>\$ 5,446,111</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.4%	86.6%	97.3%	84.9%
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	90.7%	89.3%	17.5%	101.2%

Notes to Schedule:

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

<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 531,265	\$ 508,696	\$ 491,209
2,580,817	2,665,200	2,730,469
(282,902)	(144,446)	620,977
-	(400,862)	-
<u>(1,633,136)</u>	<u>(1,674,835)</u>	<u>(1,764,329)</u>
1,196,044	953,753	2,078,326
<u>36,148,409</u>	<u>37,344,453</u>	<u>38,298,206</u>
<u><u>\$ 37,344,453</u></u>	<u><u>\$ 38,298,206</u></u>	<u><u>\$ 40,376,532</u></u>
\$ 504,915	\$ 612,352	\$ 616,348
242,490	241,702	257,450
5,705,253	5,045,039	6,580,211
(1,633,136)	(1,674,835)	(1,764,329)
<u>(37,476)</u>	<u>(49,907)</u>	<u>103,052</u>
4,782,046	4,174,351	5,792,732
<u>30,702,298</u>	<u>35,484,344</u>	<u>39,658,695</u>
<u><u>\$ 35,484,344</u></u>	<u><u>\$ 39,658,695</u></u>	<u><u>\$ 45,451,427</u></u>
<u><u>\$ 1,860,109</u></u>	<u><u>\$ (1,360,489)</u></u>	<u><u>\$ (5,074,895)</u></u>
95.0%	103.6%	112.6%
\$ 5,388,637	\$ 5,366,812	\$ 5,603,154
34.5%	-25.4%	-90.6%

See notes to required supplementary information

Village of Lake Zurich

Illinois Municipal Retirement Fund
 Schedule of Employer Contributions
 Last Seven 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	22 years
Asset valuation method	5-Year Smoothed Market
Inflation	2.50%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.25%
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.

December 31, 2019	December 31, 2020	December 31, 2021
\$ 504,915	\$ 612,353	\$ 616,347
<u>(504,915)</u>	<u>(612,352)</u>	<u>(616,348)</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>
\$ 5,388,637	\$ 5,366,812	\$ 5,603,154
9.37%	11.41%	11.00%

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

Last Eight Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016*
Total Pension Liability			
Service cost	\$ 677,265	\$ 618,479	\$ 404,047
Interest	2,218,436	2,554,948	1,926,743
Change in benefit terms	-	-	-
Differences between expected and actual experience	500,612	(28,659)	(2,808,702)
Changes of assumptions	2,735,157	2,501,228	-
Buy back contributions	-	-	-
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)
Net change in total pension liability	5,107,076	4,378,176	(1,379,296)
Total Pension Liability, Beginning	<u>33,377,915</u>	<u>38,484,991</u>	<u>42,863,167</u>
Total Pension Liability, Ending (a)	<u>\$ 38,484,991</u>	<u>\$ 42,863,167</u>	<u>\$ 41,483,871</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,398,130	\$ 1,445,052	\$ 1,564,453
Employee contributions	301,323	302,885	218,169
Buy back contributions	-	-	-
Net investment income	1,301,083	127,632	869,361
Benefit payments, including refunds of member contributions	(1,024,394)	(1,267,820)	(901,384)
Administration	(28,758)	(31,815)	(25,420)
Net change in plan fiduciary net position	1,947,384	575,934	1,725,179
Plan Fiduciary Net Position, Beginning	<u>15,409,473</u>	<u>17,356,857</u>	<u>17,932,791</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 17,356,857</u>	<u>\$ 17,932,791</u>	<u>\$ 19,657,970</u>
Village's Net Pension Liability, Ending (a) - (b)	<u>\$ 21,128,134</u>	<u>\$ 24,930,376</u>	<u>\$ 21,825,901</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.10%	41.84%	47.39%
Covered Payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474
Village's Net Pension Liability as a Percentage of Covered Payroll	691.95%	801.76%	703.73%

*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.

December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
\$ 718,675	\$ 635,929	\$ 665,520	\$ 715,413	\$ 634,170
2,795,706	2,901,439	3,088,283	3,216,586	3,445,778
-	-	48,258	-	-
985,053	190,986	24,101	1,752,846	7,132
(1,168,984)	828,894	-	-	144,038
-	-	730	-	-
(1,569,353)	(1,793,230)	(1,844,332)	(2,107,676)	(2,308,656)
1,761,097	2,764,018	1,982,560	3,577,169	1,922,462
41,483,871	43,244,968	46,008,986	47,991,546	51,568,715
<u>\$ 43,244,968</u>	<u>\$ 46,008,986</u>	<u>\$ 47,991,546</u>	<u>\$ 51,568,715</u>	<u>\$ 53,491,177</u>
\$ 1,772,589	\$ 1,820,234	\$ 1,801,045	\$ 1,865,631	\$ 2,020,139
304,715	373,412	321,876	471,811	333,942
-	-	730	-	-
2,535,432	(1,069,397)	4,188,319	3,885,940	3,558,796
(1,569,353)	(1,793,230)	(1,844,332)	(2,107,676)	(2,308,656)
(26,555)	(34,947)	(31,117)	(31,350)	(31,659)
3,016,828	(703,928)	4,436,521	4,084,356	3,572,562
19,657,970	22,674,798	21,970,870	26,407,391	30,491,747
<u>\$ 22,674,798</u>	<u>\$ 21,970,870</u>	<u>\$ 26,407,391</u>	<u>\$ 30,491,747</u>	<u>\$ 34,064,309</u>
<u>\$ 20,570,170</u>	<u>\$ 24,038,116</u>	<u>\$ 21,584,155</u>	<u>\$ 21,076,968</u>	<u>\$ 19,426,868</u>
52.43%	47.75%	55.03%	59.13%	63.68%
\$ 3,055,082	\$ 3,081,455	\$ 3,354,032	\$ 3,137,746	\$ 3,323,824
673.31%	780.09%	643.53%	671.72%	584.47%

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund
Schedule of Employer Contributions
Last Eight Fiscal Years

	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>
Actuarially determined contribution	\$ 1,392,968	\$ 1,402,842	\$ 1,564,453
Contributions in relation to the actuarially determined contribution	<u>1,395,130</u>	<u>1,445,052</u>	<u>1,564,453</u>
Contribution deficiency (excess)	<u>\$ (2,162)</u>	<u>\$ (42,210)</u>	<u>\$ -</u>
Covered payroll	\$ 3,053,408	\$ 3,109,454	\$ 3,101,474
Contributions as a percentage of covered payroll	45.69%	46.47%	50.44%

* 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 2015 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	20 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	2.50% to 12.00% per year
Investment rate of return	6.75%
Retirement age	50-70
Mortality	Healthy - PubS-2010 Healthy Mortality Table, with generational improvement Scale MP-2021
	Disabled - PubS-2010 Disabled Mortality Table, with generational improvement scale MP-2021

<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>
\$ 1,790,395	\$ 1,799,590	\$ 1,750,667	\$ 1,924,555	\$ 2,006,032
<u>1,772,589</u>	<u>1,820,234</u>	<u>1,801,045</u>	<u>1,865,631</u>	<u>2,020,139</u>
<u>\$ 17,806</u>	<u>\$ (20,644)</u>	<u>\$ (50,378)</u>	<u>\$ 58,924</u>	<u>\$ (14,107)</u>
\$ 3,055,082	\$ 3,081,445	\$ 3,354,032	\$ 3,137,746	\$ 3,323,824
58.02%	59.07%	53.70%	59.46%	60.78%

See notes to required supplementary information

Village of Lake Zurich

Police Pension Fund
Schedule of Investment Returns
Last Eight Fiscal Years

	<u>April 30, 2016</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>
Annual money-weighted rate of return, net of investment expense	8.08%	0.72%	4.73%

* 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 are as available.

<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>
12.80%	-4.71%	19.10%	14.78%	11.70%

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund

Schedule of Changes in the Village's Net Pension Liability and Related Ratios

Last Eight Fiscal Years

	April 30, 2015	April 30, 2016	December 31, 2016
Total Pension Liability			
Service cost	\$ 1,134,464	\$ 1,149,541	\$ 751,025
Interest	2,701,567	2,980,213	2,314,004
Change in benefit terms	-	-	-
Differences between expected and actual experience	(173,195)	305,055	(3,347,579)
Changes of assumptions	1,221,986	2,811,180	-
Buy back contributions	-	-	-
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)
Net change in total pension liability	4,272,997	6,344,332	(832,890)
Total Pension Liability, Beginning	40,329,133	44,602,130	50,946,462
Total Pension Liability, Ending (a)	<u>\$ 44,602,130</u>	<u>\$ 50,946,462</u>	<u>\$ 50,113,572</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 1,904,487	\$ 1,905,569	\$ 1,911,342
Employee contributions	457,701	478,570	328,920
Buy back contributions	-	-	-
Net investment income	1,562,177	(320,256)	750,015
Benefit payments, including refunds of member contributions	(611,825)	(901,657)	(550,340)
Administration	(54,703)	(61,615)	(63,270)
Net change in plan fiduciary net position	3,257,837	1,100,611	2,376,667
Plan Fiduciary Net Position, Beginning	22,304,144	25,561,981	26,662,592
Plan Fiduciary Net Position, Ending (b)	<u>\$ 25,561,981</u>	<u>\$ 26,662,592</u>	<u>\$ 29,039,259</u>
Village's Net Pension Liability, Ending (a) - (b)	<u>\$ 19,040,149</u>	<u>\$ 24,283,870</u>	<u>\$ 21,074,313</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.31%	52.33%	57.95%
Covered Payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548
Village's Net Pension Liability as a Percentage of Covered Payroll	370.39%	473.34%	395.94%

Notes to Schedule:

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

<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>
\$ 1,421,674	\$ 1,281,368	\$ 1,290,345	\$ 1,325,498	\$ 1,288,974
3,442,447	3,600,377	3,986,763	4,243,326	4,499,505
-	-	121,794	-	-
1,116,190	1,482,142	302,107	362,654	276,813
(2,288,858)	1,010,548	-	-	1,163,791
-	-	-	-	14,026
<u>(1,072,050)</u>	<u>(1,350,851)</u>	<u>(1,967,507)</u>	<u>(1,902,974)</u>	<u>(2,296,421)</u>
2,619,403	6,023,584	3,733,502	4,028,504	4,946,688
<u>50,113,572</u>	<u>52,732,975</u>	<u>58,756,559</u>	<u>62,490,061</u>	<u>66,518,565</u>
<u>\$ 52,732,975</u>	<u>\$ 58,756,559</u>	<u>\$ 62,490,061</u>	<u>\$ 66,518,565</u>	<u>\$ 71,465,253</u>
\$ 2,176,385	\$ 2,304,265	\$ 2,290,246	\$ 2,300,705	\$ 2,498,348
562,401	492,620	498,580	508,641	502,853
-	-	-	-	14,026
3,723,725	(1,554,258)	6,547,762	6,077,296	5,607,760
(1,072,050)	(1,350,851)	(1,967,507)	(1,902,974)	(2,296,421)
<u>(84,741)</u>	<u>(52,151)</u>	<u>(45,936)</u>	<u>(60,646)</u>	<u>(49,244)</u>
5,305,720	(160,375)	7,323,145	6,923,022	6,277,322
<u>29,039,259</u>	<u>34,344,979</u>	<u>34,184,604</u>	<u>41,507,749</u>	<u>48,430,771</u>
<u>\$ 34,344,979</u>	<u>\$ 34,184,604</u>	<u>\$ 41,507,749</u>	<u>\$ 48,430,771</u>	<u>\$ 54,708,093</u>
<u>\$ 18,387,996</u>	<u>\$ 24,571,955</u>	<u>\$ 20,982,312</u>	<u>\$ 18,087,794</u>	<u>\$ 16,757,160</u>
65.13%	58.18%	66.42%	72.81%	76.55%
\$ 5,208,600	\$ 5,214,441	\$ 5,324,271	\$ 5,338,995	\$ 5,270,025
353.03%	471.23%	394.09%	338.79%	317.97%

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund
Schedule of Employer Contributions
Last Eight Fiscal Years

	<u>April 30, 2015</u>	<u>April 30, 2016</u>	<u>December 31, 2016*</u>
Actuarially determined contribution	\$ 1,905,372	\$ 1,815,433	\$ 1,911,342
Contributions in relation to the actuarially determined contribution	<u>1,931,966</u>	<u>1,905,569</u>	<u>1,911,342</u>
Contribution deficiency (excess)	<u>\$ (26,594)</u>	<u>\$ (90,136)</u>	<u>\$ -</u>
Covered payroll	\$ 5,140,563	\$ 5,130,269	\$ 5,322,548
Contributions as a percentage of covered payroll	37.58%	37.14%	35.91%

* 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 2015 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	20 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	2.50% to 18.00% per year
Investment rate of return	6.75%
Retirement age	50-70
Mortality	Healthy - PubS-2010 Healthy Mortality Table, with generational improvement Scale MP-2021
	Disabled - PubS-2010 Disabled Mortality Table, with generational improvement scale MP-2021

<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>
\$ 2,198,557	\$ 2,278,591	\$ 2,153,131	\$ 2,373,133	\$ 2,491,121
<u>2,176,385</u>	<u>2,304,265</u>	<u>2,290,246</u>	<u>2,300,705</u>	<u>2,498,348</u>
<u>\$ 22,172</u>	<u>\$ (25,674)</u>	<u>\$ (137,115)</u>	<u>\$ 72,428</u>	<u>\$ (7,227)</u>
\$ 5,208,600	\$ 5,214,441	\$ 5,324,271	\$ 5,338,995	\$ 5,270,025
41.78%	44.19%	43.02%	43.09%	47.41%

See notes to required supplementary information

Village of Lake Zurich

Firefighters' Pension Fund
Schedule of Investment Returns
Last Eight Fiscal Years

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

*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.

<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2020</u>	<u>December 31, 2021</u>
12.59%	-4.41%	19.12%	14.54%	11.40%

See notes to required supplementary information

Village of Lake Zurich

Retiree Health Insurance Plan

Schedule of Changes in the Village's Total OPEB Liability and Related Ratios

Last Four Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability				
Service cost	\$ 43,217	\$ 48,030	\$ 50,191	\$ 64,244
Interest	118,607	118,055	109,049	64,581
Changes of assumptions	(164,052)	122,226	412,890	(86,869)
Benefit payments, including refunds of member contributions	(173,514)	(192,924)	(179,027)	(211,262)
Differences between expected and actual experience of the total OPEB liability	-	-	(321,885)	-
Other changes	(111,794)	(525)	(54,013)	-
Net change in total OPEB liability	(287,536)	94,862	17,205	(169,306)
Total OPEB Liability, Beginning	<u>3,627,263</u>	<u>3,339,727</u>	<u>3,434,589</u>	<u>3,451,794</u>
Total OPEB Liability, Ending (a)	<u>\$ 3,339,727</u>	<u>\$ 3,434,589</u>	<u>\$ 3,451,794</u>	<u>\$ 3,282,488</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 13,156,588	\$ 13,156,588	\$ 13,435,863	\$ 13,435,863
Village's Net Pension Liability as a Percentage of Covered-Employee Payroll	25.38%	26.11%	25.69%	24.43%

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
Year Ended December 31, 2021

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, 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.

SUPPLEMENTARY INFORMATION

Village of Lake Zurich

General Fund

Detailed Schedule of Revenues - Budget and Actual

December 31, 2021

	Original Budget	Final Budget	Actual
Revenues			
Taxes			
Property:			
Police protection	\$ 1,730,000	\$ 1,730,000	\$ 1,742,209
Fire protection	1,730,000	1,730,000	1,741,361
Ambulance	1,000	1,000	1,009
Pension	40,000	40,000	40,364
Police pension	2,006,032	2,006,032	2,006,033
Fire pension	2,491,121	2,491,121	2,491,121
SRA	180,000	180,000	181,637
Road and bridge	13,000	13,000	12,374
Utility:			
Electric tax	949,475	949,475	962,011
Gas tax	293,052	359,000	359,602
Telecommunication taxes	437,770	427,770	408,996
Television franchise tax	314,042	314,042	320,176
Peg Cable	-	-	26,001
Total taxes	10,185,492	10,241,440	10,292,894
Licenses and Permits			
Licenses:			
Liquor	171,000	171,000	150,102
Contractor registration	71,200	71,200	82,605
Other business	105,200	105,200	99,246
Permits:			
Administrative plan review	71,000	148,909	148,344
Building	160,000	247,198	247,198
Electrical	30,000	30,000	48,431
Plumbing	25,000	25,000	37,887
Occupancy certificates	20,000	20,000	34,349
Truck permits	20,000	20,000	12,150
Other	47,850	74,838	56,988
Total licenses and permits	721,250	913,345	917,300
Intergovernmental			
State income tax	1,785,209	2,594,046	2,594,046
Municipal sales	5,754,018	7,200,000	7,300,323
Personal property replacement tax	53,914	109,979	110,952
Street maintenance reimbursement	16,200	16,200	16,927
Local use tax	844,005	740,000	754,627
Auto rental tax	5,000	5,000	10,190
Pull tax	232,500	305,236	304,624
Fire/rescue service contract	5,601,371	5,601,371	5,897,776
Vehicle maintenance charge	24,000	24,000	32,932
Cannabis tax	11,000	11,000	27,244
Licenses:			
Grants	60,000	60,000	264,432
Governmental agency	140,300	140,300	190,478
Total intergovernmental	14,527,517	16,807,132	17,504,551

Village of Lake Zurich

General Fund

Detailed Schedule of Revenues - Budget and Actual

December 31, 2021

	Original Budget	Final Budget	Actual
Charges for Services			
Police fees:			
Police alarm fees	\$ 5,000	\$ 5,000	\$ 2,750
Public safety special detail	25,000	25,000	42,972
Police administration tow fees	60,000	60,000	30,800
Police lock out fees	7,500	7,500	5,300
Police contracted services	4,000	4,000	3,470
Fire/rescue fees:			
Special detail	7,000	7,000	8,288
Ambulance fees	650,000	1,018,518	862,170
Spillage fees	-	-	3,352
Inspection fees	33,000	33,000	28,293
Public education	5,000	5,000	3,266
Site plan review	69,700	97,874	107,145
Elevator inspections	15,100	15,100	9,315
Printing and reproduction fees	6,000	6,000	3,260
Engineering review	120,000	120,000	112,733
Park fees	50,000	147,810	147,809
Park program fees	417,203	568,502	602,255
Beach Fees	-	18,500	31,335
Other	450	450	1,198
Total charges for services	1,474,953	2,139,254	2,005,711
Fines, forfeitures and penalties			
Circuit court fines	282,000	282,000	198,410
Other fines	300,000	199,096	199,096
Total fines, forfeitures and penalties	582,000	481,096	397,506
Investment Income	118,000	17,315	(17,548)
Miscellaneous			
Miscellaneous	59,670	88,898	113,925
Donations	-	-	19,140
Rent	42,200	41,200	62,516
Total miscellaneous	101,870	130,098	195,581
Total revenues	\$ 27,711,082	\$ 30,729,680	\$ 31,295,995

Village of Lake Zurich

General Fund

Schedule of Expenditures - Budget and Actual

December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Expenditures			
General Government			
General administration	\$ 72,786	\$ 72,786	\$ 67,931
Village administration	686,039	768,186	696,509
Finance department	561,060	583,494	517,660
Technology department	509,825	544,198	486,501
Total general government	<u>1,829,710</u>	<u>1,968,664</u>	<u>1,768,601</u>
Public Safety			
Police	7,890,924	7,937,417	7,976,404
Fire	12,179,293	12,248,122	12,158,387
Community development	897,717	1,047,479	1,026,190
Total public safety	<u>20,967,934</u>	<u>21,233,018</u>	<u>21,160,981</u>
Highways and Streets			
Public works	<u>3,005,542</u>	<u>3,092,776</u>	<u>3,060,038</u>
Culture and Recreation			
Parks and recreation department	<u>828,388</u>	<u>893,497</u>	<u>886,568</u>
Economic Development	<u>473,962</u>	<u>473,962</u>	<u>454,622</u>
Total expenditures	<u>\$ 27,105,536</u>	<u>\$ 27,661,917</u>	<u>\$ 27,330,810</u>

Village of Lake Zurich

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	<u>Foreign Fire Tax</u>	<u>Hotel Tax</u>	<u>Motor Fuel Tax</u>	<u>Special Events</u>	<u>Dispatch Services</u>
Assets					
Cash and investments	\$ 197,810	\$ 357,054	\$ 3,824,926	\$ 156,700	\$ 185,736
Receivables (net):					
Property taxes receivable	-	-	-	-	-
Accounts receivable	-	18,036	73,001	3,000	112,700
Advances to other funds	-	-	-	-	-
Due from other funds	-	-	-	80	-
Prepaid items	-	-	-	5,718	2,590
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,718</u>	<u>2,590</u>
Total assets	<u>\$ 197,810</u>	<u>\$ 375,090</u>	<u>\$ 3,897,927</u>	<u>\$ 165,498</u>	<u>\$ 301,026</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 105,374	\$ 6,801	\$ 152
Accrued wages	-	115	-	4,522	48,694
Unearned revenues	-	-	13,253	3,000	93,905
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	754
Advances from other funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>115</u>	<u>118,627</u>	<u>14,323</u>	<u>143,505</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	5,718	2,590
Restricted	197,810	374,975	3,779,300	-	-
Assigned	-	-	-	145,457	154,931
	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,457</u>	<u>154,931</u>
Total fund balances	<u>197,810</u>	<u>374,975</u>	<u>3,779,300</u>	<u>151,175</u>	<u>157,521</u>
Total liabilities and fund balances	<u>\$ 197,810</u>	<u>\$ 375,090</u>	<u>\$ 3,897,927</u>	<u>\$ 165,498</u>	<u>\$ 301,026</u>

TIF #3	Non-Home Rule Sales Tax Capital Projects	Total Nonmajor Governmental Funds
\$ 81,222	\$ 3,005,913	\$ 7,809,361
56,080	-	56,080
-	673,016	879,753
-	100,000	100,000
-	-	80
-	-	8,308
<u>\$ 137,302</u>	<u>\$ 3,778,929</u>	<u>\$ 8,853,582</u>
\$ -	\$ 191,681	\$ 304,008
-	-	53,331
-	-	110,158
-	14,361	14,361
-	-	754
<u>40,000</u>	<u>-</u>	<u>40,000</u>
<u>40,000</u>	<u>206,042</u>	<u>522,612</u>
<u>56,080</u>	<u>-</u>	<u>56,080</u>
<u>56,080</u>	<u>-</u>	<u>56,080</u>
-	-	8,308
41,222	3,572,887	7,966,194
<u>-</u>	<u>-</u>	<u>300,388</u>
<u>41,222</u>	<u>3,572,887</u>	<u>8,274,890</u>
<u>\$ 137,302</u>	<u>\$ 3,778,929</u>	<u>\$ 8,853,582</u>

Village of Lake Zurich

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

	<u>Foreign Fire Tax</u>	<u>Hotel Tax</u>	<u>Motor Fuel Tax</u>	<u>Special Events</u>	<u>Dispatch Services</u>
Revenues					
Taxes	\$ 49,234	\$ 96,314	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,226,941	1,000	-
Charges for services	-	-	-	-	935,027
Special events	-	-	-	99,454	-
Investment income	<u>-</u>	<u>120</u>	<u>1,374</u>	<u>47</u>	<u>239</u>
Total revenues	<u>49,234</u>	<u>96,434</u>	<u>1,228,315</u>	<u>100,501</u>	<u>935,266</u>
Expenditures					
Current:					
General government	-	16,842	-	-	-
Public safety	37,324	-	-	-	1,519,019
Highways and streets	-	-	418,362	-	-
Culture and recreation	-	-	-	265,033	-
Economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>37,324</u>	<u>16,842</u>	<u>418,362</u>	<u>265,033</u>	<u>1,519,019</u>
Excess (deficiency) of revenues over expenditures	<u>11,910</u>	<u>79,592</u>	<u>809,953</u>	<u>(164,532)</u>	<u>(583,753)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	204,558	476,000
Transfers out	<u>-</u>	<u>(73,858)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(73,858)</u>	<u>-</u>	<u>204,558</u>	<u>476,000</u>
Net change in fund balances	11,910	5,734	809,953	40,026	(107,753)
Fund Balances (Deficit), Beginning	<u>185,900</u>	<u>369,241</u>	<u>2,969,347</u>	<u>111,149</u>	<u>265,274</u>
Fund Balances, Ending	<u>\$ 197,810</u>	<u>\$ 374,975</u>	<u>\$ 3,779,300</u>	<u>\$ 151,175</u>	<u>\$ 157,521</u>

<u>TIF #3</u>	<u>Non-Home Rule Sales Tax Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 56,937	\$ 2,421,875	\$ 2,624,360
-	198,312	1,426,253
-	-	935,027
-	-	99,454
<u>24</u>	<u>2,522</u>	<u>4,326</u>
<u>56,961</u>	<u>2,622,709</u>	<u>5,089,420</u>
-	-	16,842
-	-	1,556,343
-	1,973,426	2,391,788
-	-	265,033
<u>526</u>	<u>-</u>	<u>526</u>
<u>526</u>	<u>1,973,426</u>	<u>4,230,532</u>
<u>56,435</u>	<u>649,283</u>	<u>858,888</u>
-	-	680,558
<u>-</u>	<u>-</u>	<u>(73,858)</u>
<u>-</u>	<u>-</u>	<u>606,700</u>
56,435	649,283	1,465,588
<u>(15,213)</u>	<u>2,923,604</u>	<u>6,809,302</u>
<u>\$ 41,222</u>	<u>\$ 3,572,887</u>	<u>\$ 8,274,890</u>

Village of Lake Zurich

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual - Hotel Tax
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Hotel/Motel tax	\$ 27,780	\$ 27,780	\$ 96,314
Investment income	<u>400</u>	<u>400</u>	<u>120</u>
Total revenues	<u>28,180</u>	<u>28,180</u>	<u>96,434</u>
Expenditures			
Current:			
General government	<u>17,950</u>	<u>17,950</u>	<u>16,842</u>
Total expenditures	<u>17,950</u>	<u>17,950</u>	<u>16,842</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,230</u>	<u>10,230</u>	<u>79,592</u>
Other Financing Sources (Uses)			
Transfers out	<u>(73,858)</u>	<u>(73,858)</u>	<u>(73,858)</u>
Total other financing sources (uses)	<u>(73,858)</u>	<u>(73,858)</u>	<u>(73,858)</u>
Net change in fund balance	<u><u>\$ (63,628)</u></u>	<u><u>\$ (63,628)</u></u>	5,734
Fund Balance, Beginning			<u>369,241</u>
Fund Balance, Ending			<u><u>\$ 374,975</u></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, 2021

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Reimbursements	\$ 637,083	\$ 795,000	\$ 795,688
Investment income	4,600	4,600	1,374
Rebuild Illinois	-	431,253	431,253
Total revenues	<u>641,683</u>	<u>1,230,853</u>	<u>1,228,315</u>
Expenditures			
Current:			
Highways and streets	<u>428,267</u>	<u>429,843</u>	<u>418,362</u>
Total expenditures	<u>428,267</u>	<u>429,843</u>	<u>418,362</u>
Net change in fund balance	<u>\$ 213,416</u>	<u>\$ 801,010</u>	809,953
Fund Balance, Beginning			<u>2,969,347</u>
Fund Balance, Ending			<u>\$ 3,779,300</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, 2021

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Special events	\$ 90,850	\$ 90,850	\$ 99,454
Investment income	500	500	47
Intergovernmental			
Grants	-	-	1,000
Total intergovernmental	-	-	1,000
Total revenues	<u>91,350</u>	<u>91,350</u>	<u>100,501</u>
Expenditures			
Current:			
Culture and recreation	<u>279,183</u>	<u>281,383</u>	<u>265,033</u>
Total expenditures	<u>279,183</u>	<u>281,383</u>	<u>265,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(187,833)</u>	<u>(190,033)</u>	<u>(164,532)</u>
Other Financing Sources (Uses)			
Transfers in	<u>204,558</u>	<u>204,558</u>	<u>204,558</u>
Total other financing sources (uses)	<u>204,558</u>	<u>204,558</u>	<u>204,558</u>
Net change in fund balance	<u>\$ 16,725</u>	<u>\$ 14,525</u>	40,026
Fund Balance, Beginning			<u>111,149</u>
Fund Balance, Ending			<u>\$ 151,175</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, 2021

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Charges for services	\$ 897,950	\$ 1,030,313	\$ 935,027
Investment income	<u>780</u>	<u>780</u>	<u>239</u>
Total revenues	<u>898,730</u>	<u>1,031,093</u>	<u>935,266</u>
Expenditures			
Current:			
Public safety	<u>1,502,467</u>	<u>1,524,646</u>	<u>1,519,019</u>
Total expenditures	<u>1,502,467</u>	<u>1,524,646</u>	<u>1,519,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(603,737)</u>	<u>(493,553)</u>	<u>(583,753)</u>
Other Financing Sources (Uses)			
Transfers in	<u>476,000</u>	<u>476,000</u>	<u>476,000</u>
Total other financing sources (uses)	<u>476,000</u>	<u>476,000</u>	<u>476,000</u>
Net change in fund balance	<u><u>\$ (127,737)</u></u>	<u><u>\$ (17,553)</u></u>	<u>(107,753)</u>
Fund Balance, Beginning			<u>265,274</u>
Fund Balance, Ending			<u><u>\$ 157,521</u></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, 2021

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Property tax	\$ 26,000	\$ 26,000	\$ 56,937
Investment income	<u>-</u>	<u>-</u>	<u>24</u>
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>56,961</u>
Expenditures			
Current:			
Economic development	<u>1,400</u>	<u>1,400</u>	<u>526</u>
Total expenditures	<u>1,400</u>	<u>1,400</u>	<u>526</u>
Net change in fund balance	<u>\$ 24,600</u>	<u>\$ 24,600</u>	56,435
Fund Balance (Deficit), Beginning			<u>(15,213)</u>
Fund Balance, Ending			<u>\$ 41,222</u>

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, 2021

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Sales tax	\$ 1,715,571	\$ 1,715,571	\$ 2,421,875
Investment income	9,300	9,300	2,522
Intergovernmental			
Reimbursements	-	-	198,312
Total intergovernmental	-	-	198,312
Total revenues	<u>1,724,871</u>	<u>1,724,871</u>	<u>2,622,709</u>
Expenditures			
Current:			
Highways and streets	<u>2,224,500</u>	<u>2,224,500</u>	<u>1,973,426</u>
Total expenditures	<u>2,224,500</u>	<u>2,224,500</u>	<u>1,973,426</u>
Net change in fund balance	<u>\$ (499,629)</u>	<u>\$ (499,629)</u>	649,283
Fund Balance, Beginning			<u>2,923,604</u>
Fund Balance, Ending			<u><u>\$ 3,572,887</u></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, 2021

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Property tax	\$ 1,200,000	\$ 1,200,000	\$ 1,210,911
Investment income	<u>3,120</u>	<u>3,120</u>	<u>769</u>
Total revenues	<u>1,203,120</u>	<u>1,203,120</u>	<u>1,211,680</u>
Expenditures			
Debt service:			
Principal	1,172,000	1,172,000	-
Interest and fiscal charges	<u>18,857</u>	<u>18,857</u>	<u>18,557</u>
Total expenditures	<u>1,190,857</u>	<u>1,190,857</u>	<u>18,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,263</u>	<u>12,263</u>	<u>1,193,123</u>
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>-</u>	<u>(1,172,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,172,000)</u>
Net change in fund balance	<u>\$ 12,263</u>	<u>\$ 12,263</u>	21,123
Fund Balance, Beginning			<u>900,638</u>
Fund Balance, Ending			<u>\$ 921,761</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, 2021

	Budgeted Amounts		
	Original	Final	Actual
Revenues			
Investment income	\$ 1,600	\$ 1,600	\$ (692)
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>(692)</u>
Expenditures			
Debt service:			
Principal	1,360,000	1,360,000	1,360,000
Interest and fiscal charges	<u>680,261</u>	<u>680,261</u>	<u>678,526</u>
Total expenditures	<u>2,040,261</u>	<u>2,040,261</u>	<u>2,038,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,038,661)</u>	<u>(2,038,661)</u>	<u>(2,039,218)</u>
Other Financing Sources (Uses)			
Proceeds from bond issuance	1,172,000	1,172,000	-
Transfers in	<u>785,000</u>	<u>785,000</u>	<u>1,957,000</u>
Total other financing sources (uses)	<u>1,957,000</u>	<u>1,957,000</u>	<u>1,957,000</u>
Net change in fund balance	<u><u>\$ (81,661)</u></u>	<u><u>\$ (81,661)</u></u>	<u>(82,218)</u>
Fund Balance (Deficit), Beginning			<u>(823,883)</u>
Fund Balance (Deficit), Ending			<u><u>\$ (906,101)</u></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, 2021

	Budgeted Amounts		Actual
	Original	Final	
Revenues			
Grants	\$ 200,000	\$ 1,551,081	\$ 200,000
Park fees	-	250,617	250,617
Investment income	4,620	4,620	(6,087)
Civic contribution	69,996	69,996	69,996
Miscellaneous revenues	-	-	502,682
	<u>274,616</u>	<u>1,876,314</u>	<u>1,017,208</u>
Total revenues			
Expenditures			
Capital outlay			
Capital outlay:			
Infrastructure improvements	74,000	2,982	3,262
Capital project improvements	<u>568,250</u>	<u>481,459</u>	<u>479,527</u>
Total expenditures	<u>642,250</u>	<u>484,441</u>	<u>482,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,634)</u>	<u>1,391,873</u>	<u>534,419</u>
Other Financing Sources (Uses)			
Transfers in	-	2,090,000	2,090,000
Total other financing sources (uses)	-	<u>2,090,000</u>	<u>2,090,000</u>
Net change in fund balance	<u>\$ (367,634)</u>	<u>\$ 3,481,873</u>	2,624,419
Fund Balance, Beginning			<u>4,658,017</u>
Fund Balance, Ending			<u><u>\$ 7,282,436</u></u>

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2021

	Original Budget	Final Budget	Actual
Operating Revenues			
Charges for services	\$ 6,896,243	\$ 6,896,243	\$ 7,226,903
Total operating revenues	6,896,243	6,896,243	7,226,903
Operating Expenses			
Administration	776,504	779,062	246,692
Operations	4,921,686	4,961,192	2,643,138
Depreciation	1,919,000	1,919,000	1,989,123
Total operating expenses	7,617,190	7,659,254	4,878,953
Operating income (loss)	(720,947)	(763,011)	2,347,950
Nonoperating Revenues (Expenses)			
Connection fees	130,000	130,000	621,637
Investment income	26,000	26,000	(1,707)
Gain on sale of capital assets	-	-	849
Interest and fiscal charges	(174,798)	(174,798)	(143,023)
Total nonoperating revenues (expenses)	(18,798)	(18,798)	477,756
Change in net position	\$ (739,745)	\$ (781,809)	2,825,706
Net Position, Beginning of Year			45,627,086
Net Position, End of Year			\$ 48,452,792

Village of Lake Zurich

Schedule of Operating Revenues - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2021

	Original Budget	Final Budget	Actual
Charges for Services			
Water charges	\$ 3,361,915	\$ 3,361,915	\$ 3,393,923
Sewer charges	980,955	980,955	1,045,450
Capital charge	2,405,673	2,405,673	2,552,803
Meter sales	10,000	10,000	29,205
Late fees	87,700	87,700	88,858
Wastewater service agreements	50,000	50,000	107,398
Inspection fees	-	-	1,500
Other	-	-	7,766
	<hr/>	<hr/>	<hr/>
Total operating revenues	<u>\$ 6,896,243</u>	<u>\$ 6,896,243</u>	<u>\$ 7,226,903</u>

Village of Lake Zurich

Schedule of Operating Expenses - Budget to Actual

Waterworks and Sewerage Fund

December 31, 2021

	Original Budget	Final Budget	Actual
Administration			
Personnel services	\$ 436,062	\$ 438,620	\$ (85,987)
Contractual services	282,972	282,972	275,089
Commodities	57,470	57,470	57,590
Total administration	<u>\$ 776,504</u>	<u>\$ 779,062</u>	<u>\$ 246,692</u>
Operations			
Water service:			
Water service - personnel services	\$ 667,448	\$ 706,954	\$ 698,181
Water service - contractual services	555,500	555,500	360,545
Water service - commodities	532,350	532,350	484,500
Total water service	<u>1,755,298</u>	<u>1,794,804</u>	<u>1,543,226</u>
Sewer service:			
Sewer service - personnel services	623,172	623,172	619,165
Sewer service - contractual services	293,066	293,066	195,076
Sewer service - commodities	92,050	92,050	63,418
Total sewer service	<u>1,008,288</u>	<u>1,008,288</u>	<u>877,659</u>
Capital outlay	<u>2,158,100</u>	<u>2,158,100</u>	<u>1,694,490</u>
Less nonoperating items:			
Capital assets capitalized	<u>-</u>	<u>-</u>	<u>(1,472,237)</u>
Total operations	<u>\$ 4,921,686</u>	<u>\$ 4,961,192</u>	<u>\$ 2,643,138</u>
Depreciation	<u>\$ 1,919,000</u>	<u>\$ 1,919,000</u>	<u>\$ 1,989,123</u>

Village of Lake Zurich

Combining Statement of Net Position
Internal Service Funds
December 31, 2021

	<u>Medical Self- Insurance</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Total</u>
Assets				
Current assets:				
Cash and investments	\$ 1,384,816	\$ 979,563	\$ 3,954,945	\$ 6,319,324
Receivables:				
Accounts receivable	11,033	-	-	11,033
Prepaid items	<u>485,780</u>	<u>1,211,229</u>	<u>-</u>	<u>1,697,009</u>
Total current assets	<u>1,881,629</u>	<u>2,190,792</u>	<u>3,954,945</u>	<u>8,027,366</u>
Noncurrent assets:				
Capital assets (net of accumulated depreciation):				
Property and equipment	-	-	5,608,098	5,608,098
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(1,735,898)</u>	<u>(1,735,898)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>3,872,200</u>	<u>3,872,200</u>
Total assets	<u>1,881,629</u>	<u>2,190,792</u>	<u>7,827,145</u>	<u>11,899,566</u>
Liabilities				
Current liabilities:				
Accounts payable	11,323	11,347	226	22,896
Accrued wages	<u>-</u>	<u>5,526</u>	<u>-</u>	<u>5,526</u>
Total current liabilities	<u>11,323</u>	<u>16,873</u>	<u>226</u>	<u>28,422</u>
Total liabilities	<u>11,323</u>	<u>16,873</u>	<u>226</u>	<u>28,422</u>
Net Position				
Net investment in capital assets	-	-	3,872,200	3,872,200
Unrestricted net position	<u>1,870,306</u>	<u>2,173,919</u>	<u>3,954,719</u>	<u>7,998,944</u>
Total net position	<u>\$ 1,870,306</u>	<u>\$ 2,173,919</u>	<u>\$ 7,826,919</u>	<u>\$ 11,871,144</u>

Village of Lake Zurich

Combining Statement of Revenues, Expenses and
Changes in Fund Net Position
Internal Service Funds
Year Ended December 31, 2021

	<u>Medical Self- Insurance</u>	<u>Risk Management</u>	<u>Equipment Replacement</u>	<u>Total</u>
Operating Revenues				
Contributions:				
Employer	\$ 2,393,734	\$ 1,128,279	\$ 749,450	\$ 4,271,463
Employee	266,245	-	-	266,245
Pensioner	<u>286,063</u>	<u>-</u>	<u>-</u>	<u>286,063</u>
Total operating revenues	<u>2,946,042</u>	<u>1,128,279</u>	<u>749,450</u>	<u>4,823,771</u>
Operating Expenses				
Insurance and claims:				
Personnel services	6,304	166,750	-	173,054
Contractual services	2,807,603	645,284	-	3,452,887
Less reimbursements	-	(244,462)	-	(244,462)
Operations:				
Commodities	-	2,919	26,558	29,477
Depreciation	<u>-</u>	<u>-</u>	<u>377,470</u>	<u>377,470</u>
Total operating expenses	<u>2,813,907</u>	<u>570,491</u>	<u>404,028</u>	<u>3,788,426</u>
Operating income (loss)	<u>132,135</u>	<u>557,788</u>	<u>345,422</u>	<u>1,035,345</u>
Nonoperating Revenues (Expenses)				
Investment income	922	500	2,516	3,938
Miscellaneous	<u>-</u>	<u>10,217</u>	<u>1,709</u>	<u>11,926</u>
Total nonoperating revenues (expenses)	<u>922</u>	<u>10,717</u>	<u>4,225</u>	<u>15,864</u>
Income (loss) before transfers	<u>133,057</u>	<u>568,505</u>	<u>349,647</u>	<u>1,051,209</u>
Transfers				
Transfers in	-	-	600,000	600,000
Transfers out	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total transfers	<u>-</u>	<u>(200,000)</u>	<u>600,000</u>	<u>400,000</u>
Change in net position	133,057	368,505	949,647	1,451,209
Net Position, Beginning	<u>1,737,249</u>	<u>1,805,414</u>	<u>6,877,272</u>	<u>10,419,935</u>
Net Position, Ending	<u>\$ 1,870,306</u>	<u>\$ 2,173,919</u>	<u>\$ 7,826,919</u>	<u>\$ 11,871,144</u>

Village of Lake Zurich

Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2021

	Medical Self-Insurance	Risk Management	Equipment Replacement	Total
Cash Flows From Operating Activities				
Received from customers	\$ 2,941,719	\$ 1,128,279	\$ 749,450	\$ 4,819,448
Paid to suppliers for goods and services	(19,332)	(793,205)	(26,340)	(838,877)
Paid to employees for services	(2,807,603)	(163,714)	-	(2,971,317)
Net cash flows from operating activities	<u>114,784</u>	<u>171,360</u>	<u>723,110</u>	<u>1,009,254</u>
Cash Flows From Investing Activities				
Investment income	<u>922</u>	<u>500</u>	<u>2,516</u>	<u>3,938</u>
Net cash flows from investing activities	<u>922</u>	<u>500</u>	<u>2,516</u>	<u>3,938</u>
Cash Flows From Noncapital Financing Activities				
Receipt (payment) of transfer	-	(200,000)	600,000	400,000
Grant revenue	<u>-</u>	<u>10,217</u>	<u>-</u>	<u>10,217</u>
Net cash flows from noncapital financing activities	<u>-</u>	<u>(189,783)</u>	<u>600,000</u>	<u>410,217</u>
Cash Flows From Capital and Related Financing Activities				
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>(630,608)</u>	<u>(630,608)</u>
Net cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(630,608)</u>	<u>(630,608)</u>
Net change in cash and cash equivalents	115,706	(17,923)	695,018	792,801
Cash and Cash Equivalents, Beginning	<u>1,269,110</u>	<u>997,486</u>	<u>3,259,927</u>	<u>5,526,523</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,384,816</u></u>	<u><u>\$ 979,563</u></u>	<u><u>\$ 3,954,945</u></u>	<u><u>\$ 6,319,324</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities				
Operating income (loss)	\$ 132,135	\$ 557,788	\$ 345,422	\$ 1,035,345
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	-	-	377,470	377,470
Changes in assets and liabilities:				
Accounts receivable	(4,323)	-	-	(4,323)
Prepaid items	(11,640)	(377,170)	-	(388,810)
Accounts payable	(1,388)	(12,294)	218	(13,464)
Compensated absences	<u>-</u>	<u>3,036</u>	<u>-</u>	<u>3,036</u>
Net cash flows from operating activities	<u><u>\$ 114,784</u></u>	<u><u>\$ 171,360</u></u>	<u><u>\$ 723,110</u></u>	<u><u>\$ 1,009,254</u></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

Year Ended December 31, 2021

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions:			
Employer	\$ 2,393,703	\$ 2,393,703	\$ 2,393,734
Employee	277,800	277,800	266,245
Pensioner	<u>304,800</u>	<u>304,800</u>	<u>286,063</u>
Total operating revenues	<u>2,976,303</u>	<u>2,976,303</u>	<u>2,946,042</u>
Operating Expenses			
Insurance and claims:			
Personnel services	13,000	13,000	6,304
Claims	1,000	1,000	-
Contractual services	<u>2,962,259</u>	<u>2,962,259</u>	<u>2,807,603</u>
Total insurance and claims	<u>2,976,259</u>	<u>2,976,259</u>	<u>2,813,907</u>
Total operating expenses	<u>2,976,259</u>	<u>2,976,259</u>	<u>2,813,907</u>
Operating income	<u>44</u>	<u>44</u>	<u>132,135</u>
Nonoperating Revenues			
Investment income	<u>2,200</u>	<u>2,200</u>	<u>922</u>
Total nonoperating revenues	<u>2,200</u>	<u>2,200</u>	<u>922</u>
Change in net position	<u>\$ 2,244</u>	<u>\$ 2,244</u>	133,057
Net Position, Beginning			<u>1,737,249</u>
Net Position, Ending			<u>\$ 1,870,306</u>

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

Risk Management

Year Ended December 31, 2021

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions:			
Employer	\$ 1,128,279	\$ 1,128,279	\$ 1,128,279
Total operating revenues	<u>1,128,279</u>	<u>1,128,279</u>	<u>1,128,279</u>
Operating Expenses			
Insurance and claims:			
Personnel services	181,300	237,246	166,750
Contractual services	946,979	946,979	645,284
Less reimbursements	(40,000)	(133,039)	(244,462)
Commodities	<u>-</u>	<u>2,919</u>	<u>2,919</u>
Total insurance and claims	<u>1,088,279</u>	<u>1,054,105</u>	<u>570,491</u>
Total operating expenses	<u>1,088,279</u>	<u>1,054,105</u>	<u>570,491</u>
Operating income	<u>40,000</u>	<u>74,174</u>	<u>557,788</u>
Nonoperating Revenues			
Investment income	1,400	1,400	500
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>10,217</u>
Total nonoperating revenues	<u>1,400</u>	<u>1,400</u>	<u>10,717</u>
Net income before contribution and transfers	<u>41,400</u>	<u>75,574</u>	<u>568,505</u>
Contribution and Transfers			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Net contribution and transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Change in net position	\$ <u>(158,600)</u>	\$ <u>(124,426)</u>	368,505
Net Position, Beginning			<u>1,805,414</u>
Net Position, Ending			\$ <u>2,173,919</u>

Village of Lake Zurich

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

Equipment Replacement

Year Ended December 31, 2021

	Budgeted Amounts		
	Original	Final	Actual
Operating Revenues			
Contributions:			
Employer	\$ 749,450	\$ 749,450	\$ 749,450
Total operating revenues	749,450	749,450	749,450
Operating Expenses			
Operations:			
Vehicles	637,200	637,200	632,318
Equipment	112,250	29,250	26,558
Depreciation	397,000	397,000	377,470
Total operations	1,146,450	1,063,450	1,036,346
Total operating expenses	1,146,450	1,063,450	1,036,346
Operating loss	(397,000)	(314,000)	(286,896)
Nonoperating Revenues			
Investment income	7,600	7,600	2,516
Miscellaneous	-	-	1,709
Total nonoperating revenues	7,600	7,600	4,225
Net loss before transfers	(389,400)	(306,400)	(282,671)
Transfers			
Transfers in	200,000	600,000	600,000
Net transfers	200,000	600,000	600,000
Change in net position, budgetary basis	\$ (189,400)	\$ 293,600	317,329
Adjustments to GAAP basis			
Capital assets capitalized			632,318
Change in net position, GAAP basis			949,647
Net Position, Beginning			6,877,272
Net Position, Ending			\$ 7,826,919

Village of Lake Zurich

Combining Statement of Fiduciary Net Position
Pension Trust Funds
December 31, 2021

	Police Pension	Firefighters' Pension	Total
Assets			
Cash and investments	\$ 9,284	\$ 6,679	\$ 15,963
Investments:			
U.S. treasuries	1,344,027	2,235,133	3,579,160
U.S. agencies	6,941,074	11,128,616	18,069,690
Mutual funds	21,012,513	33,823,074	54,835,587
Corporate bonds	2,075,517	3,005,085	5,080,602
State and local obligations	1,919,788	3,028,907	4,948,695
Money markets	491,114	131,087	622,201
Certificates of deposit	224,633	983,037	1,207,670
Insurance contracts	-	257,789	257,789
Receivables:			
Accrued interest	61,467	109,227	170,694
Prepaid items	<u>2,022</u>	<u>2,821</u>	<u>4,843</u>
Total assets	<u>34,081,439</u>	<u>54,711,455</u>	<u>88,792,894</u>
Liabilities			
Accounts payable	<u>17,131</u>	<u>3,362</u>	<u>20,493</u>
Total liabilities	<u>17,131</u>	<u>3,362</u>	<u>20,493</u>
Net Position			
Restricted for retirement benefits	<u>\$ 34,064,308</u>	<u>\$ 54,708,093</u>	<u>\$ 88,772,401</u>

Village of Lake Zurich

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended December 31, 2021

	Police Pension	Firefighters' Pension	Total
Additions			
Contributions:			
Employer	\$ 2,020,139	\$ 2,498,349	\$ 4,518,488
Employee	<u>333,942</u>	<u>516,879</u>	<u>850,821</u>
Total contributions	<u>2,354,081</u>	<u>3,015,228</u>	<u>5,369,309</u>
Investment income:			
Net appreciation (depreciation) in fair value of investments	2,125,766	3,226,678	5,352,444
Interest on investments	<u>1,499,304</u>	<u>2,489,298</u>	<u>3,988,602</u>
Total investment income	3,625,070	5,715,976	9,341,046
Less investment expense	<u>(65,840)</u>	<u>(107,636)</u>	<u>(173,476)</u>
Net investment income	<u>3,559,230</u>	<u>5,608,340</u>	<u>9,167,570</u>
Total additions	<u>5,913,311</u>	<u>8,623,568</u>	<u>14,536,879</u>
Deductions			
Pension payments and refunds	2,308,656	2,296,421	4,605,077
Administration	<u>32,094</u>	<u>49,825</u>	<u>81,919</u>
Total deductions	<u>2,340,750</u>	<u>2,346,246</u>	<u>4,686,996</u>
Change in net position	3,572,561	6,277,322	9,849,883
Net Position, Beginning	<u>30,491,747</u>	<u>48,430,771</u>	<u>78,922,518</u>
Net Position, Ending	<u><u>\$ 34,064,308</u></u>	<u><u>\$ 54,708,093</u></u>	<u><u>\$ 88,772,401</u></u>

LONG-TERM DEBT REQUIREMENTS

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Bonds

(Alternative Revenue Source) Series of 2014A

December 31, 2021

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	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2021	\$ 745,000	\$ 69,300	\$ 814,300	2022	\$ 34,650	2022	\$ 34,650
2022	760,000	46,950	806,950	2023	23,475	2023	23,475
2023	805,000	24,150	829,150	2024	12,075	2024	12,075
	<u>\$ 2,310,000</u>	<u>\$ 140,400</u>	<u>\$ 2,450,400</u>		<u>\$ 70,200</u>		<u>\$ 70,200</u>

Village of Lake Zurich

Long-Term Debt Requirements

General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2015A

December 31, 2021

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	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2021	\$ -	\$ 413,685	\$ 413,685	2022	\$ 206,842	2022	\$ 206,843
2022	-	413,685	413,685	2023	206,842	2023	206,843
2023	-	413,685	413,685	2024	206,842	2024	206,843
2024	810,000	413,685	1,223,685	2025	206,842	2025	206,843
2025	840,000	387,360	1,227,360	2026	193,680	2026	193,680
2026	875,000	360,060	1,235,060	2027	180,030	2027	180,030
2027	915,000	331,622	1,246,622	2028	165,811	2028	165,811
2028	955,000	301,428	1,256,428	2029	150,714	2029	150,714
2029	1,370,000	268,956	1,638,956	2030	134,478	2030	134,478
2030	1,415,000	221,008	1,636,008	2031	110,504	2031	110,504
2031	1,480,000	170,066	1,650,066	2032	85,033	2032	85,033
2032	1,530,000	116,048	1,646,048	2033	58,024	2033	58,024
2033	1,585,000	59,438	1,644,438	2034	29,719	2034	29,719
	<u>\$ 11,775,000</u>	<u>\$ 3,870,726</u>	<u>\$ 15,645,726</u>		<u>\$ 1,935,361</u>		<u>\$ 1,935,365</u>

Village of Lake Zurich**Long-Term Debt Requirements**

General Obligation Waterworks and Sewerage Bonds (Alternative Revenue Source) Series of 2013A

December 31, 2021

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	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2021	\$ 405,000	\$ 32,200	\$ 437,200	2022	\$ 16,100	2022	\$ 16,100
2022	400,000	16,000	416,000	2023	8,000	2023	8,000
	<u>\$ 805,000</u>	<u>\$ 48,200</u>	<u>\$ 853,200</u>		<u>\$ 24,100</u>		<u>\$ 24,100</u>

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2006

December 31, 2021

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	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 16	Amount	December 16	Amount
2021	\$ 116,017	\$ 14,197	\$ 130,214	2022	\$ 7,459	2022	\$ 6,738
2022	118,935	11,279	130,214	2023	6,009	2023	5,270
2023	121,927	8,287	130,214	2024	4,522	2024	3,765
2024	124,994	5,220	130,214	2025	2,998	2025	2,222
2025	114,854	2,076	116,930	2026	1,436	2026	640
	<u>\$ 596,727</u>	<u>\$ 41,059</u>	<u>\$ 637,786</u>		<u>\$ 22,424</u>		<u>\$ 18,635</u>

Village of Lake Zurich

Long-Term Debt Requirements

IEPA Loan of 2008

December 31, 2021

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
2021	\$ 95,724	\$ 17,476	\$ 113,200	2022	\$ 9,035	2022	\$ 8,441
2022	98,132	15,068	113,200	2023	7,839	2023	7,229
2023	100,600	12,599	113,199	2024	6,612	2024	5,987
2024	103,131	10,068	113,199	2025	5,354	2025	4,714
2025	105,725	7,474	113,199	2026	4,065	2026	3,409
2026	108,385	4,814	113,199	2027	2,744	2027	2,070
2027	111,112	2,088	113,200	2028	1,389	2028	699
	<u>\$ 722,809</u>	<u>\$ 69,587</u>	<u>\$ 792,396</u>		<u>\$ 37,038</u>		<u>\$ 32,549</u>

Village of Lake Zurich**Long-Term Debt Requirements**

General Obligation Refunding Bonds (Alternative Revenue Source) Series of 2016A

December 31, 2021

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
2021	\$ 655,000	\$ 145,706	\$ 800,706	2022	\$ 76,210	2022	\$ 69,496
2022	680,000	131,343	811,343	2023	69,496	2023	61,847
2023	695,000	115,353	810,353	2024	61,846	2024	53,507
2024	715,000	97,717	812,717	2025	53,506	2025	44,211
2025	725,000	78,453	803,453	2026	44,211	2026	34,242
2026	750,000	57,797	807,797	2027	34,242	2027	23,555
2027	775,000	35,679	810,679	2028	23,555	2028	12,124
2028	795,000	12,124	807,124	2029	12,124	2029	-
	<u>\$ 5,790,000</u>	<u>\$ 674,172</u>	<u>\$ 6,464,172</u>		<u>\$ 375,190</u>		<u>\$ 298,982</u>

Village of Lake Zurich**Long-Term Debt Requirements**

General Obligation Waterworks and Sewerage Bonds (Alternative Revenue Source) Series of 2016B

December 31, 2021

Date of Issue	August 1, 2016
Date of Maturity	December 15, 2026
Authorized Issue	\$ 1,000,000
Denomination of Bonds	\$ 5,000
Interest Rates	2.00%
Principal Maturity Date	December 15

Future Principal and Interest Requirements

Tax Levy	Tax Levy			Interest Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
Year							
2021	\$ 100,000	\$ 10,400	\$ 110,400	2022	\$ 5,200	2022	\$ 5,200
2022	100,000	8,400	108,400	2023	4,200	2023	4,200
2023	105,000	6,400	111,400	2024	3,200	2024	3,200
2024	105,000	4,300	109,300	2025	2,150	2025	2,150
2025	110,000	2,200	112,200	2026	1,100	2026	1,100
	<u>\$ 520,000</u>	<u>\$ 31,700</u>	<u>\$ 551,700</u>		<u>\$ 15,850</u>		<u>\$ 15,850</u>

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

Contents	Page
Financial Trends	120 - 126
These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	
Revenue Capacity	119 - 130
These schedules contain information to help the reader assess the Village's most significant local revenue source, the sales tax.	
Debt Capacity	131 - 135
These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue additional debt in the future.	
Demographic and Economic Information	136 - 138
These schedules offer demographic and economic indicators to help the reader understand the environment within the Village's financial activities take place.	
Operating Information	139 - 141
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.	

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

Village of Lake Zurich

Net Position by Component
Last Ten Fiscal Years

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016*	December 31, 2016**	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Governmental Activities										
Net investment in capital assets	\$ 76,983,201	\$ 79,846,136	\$ 80,503,360	\$ 82,125,245	\$ 82,623,774	\$ 83,071,165	\$ 83,682,136	\$ 88,305,543	\$ 85,919,640	\$ 86,028,829
Restricted	18,839,037	10,192,895	10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528	11,042,791	16,840,573
Unrestricted	<u>(22,946,143)</u>	<u>(22,692,562)</u>	<u>(21,489,679)</u>	<u>(58,319,684)</u>	<u>(56,718,186)</u>	<u>(54,079,782)</u>	<u>(54,801,370)</u>	<u>(56,147,503)</u>	<u>(47,851,756)</u>	<u>(41,835,263)</u>
Total governmental activities	<u>\$ 72,876,095</u>	<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>	<u>\$ 43,215,568</u>	<u>\$ 49,110,675</u>	<u>\$ 61,034,139</u>
Business-Type Activities										
Net investment in capital assets	\$ 41,029,978	\$ 41,321,810	\$ 39,678,649	\$ 39,130,472	\$ 39,849,034	\$ 38,774,738	\$ 36,769,636	\$ 37,783,758	\$ 38,573,695	\$ 39,003,754
Restricted	-	-	-	-	-	-	-	-	-	1,096,080
Unrestricted	<u>1,228,483</u>	<u>1,406,104</u>	<u>3,440,249</u>	<u>4,078,672</u>	<u>3,147,564</u>	<u>4,700,206</u>	<u>4,885,210</u>	<u>5,881,004</u>	<u>7,587,296</u>	<u>8,948,490</u>
Total business-type activities	<u>\$ 42,258,461</u>	<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>	<u>\$ 43,664,762</u>	<u>\$ 46,160,991</u>	<u>\$ 49,048,324</u>
Primary Government										
Net investment in capital assets	\$ 118,013,179	\$ 121,167,946	\$ 120,182,009	\$ 121,255,717	\$ 122,472,808	\$ 121,845,903	\$ 120,451,772	\$ 126,089,301	\$ 124,493,335	\$ 125,032,583
Restricted	18,839,037	10,192,895	10,960,283	10,779,838	12,026,955	11,260,966	10,713,751	11,057,528	11,042,791	17,936,653
Unrestricted	<u>(21,717,660)</u>	<u>(21,286,458)</u>	<u>(18,049,430)</u>	<u>(54,241,012)</u>	<u>(53,570,622)</u>	<u>(49,379,576)</u>	<u>(49,916,160)</u>	<u>(50,266,499)</u>	<u>(40,264,460)</u>	<u>(32,886,773)</u>
Total primary government	<u>\$ 115,134,556</u>	<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>	<u>\$ 86,880,330</u>	<u>\$ 95,271,666</u>	<u>\$ 110,082,463</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

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	December 31, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Expenses										
Governmental activities:										
General government	\$ 3,140,972	\$ 1,613,068	\$ 1,802,610	\$ 1,522,322	\$ 772,641	\$ 1,769,844	\$ 2,188,126	\$ 2,003,371	\$ 1,761,391	\$ 1,724,549
Public safety	18,486,450	18,582,961	19,438,857	20,687,223	16,155,251	22,066,110	22,341,200	22,631,359	21,301,322	18,808,688
Highways and streets	4,290,953	4,647,467	4,969,501	4,855,446	3,518,270	4,522,520	5,281,131	5,281,079	5,241,285	5,464,562
Culture and recreation	1,205,021	1,109,942	1,143,280	1,147,881	920,054	1,526,825	1,803,515	1,878,294	997,789	1,236,703
Economic development	479,102	940,077	1,128,755	1,515,262	1,231,598	2,186,755	1,071,579	1,408,997	1,502,578	618,979
Interest on long-term debt	1,254,435	1,409,508	1,738,490	1,475,911	1,088,971	967,636	1,045,097	1,000,955	946,072	885,519
Total governmental activities expenses	28,856,933	28,303,023	30,221,493	31,204,045	23,686,785	33,039,690	33,730,648	34,204,055	31,750,437	28,739,000
Business-type activities:										
Waterworks and sewerage	4,986,492	4,871,170	4,901,767	4,679,952	3,772,676	5,235,787	7,912,780	5,593,327	4,962,077	4,960,349
Total business-type activities expenses	4,986,492	4,871,170	4,901,767	4,679,952	3,772,676	5,235,787	7,912,780	5,593,327	4,962,077	4,960,349
Total primary government expenses	<u>\$ 33,843,425</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>	<u>\$ 39,797,382</u>	<u>\$ 36,712,514</u>	<u>\$ 33,699,349</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,965,735	\$ 535,567	\$ 617,962	\$ 651,761	\$ 282,411	\$ 670,333	\$ 952,435	\$ 959,564	\$ 920,751	\$ 944,651
Public safety	7,205,320	7,086,380	7,392,854	7,096,281	5,712,362	8,312,753	8,394,249	9,010,081	8,272,702	9,213,468
Highways and streets	520,172	469,234	186,992	74,080	28,177	63,544	70,908	55,808	67,835	55,038
Culture and recreation	599,609	529,221	613,484	655,848	572,725	817,009	714,275	760,864	169,632	1,033,762
Economic development	-	-	35,000	95,579	67,340	94,975	-	-	-	-
Operating grants	1,165,632	688,520	905,163	594,937	392,568	610,354	564,495	740,143	742,456	810,422
Capital grants	516	-	-	47,133	-	66,442	17,636	19,233	468,874	648,180
Total governmental activities program revenues	11,456,984	9,308,922	9,751,455	9,215,619	7,055,583	10,635,410	10,713,998	11,545,693	10,642,250	12,705,521
Business-type activities:										
Charges for Services										
Waterworks and sewerage	4,784,199	4,782,300	4,949,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278	7,395,537	7,848,540
Capital grants and contributions	110,136	530,814	336,000	-	-	-	-	-	-	-
Total business-type activities program revenues	4,894,335	5,313,114	5,285,523	5,382,500	3,545,694	5,672,242	6,191,268	7,431,278	7,395,537	7,848,540
Total primary government program revenues	<u>\$ 16,351,319</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>	<u>\$ 18,976,971</u>	<u>\$ 18,037,787</u>	<u>\$ 20,554,061</u>
Net Revenue (Expense)										
Governmental activities	\$ (17,399,949)	\$ (18,994,101)	\$ (20,470,038)	\$ (21,988,426)	\$ (16,631,202)	\$ (22,404,280)	\$ (23,016,650)	\$ (22,658,362)	\$ (21,108,187)	\$ (16,033,479)
Business-type activities	(92,157)	441,944	383,756	702,548	(226,982)	436,455	(1,721,512)	1,837,951	2,433,460	2,888,191
Total primary government net revenue (expense)	<u>\$ (17,492,106)</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>	<u>\$ (20,820,411)</u>	<u>\$ (18,674,727)</u>	<u>\$ (13,145,288)</u>

Village of Lake Zurich

Change in Net Position
Last Ten Fiscal Years

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2019	December 31, 2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property	\$ 9,096,330	\$ 9,342,465	\$ 9,927,632	\$ 10,134,009	\$ 10,413,933	\$ 10,521,260	\$ 10,715,277	\$ 11,006,718	\$ 10,834,425	\$ 11,170,535
Intergovernmental:										
Sales	7,940,113	8,145,378	8,640,078	8,767,277	6,093,965	9,143,132	9,235,646	9,230,561	8,485,802	9,722,198
State income	1,769,156	1,912,965	1,922,554	2,092,124	1,192,340	1,803,091	1,879,984	2,089,504	2,133,279	2,594,046
Other	1,445,829	1,336,144	2,296,792	2,748,646	1,838,240	2,752,753	2,942,335	2,993,025	3,949,827	3,628,885
Special events	-	-	-	108,533	118,252	193,260	140,970	158,575	5,406	99,860
Investment Income	69,478	17,587	69,306	76,417	35,346	143,796	353,593	510,432	183,374	(14,708)
Miscellaneous	654,381	247,071	241,171	241,191	286,270	166,794	269,904	290,598	491,567	756,127
Transfers in (out)	-	(26,291)	-	-	-	-	-	-	-	-
Total governmental activities	<u>20,975,287</u>	<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>	<u>26,279,413</u>	<u>26,083,680</u>	<u>27,956,943</u>
Business-type activities:										
Investment Income	3,660	1,218	7,228	12,191	14,436	41,891	122,645	162,361	55,823	(1,707)
Gain on sale of capital assets	-	-	-	5,044	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	19,995	9,604	6,946	849
Transfers in (out)	-	26,291	-	-	-	-	-	-	-	-
Total business-type activities	<u>3,660</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>171,965</u>	<u>62,769</u>	<u>(858)</u>
Total primary government	<u>\$ 20,978,947</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>\$ 26,451,378</u>	<u>\$ 26,146,449</u>	<u>\$ 27,956,085</u>
Special Item										
Governmental activities	<u>\$ -</u>	<u>\$ (7,018,317)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental activities	\$ 3,575,338	\$ (5,037,099)	\$ 2,627,495	\$ 2,179,771	\$ 3,347,144	\$ 2,319,806	\$ 2,521,059	\$ 3,621,051	\$ 4,975,493	\$ 11,923,464
Business-type activities	<u>(88,497)</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>2,009,916</u>	<u>2,496,229</u>	<u>2,887,333</u>
Total primary government change in net position	<u>\$ 3,486,841</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>	<u>\$ 5,630,967</u>	<u>\$ 7,471,722</u>	<u>\$ 14,810,797</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

Village of Lake Zurich

Fund Balances of Governmental Funds
Last Ten Fiscal Years

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
General Fund										
Nonspendable	\$ 1,888,744	\$ 1,552,148	\$ 1,874,738	\$ 1,802,987	\$ 1,679,491	\$ 1,705,230	\$ 1,572,766	\$ 1,607,125	\$ 1,593,569	\$ 1,692,255
Restricted	328,685	348,816	434,061	363,308	344,337	411,917	406,251	185,151	284,870	318,483
Assigned	-	-	-	-	-	-	-	-	10,610	11,015
Unrestricted	7,368,345	7,667,560	7,329,746	7,931,993	8,439,557	8,441,987	8,755,112	9,582,847	10,190,688	10,967,447
Total general fund	<u>\$ 9,585,774</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>	<u>\$ 11,375,123</u>	<u>\$ 12,079,737</u>	<u>\$ 12,989,200</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ 2,187	\$ 4,013	\$ 30,581	\$ 6,597	\$ 14,197	\$ 18,834	\$ 7,323	\$ 7,020	\$ 8,308
Restricted	18,510,352	9,844,079	10,526,222	10,416,530	11,682,618	10,849,049	10,307,500	10,872,377	10,757,921	12,543,275
Assigned	-	-	258,605	170,808	120,860	1,269,808	2,710,282	2,986,339	4,787,890	7,343,294
Unassigned	-	-	(1,336,239)	(1,494,225)	(1,291,801)	(1,143,367)	(1,133,627)	(963,168)	(868,403)	(906,101)
Total all other governmental funds	<u>\$ 18,510,352</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>	<u>\$ 12,902,871</u>	<u>\$ 14,684,428</u>	<u>\$ 18,988,776</u>

* 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

Village of Lake Zurich

General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Taxes	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401	\$ 13,415,421	\$ 14,897,858	\$ 15,224,671	\$ 15,482,507	\$ 14,955,192	\$ 15,814,744
Licenses and permits	669,712	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237	676,071	917,300
Intergovernmental	10,972,018	14,288,150	15,103,784	15,254,299	11,034,163	15,758,848	15,743,850	16,728,376	17,516,601	19,130,804
Charges for services	6,491,618	1,395,081	1,587,616	1,681,998	1,324,421	1,861,081	2,968,092	3,071,639	2,205,874	3,191,355
Fines and forfeitures	753,126	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896	472,175	397,506
Special events	-	-	-	108,533	118,247	193,667	140,970	158,575	4,745	99,454
Investment income	69,478	17,587	69,306	76,417	35,346	143,796	294,585	446,764	159,291	(18,646)
Miscellaneous	1,227,043	513,757	224,545	189,008	343,219	216,458	232,302	372,740	199,298	797,259
Total revenues	<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>	<u>\$ 37,610,734</u>	<u>\$ 36,189,247</u>	<u>\$ 40,329,776</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

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
General government	\$ 3,012,651	\$ 2,028,374	\$ 2,576,664	\$ 2,478,464	\$ 1,810,269	\$ 1,782,457	\$ 1,805,792	\$ 1,851,711	\$ 1,735,211	\$ 1,785,443
Public safety	18,380,336	18,557,096	19,097,605	20,087,385	15,540,578	21,304,838	21,412,327	21,959,433	21,748,967	22,717,324
Highways and streets	3,837,520	4,328,310	4,668,487	4,986,161	3,790,189	4,341,341	5,068,175	5,575,873	5,624,641	5,451,826
Culture and recreation	952,048	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883	843,250	1,151,601
Economic development	478,179	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722	1,582,764	1,110,877
Capital outlay	1,239,971	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102	282,556	482,789
Debt service:										
Principal	1,105,000	2,162,000	2,790,000	1,460,000	1,701,000	1,320,000	1,535,000	1,625,000	1,715,000	1,360,000
Interest	1,028,952	1,331,090	1,585,100	1,205,295	891,844	915,439	846,844	799,094	745,943	697,083
Total expenditures	<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>	<u>\$ 35,663,818</u>	<u>\$ 34,278,332</u>	<u>\$ 34,756,943</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

Fiscal Year	April 30, 2013	April 30, 2014	April 30, 2015	April 30, 2016	December 31, 2016*	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Revenues										
Taxes	\$ 12,249,275	\$ 12,462,615	\$ 14,047,185	\$ 14,575,401	\$ 13,415,421	\$ 14,897,858	\$ 15,224,671	\$ 15,482,507	\$ 14,955,192	\$ 15,814,744
Licenses and permits	669,712	821,173	1,030,867	861,876	342,861	783,630	720,053	758,237	676,071	917,300
Intergovernmental	10,972,018	14,288,150	15,103,784	15,254,299	11,034,163	15,758,848	15,743,850	16,728,376	17,516,601	19,130,804
Charges for services	6,491,618	1,395,081	1,587,616	1,681,998	1,324,421	1,861,081	2,968,092	3,071,639	2,205,874	3,191,355
Fines and forfeitures	753,126	812,169	785,685	593,134	420,251	1,504,158	601,130	591,896	472,175	397,506
Special events	-	-	-	108,533	118,247	193,667	140,970	158,575	4,745	99,454
Investment income	69,478	17,587	69,306	76,417	35,346	143,796	294,585	446,764	159,291	(18,646)
Miscellaneous	1,227,043	513,757	224,545	189,008	343,219	216,458	232,302	372,740	199,298	797,259
Total revenues	32,432,270	30,310,532	32,848,988	33,340,666	27,033,929	35,359,496	35,925,653	37,610,734	36,189,247	40,329,776
Expenditures										
General government	3,012,651	2,028,374	2,576,664	2,478,464	1,810,269	1,782,457	1,805,792	1,851,711	1,735,211	1,785,443
Public safety	18,380,336	18,557,096	19,097,605	20,087,385	15,540,578	21,304,838	21,412,327	21,959,433	21,748,967	22,717,324
Highways and streets	3,837,520	4,328,310	4,668,487	4,986,161	3,790,189	4,341,341	5,068,175	5,575,873	5,624,641	5,451,826
Culture and recreation	952,048	879,566	885,710	888,270	717,928	1,310,582	1,427,470	1,630,883	843,250	1,151,601
Economic development	478,179	938,891	1,128,464	1,507,657	1,227,799	2,188,022	1,292,899	1,441,722	1,582,764	1,110,877
Capital outlay	1,239,971	1,450,335	1,401,055	645,296	290,463	300,552	946,789	780,102	282,556	482,789
Debt service:										
Principal	1,105,000	2,162,000	2,790,000	1,460,000	1,701,000	1,320,000	1,535,000	1,625,000	1,715,000	1,360,000
Interest	1,028,952	1,331,090	1,585,100	1,205,295	891,844	915,439	846,844	799,094	745,943	697,083
Total expenditures	30,034,657	31,675,662	34,133,085	33,258,528	25,970,070	33,463,231	34,335,296	35,663,818	34,278,332	34,756,943
Excess (Deficiency) of Revenues Over Expenditures	2,397,613	(1,365,130)	(1,284,097)	82,138	1,063,859	1,896,265	1,590,357	1,946,916	1,910,915	5,572,833
Other Financing Sources (Uses)										
Proceeds from bond issuance, at par	2,650,000	537,000	19,155,000	-	7,861,000	-	-	-	-	-
Premium on bonds issued	588,025	-	397,596	-	-	-	-	-	-	-
Payments to escrow agent	(2,674,286)	-	(18,746,704)	-	(6,890,182)	-	-	-	-	-
Proceeds from capital lease obligation	251,892	-	129,856	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	24,705	48,698	35,000	18,533	19,522	43,960	55,642	40,978
Loss on disposal of land held for resale	-	-	-	-	-	(1,047,636)	-	-	-	-
Transfers in	1,519,953	2,376,589	7,075,090	2,751,426	1,876,600	3,757,271	3,674,562	3,883,271	4,349,478	4,727,558
Transfers (out)	(1,519,953)	(2,725,982)	(7,075,090)	(2,751,426)	(2,186,600)	(4,057,271)	(4,196,144)	(4,233,271)	(4,749,478)	(5,127,558)
Total other financing sources (uses)	815,631	187,607	960,453	48,698	695,818	(1,329,103)	(502,060)	(306,040)	(344,358)	(359,022)
Net change in fund balances	\$ 3,213,244	\$ (1,177,523)	\$ (323,644)	\$ 130,836	\$ 1,759,677	\$ 567,162	\$ 1,088,297	\$ 1,640,876	\$ 1,566,557	\$ 5,213,811
Debt Service as a Percentage of Noncapital Expenditures	7.42%	12.08%	12.10%	8.17%	10.65%	7.04%	7.38%	7.14%	7.67%	6.38%

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

Data Source

Audited Financial Statements

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
2011	632,208,141	207,333,243	839,541,384	321,748	839,863,132	0.907
2012	586,319,303	205,938,281	792,257,584	258,669	792,516,253	0.998
2013	554,924,634	201,393,741	756,318,375	573,654	756,892,029	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	219,836,168	830,260,964	894,933	831,155,897	1.092
2017	630,620,612	230,592,071	861,212,683	739,186	861,951,869	1.079
2018	636,877,562	235,414,565	872,292,127	778,264	873,070,391	1.092
2019	668,639,237	241,331,206	909,970,443	784,307	910,754,750	1.011
2020	664,190,908	239,469,359	903,660,267	774,826	904,435,093	1.043

Data Source

Office of the County Clerk

Village of Lake Zurich

Property Tax Rates - Direct and Overlapping Governments
Last Ten Levy Years

Tax Levy Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Tax Rates										
Village of Lake Zurich										
Corporate	0.256	0.261	0.247	0.251	0.011	-	-	-	-	-
Police protection	0.078	0.080	0.084	0.088	0.196	0.191	0.193	0.202	0.193	0.194
Fire protection	0.078	0.080	0.084	0.088	0.196	0.191	0.193	0.202	0.193	0.194
Ambulance	0.016	0.018	0.019	0.020	0.020	0.000	0.000	0.000	0.000	0.000
Illinois municipal retirement	0.023	0.023	0.026	0.026	0.042	0.012	0.006	0.005	0.004	0.005
Debt service	0.124	0.136	0.211	0.211	0.204	0.197	0.192	0.193	0.129	0.133
Special recreation	0.022	0.023	0.024	0.023	0.023	0.022	0.021	0.021	0.020	0.020
Police pension	0.136	0.159	0.185	0.188	0.197	0.215	0.209	0.207	0.211	0.222
Firefighters' pension	0.174	0.218	0.252	0.248	0.241	0.265	0.264	0.263	0.261	0.275
Federal social security	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Total direct tax rate	0.907	0.998	1.132	1.143	1.131	1.092	1.079	1.092	1.011	1.043
Overlapping Rates										
Lake County	0.554	0.608	0.663	0.682	0.663	0.632	0.622	0.612	0.597	0.598
Lake County Forest Preserve	0.201	0.212	0.218	0.210	0.208	0.193	0.187	0.182	0.180	0.182
Ela Area Library District	0.356	0.386	0.409	0.410	0.398	0.381	0.371	0.318	0.319	0.322
School District #95	4.446	4.914	5.242	5.291	5.191	5.021	4.960	5.021	4.986	5.091
School District #96	3.453	3.756	3.976	4.040	3.870	3.690	3.655	3.717	3.766	3.936
High School District #125	2.465	2.751	2.989	3.049	3.004	2.858	2.862	2.888	2.872	2.983
Community College #532	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282	0.282	0.290
Ela Township - Corp. and GA	0.099	0.088	0.100	0.100	0.098	0.095	0.093	0.094	0.094	0.096
Ela Township - road and bridge	0.009	0.010	0.011	0.010	0.010	0.010	0.010	0.052	0.052	0.053
Ela Township - gravel or R.I.	0.042	0.030	0.046	0.045	0.045	0.043	0.042	-	-	-
Barrington Public Library District	0.185	0.213	0.228	0.231	0.225	0.220	0.217	0.218	0.223	0.232
Total direct and overlapping tax rate	12.957	14.238	15.310	15.518	15.144	14.520	14.380	14.476	14.381	14.825

Data Source

Office of the County Clerk

Village of Lake ZurichPrincipal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Echo Incorporated	\$ 7,953,984	1	0.88%	\$ 5,524,018	4	0.66%
Landings Capital Partners, LLC	6,684,965	2	0.74%	5,971,829	2	0.71%
The Fidelity Group, LP	5,220,561	3	0.58%			
Suso North Lake LP	5,189,066	4	0.57%			
Deerpath Commons Retail Center LLC	4,682,003	5	0.52%	5,933,745	3	0.71%
Sfire Bros. Development Corp.	4,509,199	6	0.50%			
The Greenhill Company LLC	4,337,785	7	0.48%			
Costco Wholesale Corporation	4,264,497	8	0.47%	3,811,148	7	0.45%
PSL Lake Zurich Property Owner LLC	4,240,787	9	0.47%			
Realty Income IL Properties 2 LLC	3,871,617	10	0.43%			
Village Square Retail Center LLC				7,150,410	1	0.85%
Individual Taxpayer				5,438,922	5	0.65%
Deerpath Court Retail Center LLC				4,602,063	6	0.55%
Liberty Realty Lake Zurich LLC				3,471,851	8	0.41%
HD Development of Maryland LLC				2,994,764	9	0.36%
Target				2,884,806	10	0.34%
	<u>\$ 50,954,464</u>		<u>5.63%</u>	<u>\$ 47,783,556</u>		<u>5.69%</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
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%
2019	2018	9,603,574	9,521,520	99.15%	2,606	9,524,126	99.17%
2020	2019	9,308,231	9,188,713	98.72%	0	9,188,713	98.72%
2021	2020	9,474,147	9,414,644	99.37%	0	9,414,644	99.37%

* 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)	
		General Obligation Bonds	General Obligation	TIF	Capital	Waterworks and Sewerage Alt Revenue Bonds	Capital	Total Primary Government			
			TIF Alternate Revenue Bonds	Revenue Bonds	Lease Obligation		IEPA Loan		Lease Obligation		
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	
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	
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	
30-Apr	2016	1,885,000	25,375,000	-	599,590	3,390,000	2,444,244	-	33,693,834	768,979,731	
31-Dec	2016	1,885,000	25,545,000	-	551,196	3,990,000	2,302,805	-	34,274,001	794,190,580	
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	
31-Dec	2018	990,000	23,585,000	-	252,725	2,970,000	1,924,089	3,358,063	33,079,877	861,951,869	
31-Dec	2019	505,000	22,445,000	-	146,878	2,425,000	1,727,557	3,202,216	30,451,651	873,070,391	
31-Dec	2020	-	21,235,000	-	14,560	1,875,000	1,526,081	3,042,112	27,692,753	910,754,750	
31-Dec	2021	-	19,875,000	-	25,377	1,325,000	1,319,536	2,877,634	25,422,547	904,435,093	

* See the schedule of Demographic and Economic Information on page136 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	2013	\$ 3,085,000	\$ 796,995	\$ 2,288,005	0.27%
30-Apr	2014	2,700,000	796,996	1,903,004	0.24%
30-Apr	2015	2,305,000	826,062	1,478,938	0.19%
30-Apr	2016	1,885,000	841,020	1,043,980	0.13%
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%
31-Dec	2019	505,000	505,000	-	0.00%
31-Dec	2020	-	-	-	0.00%
31-Dec	2021	-	-	-	0.00%

Data Source

Village records

Village of Lake Zurich

Direct and Overlapping Bonded Debt - Governmental Activities
December 31, 2021

Governmental Unit	Gross Debt	(1) Percentage of Debt Applicable to Government	* Village's Share of Debt
Village of Lake Zurich	\$ 20,034,856 (2)	100.00%	\$ 20,034,856
Lake County	137,310,000	3.33%	4,567,518
Lake County Forest Preserve	181,865,000	3.33%	6,049,608
Ela Area Library District	-	N/A	-
School District #95	76,695,000	52.55%	40,304,996
School District #96	-	N/A	-
High School District #125	51,660,000	24.23%	12,515,388
Community College #532	90,210,000	3.49%	3,146,830
	<u>537,740,000</u>		<u>66,584,340</u>
Total direct and overlapping debt	<u>\$ 557,774,856</u>		<u>\$ 86,619,196</u>

(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 bonds payable and capital leases for governmental activities.

* 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, 2021

Equalized Assessed Valuation - 2020	\$ 904,435,093
Legal debt limit, 8.625% of assessed valuation	\$ 78,007,527
Amount of debt applicable to debt limit:	
General obligation bonds	-
Legal Debt Margin	\$ 78,007,527

* 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 Revenues*	TIF Debt		Coverage
			Principal	Interest	
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	764,095	387%
31-Dec	2019	7,096,963	1,140,000	733,975	379%
31-Dec	2020	6,500,524	1,210,000	700,004	340%
31-Dec	2021	7,300,323	1,360,000	662,711	361%

*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	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%
31-Dec	2019	20,054	45,895	38.9	5,616	4.2%
31-Dec	2020	19,877	48,879	38.8	5,565	4.4%
31-Dec	2021	19,660	49,263	39.0	5,461	3.7%

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	2021			2012		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Fresenius KABI USA LLC	800	1	4%			7%
ECHO Inc	800	1	4%	750	1	8%
Lake Zurich Community School Dist #95	716	2	4%	650	2	3%
Smalley Steel Ring Cp.	540	3	3%	250	5	
ACCO Brands Corp	500	4	3%			
Termax	400	5	2%	195	7	2%
Costco Wholesale	205	6	1%			
Day-Timer Inc	200	7	1%	182		2%
D&W Finepack	200	7	1%			
General Binding Corp	175	8	1%	500		5%
Fetco Inc	130	9	1%	500		2%
Geremarie Corp	125	10	1%	170		2%
B&B Maintenance, Inc.				500	3	2%
Dovenmuehle Mortgage, Inc.				500	3	1%
Fenwal, Inc.				350	4	
Tredegear				250	5	
Food Equipment Technologies Co.				197	6	
CM Packaging, Inc.				135	8	
All American Exterior Solutions				110	9	
Insight Beverages				100	10	
	<u>4,791</u>		<u>25%</u>	<u>5,339</u>		<u>34%</u>
Village population			19,547			

Data Source

2021: Lake County Partner records and verification by employers when available.

2012 statistics are from Village Records

This table typically 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 April 30 2013	Year End April 30 2014	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	Year End December 31 2019	Year End December 31 2020	Year End December 31 2021
General Government										
Administration	4	5	5	4	4	4	4	4	4	4
Finance	5	5	5	5	6	6	6	6	6	6
Technology	1	1	1	1	1	1	1	1	1	1
Community Services										
Building and Zoning	8	7	7	7	6	5	5	5	5	5
Public Works, General Services	18	17	17	17	17	17	17	18	18	18
Public Works, Water and Sewer	13	14	14	13	12	12	12	12	12	12
Police	51	51	51	51	52	52	52	52	52	52
Fire	58	58	58	58	58	58	58	55	55	55
Recreation	2	2	2	2	3	3	3	3	3	3
Total	160	160	160	158	159	158	158	156	156	156

Data Source

Village records

Village of Lake Zurich

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Year End April 30 2013	Year End April 30 2014	Year End April 30 2015	Year End April 30 2016
Public Works				
Forestry				
Number of parkway trees planted	122	140	24	21
Number of parkway trees trimmed	707	800	902	1,148
Fleet services				
Number of vehicles maintained	91	85	92	81
Preventative maintenance	324	664	964	753
Public Safety				
Fire				
Number of fire calls	1,398	1,483	1,844	1,633
Number of EMS calls	1,787	1,848	2,150	2,204
Number of training hours	9,651	8,877	10,075	8,566
Police				
Part I crime	293	324	344	276
Calls for service	N/A	9,392	9,067	8,757
State tickets issued	3,474	2,786	2,637	2,318
Compliance tickets issued	46	29	36	42
Parking tickets issued	1,609	1,640	1,389	856
Red light citations	3,692	4,536	5,262	3,548
Community Development				
Number of building permits issued	1,506	1,639	3,487	829
Number of building inspections	4,813	5,611	6,484	2,128
Highways and Streets				
Sidewalk replaced (square feet)	5,025	3,150	15,345	23,114
Annual resurfacing program (\$)	-	1,109,353	1,323,465	1,442,109
Crack sealing (lbs. installed)	-	11,515	55,564	55,000
Curb replaced (ln. ft.)	614	427	3,892	4,366
Water and Sewer				
Water main breaks	70	51	40	30
Hydrants flushed	1,780	1,790	1,790	1,797
Water meters read	80,916	81,000	81,000	81,000
Water meter service requests	1,019	1,053	1,172	997
Total distribution pumpage (1,000 gallons)	681MG	630MG	604MG	593MG
Average daily consumption (1,000 gallons)	1.5MG	1.4MG	1.3MG	1.3MG
Sanitary sewer televising (feet)	2,829	10,920	33,974	3,182
Sanitary sewer repairs	1	3	2	3

N/A - Not available

Data Source

Village records

Year End December 31 2016	Year End December 31 2017	Year End December 31 2018	Year End December 31 2019	Year End December 31 2020	Year End December 31 2021
218	307	276	-	266	242
320	656	377	750	300	352
82	82	82	81	81	84
501	738	704	694	705	693
590	1,373	1,388	1,422	1,095	1,251
1,511	2,602	2,788	2,655	2,528	2,918
6,546	14,341	14,563	13,216	12,867	14,499
94	327	264	260	587	NA
5,409	7,104	7,313	8,453	7,325	7,403
1,442	1,858	2,373	2,360	1,848	2,115
18	68	37	58	48	47
581	576	565	520	292	385
3,118	4,451	3,545	3,433	2,937	2,137
1,274	1,541	1,435	1,466	1,506	1,627
2,644	3,188	3,030	3,958	3,694	4,583
37,885	22,000	50,900	40,588	37,775	35,600
1,316,758	860,442	1,246,860	1,581,334	1,384,210	1,594,360
43,668	39,823	53,000	53,097	41,538	33,870
8,555	2,265	12,100	6,924	6,406	6,508
25	31	39	26	28	40
-	1,504	1,505	1,505	1,520	1,520
53,432	81,000	84,000	82,344	82,344	82,344
730	1,105	587	447	296	320
443MG	570MG	549MG	550MG	548MG	560MG
1.3MG	1.3MG	1.3MG	1.3MG	1.4MG	1.3MG
3,152	54,523	1,084	2,330	23,836	2,521
10	1	-	0	5	0

Village of Lake Zurich

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Year End April 30 2013	Year End April 30 2014	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	Year End December 31 2019	Year End December 31 2020	Year End December 31 2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Firing range	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	23	22	22	22	21	21	21	21
Fire Stations	4	4	4	4	4	4	4	4	4	4
Public Works										
Streets (lane miles)	159.7	159.7	160.0	161.6	161.6	156.2	127.2	178.5	178.5	178.5
Sidewalks (miles)	91	91	91	101	102	98	98	102	102	100
Streetlights	180	180	180	215	220	220	224	226	255	255
Water and Sewer										
Water mains (miles)	109	110	110	112	112	112	112	111	114	114
Fire hydrants	1,765	1,790	1,790	1,790	1,790	1,504	1,505	1,509	1,520	1,520
Sanitary sewers (miles)	107	107	107	93	93	93	93	93	94	94

N/A - Not available

Data Source

Village records