

**THE CITY OF LAKE FOREST
CITY COUNCIL AGENDA**
Monday, May 15, 2017 at 6:30 pm
City Hall Council Chambers

Honorable Mayor, Robert Lansing

Prudence R. Beidler, Alderman First Ward
James E. Morris, Alderman First Ward
Timothy Newman, Alderman Second Ward
Melanie Rummel, Alderman Second Ward

Stanford Tack, Alderman Third Ward
Jack Reisenberg, Alderman Third Ward
Michelle Moreno, Alderman Fourth Ward
Raymond Buschmann, Alderman Fourth Ward

CALL TO ORDER AND ROLL CALL

6:30

PLEDGE OF ALLEGIANCE

REPORTS OF CITY OFFICERS

1. COMMENTS BY MAYOR

- A. Promotion of Fire Lieutenant Cory Kazimour to Battalion Chief
- B. Promotion of Firefighter/Paramedic Matthew Rausch to Lieutenant
- C. Swear in Firefighter/Paramedic Jacob Rieper
- D. 2017-2018 Board and Commission Appointments/Reappointments

GORTON COMMUNITY CENTER

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Nick Bothfeld	Appoint	3
Bill Moskoff	Appoint	1

BUILDING REVIEW BOARD

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Chris Bires	Appoint	2

A copy of the Volunteer Profile Sheets can be found beginning on **page 9**.

COUNCIL ACTION: Approve the Mayors Appointments

- E. **Approval of a Resolution of Appreciation for Retiring Members of Boards and Commissions as follows:**

BOARD, COMMISSION OR COMMITTEE	NAME OF MEMBER(S)
LIBRARY BOARD	Elizabeth Grob
GORTON COMMUNITY CENTER	James "Jed" Morris

A copy of the Resolution can be found on **page 14**.

COUNCIL ACTION: Approve the Resolution

- F. **Lake Forest Day Proclamation-**

A copy of the Proclamation can be found on **page 15**.

- G. **Historic Preservation Month Proclamation**

A copy of the Proclamation can be found on **page 16**.

2. COMMENTS BY CITY MANAGER

- A. **Update on the Condition of the South Beach Access Road**

-Michael Thomas, Director of Public Works

- B. **Report on the Lake Forest College Home for Dinner Program**

-Mary Duckworth, Associate Director of Residence Life for Learning and Development Lake Forest College

- C. **Community Spot Light**

-Elawa Farm-100th Anniversary Celebration and Upcoming Events

-Dianne FitzSimons, President Elawa Farm Foundation

1. **Discussion of a Special Event Permit Application for an Elawa Farm Fundraiser and Centennial Celebration Event.**

STAFF CONTACT: *Mike Strong, Assistant to City Manager (810-3680)*

The Elawa Farm Foundation has submitted a Special Event Permit Application to host a fundraising event on Saturday, September 9, 2017, to celebrate the 100th Anniversary of Elawa Farm.

Attached beginning on **page 18**, is background information and a copy of the special event application pertaining to this request.

COUNCIL ACTION: For discussion only.

D. Pre FY2019 Fiscal Planning and Presentation Schedule

3. COMMENTS BY COUNCIL MEMBERS

FINANCE COMMITTEE

1. Consideration of an Ordinance providing for the Issuance of Approximately \$9,450,000 General Obligation Bonds, Series 2017, for the purpose of financing certain capital improvements to the City's water treatment plant, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds, and authorizing the sale of said bonds to the purchaser thereof. (Second Reading and Final Approval)

PRESENTED BY: Elizabeth Holleb, Finance Director (847-810-3612)

PURPOSE AND ACTION REQUESTED: Staff requests that City Council grant final approval of the ordinance authorizing issuance of 2017 general obligation bonds.

BACKGROUND/DISCUSSION: In order to fund planned improvements to the City's Water Treatment Plant, the Five Year Capital Improvement Program anticipates the issuance of general obligation bonds in Fiscal Year 2018 of \$9.3 million in net proceeds. Including issuance costs, it is currently projected that the issue will be \$9.45 million.

Attached is the preliminary official statement (**page 74**) for the bond issue. Moody's Investors Service conducted a rating review on April 27 with Finance Director Elizabeth Holleb, and a rating is expected to be issued on May 11.

PROJECT REVIEW/RECOMMENDATIONS:

Reviewed	Date	Comments
City Council	5/1/17	First reading of bond ordinance.
Finance Committee	4/17/17	Reviewed draft bond ordinance.
Finance Committee	11/14/16	Discussion of various financing options for Water Treatment Plant project.
Finance Committee	1/19/16	
City Council Workshop	7/27/15	
Finance Committee	3/9/15	
Public Works Committee	2/11/15	
Public Works Committee	12/10/14	

BUDGET/FISCAL IMPACT: The interest rate on the bond issue will be determined at the online bid auction scheduled for May 15. Debt service on the bond issue is scheduled through

December 2037 and will be paid from revenues generated by the water utility. The bonds will be callable in whole or in part on or after December 15, 2025.

COUNCIL ACTION: Grant final approval of the bond ordinance (page 248). An online bid will occur on Monday, May 15. At the May 15 City Council meeting, a final bond ordinance reflecting results of the bid auction will be presented for City Council consideration that will include the successful bidder information and financial details.

LAKE FOREST MARKETING CAMPAIGN COMMITTEE

1. Campaign Update and Status Report

-Alderman Prue Beidler and Susan Banks, Communications Manager

BACKGROUND/DISCUSSION: The Marketing Campaign is preparing for a launch with a series of website and social media promotions, films and videos, print advertising, events and campaign visibility planned over the next three years. The City will be working with realtors, schools and corporations by providing posters and other printed materials and interactive ad templates where they can insert their own logos and distribute to clients, families and employees. Local retailers and restaurants are also collaborating with the City to promote shopping and dining with specials, discounts and printed materials.

The City is anticipating a budget of \$35,000 per year to cover print advertising costs through Fiscal Year 2020.

The "Welcome Home" campaign will:

- Increase interest in the community
- Surprise and delight
- Build awareness
- Reach targeted audiences (current and prospective residents, visitors, students, businesses, investors, younger families)
- Energize retail, restaurant and real estate interest
- Create a movement of pride
- Create a cohesive, consistent message
- Encourage all to have a fresh look at Lake Forest

COUNCIL ACTION: For discussion only

- 2. Consideration to Waive Purchasing Requirement for Competitive Pricing per Administrative Directive 3-5, and Award a Three year Contract for Advertising in relation to the Lake Forest Marketing Campaign in the amount of \$49,992.00 to JWC Media.**

CITY COUNCIL CONTACT: *Alderman Prue Beidler and*
STAFF CONTACT: *Susan Banks, Communications Manager (847.810.3672)*

PURPOSE AND ACTION REQUESTED: At the October 3, 2016 meeting, the City Council approved a contract to hire a marketing/advertising advisor to help develop a marketing plan for the City of Lake Forest as directed by Mayor Schoenheider. Also at that time, a film maker was hired to produce targeted films of various lengths which will serve as promotional, educational and advertising pieces. At this time, the Marketing Team is exploring print media options and recommends purchasing advertising in Sheridan Road magazine (a JWC subsidiary publication), which is distributed to every household and business in Lake Forest, Lake Bluff, Highland Park, Glencoe, Winnetka, Northfield, Wilmette, Kenilworth, Northbrook and Glenview. Sheridan Road magazine has an average readership rate of 120,000. The team recommends a series of full page, four-color ads in the magazine. Other print media being explored includes Crain's Chicago Business, Chicago magazine, and Chicago Parent as the Team targets young professionals and families.

BUDGET/FISCAL IMPACT: The cost of advertising in Sheridan Road includes a discounted rate with 8 print ads running from June 2017-June 2018 and a free editorial article in the June 2017 issue.

FY2018 Funding Source	Amount Budgeted	Amount Requested	Budgeted? Y/N
ACCT #10111014115421	\$35,000	\$ 16,664.00	Y

COUNCIL ACTION: Consideration to Waive Purchasing Requirement for Competitive Pricing per Administrative Directive 3-5, and Award a Three year Contract for Advertising in relation to the Lake Forest Marketing Campaign in the amount of \$49,992.00 over a period of three years (FY 2018, 2019 and 2020) to JWC Media.

4. OPPORTUNITY FOR CITIZENS TO ADDRESS THE CITY COUNCIL ON NON-AGENDA ITEMS
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5. ITEMS FOR OMNIBUS VOTE CONSIDERATION
--

1. Approval of the May 1, 2017 First Session City Council Meeting Minutes

A copy of the minutes can be found on **page 274**.

COUNCIL ACTION: Approval of the Minutes

2. Approval of the May 1, 2017 Second Session City Council Meeting Minutes

A copy of the minutes can be found on **page 280**.

COUNCIL ACTION: Approval of the Minutes

COUNCIL ACTION: Approval of the two (2) Omnibus items as presented

6. ORDINANCES

7. NEW BUSINESS

1. Request for City Council Approval of an Agreement for Professional Design Services for the Telegraph Metra Station Train Bridge Project

STAFF CONTACT: *Robert W. Ells, Superintendent of Engineering (847-810-3555)*

PURPOSE AND ACTION REQUESTED: Staff is requesting City Council approval to enter into an agreement with Hanson Professional Services Inc. to perform professional design services for the Telegraph Metra Station Train Bridge Project.

BACKGROUND/DISCUSSION: In March, 2012, the City awarded a contract to HDR, Inc. to perform Phase I preliminary design services for the Telegraph Metra Station Pedestrian Underpass Project. The cost of this contract was \$208,485.93 and was paid for by The City of Lake Forest. HDR prepared eight design concepts for City review. The basis of design for all of the alternatives was the overwhelming input from Metra and their tenant railroads that there be no interruption to train schedules during the entire construction of an underpass. This meant that a pedestrian tunnel would need to be installed using a Jack & Bore method under the live railroad tracks. City Council ultimately chose option 2b which became known as the "Bowl Design". Upon completion and approval of the preliminary design phase in June, 2013, the estimated project cost was \$5,000,000.00.

The City entered into a Phase II final design contract with HDR in the fall of 2013. The design fee for Phase II was \$549,673.00 to be paid at an 80/20 split with the Federal grant paying the 80% and the State paying the 20%.

Once detailed design work and geotechnical studies were underway, it was determined that the anticipated structural concept of using sheeting and piles to reinforce the retaining wall systems along the track would not be adequate due to soil conditions. The basis of the structural design was changed to a drilled shaft concept which increased the estimated cost of the project significantly.

At the conclusion of the Phase II final design, the project construction estimate was \$10,807,627.00 with an estimated construction engineering cost of \$1,200,000.00 bringing the anticipated total cost to just over \$12 million dollars. With an allowance for permits, fees and construction contingency, the expected cost is approximately \$13,000,000.00. After discussions with Metra on strategies to move forward with the project, the City hired a third-party consultant to verify the HDR cost data. Using the HDR design data, the consultant priced the cost of constructing the "bowl design" at \$13,438,403.

With the estimated costs associated with constructing a pedestrian underpass using the traditional construction method of boring and jacking the tunnel under the tracks now verified, the City once again met with Metra officials. The discussion centered around changing the method of construction from installing an underground tunnel to constructing a train bridge that would require limited, scheduled track outages but anticipated to reduce

the construction costs by approximately \$2,500,000. Metra has agreed in principal to support this construction method.

Attached on **page 287** of the agenda packet is a more detailed memorandum regarding this project.

Staff is recommending that an exception be made to the RFP process (Section 9.0 K) of the City's purchasing procedures) and the firm be utilized for design of this project.

PROJECT REVIEW/RECOMMENDATIONS:

Reviewed	Date	Comments
City Council	2/21/17	Approve entering into an MOU with Metra
City Council	3/7/16	Approval of contract with Hanson for train bridge concept study.
Public Works Committee	2/16/2016	Reviewed
City Council	4/20/15	Authorize funding for Phase II final engineering to HDR for underpass project.
City Council	10/20/14	Discussion of various items relating to West Train Station Pedestrian Underpass project.
City Council	7/16/12	Review Preliminary design options for underpass project and approval of a resolution supporting an Amtrak Hiawatha Station stop in Lake Forest.
City Council	3/5/12	Award Phase I contract to HDR Engineering for Pedestrian Underpass project.
City Council	1/19/10	Approve recommendation supporting an Amtrak stop in Lake Forest.

BUDGET/FISCAL IMPACT: Staff is recommending approval of design services this evening so the design can be completed and an engineer's estimate of cost can be created. Once IDOT approves the Project Programming Information funding document for this effort, the City will pay Hanson directly for the design services and be reimbursed at 100% from the State funds previously secured.

Beginning on **page 291** of your packet is a copy of the design services agreement

Below is an estimated summary of Project budget:

FY2018 Funding Source	Account Number	Amount Budgeted	Amount Requested	Budgeted? Y/N
Capital	311-0050-417-7689	0	\$281,421	N

If necessary a Supplemental Appropriation will be submitted for City Council Approval at the end of the year. As noted above grant funds will be the funding source for this expense.

COUNCIL ACTION: Acknowledge the exception noted in Section 9.0K of the City's Purchasing Directive authorizing a waiver of bidding for professional Services based on existing relationship and approve an agreement with Hanson Professional Services for Professional Design Services for the Telegraph Metra Station Train Bridge Project in the amount of \$281,421.

8. ADDITIONAL ITEMS FOR COUNCIL DISCUSSION

9. ADJOURNMENT

Office of the City Manager

May 10, 2017

The City of Lake Forest is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the facilities, are required to contact City Manager Robert R. Kiely, Jr., at (847) 234-2600 promptly to allow the City to make reasonable accommodations for those persons.



Contact Info

- First Name:**Nick**
- Last Name:**Bothfeld**
- E-mail:**nbothfeld@hotmail.com**
- Title:**financial planner and investment advisor**
- Organization:
- Address:**1361 W Whitmore Ct**
- Address Line 2:
- City:**Lake Forest**
- State:**IL**
- Zip:**60045**
- Mobile Phone:**847-338-4838**
- Home Phone:**847-283-0808**
- Notes:

Resident Data/Stats

- Ward:**Ward 3**
- Precinct:
- US Citizen:**Yes**
- Registered Voter:**Yes**
- Lake Forest Resident since(YYYY):**1995**
- Business Name:**Bothfeld Financial Partners**
- Type of Business:**financial planning and investment advisor**
- Business Phone:**847-283-9443**
- Position:**financial planner and investment advisor**
- Date of Birth (Optional):
- Education:

BA HarvardMBA University of ChicagoCRPC College for Financial Planning

- Spouse's Name:**Elizabeth Brown**
- Children's Birth Years:**1985**

Interest in Community Positions

- Alderman:**Consider Me For this Position In the Future**
- Caucus Committee: **I Currently Hold This Office**

-
- Other Positions:**I've been part of numerous non-profit boards in various capacities and understand the dynamics of how they work. I believe I have good skills in working with others to reach a consensus. I would hope to contribute financial acumen and a healthy dose of common sense.**

Other Considerations

-
- Please list any regular commitments or travel that would interfere with your attendance at scheduled meetings:

none

-
- Please list any current or previous community service activities, interests, directorships, etc. -- public or private. For each activity please indicate years served and positions held:

Alliance for the Great Lakes non-profit - Board of Directors, Treasurer, member of Executive Committee 1997-2007

Winter Club of Lake Forest, non-profit, Board of Governors, Treasurer, President, 2002-2007

Brushwood Center at Ryerson Woods, non-profit, Board of Directors, Treasurer, Chairman of the Board 2010-on

-
- Please list other activities, specialized skills, knowledge, or professional experience that would contribute to your effectiveness in the position(s) for which you are applying or expressing possible future interest:

I've been part of numerous non-profit boards in various capacities and understand the dynamics of how they work. I believe I have good skills in working with others to reach a consensus. I would hope to contribute financial acumen and a healthy dose of common sense.

-
- References (Optional):
 - Please state briefly why you are volunteering to serve The City of Lake Forest:
 - Please list any interests or activities that could lead to, or BE PERCEIVED as, a conflict of interest if you become a candidate or appointee.:

none that I can think of

Contact Info

- First Name:**William**
- Last Name:**Moskoff**
- E-mail:**moskoff148@gmail.com**
- Title:**Hollender Professor Emeritus of Economics**
- Organization:
- Address:**148 Washington Circle**
- Address Line 2:
- City:**Lake Forest**
- State:**IL**
- Zip:**60045**
- Mobile Phone:
- Home Phone:**(847) 234-8243**
- Notes:

Resident Data/Stats

- Ward:**Ward 1**
- Precinct:
- US Citizen:**Yes**
- Registered Voter:**Yes**
- Lake Forest Resident since(YYYY):**1970-1972, 1983-present**
- Business Name:
- Type of Business:
- Business Phone:
- Position:
- Date of Birth (Optional):
- Education:

B.A. - Hunter College (Economics)
M.A. - Univ. of Wisconsin-Madison (Economics)
Ph.D. - Univ. of Wisconsin-Madison (Economics)
M.S. - Univ. of Ill - Chicago - Biology

- Spouse's Name:**Carol Gayle**
- Children's Birth Years:**1966, 1968, 1971**

Interest in Community Positions

-
- Gorton Community Center Board of Directors:**I Am Currently Applying For This Position**
 - Library Board:**Consider Me For this Position In the Future**
 - Other Positions:

Other Considerations

-
- Please list any regular commitments or travel that would interfere with your attendance at scheduled meetings:

I sing in a choir and we rehearse on Thursday nights.

-
- Please list any current or previous community service activities, interests, directorships, etc. -- public or private. For each activity please indicate years served and positions held:

**Member Board of Directors - Lakeside Congregation for Reform Judaism
Treasurer and member of Executive Committee - Lakeside Congregation**

-
- Please list other activities, specialized skills, knowledge, or professional experience that would contribute to your effectiveness in the position(s) for which you are applying or expressing possible future interest:
 - References (Optional):
 - Please state briefly why you are volunteering to serve The City of Lake Forest:

I have lived in this community for a very long time and I believe in its many virtues and want to do my part in helping the city serve its citizen well.

-
- Please list any interests or activities that could lead to, or BE PERCEIVED as, a conflict of interest if you become a candidate or appointee.:

Volunteer List

Print

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Contact Info

- First Name: **Chris**
- Last Name: **Bires**
- E-mail: **chrisbires3@gmail.com**
- Title: **Mr**
- Organization:
- Address: **500 Douglas Dr**
- Address Line 2:
- City: **Lake Forest**
- State: **IL**
- Zip: **60045**
- Mobile Phone: **847-917-8192**
- Home Phone: **847-295-8672**
- Notes:

Resident Data/Stats

- Ward: **Ward 2**
 - Precinct:
 - US Citizen: **Yes**
 - Registered Voter: **Yes**
 - Lake Forest Resident since(YYYY):**2002**
 - Business Name: **50 South Capital/ Northern Trust**
 - Type of Business: **Financial Services**
 - Business Phone:
 - Position: **Director**
 - Date of Birth (Optional):
 - Education:
- Kellogg School of Management, Northwestern University, MBA/ The Ohio State University, BSBA/ Chartered Financial Analyst**
- Spouse's Name: **Mary**
 - Children's Birth Years:**2002, 2002, 2002**

Interest in Community Positions

- #67 School Board: **Consider Me For this Position in the Future**

- #115 School Board: **Consider Me For this Position in the Future**
- Building Review Board (BRB):**Consider Me For this Position in the Future**
- Other Positions:

Other Considerations

- Please list any regular commitments or travel that would interfere with your attendance at scheduled meetings:
- Please list any current or previous community service activities, interests, directorships, etc. – public or private. For each activity
- please indicate years served and positions held:

District 67 School Board Finance and Operations Committee- community member (2015-16)
CFA Society of Chicago (200-04), Program and Professional Development Committees
Off The Street Club Chicago (1996-98)

- Please list other activities, specialized skills, knowledge, or professional experience that would contribute to your effectiveness in the position(s) for which you are applying or expressing possible future interest:

My involvement with the D67 Finance and Operations Committee has given me with a strong perspective into the Board of Education and its mission for Lake Forest Schools. I have experience working with current Board members and members of the Shared Services team and would now like to become involved with all aspects of the Board of Education's mission. Throughout my career, I have successfully worked across teams to develop, execute, and oversee strategic initiatives. I have three children that attended D67 schools and my two daughters currently attend LFHS.

- References (Optional):

NULL

- Please state briefly why you are volunteering to serve The City of Lake Forest:

I am trying to get more involved in our community now that my kids are older and I travel less frequently for business. Education is very important to me and I believe the school board is an ideal way for me to use my background to help our schools and our community.

- Please list any interests or activities that could lead to, or BE PERCEIVED as, a conflict of interest if you become a candidate or appointee.:

N/A

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RESOLUTION OF APPRECIATION

WHEREAS

has served The City of Lake Forest as a member of the

WHEREAS, he/she has devoted much valuable time and personal attention to the work of this commission and, on behalf of the citizens of Lake Forest, continually met his/her responsibilities with purpose and dedication; and

WHEREAS, the citizens of Lake Forest recognize and are deeply appreciative of the valuable time and service she contributed to the preservation and improvement of the quality of life in our community by serving on this commission;

*NOW, THEREFORE, BE IT RESOLVED that the City Council of The City of Lake Forest, Illinois, hereby expresses the profound gratitude of the citizens of Lake Forest to **NAME** for the loyal and faithful public service he/she has given by means of this resolution, which shall be spread upon the permanent records of the City Council.*

*Adopted by the City Council of
The City of Lake Forest this
____ day of _____, 20____*

Mayor



PROCLAMATION

WHEREAS, the McKinlock Post 264 of the American Legion has undertaken to provide appropriate exercises and entertainment in celebration of LAKE FOREST DAY on WEDNESDAY, AUGUST 2, 2017 with a view to bringing together the people of our City in the furtherance of civic interest and advancement of community fellowship; and

WHEREAS, the McKinlock Post 264 of the American Legion honors Lake Forest residents, employees, neighbors and friends by adopting the theme “*Lake Forest American Legion Salutes Lake Forest Open Lands and Market Square*”

THEREFORE, be it hereby proclaimed that said LAKE FOREST DAY celebration is declared to be a City Fair and in pursuance thereof, and TUESDAY, AUGUST 1, 2017, and WEDNESDAY, AUGUST 2, 2017, shall be observed as a holiday in The City of Lake Forest and our people are urged to forsake their ordinary pursuits and gather in West Park in a spirit of comradeship and good will in support of the ideals of our City.

Robert Lansing, Mayor

PROCLAMATION OF NATIONAL HISTORIC PRESERVATION MONTH

WHEREAS, since 1971, the National Trust for Historic Preservation has been celebrating a month-long observance of historic preservation, recognizing grassroots efforts across America to protect and preserve historic structures, places, and landscapes;

WHEREAS, The City of Lake Forest was one of the first communities in the Chicago region to take a progressive role in historic preservation initiatives, including:

- 1975, Ragdale led the way when it became a National Landmark.
- 1976, the area of the 1857 Plan of Lake Forest became the Lake Forest National Register Historic District.
- 1980, the Vine-Oakwood-Green Bay Road National Register Historic District was designated
- 1995, the Green Bay Road National Register Historic District was designated.
- 2013, the West Park National Register Historic District was designated.

Since 1976, numerous individual properties have been designed as National Register Historic Properties. Today, well over 1,200 structures and open spaces in Lake Forest are recorded in the City's inventory as being historically significant, and at least 35 areas and individual properties have received the City's Landmark Designation.

WHEREAS, in the mid-1990's, The City of Lake Forest officially recognized that its ability to safeguard its distinctive historic character and resources was being tested by development incompatible with the existing character of historic districts and homes, and therefore determined that public awareness of the importance of historic preservation was to be a high priority.

WHEREAS, in 1998 The City of Lake Forest, in response to this challenge, adopted a Comprehensive Plan that included strengthening its historic preservation efforts. The City Council:

- created a Historic Preservation Commission independent of the Building Review Board,

- attached a rider to all real estate transactions informing buyers of the importance of its ordinances and Comprehensive Plan in maintaining compatibility with community character, historic structures and streetscapes, and
- undertook revision of its zoning and demolition processes, including amending Zoning Chapter 51: Historic Preservation.

NOW, THEREFORE, BE IT RESOLVED THAT I, Robert Lansing, Mayor of Lake Forest, do proclaim May 2017 to be National Historic Preservation Month and call upon all residents to honor the importance of historic preservation throughout our community. We look forward to continued coordination with the Lake Forest Preservation Foundation as it works with our City officials and residents to protect and preserve the historic visual character of this remarkable city.

ADOPTED THIS 15TH DAY OF MAY, 2017

Mayor



MEMORANDUM

THE CITY OF LAKE FOREST

OFFICE OF THE CITY MANAGER

TO: Robert R. Kiely, Jr., City Manager

CC: Catherine Czerniak, Director of Community Development

Pete Siebert, Fire Chief

Sally Swarthout, Director of Parks, Recreation, Forestry

FROM: Mike Strong, Assistant to the City Manager

DATE: May 11, 2017

SUBJECT: Special Event Request – Elawa Farm Foundation Centennial Celebration

PURPOSE:

The Elawa Farm Foundation ("**Foundation**") is requesting authorization to host a special event at the Elawa Farm property located at 1401 Middlefork Drive in honor of its 100-year anniversary. The event is proposed to be held on Saturday, September 9, 2017, from 6:00 p.m. to 11:00 p.m. Included below is background information on Elawa Farm, and the Foundation's specific request. The purposes of this memorandum is to outline the Foundation's request to host a Centennial event celebration, and discuss issues vis-à-vis the proposed event and the Special Use Permit ("**SUP**") for Elawa Farm.

BACKGROUND:

In 1998, as part of the development of Middlefork Farm, the City acquired 16 acres of land including the Gentlemen's Farm complex known as Elawa Farm. The northern portion of this land is dedicated as a neighborhood park and serves the general public similar to other parks within the City, all of which are managed and overseen by the Parks and Recreation Department. At the time of approval of Middlefork Farm, Elawa Farm was in quite disrepair and in need of substantial renovation, rehabilitation and a clearly defined community purpose. Through the tremendous commitment of time and generous donations from many people led by a group of individuals that would later develop into the Elawa Farm Foundation, the restoration and adaptive reuse of Elawa Farm as an environmental and historic themed community resource was achieved.

Similar to other City owned facilities such as the Grove Cultural Campus and Gorton Community Center, Elawa Farm offers space for tenants, classes and programs, and hosts various events throughout the year. Since Elawa Farm is located in a residential district, an SUP authorizes, subject to very specific conditions, this type of non-residential use in a residential district.

Today, the Elawa Farm Foundation is the authorized operator of the facility pursuant to certain rights and obligations that have been memorialized through the execution of an Operating Agreement ("**Agreement**") that was entered into between the Foundation and The City in March

2014. Among these responsibilities include the requirement that the Foundation operate the site in accordance with the SUP.

HISTORY OF SPECIAL USE PERMIT AND RECENT CHALLENGES:

On April 14, 2010 and June 9, 2010, the Plan Commission held public hearings and considered the request to grant an SUP to Elawa Farm that would authorize its use as a community facility. The deliberations over the proposed SUP took over three months, and involved many stakeholders. The Commission's recommendation was based on public input by the Foundation, Middlefork Homeowners, Wildlife Discovery Center, Lake Forest Open Lands, and others. In total 29 conditions of approval were incorporated into the SUP that seek to work together to meet the interests of the various parties that were involved in the deliberations. Importantly, these conditions aim to balance these competing interests to minimize impacts on the surrounding neighborhood. Key issues that the SUP addresses include:

- Parameters to guide future uses and changes at Elawa Farm (Via the adoption of a Master Plan for the facility)
- Regulations for ongoing daily activities and programs
- Regulations for events and fundraising activities (i.e. hours of operation, quantity, capacity, noise, etc.)
- Various operational parameters: hours of operation, parking, lighting, capacity of the site, noise, and others

A copy of the SUP, which was adopted on June 21, 2010, has been attached to this memorandum.

With respect to special events and fundraising activities, the Plan Commission recognized the importance of these opportunities to support the various tenants that occupy Elawa Farm. They are an important part of providing a revenue stream to support the ongoing maintenance of the facility. This is an important point, as Elawa Farm is intended to be a financially self-supporting facility through rents received from tenants and hosted private or public events. However, the SUP plays a key role in regulating these activities.

Over the past several years, daily activity and private and public special event activities have increased tremendously at Elawa Farm. Foundation growth over the past five years has been exceptional. Growth in daily room rentals have increased by over 45% over the past three years, program participants have grown from 77 in 2012 to over 800 in 2016, and individual donor engagement has averaged 26% growth per year since 2012. Additionally, the popularity of the Wildlife Discovery Center continues to attract new and returning patrons each year. In 2016, the Wildlife Discovery Center estimates over 18,000 patrons toured the facility and nearly 50,000 attended fundraising or outreach programs, weekend classes, school visits or participated in off-site activities.

The tension between the continued growth and popularity of Elawa Farm and the restrictions within the SUP and Agreement has caused conflict between tenants and the adjacent neighborhood. For example, the Wildlife Discovery Center's open house and Croctoberfest event held in 2015 significantly impacted on-street parking within the neighborhood which raised several pedestrian safety concerns by homeowners. Additionally, since private rental events and weddings hosted by the Foundation have grown in frequency, neighbors have raised concerns with the safety, noise, duration, alcohol and parking impacts these events have on the surrounding area.

The City has sought ways to help reduce and limit these impacts, including the installation of an expanded parking area, enforcing shuttle requirements for larger events for both tenants (As well as prohibiting on-street parking within the neighborhood), and working through the Elawa Farm Commission to enhance communication between the Foundation and Middlefork homeowners. While there have been some improvements in the way of communication, the level of activity and current operations at Elawa Farm remains a very divisive topic among stakeholders.

SUMMARY OF SPECIAL EVENT REQUEST:

While the use of the facility for fundraising activities is not inconsistent with the SUP or Agreement, the anticipated attendance for the Centennial Celebration exceeds the allowable limit for special events at the facility. The projected attendance capacity has been proposed at 300 patrons; however, the allowable occupancy for this site is 200.

When the SUP was created, conversations took place between the Elawa Farm Foundation and members of the Fire Prevention Bureau and Community Development Department regarding special event capacity limits. At that time, there were multiple scenarios agreed to that the Foundation could follow in order to preserve this limit. Based on the size of the buildings on the site and allowable space for tents, special events can adequately provide shelter for up to 200 patrons at one time.

This capacity limit was determined based on the cumulative impact large events have on parking, noise, patron safety, adjacent properties and the surrounding neighborhood. Additionally, this limit ensures adequate indoor shelter space for outdoor events that may experience adverse or sudden weather situations.

Recognizing the proposed attendance exceeds the established maximum for an event on the site, City staff presented some alternatives for the fund raising event to the Foundation that would comply with the current use regulations. The alternative options include, but may not be limited to:

- Host multiple seatings for the event (afternoon/evening), to avoid exceeding the maximum of 200 people on the site at one time.
- Consider hosting a more “premium” event; with a higher ticket value to achieve the desired revenues with fewer attendees.
- Create a multiple-day or back-to-back, two-day event.
- Look at off-site locations for the event that have a greater capacity similar to the approach taken by other not for profit groups in an effort to raise funds.

The Foundation stated that while these options could be considered, they may take away from the fundraising opportunity hosting an event at the facility could provide, or be more costly and operationally challenging on their staff to host and coordinate. In the end, the Foundation did not accept the staff recommendation and requested the opportunity to present the request for an exception to the Special Use Permit directly to the City Council.

CITY COUNCIL DIRECTION REQUESTED:

Staff is seeking direction from City Council on whether it is willing to support this one-time special event. If the City Council is inclined to support it, City staff will work with the Foundation, tenant, and neighbors to develop a plan of action for addressing concerns, site capacity issues, and to develop a public safety plan given the scope of the event.

If so directed, City staff will come back to City Council with a plan for accommodating the event including conditions of approval as determined to be necessary to support this one-time expanded use of the facility.

ATTACHMENTS:

- Centennial Celebration Special Event Application and Site Plan
- Special Use Permit and Master Plan for Elawa Farm



SPECIAL EVENT PERMIT APPLICATION

Event Information:

New Annual (Please Circle One)

Event Name: Elawa Farm Foundation Fundraiser
Event Date(s): Saturday, September 9, 2017
Event Location: Elawa Farm
Event Start Time: 6:00 pm Event End Time: 11:00 pm
Event Set-up Date: 9/8 tent Time: 1:00 pm Event Tear Down Date: 9/11 Time: 8:00 am
Estimated Attendance: no more than 300 Estimated Number of Vehicles: 150

Please Note: Events Proposed to Take Place in Market Square Require Prior Written Consent and Approval from the Property Owner. (Approval Letter must be Presented at Time of Application).

Sponsoring Organization:

Name: Elawa Farm Foundation
Address: 1401 Middlefork Drive, Lake Forest
Phone #: 847-234-1966
Fax #: _____
E-Mail: jmillier@elawafarm.org

Event Coordinator(s):

Name/Title: Maddie Dugan - Board member
Address: 1090 Oak Grove Lane, Lake Forest
Phone #: 847-234-4667 Cellular #: _____
E-Mail: maddiedugan@gmail.com

Name/Title: Marina Carney Puryear
Address: 36 E North Ave, Lake Bluff
Phone #: _____ Cellular #: 847-274-5566
E-Mail: marina@ggrealty.com

Please indicate which of the following best describes your event and Attach Proposed Site Plan/Route Map

- ☐ Carnival/Festival/Fair ☐ Walk/Run/Bike Ride ☐ Parade ☐ Concert
☒ Other Dinner Party - Fundraiser

Please mark all items below that pertain to your Event: Items with *Asterisks* Require Additional Permits (See Special Event Permit Application Guidelines for Further Information)

- | | | | |
|---|--|---|--|
| <input type="checkbox"/> Food Vendors | <input checked="" type="checkbox"/> Tents* | <input type="checkbox"/> Fireworks* | <input type="checkbox"/> Music |
| <input checked="" type="checkbox"/> Liquor* | <input type="checkbox"/> Carnival Rides* | <input type="checkbox"/> Bonfire* | <input type="checkbox"/> Beach Pavilion* |
| <input type="checkbox"/> Raffle* | <input type="checkbox"/> Inflatable Amusements* | <input checked="" type="checkbox"/> Cooking | <input type="checkbox"/> Park Pavilion* |
| <input type="checkbox"/> Portable Washrooms | <input type="checkbox"/> Washroom "Trailer" with Water Hook-Up | <input type="checkbox"/> Generator(s) | |

If your event requires any of the following, please provide proposed plans:

Off Site Parking

- ☐ City Streets _____
- ☐ City Parking Lot (CITY HALL, FOREST AVE, OAKWOOD, MCKINLEY, NORTH SHORE, WESTMINSTER, QUARTA, METRA)
- ☒ Private Parking Lot Northwestern Lake Forest Hospital
- ☒ Shuttle Service Aries Charter

Traffic Control

- ☐ Officer(s) Requested _____
- ☐ Course Marshall(s) Present _____

Roadways

- ☐ Barricades) _____
- ☐ Closure(s) _____

Please provide any additional details for consideration of your event:

one time event to celebrate Elawa Farm's 100th Anniversary - fundraiser

CONDITIONS, LIABILITY WAIVER, & HOLD HARMLESS AGREEMENT

1. Conditions:

The undersigned hereby makes application for permission to hold a special event in The City of Lake Forest. It is understood that all City ordinances and codes shall be adhered to, and that any violation of a City ordinance, code, or State Statute shall mean automatic revocation of this permit. It is further understood that this permit shall be void if the applicant does not comply with all requirements specified by the Office of the City Manager, as part of the approval process.

2. Release From Liability:

"I agree to waive and relinquish any and all claims I may have arising out of, connected with, or in any way associated with the activities of the special event. I do hereby fully release and discharge The City of Lake Forest, its officers, agents, and employees from any and all claims from injuries, including death, damage, or loss which I or my organization may have, or which may occur in connection with the special event."

3. Indemnity & Defense:

"I further agree to indemnify, hold harmless, and defend The City of Lake Forest, its officers, agents, and employees from any and all claims from injuries, including death, damages and losses sustained by me, or my organization, or any other person connected with, or in any way associated with the activities of the special event."

Signature of Applicant: 

Date: _____

For Staff Use Only:

Date Received _____

Date Approved _____

Event Classification _____

CONDITIONS OF APPROVAL

Notes attached to Special Event Permit Application

1. We have an annual liquor license with the City of Lake Forest.
2. We will have tent company fill out and submit tent permit application.

3. Total site occupancy:

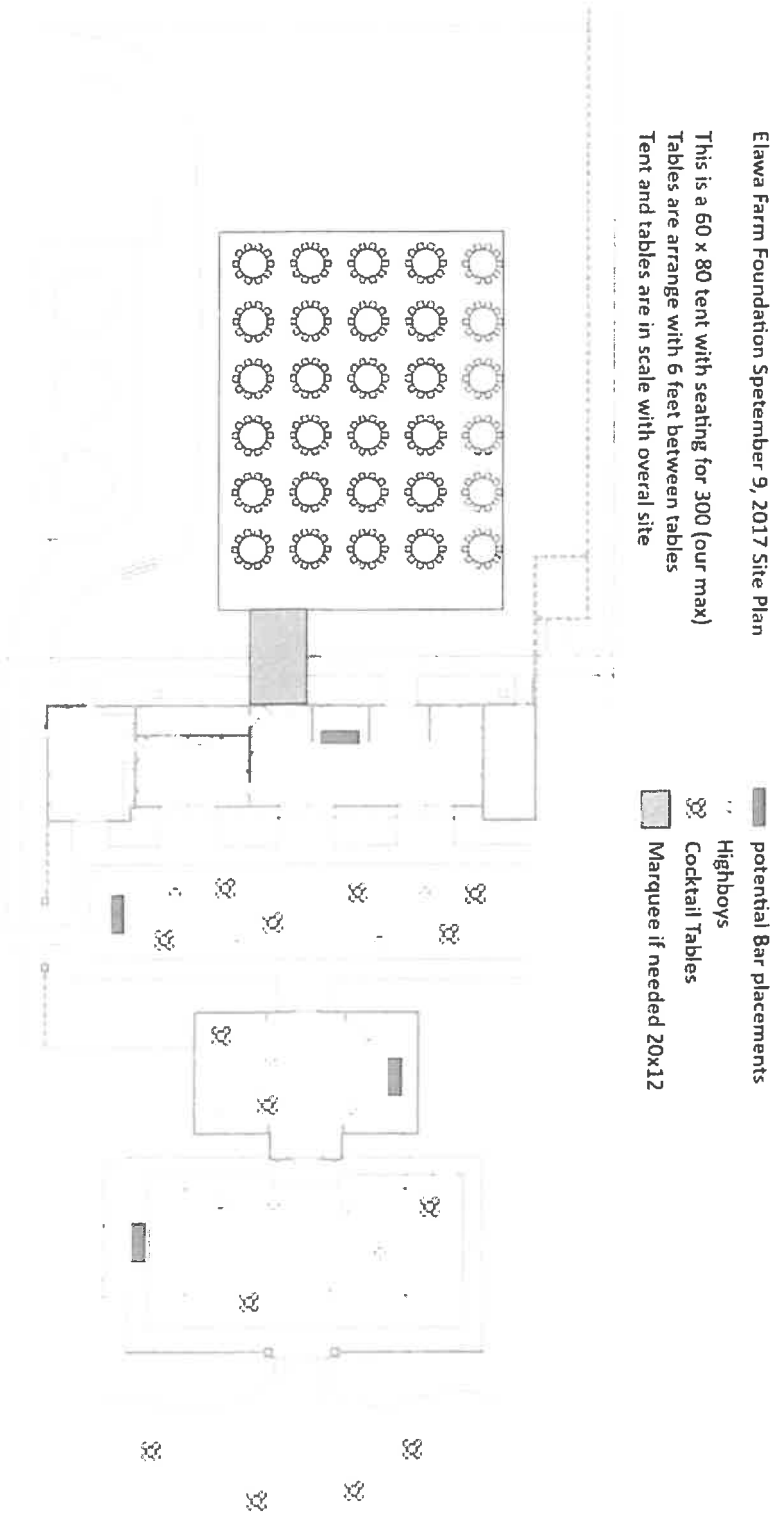
Hay Barn	87
Wagon Shed	77
Visitor Center	18
Classroom-west	41
Classroom-center	24
Ice House	24
Potting Shed	24
Kitchen	<u>19</u>
Total	314

Elawa Farm Foundation Spetember 9, 2017 Site Plan

This is a 60 x 80 tent with seating for 300 (our max)

Tables are arrange with 6 feet between tables

Tent and tables are in scale with overall site



An Ordinance

Granting a Special Use Permit to Authorize the use of Elawa Farm, Located at 1401 Middlefork Drive, as a Community Facility in the R-5, Single Family Residence District

WHEREAS, The City of Lake Forest, owns Elawa Farm, a community facility located at 1401 Middlefork Drive and legally described in attachment A which is attached hereto and made a part hereof and;

WHEREAS, the City petitioned for a Special Use Permit in accordance with the regulations of Section 46-24, Special Uses, of the Lake Forest Zoning Code to authorize the use of a Elawa Farm as a community facility for classes, programs, tours, special events and public use in the R-5 residential zoning district and;

WHEREAS, in 1998, through an extraordinary partnership between Lake Forest Open Lands Association, the Lake County Forest Preserve District, the property owner and the City, 200 acres of property were planned and developed as Middlefork Farm, a unique combination of single family homes, preserved open space and adaptive reuse of an historic complex of buildings; and

WHEREAS, as part of this development, the City acquired 16 acres of land including the Gentlemen's Farm complex now known as Elawa Farm.

WHEREAS, through the commitment, hard work and generosity of many, Elawa Farm was restored and made available as a community resource as envisioned at the time of the approval of the Middlefork Farm development; and

WHEREAS, in 2006, a Special Use Permit was granted authorizing the operation of the Elawa Farm Garden Market and the Market has operated successfully since that time; and

WHEREAS, in 2009, at the direction of the City Manager, Community Development staff facilitated the development of a Master Plan for Elawa Farm by key stakeholders over a period of 10 months, a copy of said Master Plan is attached hereto and made a part hereof as Exhibit C, and

WHEREAS, the Plan Commission of The City of Lake Forest held public hearings on April 14, 2010 and June 9, 2010 to consider the request for a Special Use Permit and after considering public comment and deliberating, voted to recommend approval of the request, subject to numerous conditions of approval, and submitted to the City Council a report of its findings, a copy of which is attached hereto and made a part hereof as Exhibit B and;

WHEREAS, the City Council concurs with the findings of the Plan Commission.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF LAKE FOREST, ILLINOIS:

SECTION 1. Recitals: The foregoing recitals are incorporated into this Ordinance as if fully set forth.

SECTION 2. Approval: A Special Use Permit is hereby granted 1) to approve Elawa Farm as a use in the R-5 zoning district, 2) to adopt the Master Plan as Exhibit C to the Special Use Permit, and 3) to incorporate and supercede the Special Use Permit previously granted authorizing the Elawa Farm Garden Market, all subject to the following conditions of approval:

Daily Use

1. Uses at Elawa Farm shall be consistent with the vision stated in the Master Plan which is adopted as an exhibit to the Special Use Permit. As described in the Master Plan, permitted uses shall provide opportunities in the fields of environmental and wildlife education, gardening, conservation, environmental restoration, architecture, history, preservation, local culture, and passive recreation experiences.
2. Elawa Farm is primarily intended for public use by Lake Forest residents and for use by Elawa Farm tenants and local not for profit groups, during daytime hours, or until dusk. *(For purposes of this Special Use Permit, local not for profit groups are groups that support institutions in the communities of Lake Forest and Lake Bluff, and groups that serve the residents of Lake Forest and Lake Bluff.)*
3. The Elawa Farm facilities are available to tenants and local not for profit groups for scheduled activities including classes and meetings seven days a week. Scheduled activities at Elawa Farm shall end no later than 9:30 p.m.

Special Events

4. "Special Events" are activities other than those described in conditions #2 and #3 above and other than the Garden Market addressed in conditions # 21 thru #26 below.
5. Scheduling of all Special Events shall be managed by the Elawa Farm Facility Coordinator, currently housed in the Office of the City Manager, and referred to as the "Coordinator" throughout this document, or another person so designated in the future by the City Manager. In every case, the Coordinator shall consider cumulatively all daily use activities and Special Events, including normal public use, which would be occurring on the site at any one time before approving any Special Event. In addition, all applicable standard City requirements for special events shall be met including, but not limited to, posting certificates of insurance, obtaining a liquor license and payment of required fees.

The Coordinator is responsible for facilitating communications regarding Special Events among all tenants of Elawa Farm and with the Middlefork Farm Homeowners' Association in the case of Special Events that due to the number of participants or type of activity will significantly differ from the daily activities, programs and events that occur at Elawa Farm.

6. Priority for reserving space for special events, programs and activities at Elawa Farm shall be given to Elawa Farm "Preferred Users", defined as tenants and local not for profit groups whose purposes and activities are closely aligned with the vision for Elawa Farm as stated in the Master Plan. Elawa Farm tenants shall each be permitted up to 2 Special Events for fundraising purposes annually.
7. Private events, not open to the public, and not hosted by Preferred Users, which prevent public access to Elawa Farm for an extended time period, are discouraged. Private events must

receive approval from the Coordinator and shall generally conform to the requirements of the City's special event policy as determined by the City Manager.

8. Special Events distinguished from daily uses noted above in conditions #2 and #3, shall end no later than 11 p.m. on Friday and Saturday nights and no later than 10 p.m. all other days of the week.
9. For events at which alcohol is served, the service of alcohol must end an hour before the scheduled ending time of the event. In addition, a City of Lake Forest Liquor License must be obtained and all of the conditions of the license must be satisfied.
10. When amplified music or sound is authorized anywhere on the site, it must be in compliance with the City's noise regulations and must end by 10:30 p.m. Only 12 events with amplified music or sound shall be permitted per year consistent with the original approval of the Middlefork Farm development. No more than 2 outdoor events with amplified sound are permitted during any 30-day period, and the events may not be held on consecutive days.
11. For Special Events that due to the number of participants and duration of the event require parking beyond that which can be accommodated on site at the specific time of the event, and in every case for events with more than 75 participants expected, off site parking and a shuttle service must be provided by the host of the event. When determining if sufficient on site parking will be available for any specific special event, consideration must be given to all other activities that may be occurring at Elawa Farm and at Elawa Park at the same time and the need to provide some parking spaces for general public use during daylight hours.

Valet parking for Special Events is prohibited.

At the discretion of the Coordinator, for Special Events of short duration, which conclude during daylight hours, such as a morning "fun run", short term, on street parking may be permitted. If such approval is granted by the Coordinator, signage shall be posted as necessary limiting parking to only one side of the street. *(Note: Parking across drive way curb cuts is a violation of the City Code.)*

General Regulations

12. No activity at Elawa Farm shall obstruct public streets or sidewalks without specific authorization from the City to do so and no activities shall impede emergency access into the site.
13. No overnight use of Elawa Farm is permitted except for use of the caretaker's cottage in a manner typical for a single family residential house.
14. Tents shall be located within designated areas only: 1) the paddock area east of the Hay Barn and 2) the courtyard west of the Wagon Shed. The use and location of tents shall be subject to approval by the Coordinator and subject to inspection by the Fire Department.
15. At no time shall the number of people in each of the individual interior spaces at Elawa Farm or the number of people at Elawa Farm in its entirety, exceed the maximum capacity as permitted by Fire Code and as posted in accordance with that Code throughout the facility. The use of

tents for specific events shall not allow the maximum overall site capacity, as posted on the site, to be exceeded.

16. All staff, volunteer and visitor parking for Elawa Farm for normal daily programs and activities shall be within the designated parking lot as it now exists or as it is later expanded in accordance with the Master Plan.
17. Expansion of the parking lot at Elawa Farm shall occur only in a manner consistent with the Master Plan with the authorization of the City Council. No more than 40 additional parking spaces shall be constructed on the site without amendment to the Master Plan and this Special Use Permit.
18. Elawa Farm shall not be used as a Polling Place for primary, general or special elections.
19. Any new buildings, alteration of existing buildings and any significant fencing or gates that may be proposed, beyond fences for utilitarian purposes which are in full conformance with the City Code, shall be subject to the review and approval of the Historic Preservation Commission.
20. No permanent outdoor lighting shall be permitted except safety and security lighting which shall be installed at the discretion of the City in compliance with Code and permitting requirements. Lighting beyond that needed for safety and security shall require review and approval by the Historic Preservation Commission with consideration given to the intensity of lighting and proposed light fixtures to assure that the residential and historic character of the neighborhood and site are preserved. Lights, other than for safety and security purposes shall be turned off after activity hours.
21. Signage for Elawa Farm and the various tenants now and in the future shall be consistent with the signage plan approved by the Historic Preservation Commission. Amendments to the signage plan may be considered in the future by the Historic Preservation Commission.

Garden Market

22. The Market shall only be operated under the direction of the Designated Elawa Gardener as appointed by the City Manager by a written agreement.
23. All Market operations shall be consistent with the Designated Elawa Gardener Agreement and this Special Use Permit.
24. The Market shall be a not for profit operation with proceeds from the sales to be used for continued operation, restoration and enhancements at Elawa Farm.
25. The hours of operation of the market shall be set by the Designated Elawa Gardner, but in no case shall the Market be open to customers before 10 a.m. or after 6 p.m.
26. Limited preparation of produce grown in the Elawa Farm Garden shall be permitted on the site.

27. The majority of items for sale at the Market shall be grown on the site with the exception of Christmas trees and wreaths and other seasonal items which may be brought on to the site for sale.

Other

28. The City shall encourage IDOT to establish a cross walk at the intersection of Waukegan Road and Middlefork Drive to provide a safer crossing for pedestrians and bicyclists using Elawa Farm and Elawa Park. In addition, the City shall work with Northwestern Lake Forest Hospital to establish a sidewalk the full length of Westmoreland Road as a requirement in conjunction with the construction of any new building on the hospital campus, if not before.
29. Eighteen months after approval of the Special Use Permit by the City Council, a written activity report on special events including, but not limited to: the frequency of events, the type of events and any issues resulting from the events, shall be presented to the Plan Commission. The Commission shall review the report at a public meeting and forward a summary of that review to the City Council including recommendations for amendment to the Special Use Permit if determined to be appropriate.

SECTION 3. Failure to Comply with Conditions. Failure to Comply with Conditions.

Upon the failure or refusal of the property owner or petitioner to comply with any or all of the conditions, restrictions, or provisions of this Ordinance, the approvals granted in Section 2 of this Ordinance shall, at the sole discretion of the City Council by ordinance duly adopted, without the need for a public notice or hearing, be revoked and become null and void; provided, however, that no such revocation ordinance shall be considered unless (i) the City has first notified the petitioner and owners of the property and (ii) the petitioner and owners have failed to cure any violative condition within 30 days (unless such violative condition requires more than 30 days and the owners timely commence corrective action and continuously prosecute such corrective action without interruption until completion). In the event of revocation, the development and use of the Subject Property shall be governed solely by the regulations of the R-5, Single Family Residential District, as the same may, from time to time, be amended. Further, in the event of such revocation, the City Manager and City Attorney are hereby authorized and directed to bring such zoning enforcement action as may be appropriate under the circumstances. The petitioner and owners acknowledge that public notices have been given and public hearings have been held with respect to the adoption of this Ordinance, has considered the possibility of the revocation provided for in this Section, and agrees not to challenge any such revocation on the grounds of any procedural infirmity or any denial of any procedural right provided that the terms of this Section are satisfied.

SECTION 4. Amendment to Ordinance. Any amendments to the terms, conditions, or provisions of this Ordinance that may be requested by the petitioner and owners of the property after the effective date of this Ordinance may be granted only pursuant to the procedures, and subject to the standards and limitations, provided in Section 46-24 of the Zoning Code, or by an amendment to the special use permit itself in the manner provided in the Zoning Code and by applicable law.

SECTION 5. Binding Effect. The privileges, obligations, and provisions of each and every Section of this Ordinance are for the sole benefit of, and shall be binding on, the owners, except as otherwise expressly provided in this Ordinance. This ordinance shall be in full force and effect from and after its passage and approval; provided, however, that this Ordinance shall be of no force or effect unless and until owner files with the City its unconditional agreement and consent, in the form attached

hereto as Exhibit D and by this reference incorporated herein and made a part hereof; provided further that, if owner does not so file its unconditional agreement and consent within 30 days following the passage of this Ordinance, the City Council may, in its discretion and without public notice or hearing, repeal this Ordinance and thereby revoke the special use permit granted in this Ordinance.

Passed this ____ day of _____, 2010

City Clerk

Approved this ____ day of _____, 2010

Mayor

ATTEST:

City Clerk

Attachments: Exhibits A, B, C, D

EXHIBIT A – LEGAL DESCRIPTION
1401 Middlefork Drive

LOT 76 IN MIDDLEFORK FARM, BEING A SUBDIVISION OF PART OF THE SOUTH HALF OF SECTION 30 AND THE NORTH HALF OF SECTION 31, TOWNSHIP 44NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 44 NORTH, RANGE 11 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 1, 1998 AS DOCUMENT 4214648, EXCEPT THAT PART THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 76, THENCE SOUTH 24°15'44" WEST 108.17 FEET ALONG THE EASTERLY LINE OF SAID LOT TO THE BEGINNING OF A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 566.00 FEET; THENCE SOUTHERLY 359.48 FEET ALONG SAID CURVE, CHORD BEARING SOUTH 6°04'02" WEST, CHORD DISTANCE 353.47 FEET; THENCE SOUTH 12°07'42" EAST 20.08 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 176.00 FEET; THENCE SOUTHERLY 46.79 FEET ALONG SAID CURVE, CHORD BEARING SOUTH 19°44'40" EAST, CHORD DISTANCE 46.65 FEET; THENCE SOUTH 42°35'02" WEST 70.00 FEET; THENCE NORTH 90°00'00" WEST 200.00 FEET; THENCE NORTH 27°00'00" WEST 90.00 FEET; THENCE NORTH 90°00'00" WEST 230.00 FEET; THENCE NORTH 70°00'00" WEST 50.00 FEET; THENCE SOUTH 80°00'00" WEST 95.00 FEET; THENCE NORTH 30°00'00" WEST 70.00 FEET; THENCE NORTH 20°00'00" EAST 50.00 FEET; THENCE SOUTH 89°00'00" EAST 50.00 FEET; THENCE NORTH 77°00'00" EAST 80.00 FEET; THENCE NORTH 00°00'00" EAST 100.00 FEET TO THE NORTHWESTERLY LINE OF SAID LOT; THENCE NORTH 51°54'35" EAST 420.00 FEET ALONG SAID NORTHWESTERLY LINE; THENCE 89°53'05" EAST 280.00 FEET ALONG THE NORTH LINE OF SAID LOT TO THE POINT OF BEGINNING, IN LAKE COUNTY, ILLINOIS.

EXHIBIT B – FINDINGS OF FACT

1. The operation of Elawa Farm, a unique community resource, in a manner consistent with the Master Plan and subject to the conditions of approval upon which this Special Use Permit is based, will not be detrimental to or endanger the public health, safety, morals, comfort, or general welfare of the residents of Lake Forest or the general public.
2. The surrounding properties are for the most part, built out. They are developed for single family residential use and preserved open space in the ownership of the City, Lake Forest Open Lands and the Lake County Forest Preserve District. Elawa Farm will not impede the normal and orderly use or future improvement of the surrounding properties.
3. As part of the original approvals of the Middlefork Farm Subdivision, Elawa Farm was envisioned as the community resource it has now become and as such was planned to support and enhance property values of the surrounding properties.
4. The existing buildings that comprise Elawa Farm are historic and Elawa Farm is designated as a local historic landmark. The use of the site as a community resource to provide opportunities in the fields of environmental and wildlife education, gardening, conservation, environmental restoration, architecture, history, preservation, local culture, and passive recreation experiences is compatible with the historic structures and through the conditions of approval, will operate in a manner that preserves the historic and natural character of the site.
5. Adequate utilities, roads and drainage facilities exist to accommodate the uses at Elawa Farm. Expansion of the existing parking area is provided for in the Elawa Farm Master Plan which is incorporated as an exhibit to the Special Use Permit.
6. Adequate measures are established through the conditions of approval to provide adequate ingress and egress and to assure that emergency access to the site and the surrounding properties shall be maintained.
7. The uses at Elawa Farm shall be consistent with the Special Use Permit as now approved or as modified by the City Council through a public process in the future. Except as set forth in the Special Use Permit, the site shall conform to the applicable regulations of the R-5 zoning district and all other applicable rules and regulations.

Elawa Farm

A Master Plan

As adopted by the City Council as an Exhibit to the
Special Use Permit for Elawa Farm

June 21, 2010





Elawa Farm

A Master Plan



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4	Elawa Farm: A brief history
7	Use Areas
17	Opportunity Areas
23	Additional Considerations
27	Appendices <ul style="list-style-type: none">• Associated Documents• Elawa Farm Master Plan

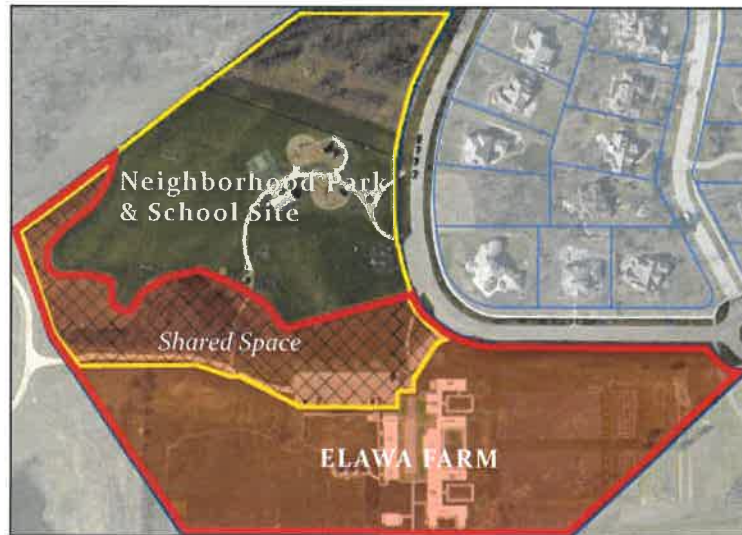


Elawa Farm Master Plan

Vision Statement

Elawa Farm is a place to experience, study and explore the Middlefork Savanna and an historic Gentleman's Farm.

- Elawa Farm is a community resource where stewardship of the environment and of the history of the site are achieved through education, preservation, restoration, and conservation.
- Elawa Farm is a City of Lake Forest-owned facility that provides opportunities in the fields of: environmental and wildlife education, gardening, conservation, environmental restoration, architecture, history, preservation, local culture, and passive recreational experiences.
- All aspects of Elawa Farm: development, structures, site amenities, signage, events and programming respect the capacity of the site, the natural and historic setting and the surrounding residential neighborhood.
- Primary support for operations and capital improvements at Elawa Farm come from program revenues and fundraising.



Impetus for the Plan

Elawa Farm, a unique community treasure, was established with the support and through the efforts of residents, the Gardeners at Elawa Farm, the Elawa Farm Foundation, Lake Forest Open Lands Association, the Lake County Forest Preserve District, School Districts 67 and 115 and the City of Lake Forest. With the completion of the renovation of Elawa Farm in 2008 and the resulting increased demand for use of Elawa Farm, it became clear that there was a need for more formal communication and collaboration among key stakeholders and the need for a documented, shared vision for long-term use of the site.

This Master Plan was developed through a series of brainstorming sessions and discussions facilitated by the City of Lake Forest Community Development Department and involving representatives from various groups, the stakeholders, who have an ongoing interest in the success of Elawa Farm including: the Elawa Farm Foundation, the Gardeners at Elawa Farm, City of Lake Forest Wildlife Discovery Center, Lake Forest Open Lands, Lake County Forest Preserve District, School Districts 67 and 115, the City of Lake Forest Park and Recreation Department, the Lake Forest Preservation Foundation, Gorton Community Center and the Middlefork Farm Homeowner's Association. Through the dedication and work of this group, the Master Plan was developed as a grass roots effort by the stakeholders and provides parameters for ongoing use of the site, identifies potential future needs and calls out opportunities for future expansion and improvements.



Elawa Farm Property



Men's Quarters - 2008

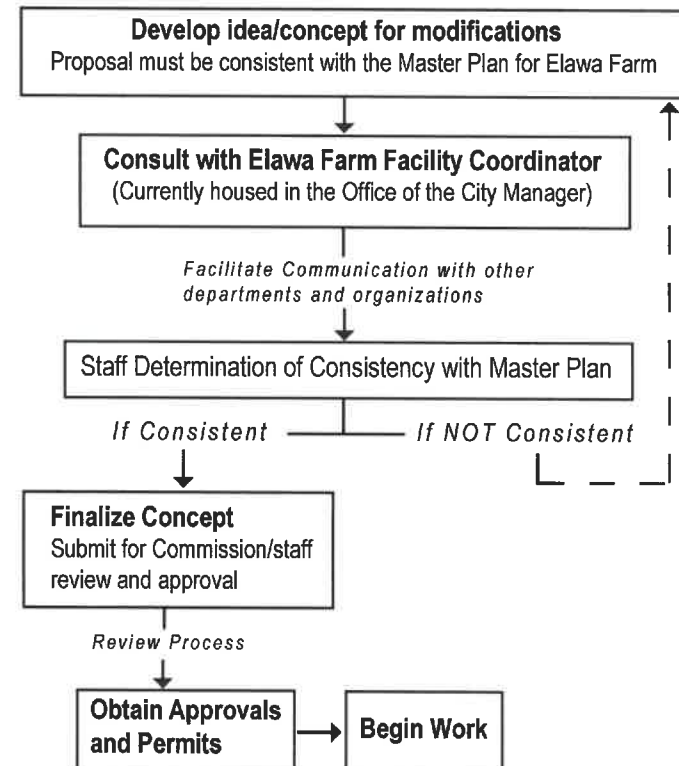
Purpose

The Master Plan directs all decisions and activities at Elawa Farm for short and long term use of the property and as well as future build-out on the site. The Master Plan was prepared in the spirit of partnership, the very spirit that made preservation and adaptive reuse of this former gentleman's farm possible. To remain viable, the Master Plan is not a rigid document but should be evaluated and amended periodically to keep the Plan current and relevant to the activities at Elawa Farm.

The Master Plan communicates to the broader community how Elawa Farm relates to and differs from other community facilities in Lake Forest and is the framework for evaluating new uses and improvements, prior to implementation, in an effort to preserve the character and conserve the environment at Elawa Farm. The Master Plan complements other planning tools, ordinances and guidelines, and acknowledges various documents associated with the property including the Special Warranty Sale Deed and Rider, the Intergovernmental Agreement between the City and the Lake County Forest Preserve District, the Illinois Department of Natural Resources Grant as well as the standard City regulations for neighborhood parks, special events and internal review processes. A complete list of associated documents is provided as an Appendix to the plan.

HOW TO USE THE PLAN

All modifications to the buildings and site including, but not limited to, additional structures, fencing, plantings, pathways must be reviewed in the context of the Master Plan.



Elawa Farm: A Brief History

Recognizing the significance of Elawa Farm, local citizens and public officials planted the seed of a grand vision: to create a partnership that would preserve Elawa Farm as a one-of-a-kind, natural, historic, educational and recreational resource for the Lake Forest community. From its inception, this property was a part of a unique public-private partnership. In the late 1980's, the City of Lake Forest assisted the Lake County Forest Preserve District by making a generous contribution for the acquisition of the 450 acre Middlefork Savanna Forest Preserve in exchange for land transferred back to the City. In 1998, after more than three years of work, Lake Forest Open Lands gained control of a 195 acre block of land which included the 16 acre Elawa site. In order to preserve 70 % of the property as open space, Open Lands assembled partners. The Lake County Forest Preserve District obtained 61 acres to add to the Middlefork Savanna Forest Preserve. Open Lands retained 51 acres. The City acquired the 16 acre Elawa site. A developer purchased the remaining area for the Middlefork Farm Subdivision. Together these organizations have worked to preserve the area as open space and provide opportunities for people to explore and appreciate the natural environment and the historic gentleman's farm.



Historic Elawa Farm Signage



Elawa Farm Property - aerial photograph c. 1990

Elawa Farm is a City-owned property located at the west end of Middlefork Drive in Lake Forest, Illinois. Between 2002 and 2008 the Elawa Farm buildings underwent a major restoration project consisting of exterior restoration and interior renovation of the Ice House, Wagon Shed, Potting Shed, the Machine Shed, the Dairy, the Horse Stables, the Men's Quarters, the Living Quarters, the Loggia/Porches and the Care Taker's Cottage. The renovated buildings support environmental learning and passive recreation at the site. The successful restoration efforts have received national recognition as a "Save America's Treasures" project.

The Buildings

The farm group, built in 1917 for A. Watson Armour, a member of one of Chicago's oldest and most distinguished families, is architecturally significant as a rare representative example of an early 20th century gentleman's farm and is noteworthy for its fine design and association with two very significant architects: David Adler and Alfred Hopkins. Hopkins designed the farm complex in the Georgian Colonial Revival style, of red brick. Though simple in design, the farm group includes classical features and detailing such as its overall symmetry, with wings flanking the two-story barn and gated paddock, pediments over the grand arched center entrance, brick pilasters flanking the entrance, engaged Doric wood columns on the porches and Palladian windows.



Historic Photograph - Hay Barn

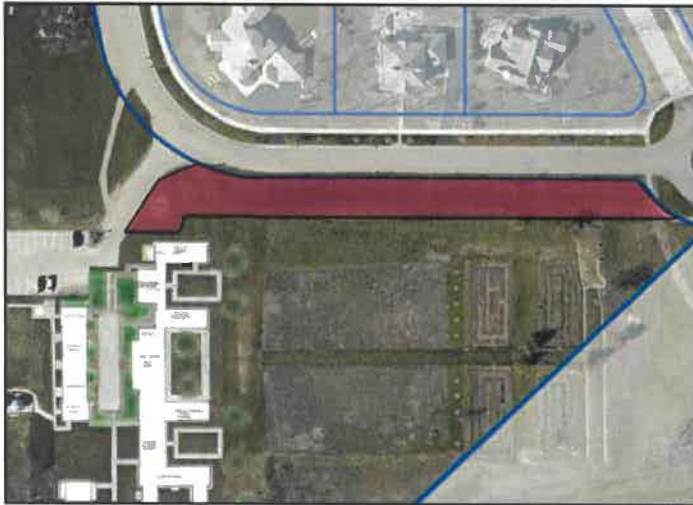


Main Courtyard - 2008

Elawa Farm Master Plan

USE AREAS

The Master Plan for Elawa Farm recognizes six distinct use areas as well as the adjacent neighborhood park and school site. Each area has specific characteristics and supports unique uses. Planned development and growth is critical to the on-going success of Elawa Farm due to the location within a natural habitat, the presence of the historic farm buildings, and the adjacency to residential use. Each of the distinct use areas is described in the following pages and general parameters for the use of each area are outlined.



Entrance Corridor



Garden

A portion of the garden is on property owned by Lake Forest Open Lands Association.

Entrance Corridor

The Entrance Corridor is the open area located along Middlefork Drive associated with the City parkway. It is part of the visual approach to Elawa Farm.

- Low native plantings are appropriate for this area.
- The Entrance Corridor is intended to remain free of solid landscaping or fences and provide a buffer for the residential neighborhood.
- No structures are anticipated in this area.

Garden

The Garden is located south of the Entrance Corridor in the expansive space east of the main building. The modern restoration of the Garden follows historic plans from the early 1920's. With the restoration efforts and dedication of the Gardeners at Elawa Farm, the garden was a driving force for complete adaptive reuse of the buildings and site. The garden is planted with various fruits, vegetables and flowers which are offered for sale at the Elawa Farm Garden Market after the harvest.

- The garden plantings and protective garden barriers are intended to allow for views of the buildings and prairie beyond, while at the same time discouraging natural predators.
- The root cellar to the east of the garden will serve the gardeners in the future once it is properly restored and secured.
- Organic gardening and lawn maintenance practices are necessary to further the vision of Elawa Farm.



Buildings and Associated Grounds

The historic 1917 farm buildings characterize the centrally located Buildings and Associated Grounds Area. The buildings and outdoor spaces are used by the community as a place to learn about and experience the natural environment in an historic setting. Outdoor courtyards are inherent to the design of the buildings and are used in association with the buildings and activities that occur within them. The courtyards also serve as meeting and gathering areas for groups exploring the outside grounds. The majority of the spaces within the building are used for programs that support the vision of Elawa Farm.

- Changes to the buildings and grounds must go through the appropriate Commission and permit process to assure that all changes are designed within the existing architectural context and proposed location.
- Interior and exterior furnishings, decorations, detailing, lighting and signage should emulate the historic farm building character in design, material and scale.
- Displays or structures in the outdoor courtyards must be reviewed through the process established in this Master Plan (see page 3)
- No permanent lighting is permitted aside from emergency and safety lighting consistent with the Rider to the Special Warranty Deed. Within the main courtyard, properly shielded, compatible, low voltage ground lighting is allowed to enhance the safety and security of the site. All proposed lighting must be reviewed through the process established in this Master Plan.
- The Elawa Farm Garden Market occupies the Wagon Shed in accordance with the Special Use Permit issued specifically for this use.
- The Caretaker's Cottage supports the operations at Elawa Farm in the form of a single family dwelling, office or other compatible use.



Wildlife Education



Turtle Pond



Animal Display Area

Natural Education Area

The Natural Education Area encompasses the southwestern area of the site and is used primarily for wildlife education purposes and passive nature experiences. In general, the area is characterized by walking trails, an observation deck which serves as an outdoor classroom, outdoor animal displays and open unobstructed views of the Lake County Forest Preserves' Middlefork Savanna. A significant portion of this area is part of a prairie restoration project under the Illinois Department of Natural Resources grant titled "Discover the Middlefork Trail."

- The prairie is a preserved natural area. Passive activities consistent with and supportive of the restoration efforts are permitted in the preserved natural area.
- An interpretive trail is within the Natural Education Area and leads visitors through the prairie to learn about the plants, animals and habitat found within the prairie with interpretive signage offering insight along the way. Users are to stay on designated pathways.
- Outdoor animal displays are located within a defined area.
- Displays or structures must be reviewed through the process established in this Master Plan (see page 3).



Multi-Use Area and the Middlefork Savanna

Multi-Use Area

The Multi-Use Area is the open area adjacent to the parking lot and Natural Education Area. This area is intended to remain flexible and accessible to all user groups at Elawa Farm. The Multi-Use Area provides a gathering area and serves as the starting point for the interpretive trail leading into the Natural Education Area.

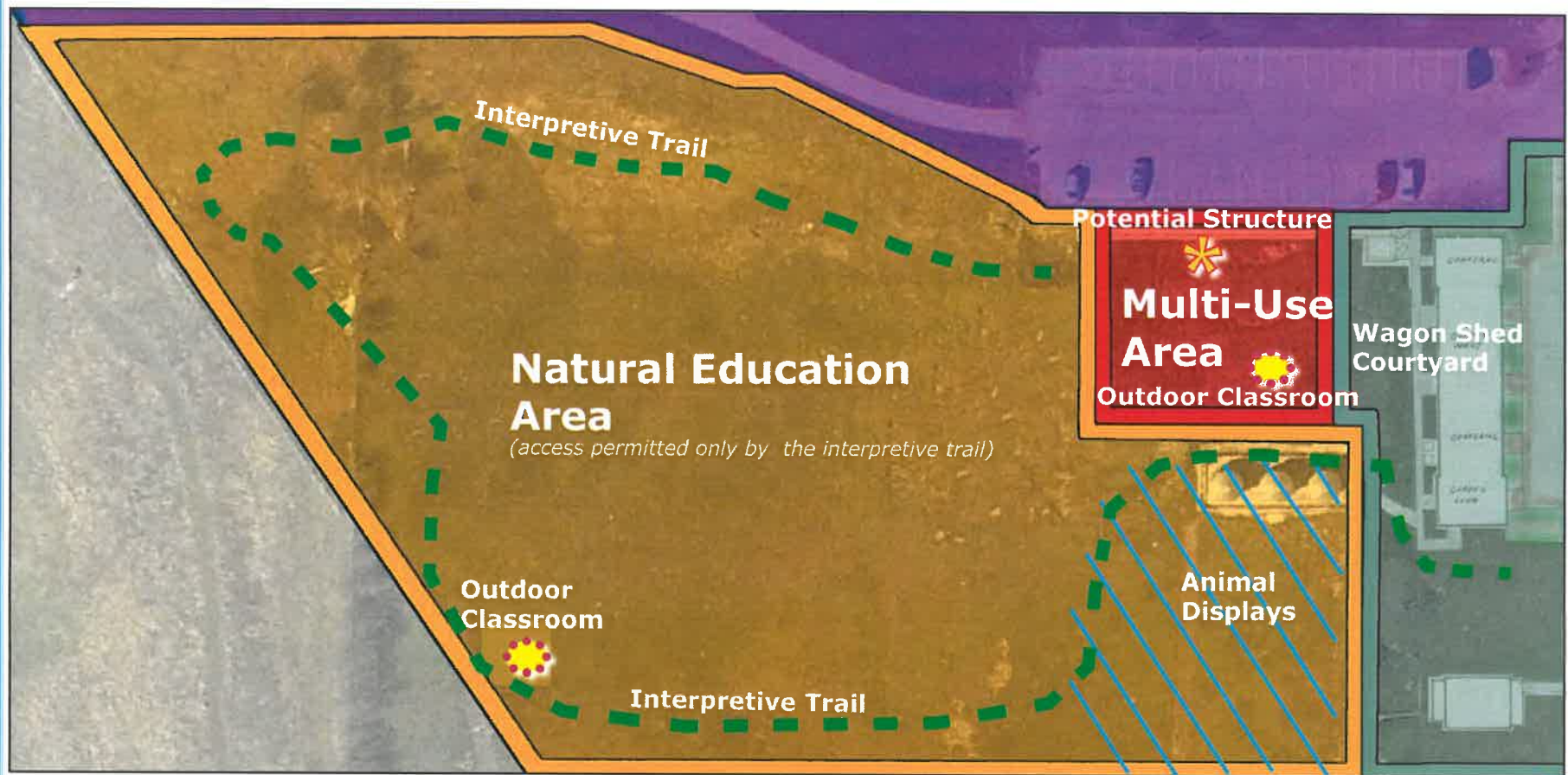
- An additional structure opportunity is designated in the approximate foot print of the Chicken Coop, formerly located on the site. A structure at this location could serve multiple users. For example, by providing additional storage space.
- The area provides an outdoor classroom that can serve various user groups.
- All pathways, structures and plantings must be reviewed through the process established in this Master Plan (see page 3).
- The area immediately west of the Wagon Shed is identified as a courtyard associated with the Wagon Shed within the Buildings and Associated Grounds Use Area. Consistent with the renovation plans for the Wagon Shed and the additional door opening installed on the west wall, this area supports activities in the Wagon Shed as well as provides a meeting and gathering area for groups exploring the outside grounds.
- Landscaping is appropriate to define, but not limit, this area.

Detail of Outdoor Activity Areas at Elawa Farm

Natural Education Area: Interpretive Trail, Ongoing Prairie Restoration and an Outdoor Classroom/Observation Deck.
The Natural Education Area also is the location of the Outdoor Animal Displays.

Multi-Use Area: Flexible area, Gathering Space, Potential New Structure, Native Plantings and an Outdoor Classroom.
The Multi-Use Area provides an open, unobstructed area for use by all user groups at Elawa Farm

Buildings & Associated Grounds: Area immediately west of the Wagon Shed is an outdoor courtyard associated with the Wagon Shed.
Unobstructed access to this area should be maintained.





Common Area

Common Area

The common area includes a shared parking lot that serves Elawa Farm, Lake County Forest Preserve District and the City of Lake Forest neighborhood park consistent with the Intergovernmental Agreement. Expansion of the parking lot is anticipated by this Master Plan. The Common Area is also characterized by substantial vegetation which serves as a buffer between various uses and borders the path to the Forest Preserves property.

- Preservation of the native vegetation is intended in this area.
- Environmentally sensitive improvements such as pervious materials and low impact construction techniques are required to minimize impacts of an expanded parking area on the environment.
- A bus pull-off is provided off of Middlefork Drive to provide space to drop off and pick up groups using the site. No private car parking is designated in this space while the Elawa Farm buildings are open.
- Landscaping, consistent with the natural character of the site, to soften views of the parking lot and cars from the neighborhood should be planned in conjunction with any parking lot expansion.
- An opportunity for a small out-building for additional restrooms and/or other common use such as bicycle parking is identified in this area.



Neighborhood Park

Neighborhood Park

The Neighborhood Park serves the surrounding neighborhood. It is a small-scale park with active multi-purpose playing fields and a picnic pavilion and playground similar to neighborhood parks throughout the community. As with many neighborhood parks, minimal on-site parking is available. Park users are encouraged to bike or walk to the park from the surrounding neighborhood to ease parking congestion at the site.

- Playground equipment and additional structures associated with Elawa Park should be compatible in design, materials and color with the established character of the site.



School Site

School Site

When the area was subdivided, the Rider to the Special Warranty Deed reserved 5 acres of land for use as a future school. In the event that a school is determined by the community to be needed at this location, the Master Plan recognizes that a school could be built. The exact location for a school within the five acre parcel has not been determined.

- Periodic evaluation of continued reservation of a school site on the property is appropriate.

Elawa Farm Master Plan

OPPORTUNITY AREAS

This Master Plan recognizes that there may be a need to make modifications to the site to support the current and future uses at Elawa Farm. Opportunities are identified for additional parking, structures, and outdoor classrooms to facilitate group activities at Elawa Farm. The following pages are intended to guide the future of Elawa Farm.

Parking

It is necessary to ensure that Elawa Farm has adequate parking now and in the future to support the approved uses. This Master Plan identifies the expansion of the existing parking lot in the Common Area as the preferred option for meeting increased parking demand. Expansion of the existing lot to the north and west is appropriate. A seasonal, pervious addition to the lot in this location will have minimal impact on mature vegetation and will not disrupt activities within the nearby use areas. Existing and new vegetation is needed to provide screening of the expanded lot from the neighboring homes.



***All parking areas will require review by the appropriate City processes.*

- This Master Plan recognizes that the Intergovernmental Agreement between the Lake County Forest Preserves District and The City of Lake Forest requires availability of a minimum of 40 spaces on the property.
- A limited number of additional on-site parking spaces are needed beyond the original 40 spaces that were constructed on the property.
- Parking areas should be developed using eco-friendly techniques such as pervious pavers, gravel or other sustainable techniques.
- Natural landscaping and screening should be planned in conjunction with the expected expanded parking without negatively affecting views to the savanna or activity levels in the park.
- Safe and adequate parking for bicycles is encouraged to support alternative methods of transportation within the Common Area.

Examples
of pervious
paving
options



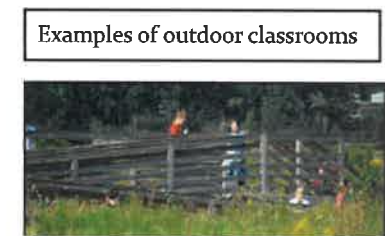
Outdoor Classrooms

Outdoor classrooms provide structured spaces for organized gatherings and classes. Areas designated for outdoor classrooms can provide shade and seating through additional landscaping and open air structures. Designating areas as outdoor classrooms does not restrict gathering in other locations on the property; however to support organized and coordinated use of Elawa Farm, outdoor classrooms can be reserved by individual groups to ease congestion and separate uses on the site. The design of Outdoor classrooms should be compatible with the surrounding area with a focal point away from visual distraction and noise.

- The existing observation deck in the Wildlife Education Area is designated as an outdoor classroom.
- Man-made features designed to assist learning and observation such as benches or open-air shade pavilions must be reviewed through the process established by this Master Plan.
- Seating that is compatible with the natural environment is appropriate to establish an area as an outdoor classroom.
- The outdoor classroom in the Multi-Use Area should remain flexible to accommodate various users and user groups.



***All additional structures will require review by the appropriate City processes.*



Examples of outdoor classrooms

Future Structures

As the uses expand and change at Elawa Farm, this Master Plan recognizes the possible need for future structures on the site.

Future structures might re-establish historic buildings that have been demolished over the years such as the Chicken Coop just south of the existing parking lot and the Green House to the south of the Wagon Shed.

- All plans for new or modified structures must go through the appropriate Commission and permit process and should be designed within the context of the existing architecture and proposed location.
- The opportunity for a new structure is designated in the Common Area to accommodate a restroom for the park and/or bike parking or other small structure for the use of the entire property.
- The opportunity for new structures are designated in the approximate foot print of the historic Chicken Coop and to the south of the Wagon Shed to accommodate a greenhouse.
- The opportunity for a new structure is designated to the north of the machine shed consistent with the historic drawings and architectural plans.
- The opportunity for a new structure is designated to the west of the Care Taker's Cottage to accommodate a small storage shed in association with an overall plan for that area.
- In the event that a school is necessary at this location, a school and associated structures are acknowledged consistent with previous reservation of the 5 acre parcel north of the neighborhood park.



***All future or modified structures will require review by the appropriate City processes.*



Historic Chicken Coop



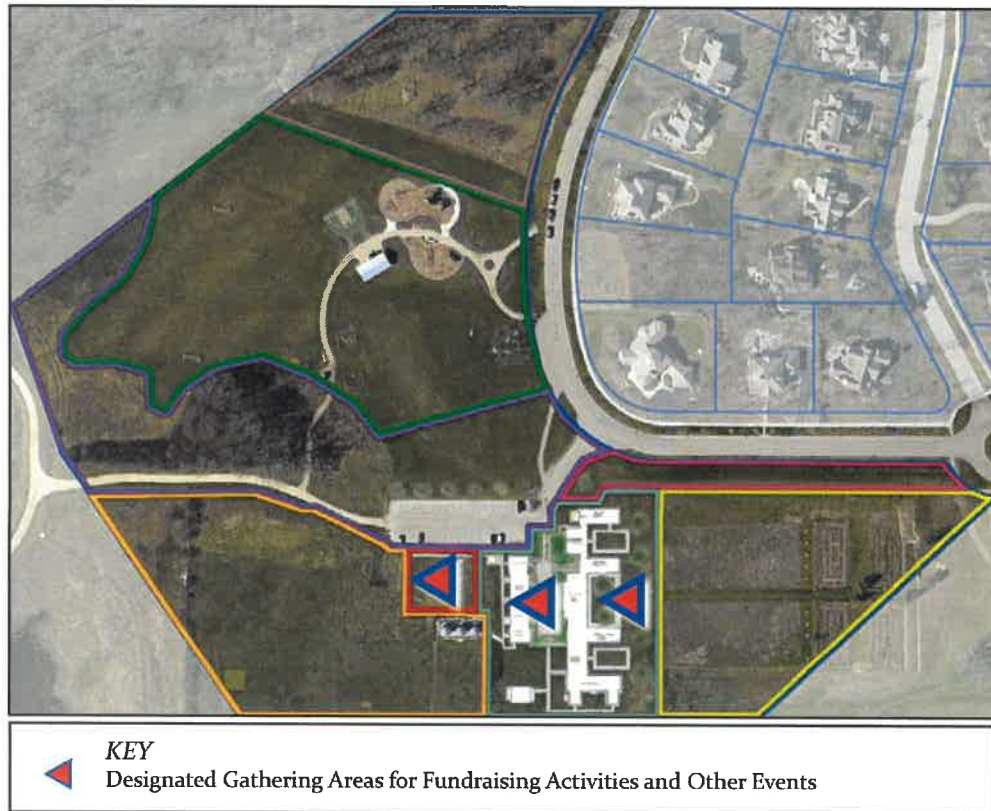
Historic Green House

Elawa Farm Master Plan

ADDITIONAL CONSIDERATIONS

Fundraising Activities and Other Events

The unique setting of Elawa Farm both attracts and limits special events on the property. In addition to planned events and programming, Elawa Farm, the adjacent neighborhood park and the Lake County Forest Preserves are intended for daily public use. All events at Elawa Farm must be scheduled in advance through the process established by the City. This Master Plan recognizes the City's procedures and regulations, existing and as they may be amended in the future, for scheduling events at Elawa Farm. The Plan also recognizes use of the neighborhood park in a manner consistent with relevant City policies.



- Users of Elawa Farm must respect the site and delicate surrounding environment by staying on the paths and within designated gathering areas.
- Main gathering areas for events should be focused in the main courtyard and the paddock area.
- Tents are permitted in areas clear of entrances and exits of the farm buildings. Tents of various sizes are appropriate so long as there are adequate pathways provided for between the tents. All tents must be reviewed and approved by the City of Lake Forest Fire Department for life/safety considerations.
- This plan acknowledges the existing regulations for this property as described in the Rider to the Special Warranty Deed and the Special Use Permit for Elawa Farm.

Signage

This plan acknowledges the development of an overall signage plan for Elawa Farm and its various users subject to review and approval by the Historic Preservation Commission.

- Signage should be based on historic precedent and be consistent with the overall signage plan.
- “Approach” signs are appropriate to direct vehicular traffic to the site from major intersections.
- “Destination” signs are appropriate to announce the arrival at Elawa Farm.
- “Directional” signs are appropriate to guide users to specific areas and spaces
- “Identification” signs are appropriate to identify each tenant and the historic buildings.
- “Temporary-Event” signs are appropriate to promote and announce special events at Elawa Farm consistent with the Sign Ordinance and special event policies.
- “Regulatory” signs are appropriate, in limited number, outlining rules and regulations for the site.
- Life safety/information signs are appropriate as required by law.



**Signage shown is for demonstrative purposes only.

Elawa Farm Master Plan

APPENDICES

Appendix - ASSOCIATED DOCUMENTS

The following documents are available from the City of Lake Forest Community Development Department:

- Elawa Farm Floor Plan
- Special Use Permit for Elawa Farm
- Special Warranty Deed and Rider to the Special Warranty Deed
- Intergovernmental Agreement between the Lake County Forest Preserve District and the City of Lake Forest regarding the Middlefork Savanna
- Approved “Discover the Middlefork Trail” Grant Document
- City of Lake Forest Park Regulations and Procedures
- City of Lake Forest Special Event Regulations
- City of Lake Forest Sign Ordinance and Guidelines
- Project Flow Chart - Internal City Process



Elawa Farm

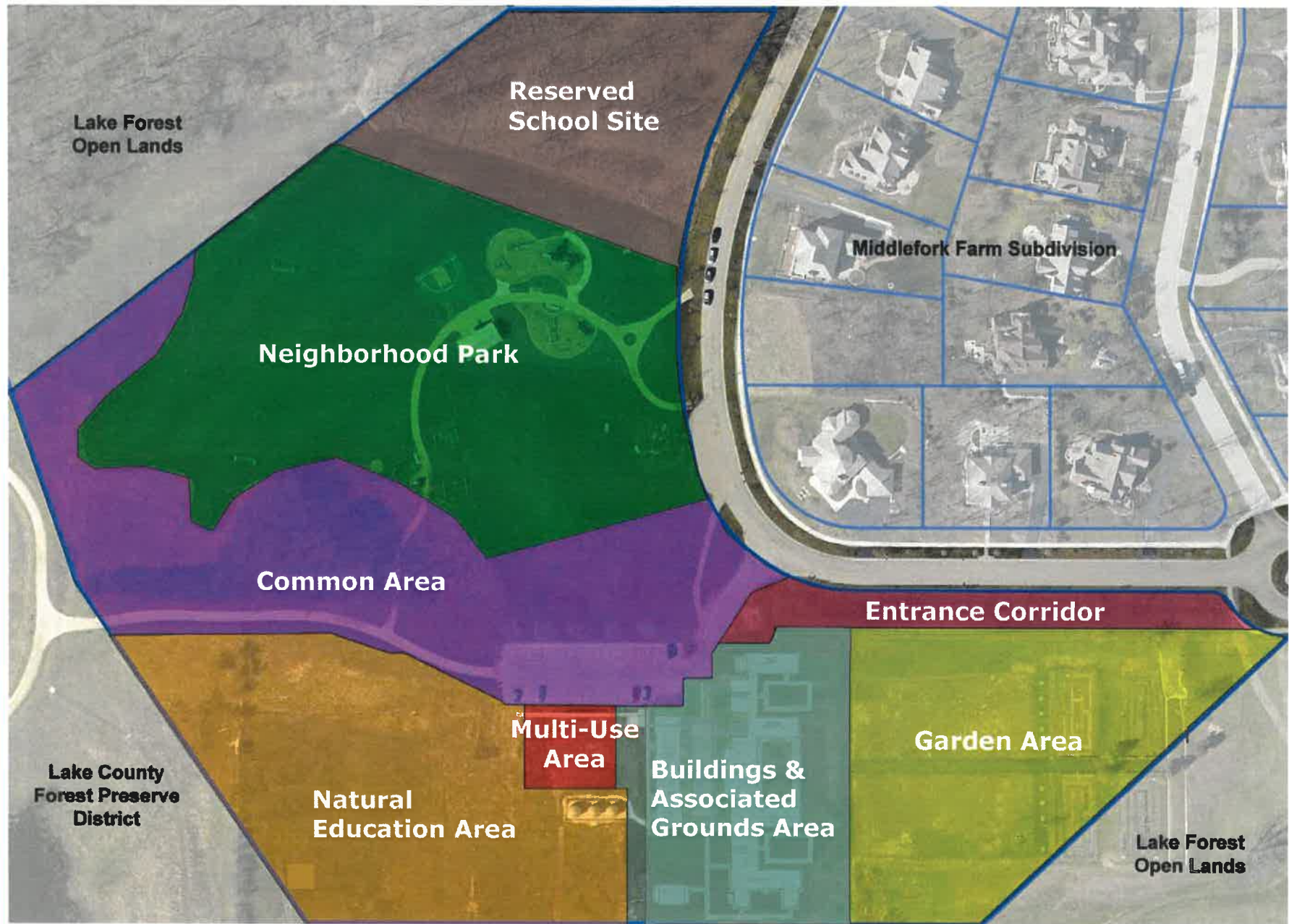


Garden Market at Elawa Farm



Nature walks

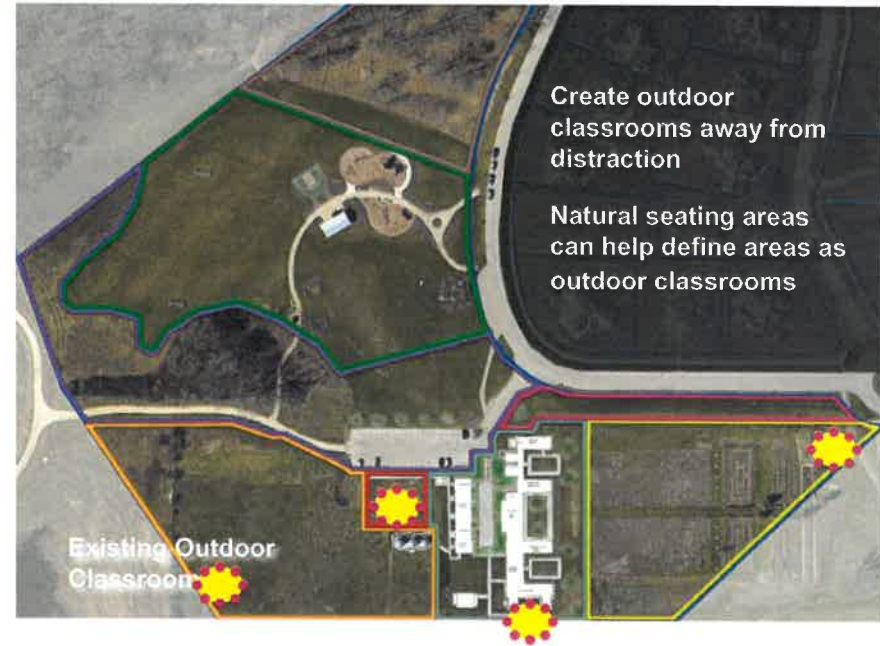
Appendix: ELAWA FARM MASTER PLAN



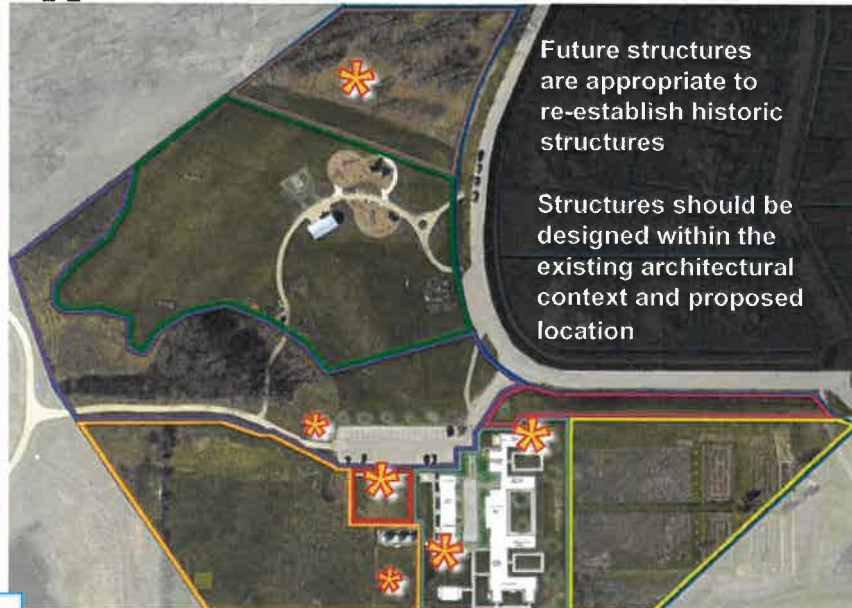
Parking Opportunities



Outdoor Classroom Opportunities



Opportunities for Future Structures



Consideration for Event Gathering Spaces







EXHIBIT D

Unconditional Agreement and Consent

Pursuant to Section Five of Lake Forest Ordinance No. 2010-_____, and to induce the City Council of Lake Forest to grant the Special Use Permit provided in such Ordinance, the undersigned acknowledges that it has read and understands all of the terms and provisions of said Lake Forest Ordinance No. 2010-_____, and does hereby acknowledge the validity of each of the conditions and provisions of said Ordinance, and does hereby unconditionally consent to and agree to accept and be bound by each and all of the provisions, restrictions, and conditions of said Ordinance.

Owner: _____

By: _____

Its _____

ATTEST:

Official Statement

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.



\$9,450,000*

CITY OF LAKE FOREST

Lake County, Illinois

General Obligation Bonds, Series 2017

Dated Date of Delivery Book-Entry Bank Qualified Due Serially December 15, 2023-2037

The \$9,450,000* General Obligation Bonds, Series 2017 (the "Bonds"), are being issued by the City of Lake Forest, Lake County, Illinois (the "City"). Interest is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2017. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 15, in the following years and amounts. Interest is calculated based on a 360-day year of twelve 30-day months.

AMOUNTS*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS⁽¹⁾

Principal Amount*	Due Dec. 15	Interest Rate	Yield or Price	CUSIP Number (1)	Principal Amount*	Due Dec. 15	Interest Rate	Yield or Price	CUSIP Number (1)
\$505,000	2023	—%	—%	—	\$640,000	2031	—%	—%	—
515,000	2024	—%	—%	—	660,000	2032	—%	—%	—
530,000	2025	—%	—%	—	685,000	2033	—%	—%	—
545,000	2026	—%	—%	—	715,000	2034	—%	—%	—
560,000	2027	—%	—%	—	740,000	2035	—%	—%	—
575,000	2028	—%	—%	—	770,000	2036	—%	—%	—
595,000	2029	—%	—%	—	800,000	2037	—%	—%	—
615,000	2030	—%	—%	—					

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

The Bonds maturing on or after December 15, 2026, are callable at the option of the City in whole or in part on any date on or after December 15, 2025, at a price of par and accrued interest. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds will be used: (i) to finance certain capital improvements to the City's water treatment plant and (ii) to pay the costs of issuance of the Bonds. See "THE PROJECT" herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

This Official Statement is dated May 2, 2017, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Official Statements Sales Calendars/Competitive". Additional copies may be obtained from Ms. Elizabeth Holleb, Director of Finance, City of Lake Forest, 800 North Field Drive, Lake Forest, Illinois 60045, or from the Municipal Advisor to the City:



(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

*Subject to change.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed near final as of the date hereof (or the date of any such supplement or correction) by the City.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled “Final Official Statement” rather than through supplementing the Official Statement by an addendum or addenda.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement or the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.

References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement they will be furnished on request. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

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APPENDIX A - FISCAL YEAR 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT

APPENDIX B - DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

APPENDIX C - PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX D - EXCERPTS OF FISCAL YEAR 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT
RELATING TO THE CITY'S PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

OFFICIAL BID FORM

OFFICIAL NOTICE OF SALE

BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of Lake Forest, Lake County, Illinois (the “City”).
Issue:	\$9,450,000* General Obligation Bonds, Series 2017.
Dated Date:	Date of delivery (expected to be on or about June 5, 2017).
Interest Due:	Each June 15 and December 15, commencing December 15, 2017.
Principal Due:	Serially each December 15, commencing December 15, 2023 through 2037, as detailed on the front page of this Official Statement.
Optional Redemption:	The Bonds maturing on or after December 15, 2026, are callable at the option of the City in whole or in part on any date on or after December 15, 2025, at a price of par and accrued interest. See “ OPTIONAL REDEMPTION ” herein.
Authorization:	The Bonds are being issued pursuant to the home-rule powers of the City under Section 6, Article VII of the 1970 Constitution of the State of Illinois and a bond ordinance adopted by the City Council of the City.
Security:	The Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.
Investment Rating:	The City’s outstanding general obligation bond rating is “Aaa” from Moody’s Investors Service, New York, New York (“Moody’s”). A credit rating for the Bonds has been requested from Moody’s. See “ INVESTMENT RATING ” herein.
Purpose:	The proceeds of the Bonds will be used: (i) to finance certain capital improvements to the City’s water treatment plant and (ii) to pay the costs of issuance of the Bonds. See “ THE PROJECT ” herein.
Tax Exemption:	Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, will provide an opinion as to the federal tax exemption of the interest on the Bonds as discussed under “ TAX EXEMPTION ” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes. See also APPENDIX C for the proposed form of Bond Counsel opinion.
Bank Qualification:	The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “ QUALIFIED TAX-EXEMPT OBLIGATIONS ” herein.
Bond Registrar/Paying Agent:	The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Delivery:	The Bonds are expected to be delivered on or about June 5, 2017.
Municipal Advisor:	Speer Financial, Inc., Chicago, Illinois.

CITY OF LAKE FOREST
Lake County, Illinois

Robert T.E. Lansing
Mayor

Council Members

Prue Beidler
Raymond Buschmann
Michelle Moreno

James E. Morris
Timothy Newman

John R. Reisenberg
Melanie K. Rummel
Stanford Tack

Officials

Robert R. Kiely, Jr.
City Manager

Elizabeth Holleb
Director of Finance

Margaret Boyer
City Clerk

Victor P. Filippini, Jr., Esq.
City Attorney

THE BONDS

The General Obligation Bonds, Series 2017 (the “Bonds”), are being issued pursuant to the home-rule powers of the City of Lake Forest, Lake County, Illinois (the “City”), under Section 6, Article VII of the 1970 Constitution of the State of Illinois. The Bonds are issuable pursuant to a bond ordinance adopted by the City Council of the City on the 15th day of May, 2017 (the “Bond Ordinance”). The Bonds constitute valid and legally binding full faith and credit general obligations of the City, payable from ad valorem taxes levied on all taxable property in the City, without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of the County of Lake, Illinois (the “County Clerk”), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Ordinance.

THE CITY

The City of Lake Forest (the “City”) is a home-rule municipality located in Lake County approximately 30 miles north of downtown Chicago. It is one of the eight Chicago suburban communities north of Chicago fronting on Lake Michigan collectively referred to as “the North Shore.” The City’s eastern boundary is Lake Michigan from which the City obtains its public water supply. To the south of the City along Lake Michigan is the former Fort Sheridan Military Base, the northern portion of which is located within the boundaries of the City of Lake Forest. A portion of the site remains in the ownership of the Federal government and continues to be used as a military reserve base. The remainder of the site, 127 acres, is now in the ownership of the Lake County Forest Preserve District and is preserved open space. The Forest Preserve has completed significant restoration work at this site including the removal of non-native trees and vegetation, re-grading to establish swales, stabilization and enhancement of the existing ravine, pond and bluff. Improved public access to Lake Michigan and completion of an interpretive trail were also part of this project. Today, the former military base is an expansive natural area, with miles of walking trails and beach frontage, all open to the public. The restored area provides impressive views of Lake Michigan from Sheridan Road found at no other location on the North Shore. The Forest Preserve, along with neighboring communities, continues to plan for further restoration of ravines and bluffs, as well as shoreline protection, all along this North Shore corridor.

Like many communities in the Chicagoland area, the 2010 Census reflected a slight decrease in the City’s population. The 2010 Census indicated a population of 19,375 in the City of Lake Forest. This number is down 3.4% from the City’s peak population of 20,059 as documented by the 2000 Census. In part, the population loss results from the closing of Barat College in early 2000. Students living on campus were included in the 2000 Census. The 2010 Census indicated an increase of 443 housing units in the City and a slightly more diverse population living in the community than at the time of the 2000 Census.

The western boundary of the City is the center of the Illinois Toll Road (I-94), and three interchanges serve the City. With two commuter railroads, the divided four-lane U.S. Route 41 (Skokie Highway) which connects to the Edens Expressway on the south and Wisconsin I-94 on the north, scenic Green Bay Road and Sheridan Road, four-lane Waukegan Road (Illinois Route 43) and the aforementioned Illinois Toll Road, the transportation arteries serving Lake Forest are abundant.

Long acknowledged to be one of the most prestigious residential communities in the United States, the City is rich in history. Among the existing structures in the City are residences dating back to 1846, Market Square located at the core of the City’s Central Business District (which, when constructed in 1916, was reported to be the first shopping center in the U.S.), many churches and educational institutions, prestigious private clubs and the estates of many of the nation’s most famous private entrepreneurs.

Route 60 Corridor Development

On October 3, 1988, the City voted to annex a 682 acre area at the western edge of the City thereby taking control of the ultimate development of the large undeveloped area extending to the Illinois Toll Road. As a part of the pre-annexation agreement, the City and the owners agreed to the development of the 682 acres plus an additional 90 acres already in the City. Today, this area is nearly fully developed and includes Conway Park, a premier corporate office park; Conway Farms, a planned residential development set on a picturesque golf course and offering attached and detached single family homes on lots of various sizes; Stonebridge, a 72-unit, maintenance-free residential development; and Townline Park, a City owned 30+ acre community park developed with baseball diamonds, soccer fields, a pavilion, playground and extensive walking trail. The build out of both the Conway Farms and Stonebridge residential developments is complete.

Conway Park office park is nearly built out and includes thirteen office buildings ranging in size from 60,000 to 270,000 square feet. The buildings serve as the corporate headquarters for various companies including Abbott and Pfizer which both occupy multiple buildings in the office park, Brunswick, Pactiv Reynolds Fram Group, Tenneco Automotive, Trustmark, ICU Medical and Packaging Corporation of America. Three buildings within the office park are multi-tenant buildings providing high quality office opportunities for small and medium size businesses including Akorn, Idex and Omron. In 2004, an important dimension was added to Conway Park with the construction of the 32,000 square foot Lake Forest Graduate School. The Graduate School was formerly located on the campus of Lake Forest College. The Graduate School building serves as the school's headquarters and houses both administrative functions and classrooms with branches at other locations throughout the Chicagoland area. The Graduate School has formed strong relationships with various corporations, within the park and located elsewhere, and offers management and leadership training programs in support of those corporations as well as its well respected MBA program. Four parcels in the office park remain available for development and discussions are underway regarding development of these parcels. Adding a hotel to Conway Park to support the dynamic corporate businesses located there is a goal that may soon be realized.

Two additional corporate office buildings, each about 170,000 square feet, are located to the south of Conway Park, on the south side of Route 60, just east of the Illinois Tollway and together are known as Lake Forest Landmark Properties. Horizon Pharm and Hoogwert U.S., Inc. are headquartered in these buildings and Abbott occupies portions of the space as well as its presence in Lake Forest continues to expand beyond the limits of Conway Park. Regus also occupies space in the Lake Forest Landmark development offering virtual office services, immediately adjacent to the Tollway, to serve Lake Forest and Lake County.

The National Football League franchise Chicago Bears corporate headquarters, player training center, broadcast studio, conference center and indoor and outdoor practice fields are located at the north end of Conway Park. This facility draws players, coaches, season ticket holders, corporate sponsors and the media to Lake Forest. Players and coaches often make Lake Forest home during their tenure with the Bears. The Chicago Bears have had a long association with Lake Forest with a practice field located at Lake Forest College before the team's move to Conway Park in 2004.

To address uncertainties about the long term use of the remaining property adjacent to Conway Park and the Chicago Bears facility at the north end of the office park, the City acquired and annexed a 40 acre parcel to complete the Conway Park area. This parcel was developed with The City of Lake Forest Municipal Services Facility which opened in August 2009. The facility houses City administrative staff from various departments in a first class office building. The City's fleet of vehicles and equipment is also housed at this location in a state of the art garage supporting the high level of service delivered to the residents of Lake Forest. The City facility also offers public meeting rooms and an on site training room. Almost 20 acres of the City site has been preserved as open space and wetlands through a cooperative effort between the City, Lake Forest Open Lands Association and the Lake County Forest Preserve. The preserved area is now under the stewardship of the Lake County Forest Preserve. Prior to transferring the property to the Forest Preserve, the City took the lead on various site improvements most notably, reclamation of a barrow pit resulting from the construction of the Tollway many years ago. This area is now re-created as a series of shallow wetlands providing for enhanced water quality as water flows from a large tributary area west of the Tollway toward the Middlefork Savanna. This area is improved with walking trails and bridges as an amenity for employees of Conway Office Park and for the public. Wildlife abounds in the area.

In addition to the development of the corporate office park, other development activity continues in the Lake Forest Route 60 Corridor. Amberley Woods, a 40 acre development comprised of 90 residential condominium units and 24 single family homes, is partially completed. The first of two 45-unit condominium buildings is completed and fully occupied. The second condominium building is approved and awaiting the start of construction. The sales office for the second building recently opened and pre-sales of the units are underway. Build out of the single family home portion of the development is progressing with five homes completed to date. The Amberley Woods development is clustered around preserved wetlands and woodlands providing a sheltered residential neighborhood with easy access to the Tollway. There is a 8.5 acre non-residential component of the Amberley Woods development. The property owner is exploring various options for development of this parcel including some mix of office, retail, high end restaurants, multi-family residential units, a boutique hotel or spa. This development will ultimately provide goods and services to the residents living in the area and the larger region, while also supporting the large number of employees who work in the Conway Park office park. On the north side of Route 60, another residential project is underway, Willow Lake, a 52 unit townhouse development. This development is partially occupied and construction on the remaining townhouses is proceeding rapidly. The development, although close to Route 60, is hidden from views of traffic and is located on a natural lake, in a secluded area, across from Lake Forest Academy, a private school. Almost every property in this development has views of the natural pond or the new pond that was added to the site during construction. The infrastructure throughout the development is complete and the remaining home sites are currently being actively marketed.

Central Business District

The City's Central Business District is focused around historic Market Square. Market Square was designed by famed architect, and Lake Forest resident, Howard Van Doren Shaw and construction of the square began in 1915. Market Square is still regarded today by planners and architects throughout the country as an extraordinary model of a town center. Market Square and the surrounding blocks that make up the City's core area are home to various unique boutique retail stores, some national chains, restaurants (one located in the City's former fire station), banks, real estate offices, a commuter train station, City Hall and the post office. Market Square was acquired by new owners in 2013 and the new owners immediately embarked on a \$5 million upgrade including: historic restoration of the buildings, significant life safety improvements, upgrades of second floor areas to offer high quality office space and enhancements to outdoor areas expanding the opportunities for dining and special events. The renovation is substantially complete and the recent relocation of Starbucks into larger and upgraded space has drawn rave reviews. Although the City is committed to preserving the historic character of the Central Business District, the City actively works with property owners and developers to support adaptive reuse, restoration and redevelopment of properties in the Central Business District. With careful planning and attention to preserving the character that makes Lake Forest special, projects like the cleanup and redevelopment of a former gas station and car dealership site occurred in 2004. Today, the site is an active part of the Central Business district with a two story bank building and a smaller building housing several retail businesses that have become community favorites. At another location in the Central Business District, the site of a former building materials yard was redeveloped with the City's first residential rowhouse project providing high end housing near the business district and within walking distance of the train.

In 2010, major infrastructure upgrades and streetscape improvements were completed along Western Avenue, the main street through the Central Business District. A key intersection was re-aligned, the sewer system was upgraded, parking spaces were reconfigured to better meet customer needs, pedestrian crossings were added, the street was re-constructed, enhanced streetscape lighting was installed and the entire area was re-landscaped. In response, some private property owners in the Central Business District re-invested in their properties with new signage and awnings and overall maintenance work on the buildings.

The City received grants to support restoration of the historic train station which is located immediately across from historic Market Square. The exterior restoration of the depot building is complete and nearby, a new bicycle shelter and realigned bicycle path to support the City's commuter hub were also completed and funded by grant dollars. Interior upgrades to the train depot are set to begin in mid-2017. Upgrades to public restrooms and the commuter waiting area will be completed along with upgrades to tenant spaces within the depot. Shortly after completion of the exterior renovations, a local garden shop opened a satellite location at the train station filling the area with flowers and seasonal color and attracting customers to this convenient new location, right in the center of the community. Other potential tenants have expressed interest in locating in the train depot once the interior upgrade is complete.

The Deer Path Inn, listed on the National Register of Historic Places, has operated in Lake Forest's Central Business District since 1929. New owners purchased the property in late 2013. The hotel closed in January 2015 for extensive renovation and restoration and reopened less than twelve months later. Today, the hotel and restaurants within it are hugely popular with local residents, businesses and visitors. The Inn retains the original historic character while offering up to date luxurious amenities. The dining areas within the hotel include a formal dining room, an informal garden room, a seasonal internal garden terrace, a casual pub and an upscale bar. Generations of families from Lake Forest and beyond have celebrated holidays and special events in these spaces as well as often visiting for a casual lunch or dinner. With the upgraded facilities, these traditions will continue for the next 100 years in grand style. The Inn offers guest rooms, meeting rooms, banquet spaces and dining experiences that are not available elsewhere on the North Shore or in Lake County. The Deer Path Inn easily rivals upscale hotels and restaurants in downtown Chicago.

Looking Forward – Upcoming Developments

In 2016, the City sold a 10-acre, City owned parcel. The parcel is the site of the City's former Municipal Services Facility and is located at the north end of the Central Business District, within walking distance to shops, restaurants, the train station, Market Square, the Library, parks and schools. This parcel presents a one of a kind opportunity for redevelopment in the heart of Lake Forest. Construction at the site is underway. The approved development, Kelmscott Park, includes 111 apartments configured in three buildings, 42 condominiums configured in two buildings and twelve single family homes. Site preparations are completed and vertical construction is underway on the first three buildings. Pre-sales of the condominium units to date include the sale of a million dollar unit. The approved overall development plan assures that the end product will be of high quality and will support and enhance the vitality of the City's Central Business District and add to the community's distinctive character. Focus Development, Inc. is the developer of record. Underground parking is provided for all the condominium and apartment units, and on site management and upscale amenities are planned for the apartment buildings. The apartments will include quality units that will be available to moderate income households to provide housing opportunities for local employees of the school districts, hospital and other local entities. In January 2015, the City Council approved Ordinances establishing the site as a Tax Increment Financing (TIF) district to support land assembly, site remediation, demolition and public improvements that are necessary to support development of the site.

In addition to Kelmscott Park, a second multi-building development was recently approved across from the train depot in the Central Business District. This project, the McKinley Road Redevelopment project, involves the demolition of three office buildings. The site, which is within walking distance of public transportation, stores, the Library, parks and restaurants, is planned for redevelopment with three residential buildings. Various residential unit types, at various price points, will be offered in well-designed buildings of masonry construction. Work is underway on the first building.

Several other new residential developments are in various stages of the review and construction process. Infrastructure improvements are complete for a 16-lot planned preservation subdivision on a 30-acre parcel, near Conway Farms Golf Course. The Westleigh Farms Subdivision, a 32-lot single family home development, is approved and awaiting recording of the plat of subdivision. Site work is scheduled to get underway in 2017. This development offers lots of a half-acre and smaller clustered around a central open space along with larger lots for custom building homes. Nearby, a nine lot subdivision is pending final approval, 770 E. Westleigh Road. Together, these two subdivisions will offer preserved open space and linked trails for residents to enjoy the natural environment while living within minutes of Lake Forest's historic Central Business District, high quality schools and the Lakefront.

Construction was recently completed or is underway on approximately 20 new single family homes. Some are on vacant lots, while others are replacing existing single family homes. Building permit activity for interior alterations, additions, swimming pools and other property upgrades is high with considerable investment being made by property owners throughout the community.

Municipal and Other Governmental Services

The City was granted incorporation by Special Charter (special act) of the General Assembly of the State of Illinois in 1861. In 1869, the special act was repealed in its entirety by another special act. The 1869 Charter was a more extensive grant than the 1861 act as indicated by the enumeration of the City Council's powers in 43 clauses. One of the features of the Special Charter is that it was designed to provide needed municipal services while at the same time centralizing the leadership and control over them. An example of this centralization is that while the appropriations and tax levies of Elementary School District No. 67 are initiated by the School Board, they must be incorporated in the tax levy ordinance adopted by the City Council. Another example is the Library Board, which operates the City Library. The board is appointed by the City Council, rather than being a separately elected municipal corporation. It is believed that the City is the only municipality in the State of Illinois that has maintained its original Special Charter powers with all others having chosen instead, over the years, to be subject solely to the statutory powers given to all Illinois municipalities.

The governing and legislative body of the City is the Council composed of a Mayor (elected bi-annually on an at-large basis) and two aldermen from each of four wards (one alderman from each ward is elected annually). Pursuant to an ordinance adopted in 1956, the City Manager is responsible for the day-to-day operations of the City and its 210 full-time employees (excluding Library employees). The employees in a collective bargaining unit include 30 police officers, 55 public works/parks employees and 27 fire fighters/fire lieutenants. The City's Police and Fire departments include 40 uniformed police and 33 uniformed fire personnel. The excellence of the Fire Department is highlighted by the City's Class 4 fire insurance rating which exceeds that of over 95% of the fire departments/districts in the State of Illinois. Some of the municipal services provided for and funded out of the tax rate include: the public library (approximately 15,460 registered borrowers); twice weekly backdoor refuse pick-up; paramedic service (since 1974); and the parks and recreation system including the 145 acre 18 hole golf course, 14 parks with a total acreage of 469 acres and 6 recreation facilities including a 1/4 mile public swimming beach and sailing center, Stirling Hall arts center, Wildlife Discovery Center, Everett fieldhouse and the Community Recreation Center. The most recent addition to the Community Recreation Center included the addition of 10,000 square feet to expand the City's facilities for CROYA, the City's youth program. The expansion of the CROYA facilities was primarily funded through private donations. As part of this project, the program area for the City's preschool program was upgraded and parking and traffic circulation were improved at the Recreation Center.

The City draws water for its plant from Lake Michigan. Proceeds of the Series 2001A Bonds were used to pay the cost of engineering studies for improvements to the water system. The proceeds of the \$26,000,000 Series 2002A Bonds were used for water and sewer system improvements, including water treatment plant improvements, a 36-inch transmission main and certain sanitary sewers. The Series 2003C Bonds were used for various water and sanitary sewer system improvements. The Water Plant Improvement Project included the installation of a state of the art membrane filtration system (the first water plant to have such technology in Illinois), the replacement of both high lift and low lift pumps, the installation of electrical switch gear, and a new back-up power supply. Water began pumping from the new plant at the end of April, 2004. The back-up power supply and HVAC improvements were completed by October, 2004.

The City's Comprehensive Annual Financial Report has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Governmental Finance Officers' Association (GFOA) of the United States and Canada, for the City's 1979-2016 reports. The significance of the GFOA's award is emphasized by their statement: "The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a governmental unit and its management." The City annually prepares a "Comprehensive Fiscal Plan" which includes: Operating and Capital Budgets for the current year; a Five Year Financial Analysis and Plan; and, a Five Year Projection for Personnel, Capital Investment and Equipment costs. The City received the GFOA's Distinguished Budget Presentation Award for its FY2017 Budget document. The City has an independent Audit Committee consisting of Council members and residents having expertise in the area of financial administration and auditing that serves as an oversight body on behalf of the City Council. The City has been self-insured since 1981 through participation with the Intergovernmental Risk Management Agency (IRMA), which is a proprietary venture established to manage and fund claims for its 70 member municipalities and special districts.

The City's growth has been guided by far-sighted municipal planning. Formal zoning procedures were implemented in 1923 when the City's first zoning ordinance was adopted. In 1926, an ordinance was adopted establishing the Plan Commission. Comprehensive Plans to assist in long-range development were adopted in 1929, 1955 and 1978. The City's Comprehensive Plan was completely updated in 1998 and officially adopted by the City Council at that time. Demonstrating the City's commitment to careful, long term planning, the Comprehensive Plan was amended in 2001 and 2008 to respond to changing trends and needs in the community. Beginning in 2017, the City will begin a public process to update the Comprehensive Plan to assure that the Plan continues to provide a strong and up to date frame work for development related decisions. Diversity in housing, the vitality of the City's business districts, transportation, preservation of the community's character and quality of life and sustainability will all be topics of discussion.

In 1956, an ordinance was adopted regulating the architectural design of buildings within the City and establishing the Building Review Board. In 1998, the City adopted an historic preservation ordinance and established the Historic Preservation Commission. These ordinances set Lake Forest apart from other suburban communities by providing the tools necessary to preserve the unique character of the City's neighborhoods and ensure that changes happen in a manner that protects the historic heritage of the community as well as the values of individual properties while at the same time, embracing new ideas, methodologies, technology and opportunities. On a contractual basis, the City provides building inspection and plan review services to the Villages of Lake Bluff and Bannockburn. The City completed a Comprehensive Master Park Plan in October, 1995 which assessed existing park and recreational facilities, determined current needs, projected future needs, suggested the most effective utilization of existing facilities, and identified and prioritized needed improvements and enhancements to the parks. The Plan encompassed all City-owned properties and included cost estimates and fiscally responsible phasing recommendations for accomplishing required improvements. Specific Master Plans are currently being developed for each of the City-owned parks to guide specific improvements in the future. The City is forward looking, as evidenced by the recent adoption of a Bicycle Master Plan and the establishment of an Environmental Collaborative. The Collaborative brings together representatives of local institutions to plan for a sustainable community and preservation of the quality of life that makes Lake Forest a special and highly desirable place to live, work and play. The City Council recently adopted a Sustainability Plan that was put forward by the Collaborative as a result of extensive public meetings and workshops.

Schools/Hospitals

Lake Forest School District No. 67, which serves nearly the City's entire tax base, has a current enrollment of 1,725 students. The District operates three K-4 schools and one middle school for grades 5-8.

The Lake Forest Community High School District No. 115 serves Lake Forest, Lake Bluff, and surrounding unincorporated areas including Knollwood. The Lake Forest High School District has an enrollment of approximately 1,700.

The City's diverse and strong educational institutions continue to grow, upgrade and adapt in response to education trends. Lake Forest College (enrollment 1,592), a private liberal arts college established even before the City itself, completed a new residence hall which welcomed students for the first time in fall 2013. This residence hall replaced one of the original residence halls providing the types of living spaces and amenities desired by today's college student. This new residence hall joins the recently completed student sports center on south campus demonstrating the commitment of the college to remain current and actively competitive with similarly sized colleges throughout the Country. Concurrent with this project upgrading of water mains occurred throughout the campus improving life safety protections to the various buildings on campus. A \$40 million upgrade to the science facilities on the campus is underway. The new science building, and significant upgrades to the existing buildings, will provide state of the art laboratories, research facilities and classrooms. Although a Liberal Arts College, today, science and technology is integrated into many disciplines and the new facilities positions the College well to attract talented students as well as faculty.

Two of the City's private high schools recently upgraded their campuses. Lake Forest Academy recently completed a new student sports center, girls' dormitory, a new Science Center and a Student Union that rivals that of a small college. The Student Union is a hub for dining and social activities for students and faculty. Woodlands Academy, a Catholic girls' school, recently received a gift of the adjacent 22 acre property, the former Barat Campus. The two campuses are now fully integrated providing space for competition level athletic fields and expanded facilities for faculty and students.

Construction of a new \$180 million replacement hospital on the campus of the existing Northwestern Lake Forest Hospital is nearing completion. Road improvements to support this new development are complete and the new hospital, nearly 500,000 square feet, and will offer state of the art in-patient and out-patient care, diagnostics, cancer and cardiac wings, and medical offices. The City and Hospital teams have worked closely together over the past five years developing plans, studying traffic patterns, addressing stormwater runoff and gaining the necessary approvals from local and State agencies in support of this project. The park-like health and wellness campus will be a regional medical facility, while at the same time offering Lake Forest residents the unique benefit of a community hospital. The new hospital is scheduled to be fully operational in the first quarter of 2018.

The hospital is part of the City of Lake Forest's history and remains a cornerstone of the community. The campus today includes the Hospital Health & Fitness Center, Dearhaven Child Care and Learning Center, Westmoreland Nursing Center and the Women's Auxiliary of Lake Forest Hospital. The Emergency department provides adult and pediatric emergency care, urgent care and a 24-hour Level II trauma center. The hospital also provides community education programs covering prevention and wellness, seminars related to specific diseases and treatments, support groups and a comprehensive selection of perinatal and parenting classes. Upon completion of the new hospital, the campus is expected to incorporate opportunities for research and education as the campus continues to grow and change to respond to healthcare needs of the future.

SOCIOECONOMIC INFORMATION

The following statistics pertain principally to the City. Additional comparisons are made with Lake County (the “County”) and the State of Illinois (the “State”).

Employment

Following are lists of large employers located in the City and in the surrounding area.

Major City Employers(1)

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Northwestern Lake Forest Hospital	General Medical and Surgical Hospital	1,600
Hospira, Inc.	Corporate Headquarters and Surgical and Medical Instruments.....	1,350
Trustmark Companies	Health and Life Insurance Benefits and Administration.....	800
Lake Forest College	Higher Education	500 (2)
Lake Forest Community High School District No. 115...	Secondary Education	350 (3)
Pactiv LLC.....	Corporate Headquarters and Specialty Packaging Products.....	300
City of Lake Forest	Municipal Government.....	275
Brunswick Corp.	Corporate Headquarters and Sporting and Athletic Goods.....	200
Packaging Corp. of America	Corporate Headquarters and Containerboard and Corrugated Packaging..	200

- Notes: (1) Source: the City. Data for 2016.
 (2) Excludes student employees.
 (3) Excludes coaches, community education employees and student employees.

Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Description</u>	<u>Approximate Employment</u>
Deerfield.....	Walgreen Co.	Company Headquarters; Pharmacy & Drugstore	9,600
Northbrook.....	The Allstate Corporation.....	Corporate Headquarters; Insurance	8,750
Deerfield.....	Baxter International, Inc.....	Corporate Headquarters; Pharmaceutical Products	4,000
Northfield.....	Kraft Heinz Foods Company.....	Company Headquarters; Food Products	3,300
Northbrook.....	Underwriters Laboratories.....	Corporate Headquarters; Product Testing and Certification.....	2,000
Buffalo Grove...	Siemens Building Technologies.....	Building Control Systems.....	1,800
Deerfield.....	Takeda Pharmaceuticals USA, Inc.....	Corporate Headquarters; Pharmaceutical Products	1,700
Wheeling.....	Durable Packaging International.....	Aluminum Foil and Packaging Products	1,500
Northbrook.....	CVS Caremark	Drug Store Chain.....	1,400
Glenview.....	Abt Electronics, Inc.....	Consumer Electronics & Appliances	1,200
Highland Park...	Highland Park Hospital.....	Hospital.....	1,200
Buffalo Grove...	I. S. I.	Management Consultants.....	1,200
Deerfield.....	Mondelez International.....	Corporate Headquarters; Confectionery, Food and Beverage Company...	1,200
Northbrook.....	Astellas Pharma US, Inc.....	Corporate Headquarters; Pharmaceutical Research Laboratories.....	1,150
Glenview.....	Anixter, Inc.	Corporate Headquarters; Telecommunications Products.....	1,000
Glenview.....	Glenbrook Hospital	General Hospital	1,000
Northbrook.....	Northbrook Court	Shopping Mall.....	1,000
Lincolnshire....	Zebra Technologies	Corporate Headquarters; Label Printing	900
Glenview.....	Glenbrook High School District 225....	Secondary Education.....	849
Wheeling.....	Handi-Foil Corp.	Aluminum Foil and Packaging Products	800
Lincolnshire....	HydraForce, Inc.	Hydraulic Cartridge Valves.....	750
Wheeling.....	Segerdahl Corp.	Corporate Headquarters; Digital Printing	725
Northfield.....	College of American Pathologists.....	Pathologists' Membership Association	600
Glenview.....	Midwest Industrial Packaging.....	Packaging Equipment.....	600

- Note: (1) Source: The County, the 2016 Illinois Services Directory, the 2016 Illinois Manufacturers Directory and a selective telephone survey.

The following tables show employment by industry and by occupation for the City, Lake County (the “County”) and the State of Illinois (the “State”) as reported by the U.S. Census Bureau 2011-2015 American Community Survey 5-year estimated values.

Employment By Industry(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining.....	40	0.5%	856	0.3%	64,380	1.1%
Construction.....	209	2.7%	16,494	4.9%	313,232	5.1%
Manufacturing.....	799	10.1%	54,669	16.1%	765,301	12.6%
Wholesale Trade.....	417	5.3%	14,885	4.4%	184,522	3.0%
Retail Trade.....	659	8.4%	39,821	11.7%	668,523	11.0%
Transportation and Warehousing, and Utilities.....	88	1.1%	11,921	3.5%	358,122	5.9%
Information.....	187	2.4%	6,492	1.9%	123,286	2.0%
Finance and Insurance, and Real Estate and Rental and Leasing.....	1,446	18.4%	26,916	7.9%	446,219	7.3%
Professional, Scientific, and Management, Administrative, and Waste Management Services.....	1,587	20.1%	46,588	13.7%	695,791	11.4%
Educational Services and Health Care and Social Assistance....	1,664	21.1%	65,163	19.2%	1,396,976	23.0%
Arts, Entertainment and Recreation and Accommodation and Food Services.....	420	5.3%	31,016	9.2%	551,219	9.1%
Other Services, Except Public Administration.....	287	3.6%	14,326	4.2%	288,602	4.7%
Public Administration.....	77	1.0%	9,812	2.9%	230,053	3.8%
Total.....	7,880	100.0%	338,959	100.0%	6,086,226	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2011 to 2015.

Employment By Occupation(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science, and Art.....	5,145	65.3%	142,158	41.9%	2,241,849	36.8%
Service.....	472	6.0%	51,931	15.3%	1,057,682	17.4%
Sales and Office.....	1,964	24.9%	86,415	25.5%	1,493,597	24.5%
Natural Resources, Construction, and Maintenance.....	154	2.0%	20,244	6.0%	444,435	7.3%
Production, Transportation, and Material Moving.....	145	1.8%	38,211	11.3%	848,663	13.9%
Total.....	7,880	100.0%	338,959	100.0%	6,086,226	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2011 to 2015.

Unemployment rates for the City are well below the County and the State levels, as shown below.

Annual Average Unemployment Rates(I)

Calendar Year	The City	The County	The State
2004.....	3.1%	5.5%	6.2%
2005.....	2.7%	4.7%	5.7%
2006.....	2.5%	4.2%	4.5%
2007.....	2.9%	5.0%	5.1%
2008.....	3.8%	6.7%	6.5%
2009.....	5.7%	9.8%	10.0%
2010.....	6.3%	10.5%	10.3%
2011.....	5.6%	9.4%	9.8%
2012.....	5.3%	8.7%	8.9%
2013.....	7.1%	8.7%	9.2%
2014.....	5.4%	6.5%	7.1%
2015.....	4.7%	5.5%	5.9%
2016.....	N/A	5.2%	5.9%

Note: (1) Source: Illinois Department of Employment Security and the City.

Building Permits

City Building Permits(1)

Fiscal Year	Building Permits Issued	Residential Construction	Commercial Construction
2004	4,308	83	3
2005	4,740	128	5
2006	4,055	44	1
2007	3,501	22	3
2008	3,491	33	1
2009	3,142	23	3
2010	2,610	4	1
2011	3,072	8	2
2012	3,451	11	1
2013	3,197	7	2
2014	3,418	17	1
2015	3,668	15	1
2016	3,855	51	1

Note: (1) Source: the City.

Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$841,400. This compares to \$245,300 for the County and \$173,800 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2011-2015 American Community Survey.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000	55	1.0%	6,656	3.7%	240,110	7.6%
\$50,000 to \$99,999	63	1.1%	14,881	8.3%	518,898	16.3%
\$100,000 to \$149,999	79	1.4%	23,958	13.3%	533,593	16.8%
\$150,000 to \$199,999	24	0.4%	27,259	15.2%	527,923	16.6%
\$200,000 to \$299,999	218	3.8%	35,313	19.6%	648,006	20.4%
\$300,000 to \$499,999	576	10.0%	37,866	21.1%	473,931	14.9%
\$500,000 to \$999,999	2,499	43.2%	27,235	15.1%	188,536	5.9%
\$1,000,000 or more	2,269	39.2%	6,617	3.7%	46,708	1.5%
Total	5,783	100.0%	179,785	100.0%	3,177,705	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2011 to 2015.

Mortgage Status(1)

	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage	3,731	64.5%	131,085	72.9%	2,104,166	66.2%
Housing Units Without a Mortgage ..	2,052	35.5%	48,700	27.1%	1,073,539	33.8%
Total	5,783	100.0%	179,785	100.0%	3,177,705	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2011 to 2015.

Income

Per Capita Personal Income for the Highest Income Counties in the State(1)

Rank		2011-2015
1	DuPage County	\$39,336
2	Lake County	39,299
3	McHenry County	33,735
4	Monroe County	32,889
5	Piatt County	32,724
6	Will County	31,310
7	McLean County	31,305
8	Kane County	31,056
9	Kendall County	31,053
10	Sangamon County	31,024
11	Cook County	31,013

Note: (1) Source: U. S. Bureau of the Census. 2011-2015
American Community 5-Year Estimates.

The following shows the median family income for counties in the Chicago metropolitan area.

Ranking of Median Family Income(1)

III. County	Family Income	III. Rank
DuPage County	\$96,751	1
Lake County	93,668	2
Kendall County	91,612	3
McHenry County	89,768	4
Will County	87,950	5
Kane County	81,718	8
Cook County	67,324	23

Note: (1) Source: U. S. Bureau of the Census,
American Community Survey, 2011-2015
estimates.

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$185,917. This compares to \$93,668 for the County and \$71,546 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2011-2015 American Community Survey.

Family Income(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	127	2.4%	5,202	2.9%	137,468	4.4%
\$10,000 to \$14,999	31	0.6%	3,425	1.9%	83,523	2.7%
\$15,000 to \$24,999	89	1.7%	8,496	4.7%	219,861	7.0%
\$25,000 to \$34,999	62	1.2%	9,595	5.4%	247,041	7.9%
\$35,000 to \$49,999	237	4.5%	16,988	9.5%	372,279	11.9%
\$50,000 to \$74,999	373	7.1%	28,020	15.6%	572,734	18.3%
\$75,000 to \$99,999	428	8.2%	23,386	13.0%	460,502	14.7%
\$100,000 to \$149,999	774	14.8%	35,259	19.7%	554,220	17.7%
\$150,000 to \$199,999	608	11.6%	20,797	11.6%	234,835	7.5%
\$200,000 or more	<u>2,498</u>	<u>47.8%</u>	<u>28,153</u>	<u>15.7%</u>	<u>242,220</u>	<u>7.8%</u>
Total	5,227	100.0%	179,321	100.0%	3,124,683	100.0%

Note: (1) Source: U. S. Bureau of the Census, American Community Survey 5-year estimates 2011 to 2015.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$256,202. This compares to \$78,026 for the County and \$57,574 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2011-2015 American Community Survey.

Household Income(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000	217	3.3%	10,067	4.2%	343,101	7.2%
\$10,000 to \$14,999	106	1.6%	6,987	2.9%	217,426	4.5%
\$15,000 to \$24,999	271	4.1%	16,736	6.9%	477,279	10.0%
\$25,000 to \$34,999	139	2.1%	17,446	7.2%	449,729	9.4%
\$35,000 to \$49,999	370	5.5%	25,939	10.7%	610,069	12.7%
\$50,000 to \$74,999	527	7.9%	39,891	16.5%	851,656	17.8%
\$75,000 to \$99,999	625	9.4%	30,291	12.5%	609,496	12.7%
\$100,000 to \$149,999	933	14.0%	41,436	17.1%	676,505	14.1%
\$150,000 to \$199,999	657	9.8%	23,040	9.5%	272,382	5.7%
\$200,000 or more	2,828	42.4%	30,593	12.6%	278,745	5.8%
Total	6,673	100.0%	242,426	100.0%	4,786,388	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2011 to 2015.

Retail Activity

The table below shows certain sales tax receipts collected by the City as an indicator of commercial activity.

Retailers' Occupation, Service Occupation and Use Tax(1)

State Fiscal Year Ending June 30	State Sales Tax Distribution(2)	Annual Change + (-)
2007.....	\$2,783,698	23.56%(3)
2008.....	3,050,438	9.58%
2009.....	2,971,996	(2.57%)
2010.....	2,519,529	(15.22%)
2011.....	2,414,327	(4.18%)
2012.....	2,406,211	(0.34%)
2013.....	2,596,446	7.91%
2014.....	2,834,067	9.15%
2015.....	2,756,064	(2.75%)
2016.....	2,671,045	(3.08%)
Growth from 2007 to 2016		(4.05%)

- Notes: (1) Source: Illinois Department of Revenue.
 (2) Tax distributions are based on records of the Illinois Department of Revenue relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State. Includes Home Rule Sales Taxes.
 (3) The 2007 percentage is based on 2006 sales tax receipts of \$2,252,966.

THE PROJECT

The proceeds of the Bonds will be used: (i) to finance certain capital improvements to the City's water treatment plant (the "Project"), and (ii) to pay the costs of issuance of the Bonds. The Project includes the replacement of membranes and improvements to increase capacity of the City's water treatment plant.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Construction Risks

There are potential risks that could affect the ability of the City to timely complete the Project. While preliminary costs have been projected by the City's consulting architects, not all of the construction contracts have been let by the City. No assurance can be given that the cost of completing the Project will not exceed available funds. Completion of the Project involves many risks common to large construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

Finances of the State of Illinois

The State of Illinois (the "State") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. In addition, the underfunding of the State's pension systems has contributed to the State's poor financial health. The State has also been operating since July 1, 2015, without a fully enacted budget for the fiscal year ending June 30, 2016 ("Fiscal Year 2016"), and has not enacted a budget for the fiscal year ending June 30, 2017 ("Fiscal Year 2017"). Certain Fiscal Year 2016 appropriations, however, were enacted, including the approval of spending for elementary and secondary education, and other certain Fiscal Year 2016 spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees.

As described below, Fiscal Year 2017 spending for elementary and secondary education has been approved for the entire fiscal year and includes an increase of \$361 million over Fiscal Year 2016 levels. As for Fiscal Year 2017 spending for all other purposes, the General Assembly approved a stopgap six-month budget, which authorized spending through December 31, 2016. Nonetheless, even with this partial-year budget, there will continue to be delays in payments of bills and the State's backlog of unpaid bills will continue to grow.

The State's general fiscal condition, the underfunding of the State's pension systems and the State's continuing budget impasse have materially adversely affected the State's financial condition and may result in decreased or delayed State appropriations to the City.

The City cannot predict the effect the State's ongoing financial problems may have on the City's future finances.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Declining Equalized Assessed Valuations

The amount of property taxes extended for the City is determined by applying the various operating tax rates and the bond and interest tax rate levied by the City to the City's Equalized Assessed Valuation ("EAV"). The City's EAV could decrease for a number of reasons including, but not limited to, a decline in property values or large taxpayers moving out of the City. As detailed below, the City's EAV has declined in four of the most recent five years. Declining EAVs and increasing tax rates (certain of which may reach their rate ceilings) could reduce the amount of taxes the City is able to receive.

Loss or Change of Bond Rating

A credit rating for the Bonds has been requested from Moody's Investors Service, New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking for continuing disclosure (see "**CONTINUING DISCLOSURE**" and "**THE UNDERTAKING**" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission (the "Commission") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding \$56,285,000* principal amount of general obligation bonded debt. Approximately 56% of this indebtedness, \$31,510,000*, is expected to be repaid from sources other than City-wide property taxes, principally water system revenues and tax increment finance revenues. In addition, the City has \$1,441,205 aggregate principal amount of special service area bonds. The City does not intend to issue additional debt in 2017.

The City voted to become a home rule unit under the 1970 Illinois Constitution in 2004 and, as such, has no statutory general obligation debt limit, is not required to seek referendum approval for the issuance of the Bonds, and has no statutory tax rate limitations for any purpose. The City Council, however, has pledged to abide by the "property tax cap" limitations of the Property Tax Extension Limitation Law ("PTELL"), unless: (i) the City Council has determined that a bona fide emergency or legal requirement dictates said increase, or (ii) that an advisory referendum has determined support with the City for said increase.

Pursuant to Ordinance Number 2013-070, the City is prohibited from levying property taxes to pay debt service on its general obligation bonds in an amount in excess of its 2004 debt service levy (as adjusted for Consumer Price Index increases) plus levies for capital improvements. Bonds expected to be repaid from sources other than general property taxes (such as the Bonds, which are expected to be paid from net revenues of the City waterworks system) are not included in such prohibition. The City also agreed to abide by the "property tax cap" for the City's aggregate levy in accordance with PTELL. The City may, however, increase its aggregate levy by more than the "property tax cap" (but not more than 5%) by a three-fourths vote of the City Council, but only if the moneys raised by such increase in property taxes in excess of the aggregate levy otherwise authorized under PTELL are used either: (a) for supplementing the City's Capital Improvement Fund; or (b) to replace revenues lost because of changes in the amount of the State Revenue Sharing Moneys paid to the City.

When issued, the Bonds will meet the restrictions of the City self-imposed tax cap described above and consequently are full faith and credit general obligation bonds and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.

Outstanding Bonded Debt(1)
 (Principal Only)

Fiscal Year Ending April 30	Series 2009	Series 2010B	Series 2010C	Series 2011A	Series 2011B	Series 2013	Series 2015	The Bonds (2)	Total Bonded Debt (2)	Cumulative Retirement(2) Amount	Percent
2018.....	\$ 180,000	\$ 0	\$ 210,000	\$125,000	\$ 2,270,000	\$ 100,000	\$ 175,000	\$ 0	\$ 3,060,000	\$ 3,060,000	5.44%
2019.....	185,000	0	225,000	130,000	2,300,000	200,000	175,000	0	3,215,000	6,275,000	11.15%
2020.....	190,000	0	215,000	130,000	2,400,000	350,000	305,000	0	3,590,000	9,865,000	17.53%
2021.....	200,000	0	405,000	140,000	2,470,000	430,000	305,000	0	3,950,000	13,815,000	24.54%
2022.....	205,000	0	415,000	0	2,530,000	435,000	340,000	0	3,925,000	17,740,000	31.52%
2023.....	215,000	0	425,000	0	2,605,000	440,000	355,000	0	4,040,000	21,780,000	38.70%
2024.....	225,000	0	435,000	0	1,870,000	450,000	370,000	505,000	3,855,000	25,635,000	45.54%
2025.....	235,000	0	445,000	0	0	460,000	385,000	515,000	2,040,000	27,675,000	49.17%
2026.....	245,000	0	460,000	0	0	475,000	405,000	530,000	2,115,000	29,790,000	52.93%
2027.....	255,000	0	475,000	0	0	480,000	410,000	545,000	2,165,000	31,955,000	56.77%
2028.....	265,000	0	490,000	0	0	495,000	435,000	560,000	2,245,000	34,200,000	60.76%
2029.....	280,000	0	490,000	0	0	930,000	650,000	575,000	2,925,000	37,125,000	65.96%
2030.....	0	540,000	240,000	0	0	960,000	695,000	595,000	3,030,000	40,155,000	71.34%
2031.....	0	780,000	0	0	0	1,085,000	740,000	615,000	3,220,000	43,375,000	77.06%
2032.....	0	820,000	0	0	0	1,120,000	705,000	640,000	3,285,000	46,660,000	82.90%
2033.....	0	860,000	0	0	0	1,125,000	720,000	660,000	3,365,000	50,025,000	88.88%
2034.....	0	0	0	0	0	0	1,530,000	685,000	2,215,000	52,240,000	92.81%
2035.....	0	0	0	0	0	0	330,000	715,000	1,045,000	53,285,000	94.67%
2036.....	0	0	0	0	0	0	340,000	740,000	1,080,000	54,365,000	96.59%
2037.....	0	0	0	0	0	0	350,000	770,000	1,120,000	55,485,000	98.58%
2038.....	0	0	0	0	0	0	0	800,000	800,000	56,285,000	100.00%
Total.....	\$2,680,000	\$3,000,000	\$4,930,000	\$525,000	\$16,445,000	\$9,535,000	\$9,720,000	\$9,450,000	\$56,285,000		

Notes: (1) Source: the City.
 (2) Subject to change.

General Obligation Debt Outstanding - By Issue(1)
 (Principal Only)

Property Tax Supported	Amount
General Obligation Bonds, Series 2009.....	\$ 2,680,000
Taxable General Obligation Bonds, Series 2010B (Recovery Zone Economic Development Bonds – Direct Payment)	3,000,000
Taxable General Obligation Bonds, Series 2010C (Build America Bonds – Direct Payment).....	4,930,000
General Obligation Refunding Bonds, Series 2013.....	9,535,000
General Obligation Bonds, Series 2015 – (Laural Avenue Portion)	4,630,000
Total Property Tax Supported.....	\$24,775,000
Self-Supporting	
General Obligation Refunding Bonds, Series 2011A.....	\$ 525,000
General Obligation Refunding Bonds, Series 2011B.....	16,445,000
General Obligation Bonds, Series 2015 – (TIF Portion)	5,090,000
The Bonds (2)	9,450,000
Total Self Supporting(2).....	\$31,510,000
Total Outstanding General Obligation Debt(2)	\$56,285,000

Notes: (1) Source: the City.
 (2) Subject to change.

Detailed Overlapping Bonded Debt(1) (As of March 1, 2017)

	Outstanding Debt	Applicable to City	
		Percent (2)	Amount
Schools:			
School District No. 67.....	\$ 5,601,829	100.00%	\$ 5,601,829
School District No. 103.....	8,165,000	0.01%	817
High School District No. 115.....	38,940,000	78.59%	30,602,946
Community College District No. 532.....	67,415,000	10.37%	6,990,936
Total Schools.....			\$43,196,527
Others:			
Lake County.....	\$188,095,000	9.84%	\$18,508,548
Lake County Forest Preserve District.....	270,445,000	9.84%	26,611,788
Total Others.....			\$45,120,336
Total Overlapping Debt.....			\$88,316,863

- Notes: (1) Source: Lake County Clerk.
 (2) Overlapping percentages are based on 2015 EAVs, the most current available.

Statement of Bonded Indebtedness(1)(2)

	Amount	Ratio To		Per Capita
	Applicable	Equalized Assessed	Estimated Actual	(2010 Census 19,375)
City EAV of Taxable Property, 2016.....	\$2,442,982,041	100.00%	33.33%	\$126,089.40
Estimated Actual Value, 2016.....	\$7,328,946,123	300.00%	100.00%	\$378,268.19
Total Direct Bonded Debt(3).....	\$ 56,285,000	2.30%	0.77%	\$ 2,905.03
Less: Self-supporting Debt(3).....	(31,510,000)	(1.29%)	(0.43%)	(1,626.32)
Total Net Direct Bonded Debt(3).....	\$ 24,775,000	1.01%	0.34%	\$ 1,278.71
Overlapping Bonded Debt:				
Schools.....	\$ 43,196,527	1.77%	0.59%	\$ 2,229.50
Others.....	45,120,336	1.85%	0.62%	2,328.79
Total Overlapping Bonded Debt.....	\$ 88,316,863	3.62%	1.21%	\$ 4,558.29
Total Net Direct and Overlapping Bonded Debt(3).....	\$ 113,091,863	4.63%	1.54%	\$ 5,837.00

- Notes: (1) Source: Lake County Clerk.
 (2) As of March 1, 2017 for Overlapping Bonded Debt and the date of issuance of the Bonds for Direct Bonded Debt.
 (3) Subject to change.

DEFAULT RECORD

The City has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2015 levy year, the City's EAV was comprised of approximately 91 % residential, 9 % commercial, and less than 1 % industrial, farm and railroad property valuations.

City Equalized Assessed Valuation(1)(2)

Property Class	Levy Years				
	2012	2013	2014	2015	2016
Residential	\$2,166,702,992	\$2,047,760,158	\$2,047,958,906	\$2,105,361,682	
Farm	2,485,744	3,330,967	4,001,932	4,080,940	
Commercial	207,360,589	200,625,492	196,562,054	196,233,065	N/A
Industrial	65,556	62,064	61,541	46,548	
Railroad	1,432,258	1,768,723	1,844,203	2,213,824	
Total	\$2,378,047,139	\$2,253,547,404	\$2,250,468,636	\$2,307,936,059	\$2,442,982,041
Percent change +(-)	(5.28%) (3)	(5.24%)	(0.14%)	2.55%	5.85%

- Notes: (1) Source: Lake County Clerk.
 (2) Excludes the incremental valuation in the City's tax increment financing districts.
 (3) Percentage based on 2011 Equalized Assessed Valuation of \$2,510,615,104.

Representative Tax Rates Per \$100 of Equalized Assessed Valuation(1)

	Levy Years				
	2011	2012	2013	2014	2015
Bonds and Interest	\$0.068	\$0.071	\$0.088	\$0.090	\$0.067
Pensions (Police, Fire, IMRF)	0.165	0.182	0.202	0.210	0.209
Library	0.141	0.157	0.169	0.172	0.170
Playgrounds and Recreation	0.178	0.194	0.209	0.212	0.214
Corporate Fund	0.483	0.544	0.580	0.590	0.619
Total Tax Rate	\$1.035	\$1.148	\$1.248	\$1.274	\$1.279
Lake County and Forest Preserve Dist.	0.755	0.820	0.881	0.893	0.871
North Shore Sanitary Dist.	0.150	0.150	0.164	0.169	0.166
Lake Forest Elementary School District No. 67	1.186	1.322	1.424	1.453	1.429
Lake Forest High School No. 115	1.191	1.322	1.420	1.448	1.409
Community College Dist. No. 532	0.240	0.272	0.296	0.306	0.299
All Other	0.069	0.065	0.069	0.072	0.070
Total (2)	\$4.626	\$5.099	\$5.502	\$5.615	\$5.523
City as a Percent of Total	22.37%	22.51%	22.68%	22.69%	23.17%

- Notes: (1) Source: Lake County Clerk.
 (2) Representative tax rate is for Shields Township Tax Code 14, which represents 44% of the City's 2015 Equalized Assessed Valuation.

City Tax Extensions and Collections(1)

Levy Year	Coll. Year	Taxes Extensions	Total Collections	
			Amount	Percent
2006	2007	\$22,999,873	\$22,979,703	99.91%
2007	2008	23,895,634	23,863,170	99.86%
2008	2009	25,213,226	25,174,923	99.85%
2009	2010	25,526,887	25,486,745	99.84%
2010	2011	26,348,093	26,312,509	99.86%
2011	2012	25,984,866	25,911,250	99.72%
2012	2013	27,299,981	27,199,369	99.63%
2013	2014	28,124,272	28,016,472	99.62%
2014	2015	28,673,693	28,622,736	99.82%
2015	2016 (2)	29,528,749	29,479,003	99.83%

- Notes: (1) Source: the City and the Lake County Treasurer.
 (2) Collections as of January 19, 2017.

Major City Taxpayers(1)

Major Taxpayers	Business/Service	2015 EAV(2)
Hospira Inc., a Pfizer Company	Corporate HQ and Surgical and Medical Instruments	\$18,519,759
Abbott Laboratories	Real Property	14,112,229
The Presbyterian Home	Retirement Facility	12,567,495
Chicago Title Land and Trust	Real Property	9,328,491
Pactiv Corporation	Real Property	8,645,053
Northwestern Lake Forest Hospital	General Medical and Surgical Hospital	8,561,969
ATG Trust Co.	Real Property	7,848,904
Trustmark Insurance Co.	Health and Life Insurance and Benefits Administration	7,646,395
Lake Forest Landmark Company, LLC	Office Building	6,619,908
Lake Forest Bank and Trust	Banking	5,918,683
Total		\$99,768,886
Ten Largest as a percent of 2015 EAV (\$2,307,936,059)		4.32%

- Notes: (1) Source: Lake County Clerk.
 (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2015 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

Exemptions

The Illinois Property Tax Code, as amended (the "Property Tax Code"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes ("Residential Property") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 per year, to the extent the Assessed Valuation is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of \$55,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain distressed communities can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the equalized assessed value of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Disabled Veterans' Exemption exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs.

The Disabled Veterans' Standard Homestead Exemption provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, or the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time homestead exemption of \$5,000.

Finally, the Disabled Persons' Homestead Exemption provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

PTELL limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, PTELL restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, PTELL applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

As a home rule unit, the City is exempt under State law from the limitations contained in PTELL. However, the City has agreed by ordinance to abide by certain provisions of PTELL, with certain exceptions. See "**DEBT INFORMATION**" herein.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The City covenanted in the Bond Ordinance that it will not take any action which would adversely affect the levy, extension, collection and application of the taxes levied by the City for payment of principal of and interest on the Bonds. The City also covenanted that it will comply with all present and future laws concerning the levy, extension and collection of such taxes levied by the City.

FINANCIAL INFORMATION

Budgetary Information

The City Council follows these procedures in establishing the budgetary and appropriations data reflected in its financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and estimated revenues.
2. Public budget and appropriations meetings are conducted by the City to obtain taxpayer comments.
3. The budget and the appropriation ordinance, which is 10% higher than the budget, are both legally enacted through action of the City Council. Once enacted, the budget cannot be amended without approval from the City Council. Funds may have expenditures in excess of budgeted amounts, but legally may not have expenditures in excess of appropriations.
4. The legal level of budgetary control is the fund level. Management may make transfers of appropriations within a fund. Any expenditures that exceed the total appropriations at the fund level must be approved by the City Council.
5. Formal budgetary integration and legally adopted budgets are employed as a management control device during the year for all Funds, through an internal reporting system. Such budgetary integration permits the City's department managers to monitor actual revenues and expenditures relative to budgets on an ongoing basis throughout the year. Formal encumbrance accounting is not used, and appropriations not used by the end of the fiscal year lapse.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Investment Policy

The City is authorized to invest in the following types of securities under Illinois law and the City's investment policy:

- Bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America;
- Bonds, notes, debentures, or other similar obligations of U.S. Government or its agencies, or government sponsored enterprises (GSEs);
- Interest bearing bonds of any county, township, city, incorporated town, municipal corporation, or school district, and the bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank, provided the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a nationally recognized statistical rating organization (NRSRO);
- Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.), provided, however, that such investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation;
- Certificate of Deposit Account Registry Service (CDARS) certificates of deposit or Insured Cash Sweep (ICS) service;
- Commercial Paper - issuer must be a United States corporation with more than \$500 million in assets, rating must be within the highest tier (e.g., A-1, P-1, F-1, D-1, or higher) by two NRSROs, and such purchases cannot exceed 10% of the corporation's outstanding obligations, and such purchases cannot exceed one-third of funds;
- Money Market Mutual Funds - registered under the Investment Company Act of 1940 (15 U.S.C.A. § 80a-1 et seq.), provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other security which are guaranteed by the full faith and credit of the federal government as to principal and interest;
- Short term discount obligations of the Federal National Mortgage Association (established by or under the National Housing Act (1201 U.S.C. 1701 et seq.)), or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of Illinois or any other state or under the laws of the United States, provided, however, that the shares or investment certificates of such savings banks or savings and loan associations are insured by the Federal Deposit Insurance Corporation;
- Dividend-bearing share accounts, share certificates accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States; provided, however, the principal office of the credit unions must be located within the State of Illinois; and, provided further, that such investments may be made only in those credit unions the accounts of which are insured by applicable law;
- Illinois Funds;
- Illinois Metropolitan Investment Fund (IMET) – (1) 1-3 year Fund and (2) Convenience Fund; and

- Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C.A. § 780-5) subject to the provisions of that Act and the regulations issued thereunder, provided, however, that such government securities, unless registered or inscribed in the name of the City, shall be purchased through banks or trust companies authorized to do business in the State of Illinois; and such other repurchase agreements as are authorized in subsection (h) of Section 2 of the Public Funds Investment Act (30 ILCS 235/2). Repurchase agreements may be executed only with approved financial institutions or broker/dealers meeting the City's established standards, which shall include mutual execution of a Master Repurchase Agreement adopted by the City.

Financial Reports

The City's financial statements are audited annually by certified public accountants. The City's financial statements are completed on a modified accrual basis of accounting consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this "**FINANCIAL INFORMATION**" section and in **APPENDIX A** are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended April 30, 2016 (the "2016 Audit") which was approved by formal action of the City Council. The 2016 Audit was prepared by Baker Tilly Virchow Krause, LLP, the City's independent auditor (the "Auditor"). The Auditor has not been engaged to perform, and has not performed since the date of its 2016 Audit report, any procedures on the financial statements addressed in the 2016 Audit report. The Auditor also has not performed any procedures relating to this Official Statement.

The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2016 Audit. The inclusion of the Excerpted Financial Information in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2016 Audit. Questions or inquiries relating to financial information of the City since the date of the 2016 Audit should be directed to the City.

Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. For its fiscal year ended April 30, 2017, the City expects an increase of approximately \$1,800,000 in its General Fund fund balance. The City has passed a balanced budget for its fiscal year ending April 30, 2018. See **APPENDIX A** for the City's 2016 fiscal year audit.

Statement of Net Position

	Audited as of April 30				
	2012	2013	2014	2015	2016
ASSETS:					
Cash and Cash Equivalents	\$ 33,692,501	\$ 33,654,290	\$ 36,993,159	\$ 37,671,531	\$ 48,493,885
Investments	3,235,374	3,549,244	4,074,228	4,359,036	4,487,724
Property Held of Resale	0	0	0	380,000	380,000
Receivables (net):					
Property Taxes	24,736,822	23,473,050	24,193,594	24,670,331	25,526,738
Other Taxes	208,533	354,314	488,656	406,832	343,289
Accounts	1,226,319	895,021	778,016	1,015,835	1,375,185
Loans	2,029,272	2,020,763	1,504,421	1,208,044	905,054
Other	233,435	468,726	763,686	1,404,950	1,370,947
Due from Other Governments	2,239,891	1,869,073	1,861,326	1,933,837	1,662,440
Internal Balances	(688,361)	(61,448)	(189,922)	(369,946)	(545,075)
Inventories	351,225	341,765	413,082	397,273	429,436
Prepays	640,619	616,665	585,715	643,472	698,889
Due from Fiduciary Funds	0	0	0	0	18,382
Deferred Charges – Bond Issuance Costs	193,426	180,420	0	0	0
Net Pension Asset	1,318,752	1,598,911	1,997,994	2,432,828	0
Capital Assets:					
Not Being Depreciated	112,447,582	112,238,404	112,097,527	112,681,944	113,144,182
Being Depreciated, Net	116,872,079	112,390,263	107,933,860	102,535,256	101,614,443
Total Assets	<u>\$298,737,469</u>	<u>\$293,589,461</u>	<u>\$293,495,342</u>	<u>\$291,371,223</u>	<u>\$299,905,519</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Loss on Refunding	\$ 0	\$ 0	\$ 131,510	\$ 98,303	\$ 68,701
Resources Related to Pensions	0	0	0	0	10,576,993
Total Deferred Outflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,645,694</u>
LIABILITIES:					
Accounts Payable	\$ 1,147,747	\$ 1,207,340	\$ 1,370,610	\$ 1,866,976	\$ 2,272,967
Accrued Liabilities	1,212,431	1,283,589	1,462,603	1,803,648	1,697,242
Accrued Interest Payable	529,727	498,524	554,756	488,702	475,710
Retainage Payable	75,544	0	0	25,838	0
Deposits	843,290	819,155	1,000,237	770,528	953,263
Unearned Revenue – Property Taxes (1)	24,736,822	23,473,050	0	0	0
Unearned Revenue – Other	2,826,200	2,508,608	2,226,151	2,009,528	1,839,321
Long Term Obligations:					
Due within One Year	1,477,734	1,500,949	1,723,436	1,718,218	1,911,696
Due in More than One Year	38,958,362	37,606,798	36,275,624	34,574,042	92,345,953
Total Liabilities	<u>\$ 71,807,857</u>	<u>\$ 68,898,013</u>	<u>\$ 44,613,417</u>	<u>\$ 43,257,480</u>	<u>\$101,496,152</u>
DEFERRED INFLOWS OF RESOURCES:					
Property Tax Levies for Future Periods	\$ 0	\$ 0	\$ 24,193,594	\$ 24,670,331	\$ 25,526,738
Resources Related to Pensions	0	0	0	0	2,020,708
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,547,446</u>
NET POSITION:					
Investment in Capital Assets,					
Net of Related Debt	\$190,779,593	\$187,500,531	\$184,270,349	\$181,056,601	\$181,481,470
Restricted For:					
Capital Projects	5,024,844	3,878,148	4,216,899	3,784,497	6,491,161
Debt Service	1,786,492	1,908,750	1,144,118	1,316,900	1,201,300
Culture and Recreation	3,543,895	3,156,476	3,281,627	3,173,000	3,608,444
Highways and Streets	285,530	802,946	1,365,820	319,264	811,846
Public Safety	399,690	493,184	687,810	524,673	547,826
Cemetery Purposes	3,749,480	4,101,381	4,445,734	4,935,384	5,143,285
Affordable Housing	852,136	765,794	760,934	726,659	702,211
Parking	957,420	957,420	957,420	957,420	0
Unrestricted	19,550,532	21,126,818	23,689,130	26,747,317	(18,479,928)
Total Net Position	<u>\$226,929,612</u>	<u>\$224,691,448</u>	<u>\$224,819,841</u>	<u>\$223,541,715</u>	<u>\$181,507,615</u>

Note: (1) Format change in 2014.

**Statement of Activities
 Governmental Activities
 Net (Expense) Revenue and Charges in Net Assets**

	Audited Fiscal Year Ended April 30				
	2012	2013	2014	2015	2016
PRIMARY GOVERNMENT:					
Governmental Activities(1):					
General Government	\$ (7,118,227)	\$ (10,619,465)	\$ (6,979,740)	\$ (6,690,972)	\$ (2,961,632)
Highways and Streets	(6,156,640)	(6,096,708)	(6,290,201)	(7,199,098)	(7,609,224)
Sanitation	(2,487,243)	(2,453,995)	(2,508,978)	(1,792,293)	(1,510,891)
Culture and Recreation	(5,792,084)	(6,637,672)	(6,536,383)	(6,616,445)	(4,721,843)
Public Safety	(11,888,284)	(11,861,128)	(12,468,455)	(13,493,422)	(14,795,532)
Interest on Long-Term Debt	(1,420,087)	(1,362,715)	(1,333,267)	(1,357,552)	(1,293,742)
Total Governmental Activities	\$ (34,862,565)	\$ (39,031,683)	\$ (36,117,024)	\$ (37,149,782)	\$ (32,892,864)
General Revenues:					
Property Taxes	\$ 25,428,378	\$ 25,051,411	\$ 23,744,650	\$ 24,468,769	\$ 25,006,224
Replacement Taxes	124,086	130,549	136,430	142,763	115,251
Sales Tax	2,577,304	3,183,479	3,047,529	2,851,103	2,889,306
Income Tax	1,938,686	2,131,711	2,182,325	2,386,567	2,251,828
Utility Tax	3,981,548	3,736,586	4,026,972	2,589,941	2,195,830
Real Estate Transfer Tax	1,215,407	1,209,113	1,633,580	1,224,610	1,288,175
Other Taxes	368,660	362,869	445,013	391,862	174,760
Telecommunication	0	0	0	1,364,060	1,355,661
Investment Income	264,432	491,196	637,193	547,118	145,329
Other	33,724	573,705	669,145	73,613	224,220
Transfers	(37,746)	(77,100)	(97,000)	(168,750)	(924,496)
Total	\$ 35,894,479	\$ 36,793,519	\$ 36,425,837	\$ 35,871,656	\$ 34,722,088
Change in Net Position	\$ 1,031,914	\$ (2,238,164)	\$ 308,813	\$ (1,278,126)	\$ 1,829,224
Net Position - Beginning of Year	225,897,698	226,929,612	224,511,028	224,819,841	179,678,391 (2)
Net Position - End of Year	<u>\$226,929,612</u>	<u>\$224,691,448</u>	<u>\$224,819,841</u>	<u>\$223,541,715</u>	<u>\$181,507,615</u>

Notes: (1) Expenses less Program Revenues of Charges for Services, Operating Grants, and Capital Grants.
 (2) As restated.

**General Fund
 Balance Sheet**

	Audited as of April 30				
	2012	2013	2014	2015	2016
ASSETS:					
Cash and Investments	\$11,986,385	\$12,464,462	\$16,246,124	\$19,453,778	\$23,746,130
Property Taxes Receivable	15,528,966	16,491,864	16,843,533	17,199,721	17,724,843
Other Receivables	2,645,029	2,971,461	2,604,275	2,135,891	1,812,793
Due from other Funds	0	0	0	1,879,980	0
Due from other Governments	0	0	0	0	1,612,648
All Other Assets	2,332,408	2,582,227	2,441,210	440,788	367,170
Total Assets	<u>\$32,492,788</u>	<u>\$34,510,014</u>	<u>\$38,135,142</u>	<u>\$41,110,158</u>	<u>\$45,263,584</u>
LIABILITIES:					
Accounts Payable/Accrued Payroll	\$ 474,997	\$ 520,902	\$ 570,766	\$ 476,374	\$ 605,858
Deferred Property Tax Revenues(1)	15,528,966	16,491,864	0	0	0
All Other Liabilities	2,770,812	2,743,656	3,105,883	2,841,184	3,150,690
Total Liabilities	\$18,774,775	\$19,756,422	\$ 3,676,649	\$ 3,317,558	\$ 3,756,548
DEFERRED INFLOWS OF RESOURCES:					
Property Tax Levies for a Future Period	\$ 0	\$ 0	\$16,843,533	\$17,199,721	\$17,724,843
Other Unavailable Revenues	0	0	0	76,590	0
Total Deferred Inflows of Resources	\$ 0	\$ 0	\$16,843,533	\$17,276,311	\$17,724,843
FUND BALANCE:					
Nonspendable	\$ 2,159,403	\$ 2,775,449	\$ 2,126,990	\$ 1,648,832	\$ 1,272,224
Restricted	957,420	957,420	957,420	957,420	0
Unreserved - Undesignated - Unassigned	10,601,190	11,020,723	14,530,550	17,910,037	22,509,969
Total Fund Balance	<u>\$13,718,013</u>	<u>\$14,753,592</u>	<u>\$17,614,960</u>	<u>\$20,516,289</u>	<u>\$23,782,193</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$32,492,788</u>	<u>\$34,510,014</u>	<u>\$38,135,142</u>	<u>\$41,110,158</u>	<u>\$45,263,584</u>

Note: (1) Format change in 2014.

General Fund Revenues and Expenditures(1)

	Audited Fiscal Year Ended April 30				
	2012	2013	2014	2015	2016
REVENUES:					
Taxes:					
Property.....	\$15,433,117	\$15,720,048	\$16,683,102	\$17,035,476	\$17,430,405
Other.....	8,871,480	9,437,860	9,663,772	3,320,856	2,885,141
Intergovernmental Revenues.....	0	0	0	6,265,533	6,145,512
Grants and Contributions.....	21,715	1,526	10,215	2,002	0
Charges for Services.....	2,642,136	2,797,993	3,065,786	2,917,441	3,074,032
Licenses and Permits.....	2,475,739	2,450,194	2,477,338	2,821,066	5,222,568
Fines and Forfeitures.....	372,607	368,941	297,005	287,333	254,563
Investment Income.....	83,782	53,506	57,559	70,843	99,319
Other.....	668,840	1,202,752	709,054	771,515	777,621
Total Revenues.....	<u>\$30,569,416</u>	<u>\$32,032,820</u>	<u>\$32,963,831</u>	<u>\$33,492,065</u>	<u>\$35,889,161</u>
EXPENDITURES:					
Current:					
General Government.....	\$ 9,130,298	\$10,804,352	\$ 9,184,712	\$ 9,304,354	\$ 9,624,910
Highways and Streets.....	2,139,656	2,044,225	2,293,840	2,371,461	2,157,463
Sanitation.....	2,228,844	2,193,091	2,212,166	2,235,135	2,276,433
Public Safety.....	13,378,659	13,552,368	14,074,949	14,311,143	14,879,565
Capital Outlay.....	31,190	0	11,490	492,547	1,789,865
Debt Service.....	0	0	0	0	173,360
Total Expenditures.....	<u>\$26,908,647</u>	<u>\$28,594,036</u>	<u>\$27,777,157</u>	<u>\$28,714,640</u>	<u>\$30,901,596</u>
Excess (Deficiency) of Revenues Over Expenditures.....	\$ 3,660,769	\$ 3,438,784	\$ 5,186,674	\$ 4,777,425	\$ 4,987,565
OTHER FINANCING SOURCES (USES) :					
Loan Proceeds.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 830,080
Transfers In.....	0	107,737	0	57,162	0
Transfers Out.....	(2,170,775)	(2,510,942)	(2,325,306)	(1,933,258)	(2,551,741)
Total Other Financing Sources and Uses, Net....	<u>\$(2,170,775)</u>	<u>\$(2,403,205)</u>	<u>\$(2,325,306)</u>	<u>\$(1,876,096)</u>	<u>\$(1,721,661)</u>
Net Change in Fund Balance.....	\$ 1,489,994	\$ 1,035,579	\$ 2,861,368	\$ 2,901,329	\$ 3,265,904
Fund Balance – Beginning of Year.....	\$12,228,019	\$13,718,013	\$14,753,592	\$17,614,960	\$20,516,289
Fund Balance – End of Year.....	<u>\$13,718,013</u>	<u>\$14,753,592</u>	<u>\$17,614,960</u>	<u>\$20,516,289</u>	<u>\$23,782,193</u>

Note: (1) This condensed financial information has been excerpted from the full Comprehensive Annual Financial Reports of The City of Lake Forest. The full financial statements, together with report of the City's independent auditors, are available upon request. The General Corporate Fund is accounted for using the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (both measurable and available). Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. Property taxes due within the current fiscal year and collected within the current fiscal year or within 60 days of the end of the fiscal year are recorded as revenue. As a result, the current year tax levy, which has a payment due date after the end of the current fiscal year, is not recorded as revenue but rather as a receivable with a corresponding amount of deferred revenue.

General Fund Budget Financial Information

	Budget Fiscal Year 2017
REVENUES:	
Property Taxes	\$17,994,691
Sales Tax	2,750,901
Telecommunication and Utility Tax.....	3,618,191
State Income Tax/Local Use.....	2,556,308
Other Taxes	416,425
Building Permits.....	1,673,075
Licenses	1,478,500
Fines	285,250
Interest	80,012
Charges for Services.....	2,139,730
Miscellaneous	652,650
Total Revenues.....	\$33,645,733
EXPENDITURES:	
Office of the City Manager.....	\$915,869
City Council	415,805
Cable TV	230,846
Finance	831,522
Information Technology.....	629,645
CROYA	608,049
Police	9,170,749
Fire	6,250,038
Human Resources.....	525,405
Community Development.....	1,728,970
Public Works/Engineering.....	7,037,649
Non-Department	4,037,395
Total Expenditures.....	\$32,381,942
Revenues over (under) Expenditures.....	\$ 1,263,791(1)
Note: (1) As of April 4, 2017, The City expects FY2017 revenue to cover all FY2017 expenditures.	

EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

See **APPENDIX D** herein for a discussion of the City's employee retirement and other postemployment benefits obligations.

REGISTRATION, TRANSFER AND EXCHANGE

Registration

The registered owner of a Bond will be deemed and regarded as the absolute owner thereof for the purpose of receiving payment of, or on account of, the principal of, premium, if any, or interest thereon and for all other purposes whatsoever, and all such payments so made to such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the City nor the Bond Registrar will be affected by any notice to the contrary.

Transfers and Exchanges

The transfer of Bonds will be registerable only upon the registration books maintained by the City for that purpose at the principal corporate trust office of the Bond Registrar, by the registered owner thereof or by his attorney duly authorized in writing, upon surrender thereof together with an instrument of transfer satisfactory to the Bond Registrar and duly executed by the registered owner or his duly authorized agent. Upon such surrender for transfer, the City will execute and the Bond Registrar will authenticate and deliver a new Bond or Bonds of any authorized denominations, registered in the name of the transferee, and of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity and interest rate and of any authorized denominations, upon surrender thereof as the principal corporate trust office of the Bond Registrar with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the registered owner or his duly authorized agent.

For every such exchange or registration of transfer of Bonds, the City or the Bond Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption. No charge will be made in connection with such exchange or registration of transfer to pay the cost of preparing each new Bond issued upon such exchange or registration of transfer.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 1st day of the month of any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the “Code”), includes provisions for an alternative minimum tax (“AMT”) for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation’s alternative minimum taxable income (“AMTI”), which is the corporation’s taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation’s “adjusted current earnings” over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). “Adjusted current earnings” would include certain tax-exempt interest, including interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the “Issue Price”) for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, in the addendum to this Official Statement.

If the Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of a OID Bond, its Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

See **APPENDIX C** for the proposed form of Bond Counsel opinion for the Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the City’s compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth below under “**THE UNDERTAKING.**”

A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the City and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the City.

Annual Financial Information Disclosure

The City covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. At present, such dissemination is made through the MSRB’s Electronic Municipal Market Access system referred to as EMMA (“EMMA”). The City is required to deliver such information within 210 days after the last day of the City’s fiscal year (currently on April 30). If Audited Financial Statements are not available when the Annual Financial Information is filed, the City will file unaudited financial statements. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

“Annual Financial Information” means

1. The table under the heading of **Retailers’ Occupation, Service Occupation and Use Tax** within this Official Statement;
2. All of the tables under the heading **PROPERTY ASSESSMENT AND TAX INFORMATION** within this Official Statement;
3. All of the tables under the heading **DEBT INFORMATION** within this Official Statement; and
4. All of the tables under the heading **FINANCIAL INFORMATION** (Excluding Budget and Interim Financial Information) within this Official Statement.

“Audited Financial Statements” means financial statements of the City as audited annually by independent certified public accountants. Audited Financial Statements are expected to continue to be prepared according to Generally Accepted Accounting Principles as applicable to governmental units (i.e., as subject to the pronouncements of the Governmental Accounting Standards Board and subject to any express requirements of State law).

Reportable Events Disclosure

The City covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “Events” are:

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the City*
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Consequences of Failure of the City to Provide Information

The City shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the City to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the City to comply with the Undertaking shall be an action to compel performance.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the City by ordinance authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

- (a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the City, or type of business conducted; or
- (ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the City (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the City shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

Termination of Undertaking

The Undertaking shall be terminated if the City shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The City shall give notice to the MSRB in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the City chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the City shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Dissemination of Information; Dissemination Agent

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through EMMA for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

OPTIONAL REDEMPTION

The Bonds maturing on or after December 15, 2026, are subject to redemption prior to maturity at the option of the City in whole or in part on any date on or after December 15, 2025, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP has, at the request of the City, reviewed only those portions of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), the description of the federal tax exemption of the interest on the Bonds and the "bank-qualified" status of the Bonds. This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

The City has supplied certain information and material concerning the Bonds and the City to Moody's, including certain information and materials which may not have been included in this Official Statement, as part of its application for an investment rating on the Bonds. A rating reflects only the views of Moody's and an explanation of the significance of such rating may be obtained from Moody's. Generally, such rating service bases its rating on such information and material, and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by such rating service if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the secondary market price of the Bonds. An explanation of the significance of the investment rating may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658. The City will provide appropriate periodic credit information to the rating service to maintain a rating on the Bonds.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on May 15, 2017. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$ _____. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the addendum to this Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

We have examined this Official Statement dated May 2, 2017, for the \$9,450,000* General Obligation Bonds, Series 2017, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of our knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **ROBERT T.E. LANSING**
Mayor
CITY OF LAKE FOREST
Lake County, Illinois

/s/ **ROBERT R. KIELY, JR.**
City Manager
CITY OF LAKE FOREST
Lake County, Illinois

APPENDIX A

CITY OF LAKE FOREST, LAKE COUNTY, ILLINOIS

FISCAL YEAR 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF LAKE FOREST, ILLINOIS**
As of and for the Year Ended April 30, 2016

City of Lake Forest Finance Department

Elizabeth Holleb, Finance Director
Diane Hall, Assistant Finance Director

CITY OF LAKE FOREST

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October 20, 2016

The Honorable Mayor Schoenheider
Members of the City Council
Members of the Audit Committee
Residents of the City of Lake Forest, Illinois

The Comprehensive Annual Financial Report of the City of Lake Forest (City) for the year ended April 30, 2016, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the City of Lake Forest. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of Lake Forest's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

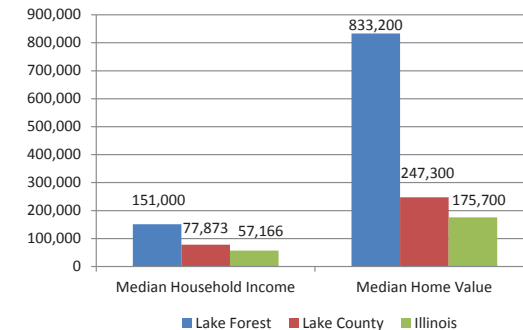
The City of Lake Forest utilizes an independent Audit Committee for reviewing the audit process and to report and make recommendations to the City Council. The Audit Committee members are Lake Forest residents having expertise in the area of financial administration and auditing.

The City's financial statements have been audited by Baker Tilly Virchow Krause, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Lake Forest for the fiscal year ended April 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for an unmodified opinion that the City's financial statements for the fiscal year ended April 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of The City of Lake Forest

The City of Lake Forest was incorporated as a city under a charter granted by the Illinois State Legislature in 1861 and amended in 1869. Lake Forest is a residential community of 19,375 people and has a land area of 17.18 square miles. It is situated on Lake Michigan, thirty miles north of downtown Chicago in Lake County. In its American Community Survey, 2010-2014 estimates, the U.S. Census Bureau reported the City had a median household income and median home value significantly higher than comparable figures for Lake County and the State of Illinois:



The City adopted the Council-Manager form of government in 1956. Policy making and legislative authority are vested in the City Council, which consists of a Mayor and an eight-member Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for hiring the heads of the City's departments. The Council members are elected to two-year staggered terms with three Council members elected every two years. Aldermen serve a maximum of three terms. The Mayor is elected to a two-year term and serves a maximum of two terms.

The City provides a full range of services, including police protection, fire protection, paramedic service, refuse disposal, commuter parking, compost center, recreation center, senior center, community parks, golf course, street maintenance, forestry, cemetery and a water production facility.

The financial reporting entity of The City of Lake Forest includes all City funds as well as its component unit, the Lake Forest Library. Component units are legally separate entities for which the primary government is financially accountable.

Each year the City of Lake Forest prepares an annual budget document. This plan contains the following sections: the budget message and fiscal policy; summary tables of revenues, expenditures and fund balance for the fiscal year; operating budgets for each department; pay plan and personnel data; and debt and statistical information. The budget message highlights the significant expenditure events that will occur and the objectives to accomplish these events. It justifies the increases in capital expenditures and also lists the goals that are to be achieved during the budget year.

While the annual municipal budget represents the City's financial plan for expenditures over the course of the fiscal year, the annual Appropriation Ordinance is the formal legal mechanism by which the City Council authorizes the actual expenditure of funds budgeted in the annual budget. It appropriates specific sums of money by object and purpose of expenditure.

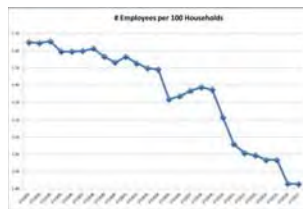
In addition, the Appropriation Ordinance provides for a 10% contingency in expenditures in an amount above those actually budgeted. Each separate fund includes an item labeled contingency, with an appropriated amount equivalent to 10% of the total funds budgeted. Even though there is a 10% contingency line item, the City Council and City staff follow the adopted budget as its spending guideline and not the Appropriation Ordinance. This practice has been followed for more than thirty years and has worked very efficiently as a mechanism to address unanticipated items that may arise throughout the fiscal year.

Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and Parks and Recreation Fund, considered major funds, this comparison is presented beginning on page 88 as required supplementary information. For the Capital Improvements Fund (major fund) and non-major governmental funds with appropriated annual budgets, this comparison is presented in the Other Supplementary Information section of this report, which starts on page 108.

Factors Affecting Financial Condition

Local Economy. The City of Lake Forest is not immune to challenges brought on by national and state economic conditions, but has been proactive in identifying mitigation strategies.

- Unemployment levels in Lake Forest are well below the levels for Lake County and the State of Illinois. For calendar year 2015, the City's annual average unemployment rate was estimated to be 4.7%, compared to 5.5% for Lake County and 5.9% for the State of Illinois.
- The consumer confidence index is closely monitored by economists because consumer spending accounts for 70% of the United States' economic activity. In August 2016, the index was 101.1, up from 96.7 in July, and comparing favorably to the August 2015 index of 101.5. The index remains above 90, the minimum level associated with a healthy economy. An index above 100 signals growth.



As revenues declined in recent years due to national economic conditions, the City has proactively reduced operating expenses to ensure a balanced budget and compliance with the City's fiscal policies. Since personnel costs represent nearly 70% of the General Fund operating budget, it has been necessary to achieve cost savings through reduced personnel. In fiscal years (FY) 2009-2017, the City has reduced budgeted full time employees by 41 positions, returning the City's total employee count below FY1992 levels. FY2016 budgeted full-time positions were reduced by 10 positions alone primarily by outsourcing dispatch operations.

In February 2011, the City Council approved an organizational restructuring and Early Retirement Incentive (ERI) program which is offered and regulated by the Illinois Municipal Retirement Fund (IMRF). Twenty-six (26) employees participated in the ERI program, which is projected to generate net savings of \$4.5 million over the initial ten year period. In December 2012, the City Council approved the use of excess fund balance reserves to pay off the ERI liability in its entirety, rather than amortizing over ten years as initially anticipated. This early payoff allowed the City to avoid \$1.8 million in interest costs over the amortization period.

In September 2014, the City transitioned to a consolidated dispatch operation with the Villages of Glenview and Lake Bluff, as well as the City of Highland Park. The consolidation of dispatch operations is projected to save the City more than \$350,000 per year while improving the infrastructure providing this vital service to residents.

Approximately half of the City's General Fund revenues come from property taxes, which continue to be a stable revenue source. The other major funding sources of sales tax, income tax, utility taxes and

building permit revenues met FY2016 budget estimates in aggregate. However, these revenues have yet to reach levels prior to the 2008 recession. Effective May 1, 2014, the City implemented a new sanitation fee that generates \$600,000 per year. This revenue is currently deposited to the Capital Improvements Fund.

The financial condition of the State of Illinois continues to be a significant concern although the City has limited reliance on the State for direct funding. The City is vigilant in monitoring any legislation that may be introduced that could have a negative impact on the City's budget and vigorously opposes such legislation.

In order to assist the business community and enhance sales tax revenues, economic development initiatives are conducted through the Office of the City Manager. The City has enlisted the services of an Economic Development Coordinator who acts as a liaison between the City, Lake Forest/Lake Bluff Chamber of Commerce and the business districts in Lake Forest. The City is committed to attracting desired businesses and to promote the viability of the business districts. More information can be found on the main page of the City's website under Economic Development.

In September 2015, Lake Forest was proud to host the BMW Championship, which brought the 70 top professional golfers from around the world to the City as part of the PGA Tour playoffs for the FedEx Cup. As it did in 2013, the City actively embraced the event as a unique opportunity to market the community on an international stage. As testament to the continued success of the event, the BMW Championship will return to Lake Forest in 2017. More than 115,000 spectators attended the 2015 event.

In an effort to proactively address budgetary issues that may arise throughout the year, City staff monitors revenues and expenses on a monthly basis. Monthly financial "flash" reports are provided to the City Council Finance Committee.

In addition, the City follows the fiscal policy approved annually by the City Council. The Fiscal Policy is designed to establish guidelines for the fiscal stability of the City and to provide guidelines for the City's chief executive officer, the City Manager. Effective fiscal policy:

- Contributes significantly to the City's ability to insulate itself from fiscal crisis,
- Enhances short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible,
- Promotes long-term financial stability by establishing clear and consistent guidelines,
- Directs attention to the total financial picture of the City rather than single issue areas,
- Promotes the view of linking long-term financial planning with day-to-day operations, and
- Provides the Council and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

In Fiscal Year 2016, the City Council adopted revisions to the Fiscal Policy effective for FY2017 that clarified the applicability of the Property Tax Extension Limitation Act to the City, established a policy for setting aside reserves to meet the City's Other Post-Employment Benefits (OPEB) liability, revised the financing parameters for establishment of Special Service Areas, and committed to minimizing reliance on State and/or Federal revenues to fund core services.

Long-Term Financial Planning. The City is funding infrastructure expenditures primarily with a real estate transfer tax that was approved by voter referendum. This real estate transfer tax is imposed on residential and commercial real estate transactions. The transfer tax of \$4.00 per \$1,000 of value is levied on the buyer of the real estate.

FY2016 real estate transfer tax revenue totaled \$1.29 million. Significant fluctuations occur in this revenue source due to changes in economic conditions, and more specifically the housing market. The City will remain conservative in projecting this revenue source and in spending monies on capital projects.

A Public Works Committee which consists of three City Council members was created to oversee capital improvement projects and programs. Annually in October, the Public Works Committee and city staff

finalize the draft of the Five Year Capital Improvement Program. This draft is discussed at a City Council budget meeting, typically held in November.

Five-year fund balance forecasts are prepared for major funds of the City each year as part of the budget development process to assist the City in identifying budget challenges on the horizon and ensure that a proactive approach is taken to addressing these challenges.

Pension Benefits. Escalating costs for employee pension benefits will continue to pose financial challenges to the City. Sworn police and fire personnel receive retirement and disability benefits from the Police Pension Fund and Firefighters' Pension Fund, respectively. Both of these plans are defined benefit, single-employer plans administered by boards of trustees. The defined benefits and employee contribution levels are governed by Illinois Compiled Statutes and may only be amended by the Illinois General Assembly. Police participants are required to contribute 9.91% of their base salaries and fire participants are required to contribute 9.455% of their base salaries. The City is required to contribute the remaining amounts necessary to finance each plan as determined by an independent actuary. As of April 30, 2016, the most recent actuarial valuation date, the funded ratio for the Police Pension Plan is 52.1% and for the Firefighters' Pension Plan is 69.6%.

All other employees of the City who work over 1,000 hours per year are covered by the Illinois Municipal Retirement Fund (IMRF), a statewide pension plan. Benefit provisions and funding requirements are established by State statutes and may only be changed by the Illinois General Assembly. Employees participating are required to contribute 4.5% of their annual wages and the City is required to contribute the remaining amounts necessary to fund the coverage of its employees in the plan. As of December 31, 2015, the funded ratio for IMRF is 86.95%, including the actuarial accrued liability for retirees which is 100% funded.

In early 2010, a bill was signed by the Governor with an effective date of January 1, 2011, approving a "two-tier" system, where current employees keep their existing pension plans, but new hires will join a less expensive new system. IMRF was included in the bill but not the Police and Firefighters' pension plans. By the end of 2010, the Illinois General Assembly approved police and firefighter pension reform legislation effective January 1, 2011. The law does not affect the pensions of currently employed police officers and firefighters - only those hired after January 1, 2011. Although little of the cost savings from both bills will be seen immediately, it does provide the City long-term financial relief.

Implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*, for Fiscal Year 2015 and No. 68, *Accounting and Financial Reporting for Pensions*, for Fiscal Year 2016 has resulted in significant changes to the reporting of pension obligations in the City's financial statements. Over the past few years, the City has made adjustments to the mortality table and interest rate assumptions for its police and fire pension fund actuarial valuations. These changes have reduced the funded ratio but are intended to put the City in an even stronger position going forward. These changes are in addition to historically overfunding the annual pension cost compared to minimum requirements per State Statutes.

Additional information on the City's pension obligations, as well as other postemployment benefits, may be found in Note IV of the financial statements, as well as in the Required Supplementary Information.

Major Initiatives

The City is committed to maintaining the quality of life and the preservation of the character and heritage of Lake Forest. The City must continue to adhere to its prudent financial management practices and remain focused on sustaining long-term financial stability. For FY2016, the most significant initiatives were as follows:

- In January 2015, the City Council approved ordinances adopting a Tax Increment Financing (TIF) District on a 10-acre site at the north end of the Commercial Business District. This is the former site of the City's municipal services center and has long been a focus of redevelopment for the City. In FY2016, the City completed required demolition of existing structures and remediation of the site. In April 2016, this effort took a major step forward with the City Council's approval of a

First Amendment to the Purchase/Sale Agreement, redevelopment agreement, final plat of subdivision and Final Development Planned Development Ordinance. The plan includes 165 total units - 12 single family homes, 42 condominium units and 111 apartments. In FY2017, the City and developer will close on the sale of the property and construction will begin.

- Significant improvements were made elsewhere in the City's Commercial Business District, including a \$5 million investment in Market Square by its new owner. Following a year-long extensive renovation and restoration, historic Deer Path Inn reopened in December 2015. The City continued restoration of the City's historic train station which is largely funded by grant revenues.
- Construction of a new \$180 million replacement hospital on the campus of the existing Northwestern Lake Forest Hospital is underway. City and Hospital representatives have worked closely on the planning and construction. The new hospital is scheduled to open Fall 2017.



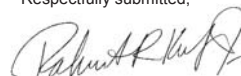
- In February 2016, the City Council authorized final design of water plant improvements that will increase the plant capacity to 14 MGD (million gallons per day) and utilize GE membrane filters. It is anticipated that design will be completed and bidding will occur in FY2017 with construction to begin in FY2018.
- Capital expenditures in Fiscal Year 2016 included: street improvements (\$1.7 million), Regency Lane Sanitary Sewer system (\$779,000 - SSA), Emerald Ash Borer tree removal and replacement (\$311,000), and Water/Sanitary Sewer capital improvements (\$2.4 million).

Awards and Acknowledgements

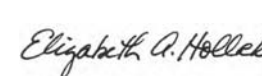
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Lake Forest for its comprehensive annual financial report for the fiscal year ended April 30, 2015. This was the 37th consecutive year that The City of Lake Forest has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to all members of the Finance Department who assisted and contributed to the preparation of this report. We would also like to thank the Mayor, members of the City Council and the Audit Committee for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert R. Kiely, Jr.
City Manager



Elizabeth A. Holleb
Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

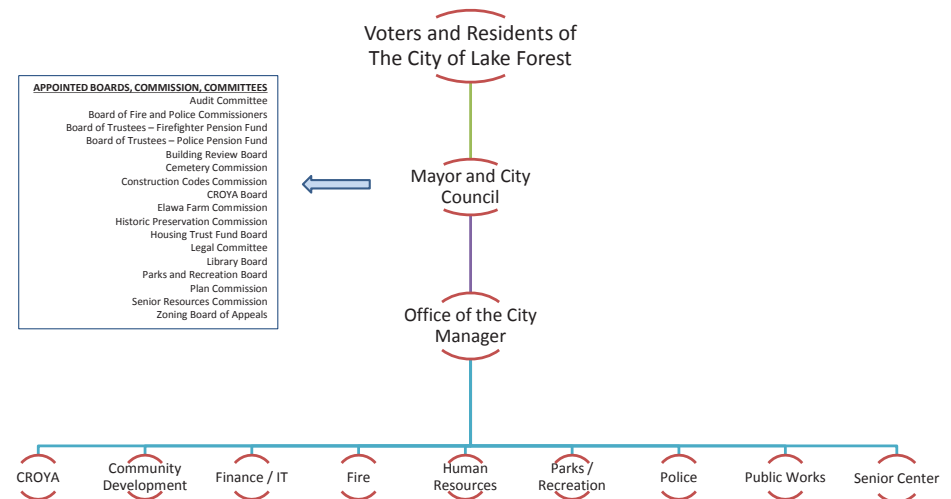
Presented to

**City of Lake Forest
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2015

Executive Director/CEO



List of Principal Officials
Year Ended April 30, 2016

LEGISLATIVE

City Council

Donald P. Schoenheider, Mayor

Prue R. Beidler

Catherine A. Waldeck

George A. Pandaleon

Timothy Newman

Stanford Tack

Jack Reisenberg

Michael R. Adelman

Michelle Moreno

AUDIT COMMITTEE

Don O'Callaghan, Chairman

Amy Krebs

Andrew Logan

William McFadden

Dean Stieber

Donald P. Schoenheider, Mayor (ex-officio)

George Pandaleon, Finance Committee Chairman (ex-officio)

EXECUTIVE

Robert R. Kiely Jr., City Manager

DEPARTMENT OF FINANCE

Elizabeth Holleb, Director of Finance

Diane Hall, Assistant Finance Director



Baker Tilly Strecher Kroun, LLP
1301 W. 22nd St. Ste. 400
Oak Brook, IL 60151-5589
(630) 959-5131
(630) 959-1889
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Lake Forest, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Forest, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Lake Forest's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



To the Honorable Mayor and City Council
City of Lake Forest, Illinois

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Forest, Illinois, as of April 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Lake Forest adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective May 1, 2015. Net position as of April 30, 2015 has been restated as a result. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

To the Honorable Mayor and City Council
City of Lake Forest, Illinois

Other Information

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

Baker Tilly Viskow Krause, LLP
Oak Brook, Illinois
October 20, 2016

**CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

APRIL 30, 2016

The City of Lake Forest's (the City) management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year's challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 17).

Financial Highlights

- The City's net position increased by \$2.9 million during the fiscal year ending April 30, 2016 (FY16). The governmental net position increased by \$1.8 million and the business-type activities net position increased by \$1.1 million.
- The governmental activities revenue increased by \$2.2 million (4.4%) due primarily to permit fees related to construction of a new hospital. The expenses decreased by \$1.6 million (3.1%) due primarily to adjustments related to pensions and reduced capital expenses. Transfers increased by \$.7 million related to a capital contribution from the Capital Improvements Fund to the Water and Sewer Fund.
- The business-type activities revenue decreased by \$.1 million (1.1%) and expenses decreased by \$.8 (8.1%) million due to a one-time contribution for a water main project and purchase of additional membranes for the water treatment plant, both occurring in FY15. The transfers increased by \$.7 million as noted above.
- The total cost of all City programs decreased from \$60.7 million in FY15 to \$58.3 million in FY16 – a decrease of 4.0% - largely attributable to reduced capital expenses not meeting the threshold for capitalization as well as adjustments related to pensions.

**USING THE FINANCIAL SECTION OF THE
COMPREHENSIVE ANNUAL REPORT**

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

Government-Wide Financial Statements

The government-wide financial statements (see pages 17-19) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 18) is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the City's basic services, including highways and streets, sanitation, culture and recreation, public safety and general government. Property taxes, sales tax, income taxes and local utility taxes finance the majority of these services. The Business-type Activities reflect private sector type operations (Waterworks and Sewerage, Golf) where the fee for service is intended to cover all or most of the costs of operation, including depreciation.

**CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

APRIL 30, 2016

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

The Governmental Major Funds (see pages 20 and 22) presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police Pension, Firefighters' Pension, Cemetery Trust, and Special Assessment Funds). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Business-type Activities column on the Business-type Fund Financial Statements (see pages 24 - 27) is essentially the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 21 and 23). The flow of current financial resources will reflect debt proceeds and inter-fund transfers as other financing sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) were not reported nor depreciated in governmental financial statements. Generally accepted accounting principles now require that these assets be valued and reported within the Governmental Activities column of the government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year) by category measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation. The City has chosen to depreciate assets over their useful life. If a road project is considered maintenance – a recurring cost that does not extend the road's original useful life or expand its capacity – the cost of the project will be expensed. An "overlay" of a road will be considered maintenance whereas a "rebuild" of a road will be capitalized.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

The City's combined net position increased by \$2.9 million for FY16 – from \$224.5 million (FY15 restated) to \$227.4 million. The analysis following will look at net position and net expenses of governmental and business-type activities separately. The total net position for the governmental activities increased by \$1.8 million – from \$179.7 million to \$181.5 million. The business-type activities net position increased by \$1.1 million – from \$44.8 million to \$45.9 million. Table 1 reflects the condensed Statement of Net Position compared to FY15. Table 2 will focus on the changes in net position of the governmental and business-type activities.

**Statement of Net Position
As of April 30, 2015 (restated) and 2016
(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Current and Other Assets	\$73.8	\$85.2	\$10.2	\$9.8	\$84.0	\$95.0
Capital Assets	215.2	214.7	53.6	52.7	268.8	267.4
Total Assets	289.0	299.9	63.8	62.5	352.8	362.4
Deferred Outflows	0.5	10.6	0.6	1.5	1.1	12.1
Long-Term Liabilities	78.2	94.2	18.5	17.3	96.7	111.5
Other Liabilities	6.9	7.3	1.1	0.8	8.0	8.1
Total Liabilities	85.1	101.5	19.6	18.1	104.7	119.6
Deferred Inflows	24.7	27.5	0.1	0.0	24.8	27.5
Net Position:						
Net Investment in						
Capital Assets	181.1	181.5	36.6	37.6	217.7	219.1
Restricted	15.7	18.5	0.0	0.0	15.7	18.5
Unrestricted	(17.1)	(18.5)	8.2	8.3	(8.9)	(10.2)
Total Net Position	\$179.7	\$181.5	\$44.8	\$45.9	\$224.5	\$227.4

For more detailed information see the Statement of Net Position (page 17).

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net Results of Activities will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital will reduce current assets and increase capital assets. There is a second impact, an increase in capital assets and an increase in related net debt which will not change the net investment in capital assets.

Spending of Non-borrowed Current Assets on New Capital will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net position and increase net investment in capital assets.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

Principal Payment on Debt will (a) reduce current assets and reduce long-term debt; and (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation will reduce capital assets and net investment in capital assets.

Current Year Impacts

The City's \$2.9 million increase in combined net position (which is the City's bottom line) was the result of the governmental activities net position increasing by \$1.8 million and the business-type activities net position increasing by \$1.1 million.

The governmental activities total assets increased by \$10.9 million (3.8%) and the governmental activities total liabilities increased by \$16.4 million (19.3%). With the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, long-term liabilities now include the net pension liability previously only disclosed in the notes to the financial statements. The increase in total assets is primarily due to the issuance of \$9.78 million in general obligation bonds. The increase in total liabilities is due to the bond issuance as well as a \$7.2 million increase in the net pension liability. See additional information in the Debt Outstanding section of the MD&A.

Increases in both deferred outflows and deferred inflows related to pensions. A \$10.1 million increase in deferred outflows was due primarily to the difference between actual and projected earnings on pension plan investments. A \$2.8 million increase in deferred inflows resulted from the difference between expected and actual experience for pensions, as well as an increase in property taxes levied for future periods.

Net investment in capital assets increased a modest \$6 million. Restricted assets increased \$2.8 million largely due to bond proceeds restricted for capital improvements. Unrestricted net position decreased by \$1.4 million primarily due to the net effect of GASB 68 reporting of pension obligations.

The net position of business-type activities increased by \$1.1 million, from \$44.8 million (restated) to \$45.9 million. The primary change in assets of the business-type activities was a decrease in capital assets due to depreciation expense exceeding capital additions.

Long-term liabilities decreased by \$1.2 million due to scheduled maturities of debt obligations. Net investment in capital assets increased by \$1.0 million, and unrestricted net position increased by \$1.1 million. The majority of the unrestricted net position can be used by the City to finance water and sanitary sewer operations. The City has a policy of maintaining 33% of revenue plus one year's debt service plus \$500,000 as a reserve in its water fund. The annual operating cost for this program is approximately \$6.8 million per year and interest expense on bonds is \$5 million.

Changes in Net Position

The City's combined change in net position was an increase of \$2.9 million in FY16. The City's total revenues increased by \$2.1 million, primarily driven by one time permit fees. The City's cost of all programs decreased by \$2.4 million, largely attributable to reduced capital expenses and adjustments related to pensions.

The chart on the following page compares the revenue and expenses for the current and previous fiscal year.

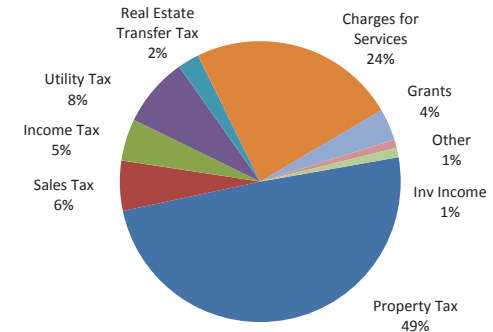
CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

Table 2						
Changes in Net Position						
For the Fiscal Year Ended April 30, 2015 and 2016						
(in millions)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
REVENUE						
Program Revenue						
Charges for Services	\$11.8	\$14.7	\$9.4	\$9.2	\$21.2	\$23.9
Grants and Contributions						
Operating	1.3	1.4			1.3	1.4
Capital	0.5	0.3			0.5	0.3
General Revenue						
Property Taxes	24.5	25.0			24.5	25.0
Other Taxes	4.6	4.3			4.6	4.3
Intergovernmental - Taxes	6.4	6.1			6.4	6.1
Interest Revenue	0.5	0.1			0.5	0.1
Other	0.1	0.0		0.1	0.1	0.1
Total Revenue	49.7	51.9	9.4	9.3	59.1	61.2
EXPENSES						
Governmental Activities						
General Government	12.6	11.7			12.6	11.7
Highways and Streets	8.8	9.2			8.8	9.2
Sanitation	2.5	2.2			2.5	2.2
Culture and Recreation	10.2	8.5			10.2	8.5
Public Safety	15.3	16.3			15.3	16.3
Interest	1.4	1.3			1.4	1.3
Business-Type Activities						
Water and Sewer			8.3	7.2	8.3	7.2
Golf			1.6	1.9	1.6	1.9
Total Expenses	50.8	49.2	9.9	9.1	60.7	58.3
Excess before Transfers	(1.1)	2.7	(0.5)	0.2	(1.6)	2.9
Transfers In (out)	(0.2)	(0.9)	0.2	0.9	0.0	0.0
Change in Net Position	(1.3)	1.8	(0.3)	1.1	(1.6)	2.9
Net Position - Beginning*	181.0	179.7	45.1	44.8	226.1	224.5
Net Position - Ending	\$179.7	\$181.5	\$44.8	\$45.9	\$224.5	\$227.4

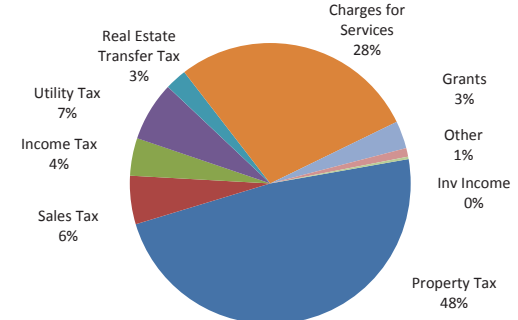
* Beginning Net Position restated. The effect of the implementation of GASB 68 on FY15 has been fully adjusted to beginning net position. If actuarial valuations were available for the year ended 4/30/15, adjustments to expense amounts may have been necessary to fully restate FY15.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

FY2015 Governmental Activities Revenue

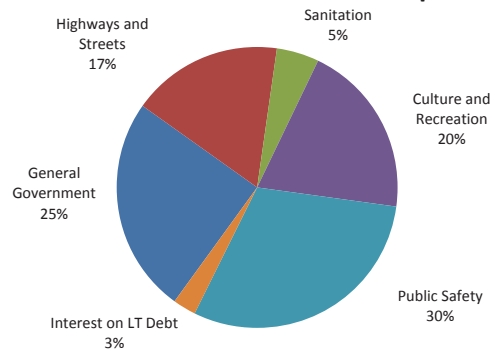


FY2016 Governmental Activities Revenue

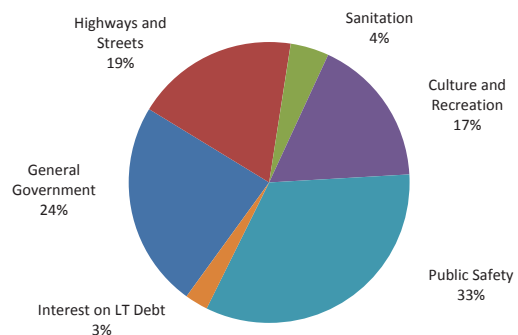


CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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FY2015 Governmental Activities Expenses



FY2016 Governmental Activities Expenses



CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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Normal Impacts

There are eight basic impacts on revenues and expenses as reflected below.

Revenues

Economic Condition can reflect a declining, stable or growing economic environment and has a substantial impact on state income, sales and utility tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

Increase/Decrease in City approved rates – while certain tax rates are set by statute, the City Council has authority to impose and periodically increase/decrease rates (water, sewer, building fees, etc.).

Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

Market Impacts on Investment income – investment income on the City's investment portfolio may fluctuate based on market conditions.

Expenses

Introduction of New Programs – within the functional expense categories (Public Safety, Highways and Streets, General Government, etc.), individual programs may be added or deleted to meet changing community needs.

Increase/Decrease in Authorized Personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent nearly 70% of the City's general fund operating costs.

Salary Increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

Governmental Activities

Revenue

For the fiscal year ended April 30, 2016, revenues from governmental activities totaled \$51.9 million, increasing \$2.2 million compared to FY15. The primary change occurred in Charges for Services, up \$2.9m largely due to permit fees related to construction of a new hospital. Property tax revenue increased \$.5 million (2.0%), other taxes declined \$.3 million primarily in utility taxes, intergovernmental revenue was down \$.3 million, and interest revenue was down \$.4 million due to investment losses in the Cemetery Fund. Property tax revenue continues to be the City's single largest revenue source, contributing \$25 million (48%) of governmental activities revenue.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

Property tax revenues combined with sales tax, the local utility tax, shared state income tax and real estate transfer tax revenues total \$35 million and represent 67% of the total governmental activities revenue.

The real estate transfer tax became effective July 5, 2006 with a 58% voter approval via referendum. The tax is imposed upon buyers of any residential or commercial real estate at a rate of \$4.00 per \$1,000 of value. The revenue is used strictly to improve the City's infrastructure.

The City's 2015 equalized assessed valuation increased 2.6% compared to the prior year and totaled \$2,307,936,059. Although the City became a home rule municipality in November 2004, the City has historically self-imposed the Illinois Property Tax Extension Limitation Laws (PTELL), otherwise known as the tax cap, to the extent possible. The increase of approximately 2.00% over FY15 in property taxes was generated as a result of the 1.50% tax cap and new construction.

Investment income decreased by \$0.4 million (\$0.5 million to \$0.1 million). The City's strategy for investing did not change, but investment losses occurred in the Cemetery Fund due to market conditions.

Expenses

For the fiscal year ended April 30, 2016, expenses for governmental activities totaled \$49.2 million, a decrease of \$1.6 million (3.1%). This decrease is due in large part to pension adjustments, as well as reduced capital expenses. Increases in personnel costs, which represent nearly 70% of the General Fund operating costs, continue to outpace revenue growth. With high demand for skilled employees in both the public and private sectors in this region, it is important that the City provide competitive compensation levels for our employees. The FY16 expenses included funding for the City's performance based employee compensation package plus a 2.5% general salary adjustment.

Reductions in General Government and Public Safety were due primarily to pension adjustments, while the reduction in Culture and Recreation was due to pension adjustments and decreased capital expenses.

Business-type Activities

Revenue

Total revenue for the business-type activities decreased by \$.1 million, due to a one-time contribution by the Army for a water main extension in FY15.

Expenses

The City's business-type activity expenses decreased by \$.8 million or 8% due primarily to a purchase of additional water membrane modules for the water treatment plant in FY15.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2016, the governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$46.0 million which is a \$10 million (28%) increase from the beginning of the year (\$36 million). This increase was largely driven by the issuance of bonds to fund capital improvements. Of the total fund balance of \$46 million, \$1.7 million is not available for continuing City services and capital projects. The unassigned fund balance for the total of all governmental funds is \$22.5 million, which is a \$5.6 million (33%) increase over the prior year.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The total Fund Balance of the General Fund increased by \$3.3 million or 16.1% from FY15 (\$20.5 million to \$23.8 million). The General Fund revenues increased by \$2.4 million (7.2%) due to permit fees for construction of a hospital. The General Fund expenditures increased by \$2.2 million (7.6%) due to personnel cost increases and a \$1.3 million increase in capital outlay. The excess of revenues over expenditures (before transfers) for FY16 of \$5.0 million was comparable to FY15 (\$4.8 million). The other financing sources (uses) decreased by \$0.2 million from \$(1.9) million to \$(1.7) million.

Property taxes increased \$.4 million, while licenses and permits increased \$2.4 million. Although the City became a home rule unit in November 2004, the City has historically self-imposed the Illinois Property Tax Extension Limitation Law (PTELL), otherwise known as the tax cap. The 2014 levy extension (FY16 revenue) allowed for a 1.5% CPI factor as well as new equalized assessed valuation growth.

General Fund expenditures increased overall due to personnel cost increases. General government increased 3.4%, highways and streets decreased 9.2% (primarily snow and ice control), sanitation increased 1.8% and public safety costs increased 4.0%. In addition, General Fund capital outlay costs increased by \$1.3 million over FY15.

Table 3 General Fund Budgetary Highlights (in millions)			
General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$20.9	\$20.9	\$20.3
Intergovernmental - Taxes	6.5	6.5	6.1
Other	9.5	9.5	9.5
Total	36.9	36.9	35.9
Expenditures and Transfers:			
Expenditures	32.2	32.2	30.9
Transfers (Net)	1.8	1.8	1.7
Total	34.0	34.0	32.6
Change in Fund Balance	\$2.9	\$2.9	\$3.3

Actual General Fund revenues were lower than the original budgeted revenues by \$1 million during FY16. The primary variances resulted from utility tax, sales tax and income tax falling short of projections. Actual General Fund expenditures were lower than the original and final budget by \$1.3 million. It is the

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
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City's policy to add 10%, which is \$3.2 million, of contingency funding to the budget appropriation. The contingency amount is only for specific uses as determined by the City Council and a portion of the contingency was used in FY16 for capital outlay. More information can be found on the schedule of revenues, expenditures and changes in fund balance – budget and actual on page 70.

The Parks and Recreation Fund accounts for the parks and recreation programs. Services include forestry and parks maintenance operations, a fitness center, dance academy, and a variety of other indoor and outdoor programs. The Fund Balance of the Parks and Recreation Fund increased by \$.25 million, from \$2.76 million to \$3.0 million. The Parks and Recreation Fund revenues and expenditures were consistent with the prior year. Total other financing sources (uses) increased by \$.2 million, contributing to a net change in fund balance of \$256,477 compared to \$11,902 for the prior year.

The Capital Improvements Fund is reported as a Major Fund for FY16 and is used to account for revenues used to fund City building and infrastructure projects. Fund balance of this fund increased by \$2.6 million to \$6.0 million due to a \$4.7 million bond issue. Compared to FY15, revenue increased by \$.4 million due to increases in grant, real estate transfer tax, and high impact traffic fee revenue. Total expenditures decreased by \$2.7 million in the capital outlay category. Transfers to this fund increased by \$.8 million compared to FY15.

CAPITAL ASSETS

Table 4						
Capital Assets at Year End - 2015 and 2016						
Net of Depreciation						
(in millions)						
	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2015	2016	2015	2016	2015	2016
Land and Improvements	\$45.3	\$46.4	\$0.5	\$0.5	\$45.8	\$46.9
Infrastructure - Land	66.7	66.7			66.7	66.7
Construction in Progress	0.6	0.0	0.9	0.0	1.5	0.0
Infrastructure	59.7	57.0			59.7	57.0
Buildings	20.8	20.2	14.4	13.4	35.2	33.6
Improvements	18.4	19.8	22.7	23.6	41.1	43.4
Machinery and Equipment	3.7	4.6	1.7	1.6	5.4	6.2
Sanitary Sewers	0.0	0.0	13.4	13.6	13.4	13.6
Total	\$215.2	\$214.7	\$53.6	\$52.7	\$268.8	\$267.4

At the end of FY16, the City had a combined total of \$267.4 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$1.4 million. The net decrease is attributable to a \$.5 million decrease in governmental activities and a \$.9 million decrease in the business-type activities.

The \$.5 million decrease in the governmental activities was due to \$.6 million of depreciation offset by \$.62 million of capital asset additions, as well as deletions of \$.7 million. The \$.9 million decrease in business-type activities was due to \$.28 million of depreciation offset by \$.29 million in asset additions, as well as deletions of \$1.0 million.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016

The following reconciliation summarizes the changes in Capital Assets which are presented in detail on pages 54-56 of the Notes.

Table 5			
Change in Capital Assets			
(in millions)			
	Governmental	Business-Type	
	Activities	Activities	Total
Beginning Balance	\$215.2	\$53.6	\$268.8
Additions			
Depreciable	5.1	2.9	8.0
Non-Depreciable	1.1		1.1
Construction in Progress			0.0
Retirements			
Depreciable	(1.0)	(0.1)	(1.1)
Non-Depreciable			0.0
Construction in Progress	(0.6)	(1.0)	(1.6)
Depreciation	(6.0)	(2.8)	(8.8)
Retirements	0.9	0.1	1.0
Ending Balance	\$214.7	\$52.7	\$267.4

Debt Outstanding

The City had \$57.9 million of general obligation bonds outstanding at April 30, 2016. Of this amount \$36.98 million were payable from property taxes and the remainder were self-supporting. The City abates the property tax levies for these debt issues annually.

The City's per capita debt ratio for all direct and overlapping debt with other governmental units was \$6,663 and \$5,583 if self-supporting debt is excluded.

The City operated as a home rule community for FY16. The City was granted home rule status via a referendum held on November 2, 2004. Under home rule authority, the City will not have a legal debt limit. For more detailed information on long-term debt activity, see pages 59-62.

The City issued \$9.78 million in general obligation bonds in FY16.

As of April 30, 2016, the City's net pension liability is \$50.5 million, an increase of \$7.8 million over the restated balance as of April 30, 2015. Additional information regarding the net pension liability can be found in Note IV.

**CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
APRIL 30, 2016**

Economic Factors

Unemployment levels in Lake Forest are well below the levels for Lake County and the State of Illinois. For calendar year 2015, the City's annual average unemployment rate was estimated to be 4.7%, compared to 5.5% for Lake County and 5.9% for the State of Illinois.

The City maintains a Aaa bond rating from Moody's Investors Service.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Elizabeth Holleb, Finance Director, City of Lake Forest, 800 N. Field Drive, Lake Forest, IL 60045.

BASIC FINANCIAL STATEMENTS

CITY OF LAKE FOREST

STATEMENT OF NET POSITION As of April 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	Lake Forest Library
ASSETS				
Cash and cash equivalents	\$ 48,493,885	\$ 7,710,882	\$ 56,204,767	\$ 2,351,899
Investments	4,487,724	-	4,487,724	-
Receivables (net)				
Property taxes	25,526,738	-	25,526,738	3,859,683
Other taxes	343,289	-	343,289	5,141
Accounts	1,375,185	1,360,155	2,735,340	-
Loans	905,054	-	905,054	-
Other	1,370,947	3,868	1,374,815	-
Due from other governments	1,662,440	-	1,662,440	-
Internal balances	(545,075)	545,075	-	-
Inventories	429,436	74,951	504,387	-
Prepaid items	698,889	52,496	751,385	44,382
Property held for resale	380,000	-	380,000	-
Due from fiduciary funds	18,382	-	18,382	-
Capital Assets				
Capital assets not being depreciated	113,144,182	459,369	113,603,551	219,000
Capital assets being depreciated, net of accumulated depreciation	101,614,443	52,302,681	153,917,124	3,196,179
Total Assets	299,905,519	62,509,477	362,414,996	9,676,284
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	68,701	500,109	568,810	-
Deferred outflows of resources related to pensions	10,576,993	998,694	11,575,687	1,072,564
Total Deferred Outflows of Resources	10,645,694	1,498,803	12,144,497	1,072,564
LIABILITIES				
Accounts payable	2,272,967	243,742	2,516,709	68,780
Accrued liabilities	1,697,242	82,481	1,779,723	95,679
Accrued interest payable	475,710	150,471	626,181	-
Deposits	953,263	-	953,263	-
Unearned revenue	1,839,321	301,770	2,141,091	-
Noncurrent Liabilities				
Due within one year	1,911,696	1,907,000	3,818,696	5,000
Due in more than one year	92,345,953	15,403,754	107,749,707	1,720,722
Total Liabilities	101,496,152	18,089,218	119,585,370	1,890,181
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	2,020,708	13,156	2,033,864	14,003
Property taxes levied for future periods	25,526,738	-	25,526,738	3,859,683
Total Deferred Inflows of Resources	27,547,446	13,156	27,560,602	3,873,686
NET POSITION				
Net investment in capital assets	181,481,470	37,582,505	219,063,975	3,415,179
Restricted for				
Culture and recreation	3,608,444	-	3,608,444	-
Highways and streets	811,846	-	811,846	-
Public safety	547,826	-	547,826	-
Cemetery purposes	5,143,285	-	5,143,285	-
Affordable housing	702,211	-	702,211	-
Capital projects	6,491,161	-	6,491,161	-
Debt service	1,201,300	-	1,201,300	-
Unrestricted	(18,479,928)	8,323,401	(10,156,527)	1,569,802
TOTAL NET POSITION	\$ 181,507,615	\$ 45,905,906	\$ 227,413,521	\$ 4,984,981

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See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF ACTIVITIES For the Year Ended April 30, 2016

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 11,675,363	\$ 8,191,440	\$ 241,616	\$ 280,675
Highway and streets	9,230,548	990,840	630,484	-
Sanitation	2,208,326	697,435	-	-
Culture and recreation	8,463,259	3,257,796	483,620	-
Public safety	16,360,830	1,552,567	12,731	-
Interest on long-term debt	1,293,742	-	-	-
Total Governmental Activities	<u>49,232,068</u>	<u>14,690,078</u>	<u>1,368,451</u>	<u>280,675</u>
Business-type Activities				
Waterworks and Sewerage	7,239,042	7,477,558	-	-
Deerpath Golf Course	1,868,252	1,759,271	-	-
Total Business-type Activities	<u>9,107,294</u>	<u>9,236,829</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 58,339,362</u>	<u>\$ 23,926,907</u>	<u>\$ 1,368,451</u>	<u>\$ 280,675</u>
Component Unit				
Lake Forest Library	<u>\$ 3,410,169</u>	<u>\$ 103,017</u>	<u>\$ 26,400</u>	<u>\$ -</u>

General Revenues

Taxes				
Property	25,006,224	-	25,006,224	3,871,122
Home rule sales	658,551	-	658,551	-
Utility	2,195,830	-	2,195,830	-
Real estate transfer	1,288,175	-	1,288,175	-
Other	174,760	-	174,760	-
Intergovernmental				
Sales	2,230,755	-	2,230,755	-
Income	2,251,828	-	2,251,828	-
Telecommunication	1,355,661	-	1,355,661	-
Replacement	115,251	-	115,251	27,435
Other	224,220	6,033	230,253	-
Investment income	145,329	40,362	185,691	15,717
Total General Revenues	<u>35,646,584</u>	<u>46,395</u>	<u>35,692,979</u>	<u>3,914,274</u>
Transfers	<u>(924,496)</u>	<u>924,496</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers	<u>34,722,088</u>	<u>970,891</u>	<u>35,692,979</u>	<u>3,914,274</u>
Change in net position	1,829,224	1,100,426	2,929,650	633,522
NET POSITION - Beginning of Year (as restated)	<u>179,678,391</u>	<u>44,805,480</u>	<u>224,483,871</u>	<u>4,351,459</u>
NET POSITION - END OF YEAR	<u>\$ 181,507,615</u>	<u>\$ 45,905,906</u>	<u>\$ 227,413,521</u>	<u>\$ 4,984,981</u>

See accompanying notes to financial statements.

See accompanying notes to financial statements.

CITY OF LAKE FOREST

BALANCE SHEET GOVERNMENTAL FUNDS As of April 30, 2016

	General	Parks and Recreation	Capital Improvements	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 23,746,130	\$ 3,583,916	\$ 6,807,936	\$ 8,173,858	\$ 42,311,840
Investments	-	-	-	4,487,724	4,487,724
Property held for resale	-	-	-	380,000	380,000
Receivables (net)					
Property taxes	17,724,843	5,402,595	9,618	2,389,682	25,526,738
Other taxes	343,289	-	-	-	343,289
Accounts	498,560	219,904	656,721	-	1,375,185
Loans	905,054	-	-	-	905,054
Other	65,890	-	-	209,114	275,004
Due from other governments	1,612,648	5,698	-	44,094	1,662,440
Advances to other funds	166,819	-	-	-	166,819
Due from other funds	-	9,642	-	-	9,642
Due from fiduciary funds	-	-	-	18,382	18,382
Inventories	118,730	-	-	-	118,730
Prepaid items	81,821	-	-	28,539	110,160
TOTAL ASSETS	\$ 45,263,584	\$ 9,221,755	\$ 7,474,275	\$ 15,731,393	\$ 77,691,007
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 605,858	\$ 260,569	\$ 938,044	\$ 70,258	\$ 1,874,729
Accrued liabilities	781,834	157,266	4,828	18,274	962,202
Deposits	919,188	75	22,000	12,000	953,263
Unearned revenue	1,449,668	378,494	8,624	-	1,836,786
Total Liabilities	3,756,548	796,404	973,496	100,532	5,626,980
Deferred Inflows of Resources					
Property taxes levied for a future period	17,724,843	5,402,595	9,618	2,389,682	25,526,738
Unavailable revenues	-	-	520,374	33,019	553,393
Total Deferred Inflows of Resources	17,724,843	5,402,595	529,992	2,422,701	26,080,131
Fund Balances					
Nonspendable	1,272,224	-	-	408,539	1,680,763
Restricted	-	3,022,756	5,970,787	11,343,568	20,337,111
Assigned	-	-	-	1,456,053	1,456,053
Unassigned	22,509,969	-	-	-	22,509,969
Total Fund Balances	23,782,193	3,022,756	5,970,787	13,208,160	45,983,896
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 45,263,584	\$ 9,221,755	\$ 7,474,275	\$ 15,731,393	\$ 77,691,007

See accompanying notes to financial statements.

CITY OF LAKE FOREST

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of April 30, 2016

Total Fund Balances - Governmental Funds	\$ 45,983,896
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. See Note III. C.	214,758,625
Less amount reported in internal service funds below.	(18,523)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	553,393
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	10,576,993
Less amount reported in internal service funds below.	(343,367)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(2,020,708)
Less amount reported in internal service funds below.	4,503
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	(43,047,261)
Compensated absences	(1,730,744)
Accrued interest	(475,710)
Unamortized debt discount	45,482
Unamortized debt premium	(165,507)
Net pension liability	(49,075,081)
Other post-employment obligation	(284,538)
Less amount reported in internal service funds below.	552,825
A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds.	68,701
The net position of the internal service funds are included in the governmental activities in the Statement of Net Position.	6,124,636
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 181,507,615

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended April 30, 2016

	General	Parks and Recreation	Capital Improvements	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes:					
Property	\$ 17,430,405	\$ 5,312,553	\$ 9,764	\$ 2,253,502	\$ 25,006,224
Other	2,885,141	-	1,360,175	72,000	4,317,316
Intergovernmental	6,145,512	32,203	-	502,478	6,680,193
Licenses and permits	5,222,568	-	-	-	5,222,568
Fines, forfeitures and penalties	254,563	-	-	5,844	260,407
Charges for services	3,074,032	2,742,899	885,529	1,804,296	8,506,756
Grants and contributions	-	232,426	364,297	459,800	1,056,523
Investment income	99,319	23,261	23,716	(30,856)	115,440
Miscellaneous	777,621	1,511	-	27	779,159
Total Revenues	<u>35,889,161</u>	<u>8,344,853</u>	<u>2,643,481</u>	<u>5,067,091</u>	<u>51,944,586</u>
EXPENDITURES					
Current					
General government	9,624,910	-	65,947	1,120,551	10,811,408
Highways and streets	2,157,463	-	-	-	2,157,463
Sanitation	2,276,433	-	-	-	2,276,433
Culture and recreation	-	7,864,490	-	486,394	8,350,884
Public safety	14,879,565	-	-	211,147	15,090,712
Capital Outlay	1,789,865	560,480	6,362,271	2,267,710	10,980,326
Debt Service					
Principal retirement	173,360	-	-	1,618,219	1,791,579
Interest and fiscal charges	-	-	-	1,293,634	1,293,634
Total Expenditures	<u>30,901,596</u>	<u>8,424,970</u>	<u>6,428,218</u>	<u>6,997,655</u>	<u>52,752,439</u>
Excess (deficiency) of revenues over expenditures	<u>4,987,565</u>	<u>(80,117)</u>	<u>(3,784,737)</u>	<u>(1,930,564)</u>	<u>(807,853)</u>
OTHER FINANCING SOURCES (USES)					
General obligation bonds issued	-	-	4,690,000	5,090,000	9,780,000
Premium on debt issued	-	-	45,960	60,424	106,384
Transfers in	-	381,021	1,618,719	846,581	2,846,321
Transfers out	(2,551,741)	(46,000)	-	(297,580)	(2,895,321)
Proceeds from capital asset sales	-	1,573	67,851	3,800	73,224
Loan proceeds	830,080	-	-	-	830,080
Total Other Financing Sources (Uses)	<u>(1,721,661)</u>	<u>336,594</u>	<u>6,422,530</u>	<u>5,703,225</u>	<u>10,740,688</u>
Net Change in Fund Balances	3,265,904	256,477	2,637,793	3,772,661	9,932,835
FUND BALANCES - Beginning of Year	<u>20,516,289</u>	<u>2,766,279</u>	<u>3,332,994</u>	<u>9,435,499</u>	<u>36,051,061</u>
FUND BALANCES - END OF YEAR	<u>\$ 23,782,193</u>	<u>\$ 3,022,756</u>	<u>\$ 5,970,787</u>	<u>\$ 13,208,160</u>	<u>\$ 45,983,896</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended April 30, 2016

Net change in fund balances - total governmental funds	\$	9,932,835
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		5,613,260
Depreciation is reported in the government-wide financial statements		(6,036,125)
Proceeds from the sales of capital assets are recorded as revenue in the governmental funds, however the gain (loss) on sale is recorded in the statement of activities		(35,711)
Less amount reported in internal service funds below		4,805
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Unavailable revenue		11,313
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		(10,610,080)
Principal repaid		1,791,579
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Debt discount		(6,571)
Debt premium		(83,312)
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		73,138
Accrued interest on debt		12,992
Amortization of deferred charge on refunding		(29,602)
Net pension liability		(7,219,018)
Deferred outflows of resources related to pensions		10,151,426
Deferred inflows of resources related to pensions		(2,020,708)
Other post-employment benefits		(55,062)
Less amount reported in internal service funds below		(104,218)
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>438,283</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	1,829,224

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of April 30, 2016

	Business-type Activities - Enterprise Funds			
	Nonmajor Enterprise Fund -		Governmental Activities - Internal Service Funds	
	Waterworks and Sewerage	Deerpath Golf Course	Totals	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 7,253,142	\$ 457,740	\$ 7,710,882	\$ 6,182,045
Receivables				
Accounts	1,354,873	5,282	1,360,155	-
Other	3,868	-	3,868	1,095,943
Inventories	-	74,951	74,951	310,706
Prepaid items	-	52,496	52,496	588,729
Total Current Assets	<u>8,611,883</u>	<u>590,469</u>	<u>9,202,352</u>	<u>8,177,423</u>
Noncurrent Assets				
Capital Assets				
Capital assets not being depreciated	363,852	95,517	459,369	-
Capital assets being depreciated	102,530,006	4,002,746	106,532,752	48,047
Less: Accumulated depreciation	<u>(51,509,765)</u>	<u>(2,720,306)</u>	<u>(54,230,071)</u>	<u>(29,524)</u>
Total Noncurrent Assets	<u>51,384,093</u>	<u>1,377,957</u>	<u>52,762,050</u>	<u>18,523</u>
Total Assets	<u>59,995,976</u>	<u>1,968,426</u>	<u>61,964,402</u>	<u>8,195,946</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	476,379	23,730	500,109	-
Deferred outflows of resources related to pensions	<u>994,296</u>	<u>4,398</u>	<u>998,694</u>	<u>343,367</u>
Total Deferred Outflows of Resources	<u>1,470,675</u>	<u>28,128</u>	<u>1,498,803</u>	<u>343,367</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of April 30, 2016

	Business-type Activities - Enterprise Funds			
	Nonmajor Enterprise Fund -		Governmental Activities - Internal Service Funds	
	Waterworks and Sewerage	Deerpath Golf Course	Totals	
LIABILITIES				
Current Liabilities				
Accounts payable	133,772	109,970	243,742	398,238
Accrued liabilities	60,109	22,372	82,481	735,040
Accrued interest payable	143,405	7,066	150,471	-
Unearned revenue	19,767	282,003	301,770	2,535
General obligation bonds	1,822,000	80,000	1,902,000	-
Compensated absences	4,981	19	5,000	-
Due to other funds	-	9,642	9,642	-
Total Current Liabilities	<u>2,184,034</u>	<u>511,072</u>	<u>2,695,106</u>	<u>1,135,813</u>
Noncurrent Liabilities				
Long-Term Debt				
General obligation debt payable	13,128,615	649,039	13,777,654	-
Compensated absences	191,078	686	191,764	61,879
Net pension liability	1,428,058	6,278	1,434,336	490,946
Other Liabilities				
Advances from other funds	166,819	-	166,819	-
Total Noncurrent Liabilities	<u>14,914,570</u>	<u>656,003</u>	<u>15,570,573</u>	<u>552,825</u>
Total Liabilities	<u>17,098,604</u>	<u>1,167,075</u>	<u>18,265,679</u>	<u>1,688,638</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>13,098</u>	<u>58</u>	<u>13,156</u>	<u>4,503</u>
Total Deferred Inflows of Resources	<u>13,098</u>	<u>58</u>	<u>13,156</u>	<u>4,503</u>
NET POSITION				
Net investment in capital assets	36,909,857	672,648	37,582,505	18,523
Unrestricted	<u>7,445,092</u>	<u>156,773</u>	<u>7,601,865</u>	<u>6,827,649</u>
TOTAL NET POSITION	<u>\$ 44,354,949</u>	<u>\$ 829,421</u>	<u>\$ 45,184,370</u>	<u>\$ 6,846,172</u>
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>721,536</u>	
Net Position of Business-type Activities reported in the government-wide statement of net position.			<u>\$ 45,905,906</u>	

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Waterworks and Sewerage	Nonmajor Enterprise Fund - Deerpath Golf Course	Totals	
OPERATING REVENUES				
Charges for services	\$ 7,316,716	\$ 1,757,036	\$ 9,073,752	\$ 8,726,073
Connection fees	153,481	-	153,481	-
Miscellaneous	7,361	2,235	9,596	-
Total Operating Revenues	<u>7,477,558</u>	<u>1,759,271</u>	<u>9,236,829</u>	<u>8,726,073</u>
OPERATING EXPENSES				
General and administrative	1,856,453	623,030	2,479,483	8,294,924
Operations and maintenance	2,254,159	1,087,518	3,341,677	-
Depreciation and amortization	2,648,444	144,117	2,792,561	4,805
Total Operating Expenses	<u>6,759,056</u>	<u>1,854,665</u>	<u>8,613,721</u>	<u>8,299,729</u>
Operating Income (Loss)	<u>718,502</u>	<u>(95,394)</u>	<u>623,108</u>	<u>426,344</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	38,186	2,176	40,362	29,889
Gain on disposal of capital assets	3,792	-	3,792	-
Interest expense	(491,794)	(17,488)	(509,282)	-
Total Nonoperating Revenues (Expenses)	<u>(449,816)</u>	<u>(15,312)</u>	<u>(465,128)</u>	<u>29,889</u>
Income (Loss) Before Contributions and Transfers	<u>268,686</u>	<u>(110,706)</u>	<u>157,980</u>	<u>456,233</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	875,496	-	875,496	-
Transfers in	<u>3,000</u>	<u>46,000</u>	<u>49,000</u>	-
Total Contributions and Transfers	<u>878,496</u>	<u>46,000</u>	<u>924,496</u>	-
Change in Net Position	<u>1,147,182</u>	<u>(64,706)</u>	<u>1,082,476</u>	<u>456,233</u>
NET POSITION - Beginning of Year (as restated)	<u>43,207,767</u>	<u>894,127</u>	<u>44,101,894</u>	<u>6,389,939</u>
NET POSITION- END OF YEAR	<u>\$ 44,354,949</u>	<u>\$ 829,421</u>	<u>45,184,370</u>	<u>\$ 6,846,172</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			<u>17,950</u>	
Change in Net Position of Business-type Activities reported in the government-wide statement of activities.			<u>\$ 1,100,426</u>	

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Waterworks and Sewerage	Nonmajor Enterprise Fund - Deerpath Golf Course	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 7,311,726	\$ 1,630,620	\$ 8,942,346	\$ -
Received from interfund charges	-	-	-	8,603,785
Paid to suppliers for goods and services	(2,353,518)	(1,173,950)	(3,527,468)	(7,763,823)
Paid to employees	(2,178,155)	(613,176)	(2,791,331)	(780,558)
Net Cash Flows From Operating Activities	<u>2,780,053</u>	<u>(156,506)</u>	<u>2,623,547</u>	<u>59,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>41,978</u>	<u>2,176</u>	<u>44,154</u>	<u>29,889</u>
Net Cash Flows From Investing Activities	<u>41,978</u>	<u>2,176</u>	<u>44,154</u>	<u>29,889</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	<u>(163,821)</u>	<u>55,642</u>	<u>(108,179)</u>	-
Net Cash Flows From Noncapital Financing Activities	<u>(163,821)</u>	<u>55,642</u>	<u>(108,179)</u>	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid	(1,795,000)	(82,000)	(1,877,000)	-
Interest paid	(412,080)	(13,432)	(425,512)	-
Acquisition and construction of capital assets	<u>(1,015,388)</u>	<u>(86,412)</u>	<u>(1,101,800)</u>	-
Net Cash Flows From Capital and Related Financing Activities	<u>(3,222,468)</u>	<u>(181,844)</u>	<u>(3,404,312)</u>	-
Net Change in Cash and Cash Equivalents	<u>(564,258)</u>	<u>(280,532)</u>	<u>(844,790)</u>	<u>89,293</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,817,400</u>	<u>738,272</u>	<u>8,555,672</u>	<u>6,092,752</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,253,142</u>	<u>\$ 457,740</u>	<u>\$ 7,710,882</u>	<u>\$ 6,182,045</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2016

	Business-type Activities - Enterprise Funds			
	Nonmajor Enterprise Fund -			Governmental
	Waterworks and Sewerage	Deerpath Golf Course	Totals	Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 718,502	\$ (95,394)	\$ 623,108	\$ 426,344
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	2,648,444	144,117	2,792,561	4,805
Changes in assets and liabilities				
Accounts receivable	(168,616)	795	(167,821)	(124,823)
Inventories	-	8,375	8,375	(238,405)
Prepaid items	355	(41,863)	(41,508)	34,830
Deferred outflows related to pensions	(934,244)	494	(933,750)	(321,562)
Accounts payable	(99,714)	(52,944)	(152,658)	39,719
Accrued salaries	(15,833)	6,641	(9,192)	18,617
Net pension liability	612,879	2,695	615,574	210,699
Deferred inflows related to pensions	13,098	58	13,156	4,503
Unearned revenue	2,784	(129,446)	(126,662)	2,535
Compensated absences	2,398	(34)	2,364	2,142
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,780,053</u>	<u>\$ (156,506)</u>	<u>\$ 2,623,547</u>	<u>\$ 59,404</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets contributed by Governmental Activities	<u>\$ 875,496</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of April 30, 2016

	Private Purpose Trust	Pension Trusts	Agency Fund
ASSETS			
Cash	\$ -	\$ 12,389	\$ 60,174
Money markets	9,468	1,220,413	-
Investments			
U.S. treasury obligations	-	12,367,304	-
U.S. government agencies	-	3,835,773	-
Municipal/corporate bonds	-	7,234,830	-
Common stock	486,352	1,196,746	-
Equity mutual funds	-	31,531,371	-
Real estate investment fund	-	1,731,650	-
Other	344	161,476	-
Prepaid items	-	22,253	-
Total Assets	<u>496,164</u>	<u>59,314,205</u>	<u>60,174</u>
LIABILITIES			
Accounts payable	\$ 2,684	\$ 12,968	\$ -
Due to primary government	18,382	-	-
Due to special assessment districts	-	-	60,174
Total Liabilities	<u>21,066</u>	<u>12,968</u>	<u>60,174</u>
NET POSITION			
Restricted for pension benefits	\$ -	\$ 59,301,237	\$ -
Restricted for other purposes	475,098	-	-
TOTAL NET POSITION	<u>\$ 475,098</u>	<u>\$ 59,301,237</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended April 30, 2016

	Private Purpose Trust	Pension Trusts
ADDITIONS		
Contributions		
Employer	\$ -	\$ 3,022,855
Employee	-	671,162
Miscellaneous	-	3,311
Total Contributions	-	3,697,328
Investment income		
Interest	10,160	1,264,396
Net appreciation (depreciation) in fair value of investments	(26,198)	(1,478,589)
Total Investment Income	(16,038)	(214,193)
Less Investment expense	-	204,338
Net Investment Income	(16,038)	(418,531)
Total Additions	(16,038)	3,278,797
DEDUCTIONS		
Pension benefits and refunds	-	4,251,635
Other administrative expenses	30,427	9,670
Total Deductions	30,427	4,261,305
Change in Net Position	(46,465)	(982,508)
NET POSITION - Beginning of Year	521,563	60,283,745
NET POSITION - END OF YEAR	<u>\$ 475,098</u>	<u>\$ 59,301,237</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST

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As of and for the Year Ended April 30, 2016

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See accompanying notes to financial statements.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lake Forest, Illinois (the City) was incorporated in 1861 under a charter granted by the Illinois State Legislature that was amended in 1869. The City is a home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The City provides the following services as authorized by its charter: public safety (police and fire protection), water and sewer, recreation, refuse collection, a senior center, public library, a cemetery, and a golf course.

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

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City 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 primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. REPORTING ENTITY (cont.)

The Police Pension Employees Retirement System (PPERS) is established for the City'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 City's Mayor with the approval of the City Council, one pension beneficiary elected by the beneficiaries, and two police employees elected by the active police constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

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

Discretely Presented Component Unit

Lake Forest Library

The government-wide financial statements include the Lake Forest Library (Library) as a component unit. The Library is a legally separate organization governed by a seven-member Board of Trustees. The board of the Library is appointed by the Mayor of the City. The Library is financially accountable to the City as the City's approval is needed for the Library to issue bonded debt. Complete financial statements of the Library are available at the City's Administrative Office, 800 North Field Drive, Lake Forest, Illinois 60045. The Library follows the same accounting policies as the City.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented May 1, 2015.

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 except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City 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 City 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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

Parks and Recreation Fund - used to account for the maintenance of parks and recreation programs. Services include a fitness center, dance academy, and a variety of other indoor and outdoor programs. Principal revenue sources for this fund include a dedicated tax levy, grants, contributions, and program fees.

Capital Improvements Fund - used to account for revenues to be used to fund City building and infrastructure projects.

The City reports the following major enterprise fund:

Waterworks and Sewerage Fund - accounts for operations of the waterworks and sewerage system for the residents of the City.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental and enterprise funds:

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

Asset Forfeiture
Foreign Fire Insurance Tax
Emergency Telephone
Parks and Public Land
Motor Fuel Tax
General Cemetery
Senior Resources
Housing Trust

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

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

Route 60 Bridge Improvements
Route 60 Intersection Improvements
Laurel/Western Redevelopment TIF

Enterprise Fund - used to account for and report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Deerpath Golf Course

In addition, the City reports the following fund types:

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

Fleet
Self Insurance
Liability Insurance

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements (cont.)

Private-Purpose Trust Fund - used to account for monies provided by private donations on which the investment earnings are expected to be used for the maintenance of each individual's cemetery plot.

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

Firefighters' Pension
Police Pension

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

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

Government-Wide Financial Statements

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

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 City considers revenues, except for property taxes and income taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year. Revenues for income taxes are considered to be available if they are collected within 120 days of the end of the current fiscal year. 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.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City 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, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as 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 fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks and Sewerage Fund and the Deerpath Golf Course Fund are charges to customers for sales and services. 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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

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.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

The City and Library are authorized to invest in the following types of securities under Illinois law and the City's investment policy:

- ! Bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America;
- ! Bonds, notes, debentures, or other similar obligations of U.S. Government or its agencies;
- ! Interest bearing bonds of any county, township, city, incorporated town, municipal corporation, or school district, and the bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank, provided the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of both states and their political subdivisions;
- ! Interest bearing savings accounts, interest bearing certificates of deposit, interest bearing deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et. seq.), provided, however, that such investments may be made in only banks which are insured by the Federal Deposit Insurance Corporation;
- ! Commercial Paper - issuer must be a United States corporation with more than \$500 million in assets, rating must be within the highest tier (e.g. A-1, P-1, F-1, D-1, or higher) by two standard rating services, must mature within 180 days of purchase, such purchases cannot exceed 10% of the corporation's outstanding obligations, and such purchases cannot exceed one-third of funds;
- ! Money Market Mutual Funds - registered under the Investment Company Act of 1940 (15 U.S.C.A. § 80a-1 et. seq.), provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other securities which are guaranteed by the full faith and credit of the federal government as to principal and interest;

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- ! Short term discount obligations of the Federal National Mortgage Association (established by or under the National Housing Act (1201 U.S.C. 1701 et. seq.)), or in shares or other forms of securities legally issuable by savings banks or savings and loans associations incorporated under the laws of Illinois or any other state or under the laws of the United States, provided, however, that the shares or investment certificates of such savings banks or savings and loans associations are insured by the Federal Deposit Insurance Corporation;
- ! Dividend-bearing share accounts, share certificate accounts, or class of share accounts of a credit union chartered under the law of the State of Illinois or the laws of the United States; provided, however, the principal office of the credit unions must be located within the State of Illinois; and, provided further, that such investments may be made only in those credit union accounts of which are insured by applicable law;
- ! The Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act (15 ILCS 505/17) or in a fund managed, operated, and administered by a bank subsidiary of a bank, or subsidiary of a bank holding company, or use the services of such an entity to hold and invest or advise regarding the investment of any public funds; and
- ! Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C.A § 780-5) subject to the provisions of that Act and the regulations issued there under, provided, however, that such government securities, unless registered or inscribed in the name of the City, shall be purchased through banks or trust companies authorized to do business in the State of Illinois; and such other repurchase agreements as are authorized in subsection (h) of Section 2 of the Public Funds Investment Act (30 ILCS 235/2). Repurchase agreements may be executed only with approved financial institutions or broker/dealers meeting the City's established standards, which shall include mutual execution of a Master Repurchase Agreement adopted by the City.

The Lake Forest Cemetery Investment Fund is also permitted to invest in the following instruments:

- ! Common and preferred stock authorized for investments of trust funds under the laws of the State of Illinois limited to 60% of the fund's investments.

In addition, Pension Funds are also permitted to invest in the following instruments:

- ! Common and preferred stock authorized for investments of trust funds under the laws of the State of Illinois limited to 35% of the fund's investments;
- ! General accounts of Illinois-licensed life insurance companies;

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

- ! Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate limited to 10% of the fund's investments;
- ! Bonds issued by any county, city, township, village, incorporated town, municipal corporation, or school district in Illinois; and
- ! Tax anticipation warrants issued by any city, township, village, incorporated town, or fire protection district in Illinois.

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

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

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	35%	1.50%
Domestic Equities	36%	6.00%
International Equities	18%	6.30%
Real Estate	10%	5.40%
Cash	1%	0.30%

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The long-term expected rate of return on the Police Pension Fund's investments was determined using a building-block method 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 of 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'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
Ultra-Short Fixed Income	2.6%	1.0%
US Fixed Income	39.5%	2.7%
High Yield	2.4%	6.5%
US Large Cap Growth Equity	16.8%	8.0%
US Large Cap Value Equity	13.4%	7.7%
US Mid Cap Value Equity	2.8%	9.0%
US Mid Cap Value Equity	11.7%	8.3%
US Small Cap Value Equity	1.3%	9.1%
Europe Equity	5.9%	7.5%
Japan Equity	1.9%	7.4%
Equity Return Assets	1.7%	4.7%

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

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using a building-block method 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 of 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.

See Note III. A. for further information.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables

Tax bills for levy year 2015 are prepared by Lake County and issued in May 2016 and are payable in two installments, on or about June 1, 2016 and September 1, 2016 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2015 property tax levy is recognized as a receivable and deferral in fiscal 2016, net the 1.5% allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2016, the property taxes receivable and property taxes levied for future periods consisted of the estimated amount collectible from the 2015 levy.

Property taxes for levy year 2016 attaches as an enforceable lien on January 1, 2016, 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). The 2016 tax levy, which attached as an enforceable lien on the property as of January 1, 2016, has not been recorded as a receivable as of April 30, 2016, as the tax has not yet been levied by the City and will not be levied until December 2016, and therefore, the levy is not measurable at April 30, 2016.

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

3. Inventories and Prepaid Items

Governmental fund inventories are recorded at cost. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one 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 fair value at the date of donation.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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:

Public domain infrastructure	20 - 60 Years
Buildings	30 - 50 Years
Improvements other than buildings	40 - 80 Years
Vehicles, machinery, equipment, and software	3 - 20 Years
Water mains	40 Years
Sanitary sewers	50 Years

Fund Financial Statements

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

5. Deferred Outflows of Resources

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

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

6. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

7. Long-Term Obligations

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

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

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

8. Deferred Inflows of Resources

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications

Government-Wide Statements

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

- 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.
- 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.
- 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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- 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.
- 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.
- 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 (resolution) of the City Council. 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 City Council that originally created the commitment.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications (cont.)

Fund Statements (cont.)

- 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. Intent is expressed by: a) The City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. Annually, the City Council approves the fiscal policy which delegates this authority to the City's Finance Director. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Assignments may take place after the end of the reporting period.
- 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.

In the General Fund, it is the City's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed, and then assigned fund balances. Unassigned amounts are only used after the other resources have been used. In other governmental funds (special revenue, capital projects, and debt service fund types), it is the City's policy to consider restricted resources to have been spent last. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City first uses any assigned amounts, followed by committed and then restricted amounts.

See Note III. F. for further information.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The budget amounts represent the operating budget for the City and the appropriations represent the City's legal expenditure limit. The City Council follows these procedures in establishing the budgetary and appropriations data reflected in the financial statements:

- (1) The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and estimated revenues.
- (2) Public budget and appropriations meetings are conducted by the City to obtain taxpayer comments.
- (3) The budget and the appropriation ordinance, which is 10% higher than the budget, are both legally enacted through action of the City Council. Once enacted, the budget cannot be amended without approval from the City Council. Funds may have expenditures in excess of budgeted amounts, but legally may not have expenditures in excess of appropriations.
- (4) The legal level of budgetary control is the fund level. Management may make transfers of appropriations within a fund. Any expenditures that exceed the total appropriations at the fund level must be approved by the City Council.
- (5) Formal budgetary integration and legally adopted budgets are employed as a management control device during the year for the General and Special Revenue Funds, through an internal reporting system. Such budgetary integration permits the City's department managers to monitor actual revenues and expenditures relative to budgets on an ongoing basis throughout the year. Formal encumbrance accounting is not used, and appropriations not used by the end of the fiscal year lapse.
- (6) Governmental fund budgets are adopted for all funds and are on a basis consistent with generally accepted accounting principles (GAAP). All proprietary funds have budgets and are generally in accordance with GAAP except that principal retirement is budgeted and depreciation expense is not budgeted. Additionally, the Pension Trust Funds adopted budgets which are generally in accordance with GAAP.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 48,015,921	\$ 48,775,387	Custodial Credit Risk - Deposits
U.S. government agencies - explicitly guaranteed	3,828,718	3,828,718	Custodial Credit Risk - Investments, Interest Rate Risk
U.S. government agencies - implicitly guaranteed	292,928	292,928	Credit Risk, Custodial Credit Risk - Investments, Concentration of Credit Risk, Interest Rate Risk
Mutual funds - other than bonds	32,484,634	32,484,634	N/A
U.S. treasury obligations	13,380,917	13,380,917	Custodial Credit Risk - Investments, Interest Rate Risk
Real estate investment fund	1,731,650	1,731,650	Custodial Credit Risk - Investments
Corporate bonds	6,896,931	6,896,931	Credit Risk, Custodial Credit Risk - Investments, Concentration of Credit Risk, Interest Rate Risk, Foreign Currency Risk
Municipal bonds	337,899	337,899	Credit Risk, Custodial Credit Risk - Investments, Concentration of Credit Risk, Interest Rate Risk
Illinois funds	10,716,028	10,716,028	Credit Risk
Equity securities	4,395,501	4,395,501	Custodial Credit Risk - Investments, Foreign Currency Risk
Mutual funds - bond funds	639,108	639,108	Credit Risk, Interest Rate Risk, Foreign Currency Risk
Petty cash	10,625	-	N/A
Total Deposits and Investments	<u>\$122,730,860</u>	<u>\$123,479,701</u>	

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements

Per statement of net position	
Cash and cash equivalents - primary government	\$ 56,204,767
Investments - primary government	4,487,724
Cash and cash equivalents - Lake Forest Library	2,351,899
Per statement of net position - fiduciary funds	
Private Purpose Trust - money markets	9,468
Private Purpose Trust - common stock	486,352
Agency Fund - cash	60,174
Pension Trusts - cash	12,389
Pension Trusts - money markets	1,220,413
Pension Trusts - U.S. treasury obligations	12,367,304
Pension Trusts - U.S. government agencies	3,835,773
Pension Trusts - Municipal/corporate bonds	7,234,830
Pension Trusts - common stock	1,196,746
Pension Trusts - equity mutual funds	31,531,371
Pension Trusts - real estate investment fund	<u>1,731,650</u>
Total Deposits and Investments	<u>\$122,730,860</u>

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.

Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. The City's investment policy requires that deposits that exceed the amount insured by FDIC, NCUA, and/or SPIC insurance be collateralize at the rate of 110% of such deposits, by U.S. Government Securities, obligations of Federal instrumentalities, obligations of the state of Illinois, or general obligation bonds of the City. The Cemetery Investment Fund and the Pension Funds do not have a deposit policy for custodial credit risk.

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The investment policies for the City, Cemetery, and Pension Funds require investment securities be held by an authorized custodial bank pursuant to a written custodial agreement.

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. The City's investment policy limits the City's exposure to credit risk by limiting investments to the safest types as described above.

The Cemetery and Pension Funds' general investment policy is to follow the prudent person rule subject to specific restrictions of the Illinois Cemetery Care Act, the Illinois Pension Code, and the respective Cemetery and Pension Fund's asset allocation policy. Under the prudent person rule, investments shall be made with care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in similar capacity and familiar with such matters would use in the investment of a fund or like character and with like aims.

The Cemetery and Police Pension Funds' investment policy further limits the investment in any one company or issuer to 5% of the funds' total assets. The Cemetery fund also limits the investment in any one equity industry group to no more than 15% of the Fund's assets.

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

As of April 30, 2016, the City's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Illinois funds	AAA	Not Rated
U.S. government agencies - implicitly guaranteed	Not Rated, AA+	Not Rated, Aaa
Municipal bonds	Not Rated, AA+	Aa2 to Aaa
Corporate bonds	BBB- to AAA	Baa3 to Aaa
Mutual funds - bond funds	BBB	Baa

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. Although the City and Cemetery Fund's investment policy does not specifically limit the length of maturity of investments, it requires that the City and Cemetery Fund to minimize the interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term securities, money market mutual funds, or similar investment pools.

The Police Pension Fund's investment policy does not limit the length of maturity of investments since it is passively managing its fixed income exposure to the Barclays Capital Intermediate Government Index. Although the Firefighters' Pension Fund's investment policy does not specifically limit the length of maturity of investments, it manages interest rate risk by investing fixed income assets in proportion to the present value of the Fund's projected liabilities.

As of April 30, 2016, the City's investments were as follows:

Police Pension Fund

Investment Type	Fair Value	Maturity		
		Less than one year	1 - 5 years	6-10 years
U.S. treasury obligations	\$ 9,388,651	\$ 90,256	\$ 6,030,191	\$ 3,268,204
U.S. government agencies	768,784	206,800	546,303	15,681
Corporate bonds	<u>1,078,672</u>	<u>378,966</u>	<u>562,832</u>	<u>136,874</u>
Totals	<u>\$ 11,236,107</u>	<u>\$ 676,022</u>	<u>\$ 7,139,326</u>	<u>\$ 3,420,759</u>

Firefighters' Pension Fund

Investment Type	Fair Value	Maturity			
		Less than one year	1 - 5 years	6 - 10 years	More than 10 years
U.S. treasury obligation	\$ 3,992,266	\$ 1,117,606	\$ 1,350,390	\$ 1,524,270	\$ -
U.S. government agencies	3,273,789	51,330	844,061	954,129	1,424,269
Municipal bonds	337,899	75,073	163,215	99,611	-
Corporate bonds	<u>5,818,259</u>	<u>177,785</u>	<u>3,782,429</u>	<u>1,725,552</u>	<u>132,493</u>
Totals	<u>\$ 13,422,213</u>	<u>\$ 1,421,794</u>	<u>\$ 6,140,095</u>	<u>\$ 4,303,562</u>	<u>\$ 1,556,762</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

A. DEPOSITS AND INVESTMENTS (cont.)

The City also has \$79,073 invested in U.S. government agencies and \$639,108 invested in mutual funds - bond funds that have a maturity of less than one year.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. To diversify risk, the Firefighters' Pension Fund uses an equity asset allocation that incorporates a variety of management styles. The allocations are reviewed quarterly and rebalanced if necessary. To diversify risk, the Police Pension funds are well diversified across international regions.

At April 30, 2016, the City was exposed to foreign currency risk as follows:

Investment	Currency	Maturity Date	Fair Value
William Blair Funds International - General Cemetery	Various	N/A	\$ 812,045
William Blair Funds International - Cemetery Trust	Various	N/A	141,218
Vanguard Star - Fire Pension	Various	N/A	1,465,560
Franklin Mutual European Z - Fire Pension	Various	N/A	1,155,359
Dodge & Cox International Stock Fund - Police Pension	Various	N/A	2,408,098
Vanguard International Fund - Police Pension	Various	N/A	1,435,303
Foreign Stock Issues - Police Pension	Various	N/A	<u>71,206</u>
Total			<u>\$ 7,488,789</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended April 30, 2016, the annual money-weighted rate of return on the police pension plan investments, net of pension plan investment expense, was (1.44)%. 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 April 30, 2016, the annual money-weighted rate of return on the firefighters' pension plan investments, net of pension plan investment expense, was 0.26%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year, with the exception of the City's loans receivables. The City receives annual principal payments on the loans through fiscal year 2019.

C. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 45,303,412	\$ 1,100,000	\$ -	\$ 46,403,412
Infrastructure - land	66,740,770	-	-	66,740,770
Construction in progress	637,762	-	637,762	-
Total Capital Assets Not Being Depreciated	112,681,944	1,100,000	637,762	113,144,182
Capital assets being depreciated				
Infrastructure	181,891,620	26,819	-	181,918,439
Buildings	32,137,757	211,685	-	32,349,442
Improvements other than buildings	30,633,219	2,975,000	-	33,608,219
Machinery and equipment	16,152,958	1,937,518	965,559	17,124,917
Total Capital Assets Being Depreciated	260,815,554	5,151,022	965,559	265,001,017
Total Capital Assets	373,497,498	6,251,022	1,603,321	378,145,199
Less: Accumulated depreciation for				
Infrastructure	(122,156,482)	(2,784,217)	-	(124,940,699)
Buildings	(11,312,988)	(751,843)	-	(12,064,831)
Improvements other than buildings	(12,373,844)	(1,507,950)	-	(13,881,794)
Machinery and equipment	(12,436,983)	(992,115)	929,848	(12,499,250)
Total Accumulated Depreciation	(158,280,297)	(6,036,125)	929,848	(163,386,574)
Net Capital Assets Being Depreciated	102,535,257	(885,103)	35,711	101,614,443
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 215,217,201	\$ 214,897	\$ 673,473	\$ 214,758,625

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 1,864,739
Highways and streets	2,912,177
Sanitation	126,779
Culture and recreation	950,783
Public safety	181,647
Total Governmental Activities Depreciation Expense	<u>\$ 6,036,125</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 459,369	\$ -	\$ -	\$ 459,369
Construction in progress	954,586	-	954,586	-
Total Capital Assets Not Being Depreciated	1,413,955	-	954,586	459,369
Capital assets being depreciated				
Buildings	27,021,790	-	-	27,021,790
Improvements other than buildings	42,476,163	1,923,168	6,916	44,392,415
Machinery and equipment	4,750,795	135,456	104,945	4,781,306
Sanitary sewers and related property	29,461,745	875,496	-	30,337,241
Total Capital Assets Being Depreciated	103,710,493	2,934,120	111,861	106,532,752
Total Capital Assets	105,124,448	2,934,120	1,066,447	106,992,121
Less: Accumulated depreciation for				
Buildings	(12,593,257)	(1,003,570)	-	(13,596,827)
Improvements other than buildings	(19,783,787)	(1,001,665)	4,675	(20,780,777)
Machinery and equipment	(3,050,144)	(218,277)	104,945	(3,163,476)
Sanitary sewers and related property	(16,119,942)	(569,049)	-	(16,688,991)
Total Accumulated Depreciation	(51,547,130)	(2,792,561)	109,620	(54,230,071)
Net Capital Assets Being Depreciated	52,163,363	141,559	2,241	52,302,681
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 53,577,318	\$ 141,559	\$ 956,827	\$ 52,762,050

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit - Lake Forest Library				
Capital assets not being depreciated				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Art	149,000	-	-	149,000
Total Capital Assets Not Being Depreciated	219,000	-	-	219,000
Capital assets being depreciated				
Buildings	1,180,907	-	-	1,180,907
Improvements other than buildings	2,331,505	-	-	2,331,505
Machinery and equipment	3,854,882	368,439	319,744	3,903,577
Total Capital Assets Being Depreciated	7,367,294	368,439	319,744	7,415,989
Total Capital Assets	7,586,294	368,439	319,744	7,634,989
Less: Accumulated depreciation for				
Buildings	(654,166)	(23,338)	-	(677,504)
Improvements other than buildings	(1,074,456)	(162,935)	-	(1,237,391)
Machinery and equipment	(2,278,425)	(346,234)	319,744	(2,304,915)
Total Accumulated Depreciation	(4,007,047)	(532,507)	319,744	(4,219,810)
Net Capital Assets Being Depreciated	3,360,247	(164,068)	-	3,196,179
Total Component Unit Capital Assets, Net of Accumulated Depreciation	\$ 3,579,247	\$ (164,068)	\$ -	\$ 3,415,179

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
Parks and Recreation	Deerpath Golf Course	\$ 9,642
Total - Fund Financial Statements		\$ 9,642
Less: Interfund receivables created with internal service fund eliminations		(721,536)
Add: Interfund advances		166,819
Total Internal Balances - Government-Wide Statement of Net Position		\$ (545,075)

All amounts are due within one year.

The principal purpose of these interfunds is for operating transactions between funds and will be paid within the normal course of business.

Advances

The general fund advanced funds to Waterworks and Sewerage Fund resulting from past operating transactions between funds. The balance will be repaid in the next fiscal year.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Waterworks and Sewerage	\$ 166,819	\$ -
Total		\$ 166,819	

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

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

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Capital improvements	General	\$ 1,321,139	Transfer for capital outlay
Parks and recreation	General	381,021	Transfer for operations
Nonmajor government	General	846,581	Transfer for operations and debt service
Waterworks and sewerage	General	3,000	Transfer for operations
Capital improvements	Nonmajor government	297,580	Transfer for capital outlay
Deerpath golf course	Parks and recreation	46,000	Transfer for operations
Total - Fund Financial Statements		2,895,321	
Less: Government-wide eliminations		(2,846,321)	
Plus: Capital contribution from Governmental Activities to Business-type Activities		875,496	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 924,496</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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended April 30, 2016, was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation bonds	\$ 34,228,760	\$ 9,780,000	\$ 1,618,219	\$ 42,390,541	\$ 1,628,336
Notes payable	-	830,080	173,360	656,720	173,360
Premiums	82,195	106,385	23,073	165,507	-
Discount	(52,053)	-	(6,571)	(45,482)	-
Sub-totals	<u>34,258,902</u>	<u>10,716,465</u>	<u>1,808,081</u>	<u>43,167,286</u>	<u>1,801,696</u>
Other Liabilities					
Compensated absences	1,803,882	2,014,768	2,087,906	1,730,744	110,000
Other postemployment benefits	229,476	55,062	-	284,538	-
Net pension liability	41,856,063	7,219,018	-	49,075,081	-
Total Other Liabilities	<u>43,889,421</u>	<u>9,288,848</u>	<u>2,087,906</u>	<u>51,090,363</u>	<u>110,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 78,148,323</u>	<u>\$ 20,005,313</u>	<u>\$ 3,895,987</u>	<u>\$ 94,257,649</u>	<u>\$ 1,911,696</u>
Business-type Activities					
Bonds Payable					
General obligation bonds	\$ 17,398,000	\$ -	\$ 1,877,000	\$ 15,521,000	\$ 1,902,000
Premium	204,838	-	46,184	158,654	-
Sub-totals	<u>17,602,838</u>	<u>-</u>	<u>1,923,184</u>	<u>15,679,654</u>	<u>1,902,000</u>
Other Liabilities					
Compensated absences	194,400	216,326	213,962	196,764	5,000
Net pension liability	818,762	615,574	-	1,434,336	-
Total Other Liabilities	<u>1,013,162</u>	<u>831,900</u>	<u>213,962</u>	<u>1,631,100</u>	<u>5,000</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 18,616,000</u>	<u>\$ 831,900</u>	<u>\$ 2,137,146</u>	<u>\$ 17,310,754</u>	<u>\$ 1,907,000</u>
Component Unit - Lake Forest Library					
Compensated absences	\$ 191,801	\$ 170,770	\$ 212,384	\$ 150,187	\$ 5,000
Capital leases	25,538	-	25,538	-	-
Other postemployment benefits	31,114	17,657	-	48,771	-
Net pension liability	871,523	655,241	-	1,526,764	-
Total Other Liabilities	<u>1,119,976</u>	<u>843,668</u>	<u>237,922</u>	<u>1,725,722</u>	<u>5,000</u>
Total Component Unit Long-Term Liabilities	<u>\$ 1,119,976</u>	<u>\$ 843,668</u>	<u>\$ 237,922</u>	<u>\$ 1,725,722</u>	<u>\$ 5,000</u>

General Obligation Bonds

All general obligation bonds payable are backed by the full faith and credit of the City. Bonds in the governmental funds will be retired by future property tax levies accumulated by the Debt Service Fund. Business-type activities bonds are payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Bonds (cont.)

Governmental Activities

General Obligation Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2016
Special Service Area 25	5/1/2003	12/15/2022	1.95-2.95%	\$ 1,050,000	\$ 470,000
Special Service Area 26	10/7/2003	12/15/2022	2.50-3.40%	276,500	126,706
Special Service Area 29	12/20/2004	12/15/2023	2.55-3.65% 3.375-	2,000,000	1,029,835
2008 Series	4/15/2008	12/15/2027	3.875%	9,750,000	6,685,000
2009 Series	5/14/2009	12/15/2028	2.00-4.10%	3,680,000	2,855,000
2010 Series B	5/12/2010	12/15/2032	5.75%	3,000,000	3,000,000
2010 Series C	5/12/2010	12/15/2029	3.00-5.50%	5,425,000	5,125,000
2011 Series B	9/6/2011	12/15/2023	1.00-3.00%	4,470,000	3,784,000
2013 Series	9/16/2013	12/15/2032	2.00-4.00%	9,715,000	9,535,000
2015 Series	8/3/2015	12/15/2036	2.50-3.75%	9,780,000	9,780,000
Total Governmental Activities - General Obligation Bonds					<u>\$ 42,390,541</u>

Business-type Activities

General Obligation Bonds	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2016
2011 Series A	9/6/2011	12/15/2020	1.50-3.00%	\$ 1,195,000	\$ 645,000
2011 Series B	9/6/2011	12/15/2023	1.00-3.00%	20,355,000	14,876,000
Total Business-type Activities - General Obligation Bonds					<u>\$ 15,521,000</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Bonds (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Bonds		Business-type Activities General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ 1,628,336	\$ 1,639,179	\$ 1,902,000	\$ 395,398
2018	1,898,796	1,499,590	1,952,000	357,358
2019	2,044,625	1,444,238	1,987,000	308,870
2020	2,365,850	1,382,945	2,067,000	259,520
2021	2,502,502	1,312,979	2,132,000	207,196
2022-2026	12,170,432	5,292,236	5,481,000	297,975
2027-2031	11,880,000	3,135,857	-	-
2032-2036	7,550,000	682,538	-	-
2037	350,000	13,125	-	-
Totals	<u>\$ 42,390,541</u>	<u>\$ 16,402,687</u>	<u>\$ 15,521,000</u>	<u>\$ 1,826,317</u>

Notes Payable

The City entered into a long term promissory note as a part of purchasing a parking lot during the fiscal year ended April 30, 2016. The note will be repaid from the General Fund.

Notes Payable at April 30, 2016 consist of the following:

Governmental Activities		Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2016
Notes Payable						
2016 Promissory Note		5/21/2015	7/1/2017	0%	\$ 830,080	<u>\$ 656,720</u>
Total Governmental Activities Notes Payable						<u>\$ 656,720</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities Notes Payable	
	Principal	Interest
2017	\$ 173,360	\$ -
2018	483,360	-
Totals	<u>\$ 656,720</u>	<u>\$ -</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

E. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences, other post employment benefits, and net pension liability are not included in the debt service requirement schedules. Compensated absences and the IMRF net pension liability will be liquidated by the applicable governmental funds (primarily the General, Parks and Recreation, Senior Commission, and Cemetery Funds) that account for the salaries and wages for the related employees. Other post employment benefits and the Police and Firefighters' net pension liability will be liquidated by the General Fund.

F. FUND BALANCES

Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2016, include the following:

	General Fund	Parks and Recreation Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Totals
Fund Balances					
Nonspendable:					
Property held for resale	\$ -	\$ -	\$ -	\$ 380,000	\$ 380,000
Prepaid items	81,621	-	-	28,539	110,160
Inventories	118,730	-	-	-	118,730
Long-term loans receivable	905,054	-	-	-	905,054
Long-term advances	166,819	-	-	-	166,819
Restricted for:					
Culture and recreation	-	3,022,756	-	585,688	3,608,444
Highway and streets	-	-	-	802,328	802,328
Public safety - fire	-	-	-	186,448	186,448
Public safety - police	-	-	-	313,841	313,841
Cemetery perpetual care	-	-	-	5,138,786	5,138,786
Affordable housing	-	-	-	702,211	702,211
Capital projects	-	-	5,970,787	1,937,254	7,908,041
Debt service	-	-	-	1,677,012	1,677,012
Assigned to:					
Capital projects	-	-	-	1,456,053	1,456,053
Unassigned:	<u>22,509,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,509,969</u>
Total Fund Balances	<u>\$ 23,782,193</u>	<u>\$ 3,022,756</u>	<u>\$ 5,970,787</u>	<u>\$ 13,208,160</u>	<u>\$ 45,983,896</u>

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CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

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

G. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit
Net Position - April 30, 2015 (as reported)	\$223,541,715	\$ 45,559,298	\$ 5,161,912
Less: Prior year Police and Firefighters' Pension net pension asset	(2,432,828)	-	-
Less: Net pension liability - IMRF	(5,670,599)	(818,762)	(871,523)
Add: Deferred outflows related to pensions - IMRF	425,567	64,944	61,070
Less: Net pension liability - Police Pension	(24,505,140)	-	-
Less: Net pension liability - Firefighters' Pension	(11,680,324)	-	-
Net position - April 30, 2015 (as restated)	<u>\$179,678,391</u>	<u>\$ 44,805,480</u>	<u>\$ 4,351,459</u>
	Waterworks and Sewerage Fund	Nonmajor Enterprise Fund - Deerpath Golf Course Fund	Internal Service Funds
Net Position - April 30, 2015 (as reported)	\$ 43,962,894	\$ 892,818	\$ 6,648,381
Less: Net pension liability - IMRF	(815,179)	(3,583)	(280,247)
Add: Deferred outflows related to pensions - IMRF	<u>60,052</u>	<u>4,892</u>	<u>21,805</u>
Net position - April 30, 2015 (as restated)	<u>\$ 43,207,767</u>	<u>\$ 894,127</u>	<u>\$ 6,389,939</u>

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CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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 or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% 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 2% for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org.

Plan membership. At December 31, 2015, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	244
Inactive, non-retired members	181
Active members	<u>196</u>
Total	<u><u>621</u></u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. As set by statute, City employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's and Library's actuarially determined contribution rate for calendar year 2015 was 14.88% percent of annual covered payroll. The City and the Library 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, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2015 annual actuarial valuation included a 7.48% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.48%
Inflation	3.50%
Salary increases	3.75% to 14.50%, including inflation
Price inflation	2.75%

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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	38%	8.85%	7.39%
International Equities	17%	9.55%	7.59%
Fixed income	27%	3.05%	3.00%
Real estate	8%	7.20%	6.00%
Alternatives	9%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1%	2.25%	2.25%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.48%. The discount rate calculated using the December 31, 2014 measurement date was 7.49%. 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 City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability. The year ending December 31, 2086 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 the pension liability of the City calculated using the discount rate of 7.48% 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 (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City:			
Total pension liability	\$ 98,313,409	\$ 87,093,580	\$ 77,898,713
Plan fiduciary net pension	75,725,294	75,725,294	75,725,294
Net pension liability/(asset)	\$ 22,588,115	\$ 11,368,286	\$ 2,173,419
Library:			
Total pension liability	\$ 13,203,518	\$ 11,696,692	\$ 10,461,819
Plan fiduciary net pension	10,169,928	10,169,928	10,169,928
Net pension liability/(asset)	\$ 3,033,590	\$ 1,526,764	\$ 291,891
Total:			
Total pension liability	\$ 111,516,927	\$ 98,790,272	\$ 88,360,532
Plan fiduciary net pension	85,895,222	85,895,222	85,895,222
Net pension liability/(asset)	\$ 25,621,705	\$ 12,895,050	\$ 2,465,310

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
City:			
Balances at December 31, 2014	\$ 96,324,203	\$ 89,834,842	\$ 6,489,361
Service cost	1,549,831	-	1,549,831
Interest on total pension liability	7,086,670	-	7,086,670
Differences between expected and actual experience of the total pension liability	796,382	-	796,382
Change of assumptions	103,436	-	103,436
Transfer of liability	(13,798,877)	-	(13,798,877)
Benefit payments, including refunds of employee contributions	(4,968,065)	(4,968,065)	-
Contributions - employer	-	1,757,095	(1,757,095)
Contributions - employee	-	664,444	(664,444)
Net investment income	-	442,808	(442,808)
Other (net transfer)	-	(12,005,830)	12,005,830
Balances at December 31, 2015	\$ 87,093,580	\$ 75,725,294	\$ 11,368,286

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Library:			
Balances at December 31, 2014	\$ 12,936,367	\$ 12,064,844	\$ 871,523
Service cost	208,143	-	208,143
Interest on total pension liability	951,742	-	951,742
Differences between expected and actual experience of the total pension liability	106,954	-	106,954
Change of assumptions	13,891	-	13,891
Transfer of liability	(1,853,193)	-	(1,853,193)
Benefit payments, including refunds of employee contributions	(667,212)	(667,212)	-
Contributions - employer	-	235,978	(235,978)
Contributions - employee	-	89,235	(89,235)
Net investment income	-	59,469	(59,469)
Other (net transfer)	-	(1,612,386)	1,612,386
Balances at December 31, 2015	<u>\$ 11,696,692</u>	<u>\$ 10,169,928</u>	<u>\$ 1,526,764</u>
Total:			
Balances at December 31, 2014	\$ 109,260,570	\$ 101,899,686	\$ 7,360,884
Service cost	1,757,974	-	1,757,974
Interest on total pension liability	8,038,412	-	8,038,412
Differences between expected and actual experience of the total pension liability	903,336	-	903,336
Change of assumptions	117,327	-	117,327
Transfer of liability	(15,652,070)	-	(15,652,070)
Benefit payments, including refunds of employee contributions	(5,635,277)	(5,635,277)	-
Contributions - employer	-	1,993,073	(1,993,073)
Contributions - employee	-	753,679	(753,679)
Net investment income	-	502,277	(502,277)
Other (net transfer)	-	(13,618,216)	13,618,216
Balances at December 31, 2015	<u>\$ 98,790,272</u>	<u>\$ 85,895,222</u>	<u>\$ 12,895,050</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$2,515,161. The City reported deferred outflows and inflows of resources related to pension from the following sources:

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Difference between expected and actual experience	\$ 549,794	\$ 104,269
Assumption changes	1,190,708	-
Net difference between projected and actual earnings on pension plan investments	5,678,431	-
Contributions subsequent to the measurement date	<u>503,281</u>	<u>-</u>
Total	<u>\$ 7,922,214</u>	<u>\$ 104,269</u>
Library:		
Difference between expected and actual experience	\$ 73,837	\$ 14,003
Assumption changes	159,913	-
Net difference between projected and actual earnings on pension plan investments	762,615	-
Contributions subsequent to the measurement date	<u>76,199</u>	<u>-</u>
Total	<u>\$ 1,072,564</u>	<u>\$ 14,003</u>
Total:		
Difference between expected and actual experience	\$ 623,631	\$ 118,272
Assumption changes	1,350,621	-
Net difference between projected and actual earnings on pension plan investments	6,441,046	-
Contributions subsequent to the measurement date	<u>579,480</u>	<u>-</u>
Total	<u>\$ 8,994,778</u>	<u>\$ 118,272</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2016. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$8,297,026) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2016	\$ 2,680,476	\$ 359,989	\$ 3,040,465
2017	1,850,833	248,567	2,099,400
2018	1,543,493	207,292	1,750,785
2019	<u>1,239,862</u>	<u>166,514</u>	<u>1,406,376</u>
Total	<u>\$ 7,314,664</u>	<u>\$ 982,362</u>	<u>\$ 8,297,026</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 City accounts for the plan as a pension trust fund.

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

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

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

Plan membership. At April 30, 2016, the Police Pension membership consisted of:

Retirees and beneficiaries	39
Inactive, non-retired members	7
Active members	<u>40</u>
Total	<u><u>86</u></u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 48.04% of annual covered payroll.

Net Pension Liability. The net pension liability was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability 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 City'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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	2.50%
Projected salary increases	5.50%
Cost-of-living adjustments	Tier 1 - 3.00%
	Tier 2 - 1.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment and no projection and the RP-2000 Disabled Retiree Mortality table with no projection. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance in 2012.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Long-term expected real rate of return. See Note I.D.1 for police pension fund investment policy, including target allocation and long-term expected real rate of returns.

Discount rate. The discount rate used to measure the total pension liability for the Police Pension Plan was 7.00%, 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 City 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 City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 59,757,901	\$ 52,622,210	\$ 46,728,713
Plan fiduciary net position	<u>27,404,163</u>	<u>27,404,163</u>	<u>27,404,163</u>
Net pension liability	<u>\$ 32,353,738</u>	<u>\$ 25,218,047</u>	<u>\$ 19,324,550</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the fiscal year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at May 1, 2015	\$ 52,530,895	\$ 28,025,755	\$ 24,505,140
Service cost	883,178	-	883,178
Interest on total pension liability	3,657,765	-	3,657,765
Differences between expected and actual experience of the total pension liability	(2,129,040)	-	(2,129,040)
Benefit payments, including refunds of employee contributions	(2,320,588)	(2,320,588)	-
Contributions - employer	-	1,806,270	(1,806,270)
Contributions - employee	-	373,216	(373,216)
Net investment income	-	(475,655)	475,655
Administrative expenses	-	(4,835)	4,835
Balances at April 30, 2016	<u>\$ 52,622,210</u>	<u>\$ 27,404,163</u>	<u>\$ 25,218,047</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$2,361,236. The City 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	\$ -	\$ 1,774,200
Net difference between projected and actual earnings on pension plan investments	<u>1,932,141</u>	<u>-</u>
Total	<u>\$ 1,932,141</u>	<u>\$ 1,774,200</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$157,941) will be recognized in pension expense as follows:

Year Ending April 30,	Amount
2017	\$ 128,196
2018	128,195
2019	128,195
2020	128,195
2021	(354,840)
Total	<u>\$ 157,941</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 City accounts for the plan as a pension trust fund.

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

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

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

Plan membership. At April 30, 2016, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	37
Inactive, non-retired members	5
Active members	<u>31</u>
Total	<u>73</u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At April 30, 2016, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 41.59% of annual covered payroll.

Net pension liability. The net pension liability was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability 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 City'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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	2.50%
Projected salary increases	5.50%
Cost-of-living adjustments	Tier 1 - 3.00% Tier 2 - 1.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment and no projection and the RP-2000 Disabled Retiree Mortality Table with no projection. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance in 2012.

Long-term expected real rate of return. Seen Note I.D. 1 for Firefighters' Pension Fund investment policy, including target allocation and long-term expected real rate of return.

Discount rate. The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 7.00%, 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 City 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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

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 City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 51,990,610	\$ 45,820,158	\$ 40,734,986
Plan fiduciary net position	<u>31,897,074</u>	<u>31,897,074</u>	<u>31,897,074</u>
Net pension liability	<u>\$ 20,093,536</u>	<u>\$ 13,923,084</u>	<u>\$ 8,837,912</u>

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the fiscal year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at May 1, 2015	\$ 43,938,314	\$ 32,257,990	\$ 11,680,324
Service cost	926,420	-	926,420
Interest on total pension liability	3,072,945	-	3,072,945
Differences between expected and actual experience of the total pension liability	(186,474)	-	(186,474)
Benefit payments, including refunds of employee contributions	(1,931,047)	(1,931,047)	-
Contributions - employer	-	1,216,585	(1,216,585)
Contributions - employee	-	298,046	(298,046)
Net investment income	-	60,335	(60,335)
Administration	-	(4,835)	4,835
Balances at April 30, 2016	<u>\$ 45,820,158</u>	<u>\$ 31,897,074</u>	<u>\$ 13,923,084</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$1,893,408. The City 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	\$ -	\$ 155,395
Assumption changes	-	-
Net difference between projected and actual earnings on pension plan investments	<u>1,721,332</u>	<u>-</u>
Total	<u>\$ 1,721,332</u>	<u>\$ 155,395</u>

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,565,937) will be recognized in pension expense as follows:

Year Ending April 30,	Amount
2017	\$ 399,254
2018	399,254
2019	399,254
2020	399,254
2021	<u>(31,079)</u>
Total	<u>\$ 1,565,937</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash	\$ 3,284	\$ 9,105	\$ 12,389
Money markets	206,800	1,013,613	1,220,413
Investments			
U.S. treasury obligations	9,388,651	2,978,653	12,367,304
U.S. government agencies	561,984	3,273,789	3,835,773
Municipal/corporate bonds	1,078,672	6,156,158	7,234,830
Equity mutual funds	13,179,094	18,352,277	31,531,371
Real estate investment fund	1,731,650	-	1,731,650
Common stock	1,196,746	-	1,196,746
Prepays	13,084	9,169	22,253
Other	<u>54,318</u>	<u>107,158</u>	<u>161,476</u>
Total Assets	<u>27,414,283</u>	<u>31,899,922</u>	<u>59,314,205</u>
Liabilities			
Accounts payable	<u>10,120</u>	<u>2,848</u>	<u>12,968</u>
Total Liabilities	<u>10,120</u>	<u>2,848</u>	<u>12,968</u>
Net Position			
Restricted for pension benefits	<u>\$ 27,404,163</u>	<u>\$ 31,897,074</u>	<u>\$ 59,301,237</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employer	\$ 1,806,270	\$ 1,216,585	\$ 3,022,855
Employee	373,216	297,946	671,162
Miscellaneous revenues	<u>3,211</u>	<u>100</u>	<u>3,311</u>
Total Contributions	<u>2,182,697</u>	<u>1,514,631</u>	<u>3,697,328</u>
Investment Income			
Interest	488,783	775,613	1,264,396
Net appreciation (depreciation) in fair value of investments	<u>(854,895)</u>	<u>(623,694)</u>	<u>(1,478,589)</u>
Total Investment income	(366,112)	151,919	(214,193)
Less Investment expense	<u>(112,754)</u>	<u>(91,584)</u>	<u>(204,338)</u>
Net investment income	<u>(478,866)</u>	<u>60,335</u>	<u>(418,531)</u>
Total Additions	<u>1,703,831</u>	<u>1,574,966</u>	<u>3,278,797</u>
Deductions			
Pension benefits and refunds	2,320,588	1,931,047	4,251,635
Other administrative expenses	<u>4,835</u>	<u>4,835</u>	<u>9,670</u>
Total Deductions	<u>2,325,423</u>	<u>1,935,882</u>	<u>4,261,305</u>
Change in net position	(621,592)	(360,916)	(982,508)
Net position, beginning of year	<u>28,025,755</u>	<u>32,257,990</u>	<u>60,283,745</u>
Net position, end of year	<u>\$ 27,404,163</u>	<u>\$ 31,897,074</u>	<u>\$ 59,301,237</u>

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk of loss in the Liability Insurance Fund through payments to the Intergovernmental Risk Management Agency.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

IRMA

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

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. The City assumes the first \$25,000 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 City 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.

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2014-2015	\$ 148,981	\$ 379,331	\$ 383,487	\$ 144,825
2015-2016	144,825	224,277	213,438	155,664

City of Lake Forest Medical and Dental Plan

The City established the City of Lake Forest Medical and Dental Plan, a self-insurance plan providing health insurance for all employees of the City, effective January 1, 2000. Administration of the Plan is provided by Professional Benefit Administrators, Inc. (an outside agency). Liabilities are reported when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers total claims in excess of \$100,000 per participant in a plan year. Liabilities include all amounts for claims, including incremental costs that have been incurred but not reported (IBNR) and are reported in the Self Insurance Fund (internal service fund). The City has not had significant reductions in insurance coverage in any of the last three years.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Changes in the balances of claims liabilities for the years ended April 30, 2016 and 2015 are as follows:

	Beginning of Fiscal Year Liability	Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2014-2015	\$ 528,649	\$ 5,176,240	\$ 4,888,995	\$ 815,894
2015-2016	815,894	5,186,100	5,421,177	580,817

The City has also purchased insurance from private insurance companies. For insured programs, there have been no significant reductions in insurance coverage. For all programs, settlement amounts have not exceeded insurance coverage for the current or three prior years.

C. JOINT VENTURES

Solid Waste Agency of Lake County

The City of Lake Forest, the Great Lakes Naval Training Center, Lake County, and 41 other municipalities jointly operate the Solid Waste Agency of Lake County, (the Agency). The purpose of the Agency is to implement a regional approach to solid waste management which addresses the economic, political, and environmental issues in Lake County.

The Agency is governed by a Board of Directors consisting of one official elected by each member. Each director has one vote. The governing body has authority to adopt its own budget and control the financial affairs of the the Agency. The Executive Committee of the Agency consists of nine members of the Board of Directors elected by the Board. Each member is entitled to one vote on the committee. The Executive Committee may take any action not specifically reserved on the Board of Directors by the Act, the Agency agreement, or the by-laws.

The City does not have an equity interest in the Agency although there does exist a residual interest in the Agency's assets upon dissolution of the joint venture. The City has an ongoing financial responsibility for its share of the Agency's liabilities. Each participant is liable for their share of any of the Agency's contracts entered into while bound by the intergovernmental agreement until those contracts are paid off.

To obtain the Agency's financial statements, contract the Solid Waste Agency of Lake County, Illinois, at 1311 N. Estes Street, Gurnee, Illinois 60031.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

C. JOINT VENTURES (cont.)

Northern Suburban Special Recreation Association

The City is a member of the Northern Suburban Special Recreation Association (NSSRA), which was organized by ten organizations in order to provide special recreation programs to the physically and mentally handicapped within their districts and to share the expenses of such programs on a cooperative basis. Each member's 1999 contribution was determined based upon the ratio of the members' assessed valuations.

The NSSRA is governed by a Board of Directors which consists of one representative from each participating organization. Each Director has an equal vote. The representatives of NSSRA are appointed by the Board of Directors. The Board of Directors is the governing body of the NSSRA and is responsible for establishing all major policies and changes therein and for approving all budgets, capital outlay, programming, and master plans.

The City does not have an equity interest in NSSRA although there does exist a residual interest in NSSRA's assets upon dissolution of the joint venture. The City has an ongoing financial responsibility for its share of the NSSRA's liabilities. Each participant is liable for their share of any of the NSSRA contracts entered into while bound by the intergovernmental agreement until those contracts are paid off.

To obtain NSSRA's financial statements, contact Northern Suburban Special Recreation Association at 3105 MacArthur Blvd., Northbrook, Illinois 60062.

D. COMMITMENTS AND CONTINGENCIES

The City has outstanding construction contracts with contractors totaling \$178,878 at April 30, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described in Note IV. A., the City and Library (hereinafter City) provide post-employment health care benefits (OPEB) for retired employees. Hereinafter, the medical and dental plan benefits offered are referred to as the "Plan." The Plan offers several medical and dental insurance benefits options to eligible retirees and their dependents. The benefits, benefit levels, employee contributions and employer contributions are governed by the City Council and can only be amended by the City Council. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The City does not issue a Plan financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council and are detailed in the various plan benefit booklets provided to employees. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016 the City contributed \$185,185, representing current premiums.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

	City	Library
Annual required contribution	\$ 232,335	\$ 23,831
Interest on net OPEB obligation	9,179	1,245
Adjustment to annual required contribution	<u>(7,649)</u>	<u>(1,037)</u>
Annual OPEB cost	233,865	24,039
Contributions made	<u>(178,803)</u>	<u>(6,382)</u>
Increase in net OPEB obligation	55,062	17,657
Net OPEB Obligation - Beginning of Year	<u>229,476</u>	<u>31,114</u>
Net OPEB Obligation - End of Year	<u>\$ 284,538</u>	<u>\$ 48,711</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
April 30, 2014	\$ 146,631	100.30	\$ 201,037
April 30, 2015	224,739	87.30	229,476
April 30, 2016	233,865	76.46	284,538
Library:			
April 30, 2014	\$ 3,842	0.00	\$ 12,212
April 30, 2015	22,996	17.80	31,114
April 30, 2016	24,039	26.55	48,771

The funded status of the plan as of April 30, 2015, the most recent actuarial valuation date, was as follows:

	City	Library
Actuarial accrued liability (AAL)	\$ 3,786,380	\$ 272,766
Actuarial value of plan assets	<u>-</u>	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,786,380</u>	<u>\$ 272,766</u>
Funded ratio (actuarial value of plan assets/AAL)	-%	-%
Covered payroll (active plan members)	\$ 18,087,734	\$ 1,288,196
UAAL as a percentage of covered payroll	20.93%	21.17%

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

In the April 30, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5.5 percent ultimately. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets were determined using market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015 was 30 years.

F. SUBSEQUENT EVENTS

On September 23, 2016, the City sold land on Laurel Avenue for a sale price of \$12,000,000. This property will be included in the City's capital asset reductions for the fiscal year ending April 30, 2017.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

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

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

- ! Statement No. 72, *Fair Value Measurement and Application*
- ! Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- ! Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- ! Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- ! Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- ! Statement No. 77, *Tax Abatement Disclosures*
- ! Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- ! Statement No. 79, *Certain External Investment Pools and Pool Participants*
- ! Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*
- ! Statement No. 81, *Irrevocable Split-Interest Agreements*
- ! Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

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

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes			
Property	\$ 17,461,587	\$ 17,430,405	\$ (31,182)
Other taxes	3,444,211	2,885,141	(559,070)
Intergovernmental	6,540,840	6,145,512	(395,328)
Charges for services	2,757,298	3,074,032	316,734
Licenses and permits	5,732,312	5,222,568	(509,744)
Fines, forfeitures and penalties	265,000	254,563	(10,437)
Investment income	70,430	99,319	28,889
Miscellaneous	<u>655,468</u>	<u>777,621</u>	<u>122,153</u>
Total Revenues	<u>36,927,146</u>	<u>35,889,161</u>	<u>(1,037,985)</u>
EXPENDITURES			
Current			
General government	11,011,088	9,624,910	1,386,178
Highways and streets	2,539,069	2,157,463	381,606
Sanitation	2,273,888	2,276,433	(2,545)
Public safety	15,219,452	14,879,565	339,887
Capital Outlay	1,132,420	1,789,865	(657,445)
Debt Service			
Principal retirement	-	173,360	(173,360)
Contingency	<u>3,357,150</u>	<u>-</u>	<u>3,357,150</u>
Total Expenditures	<u>35,533,067</u>	<u>30,901,596</u>	<u>4,631,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,394,079</u>	<u>4,987,565</u>	<u>3,593,486</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,795,962)	(2,551,741)	(755,779)
Loan proceeds	<u>-</u>	<u>830,080</u>	<u>830,080</u>
Total Other Financing Sources (Uses)	<u>(1,795,962)</u>	<u>(1,721,661)</u>	<u>74,301</u>
Net Change in Fund Balance	<u>\$ (401,883)</u>	3,265,904	<u>\$ 3,667,787</u>
FUND BALANCE - Beginning of Year		<u>20,516,289</u>	
FUND BALANCE - END OF YEAR		<u>\$ 23,782,193</u>	

REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PARKS AND RECREATION FUND For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 5,317,253	\$ 5,312,553	\$ (4,700)
Intergovernmental	18,500	32,203	13,703
Grants and contributions	158,700	232,426	73,726
Charges for services	3,134,346	2,742,899	(391,447)
Investment income	26,891	23,261	(3,630)
Miscellaneous	<u>9,000</u>	<u>1,511</u>	<u>(7,489)</u>
Total Revenues	<u>8,664,690</u>	<u>8,344,853</u>	<u>(319,837)</u>
EXPENDITURES			
Current			
Culture and recreation	8,436,941	7,864,490	572,451
Capital Outlay	760,203	560,480	199,723
Contingency	<u>899,242</u>	<u>-</u>	<u>899,242</u>
Total Expenditures	<u>10,096,386</u>	<u>8,424,970</u>	<u>1,671,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,431,696)</u>	<u>(80,117)</u>	<u>1,351,579</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital asset sales	-	1,573	1,573
Transfers in	379,021	381,021	2,000
Transfers out	<u>(57,000)</u>	<u>(46,000)</u>	<u>11,000</u>
Total Other Financing Sources (Uses)	<u>322,021</u>	<u>336,594</u>	<u>14,573</u>
Net Change in Fund Balance	<u>\$ (1,109,675)</u>	256,477	<u>\$ 1,366,152</u>
FUND BALANCE - Beginning of Year		<u>2,766,279</u>	
FUND BALANCE - END OF YEAR		<u>\$ 3,022,756</u>	

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

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CITY OF LAKE FOREST

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Most Recent Fiscal Year

	2016		
	City	Library	Total
Total pension liability			
Service cost	\$ 1,549,831	\$ 208,143	\$ 1,757,974
Interest	7,086,670	951,742	8,038,412
Differences between expected and actual experience	796,382	106,954	903,336
Changes of assumptions	103,436	13,891	117,327
Transfer of liability	(13,798,877)	(1,853,193)	(15,652,070)
Benefit payments, including refunds of member contributions	<u>(4,968,065)</u>	<u>(667,212)</u>	<u>(5,635,277)</u>
Net change in total pension liability	<u>(9,230,623)</u>	<u>(1,239,675)</u>	<u>(10,470,298)</u>
Total pension liability - beginning	<u>96,324,203</u>	<u>12,936,367</u>	<u>109,260,570</u>
Total pension liability - ending (a)	<u>\$ 87,093,580</u>	<u>\$ 11,696,692</u>	<u>\$ 98,790,272</u>
Plan fiduciary net position			
Employer contributions	\$ 1,757,095	\$ 235,978	\$ 1,993,073
Employee contributions	664,444	89,235	753,679
Net investment income	442,808	59,469	502,277
Benefit payments, including refunds of member contributions	<u>(4,968,065)</u>	<u>(667,212)</u>	<u>(5,635,277)</u>
Other (net transfer)	<u>(12,005,830)</u>	<u>(1,612,386)</u>	<u>(13,618,216)</u>
Net change in plan fiduciary net position	<u>(14,109,548)</u>	<u>(1,894,916)</u>	<u>(16,004,464)</u>
Plan fiduciary net position - beginning	<u>89,834,842</u>	<u>12,064,844</u>	<u>101,899,686</u>
Plan fiduciary net position - ending (b)	<u>\$ 75,725,294</u>	<u>\$ 10,169,928</u>	<u>\$ 85,895,222</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 11,368,286</u>	<u>\$ 1,526,764</u>	<u>\$ 12,895,050</u>
Plan fiduciary net position as a percentage of the total pension liability			86.95%
Covered-employee payroll			\$ 13,391,112
Employer's net pension liability as a percentage of covered-employee payroll			96.30%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

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

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CITY OF LAKE FOREST

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Most Recent Fiscal Year

	2016		
	City	Library	Total
Actuarially determined contribution	\$ 1,741,632	\$ 233,902	\$ 1,975,534
Contributions in relation to the actuarially determined contribution	(1,757,095)	(235,978)	(1,993,073)
Contribution deficiency (excess)	\$ (15,463)	\$ (2,076)	\$ (17,539)
Covered-employee payroll			\$ 13,391,112
Contributions as a percentage of covered-employee payroll			14.88%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 of the year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
	RP-2000
Mortality	CHBCA

Other information:

There were no benefit changes during the year.

CITY OF LAKE FOREST

POLICE PENSION FUND SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Last Two Fiscal Years

	2015	2016
Total pension liability		
Service cost	\$ 845,979	\$ 883,178
Interest	3,219,893	3,657,765
Differences between expected and actual experience	2,713	(2,129,040)
Changes of assumptions	3,568,719	-
Benefit payments, including refunds of member contributions	(2,193,705)	(2,320,588)
Other	(16,057)	-
Net change in total pension liability	5,427,542	91,315
Total pension liability - beginning	47,103,353	52,530,895
Total pension liability - ending (a)	<u>\$ 52,530,895</u>	<u>\$ 52,622,210</u>
Plan fiduciary net position		
Employer contributions	\$ 1,706,203	\$ 1,806,270
Employee contributions	360,156	373,216
Net investment income	1,669,508	(475,655)
Benefit payments, including refunds of member contributions	(2,193,705)	(2,320,588)
Administrative expenses	(4,150)	(4,835)
Net change in plan fiduciary net position	1,538,012	(621,592)
Plan fiduciary net position - beginning	26,487,743	28,025,755
Plan fiduciary net position - ending (b)	<u>\$ 28,025,755</u>	<u>\$ 27,404,163</u>
City's net pension liability - ending (a) - (b)	<u>\$ 24,505,140</u>	<u>\$ 25,218,047</u>
Plan fiduciary net position as a percentage of the total pension liability	53.35%	52.08%
Covered-employee payroll	\$ 3,590,934	\$ 3,759,611
City's net pension liability as a percentage of covered-employee payroll	682.42%	670.76%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2015, the mortality, disability, turnover and retirement assumptions were revised to reflect the most recent study conducted by the Illinois Department of Insurance.

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

CITY OF LAKE FOREST

POLICE PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last Ten Fiscal Years

	2007	2008	2009	2010
Actuarially determined contribution	\$ 861,380	\$ 917,388	\$ 1,025,521	\$ 1,128,050
Contributions in relation to the actuarially determined contribution	868,271	928,718	1,038,121	1,128,592
Contribution deficiency (excess)	<u>\$ (6,891)</u>	<u>\$ (11,330)</u>	<u>\$ (12,600)</u>	<u>\$ (542)</u>
Covered-employee payroll	\$ 3,041,336	\$ 3,162,441	\$ 3,162,441	\$ 3,283,760
Contributions as a percentage of covered-employee payroll	28.55%	29.37%	32.83%	34.37%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of May 1, 2014 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	Market value
Salary increases	5.50%
Investment rate of return	
	7.00%, net of pension plan investment expense
Retirement age	50-62
Mortality	Mortality rates were based on the RP-2000 Mortality Table

2011	2012	2013	2014	2015	2016
\$ 1,405,652	\$ 1,372,431	\$ 1,375,906	\$ 1,384,307	\$ 1,508,450	\$ 1,810,315
1,412,730	1,515,074	1,502,075	1,563,964	1,706,203	1,806,270
<u>\$ (7,078)</u>	<u>\$ (142,643)</u>	<u>\$ (126,169)</u>	<u>\$ (179,657)</u>	<u>\$ (197,753)</u>	<u>\$ 4,045</u>
\$ 3,322,493	\$ 3,359,679	\$ 3,170,518	\$ 3,518,797	\$ 3,590,934	\$ 3,759,611
42.52%	45.10%	47.38%	44.45%	47.51%	48.04%

CITY OF LAKE FOREST

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	6.79%	-1.44%

Notes to Schedule:

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

CITY OF LAKE FOREST

FIREFIGHTERS' PENSION FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Two Fiscal Years

	<u>2015</u>	<u>2016</u>
Total pension liability		
Service cost	\$ 912,154	\$ 926,420
Interest	2,754,242	3,072,945
Differences between expected and actual experience	(213,530)	(186,474)
Changes of assumptions	2,024,054	-
Benefit payments, including refunds of member contributions	<u>(1,769,849)</u>	<u>(1,931,047)</u>
Net change in total pension liability	3,707,071	1,881,844
Total pension liability - beginning	<u>40,231,243</u>	<u>43,938,314</u>
Total pension liability - ending (a)	<u>\$ 43,938,314</u>	<u>\$ 45,820,158</u>
Plan fiduciary net position		
Employer contributions	\$ 1,168,287	\$ 1,216,585
Employee contributions	296,676	297,946
Net investment income	1,871,817	60,335
Miscellaneous revenue	-	100
Benefit payments, including refunds of member contributions	(1,769,849)	(1,931,047)
Administrative expenses	<u>(4,150)</u>	<u>(4,835)</u>
Net change in plan fiduciary net position	1,562,781	(360,916)
Plan fiduciary net position - beginning	<u>30,695,209</u>	<u>32,257,990</u>
Plan fiduciary net position - ending (b)	<u>\$ 32,257,990</u>	<u>\$ 31,897,074</u>
City's net pension liability - ending (a) - (b)	<u>\$ 11,680,324</u>	<u>\$ 13,923,084</u>
Plan fiduciary net position as a percentage of the total pension liability	73.42%	69.61%
Covered-employee payroll	\$ 3,111,216	\$ 2,924,893
City's net pension liability as a percentage of covered-employee payroll	375.43%	476.02%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2015, the mortality, disability, turnover and retirement assumptions were revised to reflect the most recent study conducted by the Illinois Department of Insurance.

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

CITY OF LAKE FOREST

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

	2007	2008	2009	2010
Actuarially determined contribution	\$ 536,870	\$ 608,241	\$ 662,323	\$ 761,978
Contributions in relation to the actuarially determined contribution	<u>554,050</u>	<u>610,671</u>	<u>701,472</u>	<u>810,129</u>
Contribution deficiency (excess)	<u>\$ (17,180)</u>	<u>\$ (2,430)</u>	<u>\$ (39,149)</u>	<u>\$ (48,151)</u>
Covered-employee payroll	\$ 2,626,922	\$ 2,855,889	\$ 2,855,889	\$ 2,926,591
Contributions as a percentage of covered-employee payroll	21.09%	21.38%	24.56%	27.68%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of May 1, 2014 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Salary increases	5.50%
Investment rate of return	6.75%, net of pension plan investment expense
Retirement age	50-62
Mortality	Mortality rates were based on the RP-2000 Mortality Table

2011	2012	2013	2014	2015	2016
\$ 954,946	\$ 862,452	\$ 894,551	\$ 894,384	\$ 950,325	\$ 1,217,702
<u>960,850</u>	<u>983,298</u>	<u>1,026,345</u>	<u>1,090,695</u>	<u>1,168,287</u>	<u>1,216,585</u>
<u>\$ (5,904)</u>	<u>\$ (120,846)</u>	<u>\$ (131,794)</u>	<u>\$ (196,311)</u>	<u>\$ (217,962)</u>	<u>\$ 1,117</u>
\$ 2,644,320	\$ 2,941,767	\$ 3,049,732	\$ 3,004,889	\$ 3,111,216	\$ 2,924,893
36.34%	33.43%	33.65%	36.30%	37.55%	41.59%

CITY OF LAKE FOREST

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

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	6.48%	0.26%

Notes to Schedule:

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

CITY OF LAKE FOREST

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
For the Year Ended April 30, 2016

Schedule of Annual Required Contributions - City

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
04/30/16	\$ 232,335	77.0 %
04/30/15	223,399	87.9 %
04/30/14	145,288	101.2 %
04/30/13	94,954	66.9 %
04/30/12	94,954	71.2 %
04/30/11	89,201	- %

Schedule of Annual Required Contributions - Library

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
04/30/16	\$ 23,831	26.8 %
04/30/15	22,915	17.8 %
04/30/14	3,786	0.0 %
04/30/13	2,727	0.0 %
04/30/12	2,727	0.0 %
04/30/11	2,743	0.0 %

Schedule of Funding Progress - City

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
04/30/15	\$ -	\$ 3,786,380	\$ 3,786,380	0%	\$ 18,087,734	20.93%
04/30/13	-	2,363,491	2,363,491	0%	16,930,261	13.96%
04/30/11	-	1,495,528	1,495,528	0%	19,037,921	7.86%

Schedule of Funding Progress - Library

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
04/30/15	\$ -	\$ 272,766	\$ 272,766	0%	\$ 1,288,196	21.17%
04/30/13	-	34,113	34,113	0%	1,306,979	2.61%
04/30/11	-	22,590	22,590	0%	1,246,633	1.81%

CITY OF LAKE FOREST

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended April 30, 2016

BUDGETARY INFORMATION

Budgets for the General and major special revenue fund are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP).

SUPPLEMENTARY INFORMATION

See independent auditors' report.

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Nonmajor Special Revenue Funds

Asset Forfeiture Fund – This fund accounts for revenues received from drug arrests (convicted property). Used solely for drug prevention programs administered by the Lake Forest Police Department.

Foreign Fire Insurance Tax Fund – This fund accounts for revenues received from the 2% tax on fire insurance companies. Administered by members of the Fire Department to benefit the Fire Department.

Emergency Telephone Fund – This fund accounts for the operations and maintenance of the emergency 911 telephone system. Financing is provided by a specific monthly surcharge on customer telephone bills.

Parks and Public Land Fund – This fund accounts for the revenues received from grants, contributions and the collection of open space fees. Such revenues are to be used to purchase or improve land.

Motor Fuel Tax Fund – This fund accounts for the revenues received from the State of Illinois for the local share of the motor fuel tax collections.

General Cemetery Fund – This fund accounts for the operations of the cemetery commission. Financing is provided by the proceeds from cemetery lot sales, user charges, and donations.

Senior Resources Commission Fund – This fund accounts for gifts, activity fees, and investments used to finance senior citizens' programs and activities.

Housing Trust Fund – This fund accounts for half of the revenues received from the demolition tax. Revenues will be used for affordable housing projects in Lake Forest.

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Nonmajor Debt Service Fund

Debt Service Fund – This fund accounts for the principal and interest currently due on general obligation bonds.

Nonmajor Capital Projects Funds

Route 60 Bridge Improvements Fund – This fund accounts for the pledged funds from various corporations and local governments to be used for the widening of the Route 60 Bridge over I-94.

Route 60 Intersection Improvements Fund – This fund accounts for the monies received from corporations and state and federal grants used for the improvements to be made to the intersection at Route 60 and Field Drive.

Laurel/Western Redevelopment TIF Fund – This fund accounts for tax increment revenues to be used for the improvements in the TIF district.

Major Capital Projects Fund

Capital Improvements Fund – This fund accounts for revenues to be used to fund city building and infrastructure projects.

CITY OF LAKE FOREST
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2016

	Special Revenue Funds			
	Asset Forfeiture	Foreign Fire Insurance Tax	Emergency Telephone	Parks and Public Land
ASSETS				
Cash and cash equivalents	\$ 118,664	\$ 3,498	\$ 120,147	\$ 464,717
Investments	-	182,950	-	-
Property held for resale	-	-	-	-
Receivables (net)	-	-	-	-
Property taxes	-	-	-	-
Other	556	-	94,842	-
Due from other governments	-	-	-	-
Due from fiduciary funds	-	-	-	-
Prepaid items	-	-	28,539	-
TOTAL ASSETS	\$ 119,220	\$ 186,448	\$ 243,528	\$ 464,717
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 1,368	\$ 15,668
Accrued liabilities	-	-	-	-
Deposits	-	-	-	-
Total Liabilities	-	-	1,368	15,668
Deferred Inflows of Resources				
Property taxes levied for a future period	-	-	-	-
Unavailable revenues	-	-	19,000	-
Total Deferred Inflows of Resources	-	-	19,000	-
Fund Balances				
Nonspendable for prepaid items	-	-	28,539	-
Nonspendable for property held for resale	-	-	-	-
Restricted for culture and recreation	-	-	-	449,049
Restricted for highways and streets	-	-	-	-
Restricted for public safety	119,220	186,448	194,621	-
Restricted for cemetery perpetual care	-	-	-	-
Restricted for affordable housing	-	-	-	-
Restricted for capital projects	-	-	-	-
Restricted for debt service purposes	-	-	-	-
Assigned to capital project funds	-	-	-	-
Total Fund Balances	119,220	186,448	223,160	449,049
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 119,220	\$ 186,448	\$ 243,528	\$ 464,717

Special Revenue Funds				Debt Service Fund	Capital Projects Funds	
Motor Fuel Tax	General Cemetery	Senior Resources Commission	Housing Trust	Debt Service	Route 60 Bridge Improvements	Route 60 Intersection Improvements
\$ 758,234	\$ 785,688	\$ 137,142	\$ 714,211	\$ 1,677,012	\$ 1,041,338	\$ 414,715
-	4,304,774	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,389,682	-	-
9,519	77,573	26,624	-	-	-	-
44,094	-	-	-	-	-	-
-	18,382	-	-	-	-	-
-	-	-	-	-	-	-
\$ 811,847	\$ 5,186,417	\$ 163,766	\$ 714,211	\$ 4,066,694	\$ 1,041,338	\$ 414,715
\$ -	\$ 33,015	\$ 18,969	\$ -	\$ -	\$ -	\$ -
-	10,116	8,158	-	-	-	-
-	-	-	12,000	-	-	-
-	43,131	27,127	12,000	-	-	-
-	-	-	-	2,389,682	-	-
9,519	4,500	-	-	-	-	-
9,519	4,500	-	-	2,389,682	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	136,639	-	-	-	-
802,328	-	-	-	-	-	-
-	5,138,786	-	-	-	-	-
-	-	-	702,211	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,677,012	-	-
-	-	-	-	-	1,041,338	414,715
802,328	5,138,786	136,639	702,211	1,677,012	1,041,338	414,715
\$ 811,847	\$ 5,186,417	\$ 163,766	\$ 714,211	\$ 4,066,694	\$ 1,041,338	\$ 414,715

CITY OF LAKE FOREST
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of April 30, 2016

	Capital Projects Funds	
	Laurel/Western Redevelopment TIF	Total Nonmajor Governmental Funds
ASSETS		
Cash and cash equivalents	\$ 1,938,492	\$ 8,173,858
Investments	-	4,487,724
Property held for resale	380,000	380,000
Receivables (net)		
Property taxes	-	2,389,682
Other	-	209,114
Due from other governments	-	44,094
Due from fiduciary funds	-	18,382
Prepaid items	-	28,539
TOTAL ASSETS	\$ 2,318,492	\$ 15,731,393
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 1,238	\$ 70,258
Accrued liabilities	-	18,274
Deposits	-	12,000
Total Liabilities	<u>1,238</u>	<u>100,532</u>
Deferred Inflows of Resources		
Property taxes levied for a future period	-	2,389,682
Unavailable revenues	-	33,019
Total Deferred Inflows of Resources	<u>-</u>	<u>2,422,701</u>
Fund Balances		
Nonspendable for prepaid items	-	28,539
Nonspendable for property held for resale	380,000	380,000
Restricted for culture and recreation	-	585,688
Restricted for highways and streets	-	802,328
Restricted for public safety	-	500,289
Restricted for cemetery perpetual care	-	5,138,786
Restricted for affordable housing	-	702,211
Restricted for capital projects	1,937,254	1,937,254
Restricted for debt service purposes	-	1,677,012
Assigned to capital project funds	-	1,456,053
Total Fund Balances	<u>2,317,254</u>	<u>13,208,160</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,318,492	\$ 15,731,393

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CITY OF LAKE FOREST

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	Special Revenue Funds			
	Asset Forfeiture	Foreign Fire Insurance Tax	Emergency Telephone	Parks and Public Land
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental	6,887	-	-	-
Grants and contributions	-	-	-	75,000
Charges for services	31,500	111,766	250,815	348,934
Fines, forfeitures and penalties	5,844	-	-	-
Investment income	636	297	382	2,170
Miscellaneous	-	-	-	-
Total Revenues	<u>44,867</u>	<u>112,063</u>	<u>251,197</u>	<u>426,104</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	163,516	47,631	-
Capital Outlay	52,756	-	143,869	220,800
Debt Service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>52,756</u>	<u>163,516</u>	<u>191,500</u>	<u>220,800</u>
Excess (deficiency) of revenues over expenditures	<u>(7,889)</u>	<u>(51,453)</u>	<u>59,697</u>	<u>205,304</u>
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	-	-	-
Premium on debt issued	-	-	-	-
Proceeds from capital asset sales	3,800	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(4,089)</u>	<u>(51,453)</u>	<u>59,697</u>	<u>205,304</u>
FUND BALANCES - Beginning of Year	<u>123,309</u>	<u>237,901</u>	<u>163,463</u>	<u>243,745</u>
FUND BALANCES - END OF YEAR	<u>\$ 119,220</u>	<u>\$ 186,448</u>	<u>\$ 223,160</u>	<u>\$ 449,049</u>

Special Revenue Funds				Debt Service Fund	Capital Projects Funds	
Motor Fuel Tax	General Cemetery	Senior Resources Commission	Housing Trust	Debt Service	Route 60 Bridge Improvements	Route 60 Intersection Improvements
\$ -	\$ -	\$ -	\$ -	\$ 2,253,502	\$ -	\$ -
-	-	-	72,000	-	-	-
495,591	-	-	-	-	-	-
14,958	12,135	201,194	-	156,513	-	-
-	913,094	148,187	-	-	-	-
-	-	-	-	-	-	-
342	(69,107)	690	3,552	12,165	5,233	2,084
-	27	-	-	-	-	-
<u>510,891</u>	<u>856,149</u>	<u>350,071</u>	<u>75,552</u>	<u>2,422,180</u>	<u>5,233</u>	<u>2,084</u>
-	648,602	-	100,000	3,750	-	-
-	-	486,394	-	-	-	-
-	-	-	-	-	-	-
16,750	-	-	-	-	-	-
-	-	-	-	1,618,219	-	-
-	-	-	-	1,293,634	-	-
<u>16,750</u>	<u>648,602</u>	<u>486,394</u>	<u>100,000</u>	<u>2,915,603</u>	<u>-</u>	<u>-</u>
<u>494,141</u>	<u>207,547</u>	<u>(136,323)</u>	<u>(24,448)</u>	<u>(493,423)</u>	<u>5,233</u>	<u>2,084</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	184,168	-	662,413	-	-
-	-	-	-	(297,580)	-	-
-	-	184,168	-	364,833	-	-
<u>494,141</u>	<u>207,547</u>	<u>47,845</u>	<u>(24,448)</u>	<u>(128,590)</u>	<u>5,233</u>	<u>2,084</u>
<u>308,187</u>	<u>4,931,239</u>	<u>88,794</u>	<u>726,659</u>	<u>1,805,602</u>	<u>1,036,105</u>	<u>412,631</u>
<u>\$ 802,328</u>	<u>\$ 5,138,786</u>	<u>\$ 136,639</u>	<u>\$ 702,211</u>	<u>\$ 1,677,012</u>	<u>\$ 1,041,338</u>	<u>\$ 414,715</u>

CITY OF LAKE FOREST

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	Capital Projects Funds	Total Nonmajor Governmental Funds
	Laurel/Western Redevelopment TIF	
REVENUES		
Taxes:		
Property	\$ -	\$ 2,253,502
Other	-	72,000
Intergovernmental	-	502,478
Grants and contributions	-	459,800
Charges for services	-	1,804,296
Fines, forfeitures and penalties	-	5,844
Investment income	10,700	(30,856)
Miscellaneous	-	27
Total Revenues	<u>10,700</u>	<u>5,067,091</u>
EXPENDITURES		
Current		
General government	368,199	1,120,551
Culture and recreation	-	486,394
Public safety	-	211,147
Capital Outlay	1,833,535	2,267,710
Debt Service		
Principal retirement	-	1,618,219
Interest and fiscal charges	-	1,293,634
Total Expenditures	<u>2,201,734</u>	<u>6,997,655</u>
Excess (deficiency) of revenues over expenditures	<u>(2,191,034)</u>	<u>(1,930,564)</u>
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	5,090,000	5,090,000
Premium on debt issued	60,424	60,424
Proceeds from capital asset sales	-	3,800
Transfers in	-	846,581
Transfers out	-	(297,580)
Total Other Financing Sources (Uses)	<u>5,150,424</u>	<u>5,703,225</u>
Net Change in Fund Balances	2,959,390	3,772,661
FUND BALANCES - Beginning of Year	<u>(642,136)</u>	<u>9,435,499</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,317,254</u>	<u>\$ 13,208,160</u>

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - ASSET FORFEITURE FUND - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 10,500	\$ 6,887	\$ (3,613)
Charges for services	12,000	31,500	19,500
Fines, forfeitures and penalties	-	5,844	5,844
Investment income	<u>380</u>	<u>636</u>	<u>256</u>
Total Revenues	<u>22,880</u>	<u>44,867</u>	<u>21,987</u>
EXPENDITURES			
Capital Outlay	113,000	52,756	60,244
Contingency	<u>11,300</u>	<u>-</u>	<u>11,300</u>
Total Expenditures	<u>124,300</u>	<u>52,756</u>	<u>71,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(101,420)</u>	<u>(7,889)</u>	<u>93,531</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital asset sales	-	3,800	3,800
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,800</u>	<u>3,800</u>
Net Change in Fund Balance	<u>\$ (101,420)</u>	<u>(4,089)</u>	<u>\$ 97,331</u>
FUND BALANCE - Beginning of Year		<u>123,309</u>	
FUND BALANCE - END OF YEAR		<u>\$ 119,220</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - FOREIGN FIRE INSURANCE TAX FUND - NONMAJOR
SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Charges for services	\$ 100,000	\$ 111,766	\$ 11,766
Investment income	<u>300</u>	<u>297</u>	<u>(3)</u>
Total Revenues	<u>100,300</u>	<u>112,063</u>	<u>11,763</u>
EXPENDITURES			
Current			
Public safety	200,000	163,516	36,484
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures	<u>220,000</u>	<u>163,516</u>	<u>56,484</u>
Net Change in Fund Balance	<u>\$ (119,700)</u>	<u>(51,453)</u>	<u>\$ 68,247</u>
FUND BALANCE - Beginning of Year		<u>237,901</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 186,448</u></u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY TELEPHONE FUND - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Charges for services	\$ 281,249	\$ 250,815	\$ (30,434)
Investment income	<u>200</u>	<u>382</u>	<u>182</u>
Total Revenues	<u>281,449</u>	<u>251,197</u>	<u>(30,252)</u>
EXPENDITURES			
Current			
Public safety	42,568	47,631	(5,063)
Capital Outlay	147,267	143,869	3,398
Contingency	<u>18,984</u>	<u>-</u>	<u>18,984</u>
Total Expenditures	<u>208,819</u>	<u>191,500</u>	<u>17,319</u>
Net Change in Fund Balance	<u>\$ 72,630</u>	<u>59,697</u>	<u>\$ (12,933)</u>
FUND BALANCE - Beginning of Year		<u>163,463</u>	
FUND BALANCE - END OF YEAR		<u><u>\$ 223,160</u></u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - PARKS AND PUBLIC LAND FUND - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Grants and contributions	\$ 50,000	\$ 75,000	\$ 25,000
Charges for services	94,008	348,934	254,926
Investment income	<u>1,433</u>	<u>2,170</u>	<u>737</u>
Total Revenues	<u>145,441</u>	<u>426,104</u>	<u>280,663</u>
EXPENDITURES			
Capital Outlay	230,775	220,800	9,975
Contingency	<u>23,078</u>	<u>-</u>	<u>23,078</u>
Total Expenditures	<u>253,853</u>	<u>220,800</u>	<u>33,053</u>
Net Change in Fund Balance	<u>\$ (108,412)</u>	205,304	<u>\$ 313,716</u>
FUND BALANCE - Beginning of Year		<u>243,745</u>	
FUND BALANCE - END OF YEAR		<u>\$ 449,049</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX FUND - NONMAJOR SPECIAL REVENUE
FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Grants and contributions	\$ 160,000	\$ 14,958	\$ (145,042)
Intergovernmental	477,875	495,591	17,716
Investment income	<u>1,191</u>	<u>342</u>	<u>(849)</u>
Total Revenues	<u>639,066</u>	<u>510,891</u>	<u>(128,175)</u>
EXPENDITURES			
Capital Outlay	260,000	16,750	243,250
Contingency	<u>26,000</u>	<u>-</u>	<u>26,000</u>
Total Expenditures	<u>286,000</u>	<u>16,750</u>	<u>269,250</u>
Net Change in Fund Balance	<u>\$ 353,066</u>	494,141	<u>\$ 141,075</u>
FUND BALANCE - Beginning of Year		<u>308,187</u>	
FUND BALANCE - END OF YEAR		<u>\$ 802,328</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL CEMETERY FUND - NONMAJOR SPECIAL
REVENUE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Grants and contributions	\$ 15,033	\$ 12,135	\$ (2,898)
Charges for services	547,887	913,094	365,207
Investment income	78,714	(69,107)	(147,821)
Miscellaneous	-	27	27
Total Revenues	<u>641,634</u>	<u>856,149</u>	<u>214,515</u>
EXPENDITURES			
Current			
General government	877,418	648,602	228,816
Contingency	<u>87,742</u>	-	<u>87,742</u>
Total Expenditures	<u>965,160</u>	<u>648,602</u>	<u>316,558</u>
Net Change in Fund Balance	<u>\$ (323,526)</u>	207,547	<u>\$ 531,073</u>
FUND BALANCE - Beginning of Year		<u>4,931,239</u>	
FUND BALANCE - END OF YEAR		<u>\$ 5,138,786</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - SENIOR RESOURCES COMMISSION FUND - NONMAJOR
SPECIAL REVENUE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Grants and contributions	\$ 178,500	\$ 201,194	\$ 22,694
Charges for services	180,700	148,187	(32,513)
Investment income	<u>350</u>	<u>690</u>	<u>340</u>
Total Revenues	<u>359,550</u>	<u>350,071</u>	<u>(9,479)</u>
EXPENDITURES			
Current			
Culture and recreation	603,231	486,394	116,837
Contingency	<u>60,323</u>	-	<u>60,323</u>
Total Expenditures	<u>663,554</u>	<u>486,394</u>	<u>177,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(304,004)</u>	<u>(136,323)</u>	<u>167,681</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>260,218</u>	<u>184,168</u>	<u>(76,050)</u>
Total Other Financing Sources (Uses)	<u>260,218</u>	<u>184,168</u>	<u>(76,050)</u>
Net Change in Fund Balance	<u>\$ (43,786)</u>	47,845	<u>\$ 91,631</u>
FUND BALANCE - Beginning of Year		<u>88,794</u>	
FUND BALANCE - END OF YEAR		<u>\$ 136,639</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - HOUSING TRUST FUND - NONMAJOR SPECIAL REVENUE
FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Other taxes	\$ 48,000	\$ 72,000	\$ 24,000
Investment income	<u>2,200</u>	<u>3,552</u>	<u>1,352</u>
Total Revenues	<u>50,200</u>	<u>75,552</u>	<u>25,352</u>
EXPENDITURES			
Current			
General government	365,000	100,000	265,000
Contingency	<u>36,500</u>	<u>-</u>	<u>36,500</u>
Total Expenditures	<u>401,500</u>	<u>100,000</u>	<u>301,500</u>
Net Change in Fund Balance	<u>\$ (351,300)</u>	<u>(24,448)</u>	<u>\$ 326,852</u>
FUND BALANCE - Beginning of Year		<u>726,659</u>	
FUND BALANCE - END OF YEAR		<u>\$ 702,211</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND - NONMAJOR DEBT SERVICE FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes			
Property	\$ 2,237,285	\$ 2,253,502	\$ 16,217
Grants and contributions	168,384	156,513	(11,871)
Investment income	<u>6,542</u>	<u>12,165</u>	<u>5,623</u>
Total Revenues	<u>2,412,211</u>	<u>2,422,180</u>	<u>9,969</u>
EXPENDITURES			
Current			
General government	3,750	3,750	-
Debt service			
Principal retirement	1,618,218	1,618,219	(1)
Interest and fiscal charges	<u>1,293,624</u>	<u>1,293,634</u>	<u>(10)</u>
Total Expenditures	<u>2,915,592</u>	<u>2,915,603</u>	<u>(11)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(503,381)</u>	<u>(493,423)</u>	<u>9,958</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	681,724	662,413	(19,311)
Transfers out	<u>(460,585)</u>	<u>(297,580)</u>	<u>163,005</u>
Total Other Financing Sources (Uses)	<u>221,139</u>	<u>364,833</u>	<u>143,694</u>
Net Change in Fund Balance	<u>\$ (282,242)</u>	<u>(128,590)</u>	<u>\$ 153,652</u>
FUND BALANCE - Beginning of Year		<u>1,805,602</u>	
FUND BALANCE - END OF YEAR		<u>\$ 1,677,012</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - ROUTE 60 BRIDGE IMPROVEMENTS FUND - NONMAJOR
CAPITAL PROJECTS FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ -	\$ 5,233	\$ 5,233
Total Revenues	-	5,233	5,233
EXPENDITURES			
Current			
Highways and streets	1,036,000	-	1,036,000
Contingency	103,600	-	103,600
Total Expenditures	1,139,600	-	1,139,600
Net Change in Fund Balance	\$ (1,139,600)	5,233	\$ 1,144,833
FUND BALANCE - Beginning of Year		1,036,105	
FUND BALANCE - END OF YEAR		\$ 1,041,338	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - ROUTE 60 INTERSECTION IMPROVEMENTS FUND -
NONMAJOR CAPITAL PROJECTS FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ -	\$ 2,084	\$ 2,084
Total Revenues	-	2,084	2,084
EXPENDITURES			
Current			
General government	418,250	-	418,250
Contingency	41,825	-	41,825
Total Expenditures	460,075	-	460,075
Net Change in Fund Balance	\$ (460,075)	2,084	\$ 462,159
FUND BALANCE - Beginning of Year		412,631	
FUND BALANCE - END OF YEAR		\$ 414,715	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - LAUREL/WESTERN REDEVELOPMENT TIF FUND -
NONMAJOR CAPITAL PROJECTS FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ -	\$ 10,700	\$ 10,700
Total Revenues	-	10,700	10,700
EXPENDITURES			
Current			
General government	473,192	368,199	104,993
Capital Outlay	3,435,000	1,833,535	1,601,465
Contingency	390,819	-	390,819
Total Expenditures	4,299,011	2,201,734	2,097,277
Excess (deficiency) of revenues over (under) expenditures	(4,299,011)	(2,191,034)	2,107,977
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	5,300,000	5,090,000	(210,000)
Premium on debt issued	-	60,424	60,424
Total Other Financing Sources (Uses)	5,300,000	5,150,424	(149,576)
Net Change in Fund Balance	\$ 1,000,989	2,959,390	\$ 1,958,401
FUND BALANCE (DEFICIT) - Beginning of Year		(642,136)	
FUND BALANCE - END OF YEAR		\$ 2,317,254	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND - MAJOR CAPITAL
PROJECTS FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes			
Property	\$ 9,764	\$ 9,764	\$ -
Other taxes	1,473,850	1,360,175	(113,675)
Grants and contributions	2,290,327	364,297	(1,926,030)
Charges for services	656,008	885,529	229,521
Investment income	10,863	23,716	12,853
Other revenue	5,000	-	(5,000)
Total Revenues	4,445,812	2,643,481	(1,802,331)
EXPENDITURES			
Current			
General government	79,135	65,947	13,188
Capital Outlay	8,570,319	6,362,271	2,208,048
Contingency	864,945	-	864,945
Total Expenditures	9,514,399	6,428,218	3,086,181
Excess (deficiency) of revenues over (under) expenditures	(5,068,587)	(3,784,737)	1,283,850
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	4,700,000	4,690,000	(10,000)
Premium on debt issued	-	45,960	45,960
Proceeds from capital asset sales	20,000	67,851	47,851
Transfers in	685,000	1,618,719	933,719
Total Other Financing Sources (Uses)	5,405,000	6,422,530	1,017,530
Net Change in Fund Balance	\$ 336,413	2,637,793	\$ 2,301,380
FUND BALANCE - Beginning of Year		3,332,994	
FUND BALANCE - END OF YEAR		\$ 5,970,787	

Major Enterprise Fund

Waterworks and Sewerage Fund – This fund accounts for the provision of water and sewer service to the residents of the City.

Nonmajor Enterprise Fund

Deerpath Golf Course Fund – This fund accounts for operations of the City golf course. Financing is provided by user charges from utilizing the golf course.

CITY OF LAKE FOREST

**SCHEDULE OF REVENUES, EXPENSES, AND NONOPERATING REVENUES (EXPENSES) - BUDGET
AND ACTUAL (BUDGETARY BASIS)
WATERWORKS AND SEWERAGE FUND - MAJOR ENTERPRISE FUND
For the Year Ended April 30, 2016**

	Original And Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Charges for services	\$ 8,169,327	\$ 7,316,716	\$ (852,611)
Connection fees	68,500	153,481	84,981
Miscellaneous	<u>8,427</u>	<u>7,361</u>	<u>(1,066)</u>
Total Operating Revenues	<u>8,246,254</u>	<u>7,477,558</u>	<u>(768,696)</u>
OPERATING EXPENSES			
General and administrative	2,363,962	1,856,453	507,509
Operations and maintenance	4,021,760	3,265,826	755,934
Contingency	<u>1,025,980</u>	<u>-</u>	<u>1,025,980</u>
Total Operating Expenses	<u>7,411,702</u>	<u>5,122,279</u>	<u>2,289,423</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	30,332	38,186	7,854
Gain on disposals	-	3,792	3,792
Principal retirement	(1,795,000)	(1,795,000)	-
Interest expense	<u>(415,080)</u>	<u>(491,794)</u>	<u>(76,714)</u>
Total Non-Operating Revenues (Expenses)	<u>(2,179,748)</u>	<u>(2,244,816)</u>	<u>(65,068)</u>

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENSES, AND NONOPERATING REVENUE (EXPENSES) - BUDGET AND ACTUAL (BUDGETARY BASIS) DEERPETH GOLF COURSE FUND - NONMAJOR ENTERPRISE FUND For the Year Ended April 30, 2016

Internal Service Funds

Fleet Fund – This fund accounts for the costs of operating a maintenance and repairs facility for automotive and other equipment used by other City departments. Such costs are billed to the other departments at actual cost plus an allocation of administrative costs based on actual costs. The automotive and other equipment is acquired by the various user departments.

Self Insurance Fund – This fund accounts for the costs of the self-insured medical and dental plan. Administration of the plan is provided by Professional Benefit Administration, Inc.

Liability Insurance Fund– This fund accounts for the costs of liability insurance.

	Original And Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Charges for services	\$ 1,688,552	\$ 1,757,036	\$ 68,484
Miscellaneous	-	2,235	2,235
Total Operating Revenues	<u>1,688,552</u>	<u>1,759,271</u>	<u>70,719</u>
OPERATING EXPENSES			
General and administrative	700,232	623,030	77,202
Operations and maintenance	1,030,068	1,173,929	(143,861)
Contingency	<u>183,251</u>	-	<u>183,251</u>
Total Operating Expenses	<u>1,913,551</u>	<u>1,796,959</u>	<u>116,592</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	1,085	2,176	1,091
Principal retirement	(82,000)	(82,000)	-
Interest expense	<u>(20,210)</u>	<u>(17,488)</u>	<u>2,722</u>
Total Non-Operating Revenues (Expenses)	<u>(101,125)</u>	<u>(97,312)</u>	<u>3,813</u>

CITY OF LAKE FOREST

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of April 30, 2016

	Fleet	Self Insurance	Liability Insurance	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 710,407	\$ 4,619,648	\$ 851,990	\$ 6,182,045
Receivables				
Other	6,220	19,060	1,070,663	1,095,943
Inventories	310,706	-	-	310,706
Prepaid items	-	-	588,729	588,729
Total Current Assets	<u>1,027,333</u>	<u>4,638,708</u>	<u>2,511,382</u>	<u>8,177,423</u>
Noncurrent Assets				
Capital assets (net of accumulated depreciation)				
Property and equipment	18,523	-	-	18,523
Total Noncurrent Assets	<u>18,523</u>	<u>-</u>	<u>-</u>	<u>18,523</u>
Total Assets	<u>1,045,856</u>	<u>4,638,708</u>	<u>2,511,382</u>	<u>8,195,946</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	343,367	-	-	343,367
Total Deferred Outflows of Resources	<u>343,367</u>	<u>-</u>	<u>-</u>	<u>343,367</u>
LIABILITIES				
Current Liabilities				
Accounts payable	27,640	346,104	24,494	398,238
Accrued liabilities	23,054	580,817	131,169	735,040
Unearned revenue	2,535	-	-	2,535
Total Current Liabilities	<u>53,229</u>	<u>926,921</u>	<u>155,663</u>	<u>1,135,813</u>
Noncurrent Liabilities				
Compensated absences	61,879	-	-	61,879
Net pension liability	490,946	-	-	490,946
Total Noncurrent Liabilities	<u>552,825</u>	<u>-</u>	<u>-</u>	<u>552,825</u>
Total Liabilities	<u>606,054</u>	<u>926,921</u>	<u>155,663</u>	<u>1,688,638</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	4,503	-	-	4,503
Total Deferred Inflows of Resources	<u>4,503</u>	<u>-</u>	<u>-</u>	<u>4,503</u>
NET POSITION				
Net investment in capital assets	18,523	-	-	18,523
Unrestricted	760,143	3,711,787	2,355,719	6,827,649
TOTAL NET POSITION	<u>\$ 778,666</u>	<u>\$ 3,711,787</u>	<u>\$ 2,355,719</u>	<u>\$ 6,846,172</u>

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CITY OF LAKE FOREST

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2016

	Fleet	Self Insurance	Liability Insurance	Totals
OPERATING REVENUES				
Charges for services	\$ 1,958,498	\$ 5,086,058	\$ 1,681,517	\$ 8,726,073
Total Operating Revenues	<u>1,958,498</u>	<u>5,086,058</u>	<u>1,681,517</u>	<u>8,726,073</u>
OPERATING EXPENSES				
General and administrative	1,520,197	5,632,088	1,142,639	8,294,924
Depreciation and amortization	4,805	-	-	4,805
Total Operating Expenses	<u>1,525,002</u>	<u>5,632,088</u>	<u>1,142,639</u>	<u>8,299,729</u>
Operating Income (Loss)	<u>433,496</u>	<u>(546,030)</u>	<u>538,878</u>	<u>426,344</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,998	22,288	4,603	29,889
Total Nonoperating Revenues (Expenses)	<u>2,998</u>	<u>22,288</u>	<u>4,603</u>	<u>29,889</u>
Change in net position	<u>436,494</u>	<u>(523,742)</u>	<u>543,481</u>	<u>456,233</u>
NET POSITION - Beginning of Year (as restated)	<u>342,172</u>	<u>4,235,529</u>	<u>1,812,238</u>	<u>6,389,939</u>
NET POSITION - END OF YEAR	<u>\$ 778,666</u>	<u>\$ 3,711,787</u>	<u>\$ 2,355,719</u>	<u>\$ 6,846,172</u>

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CITY OF LAKE FOREST

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended April 30, 2016

	Fleet	Self Insurance	Liability Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 1,959,110	\$ 5,317,319	\$ 1,327,356	\$ 8,603,785
Paid to suppliers for goods and services	(844,781)	(5,819,362)	(1,099,680)	(7,763,823)
Paid to employees for services	(780,558)	-	-	(780,558)
Net Cash Flows From Operating Activities	<u>333,771</u>	<u>(502,043)</u>	<u>227,676</u>	<u>59,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>2,998</u>	<u>22,288</u>	<u>4,603</u>	<u>29,889</u>
Net Cash Flows From Investing Activities	<u>2,998</u>	<u>22,288</u>	<u>4,603</u>	<u>29,889</u>
Net Change in Cash and Cash Equivalents	336,769	(479,755)	232,279	89,293
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>373,638</u>	<u>5,099,403</u>	<u>619,711</u>	<u>6,092,752</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 710,407</u>	<u>\$ 4,619,648</u>	<u>\$ 851,990</u>	<u>\$ 6,182,045</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 433,496	\$ (546,030)	\$ 538,878	\$ 426,344
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	4,805	-	-	4,805
Changes in assets and liabilities				
Accounts receivable	(1,923)	231,261	(354,161)	(124,823)
Inventories	(3,328)	(235,077)	-	(238,405)
Prepaid items	-	-	34,830	34,830
Deferred outflows related to pensions	(321,562)	-	-	(321,562)
Accounts payable	(4,347)	47,803	(3,737)	39,719
Accrued salaries	6,751	-	11,866	18,617
Net pension liability	210,699	-	-	210,699
Deferred inflows related to pensions	4,503	-	-	4,503
Deferred revenue	2,535	-	-	2,535
Compensated absences	<u>2,142</u>	<u>-</u>	<u>-</u>	<u>2,142</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 333,771</u>	<u>\$ (502,043)</u>	<u>\$ 227,676</u>	<u>\$ 59,404</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
None				

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENSES, AND NONOPERATING REVENUES - BUDGET AND ACTUAL
(BUDGETARY BASIS)
FLEET FUND - INTERNAL SERVICE FUND
For the Year Ended April 30, 2016

	Original And Final Budget	Actual	Variance with Final Budget
OPERATING REVENUES			
Charges for services	\$ 1,959,218	\$ 1,958,498	\$ (720)
Total Operating Revenues	<u>1,959,218</u>	<u>1,958,498</u>	<u>(720)</u>
OPERATING EXPENSES			
General and administrative	1,957,105	1,520,197	436,908
Contingency	<u>195,710</u>	<u>-</u>	<u>195,710</u>
Total Operating Expenses	<u>2,152,815</u>	<u>1,520,197</u>	<u>632,618</u>
NON-OPERATING REVENUES			
Investment income	<u>800</u>	<u>2,998</u>	<u>2,198</u>

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENSES, AND NONOPERATING REVENUE - BUDGET AND ACTUAL
(BUDGETARY BASIS)
LIABILITY INSURANCE FUND - INTERNAL SERVICE FUND
For the Year Ended April 30, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Charges for services	\$ <u>1,327,348</u>	\$ <u>1,681,517</u>	\$ <u>354,169</u>
Total Operating Revenues	<u>1,327,348</u>	<u>1,681,517</u>	<u>354,169</u>
OPERATING EXPENSES			
General and administrative	1,200,000	1,142,639	57,361
Contingency	<u>120,000</u>	<u>-</u>	<u>(120,000)</u>
Total Operating Expenses	<u>1,320,000</u>	<u>1,142,639</u>	<u>(62,639)</u>
NON-OPERATING REVENUES			
Investment income	<u>2,000</u>	<u>4,603</u>	<u>2,603</u>

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENSES, AND NONOPERATING REVENUE - BUDGET AND ACTUAL
(BUDGETARY BASIS)
SELF INSURANCE FUND - INTERNAL SERVICE FUND
For the Year Ended April 30, 2016

	<u>Original And Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES			
Charges for services	\$ <u>5,100,000</u>	\$ <u>5,086,058</u>	\$ <u>(13,942)</u>
Total Operating Revenues	<u>5,100,000</u>	<u>5,086,058</u>	<u>(13,942)</u>
OPERATING EXPENSES			
General and administrative	5,630,000	5,632,088	(2,088)
Contingency	<u>563,000</u>	<u>-</u>	<u>(563,000)</u>
Total Operating Expenses	<u>6,193,000</u>	<u>5,632,088</u>	<u>(565,088)</u>
NON-OPERATING REVENUES			
Investment income	<u>20,000</u>	<u>22,288</u>	<u>2,288</u>

CITY OF LAKE FOREST

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of April 30, 2016

Pension Trust Funds

Police Pension Fund – This fund accounts for the accumulation of resources to be used for disability or retirement annuity payments to uniformed police department personnel at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an independent actuary from a specific property tax levy.

Firefighters' Pension Fund – This fund accounts for the accumulation of resources to be used for disability or retirement annuity payments to uniformed fire department personnel at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an independent actuary from a specific property tax levy.

Private Purpose Trust Fund

Cemetery Trust Fund – This fund accounts for monies provided by private donations. The investment earnings are expended for the operations of the cemetery.

Agency Fund

Special Assessment Fund – This fund accounts for the collection of special assessments of property owners and payments of related special assessment liabilities. The City does not have any outstanding special assessment. The cash balance is unclaimed rebated special assessments.

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash	\$ 3,284	\$ 9,105	\$ 12,389
Money markets	206,800	1,013,613	1,220,413
Investments			
U.S. treasury obligations	9,388,651	2,978,653	12,367,304
U.S. government agencies	561,984	3,273,789	3,835,773
Municipal/corporate bonds	1,078,672	6,156,158	7,234,830
Common stock	1,196,746	-	1,196,746
Equity mutual funds	13,179,094	18,352,277	31,531,371
Real estate investment fund	1,731,650	-	1,731,650
Other	54,318	107,158	161,476
Prepaid items	13,084	9,169	22,253
Total Assets	<u>27,414,283</u>	<u>31,899,922</u>	<u>59,314,205</u>
LIABILITIES			
Accounts payable	10,120	2,848	12,968
Total Liabilities	<u>10,120</u>	<u>2,848</u>	<u>12,968</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 27,404,163</u>	<u>\$ 31,897,074</u>	<u>\$ 59,301,237</u>

CITY OF LAKE FOREST

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the Year Ended April 30, 2016

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,806,270	\$ 1,216,585	\$ 3,022,855
Employee	373,216	297,946	671,162
Miscellaneous	3,211	100	3,311
Total Contributions	<u>2,182,697</u>	<u>1,514,631</u>	<u>3,697,328</u>
Interest			
Interest	488,783	775,613	1,264,396
Net appreciation (depreciation) in fair value of investments	<u>(854,895)</u>	<u>(623,694)</u>	<u>(1,478,589)</u>
Total Investment Income	(366,112)	151,919	(214,193)
Less Investment expense	<u>112,754</u>	<u>91,584</u>	<u>204,338</u>
Net Investment Income	<u>(478,866)</u>	<u>60,335</u>	<u>(418,531)</u>
Total Additions	<u>1,703,831</u>	<u>1,574,966</u>	<u>3,278,797</u>
DEDUCTIONS			
Pension benefits and refunds	2,320,588	1,931,047	4,251,635
Other administrative expenses	<u>4,835</u>	<u>4,835</u>	<u>9,670</u>
Total Deductions	<u>2,325,423</u>	<u>1,935,882</u>	<u>4,261,305</u>
Change in Net Position	(621,592)	(360,916)	(982,508)
NET POSITION - Beginning of Year	<u>28,025,755</u>	<u>32,257,990</u>	<u>60,283,745</u>
NET POSITION - END OF YEAR	<u>\$ 27,404,163</u>	<u>\$ 31,897,074</u>	<u>\$ 59,301,237</u>

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION - BUDGET AND
ACTUAL -
POLICE PENSION FUND - PENSION TRUST FUND
For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Additions			
Contributions			
Employer	\$ 1,810,315	\$ 1,806,270	\$ 4,045
Employee	370,000	373,216	(3,216)
Miscellaneous	-	3,211	(3,211)
Total contributions	<u>2,180,315</u>	<u>2,182,697</u>	<u>(2,382)</u>
Investment Income			
Interest	500,000	488,783	11,217
Net appreciation (depreciation) in fair value of investments	-	(854,895)	854,895
Total investment income	500,000	(366,112)	866,112
Less Investment expense	<u>115,000</u>	<u>112,754</u>	<u>2,246</u>
Net investment income	<u>385,000</u>	<u>(478,866)</u>	<u>863,866</u>
Total additions	<u>2,565,315</u>	<u>1,703,831</u>	<u>861,484</u>
Deductions			
Pension benefits and refunds	2,310,000	2,320,588	(10,588)
Other administrative expenses	<u>4,200</u>	<u>4,835</u>	<u>(635)</u>
Total deductions	<u>2,314,200</u>	<u>2,325,423</u>	<u>(11,223)</u>
Change in net position	<u>\$ 251,115</u>	(621,592)	<u>\$ 872,707</u>
Net position, beginning of year		<u>28,025,755</u>	
Net position, end of year		<u>\$ 27,404,163</u>	

CITY OF LAKE FOREST

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL - FIREFIGHTERS' PENSION FUND - PENSION TRUST FUND For the Year Ended April 30, 2016

	Original and Final Budget	Actual	Variance with Final Budget
Additions			
Contributions			
Employer	\$ 1,217,702	\$ 1,216,585	\$ 1,117
Employee	290,000	297,946	(7,946)
Miscellaneous	-	100	(100)
Total contributions	<u>1,507,702</u>	<u>1,514,631</u>	<u>(6,929)</u>
Investment Income			
Interest	500,000	775,613	(275,613)
Net appreciation (depreciation) in fair value of investments	-	(623,694)	623,694
Total investment income	500,000	151,919	348,081
Less Investment expense	<u>90,000</u>	<u>91,584</u>	<u>(1,584)</u>
Net investment income	<u>410,000</u>	<u>60,335</u>	<u>349,665</u>
Total additions	<u>1,917,702</u>	<u>1,574,966</u>	<u>342,736</u>
Deductions			
Pension benefits and refunds	1,870,000	1,931,047	(61,047)
Other administrative expenses	<u>4,200</u>	<u>4,835</u>	<u>(635)</u>
Total deductions	<u>1,874,200</u>	<u>1,935,882</u>	<u>(61,682)</u>
Change in net position	<u>\$ 43,502</u>	<u>(360,916)</u>	<u>\$ 404,418</u>
Net position, beginning of year		<u>32,257,990</u>	
Net position, end of year		<u>\$ 31,897,074</u>	

CITY OF LAKE FOREST

Statement of Changes in Assets and Liabilities Agency Fund - Special Assessment Fund As of April 30, 2016

	Balance, May 1, 2016	Additions	Deletion	Balance, April 30, 2016
Assets				
Cash and cash equivalents	<u>\$ 60,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,174</u>
Liabilities				
Due to special assessment districts	<u>\$ 60,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,174</u>

CITY OF LAKE FOREST

Discretely Presented Component Unit - Lake Forest Library
Statement of Net Position and General Fund Balance Sheet
As of April 30, 2016

Discretely Presented Component Unit

Lake Forest Library – General Fund – This fund accounts for the operation and maintenance of the Lake Forest Library. Financing is provided by a specific annual property tax levy, charges for services, fines and forfeits, interest earned on investments and other miscellaneous revenues.

	General Fund	Adjustments	Statement of Net Position
Assets and Deferred Outflows of Resources			
Cash and cash equivalents	\$ 2,351,899	\$ -	\$ 2,351,899
Receivables (net of allowance for uncollectibles)			
Property taxes	3,859,683	-	3,859,683
Other taxes	5,141	-	5,141
Prepaid items	44,382	-	44,382
Capital assets			
Capital assets not depreciated	-	219,000	219,000
Capital assets depreciated, net of accumulated depreciation	-	3,196,179	3,196,179
Total assets	<u>6,261,105</u>	<u>3,415,179</u>	<u>9,676,284</u>
Deferred outflows of Resources			
Deferred outflows related to pensions	-	1,072,564	1,072,564
Total Assets and Deferred Outflows of Resources	<u>\$ 6,261,105</u>	<u>\$ 4,487,743</u>	<u>\$ 10,748,848</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position			
Liabilities			
Accounts payable	\$ 68,780	\$ -	\$ 68,780
Accrued liabilities	95,679	-	95,679
Long-term obligations			
Due within one year	-	5,000	5,000
Due in more than one year	-	1,720,722	1,720,722
Total liabilities	<u>164,459</u>	<u>1,725,722</u>	<u>1,890,181</u>
Deferred Inflows of Resources			
Property taxes levied for future periods	3,859,683	-	3,859,683
Deferred inflows related to pensions	-	14,003	14,003
Total deferred inflows of resources	<u>3,859,683</u>	<u>14,003</u>	<u>3,873,686</u>
Fund Balance/Net Position			
Nonspendable - prepaids	44,382	(44,382)	-
Unassigned	2,192,581	(2,192,581)	-
Net position			
Net investment in capital assets	-	3,415,179	3,415,179
Unrestricted	-	1,569,802	1,569,802
Total fund balance/net position	<u>2,236,963</u>	<u>2,748,018</u>	<u>4,984,981</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 6,261,105</u>	<u>\$ 4,487,743</u>	<u>\$ 10,748,848</u>

CITY OF LAKE FOREST

Discretely Presented Component Unit - Lake Forest Library
Statement of Activities and General Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended April 30, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 3,871,122	\$ -	\$ 3,871,122
Intergovernmental	27,435	-	27,435
Grants and contributions	26,400	-	26,400
Charges for services	64,391	-	64,391
Fines	38,626	-	38,626
Investment Income	15,717	-	15,717
Total revenues	<u>4,043,691</u>	<u>-</u>	<u>4,043,691</u>
Expenditures/expenses			
Current	3,495,118	(84,949)	3,410,169
Capital Outlay	117,190	(117,190)	-
Debt Service	<u>25,538</u>	<u>(25,538)</u>	<u>-</u>
Total expenditures/expenses	<u>3,637,846</u>	<u>(227,677)</u>	<u>3,410,169</u>
Net change in fund balance/net position	405,845	227,677	633,522
Fund balance/net position, beginning of year (as restated)	<u>1,831,118</u>	<u>2,520,341</u>	<u>4,351,459</u>
Fund balance/net position, end of year	<u>\$ 2,236,963</u>	<u>\$ 2,748,018</u>	<u>\$ 4,984,981</u>

CITY OF LAKE FOREST

Summary of Debt Service Requirements to Maturity
As of April 30, 2016

Fiscal Year	General Obligation Bonds
2017	\$ 5,564,913
2018	5,707,744
2019	5,784,733
2020	6,075,315
2021	6,154,676
2022	6,030,713
2023	6,031,143
2024	5,118,077
2025	3,028,519
2026	3,033,193
2027	3,007,413
2028	3,013,226
2029	2,981,443
2030	2,973,638
2031	3,040,138
2032	2,967,838
2033	2,912,975
2034	1,620,125
2035	366,575
2036	365,025
2037	<u>363,125</u>
Total	<u>\$ 76,140,545</u>

CITY OF LAKE FOREST

Debt Service Requirements to Maturity - General Obligation Bonds
As of April 30, 2016

Fiscal Year	Special Service Area 25 Tax Bonds		Special Service Area 26 Tax Bonds		Special Service Area 29 Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 60,000	\$ 12,285	\$ 15,767	\$ 4,047	\$ 109,569	\$ 33,351
2018	60,000	10,935	16,461	3,590	114,335	30,228
2019	65,000	9,525	17,202	3,096	119,423	26,855
2020	65,000	7,932	17,993	2,563	124,857	23,213
2021	70,000	6,275	18,839	1,987	130,663	19,280
2022	75,000	4,350	19,743	1,365	136,870	15,034
2023	75,000	2,213	20,701	704	143,508	10,448
2024	-	-	-	-	150,611	5,497
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
	<u>\$ 470,000</u>	<u>\$ 53,515</u>	<u>\$ 126,706</u>	<u>\$ 17,352</u>	<u>\$ 1,029,836</u>	<u>\$ 163,906</u>

CITY OF LAKE FOREST

Debt Service Requirements to Maturity - General Obligation Bonds
As of April 30, 2016

Fiscal Year	Series 2008 Obligation Bonds		Series 2009 Obligation Bonds		Series 2010 Series B Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 580,000	\$ 241,575	\$ 175,000	\$ 102,620	\$ -	\$ 172,500
2018	600,000	222,000	180,000	98,245	-	172,500
2019	615,000	201,750	185,000	93,745	-	172,500
2020	635,000	180,225	190,000	88,195	-	172,500
2021	465,000	158,000	200,000	82,495	-	172,500
2022	485,000	141,725	205,000	76,495	-	172,500
2023	500,000	124,144	215,000	68,808	-	172,500
2024	520,000	106,019	225,000	60,745	-	172,500
2025	540,000	87,169	235,000	51,745	-	172,500
2026	560,000	66,919	245,000	42,345	-	172,500
2027	580,000	45,919	255,000	32,545	-	172,500
2028	605,000	23,444	265,000	22,345	-	172,500
2029	-	-	280,000	11,480	-	172,500
2030	-	-	-	-	540,000	172,500
2031	-	-	-	-	780,000	141,450
2032	-	-	-	-	820,000	96,600
2033	-	-	-	-	860,000	49,450
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
	<u>\$ 6,685,000</u>	<u>\$ 1,598,889</u>	<u>\$ 2,855,000</u>	<u>\$ 831,808</u>	<u>\$ 3,000,000</u>	<u>\$ 2,702,500</u>

CITY OF LAKE FOREST

Debt Service Requirements to Maturity - General Obligation Bonds
As of April 30, 2016

Fiscal Year	2010 Series C Obligation Bonds		2011 Series A Obligation Bonds		2011 Series B Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 195,000	\$ 250,311	\$ 120,000	\$ 15,188	\$ 2,215,000	\$ 477,800
2018	210,000	243,974	125,000	12,788	2,270,000	433,500
2019	225,000	236,099	130,000	9,975	2,300,000	376,750
2020	215,000	227,099	130,000	7,050	2,400,000	319,250
2021	405,000	217,424	140,000	3,150	2,470,000	259,250
2022	415,000	198,693	-	-	2,530,000	197,500
2023	425,000	178,980	-	-	2,605,000	134,250
2024	435,000	158,793	-	-	1,870,000	56,100
2025	445,000	137,043	-	-	-	-
2026	460,000	114,792	-	-	-	-
2027	475,000	91,562	-	-	-	-
2028	490,000	67,100	-	-	-	-
2029	490,000	40,150	-	-	-	-
2030	240,000	13,200	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
	<u>\$ 5,125,000</u>	<u>\$ 2,175,220</u>	<u>\$ 645,000</u>	<u>\$ 48,151</u>	<u>\$ 18,660,000</u>	<u>\$ 2,254,400</u>

CITY OF LAKE FOREST

Debt Service Requirements to Maturity - General Obligation Bonds
As of April 30, 2016

Fiscal Year	Series 2013 Obligation Bonds		Series 2015 Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$ -	\$ 335,763	\$ 60,000	\$ 389,137
2018	100,000	335,763	175,000	293,425
2019	200,000	333,763	175,000	289,050
2020	350,000	329,763	305,000	284,675
2021	430,000	322,763	305,000	277,050
2022	435,000	312,013	340,000	269,425
2023	440,000	298,962	355,000	260,925
2024	450,000	285,762	370,000	252,050
2025	460,000	272,262	385,000	242,800
2026	475,000	258,462	405,000	233,175
2027	480,000	241,837	410,000	223,050
2028	495,000	225,037	435,000	212,800
2029	930,000	206,475	650,000	200,838
2030	960,000	171,600	695,000	181,338
2031	1,085,000	133,200	740,000	160,488
2032	1,120,000	89,800	705,000	136,438
2033	1,125,000	45,000	720,000	113,525
2034	-	-	1,530,000	90,125
2035	-	-	330,000	36,575
2036	-	-	340,000	25,025
2037	-	-	350,000	13,125
	<u>\$ 9,535,000</u>	<u>\$ 4,198,225</u>	<u>\$ 9,780,000</u>	<u>\$ 4,185,037</u>

CITY OF LAKE FOREST

Debt Service Requirements to Maturity - General Obligation Bonds
As of April 30, 2016

Fiscal Year	Total Requirements		
	Principal	Interest	Total
2017	\$ 3,530,335	\$ 2,034,578	\$ 5,564,913
2018	3,850,796	1,856,948	5,707,744
2019	4,031,625	1,753,108	5,784,733
2020	4,432,850	1,642,465	6,075,315
2021	4,634,502	1,520,174	6,154,676
2022	4,641,613	1,389,100	6,030,713
2023	4,779,209	1,251,934	6,031,143
2024	4,020,611	1,097,466	5,118,077
2025	2,065,000	963,519	3,028,519
2026	2,145,000	888,193	3,033,193
2027	2,200,000	807,413	3,007,413
2028	2,290,000	723,226	3,013,226
2029	2,350,000	631,443	2,981,443
2030	2,435,000	538,638	2,973,638
2031	2,605,000	435,138	3,040,138
2032	2,645,000	322,838	2,967,838
2033	2,705,000	207,975	2,912,975
2034	1,530,000	90,125	1,620,125
2035	330,000	36,575	366,575
2036	340,000	25,025	365,025
2037	<u>350,000</u>	<u>13,125</u>	<u>363,125</u>
	<u>\$ 57,911,541</u>	<u>\$ 18,229,004</u>	<u>\$ 76,140,545</u>

CITY OF LAKE FOREST

Special Service Area 25 Special Tax Bonds – 2003 Series
As of April 30, 2016

Date of issue: May 1, 2003
Date of maturity: December 15, 2022
Authorized issue: \$ 1,050,000
Denomination of bonds: \$ 5,000
Interest rate: 1.95-2.95%

Interest dates: June 15 and December 15
Payable at: Lake Forest Bank and Trust
Lake Forest, Illinois

Redeemable annually on December 15		Amount
2016	\$	60,000
2017		60,000
2018		65,000
2019		65,000
2020		70,000
Thereafter		150,000
	\$	<u>470,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 60,000	\$ 12,285	\$ 72,285	2016	\$ 6,143	2016	\$ 6,142
2016	60,000	10,935	70,935	2017	5,467	2017	5,468
2017	65,000	9,525	74,525	2018	4,763	2018	4,762
2018	65,000	7,932	72,932	2019	3,966	2019	3,966
2019	70,000	6,275	76,275	2020	3,138	2020	3,137
Thereafter	150,000	6,563	156,563	Thereafter	3,282	Thereafter	3,281
	<u>\$ 470,000</u>	<u>\$ 53,515</u>	<u>\$ 523,515</u>				

CITY OF LAKE FOREST

Special Service Area 26 Special Tax Bonds – 2003 Series
As of April 30, 2016

Date of issue: October 7, 2003
Date of maturity: December 15, 2022
Authorized issue: \$ 276,500
Denomination of bonds: One bond per maturity
Interest rates: 2.5-3.4%

Interest dates: June 15 and December 15
Payable at: Lake Forest Bank and Trust
Lake Forest, Illinois

<u>Redeemable annually on December 15</u>	<u>Amount</u>
2016	\$ 15,767
2017	16,461
2018	17,202
2019	17,993
2020	18,839
Thereafter	40,444
	<u>\$ 126,706</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 15,767	\$ 4,047	\$ 19,814	2016	\$ 2,023	2016	\$ 2,024
2016	16,461	3,590	20,051	2017	1,795	2017	1,795
2017	17,202	3,096	20,298	2018	1,548	2018	1,548
2018	17,993	2,563	20,556	2019	1,282	2019	1,281
2019	18,839	1,987	20,826	2020	994	2020	993
Thereafter	40,444	2,069	42,513	Thereafter	1,035	Thereafter	1,034
	<u>\$ 126,706</u>	<u>\$ 17,352</u>	<u>\$ 144,058</u>				

CITY OF LAKE FOREST

Special Service Area 29 Special Tax Bonds – 2004 Series
As of April 30, 2016

Date of issue: December 20, 2004
Date of maturity: December 15, 2023
Authorized issue: \$ 2,000,000
Denomination of bonds: One bond per maturity
Interest rates: 2.55-3.65%

Interest dates: June 15 and December 15
Payable at: Lake Forest Bank and Trust
Lake Forest, Illinois

<u>Redeemable annually on December 15</u>	<u>Amount</u>
2016	\$ 109,569
2017	114,335
2018	119,423
2019	124,857
2020	130,663
Thereafter	430,988
	<u>\$ 1,029,835</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 109,569	\$ 33,351	\$ 142,920	2016	\$ 16,675	2016	\$ 16,676
2016	114,335	30,228	144,563	2017	15,114	2017	15,114
2017	119,423	26,855	146,278	2018	13,427	2018	13,428
2018	124,857	23,213	148,070	2019	11,606	2019	11,607
2019	130,663	19,280	149,943	2020	9,640	2020	9,640
Thereafter	430,988	30,979	461,967	Thereafter	15,490	Thereafter	15,489
	<u>\$ 1,029,835</u>	<u>\$ 163,906</u>	<u>\$ 1,193,741</u>				

CITY OF LAKE FOREST

General Obligation Bonds – 2008 Series
As of April 30, 2016

Date of issue: April 15, 2008
Date of maturity: December 15, 2027
Authorized issue: \$ 9,750,000
Denomination of bonds: \$ 5,000
Interest rates: 3.375-3.875%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

<u>Redeemable annually on December 15</u>	<u>Amount</u>
2016	\$ 580,000
2017	600,000
2018	615,000
2019	635,000
2020	465,000
Thereafter	3,790,000
	<u>\$ 6,685,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 580,000	\$ 241,575	\$ 821,575	2016	\$ 120,788	2016	\$ 120,787
2016	600,000	222,000	822,000	2017	111,000	2017	111,000
2017	615,000	201,750	816,750	2018	100,875	2018	100,875
2018	635,000	180,225	815,225	2019	90,113	2019	90,112
2019	465,000	158,000	623,000	2020	79,000	2020	79,000
Thereafter	3,790,000	595,339	4,385,339	Thereafter	297,670	Thereafter	297,669
	<u>\$ 6,685,000</u>	<u>\$ 1,598,889</u>	<u>\$ 8,283,889</u>				

CITY OF LAKE FOREST

General Obligation Bonds – 2009 Series
As of April 30, 2016

Date of issue: May 14, 2009
Date of maturity: December 15, 2028
Authorized issue: \$ 3,680,000
Denomination of bonds: \$ 5,000
Interest rates: 2.00 - 4.10%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

<u>Redeemable annually on December 15</u>	<u>Amount</u>
2016	\$ 175,000
2017	180,000
2018	185,000
2019	190,000
2020	200,000
Thereafter	1,925,000
	<u>\$ 2,855,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 175,000	\$ 102,620	\$ 277,620	2016	\$ 51,310	2016	\$ 51,310
2016	180,000	98,245	278,245	2017	49,123	2017	49,122
2017	185,000	93,745	278,745	2018	46,873	2018	46,872
2018	190,000	88,195	278,195	2019	44,097	2019	44,098
2019	200,000	82,495	282,495	2020	41,248	2020	41,247
Thereafter	1,925,000	366,508	2,291,508	Thereafter	183,254	Thereafter	183,254
	<u>\$ 2,855,000</u>	<u>\$ 831,808</u>	<u>\$ 3,686,808</u>				

CITY OF LAKE FOREST

General Obligation Bonds – 2010 Series B
As of April 30, 2016

Date of issue: May 12, 2010
Date of maturity: December 15, 2032
Authorized issue: \$ 3,000,000
Denomination of bonds: \$ 5,000
Interest rate: 5.75%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

Redeemable annually on December 15	Amount
2029	\$ 540,000
2030	780,000
2031	820,000
2032	860,000
	<u>\$ 3,000,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ —	\$ 172,500	\$ 172,500	2016	\$ 86,250	2016	\$ 86,250
2016	—	172,500	172,500	2017	86,250	2017	86,250
2017	—	172,500	172,500	2018	86,250	2018	86,250
2018	—	172,500	172,500	2019	86,250	2019	86,250
2019	—	172,500	172,500	2020	86,250	2020	86,250
Thereafter	3,000,000	1,840,000	4,840,000	Thereafter	920,000	Thereafter	920,000
	<u>\$ 3,000,000</u>	<u>\$ 2,702,500</u>	<u>\$ 5,702,500</u>				

CITY OF LAKE FOREST

General Obligation Bonds – 2010 Series C
As of April 30, 2016

Date of issue: May 12, 2010
Date of maturity: December 15, 2029
Authorized issue: \$ 5,425,000
Denomination of bonds: \$ 5,000
Interest rates: 3.00 - 5.50%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

Redeemable annually on December 15	Amount
2016	\$ 195,000
2017	210,000
2018	225,000
2019	215,000
2020	405,000
Thereafter	3,875,000
	<u>\$ 5,125,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 195,000	\$ 250,311	\$ 445,311	2016	\$ 125,156	2016	\$ 125,156
2016	210,000	243,974	453,974	2017	121,987	2017	121,987
2017	225,000	236,099	461,099	2018	118,049	2018	118,050
2018	215,000	227,099	442,099	2019	113,549	2019	113,550
2019	405,000	217,424	622,424	2020	108,712	2020	108,712
Thereafter	3,875,000	1,000,313	4,875,313	Thereafter	500,157	Thereafter	500,156
	<u>\$ 5,125,000</u>	<u>\$ 2,175,220</u>	<u>\$ 7,300,220</u>				

CITY OF LAKE FOREST

General Obligation Bonds – 2011 Series A
As of April 30, 2016

Date of issue: September 6, 2011
Date of maturity: December 15, 2020
Authorized issue: \$ 2,415,000
Denomination of bonds: \$ 5,000
Interest rates: 1.50 - 3.00%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

Redeemable annually on December 15	Amount
2016	\$ 120,000
2017	125,000
2018	130,000
2019	130,000
2020	140,000
Thereafter	—
	<u>\$ 645,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 120,000	\$ 15,188	\$ 135,188	2016	\$ 7,594	2016	\$ 7,594
2016	125,000	12,788	137,788	2017	6,394	2017	6,394
2017	130,000	9,975	139,975	2018	4,988	2018	4,987
2018	130,000	7,050	137,050	2019	3,525	2019	3,525
2019	140,000	3,150	143,150	2020	1,575	2020	1,575
Thereafter	—	—	—	Thereafter	—	Thereafter	—
	<u>\$ 645,000</u>	<u>\$ 48,151</u>	<u>\$ 693,151</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2011 Series B
As of April 30, 2016

Date of issue: September 6, 2011
Date of maturity: December 15, 2023
Authorized issue: \$ 24,825,000
Denomination of bonds: \$ 5,000
Interest rates: 1.00 - 3.00%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

Redeemable annually on December 15	Amount
2016	\$ 2,215,000
2017	2,270,000
2018	2,300,000
2019	2,400,000
2020	2,470,000
Thereafter	7,005,000
	<u>\$ 18,660,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2015	\$ 2,215,000	\$ 477,800	\$ 2,692,800	2016	\$ 238,900	2016	\$ 238,900
2016	2,270,000	433,500	2,703,500	2017	216,750	2017	216,750
2017	2,300,000	376,750	2,676,750	2018	188,375	2018	188,375
2018	2,400,000	319,250	2,719,250	2019	159,625	2019	159,625
2019	2,470,000	259,250	2,729,250	2020	129,625	2020	129,625
Thereafter	7,005,000	387,850	7,392,850	Thereafter	193,925	Thereafter	193,925
	<u>\$ 18,660,000</u>	<u>\$ 2,254,400</u>	<u>\$ 20,914,400</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2013 Series
As of April 30, 2016

Date of issue: September 16, 2013
Date of maturity: December 15, 2032
Authorized issue: \$ 9,715,000
Denomination of bonds: \$ 5,000
Interest rates: 2.00 - 4.00%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

<u>Redeemable annually on December 15</u>	<u>Amount</u>
2016	\$ —
2017	100,000
2018	200,000
2019	350,000
2020	430,000
Thereafter	8,455,000
	<u>\$ 9,535,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on		
	Principal	Interest	Total	June 15	December 15	Amount
2015	\$ —	\$ 335,763	\$ 335,763	2016	\$ 167,882	\$ 167,881
2016	100,000	335,763	435,763	2017	167,882	167,881
2017	200,000	333,763	533,763	2018	166,881	166,882
2018	350,000	329,763	679,763	2019	164,882	164,881
2019	430,000	322,763	752,763	2020	161,382	161,381
Thereafter	8,455,000	2,540,410	10,995,410	Thereafter	1,270,205	1,270,205
	<u>\$ 9,535,000</u>	<u>\$ 4,198,225</u>	<u>\$ 13,733,225</u>			

CITY OF LAKE FOREST

General Obligation Bonds – 2015 Series
As of April 30, 2016

Date of issue: August 3, 2015
Date of maturity: December 15, 2036
Authorized issue: \$ 9,780,000
Denomination of bonds: \$ 5,000
Interest rates: 2.50 - 3.75%

Interest dates: June 15 and December 15
Payable at: Wells Fargo Bank
Chicago, Illinois

<u>Redeemable annually on December 15</u>	<u>Amount</u>
2016	\$ 60,000
2017	175,000
2018	175,000
2019	305,000
2020	305,000
Thereafter	8,760,000
	<u>\$ 9,780,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on		
	Principal	Interest	Total	June 15	December 15	Amount
2015	\$ 60,000	\$ 369,137	\$ 429,137	2016	\$ 194,569	\$ 194,568
2016	175,000	293,425	468,425	2017	146,713	146,712
2017	175,000	289,050	464,050	2018	144,525	144,525
2018	305,000	284,675	589,675	2019	142,338	142,337
2019	305,000	277,050	582,050	2020	138,525	138,525
Thereafter	8,760,000	2,651,700	11,411,700	Thereafter	1,325,850	1,325,850
	<u>\$ 9,780,000</u>	<u>\$ 4,185,037</u>	<u>\$ 13,965,037</u>			

CITY OF LAKE FOREST

Debt Service Fund
Combining Balance Sheet
As of April 30, 2016

Assets	2003 Series D/ 2011A General Obligation Bonds	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds	Special Service Area 29 General Obligation Bonds	2004 Series B/ 2011B General Obligation Bonds
Cash and cash equivalents	\$ 392,579	\$ 12,657	\$ 2,796	\$ 2,429	\$ 1,071,533
Receivables (net of allowance for uncollectibles)	-	71,693	20,009	141,269	-
Property taxes	<u>\$ 392,579</u>	<u>\$ 84,350</u>	<u>\$ 22,805</u>	<u>\$ 143,698</u>	<u>\$ 1,071,533</u>
Total assets					
Deferred inflows of resources					
Property taxes levied to finance FY17	\$ -	\$ 71,693	\$ 20,009	\$ 141,269	\$ -
Fund Balance					
Fund balance- restricted for debt service	<u>392,579</u>	<u>12,657</u>	<u>2,796</u>	<u>2,429</u>	<u>1,071,533</u>
Total deferred inflows of resources and fund balances	<u>\$ 392,579</u>	<u>\$ 84,350</u>	<u>\$ 22,805</u>	<u>\$ 143,698</u>	<u>\$ 1,071,533</u>

2008 General Obligation Bonds	2009 General Obligation Bonds	2010 General Obligation Bonds	2013 General Obligation Bonds	2015 General Obligation Bonds	Total
\$ 164,237	\$ 19,797	\$ -	\$ 10,984	\$ -	\$ 1,677,012
814,982	275,392	486,110	333,068	247,159	2,389,682
<u>\$ 979,219</u>	<u>\$ 295,189</u>	<u>\$ 486,110</u>	<u>\$ 344,052</u>	<u>\$ 247,159</u>	<u>\$ 4,066,694</u>
\$ 814,982	\$ 275,392	\$ 486,110	\$ 333,068	\$ 247,159	\$ 2,389,682
164,237	19,797	-	10,984	-	1,677,012
<u>\$ 979,219</u>	<u>\$ 295,189</u>	<u>\$ 486,110</u>	<u>\$ 344,052</u>	<u>\$ 247,159</u>	<u>\$ 4,066,694</u>

CITY OF LAKE FOREST

Debt Service Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended April 30, 2016

	2003 Series D/ 2011A General Obligation Bonds	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds	Special Service Area 29 General Obligation Bonds	2004 Series B/ 2011B General Obligation Bonds
Revenues					
Taxes:					
Property taxes	\$ -	\$ 74,077	\$ 20,088	\$ 141,847	\$ -
Grants and contributions- IRS rebate	-	-	-	-	-
Investment income	3,365	165	40	183	5,214
Total Revenues	<u>3,365</u>	<u>74,242</u>	<u>20,128</u>	<u>142,030</u>	<u>5,214</u>
Expenditures					
General government	500	-	-	-	500
Debt Service:					
Principal	195,000	60,000	15,117	105,102	208,000
Interest	2,925	13,575	4,480	36,241	101,750
Total expenditures	<u>198,425</u>	<u>73,575</u>	<u>19,597</u>	<u>141,343</u>	<u>310,250</u>
Excess (deficiency) of revenues over expenditures	<u>(195,060)</u>	<u>667</u>	<u>531</u>	<u>687</u>	<u>(305,036)</u>
Other financing sources:					
Transfers in	275,162	-	-	-	379,986
Transfers out	(297,580)	-	-	-	-
Total other financing sources (uses)	<u>(22,418)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,986</u>
Net change in fund balance	(217,478)	667	531	687	74,950
Fund balance- beginning of the year	<u>610,057</u>	<u>11,990</u>	<u>2,265</u>	<u>1,742</u>	<u>996,583</u>
Fund balance- end of the year	<u>\$ 392,579</u>	<u>\$ 12,657</u>	<u>\$ 2,796</u>	<u>\$ 2,429</u>	<u>\$ 1,071,533</u>

2008 General Obligation Bonds	2009 General Obligation Bonds	2010 General Obligation Bonds	2013 General Obligation Bonds	2015 General Obligation Bonds	Total
\$ 832,087	\$ 279,069	\$ 568,379	\$ 337,955	\$ -	\$ 2,253,502
-	-	156,513	-	-	156,513
1,870	429	654	245	-	12,165
<u>833,957</u>	<u>279,498</u>	<u>725,546</u>	<u>338,200</u>	<u>-</u>	<u>2,422,180</u>
500	500	1,000	750	-	3,750
565,000	170,000	300,000	-	-	1,618,219
<u>260,644</u>	<u>106,445</u>	<u>431,811</u>	<u>335,763</u>	<u>-</u>	<u>1,293,634</u>
<u>826,144</u>	<u>276,945</u>	<u>732,811</u>	<u>336,513</u>	<u>-</u>	<u>2,915,603</u>
<u>7,813</u>	<u>2,553</u>	<u>(7,265)</u>	<u>1,687</u>	<u>-</u>	<u>(493,423)</u>
-	-	7,265	-	-	662,413
-	-	-	-	-	(297,580)
<u>-</u>	<u>-</u>	<u>7,265</u>	<u>-</u>	<u>-</u>	<u>364,833</u>
7,813	2,553	-	1,687	-	(128,590)
<u>156,424</u>	<u>17,244</u>	<u>-</u>	<u>9,297</u>	<u>-</u>	<u>1,805,602</u>
<u>\$ 164,237</u>	<u>\$ 19,797</u>	<u>\$ -</u>	<u>\$ 10,984</u>	<u>\$ -</u>	<u>\$ 1,677,012</u>

Statistical Section

This portion of the City of Lake Forest's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall economic condition and financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	157 - 166
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	167 - 174
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt.	175 - 179
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and other governments.	180 - 182
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	183 - 185

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

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CITY OF LAKE FOREST

Net Position by Component Last Ten Fiscal Years

Fiscal Years	2016	2015	2014	2013
Governmental Activities				
Net Investment in Capital Assets	\$ 181,481,470	\$ 181,056,601	\$ 184,270,349	\$ 187,500,531
Restricted	18,506,073	15,737,797	16,860,362	16,064,099
Unrestricted	<u>(18,479,928)</u>	<u>26,747,317</u>	<u>23,689,130</u>	<u>21,126,818</u>
Total Governmental Activities Net Position	<u>\$ 181,507,615</u>	<u>\$ 223,541,715</u>	<u>\$ 224,819,841</u>	<u>\$ 224,691,448</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 37,582,505	\$ 36,617,378	\$ 36,163,443	\$ 36,077,752
Unrestricted	<u>8,323,401</u>	<u>8,941,920</u>	<u>9,739,336</u>	<u>9,880,856</u>
Total Business-type Activities Net Position	<u>\$ 45,905,906</u>	<u>\$ 45,559,298</u>	<u>\$ 45,902,779</u>	<u>\$ 45,958,608</u>
Primary Government				
Net Investment in Capital Assets	\$ 219,063,975	\$ 217,673,979	\$ 220,433,792	\$ 223,578,283
Restricted	18,506,073	15,737,797	16,860,362	16,064,099
Unrestricted	<u>(10,156,527)</u>	<u>35,689,237</u>	<u>33,428,466</u>	<u>31,007,674</u>
Total Primary Government Net Position	<u>\$ 227,413,521</u>	<u>\$ 269,101,013</u>	<u>\$ 270,722,620</u>	<u>\$ 270,650,056</u>

	2012	2011	2010	2009	2008	2007
Governmental Activities						
Net Investment in Capital Assets	\$ 190,779,593	\$ 192,568,460	\$ 193,225,047	\$ 193,768,992	\$ 172,325,675	\$ 163,863,237
Restricted	16,499,487	3,645,693	3,001,515	3,319,974	3,978,855	4,010,519
Unrestricted	<u>19,550,532</u>	<u>29,683,545</u>	<u>25,090,240</u>	<u>25,867,536</u>	<u>28,748,888</u>	<u>26,409,165</u>
Total Governmental Activities Net Position	<u>\$ 226,829,612</u>	<u>\$ 225,897,698</u>	<u>\$ 221,316,802</u>	<u>\$ 222,956,502</u>	<u>\$ 205,053,418</u>	<u>\$ 194,282,921</u>
Business-type Activities						
Net Investment in Capital Assets	\$ 36,753,670	\$ 37,709,887	\$ 38,075,853	\$ 37,184,702	\$ 44,932,466	\$ 44,504,668
Unrestricted	<u>8,918,142</u>	<u>8,513,924</u>	<u>8,617,858</u>	<u>9,577,076</u>	<u>12,087,202</u>	<u>11,824,329</u>
Total Business-type Activities Net Position	<u>\$ 45,671,812</u>	<u>\$ 46,223,811</u>	<u>\$ 46,693,711</u>	<u>\$ 46,761,778</u>	<u>\$ 57,019,668</u>	<u>\$ 56,328,997</u>
Primary Government						
Net Investment in Capital Assets	\$ 227,533,263	\$ 230,278,347	\$ 231,300,900	\$ 230,953,694	\$ 217,258,141	\$ 208,367,905
Restricted	16,499,487	3,645,693	3,001,515	3,319,974	3,978,855	4,010,519
Unrestricted	<u>28,468,674</u>	<u>38,197,469</u>	<u>33,708,098</u>	<u>35,444,612</u>	<u>40,836,090</u>	<u>38,233,494</u>
Total Primary Government Net Position	<u>\$ 272,501,424</u>	<u>\$ 272,121,509</u>	<u>\$ 268,010,513</u>	<u>\$ 269,718,280</u>	<u>\$ 262,073,086</u>	<u>\$ 250,611,918</u>

*Beginning in 2016, the City implemented GASB 68 which resulted in the inclusion of a net pension liability.

Data Source

Audited Financial Statements

CITY OF LAKE FOREST

Change in Net Position
Last Ten Fiscal Years

Fiscal Years	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities										
General Government	\$ 11,675,363	\$ 12,604,331	\$ 12,311,198	\$ 16,176,326	\$ 12,080,189	\$ 13,321,852	\$ 13,974,412	\$ 14,928,550	\$ 11,035,000	\$ 10,026,323
Highway and Streets	9,230,548	8,839,231	7,762,403	7,536,444	8,304,860	8,687,404	9,469,570	7,911,604	8,821,953	7,102,425
Sanitation	2,208,326	2,474,355	2,586,125	2,512,559	2,568,820	2,349,916	2,183,373	2,169,302	2,310,966	2,225,808
Culture and Recreation	8,463,259	10,172,391	10,397,593	10,352,252	9,469,832	9,402,752	9,589,857	9,430,847	8,812,293	9,403,755
Public Safety	16,360,830	15,303,399	14,430,151	13,748,855	13,583,116	13,398,718	13,116,738	12,623,300	12,348,729	11,557,020
Interest	<u>1,293,742</u>	<u>1,357,552</u>	<u>1,333,267</u>	<u>1,362,715</u>	<u>1,420,087</u>	<u>1,424,317</u>	<u>1,097,805</u>	<u>978,029</u>	<u>808,253</u>	<u>968,963</u>
Total Governmental Activities Expenses	<u>\$ 49,232,068</u>	<u>\$ 50,751,259</u>	<u>\$ 48,820,737</u>	<u>\$ 51,689,151</u>	<u>\$ 47,426,904</u>	<u>\$ 48,584,959</u>	<u>\$ 49,431,755</u>	<u>\$ 48,041,632</u>	<u>\$ 44,137,194</u>	<u>\$ 41,284,294</u>
Business-type Activities										
Waterworks and sewerage	7,239,042	8,353,825	7,476,752	8,287,297	7,985,394	8,008,372	7,882,904	7,659,138	8,228,975	7,891,031
Golf	1,868,252	1,642,121	1,554,678	1,459,394	1,371,380	1,393,869	1,345,437	1,490,115	1,562,520	1,545,070
Paid Parking	-	-	-	-	-	-	-	-	757,200	767,413
Total Business-type Activities Expenditures	<u>9,107,294</u>	<u>9,995,946</u>	<u>9,031,430</u>	<u>9,746,691</u>	<u>9,356,774</u>	<u>9,402,241</u>	<u>9,228,341</u>	<u>9,149,253</u>	<u>10,548,695</u>	<u>10,203,514</u>
Total Primary Government Expenses	<u>\$ 58,339,362</u>	<u>\$ 60,747,205</u>	<u>\$ 57,852,167</u>	<u>\$ 61,435,842</u>	<u>\$ 56,783,678</u>	<u>\$ 57,987,200</u>	<u>\$ 58,660,096</u>	<u>\$ 57,190,885</u>	<u>\$ 54,685,889</u>	<u>\$ 51,487,808</u>
Program Revenue										
Governmental Activities										
Charges for Services										
General Government	\$ 8,191,440	\$ 5,442,475	\$ 4,756,948	\$ 4,838,151	\$ 4,771,863	\$ 4,455,844	\$ 4,822,344	\$ 4,980,144	\$ 5,249,766	\$ 5,094,588
Highways and Streets	990,840	710,795	741,334	753,487	846,366	693,029	809,661	1,239,586	929,199	1,576,654
Sanitation	697,435	682,062	77,147	58,564	81,577	171,030	104,158	192,848	295,658	293,410
Culture and Recreation	3,257,796	3,156,699	3,314,856	3,342,913	3,392,303	3,650,467	4,121,592	4,197,023	3,831,855	5,458,842
Public Safety	1,552,567	1,795,521	1,950,998	1,861,619	1,678,032	1,930,715	1,540,927	1,589,647	1,567,944	1,387,792
Operating Grants and Contributions	1,368,451	1,345,670	1,105,191	1,777,734	1,433,791	846,781	1,413,819	684,872	790,979	1,284,897
Capital Grants and Contributions	<u>280,675</u>	<u>468,255</u>	<u>757,239</u>	<u>25,000</u>	<u>360,407</u>	<u>5,982,721</u>	<u>925,524</u>	<u>9,033,429</u>	<u>5,301,494</u>	<u>-</u>
Total Governmental Activities Program Revenues	<u>16,339,204</u>	<u>13,601,477</u>	<u>12,703,713</u>	<u>12,657,468</u>	<u>12,564,339</u>	<u>17,730,587</u>	<u>13,738,025</u>	<u>21,917,549</u>	<u>17,966,895</u>	<u>15,096,183</u>
Business-type activities										
Charges for Services										
Waterworks and sewerage	7,477,558	8,034,469	7,521,323	8,598,079	7,477,637	7,344,740	7,048,854	6,589,780	6,893,939	6,944,190
Golf	1,759,271	1,414,217	1,397,836	1,320,455	1,238,016	1,264,624	1,333,879	1,413,732	1,430,875	1,702,287
Paid Parking	-	-	-	-	-	-	-	-	1,016,991	1,007,654
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	217,249
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,051</u>	<u>97,724</u>	<u>829,447</u>	<u>1,367,797</u>	<u>854,027</u>
Total Business-type Activities Program Revenues	<u>9,236,829</u>	<u>9,448,686</u>	<u>8,919,159</u>	<u>9,918,534</u>	<u>8,715,653</u>	<u>8,771,415</u>	<u>8,480,457</u>	<u>8,832,959</u>	<u>10,709,602</u>	<u>10,725,407</u>
Total Primary Government Revenues	<u>\$ 25,576,033</u>	<u>\$ 23,050,163</u>	<u>\$ 21,622,872</u>	<u>\$ 22,576,002</u>	<u>\$ 21,279,992</u>	<u>\$ 26,502,002</u>	<u>\$ 22,218,482</u>	<u>\$ 30,750,508</u>	<u>\$ 28,676,497</u>	<u>\$ 25,821,590</u>
Net (Expense) Revenue										
Governmental Activities	\$(32,892,864)	\$(37,149,782)	\$(36,117,024)	\$(39,031,683)	\$(34,862,565)	\$(30,854,372)	\$(35,693,730)	\$(26,124,083)	\$(26,170,299)	\$(26,188,111)
Business-type Activities	<u>129,535</u>	<u>(547,260)</u>	<u>(112,271)</u>	<u>171,843</u>	<u>(641,121)</u>	<u>(630,826)</u>	<u>(747,884)</u>	<u>(316,294)</u>	<u>160,907</u>	<u>521,893</u>
Total Primary Government Net Expense	<u>\$(32,763,329)</u>	<u>\$(37,697,042)</u>	<u>\$(36,229,295)</u>	<u>\$(38,859,840)</u>	<u>\$(35,503,686)</u>	<u>\$(31,485,198)</u>	<u>\$(36,441,614)</u>	<u>\$(26,440,377)</u>	<u>\$(26,009,392)</u>	<u>\$(25,666,218)</u>

CITY OF LAKE FOREST

Change in Net Position (Cont.) Last Ten Fiscal Years

Fiscal Years	2016	2015	2014	2013
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property	\$ 25,006,224	\$ 24,468,769	\$ 23,744,650	\$ 25,051,411
Sales	2,889,306	2,851,103	3,047,529	3,183,479
Income and Use	2,251,828	2,386,567	2,182,325	2,131,711
Telecommunications and Utility	3,551,491	3,954,001	4,026,972	3,736,586
Real Estate Transfer Tax	1,288,175	1,224,610	1,633,580	1,209,113
Other	514,231	534,625	581,443	493,418
Investment Earnings	145,329	547,118	637,193	491,196
Miscellaneous	-	73,613	669,145	573,705
Transfers	(924,496)	(168,750)	(97,000)	(77,100)
Total Government Activities	<u>34,722,088</u>	<u>35,871,656</u>	<u>36,425,837</u>	<u>36,793,519</u>
Business-type Activities				
Investment Earnings	\$ 40,362	33,408	38,550	37,853
Other	6,033	1,621	-	-
Transfers	<u>924,496</u>	<u>168,750</u>	<u>97,000</u>	<u>77,100</u>
Total Business-type Activities	<u>970,891</u>	<u>203,779</u>	<u>135,550</u>	<u>114,953</u>
Total Primary Government	<u>\$ 35,692,979</u>	<u>\$ 36,075,435</u>	<u>\$ 36,561,387</u>	<u>\$ 36,908,472</u>
Change in Net Position				
Governmental Activities	\$ 1,829,224	\$ (1,278,126)	\$ 308,813	\$ (2,238,164)
Business-type Activities	<u>1,100,426</u>	<u>(343,481)</u>	<u>23,279</u>	<u>286,796</u>
Total Primary Government Change in Net Position	<u>\$ 2,929,650</u>	<u>\$ (1,621,607)</u>	<u>\$ 332,092</u>	<u>\$ (1,951,368)</u>

*Starting in 2015, all taxes administered by the State and disbursed to the City are reported as intergovernmental the financial statements. They have been grouped by tax type for comparison purposes above.

Data Source

Audited Financial Statements

	2012	2011	2010	2009	2008	2007
General Revenues and Other Changes in Net Position						
Governmental Activities						
Taxes						
Property	\$ 25,428,378	\$ 24,739,956	\$ 24,383,716	\$ 23,067,216	\$ 22,324,863	\$ 21,287,422
Sales	2,577,304	2,554,772	2,392,497	3,010,457	3,118,339	3,271,452
Income and Use	1,938,686	1,849,046	1,762,425	2,018,177	2,175,196	1,989,187
Telecommunications and Utility	3,981,548	3,968,072	3,967,398	4,407,235	4,454,442	4,198,439
Real Estate Transfer Tax	1,215,407	1,279,935	878,925	962,840	1,984,052	1,259,295
Other	492,746	422,080	372,640	391,347	489,018	463,689
Investment Earnings	264,432	573,508	852,245	35,853	1,771,629	1,991,995
Miscellaneous	33,724	150,049	60,000	22,729	627,188	805,436
Transfers	(37,746)	(102,150)	(615,816)	10,111,313	(3,931)	(992,519)
Total Government Activities	<u>35,894,479</u>	<u>35,435,268</u>	<u>34,054,030</u>	<u>44,027,167</u>	<u>36,940,796</u>	<u>34,274,396</u>
Business-type Activities						
Investment Earnings	51,376	58,776	64,001	169,717	525,833	525,904
Other	-	-	-	-	-	-
Transfers	<u>37,746</u>	<u>102,150</u>	<u>615,816</u>	<u>(10,111,313)</u>	<u>3,931</u>	<u>992,519</u>
Total Business-type Activities	<u>89,122</u>	<u>160,926</u>	<u>679,817</u>	<u>(9,941,596)</u>	<u>529,764</u>	<u>1,518,423</u>
Total Primary Government	<u>\$ 35,983,601</u>	<u>\$ 35,596,194</u>	<u>\$ 34,733,847</u>	<u>\$ 34,085,571</u>	<u>\$ 37,470,560</u>	<u>\$ 35,792,819</u>
Change in Net Position						
Governmental Activities	\$ 1,031,914	\$ 4,580,896	\$ (1,639,700)	\$ 17,903,084	\$ 10,770,497	\$ 8,086,285
Business-type Activities	<u>(551,999)</u>	<u>(469,900)</u>	<u>(68,067)</u>	<u>(10,257,890)</u>	<u>690,671</u>	<u>2,040,316</u>
Total Primary Government Change in Net Position	<u>\$ 479,915</u>	<u>\$ 4,110,996</u>	<u>\$ (1,707,767)</u>	<u>\$ 7,645,194</u>	<u>\$ 11,461,168</u>	<u>\$ 10,126,601</u>

CITY OF LAKE FOREST

Fund Balances of Governmental Funds Last Ten Fiscal Years

Fiscal Years	2016	2015	2014	2013	2012*	2011	2010	2009	2008	2007
General Fund										
Nonspendable	\$ 1,272,224	\$ 1,648,832	\$ 2,126,990	\$ 2,775,449	\$ 2,159,403	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	957,420	957,420	957,420	957,420	-	-	-	-	-
Unassigned	22,509,969	17,910,037	14,530,550	11,020,723	10,601,190	-	-	-	-	-
Reserved	-	-	-	-	-	2,988,884	1,071,068	2,218,570	1,041,187	470,008
Unreserved	-	-	-	-	-	9,239,135	9,815,220	8,618,251	9,585,445	8,534,147
Total General Fund	23,782,193	20,516,289	17,614,960	14,753,592	13,718,013	12,228,019	10,886,288	10,836,821	10,626,632	9,004,155
All other Governmental Funds										
Non Spendable	408,539	381,173	-	43,333	43,333					
Restricted	20,337,111	14,726,999	16,127,257	15,605,203	16,171,794					
Assigned	1,456,053	1,448,736	1,449,284	1,598,819	1,591,600					
Unassigned	-	(1,022,136)	-	-	-					
Reserved	-	-	-	-	-					
Special Revenue Funds	-	-	-	-	-	4,333	43,306	128,516	130,173	89,809
Capital Project Funds	-	-	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	2,808,826	2,839,264	2,632,215	2,708,268	2,849,336
Unreserved, Reported in	-	-	-	-	-					
Special Revenue Funds	-	-	-	-	-	9,869,178	8,209,263	6,747,544	8,063,766	8,006,257
Capital Projects Funds	-	-	-	-	-	6,189,372	3,171,421	6,538,074	17,815,488	8,898,968
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Total All other Governmental Funds	22,201,703	15,534,772	17,576,541	17,247,355	17,806,727	18,871,709	14,263,254	16,046,349	28,717,695	19,844,370
Total Governmental Funds	\$ 45,983,896	\$ 36,051,061	\$ 35,191,501	\$ 32,000,947	\$ 31,524,740	\$ 31,099,728	\$ 25,149,542	\$ 26,883,170	\$ 39,344,327	\$ 28,848,525

*The City implemented GASB Statement #54 in FY2012.

[Data Source](#)

CITY OF LAKE FOREST

Change in Fund Balances of Governmental Funds Last Ten Fiscal Years

Fiscal Years	2016	2015	2014	2013	2012
Revenues					
Property Taxes	\$25,006,224	\$24,468,769	\$23,744,650	\$25,051,411	\$ 25,428,378
Other Taxes	4,317,316	4,641,466	11,471,849	10,754,307	10,205,691
Intergovernmental revenues	6,680,193	6,972,923	576,125	612,357	589,960
Grants and contributions	1,056,523	950,823	962,249	1,190,377	1,039,737
Charges for Services	8,506,756	7,935,973	7,373,500	7,319,673	7,028,800
Liscenses and permits	5,222,568	2,821,066	2,477,338	2,450,194	2,475,739
Fines and forfeitures	260,407	287,333	297,005	368,941	372,607
Investment income	115,462	524,150	610,601	462,579	225,225
Miscellaneous revenue	779,137	790,344	759,384	1,225,082	730,813
Total Revenue	51,944,586	49,392,847	48,272,701	49,434,921	48,096,950
Expenditure					
General Government	\$10,811,408	10,248,830	10,112,393	14,242,768	10,313,031
Highways and streets	2,157,463	2,371,461	2,293,840	2,044,225	2,139,656
Sanitation	2,276,433	2,235,135	2,212,166	2,193,091	2,228,844
Culture and recreation	8,338,284	8,457,043	8,686,298	9,282,695	8,463,547
Public Safety	15,090,712	14,469,408	14,299,583	13,826,732	13,723,801
Capital Outlay	10,992,926	7,582,668	5,527,772	4,586,574	6,641,923
Debt Service					
Principal	1,791,579	1,623,436	1,400,950	1,377,736	2,531,876
Interest	1,293,634	1,400,609	1,319,276	1,392,342	1,667,372
Total Expenditures	52,752,439	48,388,590	45,852,278	48,946,163	47,710,050
Excess (Deficiency) of Revenues over Expenditures	(807,853)	1,004,257	2,420,423	488,758	386,900
Other Financing Sources (Uses)					
Transfers in	\$ 2,846,321	2,020,085	3,224,306	2,829,243	2,296,270
Transfers out	(2,895,321)	(2,188,835)	(3,321,306)	(2,906,343)	(2,334,016)
Bonds issued	9,780,000	-	-	-	-
Installment note proceeds	-	-	-	-	-
Loan proceeds	830,080	-	-	-	-
Premium (discount) on bonds issued	106,384	-	26,093	-	120,828
Proceeds from refunding G.O. bonds	-	-	9,715,000	-	5,690,000
Payments for refunding G.O. bonds	-	-	(9,665,000)	-	(5,769,025)
Sale of capital assets	73,224	24,053	791,038	64,549	34,055
Total Other Financing Sources (Uses)	10,740,688	(144,697)	770,131	(12,551)	38,112
Net Change in Fund Balance	\$ 9,932,835	\$ 859,560	\$ 3,190,554	\$ 476,207	\$ 425,012
Debt Service as a Percentage of Non-Capital Expenditures	6.54%	6.43%	6.17%	5.85%	8.31%

	2011	2010	2009	2008	2007
Revenues					
Property Taxes	\$ 24,739,956	\$24,383,716	\$ 23,067,216	\$22,324,863	\$21,287,422
Other Taxes	10,073,905	9,433,885	10,790,056	12,221,047	11,182,063
Intergovernmental revenues	523,185	1,304,368	684,872	790,979	948,449
Grants and contributions	1,306,195	706,250	-	-	-
Charges for Services	7,427,784	7,844,119	8,295,760	7,193,242	8,416,183
Liscenses and permits	2,246,336	2,135,888	2,117,774	2,345,931	2,483,638
Fines and forfeitures	409,539	372,924	387,629	469,208	357,556
Investment income	531,666	815,520	(11,695)	1,673,038	1,866,217
Miscellaneous revenue	1,074,576	1,374,476	1,420,815	1,870,927	2,890,358
Total Revenue	48,333,142	48,371,146	46,752,427	48,889,235	49,431,886
Expenditure					
General Government	11,929,446	12,226,189	12,778,200	10,569,268	9,533,418
Highways and streets	2,449,911	3,897,758	2,567,220	2,332,972	1,979,122
Sanitation	2,194,511	2,056,528	2,096,044	2,125,284	2,023,726
Culture and recreation	8,559,331	8,816,962	8,511,075	7,925,598	8,174,644
Public Safety	13,291,727	13,062,453	12,820,200	12,169,723	11,341,849
Capital Outlay	6,348,572	11,376,490	28,537,234	8,324,272	5,466,571
Debt Service					
Principal	15,659,313	2,877,662	2,954,681	4,797,104	4,774,827
Interest	1,284,755	1,173,967	694,355	781,529	881,087
Total Expenditures	61,717,566	55,488,009	70,959,009	49,025,750	44,175,244
Excess (Deficiency) of Revenues over Expenditures	(13,384,424)	(7,116,863)	(24,206,582)	(136,515)	5,256,642
Other Financing Sources (Uses)					
Transfers in	1,844,410	1,847,105	5,425,090	3,201,175	2,893,460
Transfers out	(1,946,560)	(2,462,921)	(4,454,665)	(3,041,224)	(3,885,979)
Bonds issued	18,090,000	3,680,000	-	9,750,000	-
Installment note proceeds	-	2,300,000	10,700,000	-	-
Loan proceeds	-	-	-	-	-
Premium (discount) on bonds issued	279,130	19,051	-	(50,668)	-
Proceeds from refunding G.O. bonds	-	-	-	-	-
Payments for refunding G.O. bonds	-	-	-	-	-
Sale of capital assets	1,067,630	-	75,000	773,034	1,484,722
Total Other Financing Sources (Uses)	19,334,610	5,383,235	11,745,425	10,632,317	492,203
Net Change in Fund Balance	\$ 5,950,186	\$ (1,733,628)	\$ (12,461,157)	\$10,495,802	\$ 5,748,845
Debt Service as a Percentage of Non-Capital Expenditures	8.62%	8.62%	8.08%	12.60%	14.61%

CITY OF LAKE FOREST

Assessed Value and Actual Value of Taxable Property
Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Other Property	Tax Increment Financing	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2006	2,453,626,272	187,607,513	64,953	5,407,000	58,493,629	2,705,199,367	0.8690	8,115,598,101	33.333%
2007	2,610,727,055	191,390,427	65,007	5,765,126	59,284,794	2,867,232,409	0.8510	8,601,697,227	33.333%
2008	2,674,566,048	217,608,832	79,283	5,817,809	60,603,515	2,958,675,487	0.8700	8,876,026,461	33.333%
2009	2,609,955,147	214,117,162	71,603	5,887,945	60,622,651	2,890,654,508	0.9020	8,671,963,524	33.333%
2010	2,452,291,451	203,193,623	66,933	5,871,505	56,123,585	2,717,547,097	0.9900	8,152,641,291	33.333%
2011	2,302,061,004	203,074,638	70,382	5,409,080	54,464,919	2,565,080,023	1.0350	7,695,240,069	33.333%
2012	2,166,702,992	207,360,589	65,556	3,918,002	-	2,378,047,139	1.1480	7,134,141,417	33.333%
2013	2,047,760,158	200,625,492	62,064	5,099,690	-	2,253,547,404	1.2480	6,760,642,212	33.333%
2014	2,047,998,906	196,562,054	61,541	5,846,135	-	2,250,468,636	1.2741	6,751,405,908	33.333%
2015	2,105,361,682	196,233,065	46,548	6,294,764	-	2,307,936,059	1.2794	6,923,808,177	33.333%

Data Source

Office of the County Clerk

Note : Property is assessed at 33 1/3% of actual value; property tax rates per \$100 of assessed valuation.
The City's TIF Increment Financing district expired for 2012

CITY OF LAKE FOREST

Property Tax Rates - Direct and Overlapping Governments
Based on Shields Township
Last Ten Levy Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Bonds	0.088	0.083	0.086	0.090	0.096	0.068	0.071	0.088	0.090	0.067
Corporate	0.449	0.443	0.449	0.405	0.446	0.483	0.544	0.580	0.590	0.619
Firemen's Pension	0.023	0.025	0.028	0.034	0.037	0.041	0.046	0.052	0.054	0.053
IMRF	0.052	0.051	0.052	0.054	0.059	0.032	0.035	0.037	0.038	0.037
Library	0.102	0.101	0.101	0.105	0.116	0.126	0.141	0.152	0.155	0.153
Library Sites & Building	0.012	0.011	0.013	0.013	0.014	0.015	0.016	0.017	0.017	0.017
Parks/Park Maintenance	0.000	0.052	0.050	0.097	0.106	0.114	0.123	0.191	0.194	0.196
Playground & Recreation **	0.098	0.038	0.042	0.043	0.046	0.050	0.055	0.000	0.000	0.000
Police Pension	0.035	0.037	0.039	0.050	0.057	0.060	0.066	0.076	0.080	0.082
Recreation for Handicapped Rec.	0.010	0.010	0.010	0.011	0.013	0.014	0.016	0.018	0.018	0.018
Social Security	-	-	-	-	-	0.032	0.035	0.037	0.038	0.037
City Direct Rates *	0.869	0.851	0.870	0.902	0.990	1.035	1.148	1.248	1.274	1.279
Overlapping Rates										
College of Lake County	0.195	0.192	0.196	0.200	0.218	0.240	0.272	0.296	0.306	0.299
County of Lake	0.450	0.444	0.453	0.464	0.505	0.554	0.608	0.663	0.682	0.663
Lake County Forest Preserve	0.204	0.201	0.199	0.200	0.198	0.201	0.212	0.218	0.210	0.208
North Shore Sanitary District	0.125	0.120	0.121	0.124	0.136	0.150	0.150	0.164	0.169	0.166
School District 67, Elem.	0.964	0.944	0.965	0.998	1.095	1.186	1.322	1.424	1.452	1.429
School District 115, High School	0.961	0.959	1.001	1.069	1.101	1.191	1.322	1.420	1.450	1.409
Township	0.050	0.050	0.050	0.048	0.039	0.043	0.036	0.037	0.039	0.038
Township Road and Bridge	0.020	0.016	0.019	0.020	0.023	0.026	0.029	0.032	0.033	0.032
Total tax rate	3.838	3.777	3.874	4.025	4.305	4.626	5.099	5.502	5.615	5.523
City's share of total tax rate	23%	23%	22%	22%	23%	22%	23%	23%	23%	23%

Data Source

Office of the County Clerk - Shields Township

Lake Forest lies within five townships - Moraine, Shields, Vernon, West Deerfield and Libertyville. Therefore, the tax rates for support of the Township government and for the Township Road and Bridge purposes vary. Parts of Shields Township in Lake Forest lie in the Lake Bluff Park District. All of Moraine Township is in Lake Forest and parts of Shields and West Deerfield Townships in Lake Forest lie in the North Shore Sanitary District.

* Excludes rates for the Special Service Areas

** Includes the City's component unit, Lake Forest Library

** Parks and Playgrounds combined in 2013

CITY OF LAKE FOREST

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Hospira Inc	\$ 18,519,759	1	0.80%	\$ 8,223,706	4	0.30%
Lake Products Inc.	14,112,229	2	0.61%			
The Presbyterian Home	12,567,495	3	0.54%	23,016,840	1	0.85%
CBIZ Property Tax Solutions	8,645,053	4	0.37%	13,490,427	2	0.50%
Trustmark Insurance Co	7,646,395	5	0.33%	7,257,097	6	0.27%
Northwestern Lake Forest Hospital	7,193,925	6	0.31%	7,666,688	5	0.28%
Lake Forest Landmark Co. LLC	6,619,908	7	0.29%	7,061,151	7	0.26%
Lake Forest Landmark II	5,637,202	8	0.24%			
Riggs & Co	5,288,629	9	0.23%			
STRS L3 ACQ2 LLC	5,216,188	10	0.23%			
Tap Holdings Inc.				10,524,149	3	0.39%
James Altounian				5,562,328	9	0.21%
Red Fox LLC				6,559,076	8	0.24%
Shawgate- Broadacre				5,369,968	10	0.20%
	<u>\$ 91,446,783</u>		<u>3.96%</u>	<u>\$ 94,731,430</u>		<u>3.50%</u>

[Data Source](#)

Office of the County Clerk

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

2016 Column is 2015 Assessed Valuation

2007 Column is 2006 Assessed Valuation

CITY OF LAKE FOREST

Property Tax Levies and Collections
Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year after the Levy		Subsequent Year Collections	Total Collections Per Levy	
		Amount	Percentage of Levy		Taxes Received	Percentage of Levy
2006	22,999,873	22,979,499	99.91%	204	22,979,703	99.91%
2007	23,895,634	23,851,132	99.81%	12,038	23,863,170	99.86%
2008	25,213,226	25,166,378	99.81%	8,545	25,174,923	99.85%
2009	25,526,887	25,468,324	99.77%	18,421	25,486,745	99.84%
2010	26,348,093	26,304,316	99.83%	8,193	26,312,509	99.86%
2011	25,984,866	25,911,115	99.72%	135	25,911,250	99.72%
2012	27,299,981	27,198,985	99.63%	384	27,199,369	99.63%
2013	28,124,272	28,002,008	99.57%	14,464	28,016,472	99.62%
2014	28,673,693	28,608,680	99.77%	14,056	28,622,736	99.82%
2015	29,528,749	N/A	N/A	N/A	N/A	N/A

[Data Source](#)

Lake County Treasurer and City

Note: Property is assessed at 33 1/3 % of actual value.

CITY OF LAKE FOREST

Tax Extensions for City Funds
Last Ten Levy Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General	0.449	0.443	0.449	0.405	0.446	0.483	0.544	0.580	0.590	0.619
IMRF/Social Security	0.052	0.051	0.052	0.054	0.059	0.064	0.070	0.074	0.076	0.074
Firefighter Pension	0.023	0.025	0.028	0.034	0.037	0.041	0.046	0.052	0.054	0.053
Police Pension	0.035	0.037	0.039	0.050	0.057	0.060	0.066	0.076	0.080	0.082
Parks and Recreation	0.098	0.090	0.092	0.140	0.152	0.164	0.178	0.191	0.194	0.196
Special Recreation	0.010	0.010	0.010	0.011	0.013	0.014	0.016	0.018	0.018	0.018
General Obligation Bond 1998 B	0.024	0.023	-	-	-	-	-	-	-	-
General Obligation Bond 2000	0.025	0.023	0.023	0.023	0.025	-	-	-	-	-
General Obligation Bond 2001 B	0.005	0.004	0.004	0.004	0.004	-	-	-	-	-
General Obligation Bond 2002 B	-	-	-	-	-	-	-	-	-	-
General Obligation Bond 2003 A	0.034	0.033	0.035	0.036	-	-	-	-	-	-
General Obligation Bond 2008	-	-	0.024	0.022	0.032	0.034	0.036	0.037	0.037	0.026
General Obligation Bond 2009	-	-	-	0.005	0.011	0.011	0.012	0.013	0.013	0.009
General Obligation Bond 2010	-	-	-	0.000	0.020	0.023	0.023	0.012	0.025	0.015
General Obligation Bond 2013	-	-	-	0.000	0.000	0.000	0.000	0.026	0.015	0.010
General Obligation Bond 2015	-	-	-	-	-	-	-	-	-	0.008
Total tax rate	0.755	0.739	0.756	0.784	0.856	0.894	0.991	1.079	1.102	1.110

[Data Source](#)

Office of the County Clerk

The tax rate for the City's component unit, Lake Forest Library is excluded from this table.
This table excludes the tax rates for the Special Service Areas.

CITY OF LAKE FOREST

Sales Tax Base and Number of Principal Payers
Taxable Sales by Category - .5% Sales Tax
Last Ten Calendar Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Merchandise	\$ 33,206	\$ 26,184	\$ 10,741	\$ 8,492	\$ 8,460	\$ 36,478	\$ 12,219	\$ 9,722	\$ 7,005	\$ 7,471
Food	89,536	89,969	97,870	83,567	89,338	90,613	91,999	93,952	105,771	96,009
Drinking and Eating Places	129,149	139,291	147,973	127,679	133,028	140,639	155,188	165,386	180,023	163,447
Apparel	63,083	60,423	54,674	55,300	51,968	53,727	64,317	68,135	68,291	75,606
Furniture & H.H. & Radio	57,996	58,530	51,881	42,526	38,958	10,187	37,536	38,821	39,494	36,526
Lumber, Building, Hardware	38,373	30,834	26,223	20,405	19,010	(6,528)	6,867	9,862	-	-
Automobile and Filling Stations	48,120	44,478	37,349	27,399	35,443	38,209	38,900	37,025	34,895	28,267
Drugs and Miscellaneous Retail	113,558	116,910	117,787	178,470	91,397	105,512	81,022	110,554	117,262	118,740
Agriculture and All Others	91,488	96,048	100,902	88,052	94,649	97,776	110,446	121,651	105,139	129,721
Manufacturers	88,889	102,914	109,291	21,860	14,322	(4,963)	-	-	7,095	(3,818)
Total	\$ 753,407	\$ 765,581	\$ 754,691	\$ 653,750	\$ 576,572	\$ 561,650	\$ 598,494	\$ 655,108	\$ 664,975	\$ 651,969
Total Number of Payers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City direct sales tax rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

[Data Source](#)

Illinois Department of Revenue

Note: Blank categories have less than 4 taxpayers, therefore no data is shown to protect the confidentiality of individual taxpayers.

Effectively July 2003, an additional .5% non home rule sales tax was collected.
The City of Lake Forest became a home rule community in November 2004.

CITY OF LAKE FOREST

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

Fiscal Year	City Direct Rate	State Rate	Metra Rate	Special County Rate	Total
2007	1.50%	5.00%	0.25%	0.25%	7.00%
2008*	1.50%	5.00%	0.50%	0.50%	7.50%
2009	1.50%	5.00%	0.50%	0.50%	7.50%
2010	1.50%	5.00%	0.50%	0.50%	7.50%
2011	1.50%	5.00%	0.50%	0.50%	7.50%
2012	1.50%	5.00%	0.50%	0.50%	7.50%
2013	1.50%	5.00%	0.50%	0.50%	7.50%
2014	1.50%	5.00%	0.50%	0.50%	7.50%
2015	1.50%	5.00%	0.50%	0.50%	7.50%
2016	1.50%	5.00%	0.50%	0.50%	7.50%

Data Source

City records

The City of Lake Forest became a home rule community in November 2004.

* The sales tax rate remained the same as 2007 until April 1, 2008. On April 1, 2008, the sales tax rates increased to the rate indicated on this schedule.

CITY OF LAKE FOREST

Sales Tax Base and Number of Principal Payers Taxable Sales by Category - 1% Sales Tax Last Ten Calendar Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Merchandise	\$ 67,042	\$ 52,664	\$ 21,504	\$ 16,984	\$ 17,248	\$ 72,955	\$ 24,726	\$ 19,656	\$ 14,010	\$ 14,930
Food	621,566	635,560	629,087	562,455	570,803	579,914	585,517	593,446	673,803	591,893
Drinking and Eating Places	261,151	285,968	302,523	260,953	271,753	286,472	317,291	338,382	364,221	329,303
Apparel	126,196	124,644	109,349	110,600	103,935	107,453	128,633	136,270	136,582	151,212
Furniture & H.H. & Radio	115,995	117,060	103,763	85,052	77,915	20,373	75,071	77,642	78,988	73,061
Lumber, Building, Hardware	76,746	61,668	52,445	40,810	38,019	(13,037)	13,742	19,724	-	-
Automobile and Filling Stations	167,847	165,896	130,459	109,080	150,101	138,744	146,865	241,339	178,178	133,684
Drugs and Miscellaneous Retail	425,144	441,773	438,917	546,202	322,376	371,420	400,096	433,159	430,482	414,407
Agriculture and All Others	200,515	208,076	219,358	198,803	267,227	254,225	274,807	285,401	255,189	295,974
Manufacturers	347,340	205,978	218,715	43,909	28,947	(9,729)	-	-	14,415	(5,107)
Total	\$ 2,409,543	\$ 2,299,287	\$ 2,226,120	\$ 1,974,848	\$ 1,848,324	\$ 1,808,790	\$ 1,966,748	\$ 2,145,019	\$ 2,145,868	\$ 1,999,357
Total Number of Payers	737	837	849	843	663	647	637	637	673	687
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Note: Blank categories have less than 4 taxpayers, therefore no data is shown to protect the confidentiality of individual taxpayers.

The categories, Lumber, Bldg. and Hardware and General Merchandise became a censored status in the 2nd quarter of 2008.

CITY OF LAKE FOREST

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund		Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
2007	50,911,517	2,849,336		48,062,181	0.59%	2,235.45
2008	54,726,080	2,708,268		52,017,812	0.60%	2,408.23
2009	50,468,066	2,632,215		47,835,851	0.54%	2,214.62
2010	50,382,071	2,839,265		47,542,806	0.55%	2,201.06
2011	64,412,758	2,808,827		61,603,931	0.76%	3,179.56
2012	61,384,882	2,316,219		59,068,663	0.77%	3,048.71
2013	58,263,146	2,407,275		55,855,871	0.78%	2,882.88
2014	55,097,197	1,144,118		53,953,079	0.80%	2,784.68
2015	51,861,740	1,316,900		50,544,840	0.75%	2,608.77
2016	58,190,220	1,201,300		56,988,920	0.82%	2,941.36

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

* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property for property value data.

CITY OF LAKE FOREST

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Total Outstanding Debt To Equalized Assessed Valuation*	Percentage of Personal Income*	Total Outstanding Debt Per Capita*
	General Obligation Bonds	Installment Purchase Contracts	General Obligation Bonds	Revenue Bonds				
2007	21,586,517	650,001	29,325,000	70,000	51,631,518	1.91%	3.12%	2,401.47
2008	26,631,080	558,334	28,095,000	-	55,284,414	1.93%	3.32%	2,559.46
2009	24,188,066	11,166,667	26,280,000	-	61,634,733	2.08%	3.70%	2,853.46
2010	25,457,071	13,000,000	24,925,000	-	63,382,071	2.19%	3.81%	2,934.36
2011	40,887,758	-	23,525,000	-	64,412,758	2.37%	4.31%	3,324.53
2012	38,580,882	-	22,804,000	-	61,384,882	2.39%	4.11%	3,168.25
2013	37,203,146	-	21,060,000	-	58,263,146	2.45%	3.90%	3,007.13
2014	35,852,197	-	19,245,000	-	55,097,197	2.44%	3.69%	2,843.73
2015	34,258,902	-	17,602,838	-	51,861,740	2.30%	3.47%	2,676.73
2016	42,510,566	-	15,679,654	-	58,190,220	2.52%	3.90%	3,003.37

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

* See the Schedule of Demographic and Economic Statistics for equalized assessed valuation of property, population data and personal income.

CITY OF LAKE FOREST

Direct and Overlapping Governmental Activities Debt
As of April 30, 2016

Governmental unit	Gross Debt	Percentage Debt Applicable to the City of Lake Forest*	City of Lake Forest Share of Debt
Lake County	\$ 190,325,000	9.94%	\$ 18,918,305
Lake County Community College #532	72,220,000	10.48%	7,568,656
Lake County Forest Preserve District	284,615,000	9.94%	28,290,731
School District #67	680,772	100.00%	680,772
School District #103	6,535,000	0.01%	654
High School District #115	38,700,000	79.50%	30,766,500
High School District #128	11,905,000	3.02%	359,531
Subtotal, overlapping debt	604,980,772		86,585,149
City of Lake Forest direct debt	42,510,566	100.00%	\$ 42,510,566
Total direct and overlapping debt	\$ 647,491,338		\$ 129,095,715

Source: Lake County Clerk

* Determined by ratio of assessed valuation of property subject to taxation in the City of Lake Forest to valuation of property subject to taxation in overlapping unit. The Percentage of debt is calculated by the percentage of the City's EAV in relation to the overlapping government's EAV. The gross debt is found on the Lake County website.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Forest. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF LAKE FOREST

Legal Debt Margin Information
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to the limit as a percentage of debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Legal debt margin from 1997-2004 was 8.625% of assessed value.

* City of Lake Forest achieved home rule status in November 2004. To date the General Assembly has set no limits for home rule municipalities.

CITY OF LAKE FOREST

Pledged Revenue Coverage
Last Ten Fiscal Years

Waterworks and Sewerage and Golf Course Bonds						
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2007	10,180,035	6,226,411	3,953,624	1,385,000	1,277,609	1.48
2008	9,870,570	6,532,687	3,337,883	1,430,000	1,236,624	1.25
2009**	9,901,537	6,738,037	3,163,500	1,265,000	1,168,738	1.30
2010	8,446,734	5,397,283	3,049,451	1,358,325	1,126,001	1.23
2011	8,690,738	5,609,379	3,081,359	1,400,000	1,071,748	1.25
2012	8,767,029	6,358,960	2,408,069	1,651,000	661,906	1.04
2013	9,956,387	6,938,272	3,018,115	1,744,000	482,866	1.36
2014	9,043,227	5,406,022	3,637,205	1,815,000	433,125	1.62
2015	8,918,081	5,445,461	3,472,620	1,847,000	402,951	1.54
2016	10,190,948	5,826,164	4,364,784	1,877,000	373,266	1.94

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

Water Charges and Other includes investment earnings but excludes sale of property and grants

Operating expenses does not include debt service, depreciation or reserve requirements

** In FY2009, the Paid Parking Fund was closed to the General Fund. Debt payments will be paid from a new Debt Service Fund.

CITY OF LAKE FOREST

Demographic and Economic Information
Last Ten Fiscal Years

Fiscal Year	Population		Equalized Accessed Value (EAV)	Per Capita EAV	Personal Income	Per Capita Personal Income	Unemployment Rate
2007	21,500	(E)	2,705,199,367	125,823	1,657,478,000	77,092	2.3%
2008	21,600	(E)	2,867,232,409	132,742	1,665,187,200	77,092	2.8%
2009	21,600	(E)	2,958,675,487	136,976	1,665,187,200	77,092	3.9%
2010	21,600	(E)	2,890,654,508	133,827	1,665,187,200	77,092	5.8%
2011 *	19,375	(A)	2,717,547,097	140,260	1,493,657,500	77,092	7.5%
2012 *	19,375	(A)	2,565,080,023	132,391	1,493,657,500	77,092	6.8%
2013 *	19,375	(A)	2,378,047,139	122,738	1,493,657,500	77,092	6.7%
2014 *	19,375	(A)	2,253,547,404	116,312	1,493,657,500	77,092	6.7%
2015 *	19,375	(A)	2,250,468,636	116,153	1,493,657,500	77,092	5.4%
2016 *	19,375	(A)	2,307,936,059	119,119	1,493,657,500	77,092	4.7%

(A) Actual

(E) Estimate by City of Lake Forest

[Data Source](#)

City records, Department of Labor and Office of the County Clerk.

2010 Census information for Per Capita Personal Income was not available.

* The State of Illinois revised the annual unemployment rates for small communities back to 2010 in 2014

CITY OF LAKE FOREST

Principal Employers
Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Northwest Lake Forest Hospital	1,600	1	8.26%	1,587	1	7.91%
Hospira Inc.	1,350	2	6.97%	1,500	2	7.48%
Trustmark Insurance Company	800	3	4.13%	836	3	4.17%
TAP Pharmaceutical Products			0.00%	804	4	4.01%
Solo Cup Co.	600	4	3.10%			
Lake Forest College excludes student employees	500	5	2.58%	514	5	2.56%
Lake Forest H.S. District 115 teacher, support staff	350	6	1.81%	351	7	1.75%
Pactiv Corporation	300	7	1.55%	440	6	2.19%
City of Lake Forest	275	8	1.42%	252	8	1.26%
Brunswick Corporation	200	9	1.03%	250	9	1.25%
Packaging Corporation of America	200	10	1.03%			
Lake Forest Elem. S.D. No. 67				210	10	1.05%

Data Source

City staff contacted companies via mail.

CITY OF LAKE FOREST

Full-Time Equivalent Employees
Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Budgeted Employees as of April 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Administration	29	30	30	29	26	25	25	25.0	25.0	25.0
Community Development	16	18	18	15	12.5	12.5	13.0	13.0	13.0	13.0
Public Safety										
Fire Protection										
Firefighters	37	37	37	36	34	33	33	33	33	33
Administrative	1	1.5	1.5	2.5	2.5	2.5	2.0	2.0	2.0	2.0
Police										
Officers	43	43	43	41.5	40	40	40	40	40	40
Civilians	19	18.5	18.5	18.5	17.5	18.0	18.0	18.0	18.0	8.0
Public Works										
Public Works Administration	5	5	5	5	5	4	4	4	4	4
Building Maintenance	4	6	6	6	6	6	6	7	7	7
Engineering	7	7	7	7	6	5	5	5	5	5
Streets	8	8	8	8	8	7	7.5	7.5	7.5	7.5
Sanitation	14	14	12	12	12	12	11.5	10.5	10.5	10.5
Forestry	6	9	9	9	0	0	0	0	0	0
Fleet (vehicle) Maintenance	5	5	5	7	6	6	6	6	6	6
Water										
Water Plant	9	9	9	9	8	7	7	6.5	6.5	6.5
Water and Sewer	10	10	10	10	10	10	10	8.5	8.5	8.5
Parks	11	7.25	7.25	7.25	16.4	15.4	15.4	15.4	15.4	15.4
Recreation	19	17.5	17.5	17.5	17.4	15.4	15.4	15.4	15.4	15.4
Golf Course	4	4.25	4.25	3.25	3.2	3.2	2.2	2.2	2.2	2.2
Cemetery	2	2	2	2	2	2	2	2	2	2
Senior Resources	3	3	3	3	3	3	3	3	3	3
Sub - total City	252	255	253	248.5	235.5	227	226	224	224	214
Library	29.6	30	29	27.24	29.6	27.9	27.8	28.2	28.2	29.2
Total all	281.6	285	282	275.74	265.1	254.9	253.8	252.2	252.2	243.2

Data Source

City Departments and employee totals as of April 30th

CITY OF LAKE FOREST

Operating Indicators
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
City Clerk										
Real Estate Transfer Tax (1)										
Number of Transactions	249	283	183	261	293	297	382	440	394	355
Rebates Issued	24	35	23	30	37	37	40	67	40	44
Birth Certificates Issued	2,930	2,790	2,690	2,751	1,940	2,821	2,675	2,250	2,556	2,575
Passports Issued (2)	314	132	89	108	48	29	0	0	0	0
Community Development										
Building permits issued	3,501	3,491	3,142	2,610	3072	3451	3197	3418	3867	3855
Residential construction	22	33	23	4	7	11	7	13	20	27
Commercial construction	3	1	3	1	0	1	2	1	1	1
Building inspections conducted	10,880	11,343	9,284	8,060	8392	8645	8925	8651	9657	11009
Public Safety										
Fire protection										
I.S.O. rating	4	4	4	4	4	4	4	4	4	4
Number of calls answered										
EMS	1,477	1,624	1,558	1,041	1,211	1,607	1,728	1,574	1,785	1,712
Fire	1,647	1,576	1,759	1,233	1,177	1,734	1,403	1,497	1,503	1,367
Police (calendar year)										
Non traffic arrests	526	450	449	424	385	335	237	191	89	166
Parking violations	11,896	9,530	9,626	8,472	8,757	7,114	7,013	5,979	5,250	3,907
Traffic violations	4,512	3,287	5,320	3,190	2,997	2,028	2,220	1,877	1,741	1,985
Public Works										
Streets										
Street resurfacing (inches) (calendar year)	1,80	10,36	3,08	5,76	6,57	7,09	5,92	5,00	5,50	2,40
Potholes repaired (4)	1,575	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of snow events										
Salting	10	20	8	14	15	14	23	27	21	24
Plowing	16	36	25	15	20	12	12	21	20	10
Inches of snow	33	83	72	56	60	21	36	48	50	24
Sanitation										
Refuse collection customers	6,316	6,356	6,361	6,361	6,471	6,471	6,472	6,462	6,654	6,295
Parks and Recreation (3)										
Fitness										
Number of programs	478	370	348	349	334	322	264	336	181	346
Units of participation	2,228	1,796	1,648	1,355	1,393	1,196	1,060	1,587	1,216	1,271
Athletics										
Number of programs	210	220	213	278	157	309	283	270	341	168
Units of Participation	3,189	3,232	3,253	3,148	2,416	2,932	2,704	2,524	2,282	1,348
Lakefront Early Childhood Education and Lifetime Activities										
Number of programs	337	343	307	306	420	395	319	294	126	130
Units of participation	1,874	1,873	1,541	1,402	1,344	1,424	1,576	1,380	752	1,393
Cultural Arts/Special Events										
Number of programs	417	326	338	292	320	270	306	286	87	147
Units of participation	3,618	2,454	2,536	2,274	2,262	2,008	1,972	1,999	1,329	1,579

CITY OF LAKE FOREST

Operating Indicators (Continued)
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Wildlife Discovery Center, Ridge Teams Course and Adventure										
Number of programs	224	221	176	10	124	104	37	47	20	20
Units of participation	1,274	1,157	969	772	627	582	301	360	2263	2802
Developed parks and recreation areas	10	10	10	10	10	10	10	10	10	11
Developed park acreage	395.5	395.5	395.5	395.5	415	404	404	404	404	405
Sites with playgrounds	8	8	8	8	8	8	9	9	9	9
Sites with baseball diamonds	7	7	7	7	7	7	8	8	8	8
Sites with soccer fields	7	7	7	7	7	7	7	7	7	7
Sites with basketball standards	4	4	4	4	5	5	5	5	5	5
Sites with tennis courts	6	6	6	6	6	6	6	6	6	6
Deer Path Golf Course										
Size	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes
Rounds of Play	36,500	39,900	35,494	35,079	32,664	31,949	30,321	29,435	27,956	29,445
Daily fee	17,000	18,000	15,500	15,839	15,102	14,466	13,646	17,449	17,646	20,478
Seasonal	19,500	21,900	19,994	19,240	17,564	17,483	16,675	11,986	10,310	8,967
Water										
New Connections (tap-ons)	52	34	39	16	19	22	20	28	33	66
Meters in operation	6,695	6,681	6,771	6,774	6,761	6,755	6,754	6,751	6,764	6,810
Meters connected to sewerage system	6,482	6,520	6,550	6,570	6,570	6,583	6,584	6,587	6,577	6,645
Average daily consumption (MGD)	3,931	4,182	3,737	3,611	3,669	3,759	4,202	3,652	3,250	3,162
Peak daily consumption (MGD)	10,773	9,477	9,883	9,389	8,982	11,805	10,298	8,611	7,345	8,268
Rated daily pumping capacity (MGD)	14	14	14	14	14	14	14	14	14	14
Total gallons pumped during fiscal year (in millions)	1,441.6	1,525.1	1,441.7	1,321.1	1,336.5	1,372.0	1,534.0	1,332.8	1,187.6	1,157.2
Municipal paid parking facilities										
Long-term parking spaces										
Miscellaneous lots	813	813	813	813	813	813	813	813	813	813
Union Pacific (CBD district)	88	88	88	88	88	88	88	88	88	88
Meina (Telegraph Road)	502	502	502	502	502	502	502	502	502	502
Short-term parking spaces	341	341	341	341	341	341	341	341	341	341
Component Unit										
Library services										
Books and non print materials	137,343	140,171	143,518	142,654	145,496	145,539	147,330	148,518	146,214	146,153
Registered borrowers	14,002	14,233	14,490	15,145	15,645	16,200	15,160	15,403	15,440	15,460
Fiscal yearbooks, items or materials circulation	407,399	415,547	406,998	488,056	465,927	485,450	457,632	450,876	410,852	383,561

Data Source

City departments

(1) Collection of real estate transfer tax began in July 2006 (FY2007).

(2) The City began to issue passports in FY2003 and stopped in FY2012.

(3) a. Fitness data does not include Fitness Center memberships.

b. Units of participation may include an individual participant more than once.

(4) Department stopped tracking after FY2007

N/A equals data not available

CITY OF LAKE FOREST

Capital Asset Statistics
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	23	23	23	23	23	23	25	23	23	21
Fire protection										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	14	14	14	14	14	14	14	17	15	17
Public Works										
Bridges										
Vehicle	14	14	14	14	14	14	14	14	14	14
Pedestrian	7	7	7	7	7	7	7	7	7	7
Streets										
Streets (centerline miles)	118.66	118.66	119	119	119	119	119	119.24	119.24	119.24
Streetlights										
Gas	438	438	438	438	438	438	438	438	438	438
Electric	1460	1460	1460	1473	1526	1526	1526	1536	1570	1570
Storm sewer (miles)	218.26	218.26	218.29	219.17	219.35	219.41	219.41	219.41	219.41	219.43
Parks and Recreation										
Acreage	395.5	395.5	395.5	395.5	415	403.73	404	403.73	403.73	405
Water										
Water mains (miles)	163.33	164.27	165.25	165.25	165.25	165.25	165.25	165.79	166.44	166.44
Fire hydrants	1353	1331	1362	1362	1362	1362	1362	1362	1511	1511
Wastewater										
Sanitary sewers (miles)	137.6	138.39	138.71	138.9	138.9	138.95	138.9	138.95	138.95	139.43
Data Source										
City departments										
N/A = data not available										

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APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C
PROPOSED FORM OF OPINION OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

We hereby certify that we have examined certified copy of the proceedings (the "*Proceedings*") of the City Council of the City of Lake Forest, Lake County, Illinois (the "*City*"), passed preliminary to the issue by the City of its fully registered General Obligation Bonds, Series 2017 (the "*Bonds*"), to the amount of \$_____, dated _____, 2017, in the denomination of \$5,000 or authorized integral multiples thereof, and due serially on December 15 of the years, in the amounts and bearing interest at the rates per annum as follows:

2023	\$	%
2024		%
2025		%
2026		%
2027		%
2028		%
2029		%
2030		%
2031		%
2032		%
2033		%
2034		%
2035		%
2036		%
2037		%

Each of the Bonds bears interest from the later of the dated date as stated above or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond, respectively, is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 15 and December 15 of each year, commencing on December 15, 2017.

The Bonds due on or after December 15, 2026, are subject to redemption prior to maturity at the option of the City, from any available funds, in whole or in part, on any date on or after December 15, 2025, and if in part, in any order of maturity as selected by the City, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot by the Bond Registrar, at the redemption price of par plus accrued interest to the date fixed for redemption, as provided in the Proceedings.

From such examination, we are of the opinion that the Proceedings show lawful authority for the issuance of the Bonds under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "*Code*"), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D

CITY OF LAKE FOREST, LAKE COUNTY, ILLINOIS

**EXCERPTS OF FISCAL YEAR 2016 COMPREHENSIVE ANNUAL FINANCIAL REPORT
RELATING TO THE CITY'S PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS**

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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 or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% 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 2% for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org.

Plan membership. At December 31, 2015, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	244
Inactive, non-retired members	181
Active members	<u>196</u>
Total	<u><u>621</u></u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. As set by statute, City employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's and Library's actuarially determined contribution rate for calendar year 2015 was 14.88% percent of annual covered payroll. The City and the Library 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, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2015 annual actuarial valuation included a 7.48% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.48%
Inflation	3.50%
Salary increases	3.75% to 14.50%, including inflation
Price inflation	2.75%

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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	38%	8.85%	7.39%
International Equities	17%	9.55%	7.59%
Fixed income	27%	3.05%	3.00%
Real estate	8%	7.20%	6.00%
Alternatives	9%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1%	2.25%	2.25%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.48%. The discount rate calculated using the December 31, 2014 measurement date was 7.49%. 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 City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48% used to determine the total pension liability. The year ending December 31, 2086 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 the pension liability of the City calculated using the discount rate of 7.48% 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 (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City:			
Total pension liability	\$ 98,313,409	\$ 87,093,580	\$ 77,898,713
Plan fiduciary net pension	75,725,294	75,725,294	75,725,294
Net pension liability/(asset)	\$ 22,588,115	\$ 11,368,286	\$ 2,173,419
Library:			
Total pension liability	\$ 13,203,518	\$ 11,696,692	\$ 10,461,819
Plan fiduciary net pension	10,169,928	10,169,928	10,169,928
Net pension liability/(asset)	\$ 3,033,590	\$ 1,526,764	\$ 291,891
Total:			
Total pension liability	\$ 111,516,927	\$ 98,790,272	\$ 88,360,532
Plan fiduciary net pension	85,895,222	85,895,222	85,895,222
Net pension liability/(asset)	\$ 25,621,705	\$ 12,895,050	\$ 2,465,310

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
City:			
Balances at December 31, 2014	\$ 96,324,203	\$ 89,834,842	\$ 6,489,361
Service cost	1,549,831	-	1,549,831
Interest on total pension liability	7,086,670	-	7,086,670
Differences between expected and actual experience of the total pension liability	796,382	-	796,382
Change of assumptions	103,436	-	103,436
Transfer of liability	(13,798,877)	-	(13,798,877)
Benefit payments, including refunds of employee contributions	(4,968,065)	(4,968,065)	-
Contributions - employer	-	1,757,095	(1,757,095)
Contributions - employee	-	664,444	(664,444)
Net investment income	-	442,808	(442,808)
Other (net transfer)	-	(12,005,830)	12,005,830
Balances at December 31, 2015	\$ 87,093,580	\$ 75,725,294	\$ 11,368,286

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Library:			
Balances at December 31, 2014	\$ 12,936,367	\$ 12,064,844	\$ 871,523
Service cost	208,143	-	208,143
Interest on total pension liability	951,742	-	951,742
Differences between expected and actual experience of the total pension liability	106,954	-	106,954
Change of assumptions	13,891	-	13,891
Transfer of liability	(1,853,193)	-	(1,853,193)
Benefit payments, including refunds of employee contributions	(667,212)	(667,212)	-
Contributions - employer	-	235,978	(235,978)
Contributions - employee	-	89,235	(89,235)
Net investment income	-	59,469	(59,469)
Other (net transfer)	-	(1,612,386)	1,612,386
Balances at December 31, 2015	<u>\$ 11,696,692</u>	<u>\$ 10,169,928</u>	<u>\$ 1,526,764</u>
Total:			
Balances at December 31, 2014	\$ 109,260,570	\$ 101,899,686	\$ 7,360,884
Service cost	1,757,974	-	1,757,974
Interest on total pension liability	8,038,412	-	8,038,412
Differences between expected and actual experience of the total pension liability	903,336	-	903,336
Change of assumptions	117,327	-	117,327
Transfer of liability	(15,652,070)	-	(15,652,070)
Benefit payments, including refunds of employee contributions	(5,635,277)	(5,635,277)	-
Contributions - employer	-	1,993,073	(1,993,073)
Contributions - employee	-	753,679	(753,679)
Net investment income	-	502,277	(502,277)
Other (net transfer)	-	(13,618,216)	13,618,216
Balances at December 31, 2015	<u>\$ 98,790,272</u>	<u>\$ 85,895,222</u>	<u>\$ 12,895,050</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$2,515,161. The City reported deferred outflows and inflows of resources related to pension from the following sources:

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Difference between expected and actual experience	\$ 549,794	\$ 104,269
Assumption changes	1,190,708	-
Net difference between projected and actual earnings on pension plan investments	5,678,431	-
Contributions subsequent to the measurement date	<u>503,281</u>	<u>-</u>
Total	<u>\$ 7,922,214</u>	<u>\$ 104,269</u>
Library:		
Difference between expected and actual experience	\$ 73,837	\$ 14,003
Assumption changes	159,913	-
Net difference between projected and actual earnings on pension plan investments	762,615	-
Contributions subsequent to the measurement date	<u>76,199</u>	<u>-</u>
Total	<u>\$ 1,072,564</u>	<u>\$ 14,003</u>
Total:		
Difference between expected and actual experience	\$ 623,631	\$ 118,272
Assumption changes	1,350,621	-
Net difference between projected and actual earnings on pension plan investments	6,441,046	-
Contributions subsequent to the measurement date	<u>579,480</u>	<u>-</u>
Total	<u>\$ 8,994,778</u>	<u>\$ 118,272</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2016. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$8,297,026) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2016	\$ 2,680,476	\$ 359,989	\$ 3,040,465
2017	1,850,833	248,567	2,099,400
2018	1,543,493	207,292	1,750,785
2019	<u>1,239,862</u>	<u>166,514</u>	<u>1,406,376</u>
Total	<u>\$ 7,314,664</u>	<u>\$ 982,362</u>	<u>\$ 8,297,026</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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 City accounts for the plan as a pension trust fund.

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

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

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

Plan membership. At April 30, 2016, the Police Pension membership consisted of:

Retirees and beneficiaries	39
Inactive, non-retired members	7
Active members	<u>40</u>
Total	<u>86</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 48.04% of annual covered payroll.

Net Pension Liability. The net pension liability was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability 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 City'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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	2.50%
Projected salary increases	5.50%
Cost-of-living adjustments	Tier 1 - 3.00%
	Tier 2 - 1.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment and no projection and the RP-2000 Disabled Retiree Mortality table with no projection. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance in 2012.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Long-term expected real rate of return. See Note I.D.1 for police pension fund investment policy, including target allocation and long-term expected real rate of returns.

Discount rate. The discount rate used to measure the total pension liability for the Police Pension Plan was 7.00%, 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 City 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 City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 59,757,901	\$ 52,622,210	\$ 46,728,713
Plan fiduciary net position	<u>27,404,163</u>	<u>27,404,163</u>	<u>27,404,163</u>
Net pension liability	<u>\$ 32,353,738</u>	<u>\$ 25,218,047</u>	<u>\$ 19,324,550</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the fiscal year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at May 1, 2015	\$ 52,530,895	\$ 28,025,755	\$ 24,505,140
Service cost	883,178	-	883,178
Interest on total pension liability	3,657,765	-	3,657,765
Differences between expected and actual experience of the total pension liability	(2,129,040)	-	(2,129,040)
Benefit payments, including refunds of employee contributions	(2,320,588)	(2,320,588)	-
Contributions - employer	-	1,806,270	(1,806,270)
Contributions - employee	-	373,216	(373,216)
Net investment income	-	(475,655)	475,655
Administrative expenses	-	(4,835)	4,835
Balances at April 30, 2016	<u>\$ 52,622,210</u>	<u>\$ 27,404,163</u>	<u>\$ 25,218,047</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$2,361,236. The City 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	\$ -	\$ 1,774,200
Net difference between projected and actual earnings on pension plan investments	<u>1,932,141</u>	<u>-</u>
Total	<u>\$ 1,932,141</u>	<u>\$ 1,774,200</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$157,941) will be recognized in pension expense as follows:

Year Ending April 30,	Amount
2017	\$ 128,196
2018	128,195
2019	128,195
2020	128,195
2021	(354,840)
Total	<u>\$ 157,941</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 City accounts for the plan as a pension trust fund.

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

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

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

Plan membership. At April 30, 2016, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	37
Inactive, non-retired members	5
Active members	<u>31</u>
Total	<u>73</u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At April 30, 2016, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2016 was 41.59% of annual covered payroll.

Net pension liability. The net pension liability was measured as of April 30, 2016, and the total pension liability used to calculate the net pension liability 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 City'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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of April 30, 2016 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	2.50%
Projected salary increases	5.50%
Cost-of-living adjustments	Tier 1 - 3.00% Tier 2 - 1.25%

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with a blue collar adjustment and no projection and the RP-2000 Disabled Retiree Mortality Table with no projection. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance in 2012.

Long-term expected real rate of return. Seen Note I.D. 1 for Firefighters' Pension Fund investment policy, including target allocation and long-term expected real rate of return.

Discount rate. The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 7.00%, 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 City 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.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

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 City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 51,990,610	\$ 45,820,158	\$ 40,734,986
Plan fiduciary net position	<u>31,897,074</u>	<u>31,897,074</u>	<u>31,897,074</u>
Net pension liability	<u>\$ 20,093,536</u>	<u>\$ 13,923,084</u>	<u>\$ 8,837,912</u>

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the fiscal year ended April 30, 2016 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at May 1, 2015	\$ 43,938,314	\$ 32,257,990	\$ 11,680,324
Service cost	926,420	-	926,420
Interest on total pension liability	3,072,945	-	3,072,945
Differences between expected and actual experience of the total pension liability	(186,474)	-	(186,474)
Benefit payments, including refunds of employee contributions	(1,931,047)	(1,931,047)	-
Contributions - employer	-	1,216,585	(1,216,585)
Contributions - employee	-	298,046	(298,046)
Net investment income	-	60,335	(60,335)
Administration	-	(4,835)	4,835
Balances at April 30, 2016	<u>\$ 45,820,158</u>	<u>\$ 31,897,074</u>	<u>\$ 13,923,084</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended April 30, 2016, the City recognized pension expense of \$1,893,408. The City 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	\$ -	\$ 155,395
Assumption changes	-	-
Net difference between projected and actual earnings on pension plan investments	<u>1,721,332</u>	<u>-</u>
Total	<u>\$ 1,721,332</u>	<u>\$ 155,395</u>

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,565,937) will be recognized in pension expense as follows:

Year Ending April 30,	Amount
2017	\$ 399,254
2018	399,254
2019	399,254
2020	399,254
2021	<u>(31,079)</u>
Total	<u>\$ 1,565,937</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash	\$ 3,284	\$ 9,105	\$ 12,389
Money markets	206,800	1,013,613	1,220,413
Investments			
U.S. treasury obligations	9,388,651	2,978,653	12,367,304
U.S. government agencies	561,984	3,273,789	3,835,773
Municipal/corporate bonds	1,078,672	6,156,158	7,234,830
Equity mutual funds	13,179,094	18,352,277	31,531,371
Real estate investment fund	1,731,650	-	1,731,650
Common stock	1,196,746	-	1,196,746
Prepays	13,084	9,169	22,253
Other	<u>54,318</u>	<u>107,158</u>	<u>161,476</u>
Total Assets	<u>27,414,283</u>	<u>31,899,922</u>	<u>59,314,205</u>
Liabilities			
Accounts payable	<u>10,120</u>	<u>2,848</u>	<u>12,968</u>
Total Liabilities	<u>10,120</u>	<u>2,848</u>	<u>12,968</u>
Net Position			
Restricted for pension benefits	<u>\$ 27,404,163</u>	<u>\$ 31,897,074</u>	<u>\$ 59,301,237</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employer	\$ 1,806,270	\$ 1,216,585	\$ 3,022,855
Employee	373,216	297,946	671,162
Miscellaneous revenues	<u>3,211</u>	<u>100</u>	<u>3,311</u>
Total Contributions	<u>2,182,697</u>	<u>1,514,631</u>	<u>3,697,328</u>
Investment Income			
Interest	488,783	775,613	1,264,396
Net appreciation (depreciation) in fair value of investments	<u>(854,895)</u>	<u>(623,694)</u>	<u>(1,478,589)</u>
Total Investment income	(366,112)	151,919	(214,193)
Less Investment expense	<u>(112,754)</u>	<u>(91,584)</u>	<u>(204,338)</u>
Net investment income	<u>(478,866)</u>	<u>60,335</u>	<u>(418,531)</u>
Total Additions	<u>1,703,831</u>	<u>1,574,966</u>	<u>3,278,797</u>
Deductions			
Pension benefits and refunds	2,320,588	1,931,047	4,251,635
Other administrative expenses	<u>4,835</u>	<u>4,835</u>	<u>9,670</u>
Total Deductions	<u>2,325,423</u>	<u>1,935,882</u>	<u>4,261,305</u>
Change in net position	(621,592)	(360,916)	(982,508)
Net position, beginning of year	<u>28,025,755</u>	<u>32,257,990</u>	<u>60,283,745</u>
Net position, end of year	<u>\$ 27,404,163</u>	<u>\$ 31,897,074</u>	<u>\$ 59,301,237</u>

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk of loss in the Liability Insurance Fund through payments to the Intergovernmental Risk Management Agency.

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described in Note IV. A., the City and Library (hereinafter City) provide post-employment health care benefits (OPEB) for retired employees. Hereinafter, the medical and dental plan benefits offered are referred to as the "Plan." The Plan offers several medical and dental insurance benefits options to eligible retirees and their dependents. The benefits, benefit levels, employee contributions and employer contributions are governed by the City Council and can only be amended by the City Council. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The City does not issue a Plan financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council and are detailed in the various plan benefit booklets provided to employees. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016 the City contributed \$185,185, representing current premiums.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

	City	Library
Annual required contribution	\$ 232,335	\$ 23,831
Interest on net OPEB obligation	9,179	1,245
Adjustment to annual required contribution	<u>(7,649)</u>	<u>(1,037)</u>
Annual OPEB cost	233,865	24,039
Contributions made	<u>(178,803)</u>	<u>(6,382)</u>
Increase in net OPEB obligation	55,062	17,657
Net OPEB Obligation - Beginning of Year	<u>229,476</u>	<u>31,114</u>
Net OPEB Obligation - End of Year	<u>\$ 284,538</u>	<u>\$ 48,711</u>

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
April 30, 2014	\$ 146,631	100.30	\$ 201,037
April 30, 2015	224,739	87.30	229,476
April 30, 2016	233,865	76.46	284,538
Library:			
April 30, 2014	\$ 3,842	0.00	\$ 12,212
April 30, 2015	22,996	17.80	31,114
April 30, 2016	24,039	26.55	48,771

The funded status of the plan as of April 30, 2015, the most recent actuarial valuation date, was as follows:

	City	Library
Actuarial accrued liability (AAL)	\$ 3,786,380	\$ 272,766
Actuarial value of plan assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,786,380</u>	<u>\$ 272,766</u>
Funded ratio (actuarial value of plan assets/AAL)	-%	-%
Covered payroll (active plan members)	\$ 18,087,734	\$ 1,288,196
UAAL as a percentage of covered payroll	20.93%	21.17%

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

CITY OF LAKE FOREST

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended April 30, 2016

NOTE IV - OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

In the April 30, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5.5 percent ultimately. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets were determined using market value. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015 was 30 years.

F. SUBSEQUENT EVENTS

On September 23, 2016, the City sold land on Laurel Avenue for a sale price of \$12,000,000. This property will be included in the City's capital asset reductions for the fiscal year ending April 30, 2017.

CITY OF LAKE FOREST

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Most Recent Fiscal Year

	2016		
	City	Library	Total
Total pension liability			
Service cost	\$ 1,549,831	\$ 208,143	\$ 1,757,974
Interest	7,086,670	951,742	8,038,412
Differences between expected and actual experience	796,382	106,954	903,336
Changes of assumptions	103,436	13,891	117,327
Transfer of liability	(13,798,877)	(1,853,193)	(15,652,070)
Benefit payments, including refunds of member contributions	(4,968,065)	(667,212)	(5,635,277)
Net change in total pension liability	(9,230,623)	(1,239,675)	(10,470,298)
Total pension liability - beginning	96,324,203	12,936,367	109,260,570
Total pension liability - ending (a)	\$ 87,093,580	\$ 11,696,692	\$ 98,790,272
Plan fiduciary net position			
Employer contributions	\$ 1,757,095	\$ 235,978	\$ 1,993,073
Employee contributions	664,444	89,235	753,679
Net investment income	442,808	59,469	502,277
Benefit payments, including refunds of member contributions	(4,968,065)	(667,212)	(5,635,277)
Other (net transfer)	(12,005,830)	(1,612,386)	(13,618,216)
Net change in plan fiduciary net position	(14,109,548)	(1,894,916)	(16,004,464)
Plan fiduciary net position - beginning	89,834,842	12,064,844	101,899,686
Plan fiduciary net position - ending (b)	\$ 75,725,294	\$ 10,169,928	\$ 85,895,222
Employer's net pension liability - ending (a) - (b)	\$ 11,368,286	\$ 1,526,764	\$ 12,895,050
Plan fiduciary net position as a percentage of the total pension liability			86.95%
Covered-employee payroll			\$ 13,391,112
Employer's net pension liability as a percentage of covered-employee payroll			96.30%

Notes to Schedule:
The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

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

CITY OF LAKE FOREST

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Most Recent Fiscal Year

	2016		
	City	Library	Total
Actuarially determined contribution	\$ 1,741,632	\$ 233,902	\$ 1,975,534
Contributions in relation to the actuarially determined contribution	(1,757,095)	(235,978)	(1,993,073)
Contribution deficiency (excess)	\$ (15,463)	\$ (2,076)	\$ (17,539)

Covered-employee payroll	\$ 13,391,112
Contributions as a percentage of covered-employee payroll	14.88%

Notes to Schedule:
The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

Valuation date:
Actuarially determined contribution rates are calculated as of December 31 of the year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
	RP-2000
	CHBCA
Mortality	

Other information:
There were no benefit changes during the year.

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

CITY OF LAKE FOREST

POLICE PENSION FUND SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Last Two Fiscal Years

	2015	2016
Total pension liability		
Service cost	\$ 845,979	\$ 883,178
Interest	3,219,893	3,657,765
Differences between expected and actual experience	2,713	(2,129,040)
Changes of assumptions	3,568,719	-
Benefit payments, including refunds of member contributions	(2,193,705)	(2,320,588)
Other	(16,057)	-
Net change in total pension liability	5,427,542	91,315
Total pension liability - beginning	47,103,353	52,530,895
Total pension liability - ending (a)	\$ 52,530,895	\$ 52,622,210
Plan fiduciary net position		
Employer contributions	\$ 1,706,203	\$ 1,806,270
Employee contributions	360,156	373,216
Net investment income	1,669,508	(475,655)
Benefit payments, including refunds of member contributions	(2,193,705)	(2,320,588)
Administrative expenses	(4,150)	(4,835)
Net change in plan fiduciary net position	1,538,012	(621,592)
Plan fiduciary net position - beginning	26,487,743	28,025,755
Plan fiduciary net position - ending (b)	\$ 28,025,755	\$ 27,404,163
City's net pension liability - ending (a) - (b)	\$ 24,505,140	\$ 25,218,047
Plan fiduciary net position as a percentage of the total pension liability	53.35%	52.08%
Covered-employee payroll	\$ 3,590,934	\$ 3,759,611
City's net pension liability as a percentage of covered-employee payroll	682.42%	670.76%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2015, the mortality, disability, turnover and retirement assumptions were revised to reflect the most recent study conducted by the Illinois Department of Insurance.

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

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

CITY OF LAKE FOREST

POLICE PENSION FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last Ten Fiscal Years

	2007	2008	2009	2010
Actuarially determined contribution	\$ 861,380	\$ 917,388	\$ 1,025,521	\$ 1,128,050
Contributions in relation to the actuarially determined contribution	<u>868,271</u>	<u>928,718</u>	<u>1,038,121</u>	<u>1,128,592</u>
Contribution deficiency (excess)	<u>\$ (6,891)</u>	<u>\$ (11,330)</u>	<u>\$ (12,600)</u>	<u>\$ (542)</u>
Covered-employee payroll	\$ 3,041,336	\$ 3,162,441	\$ 3,162,441	\$ 3,283,760
Contributions as a percentage of covered-employee payroll	28.55%	29.37%	32.83%	34.37%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of May 1, 2014 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 years
Asset valuation method	Market value
Salary increases	5.50%
Investment rate of return	
	7.00%, net of pension plan investment expense
Retirement age	50-62
Mortality	Mortality rates were based on the RP-2000 Mortality Table

2011	2012	2013	2014	2015	2016
\$ 1,405,652	\$ 1,372,431	\$ 1,375,906	\$ 1,384,307	\$ 1,508,450	\$ 1,810,315
<u>1,412,730</u>	<u>1,515,074</u>	<u>1,502,075</u>	<u>1,563,964</u>	<u>1,706,203</u>	<u>1,806,270</u>
<u>\$ (7,078)</u>	<u>\$ (142,643)</u>	<u>\$ (126,169)</u>	<u>\$ (179,657)</u>	<u>\$ (197,753)</u>	<u>\$ 4,045</u>
\$ 3,322,493	\$ 3,359,679	\$ 3,170,518	\$ 3,518,797	\$ 3,590,934	\$ 3,759,611
42.52%	45.10%	47.38%	44.45%	47.51%	48.04%

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

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

CITY OF LAKE FOREST

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Two Fiscal Years

	2015	2016
Annual money-weighted rate of return, net of investment expense	6.79%	-1.44%

Notes to Schedule:

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

CITY OF LAKE FOREST

FIREFIGHTERS' PENSION FUND
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
Last Two Fiscal Years

	2015	2016
Total pension liability		
Service cost	\$ 912,154	\$ 926,420
Interest	2,754,242	3,072,945
Differences between expected and actual experience	(213,530)	(186,474)
Changes of assumptions	2,024,054	-
Benefit payments, including refunds of member contributions	(1,769,849)	(1,931,047)
Net change in total pension liability	3,707,071	1,881,844
Total pension liability - beginning	<u>40,231,243</u>	<u>43,938,314</u>
Total pension liability - ending (a)	<u>\$ 43,938,314</u>	<u>\$ 45,820,158</u>
Plan fiduciary net position		
Employer contributions	\$ 1,168,287	\$ 1,216,585
Employee contributions	296,676	297,946
Net investment income	1,871,817	60,335
Miscellaneous revenue	-	100
Benefit payments, including refunds of member contributions	(1,769,849)	(1,931,047)
Administrative expenses	(4,150)	(4,835)
Net change in plan fiduciary net position	1,562,781	(360,916)
Plan fiduciary net position - beginning	<u>30,695,209</u>	<u>32,257,990</u>
Plan fiduciary net position - ending (b)	<u>\$ 32,257,990</u>	<u>\$ 31,897,074</u>
City's net pension liability - ending (a) - (b)	<u>\$ 11,680,324</u>	<u>\$ 13,923,084</u>
Plan fiduciary net position as a percentage of the total pension liability	73.42%	69.61%
Covered-employee payroll	\$ 3,111,216	\$ 2,924,893
City's net pension liability as a percentage of covered-employee payroll	375.43%	476.02%

Notes to Schedule:

Changes of assumptions. For Fiscal Year 2015, the mortality, disability, turnover and retirement assumptions were revised to reflect the most recent study conducted by the Illinois Department of Insurance.

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

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

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

CITY OF LAKE FOREST

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

	2007	2008	2009	2010
Actuarially determined contribution	\$ 536,870	\$ 608,241	\$ 662,323	\$ 761,978
Contributions in relation to the actuarially determined contribution	<u>554,050</u>	<u>610,671</u>	<u>701,472</u>	<u>810,129</u>
Contribution deficiency (excess)	<u>\$ (17,180)</u>	<u>\$ (2,430)</u>	<u>\$ (39,149)</u>	<u>\$ (48,151)</u>
Covered-employee payroll	\$ 2,626,922	\$ 2,855,889	\$ 2,855,889	\$ 2,926,591
Contributions as a percentage of covered-employee payroll	21.09%	21.38%	24.56%	27.68%

Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of May 1, 2014 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	Market value
Salary increases	5.50%
Investment rate of return	6.75%, net of pension plan investment expense
Retirement age	50-62
Mortality	Mortality rates were based on the RP-2000 Mortality Table

2011	2012	2013	2014	2015	2016
\$ 954,946	\$ 862,452	\$ 894,551	\$ 894,384	\$ 950,325	\$ 1,217,702
<u>960,850</u>	<u>983,298</u>	<u>1,026,345</u>	<u>1,090,695</u>	<u>1,168,287</u>	<u>1,216,585</u>
<u>\$ (5,904)</u>	<u>\$ (120,846)</u>	<u>\$ (131,794)</u>	<u>\$ (196,311)</u>	<u>\$ (217,962)</u>	<u>\$ 1,117</u>
\$ 2,644,320	\$ 2,941,767	\$ 3,049,732	\$ 3,004,889	\$ 3,111,216	\$ 2,924,893
36.34%	33.43%	33.65%	36.30%	37.55%	41.59%

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

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

CITY OF LAKE FOREST

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

	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	6.48%	0.26%

Notes to Schedule:

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

CITY OF LAKE FOREST

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS
For the Year Ended April 30, 2016

Schedule of Annual Required Contributions - City

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
04/30/16	\$ 232,335	77.0 %
04/30/15	223,399	87.9 %
04/30/14	145,288	101.2 %
04/30/13	94,954	66.9 %
04/30/12	94,954	71.2 %
04/30/11	89,201	- %

Schedule of Annual Required Contributions - Library

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
04/30/16	\$ 23,831	26.8 %
04/30/15	22,915	17.8 %
04/30/14	3,786	0.0 %
04/30/13	2,727	0.0 %
04/30/12	2,727	0.0 %
04/30/11	2,743	0.0 %

Schedule of Funding Progress - City

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
04/30/15	\$ -	\$ 3,786,380	\$ 3,786,380	0%	\$ 18,087,734	20.93%
04/30/13	-	2,363,491	2,363,491	0%	16,930,261	13.96%
04/30/11	-	1,495,528	1,495,528	0%	19,037,921	7.86%

Schedule of Funding Progress - Library

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
04/30/15	\$ -	\$ 272,766	\$ 272,766	0%	\$ 1,288,196	21.17%
04/30/13	-	34,113	34,113	0%	1,306,979	2.61%
04/30/11	-	22,590	22,590	0%	1,246,633	1.81%

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

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

OFFICIAL BID FORM
(Open Speer Auction)

City of Lake Forest
220 East Deerpath
Lake Forest, Illinois 60045

May 15, 2017
Speer Financial, Inc.

City Council Members:

For the \$9,450,000* General Obligation Bonds, Series 2017 (the "Bonds"), of the City of Lake Forest, Lake County, Illinois (the "City"), as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$9,374,400) for Bonds bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). The dated date and delivery date for the Bonds is expected to be on or about June 5, 2017. **The premium or discount, if any, is subject to adjustment allowing the same \$_____ gross spread per \$1,000 bond as bid herein.**

MATURITIES* - DECEMBER 15

\$505,000	2023	\$575,000	2028	\$685,000	2033
515,000	2024	595,000	2029	715,000	2034
530,000	2025	615,000	2030	740,000	2035
545,000	2026	640,000	2031	770,000	2036
560,000	2027	660,000	2032	800,000	2037

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The City will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the City's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the City in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds.

Form of Deposit (Check One)

Prior to Bid Opening:
Certified/Cashier's Check ☐
Wire Transfer ☐

Within TWO hours of Bidding:
Wire Transfer ☐

Amount: \$189,000

Account Manager Information

Name _____

Address _____

By _____

City _____ State/Zip _____

Direct Phone (_____) _____

FAX Number (_____) _____

E-Mail Address _____

The foregoing bid is hereby accepted and the Bonds sold, and receipt is hereby acknowledged of the good faith Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

CITY OF LAKE FOREST, LAKE COUNTY, ILLINOIS

Mayor

*Subject to change.

----- NOT PART OF THE BID -----
(Calculation of true interest cost)

	Bid	Post Sale Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
True Interest Cost	\$	
True Interest Rate	%	%
TOTAL BOND YEARS	133,752.50	
AVERAGE LIFE	14.154 Years	Years

OFFICIAL NOTICE OF SALE

\$9,450,000*

CITY OF LAKE FOREST

**Lake County, Illinois
General Obligation Bonds, Series 2017**

(Open Speer Auction)

The City of Lake Forest, Lake County, Illinois (the "City"), will receive **open auction** electronic bids on the SpeerAuction ("SpeerAuction") website address "www.SpeerAuction.com" for its \$9,450,000* General Obligation Bonds, Series 2017 (the "Bonds"), on an all or none basis between 10:45 A.M. and 11:00 A.M., C.D.T., Monday, May 15, 2017. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City's sale (as described below). Award will be made or all bids rejected at a meeting of the City Council on that date. The City reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

The Bonds are valid and legally binding upon the City payable both as to principal and interest from ad valorem taxes levied against all taxable property therein without limitation as to rate or amount.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

- (1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to the Auction Administrator, Grant Street Group, at (412) 391-5555 x 370.
- (2) If any new bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (3) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid, the prior bid will remain valid.
- (4) The last bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been successfully submitted.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

**Subject to change.*

Rules

- (1) A bidder ("Bidder") submitting a winning bid ("Winning Bid") is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the City, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the City.
- (2) **Neither the City, Speer Financial, Inc., nor Grant Street Group (the "Auction Administrator") is responsible for technical difficulties that result in the loss of the Bidder's internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.**
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the City exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the City, Speer Financial, Inc., nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the City, Speer Financial, Inc., nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder's SpeerAuction password.
- (9) If two bids submitted in the same auction by two or more different Bidders result in same True Interest Cost, the first unaffirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to the Auction Administrator within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the City. If, for any reason, the City fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the City, Speer Financial, Inc., nor the Auction Administrator will be liable for damages.

The City reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the City reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thompson Municipal News*.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the first day of the month in which an interest payment date occurs. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Bond Registrar (as hereinafter defined) in Chicago, Illinois. Semiannual interest is due June 15 and December 15 of each year commencing December 15, 2017, and is payable by The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois (the "Bond Registrar"). The Bonds are dated as of the date of delivery (expected to be on or about June 5, 2017).

MATURITIES* - DECEMBER 15

\$505,000	2023	\$575,000	2028	\$685,000	2033
515,000	2024	595,000	2029	715,000	2034
530,000	2025	615,000	2030	740,000	2035
545,000	2026	640,000	2031	770,000	2036
560,000	2027	660,000	2032	800,000	2037

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds maturing on or after December 15, 2026, are callable at the option of the City in whole or in part on any date on or after December 15, 2025, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. The rates bid shall be in non-descending order. The differential between the highest rate bid and the lowest rate bid shall not exceed six percent (6%). All bids must be for all of the Bonds, and must be for not less than \$9,374,400.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the City as determined by the City's Financial Advisor, which determination shall be conclusive and binding on all bidders; *provided*, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per \$1,000 bond as submitted on the Official Bid Form.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by the City's Financial Advisor, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or its Financial Advisor will notify the bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association ("SIFMA") will be required to pay SIFMA's standard charge per bond.

The **winning bidder** is required to wire transfer from a solvent bank or trust company to the City's good faith bank the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the bidder. Alternatively, a bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier's check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the City. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award.

The Deposit of the successful bidder will be retained by the City pending delivery of the Bonds and all others will be promptly returned. Should the successful bidder fail to take up and pay for the Bonds when tendered in accordance with this Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 N. LaSalle Street, 38th Floor
Chicago, IL 60602
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: City of Lake Forest, Lake County, Illinois
bid for the \$9,450,000* General Obligation Bonds, Series 2017

Contemporaneously with such wire transfer, the bidder shall send an email to biddingscrows@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such bidder is not awarded the Bonds. The City and any bidder who chooses to wire the Deposit hereby agree irrevocably that Speer Financial, Inc. ("Speer") shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the City; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

If a Financial Surety Bond is used for the Deposit, it must be from an insurance company licensed to issue such a bond in the State of Illinois and such bond must be submitted to Speer prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer as instructed by Speer, or the City not later than 3:00 P.M. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

The winning bidder shall provide a certificate, in form as drafted by or acceptable to Bond Counsel, to evidence the issue price of each maturity of the Bonds, the form of which certificate is available upon request.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be on or about June 5, 2017. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the good faith deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 100 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters from the printer at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Chapman and Cutler LLP, Chicago, Illinois, stating that the Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of said attorneys that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate by the City.

The City intends to designate the Bonds as "qualified tax-exempt obligations" pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from Ms. Elizabeth Holleb, Director of Finance, City of Lake Forest, 800 North Field Drive, Lake Forest, Illinois 60045; telephone (847) 810-3612 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Official Statements Sales Calendar/Competitive" from the Independent Public Finance Consultants to the City, Speer Financial, Inc., One North LaSalle Street, Suite 4100, Chicago, Illinois 60602, telephone (312) 346-3700.

/s/ **ROBERT T.E. LANSING**
Mayor
CITY OF LAKE FOREST
Lake County, Illinois

/s/ **ROBERT R. KIELY, JR.**
City Manager
CITY OF LAKE FOREST
Lake County, Illinois

ORDINANCE NO. 2017-__

AN ORDINANCE providing for the issuance of \$9,450,000 General Obligation Bonds, Series 2017, of the City of Lake Forest, Lake County, Illinois, for the purpose of financing certain capital improvements to said City's water treatment plant, providing for the levy and collection of a direct annual tax sufficient to pay the principal and interest on said bonds, and authorizing the sale of said bonds to _____.

WHEREAS, the City of Lake Forest, Lake County, Illinois (the "*City*"), has elected pursuant to the provisions of the 1970 Constitution of the State of Illinois and particularly Article VII, Section 6(a) thereof, to become a home rule unit and as such may exercise any power or perform any function pertaining to its government and affairs, including, but not limited to, the power to tax and to incur debt; and

WHEREAS, pursuant to the provisions of said Section 6, the City has the power to incur debt payable from ad valorem property tax receipts or from any other lawful source and maturing within 40 years from the time it is incurred without prior referendum approval; and

WHEREAS, the City Council of the City (the "*Council*") has considered the needs of the City and has determined and does hereby determine that it is necessary, desirable and in the best interests of the City to borrow at this time the sum of \$9,450,000 to finance certain capital improvements to the City's water treatment plant and pay expenses incidental thereto (the "*Project*"); and

WHEREAS, it is in the best interest of the City to issue bonds of the City (the "*Bonds*") in the aggregate principal amount of \$9,450,000 to evidence said borrowing and for the purpose of paying costs of the Project; and

WHEREAS, the Bonds shall be payable from a direct annual ad valorem tax levied against all taxable property in the City, without limitation as to rate or amount; and

WHEREAS, pursuant to Ordinance No. 2013-070, adopted by the Council on the 2nd day of December, 2013 (*“Ordinance No. 2013-070”*), and notwithstanding the City’s home rule status, the City has adopted a limit on the amount of property taxes it may levy on an annual basis to provide for debt service payments on its outstanding general obligation bonds to an amount not exceeding its 2004 debt service property tax levy (as adjusted for Consumer Price Index increases) plus levies for capital improvements (the *“City Debt Limit”*); and

WHEREAS, the City has not levied any separate property taxes for capital improvements, but has three outstanding series of general obligation bonds that are expected to be repaid from sources other than general property taxes, namely, the City’s General Obligation Refunding Bonds, Series 2011A, General Obligation Refunding Bonds, Series 2011B, and a portion of the General Obligation Bonds, Series 2015; and

WHEREAS, the Bonds are also expected to be repaid from a source other than general property taxes, the same being the net revenues of the City’s waterworks system (the *“Net Revenues”*), and are therefore excluded from the restrictions of the City Debt Limit; and

WHEREAS, the County Clerk of The County of Lake, Illinois (the *“County Clerk”*), is therefore authorized to extend and collect direct annual ad valorem taxes so levied for the payment of the Bonds without limitation as to rate or amount;

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Lake Forest, Lake County, Illinois, in the exercise of its home rule powers, as follows:

Section 1. Incorporation of Preambles. The Council hereby finds that all of the recitals contained in the preambles to this Ordinance are true, correct and complete and does incorporate them into this Ordinance by this reference.

Section 2. Authorization. It is hereby found and determined that pursuant to the provisions of the Illinois Municipal Code, as supplemented and amended, and the home rule

powers of the City under Section 6 of Article VII of the Illinois Constitution of 1970 (in the event of conflict between the provisions of said code and home rule powers, the home rule powers shall be deemed to supersede the provisions of said code) (the “*Act*”), the Council has been authorized by law to borrow the sum of \$9,450,000 upon the credit of the City and as evidence of such indebtedness to issue bonds of the City in said amount, the proceeds of said bonds to be used for the Project, and that it is necessary to borrow \$9,450,000 of said authorized sum and issue the Bonds in evidence thereof, and these findings and determinations, together with those set forth in the preambles to this Ordinance, shall be deemed conclusive.

Section 3. Bond Details. There be borrowed by for and on behalf of the City the sum of \$9,450,000 for the purpose aforesaid, and that bonds of the City shall be issued in said amount and shall be designated “General Obligation Bonds, Series 2017”. The Bonds shall be dated June 5, 2017, and shall also bear the date of authentication, shall be in fully registered form, shall be in denominations of \$5,000 each or authorized integral multiples thereof (but no single Bond shall represent installments of principal maturing on more than one date), and shall be numbered 1 and upward. The Bonds shall become due and payable serially (subject to prior redemption as hereinafter set forth) on December 15 of each of the years, in the amounts and bearing interest per annum as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT (\$)	RATE OF INTEREST (%)
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		

The Bonds shall bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of the Bonds is paid, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on June 15 and December 15 of each year, commencing on December 15, 2017.

Interest on each Bond shall be paid by check or draft of _____, Chicago, Illinois, as bond registrar and paying agent (the “*Bond Registrar*”), payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 1st day of the month of the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal corporate trust office of the Bond Registrar.

Section 4. Execution; Authentication. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, as they shall determine, and shall have impressed or imprinted

thereon the corporate seal or facsimile thereof of the City. In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance.

Section 5. Registration of Bonds; Persons Treated as Owners. (a) General. The City shall cause books (the “*Bond Register*”) for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the principal corporate trust office of the Bond Registrar, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Bond Registrar shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said office of the Bond

Registrar for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, *provided, however*, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 1st day of the month of any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his or her legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds determined as

described in Section 3 hereof. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto (*"Cede"*), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns (*"DTC"*). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. Any officer of the City who is a signatory on the Bonds is authorized to execute and deliver, on behalf of the City, such letters to or agreements with DTC as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the *"Representation Letter"*), which Representation Letter may provide for the payment of principal of or interest on the Bonds by wire transfer.

With respect to Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Bond Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a *"DTC Participant"*) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to the principal of or interest on the Bonds. The City and the Bond Registrar may treat and consider the person in whose name each Bond is registered in the Bond

Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Bond Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, and subject to the provisions in Section 3 hereof with respect to the payment of interest to the registered owners of Bonds at the close of business on the 1st day of the month of the applicable interest payment date, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Bond Registrar and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of certificated Bonds and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At that time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a universal book-entry system, as may be

acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate universal book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 5(a) hereof.

Notwithstanding any other provisions of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the name provided in the Representation Letter.

Section 6. Redemption. The Bonds maturing on or after December 15, 2026, shall be subject to redemption prior to maturity at the option of the City as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 15, 2025, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. The City shall, at least forty-five (45) days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar) notify the Bond Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar from the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable deposit

of funds with an escrow agent sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

The Bond Registrar shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 7. Redemption Procedure. Unless waived by any holder of Bonds to be redeemed, notice of the call for any such redemption shall be given by the Bond Registrar on behalf of the City by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All notices of redemption shall state:

- (1) the redemption date,
- (2) the redemption price,
- (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Bond Registrar, and
- (6) such other information then required by custom, practice or industry standard.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the City shall have been received by the Bond Registrar prior to the giving of such

notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered holder a new Bond or Bonds of the same maturity in the amount of the unpaid principal.

If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

Section 8. Form of Bond. The Bonds shall be in substantially the following form; *provided, however,* that if the text of the Bond is to be printed in its entirety on the front side of the Bond, then paragraph [2] and the legend, “See Reverse Side for Additional Provisions”, shall be omitted and paragraphs [6] through [11] shall be inserted immediately after paragraph [1]:

[FORM OF BOND - FRONT SIDE]

REGISTERED
NO. _____

REGISTERED
\$ _____

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF LAKE
CITY OF LAKE FOREST
GENERAL OBLIGATION BOND, SERIES 2017**

See Reverse Side for Additional Provisions

Interest Maturity Dated
Rate: _____% Date: December 15, 20____ Date: June 5, 2017 CUSIP: 509696 _____

Registered Owner:

Principal Amount:

[1] KNOW ALL PERSONS BY THESE PRESENTS that the City of Lake Forest, Lake County, Illinois, a municipality, home rule unit, and political subdivision of the State of Illinois (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on June 15 and December 15 of each year, commencing December 15, 2017, until said Principal Amount is paid or duly provided for. The principal of this Bond is payable in lawful money of the United States of America upon presentation hereof at the principal corporate trust office of _____, Chicago, Illinois, as bond registrar and paying agent (the “Bond Registrar”). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Bond Registrar, at the close of business on the 1st day of the month of the interest payment date.

Interest shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books, or at such other address furnished in writing by such Registered Owner to the Bond Registrar. For the prompt payment of this Bond both principal and interest at maturity, the full faith, credit and resources of the City are hereby irrevocably pledged.

[2] Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

[3] It is hereby certified and recited that all conditions, acts and things required by the Constitution and Laws of the State of Illinois to exist or to be done precedent to and in the issuance of this Bond, including the hereinafter defined Act, have existed and have been properly done, happened and been performed in regular and due form and time as required by law; that the indebtedness of the City, represented by the Bonds, and including all other indebtedness of the City, howsoever evidenced or incurred, does not exceed any constitutional or statutory or other lawful limitation; and that provision has been made for the collection of a direct annual tax, in addition to all other taxes, on all of the taxable property in the City sufficient to pay the interest hereon as the same falls due and also to pay and discharge the principal hereof at maturity.

[4] This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

[5] IN WITNESS WHEREOF, the City of Lake Forest, Lake County, Illinois, by its City Council, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

SPECIMEN

Mayor, Lake Forest,
Lake County, Illinois

ATTEST:

SPECIMEN

City Clerk, Lake Forest
Lake County, Illinois

[SEAL]

Date of Authentication: _____, 20__

CERTIFICATE
OF
AUTHENTICATION

Bond Registrar and Paying Agent:

Chicago, Illinois

This Bond is one of the Bonds described in the within mentioned ordinance and is one of the General Obligation Bonds, Series 2017, of the City of Lake Forest, Lake County, Illinois.

_____, as Bond
Registrar

By _____
Authorized Officer

[FORM OF BOND - REVERSE SIDE]

CITY OF LAKE FOREST, LAKE COUNTY, ILLINOIS

GENERAL OBLIGATION BOND, SERIES 2017

[6] This Bond is one of a series of bonds (the “*Bonds*”) issued by the City for the purpose of financing capital improvements in the City including, but not limited to, infrastructure improvements to the City’s water treatment plant, and paying expenses incidental thereto, all as described and defined in the Ordinance of the City, passed by the City Council on the 15th day of May, 2017, authorizing the Bonds (the “*Ordinance*”), pursuant to and in all respects in compliance with the applicable provisions of the Illinois Municipal Code, as amended; as further supplemented and, where necessary, superseded, by the powers of the City as a home rule unit under the provisions of Section 6 of Article VII of the Illinois Constitution of 1970 (collectively, such Illinois Municipal Code and constitutional home rule powers, being the “*Act*”), and with the Ordinance, which has been duly approved by the Mayor, and published, in all respects as by law required.

[7] Bonds of the issue of which this Bond is one maturing on and after December 15, 2026, are subject to redemption prior to maturity at the option of the City as a whole, or in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all the Bonds of a single maturity to be selected by lot by the Bond Registrar), on December 15, 2025, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

[8] Notice of any such redemption shall be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Bond Registrar or at such other address as is furnished in writing by such

registered owner to the Bond Registrar. When so called for redemption, this Bond will cease to bear interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding.

[9] This Bond is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Chicago, Illinois, but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange therefor.

[10] The Bonds are issued in fully registered form in the denomination of \$5,000 each or authorized integral multiples thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the Ordinance. The Bond Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 1st day of the month of any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

[11] The City and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assign, and transfers unto _____

--

Here insert Social Security Number,
Employer Identification Number or
other Identifying Number

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature guaranteed: _____

NOTICE: The signature to this transfer and assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Section 9. Sale of Bonds. The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the City Treasurer, and shall be by the City Treasurer delivered to _____, _____, _____, the purchaser thereof (the "*Purchaser*"), upon receipt of the purchase price therefor, the same being \$_____; the contract for the sale of the Bonds (the "*Purchase Contract*") heretofore entered into is in all respects ratified, approved and confirmed, and the officers of the City designated in the Purchase Contract are authorized and directed to execute the Purchase Contract on behalf of the City, it being hereby declared that, to the best of the knowledge and belief of the Council, after due inquiry, no person holding any office of the City, either by election or appointment, is in any manner financially interested, either directly in his or her own name or indirectly in the name of any other person, association, trust or corporation, in the Purchase Contract.

The use by the Purchaser of any Preliminary Official Statement and any final Official Statement relating to the Bonds and before the Council at the time of the adoption hereof (the "*Official Statement*") is hereby ratified, approved and authorized; the execution and delivery of the Official Statement is hereby authorized; and the officers of the Council are hereby authorized to take any action as may be required on the part of the City to consummate the transactions contemplated by said contract for the purchase of the Bonds, this Ordinance, said Preliminary Official Statement, the Official Statement and the Bonds.

Section 10. Tax Levy; Abatement. For the purpose of providing funds required to pay the interest on the Bonds promptly when and as the same falls due, and to pay and discharge the principal thereof at maturity, there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are outstanding, a direct annual tax sufficient for

that purpose; and there is hereby levied on all of the taxable property in the City, in addition to all other taxes, the following direct annual tax (the “*Pledged Taxes*”), to-wit:

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:
2017	for interest up to and including December 15, 2018
2018	for interest
2019	for interest
2020	for interest
2021	for interest
2022	for interest and principal
2023	for interest and principal
2024	for interest and principal
2025	for interest and principal
2026	for interest and principal
2027	for interest and principal
2028	for interest and principal
2029	for interest and principal
2030	for interest and principal
2031	for interest and principal
2032	for interest and principal
2033	for interest and principal
2034	for interest and principal
2035	for interest and principal
2036	for interest and principal

Principal or interest maturing at any time when there are not sufficient funds on hand from the foregoing tax levy to pay the same shall be paid from the general funds of the City, and the fund from which such payment was made shall be reimbursed out of the taxes hereby levied when the same shall be collected. There are no Pledged Taxes being levied to pay interest on the Bonds through December 15, 2017; such interest shall be paid from the Net Revenues or other lawfully available moneys of the City.

The City covenants and agrees with the purchasers and the holders of the Bonds that so long as any of the Bonds remain outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to levy and collect the foregoing tax levy and the City and its officers will comply with all present and future applicable

laws in order to assure that the foregoing taxes will be levied, extended and collected as provided herein and deposited in the fund established to pay the principal of and interest on the Bonds.

In the event that funds from any other lawful source are made available for the purpose of paying any principal of or interest on the Bonds so as to enable the abatement of the taxes levied herein for the payment of same, the Council shall, by proper proceedings, direct the transfer of such funds to the hereinafter defined Bond Fund, and shall then further direct the abatement of the taxes by the amount so deposited. The City covenants and agrees that it will not direct the abatement of taxes until money has been deposited into the Bond Fund in the amount of such abatement. A certified copy or other notification of any such proceedings abating taxes may then be filed with the County Clerk in a timely manner to effect such abatement.

Section 11. Filing with County Clerk. Forthwith upon the passage of this Ordinance, the City Clerk of the City is hereby directed to file a certified copy of this Ordinance with the County Clerk; and the County Clerk shall in and for each of the years 2017 to 2036, inclusive, ascertain the rate necessary to produce the tax herein levied; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general corporate purposes of the City; and, subject to abatement as stated hereinabove, in said years such annual tax shall be levied and collected by and for and on behalf of the City in like manner as taxes for general corporate purposes for said years are levied and collected, and in addition to and in excess of all other taxes, and when collected, the taxes hereby levied shall be placed to the credit of a special fund to be designated “Bond and Interest Fund Account of 2017” (the “*Bond Fund*”), which taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying the principal of and interest on the Bonds.

Section 12. Use of Bond Proceeds. Accrued interest, if any, received on the delivery of the Bonds is hereby appropriated for the purpose of paying first interest due on the Bonds and is

hereby ordered deposited into the Bond Fund. The principal proceeds of the Bonds and any premium received from the sale of the Bonds are hereby appropriated to pay the costs of issuance of the Bonds and for the purpose of paying the cost of the Project, and that portion thereof not needed to pay such costs of issuance is hereby ordered deposited into the Capital Improvement Account of the City (the “*Project Fund*”). At the time of the issuance of the Bonds, the costs of issuance of the Bonds may be paid by the Purchaser on behalf of the City from the proceeds of the Bonds.

Section 13. Non-Arbitrage and Tax-Exemption. The City hereby covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Internal Revenue Code of 1986, as amended (the “*Code*”), or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The City acknowledges that, in the event of an examination by the Internal Revenue Service (the “*IRS*”) of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the City may be treated as a “taxpayer” in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the IRS in connection with such an examination.

The City also agrees and covenants with the purchasers and holders of the Bonds from time to time outstanding that, to the extent possible under Illinois law, it will comply with whatever federal tax law is adopted in the future which applies to the Bonds and affects the tax-exempt status of the Bonds.

The Council hereby authorizes the officials of the City responsible for issuing the Bonds, the same being the Mayor and City Clerk, to make such further covenants and certifications regarding the specific use of the proceeds of the Bonds as approved by the Council and as may be necessary to assure that the use thereof will not cause the Bonds to be arbitrage bonds and to assure that the interest on the Bonds will be exempt from federal income taxation. In connection therewith, the City and the Council further agree: (a) through their officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to consult with counsel approving the Bonds and to comply with such advice as may be given; (c) to pay to the United States, as necessary, such sums of money representing required rebates of excess arbitrage profits relating to the Bonds; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by their officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the City in such compliance.

Section 14. Designation of Issue. The City hereby designates each of the Bonds as a “qualified tax-exempt obligation” for the purposes and within the meaning of Section 265(b)(3) of the Code.

Section 15. List of Bondholders. The Bond Registrar shall maintain a list of the names and addresses of the holders of all Bonds and upon any transfer shall add the name and address of the new Bondholder and eliminate the name and address of the transferor Bondholder.

Section 16. Duties of Bond Registrar. If requested by the Bond Registrar, the Mayor and City Clerk of the City are authorized to execute the Bond Registrar’s standard form of agreement between the City and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder which may include the following:

- (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;

(b) to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential;

(c) to give notice of redemption of the Bonds as provided herein;

(d) to cancel and/or destroy Bonds which have been paid at maturity or submitted for exchange or transfer;

(e) to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(f) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

Section 17. Continuing Disclosure Undertaking. The Mayor or City Treasurer is hereby authorized, empowered and directed to execute and deliver a Continuing Disclosure Undertaking (the “*Continuing Disclosure Undertaking*”) in connection with the issuance of the Bonds, with such provisions therein as he or she shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such provisions. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 18. Record-Keeping Policy and Post-Issuance Compliance Matters. On August 3, 2015, the Council adopted a record-keeping policy (the “*Policy*”) in order to maintain sufficient records to demonstrate compliance with its covenants and expectations to ensure the

appropriate federal tax status for the debt obligations of the City, the interest on which is excludable from “gross income” for federal income tax purposes or which enable the City or the holder to receive federal tax benefits, including, but not limited to, qualified tax credit bonds and other specified tax credit bonds. The Council and the City hereby reaffirm the Policy.

Section 19. Defeasance. Any Bond or Bonds which (a) are paid and cancelled, (b) which have matured and for which sufficient sums been deposited with the Bond Registrar to pay all principal and interest due thereon, or (c) for which sufficient (i) full faith and credit obligations of the United States, the timely payment of which are guaranteed by the United States Treasury, (ii) certificates of participation in a trust comprised solely of full faith and credit obligations of the United States, or (iii) cash, have been deposited with the Bond Registrar or similar institution to pay, taking into account investment earnings on such obligations, all principal of and interest on such Bond or Bonds when due at maturity or as called for redemption, pursuant to an irrevocable escrow or trust agreement, shall cease to have any lien on or right to receive or be paid from the Pledged Taxes and shall no longer have the benefits of any covenant for the registered owners of outstanding Bonds as set forth herein as such relates to lien and security of the outstanding Bonds. All covenants relative to the tax-exempt status of the Bonds; and payment, registration, transfer, and exchange; are expressly continued for all Bonds whether outstanding Bonds or not.

Section 20. Superseder and Effective Date. All ordinances, resolutions, and orders, or parts thereof, in conflict herewith, are to the extent of such conflict hereby superseded, including expressly Ordinance No. 2013-070 to the extent necessary for the Bonds to be payable from a direct annual ad valorem tax levied against all taxable property in the City, without limitation as to rate or amount; and this Ordinance shall be in full force and effect immediately upon its passage and approval.

ADOPTED: May 15, 2017

AYES: _____

NAYS: _____

ABSTENTION: _____

ABSENT: _____

Approved: May 15, 2017

Mayor, City of Lake Forest,
Lake County, Illinois

ATTEST:

City Clerk, City of Lake Forest,
Lake County, Illinois

Recorded in the City Records on May 15, 2017.

The City of Lake Forest
CITY COUNCIL
Proceedings of the Monday, May 1, 2017
City Council Meeting - City Council Chambers, 6:30pm
First Session

CALL TO ORDER AND ROLL CALL: Honorable Mayor Schoenheider called the meeting to order at 6:35pm, and City Clerk Margaret Boyer called the roll of Council members.

Present: Honorable Mayor Schoenheider, Alderman Waldeck, Alderman Beidler, Alderman Pandaleon, Alderman Newman, Alderman Tack, Alderman Reisenberg, Alderman Moreno and Alderman Buschmann.

Absent: None.

Also present were: Robert Kiely Jr., City Manager; Catherine Czerniak, Director of Community Development, Elizabeth Holleb, Director of Finance; Victor Filippini, City Attorney; Susan Banks, Communications Manager; Michael Thomas, Director of Public Works; Karl Walldorf, Chief of Police; Pete Siebert, Fire Chief; Mike Strong, Assistant to the City Manager along with other members of City Staff.

There were approximately 90 persons present in the Council Chamber.

CALL TO ORDER AND ROLL CALL 6:35 pm

Lake Forest Police Color Guard presented the United States Flag for the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE was recited by all those present in the Chamber.

REPORTS OF CITY OFFICERS

COMMENTS BY MAYOR

Mayor Schoenheider reported that the City of Lake Forest has been recognized for the restoration of Forest Park by the American Public Works Association. He invited Dan Strahan and Ralph Gesualdo to the podium.

A. American Public Works Association Award Presentation for Forest Park

-Dan Strahan, Lake County Branch APWA, Chicago Metro Chapter

Mr. Strahan reported that the restoration project not only won an award as Project of the Year at the Local County Level, but at a Regional level too. He presented the award to Ralph Gesualdo of the Forest Park Project Board. Mr. Gesualdo thanked the City Council and Staff for their trust and support. He also reported on the fundraising for the project and stated ways to support the project, including a visit to forestparkproject.com to find information. Mayor Schoenheider reported that the Forest Park Board was one of the first groups that he worked with, and that in his 41/2 years as Mayor, he has not seen a group who is more dedicated, inspired and committed. He stated that he is proud of this accomplishment and the continuation of the City's of Public Private Partnerships.

B. Resolution of Sympathy for Jane S. O'Neil

Mayor Schoenheider read the resolution and conveyed the Sympathy of the Council.

COUNCIL ACTION: Approval of the Resolution

Alderman Newman made a motion to approve the resolution, seconded by Alderman Beidler. Motion carried unanimously by voice vote

Item not on the agenda: a Proclamation for Municipal Clerks week May 7- 13, in recognition of Municipal Clerks was presented to Margaret Boyer, Lake Forest City Clerk by Mayor Schoenheider.

C. Consideration of Acceptance of the Report and Recommendations Prepared by Teska Associates, Inc. on the City's Plan Review, Permitting and Inspection Processes and Acceptance of the Related Implementation Plan (Approve by Motion)

Mayor Schoenheider reported that Teska presented a report at the last City Council meeting. Mayor Schoenheider reported that the Community Development staff has prepared an Implementation Plan identifying near term and longer term actions that will be taken to implement the recommendations of the report, support continuous process improvements and enhance communications.

The City Council had discussion on policy and the continuation of seeking improvements.

COUNCIL ACTION: Approve a motion accepting the Report and Recommendations prepared by Teska Associates, Inc. on the City's Plan Review, Permitting and Inspection Processes and accepting the Implementation Report.

Alderman Beidler made a motion in favor of accepting the Report and Recommendations prepared by Teska Associates, Inc. on the City's Plan Review, Permitting and Inspection Processes and accepting the Implementation Report, seconded by Alderman Reisenberg. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

COMMENTS BY CITY MANAGER

COMMENTS BY COUNCIL MEMBERS

FINANCE COMMITTEE

A. Approval of the Comprehensive Fiscal Plan for FY2018

George Pandaleon, Finance Committee Chairman, introduced Elizabeth Holleb, Finance Director. Ms. Holleb reported that this item closes process that began last September, and while it is referred to as the comprehensive fiscal plan, it is the budget. However, the budget also serves as the plan for resources and expenses, which includes the five year Capital improvement program and the five year financial forecast for primary funds for the City. Ms. Holleb gave an overview of the budget highlights. She noting the following changes have been made to the budget figures since the March 13 Finance Committee meeting:

- Compensation adjustments are now reflected within the operating department budgets with the exception of Police, pending contract approval
- The income tax revenue estimate for FY18 has been lowered to reflect ongoing shortfalls in the distributions from the State of Illinois

In summary the current financial condition of the City is excellent, the City has healthy fund balance reserves, a Aaa Bond rating, and the lowest property tax in Lake County. The City continues to face long term financial challenges with expense growth outpacing revenue growth and the State budget Crisis. The proposed expenditures for FY2018 total \$93,503,465. The proposed plan is balanced with all operating expenditures covered from current revenues and capital expenditures funded from current revenues and reserves in excess of the City Council's Fiscal Policy.

The City Council had a discussion regarding expenses that are not categorized, projection of revenues and expenses, revenues by line item and inflation rates, where the budget is published, what other communities are doing and what the concerns of the Northwest Municipal Conference.

Mayor Schoenheider thanked Elizabeth Holleb and her team and asked if there was anyone from the public who would like to comment. Seeing none, he asked for a motion.

COUNCIL ACTION: Approval of the Comprehensive Fiscal Plan for Fiscal Year 2018

Alderman Moreno made a motion for approval of the Comprehensive Fiscal Plan for Fiscal Year 2018, seconded by Alderman Newman. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

B. Annual Vendor Approval

Finance Director Elizabeth Holleb reported this is an annual administrative item. In 2011, the City Council approved Code amendments revising the method for approving vendors. Consistent with the revised policy, payments for services provided on an unspecified ongoing basis exceeding \$20,000 annually. The attached list provided and shows the vendors approved for FY2012-FY2017 as well as the recommendations submitted for City Council approval for FY2018. Ms. Holleb asked the Council to note that IRMA(Illinois Risk Management Association- Liability and Workers Comp Insurance) should have been included on the list at 1.2 million, consistent with 2017.

The City Council had discussion about the on names on and not on the list.

Mayor Schoenheider asked if there was anyone from the public who would like to comment. Seeing none, he asked for a motion.

COUNCIL ACTION: Approval of the attached list of vendors (page 26) for Fiscal Year 2018.

Alderman Moreno made a motion for approval of the amended attached list of Vendors for Fiscal Year 2018 to include IRMA at 1.2 million, seconded by Alderman Newman. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

C. Approval of the FY18 Personnel Policies and Practices and Pay Plan

DeSha Kalmar, Director of Human Resources reported that policies are compliant and that the City is using best practices, and any changes are then approved as part of the budget. This year there were modest changes that included clarifying language, longevity pay, State law on sick leave act, flex spending account and health wellness plan.

Ms. Kalmar reported that the FY2018 Pay Plan has been adjusted to include range adjustments of 1.0% for Steps 1-6 and 2.5% for Step 7 per City Council discussion at the March budget meeting. Some positions received a slightly larger adjustment as approved by the City Council at the budget meeting in order to maintain competitiveness.

Mayor Schoenheider asked if there was anyone from the public who would like to comment. Seeing none, he asked for a motion.

COUNCIL ACTION: Approval of the FY18 Personnel Policies and Practices and FY18 Pay Plan.

Alderman Waldeck made a motion for Approval of the FY18 Personnel Policies and Practices and FY18 Pay Plan, seconded by Alderman Newman. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

PROPERTY AND PUBLIC LANDS

A. Consideration of Recommendations from the Property and Public Lands Committee and Building Review Board in Support of Various Actions Related to the McKinley Road Redevelopment Project. (Approval of a Resolution and Ordinance)

Alderman Reisenberg, Chairman, Property and Public Lands Committee reported the City Council previously approved the Master Plan for McKinley Road development referred to as Cultural Corridor. The outstanding issue of the sale of 361 Westminster which was the previous home of the Historical Society. The PPL's original vision included 361 Westminster as part of the comprehensive development, but the developer was not initially interested. As a result the City had the property appraised. Since then the developer changed its mind and made the City a fair offer that was in keeping with the appraisal. The offer was approved by the PPL at their last meeting, that offer as explained in the packet is before the Council for approval. Additionally Chairman Reisenberg stated the PPL is also seeking approval of an ordinance that was unanimously recommended by the building review board, approving the architectural and site design, an overall plan with inclusion of 361 Westminster will go back to BRB to be finalized and come back to the City Council at a later date.

Mayor Schoenheider asked if there were any questions for Alderman Reisenberg. Seeing none, he asked for a motion.

COUNCIL ACTION: By motion, approve a Resolution directing the execution of the Purchase, Sale and Development Agreement in substantially the form presented subject to confirmation by the City Manager and City Attorney that the necessary conditions are satisfied.

AND

If determined to be appropriate by the City Council, waive first reading and grant final approval of an Ordinance approving the petition as recommended by the Building Review Board.

Alderman Pandaleon made a motion to approve a Resolution directing the execution of the Purchase, Sale and Development Agreement in substantially the form presented subject to confirmation by the City Manager and City Attorney that the necessary conditions are satisfied. And waive first reading and grant final approval of an Ordinance approving the petition as recommended by the Building Review Board, seconded by Alderman Reisenberg. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

OPPORTUNITY FOR CITIZENS TO ADDRESS THE CITY COUNCIL ON NON-AGENDA ITEMS

ITEMS FOR OMNIBUS VOTE CONSIDERATION

1. **Approval of the April 17, 2017 City Council Meeting Minutes**
2. **Check Register for the period March 25- April 21, 2017**
3. **Consideration to Waive Purchasing Requirement for Competitive Pricing per Administrative Directive 3-5, and Award a Three year Contract for Advertising in relation to the Lake Forest Marketing Campaign in the amount of \$49,992.00 to JWC Media.**

COUNCIL ACTION: Approval of the three (3) Omnibus items as presented

Mayor Schoenheider reported that item number 3 will be removed. He asked members of the Council if they would like to remove any other item or take it separately. Mayor Schoenheider asked for a motion to approve the two Omnibus items with noted amendments to the minutes.

Alderman Waldeck made a motion to approve the two Omnibus items as presented, seconded by Alderman Beidler. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

Information such as Purpose and Action Requested, Background/ Discussion, Budget/ Fiscal Impact, Recommended Action and a Staff Contact as it relates to the Omnibus items can be found on the agenda.

ORDINANCES

NEW BUSINESS

1. **Consideration of the 2017-2021 City Strategic Plan**

Management Intern Octavius Hayes reported that the City of Lake Forest remains committed to its four cornerstones: Family, Education, Tradition and Philanthropy, noting the importance of periodically identifying the state of the City and ensure the City is carrying on the broader visionary concepts of its forefathers.

Mr. Hayes gave a presentation of the proposed 2017-2021 Strategic Plan that included the result of several months of voluntary community engagement with residents during 2016-17, such as; the Community Wide Survey, the "Future for All Generations" Event and Strategic Planning Retreat. The plan represents the direction the City wants to take to continue to preserve the character and values of the Lake Forest community as it moves forward.

COUNCIL ACTION: Approval of 2017-2021 City Strategic Plan

Alderman Reisenberg made a motion **Approval of 2017-2021 City Strategic Plan**, seconded by Alderman Beidler. The following voted "Aye": Aldermen Waldeck, Beidler, Pandaleon, Newman, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

ADDITIONAL ITEMS FOR COUNCIL DISCUSSION
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1. Presentation of Fabulous Gifts and Prizes

-Robert Kiely, City Manager

Robert Kiely, City Manager presented Alderman Waldeck, Alderman Pandaleon and Mayor Schoenheider with a certificate for a tree to be planted in their honor and personalized City street signs.

2. Final words for the departing Aldermen from the remaining Council Members

Each Alderman expressed sincere gratitude for the service of retiring Alderman Waldeck, Alderman Pandaleon and Mayor Schoenheider saying a few words regarding their service to the City.

2. Final comments from Alderman Waldeck, Alderman Pandaleon, Alderman Adelman and Mayor Schoenheider

Alderman Waldeck, Alderman Pandaleon and Mayor Schoenheider each made closing remarks to the Council, Residents and Staff about their tenure on the City Council.

ADJOURNMENT

There being no further business, Mayor Schoenheider asked for a motion to adjourn. Alderman Waldeck made a motion to adjourn, seconded by Alderman Pandaleon. Motion carried unanimously by voice vote at 8:08 p.m.

Respectfully Submitted
Margaret Boyer

A video of the City Council meeting is available for viewing at the Lake Forest Library and on file in the Clerk's office at City Hall. You can also view it on the website by visiting www.cityoflakeforest.com. Click on I Want To, then click on View, then choose Archived Meetings Videos.

The City of Lake Forest
CITY COUNCIL
Proceedings of the Monday, May 1, 2017
City Council Meeting - City Council Chambers, 6:30pm
Second Session

CALL FOR ORGANIZATION OF THE 2017-2018 CITY COUNCIL

At 8:17 City Clerk Margaret Boyer called for the Organization of the 2017-2018 City Council.

FORMER MAYOR HOWARD KERR ADMINISTERS THE OATH OF OFFICE TO:

Mayor-Elect—Robert T.E. Lansing

City Manager Robert Kiely invited former Mayor Kerr and the Family of Mayor-Elect Lansing to the Dias. Former Mayor Kerr administered the Oath of Office.

CITY CLERK MARGARET BOYER ADMINISTERS THE OATH OF OFFICE TO:

First Ward Alderman-Elect - - James. E. Morris
Second Ward Alderman-Elect - - Melanie Rummel
Third Ward Alderman-Elect - - Jack Reisenberg
Fourth Ward Alderman-Elect - - Raymond Buschmann

City Manager Robert Kiely invited the Alderman-Elect to the Dias. The City Clerk administered the Oath of Office.

CALL TO ORDER AND ROLL CALL: Honorable Mayor Lansing called the second session meeting to order at 8:20 pm, and City Clerk Margaret Boyer called the roll of Council members.

Present: Honorable Mayor Lansing, Alderman Beidler, Alderman Morris, Alderman Newman, Alderman Rummel, Alderman Tack, Alderman Reisenberg, Alderman Moreno and Alderman Buschmann.

Absent: None.

Also present were: Robert Kiely Jr., City Manager; Catherine Czerniak, Director of Community Development, Elizabeth Holleb, Director of Finance; Victor Filippini, City Attorney; Susan Banks, Communications Manager; Michael Thomas, Director of Public Works; Karl Walldorf, Chief of Police; Pete Siebert, Fire Chief; Mike Strong, Assistant to the City Manager along with other members of City Staff.

There were approximately 90 persons present in the Council Chamber.

ELECTION AND APPOINTMENT OF CITY OFFICERS

Mayor Lansing made the following appointments:

1. ELECTION BY THE CITY COUNCIL AND APPOINTMENTS BY THE MAYOR AS REQUIRED BY CHARTER AND CITY CODE

City Treasurer	Elizabeth A. Holleb
City Supervisor	Robert R. Kiely, Jr.
City Marshal & Collector	Karl Walldorf
City Attorney	Victor Filippini

City Clerk
City Surveyor and Engineer

Margaret Boyer
Gewalt Hamilton Associates

COUNCIL ACTION: Approve the Mayors Appointments

Alderman Moreno made a motion to approve the Mayors appointment's, seconded by Alderman Reisenberg. Motion carried unanimously by voice vote.

REPORTS OF CITY OFFICERS

COMMENTS BY MAYOR

Mayor Lansing stated that it is an honor and privilege to serve as Mayor for the City of Lake Forest.

A. RESOLUTION OF APPRECIATION FOR WARD 1 ALDERMAN CATHERINE WALDECK

Mayor Lansing read the resolution, stepped off the dais and presented it to Alderman Waldeck.

COUNCIL ACTION: Approve the Resolution

Alderman Beidler made a motion to approve Resolution, seconded by Alderman Tack. Motion carried unanimously by voice vote.

B. RESOLUTION OF APPRECIATION FOR WARD 2 ALDERMAN GEORGE PANDALEON

Mayor Lansing read the resolution, stepped off the dais and presented it to Alderman Pandaleon.

COUNCIL ACTION: Approve the Resolution

Alderman Newman made a motion to approve Resolution, seconded by Alderman Reisenberg. Motion carried unanimously by voice vote.

C. RESOLUTION OF APPRECIATION FOR WARD 4 ALDERMAN MICHAEL ADELMAN

Mayor Lansing read the resolution and it will be presented at a later date to Alderman Pandaleon.

COUNCIL ACTION: Approve the Resolution

Alderman Buschmann made a motion to approve Resolution, seconded by Alderman Beidler. Motion carried unanimously by voice vote.

D. RESOLUTION OF APPRECIATION FOR MAYOR DONALD P. SCHOENHEIDER

Mayor Lansing read the resolution, stepped off the dais and presented it to Mayor Schoenheider.

COUNCIL ACTION: Approve the Resolution

Alderman Rummel made a motion to approve Resolution, seconded by Alderman Morris. Motion carried unanimously by voice vote.

E. 2017-2018 Board and Commission Appointments/Reappointments

Mayor Lansing made the following appointments and reappointments:

BUILDING REVIEW BOARD

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
James Diamond	Reappoint	3
Robert Reda	Reappoint	1
Ross Friedman	Reappoint	4

Ted Notz	Reappoint as Chair	2
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BOARD OF POLICE AND FIRE COMMISSIONERS

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Matt Davis	Reappoint	n/a
Greg Nikitas	Reappoint	n/a
Steve Kernahan	Reappoint	n/a

BOARD OF TRUSTEES POLICE PENSION FUND

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Jay Trees	Reappoint	n/a
Colleen Chandler	Reappoint	2

CEMETERY COMMISSION

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Patrick Looby	Reappoint	4
Dennis O'Brien	Reappoint as Chair	1
David Hooke	Reappoint	3

CROYA

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Jennifer Durberg	Reappoint	2
Jennifer Riley	Reappoint	3

ELAWA FARM COMMISSION

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Carolyn Merfeld	Appoint	3
Megan Morris	Appoint	4
Nick Peters	Appoint	3

GORTON COMMUNITY CENTER

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Sally Downey	Reappoint	1
Stephen Goldman	Reappoint	3

HISTORIC PRESERVATION COMMISSION

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Janet Gibson	Appoint	3
Carol Gayle	Reappoint	1
Robert Alfe	Reappoint	4

LEGAL COMMITTEE

NAME OF MEMBER	APPOINT/REAPPOINT	WARD

Jason Maxwell	Reappoint	4
Ken Weinberger	Reappoint	2

LIBRARY BOARD

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Andrea Lemke	Appoint	1
Ron Levitsky	Reappoint	4
Todd Puch	Reappoint	3

PARKS & RECREATION BOARD

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Melanie Walsh	Appoint	1
Charles Kohlmeyer	Reappoint as Chair	4
Shannon Maguire	Reappoint	3

PLAN COMMISSION

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Louis Pickus	Appoint (liaison to ZBA)	2
Michael Freeman	Reappoint	4
Rosemary Kehr	Reappoint	2
Guy Berg	Reappoint	2

SENIOR RESOURCE COMMISSION

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Steve Potsic	Reappoint as Chair	LB
Thomas Sullivan	Reappoint	2
MaryJo Davis	Reappoint	LB

ZONING BOARD OF APPEALS

NAME OF MEMBER	APPOINT/REAPPOINT	WARD
Lisa Nehring	Appoint	3
Richard Plonsker	Reappoint	2

COUNCIL ACTION: Approve the Mayors Appointments and Reappointments

Alderman Reisenberg made a motion to approve the Mayors Appointments and Reappointments, seconded by Alderman Beidler. Motion carried unanimously by voice vote.

F. Approval of a Resolution of Appreciation for Retiring Members of Boards and Commissions as follows:

Mayor Lansing made the following appointments and reappointments:

BOARD, COMMISSION OR COMMITTEE	NAME OF MEMBER(S)

BUILDING REVIEW BOARD	Michael Bleck
CROYA	Alana Hender, Rebecca Quackenbush
GORTON	John Looby
HISTORIC PRESERVATION COMMISSION	Susan Athenson
LIBRARY	Lynn Casper
PLAN COMMISSION/ZBA	Lloyd Culbertson
ELAWA	Samuel Henry, Patricia Moore

COUNCIL ACTION: Approve the Resolution

Alderman Moreno made a motion to approve the resolution, seconded by Alderman Rummel. Motion carried unanimously by voice vote.

G. Approval of Liaison position to Lake Forest Open Lands.

Mayor Lansing reported for purposes of improved communications, the City will be appointing Alderman Buschmann to the role of liaison with Lake Forest Open Lands.

COUNCIL ACTION: Approve the Liaison position

Alderman Reisenberg made a motion to approve the Liaison position, seconded by Alderman Beidler. Motion carried unanimously by voice vote.

H. Announcement of City Council Committee Appointments.

Mayor Lansing gave a brief overview of Committee Appointments.

COMMENTS BY CITY MANAGER

City Manager Robert Kiely Jr., congratulated and welcomed the new City Council members. He also reminded residents about the Ward Meetings, beginning on May 8, at Gorton Community Center, May 17, at Gorton Community Center, May 18 at Fire Station 2 and May 31 at Cherokee School.

COMMENTS BY COUNCIL MEMBERS

OPPORTUNITY FOR CITIZENS TO ADDRESS THE CITY COUNCIL ON NON-AGENDA ITEMS

ITEMS FOR OMNIBUS VOTE CONSIDERATION

1. Approval of the Regularly Scheduled Meetings of the Lake Forest City Council for the year 2018
2. Authorization for the City Manager to enter into an Agreement with William A. Schelhas in an Amount not to exceed \$45,750 for Professional Services Related to the Operation of the City's Public, Educational and Government Access Cable Services

COUNCIL ACTION: Approval of the two (2) Omnibus items as presented

Mayor Lansing asked members of the Council if they would like to remove any item or take it separately. The City Council had discussion on item #2. Mayor Lansing asked for a motion to approve the two Omnibus items as presented.

Alderman Beidler made a motion to approve the two Omnibus items as presented, seconded by Alderman Reisenberg. The following voted "Aye": Aldermen Beidler, Morris, Newman, Rummel, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

Information such as Purpose and Action Requested, Background/ Discussion, Budget/ Fiscal Impact, Recommended Action and a Staff Contact as it relates to the Omnibus items can be found on the agenda.

ORDINANCES

NEW BUSINESS

1. Consideration of an Ordinance Authorizing the Issuance of General Obligation Bonds, Series 2017 (First Reading)

Elizabeth Holleb, Finance Director reported staff requests approving the first reading of an ordinance authorizing issuance of 2017 general obligation bonds. In order to fund planned improvements to the City's Water Treatment Plant, the Five Year Capital Improvement Program anticipates the issuance of general obligation bonds in Fiscal Year 2018 of \$9.3 million in net proceeds. Including issuance costs, it is currently projected that the issue will be \$9.45 million.

Ms. Holleb reported that next steps are Bond auctions and the interest rating on this bond issue which will be determined at the online bid auction scheduled for May 15. Debt service on the bond issue is scheduled through December 2037 and will be paid from revenues generated by the water utility. The bonds will be callable in whole or in part on or after December 15, 2025.

The City Council had discussion on the anticipated interest rates and the number of bids received in 2015.

COUNCIL ACTION: Approval of first reading of the bond ordinance (page 90). An online bid will occur on Monday, May 15. At the May 15 City Council meeting, a final bond ordinance reflecting results of the bid auction will be presented for City Council consideration for second reading and granting of final approval.

Alderman Reisenberg made a motion to approve first reading of the bond ordinance, seconded by Alderman Tack. The following voted "Aye": Aldermen Beidler, Morris, Newman, Rummel, Tack, Reisenberg, Moreno and Buschmann. The following voted "Nay": None. 8- Ayes, 0 Nays, motion carried.

ADDITIONAL ITEMS FOR COUNCIL DISCUSSION

ADJOURNMENT

There being no further business. Alderman Rummel made a motion to adjourn, seconded by Alderman Newman. Motion carried unanimously by voice vote at 8:55p.m.

Respectfully Submitted
Margaret Boyer

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Memorandum

To: Robert Kiely Jr., City Manager
The City of Lake Forest Council

From: Robert Ells, Superintendent of Engineering

Date: April 25, 2017

Subject: **Telegraph Metra Station Pedestrian Underpass**

The following memorandum is intended to provide both background information and an update on the Telegraph Metra Station Pedestrian Underpass project.

In 2010, the City received a total of \$2M in State and Federal aid monies in anticipation of spearheading a project to eliminate the at-grade crossing at the Telegraph Road Metra Station. The purpose of the project is to both improve overall safety and assist in attracting a future Amtrak stop in Lake Forest.

Federal High Speed Rail (HSR) grant from the USDOT - 1,000,000.00
State HSR grant (Grade Crossing Protection Fund) - \$1,000,000.00*

In March, 2012, the City awarded a contract to HDR, Inc. to perform Phase I preliminary design services for the Telegraph Metra Station Pedestrian Underpass Project. The cost of this contract was \$208,485.93 and was paid for by The City of Lake Forest. HDR prepared eight design concepts for City review. The basis of design for all of the alternatives was the overwhelming input from Metra and their tenant railroads that there be no interruption to train schedules during the entire construction of an underpass. This meant that a pedestrian tunnel would need to be installed using a Jack & Bore method under the live railroad tracks. City Council ultimately chose option 2b which became known as the "Bowl Design". Upon completion and approval of the preliminary design phase in June, 2013, the estimated project cost was \$5,000,000.00.

The City entered into a Phase II final design contract with HDR in the fall of 2013. The design fee for Phase II was \$549,673.00 to be paid at an 80/20 split with the Federal grant paying the 80% and the State paying the 20%.

Once detailed design work and geotechnical studies were underway, it was determined that the anticipated structural concept of using sheeting and piles to reinforce the retaining wall systems along the track would not be

adequate due to soil conditions. The basis of the structural design was changed to a drilled shaft concept which increased the estimated cost of the project significantly.

As the plans and supporting design documents were being finalized for submission to IDOT and Metra for review in November, 2014, HDR notified the City that they had incurred significant cost overruns in preparing the design. HDR submitted documentation with a request for additional design fees in the amount of \$241,632.81. Much of the increase was due to the change in structural systems required for the construction of the retaining walls; the Phase II design proposal detailing deliverables called for a total of 30 structural plan sheets, the final design package contained 93.

After review of project documentation, staff determined the total additional design effort to be valued at \$195,375.75. Because HDR did not receive prior approval from the City or IDOT before exceeding the contract value, City staff sent a request for a supplement to the Engineering Services Agreement to IDOT for review. The State subsequently amended both the Local Agency Agreement and the Engineering Services Agreement in the amount of \$195,375.75 and has set aside State HSR grant funds to cover 100% of the design fee supplement. The supplement was approved by City Council in March, 2016; the City paid the supplemental amount and was reimbursed by the State.

At the conclusion of the Phase II final design, the project construction estimate was \$10,807,627.00 with an estimated construction engineering cost of \$1,200,000.00 bringing the anticipated total cost to just over \$12 million dollars. With an allowance for permits, fees and construction contingency, the expected cost is approximately \$13,000,000.00. After discussions with Metra on strategies to move forward with the project, the City hired a third-party consultant to verify the HDR cost data. Using the HDR design data, the consultant priced the cost of constructing the "bowl design" at \$13,438,403.

With the estimated costs associated with constructing a pedestrian underpass using the traditional construction method of boring and jacking the tunnel under the tracks now verified, the City once again met with Metra officials. The discussion centered around changing the method of construction from installing an underground tunnel to constructing a train bridge that would require limited, scheduled track outages but greatly reduce the construction costs.

Before signing a Memorandum of Understanding (MOU) with the City for this change in design concept, Metra has asked for detailed information on the new concept with emphasis on the number and duration of track outages needed for construction. The City accepted a proposal from Hanson in the

amount of \$100,000.00 to prepare a concept study for the train bridge alternative and provide the data required by Metra. State funds paid for 100% of this study on a reimbursable basis.

Metra has not signed the MOU but has given assurances that they support the new design concept including limited track outages.

Funding:

The table below shows the expenditures to date, pending and fund balances. In September, 2014 the city was notified that the federal HSR grant money had reached the four-year expiration and that any funds not yet obligated were withdrawn. The 80% federal share of the Phase II design (\$439,738.00) was obligated by agreement but because design was ongoing and construction not scheduled, the City had no other means to obligate/ use the funds before expiration.

Expenditure		City	Fed. HSR	State IJN*
Original Balance		\$208,485.93	\$1,000,000.00	\$1,000,000.00
Phase I Design		\$208,485.93	-	-
Phase II Design		-	\$439,738.00	\$109,935.00
Phase II Supplement		-	-	\$195,375.75
Hanson Cost Analysis		\$19,825		
Hanson Concept Study		-	-	\$101,359.25
	Totals	\$228,310.93	\$439,738.00	\$406,670.00
	Balance	\$0.00	\$0.00	\$ 593,330.00
Hanson Phase I Design				\$281,421
	Balance			\$311,909

* At some point the State switched their funding obligation for this work from State HSR monies to the Illinois Jobs Now (IJN) program.

Next steps:

- City Council approval of the Train Bridge Concept design agreement with Hanson (May 15, 2017)
- Secure approved State funding document authorizing 100% reimbursement for the design services (estimated completion June 8, 2017)
- Secure both a State approved Consultant Agreement between Hanson and The City and an approved Joint Agreement between the City and IDOT (estimated completion Sep 15, 2017)
- Begin the detailed design process for a train bridge pedestrian underpass at the Telegraph Metra Station (estimated completion May 15, 2018)
- Enter into an MOU with Metra agreeing to the new construction method upon completion of the Phase I Engineering (estimated completion June 15, 2018)

May 10, 2017

Mr. Robert Ells
Superintendent of Engineering
City of Lake Forest
800 N. Field Drive
Lake Forest, IL 60045

RE: Telegraph Road Station, Pedestrian Underpass Phase I Preliminary Engineering
Transmitted via email

Dear Mr. Ells:

Hanson Professional Services Inc. (Hanson) is pleased to provide this proposal for Phase I Preliminary Engineering services for the Telegraph Road train station pedestrian underpass. Hanson previously prepared a study that determined that a railroad bridge over the pedestrian path would likely be a more economical alternative to the originally developed and approved plans that featured a tunnel jacked under the tracks. The principal purpose of the services outlined herein is to prepare a Revised Phase I Project Development Report (PDR) for a pedestrian underpass featuring a bridge rather than the tunnel at the Telegraph Road Metra train station.

TASK 1 – Topographic Survey

Hanson will utilize the topographic survey data that was previously furnished by the City. Since the survey was prepared by others, Hanson will survey selected features from the existing survey for quality control and will survey existing features that appear to have changed or were missing from the original survey. Hanson will also perform minimal supplemental survey to pick up additional points as needed for the design.

Assumptions:

- Benchmarks and control points from the existing survey will be provided to Hanson.
- Existing right-of-way from the furnished survey is valid and additional research is not necessary.
- Lake Forest will coordinate with Metra to have the Right-Of-Entry permit fee and flagger costs waived.

TASK 2 – Phase I Civil and Drainage Design Activities

Hanson will develop a concept site plan for the proposed pedestrian facilities and modifications to the existing parking lots. Anticipated exhibits include plan and profile sheets, typical sections,

and ADA ramp details including running grades and cross slopes for all ramps including curb ramps adjacent to the parking lot(s). Preliminary quantities will be estimated based on this design. Right-of-way and easement proposed by the previous study will be evaluated.

A JULIE design stage locate request will be submitted to verify the list of utilities in the original PDR. Hanson will request atlases from the utilities identified by JULIE as being within the limits of the project. The City of Lake Forest will furnish Hanson with existing municipal utility plans including storm sewer, sanitary sewer, and water mains. Hanson will coordinate with Metra to locate utilities within their right-of-way. Potential utility conflicts identified in the original PDR include two fiber optic cables located parallel to the tracks and railroad signaling equipment. Hanson will confirm these potential conflicts and will determine whether there are additional potential conflicts.

Hanson will prepare a Drainage Technical Memorandum in lieu of a full Location Drainage Study, similar to what was provided in the original approach. This technical memorandum will include preliminary storm sewer calculations, a location map and existing & proposed drainage plan sheets. Per the IDOT BDE 40-2.02, a separate Hydraulic Report is required in Phase I for the pumping station. This hydraulic report will include the pump design, detail sheets and an evaluation of alternatives.

As a subconsultant to Hanson, Smithgroup JJR will provide limited architectural detailing and landscaping guidance during Phase. This effort is limited to assistance in stair/ramp layout revisions, and verification that the current general architectural and landscaping elements are accommodated appropriately in the cost estimate. Architectural detailing and landscaping will be refined in Phase II.

Assumptions:

- Detailed architectural and/or landscaping plans are not included in Phase I. The preparation of such plans will be a Phase II activity.
- Lighting revisions to the original Phase I concept are not included with this task.
- No detention is required per the Lake County requirements
- There are no known existing deficiencies in the drainage system which would need to be corrected under this project
- There are no updated floodplain or floodway locations in the project area more recent than those shown in the FEMA FIRM most recently revised 09/18/2013.
- Analysis of temporary drainage will be a Phase II activity.

TASK 3 – Phase I Structural Design Activities

Hanson will prepare a Preliminary Bridge Design and Hydraulic Report (PBDHR) and a Type, Size, and Location (TSL) drawing for the proposed railroad bridge over the proposed pedestrian path, and TSL drawings for the proposed retaining walls. Preliminary design calculations for the bridge will be performed to size the beams, foundation system, and bridge layout. Preliminary design of the pedestrian underpass walls and floor will be conducted. Preliminary design

calculations for the retaining walls will be conducted to identify the wall layouts and appropriate wall type. Hanson will investigate the construction sequencing to determine likely temporary shoring limits.

Preliminary quantities will be estimated based on the preliminary design and element sizing. The structural design is to be based on the recommendations provided in the geotechnical report by Geo Services, Inc. dated January 2015. As a subconsultant to Hanson, limited supplemental geotechnical guidance will be provided by Geo Services, Inc. during Phase I. Additional borings and Structure Geotechnical Report development will occur during Phase II efforts.

Assumptions:

- Lake Forest or Metra to provide existing track structure and station as-builts within the project limits. Metra to provide platform details to be used on the proposed bridge.
- No permits beyond a Metra Right-Of-Entry Permit are required.
- Estimated placeholders for aesthetic treatments will be incorporated into the Phase I costs. Detailed aesthetic development and coordination will occur during Phase II.
- Contingent IDOT approval of bridge and wall TSLs will be sought during Phase I. Approval status will be contingent upon completion of Structure Geotechnical Report in Phase II.

TASK 4 – Phase I Project Development Report Activities

Hanson will prepare a revised Project Development Report (PDR). Effectively, Hanson will be adding an additional alternate to the original PDR. It is anticipated that IDOT will require that the Revised PDR document include a narrative describing the reasons for the revision, sections of the PDR that need updating, and new exhibits. The sections of the PDR that need to be updated include Section 2, “Proposed Improvement”; Section 4, “Right-of-Way”; Section 8, “Special Waste”; Section 9, “Environmental Survey”; Section 11, “Maintenance-of-Traffic”; Section 13, “Coordination”; and Section 14, “Other Coordination. The exhibits that Hanson will prepare include the overall site plan, section through underpass, typical sections of stairs and ramps, detailed ADA ramp plans, and bridge/wall TSLs. IDOT now considers the preparation of detailed ADA ramp plans including elevations, grades, and cross slopes to be a Phase I design activity.

It is expected that two submittals will be required to obtain design approval.

To update PDR Sections 8 and 9, Hanson will renew environmental clearances (biological, wetland and cultural resources) previously obtained in response to the Environmental Survey Request that was submitted as a part of the original PDR. Hanson will submit a request to IDOT District 1 to renew the biological clearance. To revalidate the PESA results, Hanson will conduct a site visit, check the environmental database, and draft a memo for District review.

Assumptions:

- The revised PDR will continue to be processed as a State Approved (formerly known as CE I) Categorical Exclusion.
- This scope does not include preparation of a separate environmental NEPA document (EA or EIS).
- The site involves no wetlands that require delineation or mitigation.
- ESR exhibits do not need to be prepared.
- A PESA revalidation will be acceptable. A new PESA is not required.
- No additional analysis of alternatives will be required.
- Public involvement requirements have already been fulfilled. Therefore, public involvement activities are not included in the scope of services.

TASK 5 – Project Administration and Management

Managing the Phase I project successfully includes reporting of the progress of the project and attending meetings. Hanson will provide internal project management, including monthly review of project status, budget, and schedule. It is anticipated that Hanson will attend one IDOT kick-off meeting, up to two IDOT/FHWA coordination meetings to obtain Phase I design approval, and one IDOT review meeting. In addition, Hanson anticipates up to two meetings with Metra and Amtrak, and two meetings with Lake Forest.

EXCLUSIONS TO THE SCOPE OF SERVICES

The following items are not anticipated and are not included within the scope of services. Should any of these items be required, Hanson can provide services at an extra cost to be negotiated later.

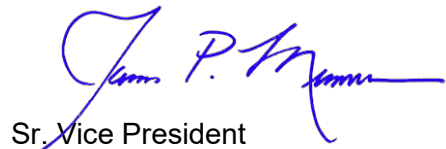
1. Construction phase services
2. Phase II engineering services
3. Visualizations or renderings of any kind
4. Lake County Permitting
5. Traffic Counts
6. A New PESA
7. ESR Exhibits
8. Land Acquisition Services
9. Traffic Management Plan
10. Public Meetings or Hearings
11. Intersection Design Studies
12. Section 4(f) or Section 6(f) Land Evaluation
13. Noise Analysis
14. COSIM Analysis
15. Wetlands delineation or mitigation
16. Crash analysis

The proposed fee for the above tasks \$281,421.

If you have questions regarding the scope of services, please don't hesitate to give me a call at (630) 368-2064.

If this proposal is agreeable to you, we would be happy to prepare a contract for execution and begin work on the Phase I Preliminary Engineering as soon as practical.

Sincerely,
James P. Messmore, P.E.

A handwritten signature in blue ink, appearing to read "James P. Messmore", with a stylized flourish at the end.

Sr. Vice President
Hanson Professional Services Inc.





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