

COMMUNITIES IN CRISIS

More than half of Illinois cities get “F” grades for local pensions

Lake Zurich

2019 Grade: D

In 2003, Lake Zurich’s police, fire and municipal pension funds already faced a shortfall of **\$15.9 million**. That meant every Lake Zurich household, on average, was on the hook for **\$2,808** in future taxes just to eliminate that shortfall.

Lake Zurich began contributing more money – taxpayer dollars – to pensions in an attempt to make the plans healthier. Over the next 16 years, city contributions increasingly crowded out spending for public safety, roads and other core services.

	2003	2019	Change
City (taxpayer) contributions to pensions	\$0.49 million	\$4.60 million	Up 9.4X
Share of city general budget for pensions	2.4%	15.3%	Up 6.5X

Despite the ramp-up in city payments over those 16 years, Lake Zurich’s pension debts didn’t decrease. Instead, they jumped by 3.2 times!

By 2019, the shortfall in Lake Zurich’s police, fire and municipal pension funds totaled **\$50.8 million**. That means each Lake Zurich household, on average, is now on the hook for **\$7,513** in debt.

Everyone loses under Lake Zurich’s pension crisis:



Taxpayers are tapped out

Lake Zurich residents are paying more and more into a broken system. City taxpayers in 2019 contributed 9.4 times more to pensions than in 2003, yet city debts are 3.2 times larger.



Pension costs are devouring the city’s budget

Lake Zurich pension contributions have grown to consume 15.3% of the city’s budget, up from 2.4% in 2003. That’s crowded out spending on public safety, roads and other core services.



Lake Zurich worker retirement security is still at risk

The health of Lake Zurich’s local pension plans have stagnated despite increased taxpayer contributions. In 2003, the plans had 54.8% of the money they needed. By 2019, that had increased slightly to just 61.4%, far from healthy.



Lake Zurich’s crisis will only get worse

Lake Zurich has fewer active government workers available to help pay for a growing number of retirees. In 2003, there were 15.83 active workers for every pensioner. By 2019, there were 1.46 active workers per pensioner.

2019 GRADE

D

2003 GRADE

C

Lake Zurich receives a "D" grade for its local pension crisis

Local officials handcuffed by state pension mandates.

Wirepoints quantified the negative impact of local pensions by examining the finances of Illinois' 175 largest cities from 2003 to 2019. The analysis was based on ten equally-weighted metrics. Cities were given an A through F grade based on a 100-point scale (10 points per metric).*

Lake Zurich received a "D" grade in 2019. The city's total score dropped from 73 in 2003 to 66 in 2019, a decline of 7 points.

Lake Zurich was one of 64 cities to receive a "D" grade in 2019.

175 Cities – Summary Scores			
Grade	Score	Number of cities	
		2003	2019
A	≥90	4	0
B	80-89	35	1
C	70-79	81	8
D	60-69	48	64
F	≤59	7	102

Lake Zurich Key Facts		
City demographics	2000	2019
Population	18,104	19,915
Households	5,677	6,766
Median household income	\$84,125	\$119,349
City budget	2003	2019
General revenues	\$20,645,015	\$29,957,154
Total revenues	\$27,847,968	\$66,268,117
Total property taxes	\$5,955,114	\$11,006,718
Pension health (police, fire & IMRF)	2003	2019
Total accrued liabilities (benefits owed)	\$35,270,751	\$131,541,928
Total pension assets	\$19,327,334	\$80,711,984
Funded ratio	54.8%	61.4%
Total pension shortfall	\$15,943,417	\$50,829,944
Per household	\$2,808	\$7,513
Active public safety workers	95	86
Public safety pension beneficiaries	6	59
City pension contributions	2003	2019
City contributions	\$489,773	\$4,596,206
Per household	\$86	\$679
Percentage of city's general budget	2.4%	15.3%
Employees' contributions	\$733,166	\$1,063,676

Lake Zurich Score				
Metric	2003	2019	2003	2019
1. Police pension funded ratio	41.9%	51.3%	4	5
2. Firefighter pension funded ratio	38.7%	63.1%	3	6
3. Municipal (IMRF) pension funded ratio	88.5%	82.6%	8	8
4. City pension debts per household as a percentage of median household income	3.3%	6.3%	8	7
5. City contributions per household as a percentage of median household income	0.10%	0.57%	9	7
6. City contributions as a percentage of total budget	1.8%	6.9%	10	5
7. Ratio of city contributions to employee contributions	0.67	4.32	10	4
8. Percentage surplus/shortfall in actuarially-required city contribution (Police & Fire only)	-72.1%	-2.2%	1	9
9. Asset-to-payout ratio (Police & Fire only)	44.3	17.3	10	8
10. Worker-to-beneficiary ratio (Police & Fire only)	15.83	1.46	10	7
Total score			73	66
Grade			C	D

*Wirepoints analyzed 175 of Illinois' largest cities, excluding Chicago, that have a local police, firefighter and municipal (IMRF) pension fund.

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