

# Comprehensive Annual Financial Report



**City of Lake Forest, Illinois**

**For the Year Ended April 30, 2007**

CITY OF LAKE FOREST, ILLINOIS  
Comprehensive Annual Financial Report  
Year Ended April 30, 2007  
(With Independent Auditors' Report Thereon)

Prepared by:

Department of Finance  
Kathleen M. Reinertsen  
Director of Finance  
and  
Louise A. Breckan  
Assistant Director of Finance

## INTRODUCTORY SECTION

CITY OF LAKE FOREST, ILLINOIS  
 Comprehensive Annual Financial Report  
 Year Ended April 30, 2007

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October 18, 2007

The Honorable Mayor Rummel  
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, 2007, 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. During the current fiscal year, the City has adopted the provisions of the Governmental Accounting Standards Board Statement No. 44, *Economic Condition Reporting: The Statistical Section*. 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 five 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 McGladrey & Pullen, 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, 2007, 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 audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended April 30, 2007, are fairly presented in conformity with GAAP. The independent auditors' 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 can be found 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 an estimated 21,500 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. Based upon data from the 2000 census, the City's median home value and median family income ranked second in the State of Illinois for municipalities with greater than 10,000 residents.

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's manager and attorney. The City's 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. The Mayor is elected to a two-year term.

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 waterworks facility.

The financial reporting entity of the City of Lake Forest includes all the 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, summary table of anticipated revenues and expenditures for the fiscal year and department personnel policies. The budget message highlights the significant expenditure events that will occur and the objectives to accomplish the 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 appropriate sum equivalent to 10% of the total funds budgeted. Even though there is a 10% contingency 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 the past twenty-seven (27) years and has worked very efficiently.

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 the Parks and Recreation Fund, both considered major funds, this comparison is presented beginning on page 60 as required supplementary information. For nonmajor governmental funds with appropriated annual budgets, this comparison is presented in the non-major governmental fund subsection of this report, which starts on page 66.

## *Local Economy*

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. The main focus in this section will be the General Fund since the majority of the City's essential operations are in this fund.

FY2007 revenues increased 5.1% over FY2006 revenues yet FY2007 expenses increased 6.0% over FY2006. The economic climate is rebounding slowly for revenues but expenses are increasing at a higher rate. Being in the service industry, the significant majority of our operating expenses are personnel related (72%). The City Council and city staff are pressed to further identify opportunities to provide more efficient services and control escalating costs.

The City of Lake Forest takes an active role in supporting its businesses. The City is a member of the Lake Forest Business Partnership (LFBP) which is an independent partnership comprised of seven representatives from City government, business and the community. Several years ago, the LFBP unveiled a free web page of commercial property listings in Lake Forest for sale or lease. The page includes a simple form that allows owners to submit available Lake Forest commercial properties for listing, free of charge. The web page can be found under "Commercial Space Available" at [www.lfbchamber.com](http://www.lfbchamber.com).

## **Long-Term Financial Planning**

The City is funding needed infrastructure expenditures with the transfer tax that was approved by referendum on March 21, 2006. This transfer tax was imposed on all residential or commercial real estate transactions which closed on or after July 5, 2006, unless a contract was executed prior to May 1, 2006. The transfer tax of \$4.00 per \$1,000 of value is levied on the buyer of the real estate.

A Public Works Committee which consists of three City Council members was created three years ago to oversee capital improvement projects and programs. Annually in September or October, this committee and city staff finalizes the draft of the Five Year Capital Improvement Program. This draft is discussed at a City Council budget meeting. One major project that the committee is undertaking at this time is the construction of a new Municipal Services facility.

**Cash Management policies and practices.** The City follows a policy of investing all cash temporarily idle during the year in commercial bank time deposits, in U.S. Treasury bills, in U.S. Treasury notes and the Illinois State Treasurer's pool (Illinois Funds). Additionally, the City's banking agreement requires the bank to invest the balance from the City's consolidated checking account in a NOW account. Interest is paid monthly on these investments and is based on the ninety day treasury bill rate plus 60 basis points. Only the Cemetery, Fire Pension and Police Pension Funds are permitted by statute to invest in corporate securities. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City intends to hold to maturity.

Additional information on the City's investments can be found in Note #1(e) in the financial statements.

**Risk management.** The City entered into a contractual agreement effective January 1, 1981, for joining the Intergovernmental Risk Management Agency (IRMA) which provides the City with its insurance coverage for liability, property damage and workmen's compensation insurance. IRMA is a self-insurance group consisting of seventy (70) municipalities and seven (7) special districts pooling their risks through a self-insurance administrator. IRMA has been in existence since January 1, 1979 and has an excellent record and offers one of the most comprehensive pool coverage programs that can be found anywhere for public entities. The City's experience for twenty-five (25) years of membership with IRMA has been outstanding. Since 1981, The City has saved hundreds of thousands of dollars as compared to outlays, which would have been paid to private insurance companies. In 2006, the City participated in a study for an alternative coverage program. The proposed rates were the same as IRMA, but didn't include other services provided by IRMA.

Prior to January 1, 2000, the City was a member of a self-insured medical and dental pool with six other area organizations. On January 1, 2000 the City established The City of Lake Forest Medical and Dental Plan, a self-insurance plan providing health and dental insurance for all employees of the City. Administration of the Plan is provided by the Professional Benefit Administrators, Inc.

**Pension and other post employment benefits.** The City sponsors a single-employer defined benefit pension plan for its firemen and police officers.

**Fire Pension.** There were thirty-six (36) active firefighters covered by this pension fund as of April 30, 2007. Funding for the Firemen's Pension Fund is provided from a property tax levy and employee contributions at the rate of 9.455% of total payroll for those covered employees.

An independent actuary advises the City on the amount of property tax levy necessary to meet funding requirements. The tax levy is established to provide for the normal pension costs based on the number of active employees covered as well as to amortize the fund's actuarial reserve deficiency by the year 2033. The total actuarial reserve deficiency at April 30, 2007 (the date of the latest computation by an actuary) amounted to \$3,801,045 for prior service costs.

**Police Pension.** As of April 30, 2007, forty-two (42) active police officers were covered by this Pension Fund. The cost of this fund is provided from a property tax levy and employee contributions of 9.91% of regular salary.

An independent actuary advises the City on the amount of property tax levy necessary to meet funding requirements. The tax levy must provide for normal pension costs based on the number of active participants in the fund and to amortize the fund's actuarial reserve deficiency by the year 2033. As of April 30, 2007 (the date of the latest computation by an actuary), the actuarial reserve deficiency amounted to \$12,260,290 for prior service costs.

The **Illinois Municipal Retirement Fund** is operated by the State of Illinois. One hundred ninety-one (191) full-time employees of The City of Lake Forest (except the sworn Fire and Police Department personnel) were active members as of April 30, 2007. The City contributes 9.31% of payroll and the employee contributes 4.5%. Employees under this fund are also covered by Social Security and The City contributes 6.2% on all salaries paid up to a maximum of \$97,500 and contributes 1.45% for Medicare on all salaries.

Additional information on the City's pension arrangements can be found in Note #8 in the financial statements.

### *Major Initiatives*

The City is committed to maintaining the quality and the preservation of the character and heritage of Lake Forest. However, the City does not want to severely deplete its reserves. The City must continue to adhere to its prudent financial management practices and remain focused on sustaining long-term financial stability. For FY2007, the most significant initiatives are as follows:

- Construction on the new CROYA Student Union began in the spring of 2007. The City is contributing 18% towards this \$3.2 million addition to the Recreation Center. The CROYA Student Union is expected to be completed by fall 2007.
- A state grant of \$100,000 was received in FY2007 and funded 68% of the garage to house the senior bus. This garage is located near Dickinson Hall.
- New storm sewers were installed along a section of Minthaven Road in summer 2006. This \$330,000 project was funded from a general obligation bond issue that is being repaid with the revenue generated from the ½ percent local sales tax.

- The Elm Tree pedestrian bridge was completed at a cost of \$290,000. The new steel superstructure was assembled at the bridge and a new wooden deck was constructed.
- In FY2007, the City invested in a third-party online vehicle and parking permit program that reduced staff time in processing the annual applications and simplified the renewal process for residents. Another technology enhancement during FY2007 was the purchase of \$175,000 of blade servers.
- Three new refuse haulers were purchased at a total cost of \$597,000.
- \$328,000 of water mains, road and storm sewers were installed at the Rt. 60 Park Site. This project was funded by the referendum approved 2003 general obligation bond issue.

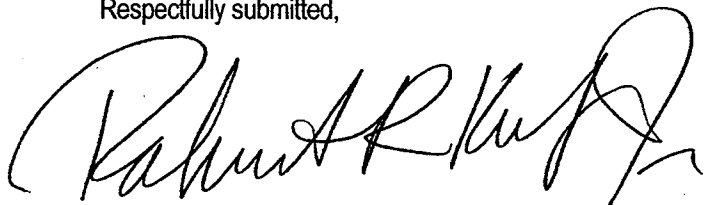
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended April 30, 2006. This was the twenty-eighth (28) consecutive year that The City of Lake Forest has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied 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 CAFR 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



Kathleen M. Reinertsen  
Director of Finance

# 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, 2006

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



President

Executive Director

CITY OF LAKE FOREST, ILLINOIS

List of Principal Officials

Year Ended April 30, 2007

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LEGISLATIVE

City Council

S. Michael Rummel, Mayor

Thomas E. Swarthout

David D. Grumhaus, Jr.

Stuart M. Widman

Robert C. Elliott

Timm R. Reynolds

Thomas H. Morsch, Jr.

John A. Looby III

Deborah Tyler Haddad

AUDIT COMMITTEE

Allan J. Jacobs, Chairman

Jeffrey J. Anderson

Thomas J. Stahlschmidt

P.W. Kirkland Sweet

Kirk B. Johnson

EXECUTIVE

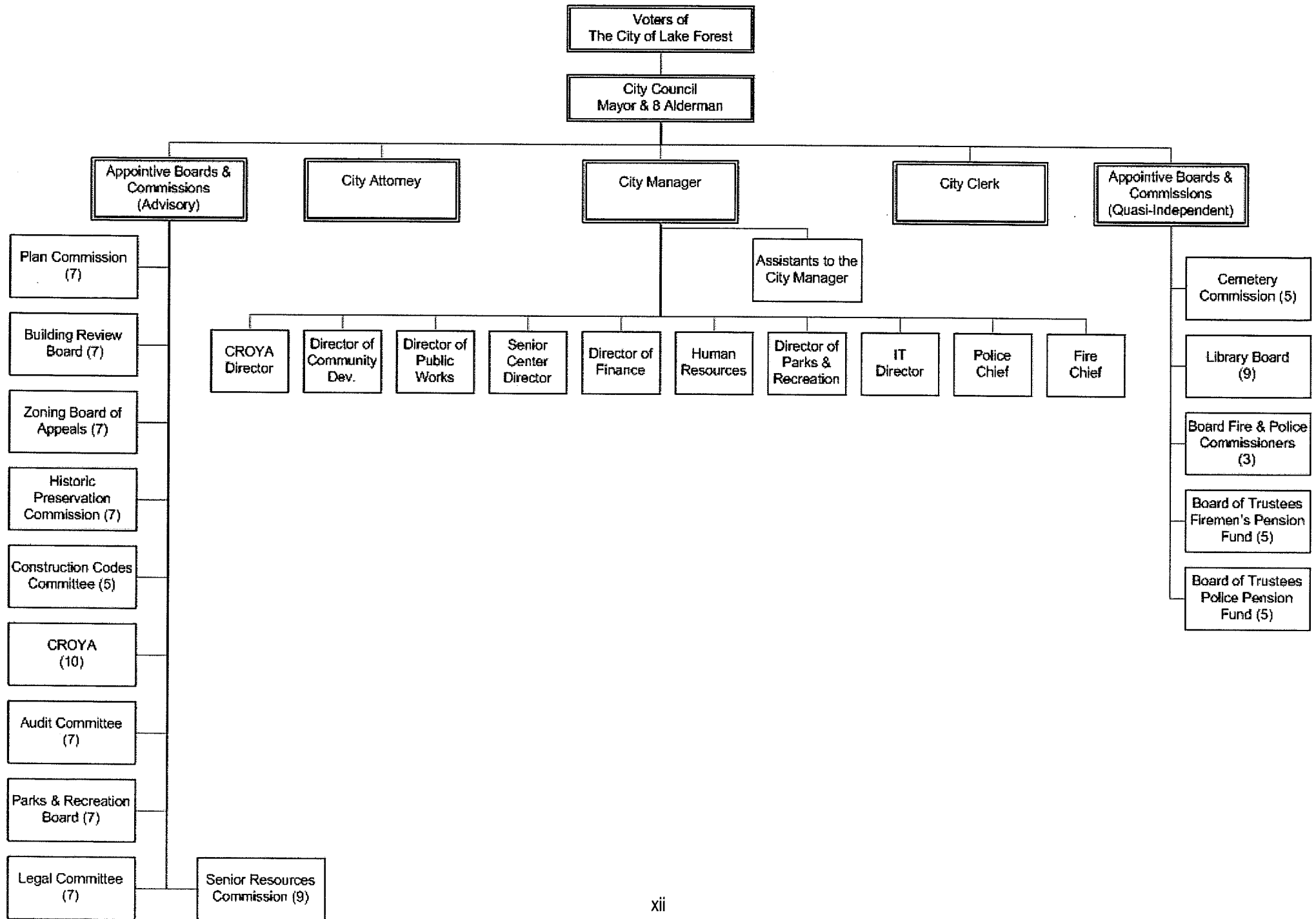
Robert R. Kiely, Jr., City Manager

DEPARTMENT OF FINANCE

Kathleen M. Reinertsen, Director of Finance and Treasurer

Louise A. Breckan, Assistant Director of Finance

# ORGANIZATIONAL DIAGRAM FOR THE CITY OF LAKE FOREST



**FINANCIAL SECTION**



# McGladrey & Pullen

Certified Public Accountants

## Independent Auditors' Report

Honorable Mayor, City Council,  
and City Manager  
City of Lake Forest, Illinois:

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 (City) as of and for the year ended April 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 15, budgetary comparison information on pages 60 and 61, and the pension information on pages 62 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lake Forest, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Schaumburg, Illinois  
October 18, 2007

CITY OF LAKE FOREST, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

The City of Lake Forest's (the City) 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 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 v) and the City's financial statements (beginning on page 16).

**Financial Highlights**

- The City's net assets increased by \$10.1 million (or 4.2%) during the fiscal year ending April 30, 2007 (FY07). The governmental net assets increased by \$8.1 million (or 4.4% from FY06) and the business-type activities net assets increased by \$2.0 million (or 3.7% from FY06).
- The City's total change of net assets compared to FY06 increased by \$1.8 million. The general governmental activities change in net assets increased by \$.7 million and the business-type activities change in net assets increased by \$1.0 million.
- The governmental activities revenue increased by \$3.4 million or 7.2%. The expenses increased by \$1.7 million or 4.0%. The transfers increased by \$1.0 million.
- The business-type activities revenue increased by \$0.9 million or 8.7%. The expenses increased by \$0.9 million or 9.6%, transfers out increased by \$1.0 million.
- The total cost of all City programs increased by \$2.6 million or 5.3%.

**USING THE FINANCIAL SECTION OF THIS  
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 16-17) 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 Assets (the Unrestricted Net Assets) 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 17) 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

CITY OF LAKE FOREST, ILLINOIS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
APRIL 30, 2007

majority of these services. The Business-type Activities reflect private sector type operations (Waterworks and Sewerage, Golf and Paid Parking), where the fee for service typically covers all or most of the cost of operation, including depreciation.

#### 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 18 and 20) 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, Fire 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 22 - 23) essentially is 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 19 and 21). The flow of current financial resources will reflect debt proceeds and interfund transfers as other financial 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 obligation (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.) have not been reported nor depreciated in governmental financial statements. Generally accepted accounting principles now require that these assets be valued and reported within the Governmental 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.

### GOVERNMENT-WIDE STATEMENT

#### Statement of Net Assets

The City's combined net assets increased by \$10.1 million from FY06 – increasing from \$240.5 million to \$250.6 million. The analysis following will look at net assets and net expenses of governmental and business-type activities separately. The total net assets for the governmental activities increased by \$8.1 million from \$186.2 to \$194.3 million. Whereas the business-type

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activities net assets increased by \$2.0 million from \$54.3 to \$56.3 million. Table 1 reflects the condensed Summary of Net Assets compared to FY06. Table 2 will focus on the changes in net assets of the governmental and business-type activities.

Table 1  
Statement of Net Assets  
As of April 30, 2007 and 2006  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 63.5	\$ 53.2	\$ 13.9	\$ 13.0	\$ 77.4	\$ 66.2
Capital assets	186.0	188.6	73.7	73.7	259.7	262.3
<b>Total assets</b>	<b>249.5</b>	<b>241.8</b>	<b>87.6</b>	<b>86.7</b>	<b>337.1</b>	<b>328.5</b>
Long-term liabilities	23.7	28.2	29.5	30.8	53.2	59.0
Other liabilities	31.5	27.4	1.8	1.6	33.3	29.0
<b>Total liabilities</b>	<b>55.2</b>	<b>55.6</b>	<b>31.3</b>	<b>32.4</b>	<b>86.5</b>	<b>88.0</b>
<b>Net Assets:</b>						
Invested in capital assets, net of debt	163.8	166.2	44.5	43.2	208.3	209.4
Restricted	4.0	3.5	-	-	4.0	3.5
Unrestricted	26.5	16.5	11.8	11.1	38.3	27.6
<b>Total net assets</b>	<b>\$ 194.3</b>	<b>\$ 186.2</b>	<b>\$ 56.3</b>	<b>\$ 54.3</b>	<b>\$ 250.6</b>	<b>\$ 240.5</b>

For more detailed information see the Statement of Net Assets (page 16).

**Normal Impacts**

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

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

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

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

*Spending of Non-borrowed Current Assets on New Capital* – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

*Principal Payment on Debt* – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

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*Reduction of Capital Assets through Depreciation* – which will reduce capital assets and invested in capital assets, net of debt.

**Current Year Impacts**

The City's \$10.1 million increase of combined net assets (which is the City's bottom line) was the result of the governmental activities net assets increasing by \$8.1 million and the business-type activities net assets increasing by \$2.0 million.

The governmental activities total assets increased by \$7.7 million and the governmental activities total liabilities decreased by \$4.4 million. The \$7.7 million increase in total assets is due to a \$10.3 million increase in current and other assets offset by a \$2.6 million decrease in capital assets.

The current and other assets increase was due to a \$7.3 million increase in cash and investments and a \$3.1 million increase in receivables. The majority of the cash and investments increase occurred in the General Fund, the Park and Public Land Fund and the Municipal Services Building Construction Fund. The General Fund increase of \$2.3 million was due to the budgeted \$.4 million increase in fund balance, the receipt of \$1 million in revenue over the budget and the expenditure of \$.6 million less than budget. The Park and Public Land Fund planned for a \$1.7 million increase in fund balance. The Municipal Services Building Construction Fund sold two of four planned parcels contained within the 40 acres of property that the City purchased in FY06 for the construction of a new Municipal Service Building resulting in an increase in cash and investments of \$1.2 million. The majority of the receivable increase was due to a \$1 million increase in the property tax and a \$2 million receivable in the Municipal Services Building Construction Fund to account for the future sale of the remaining two parcels of land contained within the 40 acres of property that the City purchased in FY06 for the construction of a new Municipal Service Building.

The \$2.6 million capital asset decrease was due to \$4.4 million of depreciation expense offset by \$4.2 million of additional assets and \$2.4 million of disposals. The majority of the additions were the Saunders Road and Minthaven storms sewers, three refuse haulers and construction in progress for the new Municipal Services building, and CROYA student union building. The majority of the disposals were the planned sale of two of four parcels contained within the 40 acres of property that the City purchased in FY06 for the construction of a new Municipal Service Building and construction in progress that was completed for storm sewers.

The net assets of business-type activities increased by \$2.0 million, from \$54.3 to \$56.3 million. The total assets of the business-type activities increased by \$0.9 million. The majority of the \$0.9 million increase was due to a \$.3 million increase in cash and investments and a \$.5 million increase in receivables. The total liabilities decreased by \$1.1 million from \$32.4 to \$31.3 million. This was the result of a bonds payable decrease of \$1.1 million. The unrestricted net assets of \$11.8 million increased by \$0.7 million from FY06. This is mainly due to a \$.2 million increase in the Waterworks and Sewerage Fund, a \$.2 million increase in the Paid Parking Fund and a \$.3 million increase in the Golf Fund. The majority (\$10.4 million) of the \$11.8 million unrestricted net assets can be used by the City to finance water and sewer operations. The City has a policy of keeping 33% of revenue and one times debt service as a reserve in its water fund. The annual operating cost for this program is approximately \$6.7 million per year and interest expense on bonds is \$1.2 million.

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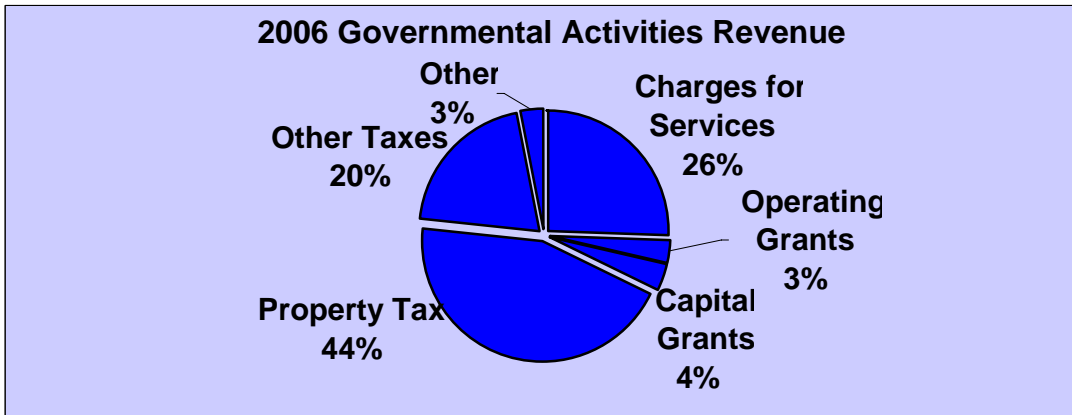
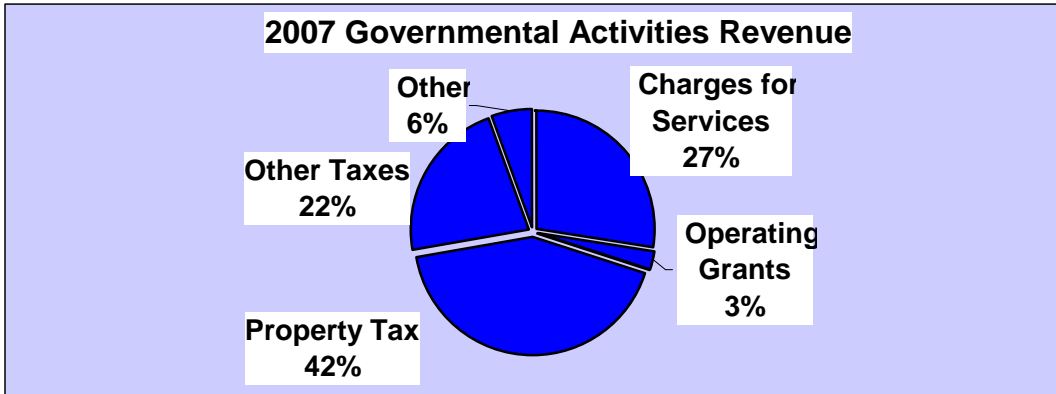
Changes in Net Assets

The City's combined change in net assets was an increase of \$10.1 million. The City's total revenues increased by \$4.3 million. The City's cost of all programs increased by \$2.6 million. The following chart compares the revenue and expenses for the current and previous fiscal year.

Table 2  
Changes in Net Assets  
For the Fiscal Year Ended April 30, 2007 and 2006  
(in millions)

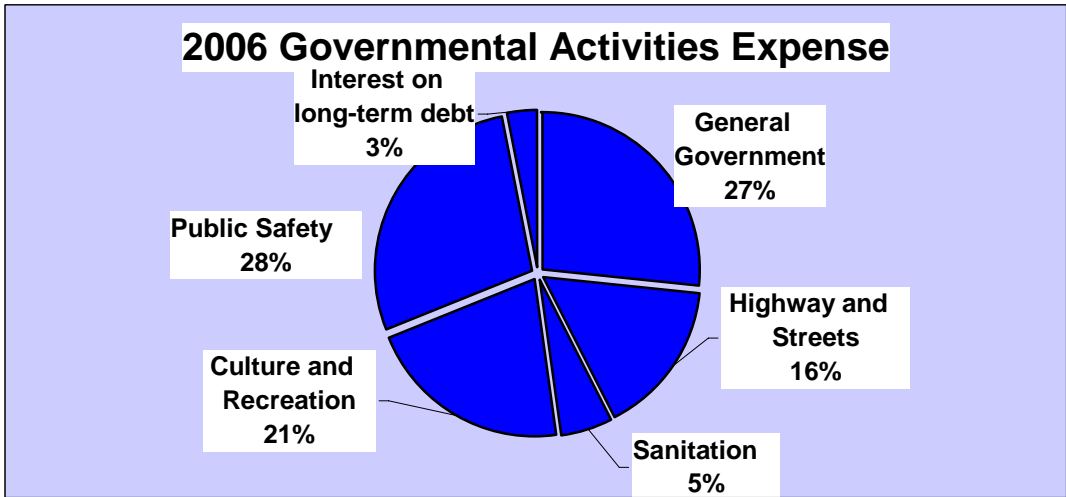
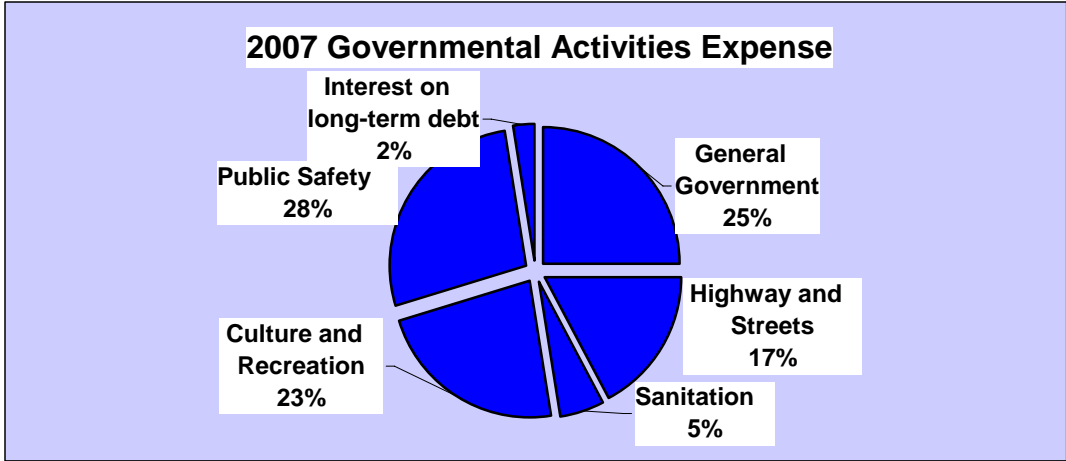
Revenue	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Program Revenues						
Charges for Service	\$ 13.8	\$ 12.0	\$ 9.7	\$ 9.8	\$ 23.5	\$ 21.8
Grants and contributions						
Operating	1.3	1.4	0.2	-	1.5	1.4
Capital	-	1.7	0.9	0.2	0.9	1.9
General Revenue						
Property	21.3	20.9	-	-	21.3	20.9
Other taxes	11.2	9.6	-	-	11.2	9.6
Other	2.8	1.4	0.5	0.4	3.3	1.8
<b>Total Revenue</b>	<b>50.4</b>	<b>47.0</b>	<b>11.3</b>	<b>10.4</b>	<b>61.7</b>	<b>57.4</b>
Expenses						
Governmental Activities						
General Government	10.0	10.6	-	-	10.0	10.6
Highways and Streets	7.1	6.2	-	-	7.1	6.2
Sanitation	2.2	2.1	-	-	2.2	2.1
Culture and Recreation	9.4	8.4	-	-	9.4	8.4
Public Safety	11.6	11.1	-	-	11.6	11.1
Interest	1.0	1.2	-	-	1.0	1.2
Business Type						
Waterworks and Sewerage	-	-	7.9	7.3	7.9	7.3
Golf	-	-	1.6	1.4	1.6	1.4
Paid Parking	-	-	0.8	0.7	0.8	0.7
<b>Total Expenses</b>	<b>41.3</b>	<b>39.6</b>	<b>10.3</b>	<b>9.4</b>	<b>51.6</b>	<b>49.0</b>
Excess before Transfers	9.1	7.4	1.0	1.0	10.1	8.4
Transfers In (Out)	(1.0)					
<b>Change in Net Assets</b>	<b>8.1</b>	<b>7.4</b>	<b>1.0</b>	<b>1.0</b>	<b>10.1</b>	<b>8.4</b>
Net assets - beginning	186.2	178.8	54.3	53.3	240.5	232.1
<b>Net assets - ending</b>	<b>194.3</b>	<b>186.2</b>	<b>55.3</b>	<b>54.3</b>	<b>250.6</b>	<b>240.5</b>

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**Normal Impacts**

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

**Revenues**

*Economic Condition* – which 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, impact fee, 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 in Authorized Personnel* – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 54% of the City's general fund operating cost.

*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, 2007, revenues from governmental activities totaled \$50.4 million which is an increase of \$3.4 million.

Property tax revenues continue to be the City's largest revenue source, coming in at \$21.3 million. Property tax revenues combined with sales tax, the local utility tax, shared state income tax and real estate transfer tax revenues total \$32.5 million and represent 65.7% of the total Governmental Fund revenue. This is an increase of \$2.0 million or 6.6% from FY06.

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 2006 equalized assessed valuation increased 10.1% to \$2,646,705,738.

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Although the City became a home rule unit in November 2004, the City still follows the Illinois' Property Tax Extension Limitation Laws (PTELL), otherwise known as the tax cap.

Charges for services increased \$1.8 million mainly due to a \$1.5 million increase in Highways and Streets and a \$1.2 million increase in Culture and Recreation offset by a decrease of \$.9 million in general government. The Highways and Streets increase was due to the creation of the new Route 60 Fitzmorris Improvements Fund. \$1.5 million was received from the developer for the City to construct intersection improvements and a permanent signal at the Intersection of Route 60 and Field Court. The Culture and Recreation increase was due to a \$1.6 million increase in impact fees. The City changed its impact fee ordinance in July 2006 resulting in a change in the price structure as well as the payment date. Impact fees are now collected prior to the recordation of a subdivision plat or if there is no plat, prior to the recording of a final development plan or special use permit ordinance. The \$.9 million decrease in general government was mainly due to a decrease in the lot sales of the Cemetery Fund.

Capital grants decreased by \$1.7 million due to the donation of the Dickinson Hall improvements by the Senior Foundation that occurred in FY06.

Other revenue increased by \$1.4 million. Investment income increased by \$0.6 million or 42.9% from FY06 (\$1.4 million to \$2.0 million). The rate of return on investments was 5.6% in FY07 compared to 4.4% in FY06. The City's strategy for investing did not change. Other revenue of \$.8 million was due to the gain on the sale of a two parcels of land contained within the 40 acres of property that the City purchased in FY06 for the construction of a new Municipal Service Building.

### Expenses

For the fiscal year ended April 30, 2007, expenses for governmental activities totaled \$41.3 million which is an increase of \$1.7 million or 4.0%.

The City's Highway and Streets function expenditures increased by \$.9 million from \$6.2 million to \$7.1 million which is 14.5%. This was mainly due to increased purchases of salt, the increased price of fuel, and road, storm sewer and sidewalk maintenance costs.

The City's Culture and Recreation function expenditures increased by \$1.0 million from \$8.4 million to \$9.4 million or 11.9%. The majority of the increase was due to increased forestry operational costs and park maintenance projects.

A \$1.0 million transfer occurred between the governmental activities and the business type activities. This was for the transfer of capital assets that were purchased by Nonmajor Capital Project Funds for Waterworks and Sewerage Fund use.

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 FY2007 expenses included funding for the City's performance based employee compensation package plus a 3.75% general salary adjustment with specific positions receiving 4.25% due to market conditions.

### *Business-type Activities*

#### Revenue

The total revenue for the business-type activities increased by \$0.9 million. The majority of this increase was in the Waterworks and Sewerage Fund due to capital grants and contributions. A \$.2 million STAG grant was received for sanitary sewer lining and a \$.7 million water main and sanitary sewer contribution was received from the developer of the Amberley Woods subdivision.

CITY OF LAKE FOREST, ILLINOIS  
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**Expenses**

The City's business-type activity expenses increased \$.9 million which is 9.6% from FY06. The Waterworks and Sewerage Fund operating and maintenance expense increased mainly due to sanitary sewer lining and normal salary increases. The Golf Fund and Paid Parking Fund also experienced operating expense increases.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds**

At April 30, 2007, the governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$28.8 million which is a 24.7% increase from the beginning of the year (\$23.1 million). Of the total fund balance of \$28.8 million, \$25.4 million is unreserved indicating availability for continuing City services and capital projects. This is an increase of \$5.3 million from FY06 (26.4% increase). The primary reason for the increase in fund balance is a \$2 million increase in the General Fund, a \$1.4 million increase in the Park and Public Land Fund, a \$1.5 million increase in the Municipal Services Building Construction Fund, and a \$1.5 million increase in the new Route 60 Fitzmorris Improvements Fund. This was offset by a decrease of \$.8 million in the Special Service Area Saunders Road Construction Fund and a \$.6 million decrease in the 2004B Bond Construction Fund.

**Major Governmental Funds**

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The Fund Balance of the General Fund increased by \$2.0 million or 28.6% from FY06 (from \$7.0 million to \$9.0 million). The General Fund revenues increased by \$1.4 million (5.1%) and the expenditures increased by \$1.4 million (6.0%). Thereby the excess of revenues over expenditures remained the same at \$4.3 million. The other financing sources (uses) decreased by \$6.7 million mainly due to the \$7 million transfer from the General Fund to the Municipal Services Building Construction Fund that occurred in FY06.

Table 3  
General Fund Budgetary Highlights  
(in millions)

General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 22.3	\$ 22.3	\$ 22.5
Other	5.7	5.7	6.5
Total	<u>28.0</u>	<u>28.0</u>	<u>29.0</u>
Expenditures and transfers:			
Expenditures	28.2	25.4	24.8
Transfers	2.3	2.3	2.3
	<u>30.5</u>	<u>27.7</u>	<u>27.1</u>
Change in Fund Balance	<u>\$ (2.5)</u>	<u>\$ 0.3</u>	<u>\$ 1.9</u>

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Actual General Fund revenues exceeded original budgeted revenues by \$1.0 million during FY2007. This increase is attributable mainly to investment income of \$.5 million and other taxes of \$.3 million whose main component is sales tax and income tax. Actual General Fund expenditures were lower than the original budget by \$3.4 million as it is the City's policy to add 10%, which is \$2.8 million, of contingency funding to the budget appropriation. The contingency amount is only for emergency use and was not used in FY07. Expenditures were lower than the final budget by \$.6 million. This decrease is mainly attributable to the general government area where several departments realized budget savings. More information can be found on the schedule of revenues, expenditures and changes in fund balance on page 20.

The Park and Recreation Fund accounts for the parks and recreation programs. Services include a fitness center, dance academy, and a variety of other indoor and outdoor programs. The Fund Balance of the Parks and Recreation Fund remained essentially the same from FY06 at \$1.3 million. The Parks and Recreation Fund revenues remained the same at \$6.8 million while expenditures increased by \$.2 million (3.9%). The excess of revenues over expenditures decreased by \$.3 million. Expenditures outpaced revenue growth primarily due to the fact that full-time salary expense still occurred within programs that had lower than anticipated enrollment revenue. It was also during FY2007 that increased expense for fitness equipment and NSSRA member agency contribution occurred without a corresponding revenue stream.

The Parks and Recreation Fund revenues were lower than the final budget by \$.2 million. The variance occurred in charges for services and is attributable to a change in allocation of fitness membership fees and lower than anticipated enrollment in a variety of recreation programs. In FY07 the accounting for fitness membership fees was changed after the budget was set. Rather than retaining the full fitness membership fee within a single fiscal year, a proportionate amount of revenue is deferred based upon the number of months that the membership carries over into the next fiscal year. A variety of recreation programs experienced lower than anticipated enrollment with the most significant revenue variances occurring in sailing, Kinderhaven preschool, contractual youth sport programs, adult softball and birthday party services.

The Debt Service Fund accounts for the payment of principal and interest currently due on general obligation bonds. The Fund Balance of the Debt Service Fund increased by \$.4 million or 19.6% from FY06 (from \$2.4 million to \$2.8 million). The Debt Service Fund revenues decreased by \$.2 million (4.2%) and the expenditures decreased by \$.2 million (3.7%). The deficiency of revenues over expenditures remained the same at \$.8 million. The other financing sources remained the same at \$1.2 million. The Debt Service Fund is increasing fund balance through the transfer in from the .5% sales tax accounted for in the General Fund. The .5% sales tax is used to fund debt service for storm sewer projects. As the revenue is in excess of current debt service, The City may plan to issue additional debt in the future.

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Capital Assets

Table 4  
Capital Assets at Year End  
Net of Depreciation  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Land and improvements	\$ 28.3	\$ 28.9	\$ 7.0	\$ 7.0	\$ 35.3	\$ 35.9
Infrastructure land	66.8	66.8	-	-	66.8	66.8
Construction in progress	0.8	1.2	-	-	0.8	1.2
Infrastructure	74.2	75.6	-	-	74.2	75.6
Buildings	5.5	5.6	23.0	24.0	28.5	29.6
Improvements	6.9	7.4	23.7	22.9	30.6	30.3
Machinery and equipment	3.5	3.1	2.6	2.7	6.1	5.8
Sanitary sewers	-	-	17.5	17.1	17.5	17.1
<b>Total</b>	<b>\$ 186.0</b>	<b>\$ 188.6</b>	<b>\$ 73.8</b>	<b>\$ 73.7</b>	<b>\$ 259.8</b>	<b>\$ 262.3</b>

At the end of fiscal year 2007, the City had a combined total of capital assets of \$259.8 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$2.5 million.

The net decrease is mainly attributable to the governmental activities. The majority of the additions were the Saunders Road and Minthaven storms sewers, three refuse haulers and construction in progress for the new Municipal Services building, and CROYA student union building. The majority of the disposals were the planned sale of two of four parcels contained within the 40 acres of property that the City purchased in FY06 for the construction of a new Municipal Service Building and construction in progress that was completed for storm sewers.

The following reconciliation summarizes the changes in Capital Assets which are presented in detail on pages 43-45 of the Notes.

**Table 5**  
**Change in Capital Assets**  
**(in millions)**

	Governmental Activities	Business-Type Activities	Total
<b>Beginning Balance</b>	\$ 188.6	\$ 73.7	\$ 262.3
<b>Additions</b>			
Depreciable	3.5	2.9	6.4
Construction in Progress	0.7	-	0.7
<b>Retirements</b>			
Depreciable	(0.7)	(0.1)	(0.8)
Non-Depreciation	(0.6)	-	(0.6)
Construction in Progress	(1.1)	-	(1.1)
Depreciation	(5.0)	(2.8)	(7.8)
Retirements	0.6	0.1	0.7
<b>Ending Balance</b>	<u>\$ 186.0</u>	<u>\$ 73.8</u>	<u>\$ 259.8</u>

### Debt Outstanding

The City had \$50.9 million of general obligation bonds outstanding at April 30, 2007. Of this amount \$8.4 were payable from property taxes and the remainder were self supporting. The City's per capita debt ratio for all direct and overlapping debt was \$7,236.99 and \$5,118.03 if self-supporting debt is excluded.

The City operated as a home rule community for fiscal year 2007. 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. The City has no plans to issue bonds that have not been voter approved. For more detailed information on long-term debt activity, see pages 46 through 50.

### Economic Factors

The City's unemployment rate was 2.3% for 2006, which is far below Lake County (4.2%) and the national (4.6%) and state (4.5%) levels.

### 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 Kathleen Reinertsen, Finance Director, City of Lake Forest, 110 E. Laurel Avenue, Lake Forest, IL 60045.

## BASIC FINANCIAL STATEMENTS



CITY OF LAKE FOREST, ILLINOIS  
Statement of Net Assets  
April 30, 2007

Exhibit A-1

	Primary Government			Component unit
	Governmental Activities	Business-type Activities	Total	Lake Forest Library
<b>Assets</b>				
Cash and cash equivalents	\$ 31,955,860	\$ 4,414,189	\$ 36,370,049	\$ 1,794,782
Investments	2,595,384	7,308,218	9,903,602	-
Receivables (net):				
Property taxes	21,985,173	-	21,985,173	2,971,944
Other taxes	421,507	-	421,507	10,895
Accounts	3,122,940	1,530,824	4,653,764	-
Accrued interest	1,752	34,645	36,397	-
Loans	14,411	-	14,411	-
Other	166,655	78	166,733	-
Due from other governments	1,930,462	-	1,930,462	-
Internal balances	(322,383)	322,383	-	-
Inventories	88,439	48,254	136,693	-
Prepays	545,406	91,684	637,090	-
Deferred charges – bond issuance costs	90,229	88,759	178,988	-
Net pension asset	823,906	-	823,906	-
Capital assets:				
Not being depreciated	95,810,300	6,919,878	102,730,178	176,000
Being depreciated, net	90,221,261	66,852,727	157,073,988	2,466,400
Total assets	249,451,302	87,611,639	337,062,941	7,420,021
<b>Liabilities</b>				
Accounts payable	\$ 1,740,943	\$ 307,811	\$ 2,048,754	\$ 8,513
Accrued liabilities	1,425,506	100,313	1,525,819	57,047
Accrued interest payable	283,776	469,472	753,248	-
Retainage payable	62,216	49,993	112,209	-
Deposits	1,456,274	-	1,456,274	-
Unearned revenue - property taxes	21,985,173	-	21,985,173	2,971,944
Unearned revenue - other	4,518,399	847,456	5,365,855	-
Long-term obligations:				
Due within one year	4,887,104	1,437,000	6,324,104	154,913
Due in more than one year	18,808,990	28,070,597	46,879,587	48,529
Total liabilities	55,168,381	31,282,642	86,451,023	3,240,946
<b>Net Assets</b>				
Invested in capital assets, net of related debt	163,863,237	44,504,668	208,367,905	2,573,128
Restricted for:				
Capital projects	1,318,929	-	1,318,929	-
Debt service	2,565,560	-	2,565,560	-
Other purposes	126,030	-	126,030	-
Unrestricted	26,409,165	11,824,329	38,233,494	1,605,947
Total net assets	\$ 194,282,921	\$ 56,328,997	\$ 250,611,918	\$ 4,179,075

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS  
Statement of Activities  
For the Year Ended April 30, 2007

Exhibit A-2

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Lake Forest Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 10,026,323	\$ 5,094,588	\$ 268,018	\$ -	\$ (4,663,717)	\$ -	\$ (4,663,717)	
Highways and streets	7,102,425	1,576,654	943,759	-	(4,582,012)	-	(4,582,012)	
Sanitation	2,225,808	293,410	-	-	(1,932,398)	-	(1,932,398)	
Culture and recreation	9,403,755	5,458,842	73,120	-	(3,871,793)	-	(3,871,793)	
Public safety	11,557,020	1,387,792	-	-	(10,169,228)	-	(10,169,228)	
Interest on long-term debt	968,963	-	-	-	(968,963)	-	(968,963)	
Total governmental activities	41,284,294	13,811,286	1,284,897	-	(26,188,111)	-	(26,188,111)	
Business-type activities:								
Waterworks and sewerage	7,891,031	6,944,190	217,249	854,027	-	124,435	124,435	
Paid parking	767,413	1,007,654	-	-	-	240,241	240,241	
Golf	1,545,070	1,702,287	-	-	-	157,217	157,217	
Total business-type activities	10,203,514	9,654,131	217,249	854,027	-	521,893	521,893	
Total primary government	\$ 51,487,808	\$ 23,465,417	\$ 1,502,146	\$ 854,027	(26,188,111)	521,893	(25,666,218)	
Component Unit								
Lake Forest Library	\$ 2,865,277	\$ 112,303	\$ 24,542	\$ -				\$ (2,728,432)
General revenues:								
Property taxes					21,287,422	-	21,287,422	2,823,189
Replacement taxes					145,324	-	145,324	23,897
Sales tax					3,271,451	-	3,271,451	-
Income tax					1,989,187	-	1,989,187	-
Utility tax					4,198,439	-	4,198,439	-
Real estate transfer tax					1,259,295	-	1,259,295	-
Other taxes					318,367	-	318,367	-
Investment income					1,991,995	525,904	2,517,899	120,240
Other					805,435	-	805,435	-
Transfers					(992,519)	992,519	-	-
Total general revenues and transfers					34,274,396	1,518,423	35,792,819	2,967,326
Change in net assets					8,086,285	2,040,316	10,126,601	238,894
Net assets – beginning of year					186,196,636	54,288,681	240,485,317	3,940,181
Net assets – end of year					\$ 194,282,921	\$ 56,328,997	\$ 250,611,918	\$ 4,179,075

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS  
 Balance Sheet  
 Governmental Funds  
 April 30, 2007

Assets	General Fund	Parks and Recreation Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 9,881,706	\$ 2,383,841	\$ 2,838,743	\$ 13,677,038	\$ 28,781,328
Investments	105,384	-	-	2,490,000	2,595,384
Receivables ( net of allowance for uncollectibles):					
Property taxes	14,086,288	3,121,377	3,966,864	810,644	21,985,173
Other taxes	410,914	-	10,593	-	421,507
Accounts	786,672	66,774	-	2,269,494	3,122,940
Accrued interest	1,752	-	-	-	1,752
Loans	14,411	-	-	-	14,411
Other	62,571	-	-	62,154	124,725
Due from other governments	1,873,416	9,388	-	47,658	1,930,462
Due from other funds	-	-	-	32,600	32,600
Due from fiduciary funds	-	-	-	10,987	10,987
Prepays	455,597	84,984	-	4,825	545,406
Total assets	<u>\$ 27,678,711</u>	<u>\$ 5,666,364</u>	<u>\$ 6,816,200</u>	<u>\$ 19,405,400</u>	<u>\$ 59,566,675</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 735,807	\$ 235,444	\$ -	\$ 548,816	\$ 1,520,067
Accrued liabilities	963,524	147,684	-	26,862	1,138,070
Retainage payable	-	-	-	62,216	62,216
Due to other funds	5,351	-	-	32,600	37,951
Deposits	1,456,274	-	-	-	1,456,274
Unearned revenue:					
Property taxes	14,086,288	3,121,377	3,966,864	810,644	21,985,173
Other	1,427,312	821,593	-	2,269,494	4,518,399
Total liabilities	<u>18,674,556</u>	<u>4,326,098</u>	<u>3,966,864</u>	<u>3,750,632</u>	<u>30,718,150</u>
Fund Balances:					
Reserved for:					
Debt service	-	-	2,849,336	-	2,849,336
Loans	14,411	-	-	-	14,411
Prepays	455,597	84,984	-	4,825	545,406
Unreserved, reported in:					
General fund	8,534,147	-	-	-	8,534,147
Special revenue funds	-	1,255,282	-	6,750,975	8,006,257
Capital projects funds	-	-	-	8,898,968	8,898,968
Total fund balances	<u>9,004,155</u>	<u>1,340,266</u>	<u>2,849,336</u>	<u>15,654,768</u>	<u>28,848,525</u>
Total liabilities and fund balances	<u>\$ 27,678,711</u>	<u>\$ 5,666,364</u>	<u>\$ 6,816,200</u>	<u>\$ 19,405,400</u>	<u>\$ 59,566,675</u>

See accompanying notes to financial statements.

## CITY OF LAKE FOREST, ILLINOIS

## Reconciliation of the Governmental Funds Balance Sheet

## to the Statement of Net Assets

April 30, 2007

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Total fund balances – governmental funds	\$	28,848,525
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Amounts reported for governmental activities in the statement of net assets are different because:

Bond costs of issuance are capitalized at the government wide level and amortized over the life of the related bonds.		90,229
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Net pension asset recorded in governmental activities is not a financial resource and therefore is not reported in the funds.		823,906
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and land improvements	\$ 28,292,879	
Land-infrastructure	66,740,770	
Construction in progress	776,651	
Infrastructure, net of \$97,666,586 in accumulated depreciation	74,226,440	
Buildings, net of \$6,486,012 in accumulated depreciation	5,502,006	
Improvements, net of \$3,661,657 in accumulated depreciation	6,930,941	
Machinery and equipment, net of \$6,926,489 in accumulated depreciation	3,561,874	
Total capital assets, net		186,031,561

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities – both current and long-term – are reported in the statement of net assets. Balances at April 30, 2007 are:

Accrued interest on bonds	\$ (283,776)	
General obligation bonds	(21,586,517)	
Discount on general obligation bonds	16,546	
Discount on capital appreciation bonds	51,648	
Installment purchase contracts	(650,001)	
Compensated absences	(1,505,438)	
Total long-term obligations		(23,957,538)

Internal service funds are used by management to charge the costs of insurance and automotive services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

		2,446,238
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Net assets of governmental activities		\$ 194,282,921
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		194,282,921
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See accompanying notes to financial statements.

## CITY OF LAKE FOREST, ILLINOIS

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended April 30, 2007

	General Fund	Parks and Recreation Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes:					
Taxes	\$ 13,275,754	\$ 3,291,904	\$ 4,260,250	\$ 459,514	\$ 21,287,422
Other	9,248,375	23,402	20,991	1,889,295	11,182,063
Intergovernmental revenues	-	-	-	948,449	948,449
Charges for services	2,113,495	3,233,592	-	3,069,096	8,416,183
Licenses and permits	2,483,638	-	-	-	2,483,638
Fines and forfeitures	357,556	-	-	-	357,556
Investment income	708,082	150,428	231,006	776,701	1,866,217
Miscellaneous revenue	869,303	110,132	-	1,910,923	2,890,358
Total revenues	29,056,203	6,809,458	4,512,247	9,053,978	49,431,886
Expenditures:					
Current:					
General government	8,716,915	-	5,600	810,903	9,533,418
Highways and streets	1,979,122	-	-	-	1,979,122
Sanitation	2,023,726	-	-	-	2,023,726
Culture and recreation	880,727	6,753,606	-	540,311	8,174,644
Public safety	11,046,969	-	-	294,880	11,341,849
Capital outlay	2,123	67,143	-	5,397,305	5,466,571
Debt service:					
Principal retirement	99,167	-	4,473,160	202,500	4,774,827
Interest	15,216	-	788,276	77,595	881,087
Total expenditures	24,763,965	6,820,749	5,267,036	7,323,494	44,175,244
Excess (deficiency) of revenues over expenditures	4,292,238	(11,291)	(754,789)	1,730,484	5,256,642
Other financing sources (uses):					
Proceeds from sale of capital assets	5,172	-	-	1,479,550	1,484,722
Transfers in	68,000	37,731	1,222,561	1,565,168	2,893,460
Transfers out	(2,378,379)	(5,000)	-	(1,502,600)	(3,885,979)
Total other financing sources (uses)	(2,305,207)	32,731	1,222,561	1,542,118	492,203
Net change in fund balances	1,987,031	21,440	467,772	3,272,602	5,748,845
Fund balances – beginning of year	7,017,124	1,318,826	2,381,564	12,382,166	23,099,680
Fund balances – end of year	\$ 9,004,155	\$ 1,340,266	\$ 2,849,336	\$ 15,654,768	\$ 28,848,525

See accompanying notes to financial statements.

## CITY OF LAKE FOREST, ILLINOIS

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended April 30, 2007

Net changes in fund balances—total governmental funds \$ 5,748,845

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

Governmental funds report capital outlays as expenditures. However, in the statement  
of activities the cost of those assets is allocated over their estimated useful lives  
and reported as depreciation expense. This is the amount by which depreciation  
expense (\$5,013,159) exceeded capital outlay (\$4,219,651) in the current period. (793,508)

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins,  
and disposals) is to decrease net assets (1,799,079)

Bond proceeds are reported as financing sources in governmental funds and thus  
contribute to the change in fund balance. In the statement of net assets, however,  
issuing debt increases long-term liabilities and does not affect the statement of  
activities. Similarly, repayment of principal is an expenditure in the governmental  
funds but reduces the liability in the statement of net assets.

Repayments:

General obligation bonds	\$ 4,573,162	
Installment contracts	201,665	
Net adjustment		4,774,827

Under the modified accrual basis of accounting used in the governmental funds,  
expenditures are not recognized for transactions that are not normally paid  
with expendable available financial resources. In the statement of activities,  
however, which is presented on the accrual basis, expenses and liabilities  
are reported regardless of when financial resources are available. In addition,  
interest on long-term debt is not recognized under the modified accrual  
basis of accounting until due, rather than as it accrues.

Increase in net pension asset	\$ 45,623	
Decrease in accrued interest payable	69,457	
Accretion of interest on bond discount	(2,116)	
Accretion of interest on capital appreciation bonds	(149,578)	
Amortization of bond issuance costs	(5,639)	
Increase in compensated absences	(157,129)	
		(199,382)

The net revenue of certain activities of internal service funds is reported with  
governmental activities.

354,582

Change in net assets of governmental activities – statement of activities

\$ 8,086,285

See accompanying notes to financial statements.

## CITY OF LAKE FOREST, ILLINOIS

## Statement of Net Assets

## Proprietary Funds

April 30, 2007

Assets	Business-type Activities – Enterprise Funds				Governmental
	Waterworks and Sewerage Fund	Paid Parking Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Activities— Internal Service Funds
<b>Current assets:</b>					
Cash and cash equivalents	\$ 2,750,194	\$ 953,160	\$ 710,835	\$ 4,414,189	\$ 3,174,532
Investments	7,308,218	-	-	7,308,218	-
Receivables:					
Accounts receivable	1,234,217	290,442	6,165	1,530,824	-
Accrued interest	34,645	-	-	34,645	-
Other	78	-	-	78	30,943
Due from other funds	-	-	-	-	5,351
Inventories	-	-	48,254	48,254	88,439
Prepaid expenses	60,443	12,861	18,380	91,684	-
Total current assets	<u>11,387,795</u>	<u>1,256,463</u>	<u>783,634</u>	<u>13,427,892</u>	<u>3,299,265</u>
<b>Noncurrent assets:</b>					
Deferred charges – bond issuance costs	77,156	-	11,603	88,759	-
Capital assets:					
Not being depreciated	363,852	6,460,509	95,517	6,919,878	-
Being depreciated, net of accumulated depreciation	61,452,200	3,173,443	2,227,084	66,852,727	-
Total capital assets, net	<u>61,816,052</u>	<u>9,633,952</u>	<u>2,322,601</u>	<u>73,772,605</u>	<u>-</u>
Total noncurrent assets	<u>61,893,208</u>	<u>9,633,952</u>	<u>2,334,204</u>	<u>73,861,364</u>	<u>-</u>
Total assets	<u>73,281,003</u>	<u>10,890,415</u>	<u>3,117,838</u>	<u>87,289,256</u>	<u>3,299,265</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	242,902	17,036	47,873	307,811	220,876
Accrued liabilities	70,273	7,603	22,437	100,313	287,436
Accrued interest payable	439,805	8,934	20,733	469,472	-
Retainage payable	49,993	-	-	49,993	-
Unearned revenue	57,672	486,937	302,847	847,456	-
Current portion of long-term obligations	1,235,000	131,000	71,000	1,437,000	-
Total current liabilities	<u>2,095,645</u>	<u>651,510</u>	<u>464,890</u>	<u>3,212,045</u>	<u>508,312</u>
<b>Noncurrent liabilities:</b>					
General obligation bonds payable (net of unamortized discounts)	26,224,681	418,405	1,187,851	27,830,937	-
Accrued compensated absences	195,776	11,681	32,203	239,660	22,332
Total noncurrent liabilities	<u>26,420,457</u>	<u>430,086</u>	<u>1,220,054</u>	<u>28,070,597</u>	<u>22,332</u>
Total liabilities	<u>28,516,102</u>	<u>1,081,596</u>	<u>1,684,944</u>	<u>31,282,642</u>	<u>530,644</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	34,356,371	9,084,547	1,063,750	44,504,668	-
Unrestricted	10,408,530	724,272	369,144	11,501,946	2,768,621
Total net assets	<u>\$ 44,764,901</u>	<u>\$ 9,808,819</u>	<u>\$ 1,432,894</u>	<u>56,006,614</u>	<u>\$ 2,768,621</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				322,383	
Net assets of business-type activities reported in the government-wide statement of net assets.					
				<u>\$ 56,328,997</u>	

See accompanying notes to financial statements.

## CITY OF LAKE FOREST, ILLINOIS

Exhibit A-8

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

## Proprietary Funds

For the Year Ended April 30, 2007

	Business-type Activities – Enterprise Funds				Governmental Activities— Internal Service Funds
	Waterworks and Sewerage Fund	Paid Parking Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
Operating revenues:					
Charges for services	\$ 6,660,805	\$ 814,718	\$ 1,684,467	\$ 9,159,990	\$ 5,180,653
Connection fees	263,894	-	-	263,894	-
Miscellaneous	19,491	192,936	17,820	230,247	-
Total operating revenues	<u>6,944,190</u>	<u>1,007,654</u>	<u>1,702,287</u>	<u>9,654,131</u>	<u>5,180,653</u>
Operating expenses:					
General and administrative	1,164,378	202,695	36,085	1,403,158	4,893,890
Operations and maintenance	3,120,897	355,073	1,296,847	4,772,817	-
Depreciation and amortization	2,438,538	183,569	167,437	2,789,544	-
Total operating expenses	<u>6,723,813</u>	<u>741,337</u>	<u>1,500,369</u>	<u>8,965,519</u>	<u>4,893,890</u>
Operating income	<u>220,377</u>	<u>266,317</u>	<u>201,918</u>	<u>688,612</u>	<u>286,763</u>
Nonoperating revenues (expenses):					
Grant proceeds	217,249	-	-	217,249	-
Investment income	452,880	42,406	30,618	525,904	125,777
Interest expense	(1,201,097)	(26,076)	(50,436)	(1,277,609)	-
Total nonoperating revenues (expenses)	<u>(530,968)</u>	<u>16,330</u>	<u>(19,818)</u>	<u>(534,456)</u>	<u>125,777</u>
Increase (decrease) in net assets before contributions and transfers	(310,591)	282,647	182,100	154,156	412,540
Capital contributions	854,027	-	-	854,027	-
Transfers in	1,810,125	1,351	8,627	1,820,103	-
Transfers (out)	(827,584)	-	-	(827,584)	-
Change in net assets	<u>1,525,977</u>	<u>283,998</u>	<u>190,727</u>	<u>2,000,702</u>	<u>412,540</u>
Net assets – beginning of year	<u>43,238,924</u>	<u>9,524,821</u>	<u>1,242,167</u>	<u>54,005,912</u>	<u>2,356,081</u>
Net assets – end of year	<u>\$ 44,764,901</u>	<u>\$ 9,808,819</u>	<u>\$ 1,432,894</u>	<u>56,006,614</u>	<u>\$ 2,768,621</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>39,614</u>	
Change in net assets of business-type activities reported in the government-wide statement of activities				<u>\$ 2,040,316</u>	

See accompanying notes to financial statements.



CITY OF LAKE FOREST, ILLINOIS  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended April 30, 2007

Exhibit A-9

	Business-type Activities – Enterprise Funds				Governmental
	Waterworks and Sewerage Fund	Paid Parking Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	Activities— Internal Service Funds
Cash flows from operating activities:					
Receipts from customers	\$ 6,709,355	\$ 837,219	\$ 1,542,240	\$ 9,088,814	\$ -
Receipts from miscellaneous revenue	19,491	192,936	17,820	230,247	-
Receipts from interfund services provided	-	-	-	-	5,351,879
Payments to suppliers	(1,920,558)	(280,765)	(569,311)	(2,770,634)	(4,248,211)
Payments to employees	(2,156,833)	(249,107)	(776,394)	(3,182,334)	(445,933)
Net cash provided by operating activities	2,651,455	500,283	214,355	3,366,093	657,735
Cash flows from noncapital financing activities:					
Grants proceeds	217,249	-	-	217,249	-
Transfer from other funds	1,810,125	1,351	8,627	1,820,103	-
Transfer to other funds	(827,584)	-	-	(827,584)	-
Net cash provided by noncapital and related financing activities	1,199,790	1,351	8,627	1,209,768	-
Cash flows from capital and related financing activities:					
Purchases of capital assets	(1,870,877)	(130,266)	(37,537)	(2,038,680)	-
Proceeds - capital asset sales	5,000	-	-	5,000	-
Principal paid on capital debt	(1,195,000)	(125,000)	(65,000)	(1,385,000)	-
Interest paid on capital debt	(1,205,941)	(29,025)	(52,027)	(1,286,993)	-
Net cash used in capital and related financing activities	(4,266,818)	(284,291)	(154,564)	(4,705,673)	-
Cash flows from investing activities:					
Purchases of investments	(1,690,855)	-	-	(1,690,855)	-
Proceeds from sales and maturities of investments	729,430	-	-	729,430	-
Interest and dividends received	473,106	42,406	30,618	546,130	125,777
Net cash provided by (used in) investing activities	(488,319)	42,406	30,618	(415,295)	125,777
Net increase (decrease) in cash and cash equivalents	(903,892)	259,749	99,036	(545,107)	783,512
Cash and cash equivalents – beginning of year	3,654,086	693,411	611,799	4,959,296	2,391,020
Cash and cash equivalents – end of year	\$ 2,750,194	\$ 953,160	\$ 710,835	\$ 4,414,189	\$ 3,174,532
Noncash capital financing activities:					
Contributions of capital assets	\$ 854,027	\$ -	\$ -	\$ 854,027	
Noncash investing activities:					
Appreciation in the fair value of investments	31,658	-	-	31,658	

(Continued)

CITY OF LAKE FOREST, ILLINOIS  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended April 30, 2007

Exhibit A-9, Continued

	Business-type Activities – Enterprise Funds				Governmental Activities— Internal Service Funds
	Waterworks and Sewerage Fund	Paid Parking Fund	Nonmajor Enterprise Fund	Total Enterprise Funds	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 220,377	\$ 266,317	\$ 201,918	\$ 688,612	\$ 286,763
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation expense	2,438,538	183,569	167,437	2,789,544	-
Loss on disposal of capital assets	22,639	17,527	-	40,166	
Changes in assets and liabilities:					
Water sales receivable	(181,486)	-	-	(181,486)	-
Accounts receivable	-	(290,442)	(2,069)	(292,511)	176,577
Other receivables	(78)	-	-	(78)	-
Other assets	13,115	(3,709)	7,485	16,891	12,628
Accounts payable	68,434	8,233	(17,018)	59,649	199,604
Accrued payroll	12,430	1,397	(3,337)	10,490	61,280
Unearned revenue	(33,780)	312,943	(140,158)	139,005	-
Compensated absences	41,273	4,448	97	45,818	3,988
Other liabilities	49,993	-	-	49,993	(83,105)
Total adjustments	<u>2,431,078</u>	<u>233,966</u>	<u>12,437</u>	<u>2,677,481</u>	<u>370,972</u>
Net cash provided by operating activities	<u>\$ 2,651,455</u>	<u>\$ 500,283</u>	<u>\$ 214,355</u>	<u>\$ 3,366,093</u>	<u>\$ 657,735</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
April 30, 2007

Assets	Pension Trust Funds	Private Purpose Trust Fund	Agency Fund
Cash and cash equivalents	\$ 1,209,989	\$ 147,931	\$ 60,174
Investments			
U.S. Treasury obligations	14,061,642	-	-
U.S. government agencies	12,752,053	50,062	-
Other government agencies	34,941	448,416	-
Common stock	1,649,607	-	-
Equity mutual funds	10,973,649	-	-
Other receivables	46,198	6,902	-
Prepaid expenses	4,209	-	-
Total assets	<u>40,732,288</u>	<u>653,311</u>	<u>60,174</u>
<b>Liabilities</b>			
Accounts payable	23,494	-	-
Due to other funds	-	10,987	-
Due to special assessment districts	-	-	60,174
Total liabilities	<u>23,494</u>	<u>10,987</u>	<u>60,174</u>
<b>Net Assets</b>			
Held in trust for pension trust and other purposes	<u>\$ 40,708,794</u>	<u>\$ 642,324</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended April 30, 2007

	Pension Trust Funds	Private Purpose Trust Fund
<b>Additions:</b>		
Contributions:		
Employer	\$ 1,422,597	\$ -
Employee	624,761	-
Total contributions	<u>2,047,358</u>	<u>-</u>
Interest income	1,287,017	32,644
Net appreciation (depreciation) in fair value of investments	1,968,872	2,154
Investment expenses	(161,411)	-
Net investment income	<u>3,094,478</u>	<u>34,798</u>
Total additions	<u>5,141,836</u>	<u>34,798</u>
<b>Deductions:</b>		
Pension benefits and refunds	2,155,078	-
Other administrative expenses	10,000	8,558
Total deductions	<u>2,165,078</u>	<u>8,558</u>
Change in net assets	2,976,758	26,240
Net assets held in trust at beginning of year	<u>37,732,036</u>	<u>616,084</u>
Net assets held in trust at end of year	<u>\$ 40,708,794</u>	<u>\$ 642,324</u>

See accompanying notes to financial statements.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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#### (1) Summary of Significant Accounting Policies

The City of Lake Forest, Illinois (City) was incorporated under a charter granted by the Illinois State Legislature in 1861 and amended in 1869. The City is a home-rule community that operates under a City Council-Manager form of government. The City provides many services to residents including police and fire protection, water and sewers, recreation, refuse collection, a public library, a cemetery, and a golf course.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies.

##### (a) Reporting Entity

As defined by generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- (1) Appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- (2) Fiscal dependency on the primary government.

The accompanying financial statements present the City of Lake Forest (the primary government) and its component unit. The financial data of the component unit are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

##### Discretely Presented Component Unit —

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City are such that exclusion would cause the City's statements to be misleading or incomplete. The City's component unit is reported in a separate column to emphasize that it is legally separate from the City.

Lake Forest Library (Library) – The Library is governed by a seven-member Board of Trustees 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, 110 East Laurel Avenue, Lake Forest, Illinois 60045. The Library follows the same accounting policies as the City.

##### (b) Basis of Presentation

*Government-wide Financial Statements.* The government-wide statement of net assets and statement of activities report the overall financial activity of the City, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the governmental and business-type activities of the City. However, interfund services provided for and used are not eliminated in the process of consolidation. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements.** The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category — governmental, proprietary, and fiduciary — are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing activity.

The City reports the following major governmental funds:

**General Fund** – This is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. The services which are administered by the City and accounted for in the General Fund include, among others, City Council, Finance, Administration, Police, Fire and Public Works.

**Park and Recreation Fund** – This fund accounts for the parks and recreation programs. Services include a fitness center, dance academy, and a variety of other indoor and outdoor programs.

**Debt Service Fund** – This fund accounts for the payment of principal and interest currently due on general obligation bonds.

The City reports the following major proprietary funds:

**Waterworks and Sewerage Fund** – This fund accounts for the provision of water and sewer services to the residents of the City and some residents of the Village of Bannockburn and Delmar Woods Subdivision.

**Paid Parking Fund** – This fund accounts for the operations of the City-owned parking lots. Financing is provided by daily parking fees, sales of parking permits and the collection of parking fines.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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Additionally, the City reports the following fund types:

**Internal Service** – These funds account for the self-insured medical and dental benefits for City employees, and for the costs of operating a maintenance and repair facility for automotive and other equipment used by the City departments.

**Pension Trust Funds** – These funds account for the accumulation of resources to be used for disability or retirement annuity payments to uniformed police and fire department personnel at appropriate amounts and times in the future.

**Private Purpose Trust Funds** – This fund is 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.

**Agency Fund** – This fund is custodial and accounts for amounts held for special assessment districts.

(c) *Basis of Accounting*

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2005 property tax levy is recognized as revenue for the year ended April 30, 2007. Revenue from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except for property 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. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Significant revenue sources which are susceptible to accrual include property taxes, miscellaneous taxes, charges for services, grants, and investment income. All other revenue sources including fines and forfeitures, inspection fees, and recreation fees are considered to be measurable and available only when cash is received.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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Proprietary fund revenues are classified as either operating or nonoperating. Operating revenue includes activities that have characteristics of exchange transactions including charges for services. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as most grants and subsidies. Nonoperating revenues also include investment income.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City also has the option of following subsequent private-sector guidance for its business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

*(d) Cash and Cash Equivalents*

The City considers all highly liquid investments with a maturity date within three months of the date acquired to be cash equivalents.

*(e) Investments*

Investments are reported at fair value based upon quoted market prices.

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;
- 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 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 only in 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, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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- 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;
- 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 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.

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;
- 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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*(f) Unbilled Water Sales Receivables*

Estimated water sales for water usage prior to year-end that are unbilled are recognized as current year revenues and are included in water sales receivables.

*(g) Interfund Transactions*

The City has the following types of interfund transactions:

**Loans**—amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds. Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

**Services provided and used**—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

**Reimbursements**—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

**Transfers**—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

*(h) Inventory and Prepaid Items*

Inventory is stated at the lower of cost or market using the average cost method. 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.

*(i) Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, traffic controls, drainage systems, and similar items), are reported in the applicable governmental or business-type activities columns 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. Purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, whereas improvements extending the useful lives of the related capital assets are capitalized.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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Interest is capitalized on proprietary fund property acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest cost is amortized on the same basis as the related asset is depreciated. During the year ended April 30, 2007, there was no interest expense capitalized in the enterprise funds.

Capital assets of the City and its component unit (Lake Forest Library) are depreciated using the straight-line method over the following useful lives:

Public domain infrastructure	20 – 60 years
Buildings	30 – 50 years
Improvements other than buildings	40 – 80 years
Vehicles, machinery, and equipment	3 – 20 years
Sanitary sewers	40 – 50 years

*(j) Compensated Absences*

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated vacation and sick leave balances. The liability for compensated absences is only reported in the governmental funds if they have matured. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

*(k) Bond Premiums, Discounts, and Issuance Costs*

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which is not materially different from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

*(l) Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans by the City for financial resource utilization in a future period as documented in the minutes or budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

*(m) Net Assets*

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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*Invested in Capital Assets, Net of Related Debt* – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

*Unrestricted* – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(n) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

(o) *New Accounting Pronouncements*

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information. The City is required to implement this Statement for the year ending April 30, 2009.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Governments sometimes exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments – generally, a single lump sum. This Statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. This Statement also includes guidance to be used for recognizing other assets and liabilities arising from a sale of specific receivables or future revenues, including residual interests and resource provisions. In addition, this Statement requires disclosures pertaining to future revenues that have been pledged or sold, along with information about which revenues will be unavailable for other purposes and how long they will continue to do so. This Statement will become effective for the year ending April 30, 2008.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which addressed accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. This Statement will become effective for the year ending April 30, 2009.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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In May 2007, the GASB issued Statement No. 50, *Pension Disclosures – an amendment to GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and enhances information disclosed in the notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The City will implement Statement No. 50 beginning with the year ending April 30, 2009.

In June 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets. All intangible assets not specifically excluded by the scope of this Statement should be classified as capital assets. All existing authoritative guidance for capital assets should be applied to these intangible assets, as applicable. The City is required to implement this Statement for the year ending April 30, 2011.

Management has not currently determined what impact, if any, these Statements may have on its financial statements.

## (2) 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. Three supplemental appropriations were made for three funds during the year.
- (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) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(3) Cash and Investments

Cash and investments are held separately and in pools by several of the City's funds. The City maintains various cash and investment pools that are available for use by all funds. Income from pooled investments is allocated to the funds based on their proportional share of their investment balance. The deposits and investments of the Police and Fire Pension Funds (Pension Funds) are held separately. A summary of cash and investments as of April 30, 2007 is as follows:

	Governmental and Business- type Activities	Fiduciary activities			Component Unit
		Police Pension Fund	Fire Pension Fund	Other Fiduciary Activities	Lake Forest Library
Petty cash	\$ 9,995	\$ -	\$ -	\$ -	\$ 350
Demand deposits	32,256,736	736,648	473,341	208,105	1,794,432
Illinois Funds	7,786,134	-	-	-	-
Certificate of Deposit	1,397,781	-	-	-	-
U.S. Treasury obligations	-	6,948,320	7,113,322	-	-
U.S. Government agencies	3,016,604	3,729,903	9,022,150	50,062	-
Other Government agencies	-	-	34,941	-	-
Municipal/corporate bonds	900,000	-	-	448,416	-
Equity securities	906,401	7,247,255	5,376,001	-	-
Total deposits	\$ 46,273,651	\$ 18,662,126	\$ 22,019,755	\$ 706,583	\$ 1,794,782

Investment Policies

The City and the Library's investments are made in accordance with the Public Funds Investment Act (30 ILCS 235/1) (the "Act") and the City's investment policy. The Cemetery Investment Fund's investments are made in accordance with the Cemetery Care Act (760 ILCS 100/1-24) (the "Act") and the Cemetery commission's investment policy. The Police and Fire Pension Funds' investments are made in accordance with the Illinois Pension Code (40 ILCS 5/1-113.2 to 113.10) and each respective pension funds' investment policy. A summary of authorized investments is included in Note 1E.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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#### **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. The City's investment policy requires that deposits that exceed the amount insured by FDIC, NCUA, and/or SIPC insurance protection be collateralized, 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.

As of April 30, 2007, the City, Cemetery Investment Fund and the Police and Fire Pension Funds' bank balances were not subject to custodial credit risk as they were either insured or collateralized with investments held by the City or its agent, in the City's name.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. Although the City and Cemetery Fund's investment policy does not specifically limit the length of maturity of investments, it requires 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. Although the Fire 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

As of April 30, 2007, the maturities for debt securities are as follows:

	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
<b>Governmental and business-type activities:</b>					
U.S. Government agencies	\$ 3,016,604	\$ 2,914,807	\$ 101,797	\$ -	\$ -
Illinois Funds *	7,786,134	7,786,134	-	-	-
Municipal bonds	900,000	-	-	-	900,000
Total governmental and business-type activities	\$ 11,702,738	\$ 10,700,941	\$ 101,797	\$ -	\$ 900,000
<b>Fiduciary activities:</b>					
<b>Police Pension Fund:</b>					
U.S. Treasury obligations	\$ 6,948,320	\$ 18,153	\$ 4,945,085	\$ 1,985,082	\$ -
U.S. Government agencies	3,729,903	-	2,713,337	803,002	213,564
Total Police Pension Fund	10,678,223	18,153	7,658,422	2,788,084	213,564
<b>Fire Pension Fund:</b>					
U.S. Treasury obligations	7,113,322	-	2,007,030	999,845	4,106,447
U.S. Government agencies	9,022,150	992,530	593,035	721,834	6,714,751
Other Government agencies	34,941	-	34,941	-	-
Total Fire Pension Fund	16,170,413	992,530	2,635,006	1,721,679	10,821,198
<b>Other fiduciary activities:</b>					
U.S. Government agencies	50,062	-	50,062	-	-
Corporate bonds	448,416	300,213	148,203	-	-
Total other fiduciary activities	498,478	300,213	198,265	-	-
Total fiduciary activities	\$ 27,347,114	\$ 1,310,896	\$ 10,491,693	\$ 4,509,763	\$ 11,034,762

\* Weighted average maturity is less than one year

**Credit Risk**

Credit risk is the risk that the City or Pension Funds will not recover their investments due to the ability of the counterparty to 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 in Note 1E.

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



CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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. As of April 30, 2007, the City, Cemetery Investment Fund, and Pension Funds had the following fixed income investments which are rated by both Moody's and Standard and Poor's. U.S. Treasury obligations which are backed by the full faith and credit of the U.S. Government are not included in the chart below.

	Fair Value	Credit ratings		
		AAA	AA	A
Governmental and business-type activities:				
U.S. Government agencies	\$ 3,016,604	\$ 3,016,604	\$ -	\$ -
Illinois Funds	7,786,134	7,786,134	-	-
Municipal bonds	900,000	900,000	-	-
Total governmental and business-type activities	\$ 11,702,738	\$ 11,702,738	\$ -	\$ -
Fiduciary activities:				
Police Pension Fund:				
U.S. Government agencies	\$ 3,729,903	\$ 3,654,088	\$ 75,815	\$ -
Fire Pension Fund:				
U.S. Government agencies	9,022,150	9,022,150	-	-
Other Government agencies	34,941	-	34,941	-
Total Fire Pension Fund	9,057,091	9,022,150	34,941	-
Other fiduciary activities:				
U.S. Government agencies	50,062	50,062	-	-
Corporate bonds	448,416	25,175	198,501	224,740
Total other fiduciary activities	498,478	75,237	198,501	224,740
Total fiduciary activities	\$ 13,285,472	\$ 12,751,475	\$ 309,257	\$ 224,740

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The Fire Pension holds 7% of its portfolio in Tennessee Valley Authority (TVA) which is rated AAA. The TVA debt is primarily zero coupon bonds that are diversified by maturity. The Police Pension Fund's fixed income assets are invested in a commingled fund at Northern Trust. The underlying securities are diversified across 62 issues, in which the average credit quality is AAA. All issues are either U.S. Treasury or U.S. Government Agency issues. The Cemetery Fund holds 5.5% of its portfolio in debt issued by the Federal Home Loan Bank. These issues are AAA rated and have maturities within 2 years. This entire balance is subject to FDIC guarantees. The City holds 20% of its portfolio in Federal Home Loan Bank securities and 17% of its portfolio in Federal Home Loan Mortgage Corporation securities. These issues are AAA rated and have maturities that are within 1 year.

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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#### Custodial Credit Risk

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 the possession of a third 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.

#### 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. As of April 30, 2007, 5% of the Fire Pension Fund's assets were invested in the Harbor International Fund. This fund is subject to foreign currency risk. To diversify risk, the Fire Pension Fund utilizes an equity asset allocation that incorporates a variety of management styles. The allocations are reviewed quarterly and rebalanced if necessary. As of April 30, 2007, 5.6% of the Police Pension Fund's assets were invested in the Dodge & Cox International Stock Fund. This fund is subject to foreign currency risk; however, the fund is well diversified across international regions. The Cemetery Fund had 4.6% of its assets invested in IShares Total Return MSCI EAFE Index Fund as of April 30, 2007.

#### (4) Property Tax

The City's property tax is levied each calendar year on all taxable real property located in the City. The City is a special charter community under the 1870 Illinois Constitution and, accordingly, does not have a statutory tax rate limit. The Lake County Assessor (Assessor) is responsible for assessment of all taxable real property within Lake County, except for certain railroad property which is assessed directly by the State. One quarter of Lake County is reassessed each year on a repeating quadrennial schedule established by the Assessor.

The Lake County Clerk computes the annual tax rate by dividing the levy into the assessed valuation of the taxing district. The County Clerk then computes the rate for each parcel of real property by aggregating the tax rates of all taxing districts having jurisdiction over that particular parcel.

Property taxes are collected by the Lake County Collector and are submitted to the Lake County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in one year become due and payable in two installments in June and September during the following year. Taxes must be levied by the last Tuesday in December for the following levy year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

The property tax levy is recorded as a receivable, net of estimated uncollectibles. Based upon collection histories, the City has provided an allowance for uncollectible real property taxes equivalent to 1.5% of the current year's levy. All uncollected taxes relating to prior years' levies have been written off.

Revenue for property taxes is recognized in the governmental funds in the year for which the taxes are intended to finance and the funds are available. The City considers property tax revenue to be available if it is collected during the current year or within 60 days after year-end. Property taxes levied for calendar year 2005 are intended to finance the fiscal year 2007 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2007 for collections from the calendar year 2005 levy if it was received by June 30, 2007. Property taxes levied for calendar year 2006 which will be collected in fiscal year 2008 are recorded as receivables and deferred revenue.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(5) Interfund Balances and Activity

Due to/from Other Funds

The following balances at April 30, 2007 represent amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 5,351
Nonmajor governmental funds	Nonmajor governmental funds	32,600
Nonmajor governmental funds	Fiduciary Funds	10,987
Total		<u>\$ 48,938</u>

These balances result from operating transactions between funds and will be repaid during the next fiscal year within the normal course of business.

*Transfers to/from Other Funds*

Interfund transfers for the year ended April 30, 2007 were as follows:

<u>Transfer In Fund(s)</u>	<u>Transfer Out Fund(s)</u>	<u>Purpose</u>	<u>Amount</u>
General	Nonmajor Special Revenue	Transfer for operations	\$ 68,000
Parks and Recreation	General	Transfer for operations and salary reimbursements	37,731
Nonmajor Special Revenue	General	Transfer for operations and salary reimbursements	28,104
Nonmajor Capital Projects	General	Transfer for capital outlay	1,537,064
Debt Service	Nonmajor Special Revenue	Transfer for debt service	468,355
Debt Service	General	Sales tax transfer	754,206
Water and Sewer	General	Transfer for salary reimbursements	16,296
Water and Sewer	Nonmajor Capital Projects	Transfer for capital outlay	1,793,829
Paid Parking	General	Transfer for salary reimbursements	1,351
Nonmajor Enterprise	General	Transfer for salary reimbursements	3,627
Nonmajor Enterprise	Nonmajor Special Revenue	Transfer for capital outlay	5,000
Total			<u>\$ 4,713,563</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(6) Capital Assets

A summary of capital asset activity for the year ended April 30, 2007 is as follows:

	Balance May 1, 2006	Additions or transfers	Disposals Retirement or transfers	Balance April 30, 2007
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 28,917,879	\$ -	\$ 625,000	\$ 28,292,879
Infrastructure – land	66,740,770	-	-	66,740,770
Construction in progress	1,183,524	712,919	1,119,792	776,651
Total capital assets not being depreciated	96,842,173	712,919	1,744,792	95,810,300
Capital assets being depreciated:				
Infrastructure	169,904,202	2,132,078	143,254	171,893,026
Buildings	11,839,870	148,148	-	11,988,018
Improvements other than buildings	10,637,110	-	44,512	10,592,598
Machinery and equipment	9,756,223	1,226,506	494,366	10,488,363
Total capital assets being depreciated	202,137,405	3,506,732	682,132	204,962,005
Less accumulated depreciation:				
Infrastructure	94,339,306	3,470,534	143,254	97,666,586
Buildings	6,217,785	268,227	-	6,486,012
Improvements other than buildings	3,197,635	464,022	-	3,661,657
Machinery and equipment	6,600,704	810,376	484,591	6,926,489
Total accumulated depreciation	110,355,430	5,013,159	627,845	114,740,744
Governmental Activity capital assets – net	\$ 188,624,148	\$ (793,508)	\$ 1,799,079	\$ 186,031,561

Depreciation expense for governmental activities for the year ended April 30, 2007 was charged to functions as follows:

General government	\$ 477,856
Highways and streets	3,440,983
Sanitation	219,685
Culture and recreation	615,470
Public safety	259,165
	<u>\$ 5,013,159</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

	Balance May 1, 2006	Additions or transfers	Disposals retirement or transfers	Balance April 30, 2007
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 6,919,878	\$ -	\$ -	\$ 6,919,878
Total capital assets not being depreciated	6,919,878	-	-	6,919,878
Capital assets being depreciated:				
Buildings	27,826,187	-	-	27,826,187
Improvements other than buildings	36,864,621	1,817,837	60,166	38,622,292
Machinery and equipment	3,849,952	87,043	16,575	3,920,420
Sanitary sewers and related property	27,949,007	987,827	32,420	28,904,414
Total capital assets being depreciated	96,489,767	2,892,707	109,161	99,273,313
Less accumulated depreciation:				
Buildings	3,816,746	1,019,934	-	4,836,680
Improvements other than buildings	13,934,871	958,381	42,639	14,850,613
Machinery and equipment	1,094,930	236,406	14,010	1,317,326
Sanitary sewers and related property	10,848,490	574,823	7,346	11,415,967
Total accumulated depreciation	29,695,037	2,789,544	63,995	32,420,586
Capital assets – net	\$ 73,714,608	\$ 103,163	\$ 45,166	\$ 73,772,605

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

	Balance May 1, 2006	Additions or transfers	Disposals retirement or transfers	Balance April 30, 2007
<b>Component Unit – Lake Forest Library</b>				
Capital assets not being depreciated:				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Art	106,000	-	-	106,000
Total capital assets not being depreciated	176,000	-	-	176,000
Capital assets being depreciated:				
Buildings	1,180,907	-	-	1,180,907
Improvements other than buildings	599,026	103,596	-	702,622
Machinery and equipment	3,336,053	293,482	241,253	3,388,282
Total capital assets being depreciated	5,115,986	397,078	241,253	5,271,811
Less accumulated depreciation:				
Buildings	444,124	23,338	-	467,462
Improvements other than buildings	227,011	42,629	-	269,640
Machinery and equipment	2,002,407	307,155	241,253	2,068,309
Total accumulated depreciation	2,673,542	373,122	241,253	2,805,411
Capital assets – net	\$ 2,618,444	\$ 23,956	\$ -	\$ 2,642,400

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(7) Long-term Obligations

The City issues debt to finance various capital projects and other construction activities. The following is a summary of the changes in long-term obligations of the City for the year ended April 30, 2007:

	Balance May 1, 2006	Additions	Deductions	Balance April 30, 2007	Amounts due within one year
<b>Governmental activities:</b>					
General obligation bonds	\$ 26,159,679	\$ -	\$ 4,573,162	\$ 21,586,517	\$ 4,705,437
Discount on general obligation bonds	(18,662)	-	2,116	(16,546)	-
Discount on capital appreciation bonds	(201,226)	-	149,578	(51,648)	-
Total general obligation bonds	25,939,791	-	4,724,856	21,518,323	4,705,437
Installment purchase contracts	851,666	-	201,665	650,001	91,667
Compensated absences*	1,348,309	299,803	120,342	1,527,770	90,000
Total governmental activities	\$ 28,139,766	\$ 299,803	\$ 5,046,863	\$ 23,696,094	\$ 4,887,104
<b>Business-type activities:</b>					
General obligation bonds	\$ 30,645,000	\$ -	\$ 1,320,000	\$ 29,325,000	\$ 1,360,000
Revenue bonds	135,000	-	65,000	70,000	70,000
Discount	(149,824)	-	15,761	(134,063)	-
Compensated absences	208,243	60,384	21,967	246,660	7,000
Total business-type activities	\$ 30,838,419	\$ 60,384	\$ 1,422,728	\$ 29,507,597	\$ 1,437,000
<b>Component Unit - Lake Forest Library</b>					
Capital lease	\$ -	\$ 89,056	\$ 19,784	\$ 69,272	\$ 29,913
Compensated absences	-	279,972	145,802	134,170	125,000
Total component unit - Lake Forest Library	\$ -	\$ 369,028	\$ 165,586	\$ 203,442	\$ 154,913

\*Compensated absences 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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General obligation debt payable for the City as of April 30, 2007 consists of the following:

**Governmental Activities:**

General obligation bonds:

1992 Series B General Obligation capital appreciation bonds are noninterest-bearing bonds which will have a compounded accreted value at maturity of \$6,705,000 through January 1, 2008. The yields to maturity range from 5.8% to 6.1%	\$ 1,745,000
1998A Series General Obligation Bonds due in annual installments of \$135,000 to \$400,000 through December 15, 2008; interest at 4.25% to 4.30%, due semiannually on June 15 and December 15. Funded by telecommunication taxes	585,000
1998B Series General Obligation Bonds due in annual installments of \$505,000 to \$595,000 through December 15, 2008; interest at 4.25% to 4.30%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies	1,165,000
1999 Series General Obligation Bonds due in annual installments of \$75,000 to \$145,000 through December 15, 2014; interest at 4.70% to 5.15%, due semiannually on June 15 and December 15. Funded by cemetery revenues	990,000
2000 Series General Obligation Bonds due in annual installments of \$175,000 to \$600,000 through December 15, 2012; interest at 4.65% to 4.75%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies	3,225,000
2001 Series B General Obligation Bonds due in annual installments of \$100,000 to \$200,000 through December 15, 2011; interest at 3.125% to 3.500%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies	500,000
2003 A Series General Obligation Bonds due in annual installments of \$150,000 to \$1,535,000 through December 15, 2010; interest at 2.50% to 2.55%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies	3,550,000
2003 D Series General Obligation Bonds due in annual installments of \$150,000 to \$200,000 through December 15, 2015; interest at 1.25% to 3.40%, due semiannually on June 15 and December 15. Funded by local sales tax	1,800,000



CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

**Governmental Activities:**

General obligation bonds (Continued):

Special Service Area 25 Special Tax Bonds due in annual installments of \$25,000 to \$75,000 through December 15, 2022; interest at 1.15% to 4.45%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies \$ 935,000

Special Service Area 26 Special Tax Bonds due in annual installments of \$9,545 to \$20,700 through December 15, 2022; interest at 1.40% to 4.90%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies 244,610

Special Service Area 29 Special Tax Bonds due in annual installments of \$76,192 to \$150,611 through December 15, 2023; interest at 2.45% to 5.15%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies 1,846,907

2004 B Series General Obligation Bonds due in annual installments of \$100,000 to \$550,000 through December 15, 2023; interest at 3.50% to 4.45%, due semiannually on June 15 and December 15. Funded by local sales tax 5,000,000

Total general obligation bonds payable 21,586,517

Installment Purchase Contracts:

Installment purchase contract – \$450,000 real estate installment contract dated July 23, 2000, remaining installment of \$375,000 due on August 1, 2009; interest at 5.134%, due monthly 375,000

Installment purchase contract – \$550,000 telephone system installment contract dated April 16, 2004, annual installments of \$91,667 through April 16, 2010; interest at 4.15%, due annually 275,001

Total installment contracts payable 650,001

Total governmental activities \$ 22,236,518

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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**Business-type Activities**

General obligation and revenue bonds:

2001 Series A General Obligation Bonds due in annual installments of \$550,000 to \$700,000 through December 15, 2008; interest at 2.05% to 3.25%, due semiannually on June 15 and December 15. Funded by Water and Sewer Fund revenues	\$ 1,100,000
2002 Series A General Obligation Bonds due in annual installments of \$195,000 to \$2,085,000 through December 15, 2023; interest at 3.00% to 5.00%, due semiannually on June 15 and December 15. Funded by Water and Sewer Fund revenues	24,780,000
2003 Series C General Obligation Bonds due in annual installments of \$100,000 to \$155,000 through December 15, 2020; interest at 1.55% to 4.00%, due semiannually on June 15 and December 15. Funded by Water and Sewer Fund revenues	1,700,000
1997 Series B General Obligation bonds dated October 16, 1997, due serially in annual installments of \$100,000 to \$145,000 through December 15, 2010; interest at 4.25% to 4.30%, due semiannually on June 15 and December 15. Funded by Paid Parking Fund revenues	550,000
Revenue Bonds – Golf Course revenue bonds dated September 1, 1993, due serially in annual installments of \$45,000 to \$70,000 through May 1, 2008; interest at 4.3% to 5.1%, due annually on May 1. Funded by Golf Course Fund revenues	70,000
2004 Series a General Obligation bonds dated September 15, 2004, due in annual installments of \$45,000 to \$100,000 through December 15, 2023; interest at 3.50% to 4.375%, due semiannually on June 15 and December 15. Funded by Golf Course Fund revenues	1,195,000
Total Business-type Activities	<u>\$ 29,395,000</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2008	\$ 4,705,437	\$ 749,761	\$ 1,360,000	\$ 1,236,165
2009	2,728,015	648,171	1,400,000	1,191,561
2010	2,160,995	555,319	1,495,000	1,144,874
2011	2,244,313	482,744	1,545,000	1,086,179
2012	1,327,876	406,208	1,480,000	1,025,144
2013-2017	3,628,674	1,413,670	8,300,000	4,202,830
2018-2022	3,326,388	775,364	10,090,000	2,297,623
2023-2024	1,464,819	99,018	3,655,000	249,163
Total	<u>\$ 21,586,517</u>	<u>\$ 5,130,255</u>	<u>\$ 29,325,000</u>	<u>\$ 12,433,539</u>

Annual debt service requirements to maturity for the installment purchase contracts are as follows:

Years	Governmental activities	
	Principal	Interest
2008	\$ 91,667	\$ 30,666
2009	466,667	31,674
2010	91,667	3,804
Total	<u>\$ 650,001</u>	<u>\$ 66,144</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Years	Business-type activities	
	Principal	Interest
2008	<u>\$ 70,000</u>	<u>\$ 1,288</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(8) Retirement Fund Commitments

Illinois Municipal Retirement Fund —

(a) *Plan Description*

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees, except those covered by the police and fire pension plans, hired in positions that meet or exceed the prescribed annual hourly standard, must be enrolled in IMRF as participating members. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org/pubs/pubs\\_homepage.htm](http://www.imrf.org/pubs/pubs_homepage.htm) or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

(b) *Funding Policy*

Employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by State statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 9.96% of payroll. The City's contribution requirements are established and amended by the IMRF Board of Trustees. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The remaining amortization period at December 31, 2006 was 26 years.

(c) *Annual Pension Cost*

For the year ended December 31, 2006, the City's annual pension cost of \$1,500,999 was equal to the City's required and actual contributions. The required contributions were determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00%, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year, depending on age and service attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

(d) *Trend Information*

Year ending	Annual pension cost (APC)	Percentage of APC contributed	Net pension obligation
12/31/06	\$ 1,500,999	100 %	\$ -
12/31/05	1,293,332	100	-
12/31/04	1,220,181	100	-

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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**Police Pension and Fire Pension Plans —**

*(a) Plan Descriptions*

The City contributes to two single-employer defined benefit pension plans: the Police Pension Plan and the Fire Pension Plan (Plans). Each plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Sworn Police and Fire personnel are covered by the Plans. Although these are single-employer pension plans, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes and may be amended only by the Illinois legislature. The City accounts for the Plans as Pension Trust Funds. The City does not, however, separately issue financial reports for the Plans. Membership of each plan consisted of the following at April 30, 2007:

	<u>Police Pension</u>	<u>Fire Pension</u>
Retirees and beneficiaries currently receiving benefits	32	25
Terminated employees entitled to but not yet receiving benefits	3	3
Active plan members	42	36
Total	<u>77</u>	<u>64</u>

*(b) Summary of Significant Accounting Policies and Plan Asset Matters*

Basis of Accounting – The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Significant Investments – The Police Pension Fund has no significant investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5% or more of net assets available for benefits. The Fire Pension Fund has \$1,462,983 invested in the Tennessee Valley Authority, which represents 7% of plan net assets at April 30, 2007.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(c) *Funding Policy and Annual Pension Cost*

The City's annual pension cost and net pension asset for the police and fire pension plans for fiscal year 2007 were as follows:

	<u>Police Pension</u>	<u>Fire Pension</u>
Annual required contribution	\$ 861,380	\$ 536,870
Interest on net pension obligation	(42,569)	(15,803)
Adjustment to annual required contribution	27,053	10,043
Annual pension cost	<u>845,864</u>	<u>531,110</u>
Contributions made	868,531	554,066
Increase in net pension asset	<u>22,667</u>	<u>22,956</u>
Net pension asset at April 30, 2006	567,581	210,702
Net pension asset at April 30, 2007	<u><u>\$ 590,248</u></u>	<u><u>\$ 233,658</u></u>

Other related information is as follows:

	<u>Police Pension</u>	<u>Fire Pension</u>
Contribution rates - City	28.56%	21.10%
Contribution rates - plan members	9.91%	9.46%
Actuarial valuation date	4/30/07	4/30/07
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percentage of pay, closed	Level Percentage of pay, closed
Remaining amortization period	26 years	26 years
Asset valuation method	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases*	5.50%	5.50%
*Includes inflation at	3.00%	3.00%
Cost-of-living adjustments	3.00% per year	3.00% per year

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(d) *Plan Financial Statements*

Following are condensed financial statements for the police and fire pension plans as of and for the year ended April 30, 2007:

	Police Pension	Fire Pension
	<u>                    </u>	<u>                    </u>
<b>Statement of Fiduciary Net Assets</b>		
Assets:		
Cash and cash equivalents	\$ 736,648	\$ 473,341
Investments	17,925,478	21,546,414
Other receivables	3,379	42,819
Prepaid expenses	4,209	-
Total assets	<u>18,669,714</u>	<u>22,062,574</u>
Liabilities		
Accounts payable	<u>13,070</u>	<u>10,424</u>
Net assets:		
Held in trust for pension benefits	<u>\$ 18,656,644</u>	<u>\$ 22,052,150</u>
<b>Statement of Changes in Fiduciary Net Assets</b>		
Additions:		
Employer contributions	\$ 868,531	\$ 554,066
Employee contributions	355,273	269,488
Interest income	451,083	835,934
Net appreciation in fair value of investments	1,057,227	911,645
Investment expenses	(89,903)	(71,508)
Total additions	<u>2,642,211</u>	<u>2,499,625</u>
Deductions:		
Pension benefits and refunds	1,234,237	920,841
Administrative expenses	5,000	5,000
Total deductions	<u>1,239,237</u>	<u>925,841</u>
Changes in net assets	1,402,974	1,573,784
Net assets held in trust at beginning of year	<u>17,253,670</u>	<u>20,478,366</u>
Net assets held in trust at end of year	<u>\$ 18,656,644</u>	<u>\$ 22,052,150</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

(e) *Trend Information*

	Year	Annual	Percentage	Net
	Ending	Pension	of APC	Pension
		Cost (APC)	contributed	Asset
Police Pension:	4/30/07	\$ 845,864	103 %	\$ 590,248
	4/30/06	731,483	104	567,581
	4/30/05	707,048	104	541,913
Fire Pension:	4/30/07	\$ 531,110	104 %	\$ 233,658
	4/30/06	479,675	107	210,702
	4/30/05	464,246	101	178,061

(9) **Other Post Employment Benefits**

In addition to the pension benefits described in note 8, the City provides postretirement health care benefits, in accordance with the hospitalization and dental insurance for retired personnel, Administrative Directive 2-20. To be eligible for coverage, an employee must have 8 years or more of creditable service under the Illinois Municipal Retirement Fund and be at least 55 years of age or have 20 years or more of creditable service under the Police or Fire Pension Program.

Currently, 29 former employees meet the above stated requirements and are enrolled for coverage under Administrative Directive 2-20. The City pays the amount of validated medical claims incurred by retirees and their dependents according to the Directive. The City receives premium payments by billing the former employee in advance, or deducting the premium from the former employee's monthly benefit check. During the year, expenditures of \$175,366 were recognized for postretirement health care benefits paid on behalf of the retirees and their dependents. The City received \$137,083 in premiums from former employees.

(10) **Leases**

**Operating Leases**

The City leases land accounted for in the Paid Parking Fund from the Union Pacific Railroad Company and Lake Forest College. The railroad lease and Lake Forest College lease are based upon minimum rental payments and percentages of parking lot receipts. All leases are cancelable and the rental expense related to the railroad lease and Lake Forest College lease was \$1,639 and \$7,617, respectively, for the year ended April 30, 2007.

The City leases land to The Lake Forest Bank and Trust Company. This lease is based on an annual rent. Rental income to the City was \$53,782 for the year ended April 30, 2007. The minimum lease rental for April 30, 2008 is \$36,831.



CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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(10) Leases (Continued)

Capital Lease

The City of Lake Forest Public Library has entered into a lease agreement as lessee for financing the technology upgrade project to the Library. The lease is due in installments through its maturity on August 31, 2009 at an annual interest rate of 0.98%. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

	Lake Forest Library
Asset:	
Improvements other than buildings	\$ 89,056
Less: accumulated depreciation	(19,790)
	<hr/>
Total	\$ 69,266
	<hr/> <hr/>

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2007 were as follows:

Year Ending April 30	Lake Forest Library
2008	\$ 30,457
2009	30,457
2010	9,169
	<hr/>
Total	70,083
Less: Amount representing interest	(811)
	<hr/>
Present value of minimum lease payments	\$ 69,272
	<hr/> <hr/>

## CITY OF LAKE FOREST, ILLINOIS

### Notes to Financial Statements

April 30, 2007

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#### (11) Joint Ventures

A summary of the City's joint ventures is as follows:

##### (a) *Solid Waste Agency of Lake County*

The City is a member of the Solid Waste Agency of Lake County, Illinois (the Agency), a municipal joint action agency composed of 35 members, created as of February 21, 1991. The City was required at this time to provide an initial capital contribution of \$5,000. The Agency intends to acquire equipment and to construct and equip a waste project to dispose of the municipal waste received from its members on a site to be acquired by the Agency (the project).

The Agency is governed by a Board of Directors consisting of one official elected by each member. Each director has one vote. The Board of Directors determines the general policy of the Agency, makes all appropriations, approves contracts for solid waste disposal; adopts resolutions providing for the issuance of debt by the Agency; adopts by-laws, rules, and regulations; and exercises such powers and performs such duties as may be prescribed in the Agency agreement or the by-laws. 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 has no explicit and measurable 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, contact the Solid Waste Agency of Lake County, Illinois at 1300 North Skokie Highway, No. 103 Gurnee, Illinois 60031.

##### (b) *Northern Suburban Special Recreation Association (NSSRA)*

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 has no explicit and measurable equity interest in the NSSRA, although there does exist a residual interest in the 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's 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 7 Happ P.O. Box 8437 Northfield, IL 60093-8437.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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(12) Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk of loss in the general fund through payments to the Intergovernmental Risk Management Agency.

(a) *Intergovernmental Risk Management Agency (IRMA)*

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation 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. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The government 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 by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

	Beginning of Fiscal-year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal-year Liability
2005-2006	\$ 7,142	\$ 47,238	\$ 52,621	\$ 1,759
2006-2007	1,759	123,048	120,803	4,004

(b) *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 an amount for claims that have been incurred but not reported (IBNR).

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2007

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Changes in the balances of claims liabilities for the year ended April 30, 2007 and 2006 are as follows:

	Beginning of Fiscal-year Liability	Changes in Estimates	Claim Payments	End of Fiscal-year Liability
2005-2006	\$ 257,610	\$ 2,478,442	\$ 2,522,432	\$ 213,620
2006-2007	213,620	3,044,986	2,985,731	272,875

(13) Commitments and Contingencies

As of April 30, 2007 management knows of no claim, asserted or unasserted, which if asserted and paid, would have a materially adverse effect on the financial position of the various funds of the City.

The City has outstanding construction contracts with contractors of approximately \$924,230 at April 30, 2007. No future financing is required as a result of these contractual commitments.

A donation of \$1,000,000 was given to the Elawa Farm Foundation to fund improvements to the Elawa Farm property. The donation was set up in a separate bank account in the name of the Elawa Farm Foundation. However, the City Manager must approve all checks written against this account.

On February 7, 2007, the City entered into an agreement with the Elawa Farm Foundation where the City agreed to loan the Foundation up to \$425,000. The annual interest rate is 5% and the maturity is two years after the initial disbursement. No amount has yet been disbursed by the City.

(14) Related Party Transactions

The City of Lake Forest has entered into an agreement for the purchase of public safety communications equipment from a communications company. The communications company is owned and operated by a member of the City's Police Pension Board. As of April 30, 2007, the government had remitted \$45,339 to the company.

(15) Subsequent Event

On May 25, 2007, the City of Lake Forest guaranteed a line of credit for the CROYA Foundation, Inc. in the amount of \$600,000 to make improvements to the property located at Hastings Road. The interest rate on the note is prime minus 1% (7.25% at April 30, 2007). On October 5, 2007, \$237,278 was drawn by the CROYA Foundation.

## CITY OF LAKE FOREST, ILLINOIS

Exhibit B-1

General Fund

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ 13,309,141	\$ 13,275,754	\$ (33,387)
Other	-	8,984,285	9,248,375	264,090
Charges for services	-	1,731,988	2,113,495	381,507
Licenses and permits	-	2,843,400	2,483,638	(359,762)
Fines and forfeitures	-	356,300	357,556	1,256
Investment income	-	225,000	708,082	483,082
Miscellaneous revenue	-	613,619	869,303	255,684
Total revenues	-	28,063,733	29,056,203	992,470
<b>Expenditures:</b>				
Current:				
General government	9,246,917	9,246,917	8,716,915	530,002
Highways and streets	1,944,827	1,944,827	1,979,122	(34,295)
Sanitation	2,138,949	2,138,949	2,023,726	115,223
Culture and recreation	845,689	845,689	880,727	(35,038)
Public safety	11,079,773	11,079,773	11,046,969	32,804
Capital outlay	14,500	14,500	2,123	12,377
Debt service:				
Principal retirement	91,667	91,667	99,167	(7,500)
Interest	15,216	15,216	15,216	-
Contingency	2,775,593	-	-	-
Total expenditures	28,153,131	25,377,538	24,763,965	613,573
Excess (deficiency) of revenues over expenditures	(28,153,131)	2,686,195	4,292,238	1,606,043
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	-	-	5,172	5,172
Transfers in	68,000	68,000	68,000	-
Transfers out	(2,378,379)	(2,378,379)	(2,378,379)	-
Total other financing sources and uses	(2,310,379)	(2,310,379)	(2,305,207)	-
Net change in fund balance	\$ (30,463,510)	\$ 375,816	1,987,031	\$ 1,606,043
Fund balance – beginning of year			7,017,124	
Fund balance – end of year			\$ 9,004,155	

## CITY OF LAKE FOREST, ILLINOIS

Exhibit B-2

Parks and Recreation Fund

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes:				
Property	\$ -	\$ 3,283,732	\$ 3,291,904	\$ 8,172
Other	-	10,000	23,402	13,402
Charges for services	-	3,747,826	3,233,592	(514,234)
Investment income	-	57,000	150,428	93,428
Other	-	4,000	110,132	106,132
Total revenues	-	7,102,558	6,809,458	(293,100)
Expenditures:				
Current:				
Culture and recreation	7,086,059	7,001,059	6,753,606	247,453
Contingency	715,906	-	-	-
Capital outlay	73,000	73,000	67,143	5,857
Total expenditures	7,874,965	7,074,059	6,820,749	253,310
Excess (deficiency) of revenues over expenditures	(7,874,965)	28,499	(11,291)	(39,790)
Other financing sources (uses):				
Transfers in	25,000	25,000	37,731	12,731
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	20,000	20,000	32,731	12,731
Net change in fund balance	\$ (7,854,965)	\$ 48,499	21,440	\$ (27,059)
Fund balance – beginning of year			1,318,826	
Fund balance – end of year			\$ 1,340,266	

CITY OF LAKE FOREST, ILLINOIS  
 Illinois Municipal Retirement Fund  
 Required Supplementary Information –  
 Schedule of Funding Progress  
 Last Six Fiscal Years

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) Entry Age (b)	Unfunded (assets in excess of) AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	Percentage of covered payroll ((b-a)/c)
12/30/2006	\$ 38,420,853	39,364,751	943,898	97.6 %	\$ 15,070,275	6.3 %
12/30/2005	33,717,333	35,947,092	2,229,759	93.8	14,119,915	15.8
12/30/2004	29,850,845	34,172,963	4,322,118	87.4	14,188,146	30.5
12/30/2003	28,785,169	30,462,340	1,677,171	94.5	13,100,172	12.8
12/30/2002	28,640,056	28,329,320	(310,736)	101.1	12,724,143	(2.4)
12/30/2001	29,536,564	26,470,876	(3,065,688)	111.6	12,283,934	(25.0)

CITY OF LAKE FOREST, ILLINOIS  
 Police and Fire Pension Fund Plans  
 Required Supplementary Information –  
 Schedules of Funding Progress  
 Last Six Fiscal Years

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	Percentage of covered payroll ((b-a)/c)
Police Pension Plan:						
04/30/2007	\$ 18,656,644	30,916,934	12,260,290	60.3 %	\$ 3,041,336	403.1 %
04/30/2006	17,263,222	28,224,334	10,961,112	61.2	3,084,360	355.4
04/30/2005	16,176,232	26,532,559	10,356,327	61.0	2,940,348	352.2
04/30/2004	15,861,639	24,201,001	8,339,362	65.5	2,869,652	290.6
04/30/2003	14,842,934	22,882,186	8,039,252	64.9	2,839,885	283.1
04/30/2002	14,479,716	21,137,185	6,657,469	68.5	2,694,763	247.1
Fire Pension Plan:						
04/30/2007	\$ 22,052,150	25,853,195	3,801,045	85.3 %	\$ 2,626,922	144.7 %
04/30/2006	20,470,504	24,003,112	3,532,608	85.3	2,454,181	143.9
04/30/2005	19,953,283	22,535,517	2,582,234	88.5	2,314,576	111.6
04/30/2004	19,209,135	19,881,086	671,951	96.6	2,496,317	26.9
04/30/2003	18,228,012	18,763,475	535,463	97.1	2,428,563	22.0
04/30/2002	16,875,436	17,653,053	777,617	95.6	2,303,866	33.8



CITY OF LAKE FOREST, ILLINOIS

Police and Fire Pension Fund Plans

Required Supplementary Information – Schedules of Employer Contributions

Last Six Fiscal Years

Fiscal year	Police Pension Plan		Fire Pension Plan	
	Annual required contribution	Percentage contributed	Annual required contribution	Percentage contributed
2007	\$ 861,380	100.8 %	\$ 536,870	103.2 %
2006	747,004	101.4	484,776	105.7
2005	722,394	101.7	469,415	100.0
2004	646,192	101.9	462,285	101.9
2003	569,587	102.6	457,813	101.1
2002	500,598	103.1	433,967	100.9

CITY OF LAKE FOREST, ILLINOIS

Notes to Required Supplementary Information

April 30, 2007

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(1) *Budgetary Basis of Accounting*

Budgets are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP).

(2) **Police and Fire Pension Plans**

The information presented in the required supplementary schedules for the Police and Fire Pension Plans was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuations follows:

	<u>Police Pension Plan</u>	<u>Fire Pension Plan</u>
Actuarial valuation date	4/30/07	4/30/07
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level	Level
	Percentage	Percentage
	of pay, closed	of pay, closed
Remaining amortization period	26 years	26 years
Asset valuation method	Fair value	Fair value
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases*	5.50%	5.50%
*Includes inflation at	3.00%	3.00%
Cost-of-living adjustments	3.00% per year	3.00% per year

**Combining Financial Statements  
and Other Schedules**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

#### **Asset Forfeiture Fund**

The Asset Forfeiture 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**

The Foreign Fire Insurance Tax 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**

The Emergency Telephone 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.

#### **Park and Public Land Fund**

The Park and Public Land Fund accounts for the revenues received from the collection of open space fees. Such revenues are to be used to purchase or improve land.

#### **Motor Fuel Tax Fund**

The Motor Fuel Tax Fund accounts for the revenues received from the State of Illinois for the local share of the motor fuel tax collections.

#### **General Cemetery Fund**

The General Cemetery 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**

The Senior Resources Commission Fund accounts for gifts and investments used to finance senior citizens' programs and activities.

#### **Affordable Housing Fund**

The Affordable Housing Fund accounts for half of the revenues received from the demolition tax. Revenues will be used for affordable housing projects in Lake Forest.

#### **Elawa Farm Fund**

The Elawa Farm Fund accounts for the funds used for the operating expenses of this historic farm complex.

## NONMAJOR GOVERNMENTAL FUNDS

### Capital Projects Funds

#### **West Lake Forest TIF District Construction Fund**

The West Lake Forest TIF District Construction Fund accounts for the proceeds of the \$5,000,000, 1989 General Obligation Bonds and the \$4,000,000, 1991 Series A General Obligation Bonds to be used for acquisition of land, improvement of Everett School, development of parks, and continuing studies and design services.

#### **2003A Bond Construction Fund**

The 2003A Bond Construction Fund accounts for the proceeds of the 2003 Series A General Obligation Bond Series to be used to purchase land and costs related to maintaining open/community space approved by referendum in November 2002.

#### **Special Service Area Saunders Road Construction Fund**

The Special Assessment Saunders Road Construction Fund accounts for the construction of sanitary sewers and road resurfacing which was financed with bond proceeds issued in fiscal year 2004.

#### **Capital Equipment Reserve Fund**

The Capital Equipment Reserve Fund accounts for revenues to be used to fund future capital equipment purchases.

#### **Capital Improvements Fund**

The Capital Improvements Fund accounts for revenues to be used to fund city building and infrastructure projects.

#### **2004 B Bond Construction Fund**

The 2004 B Bond Construction Fund accounts for the proceeds of the 2004 Series B General Obligation Bond Series to be used for the construction of storm sewers and related street and capital improvements financed with proceeds issued in fiscal year 2005.

#### **Rt. 60 Bridge Improvements Fund**

The Rt. 60 Bridge Improvements Fund accounts for the pledged funds from various corporations and local governments to be used for the widening of the Rt. 60 Bridge over I-94.

#### **Rt. 60 Intersection Improvements Fund**

The Rt. 60 Intersection Improvements Fund accounts for the monies received from corporations and state and federal grants to be used for the improvements to be made to the intersection at Rt. 60 and Field Drive.

#### **Rt. 60 Academy Woods Improvements Fund**

The Rt. 60 Academy Woods Improvements Fund accounts for the monies received from the developers and the city to be used for the improvements to be made to the intersection at Rt. 60 and Academy Woods.

#### **Municipal Services Building Construction Fund**

The Municipal Services Building Construction Fund accounts for the monies to be received from the sale of property to be used to build a municipal services facility.

#### **Route 60 Fitzmorris Improvements Fund**

The Route 60/Fitzmorris Improvements Fund accounts for the funds to be used to construct permanent signals and intersection improvements at Field Court and Rt. 60.

CITY OF LAKE FOREST, ILLINOIS  
Combining Balance Sheet  
Nonmajor Governmental Funds  
April 30, 2007

Assets	Special Revenue Funds			
	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Park and Public Land Fund
Cash and cash equivalents	\$ 34,772	\$ 15,473	\$ 402,150	\$ 2,112,648
Investments	-	110,557	-	-
Receivables ( net of allowance for uncollectibles):				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Other	-	-	36,668	-
Total receivables	-	-	36,668	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	32,600
Due from fiduciary funds	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 34,772	\$ 126,030	\$ 438,818	\$ 2,145,248
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 794	\$ 138,873
Accrued liabilities	-	-	5,137	-
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Total Liabilities	-	-	5,931	138,873
Fund balances:				
Reserved for:				
Prepays	-	-	-	-
Unreserved, reported in:				
Special revenue funds	34,772	126,030	432,887	2,006,375
Capital projects funds	-	-	-	-
Total fund balances	34,772	126,030	432,887	2,006,375
Total liabilities and fund balances	\$ 34,772	\$ 126,030	\$ 438,818	\$ 2,145,248

Exhibit C-1

Special Revenue Funds					Capital Projects Funds
Motor Fuel Tax Fund	General Cemetery Fund	Senior Resources Commission Fund	Affordable Housing Fund	Elawa Farm Fund	West Lake Forest TIF District Construction Fund
\$ 1,074,995	\$ 822,382	\$ 145,323	\$ 30,668	\$ 19,790	\$ 236,834
-	2,120,123	-	-	-	-
-	-	196,068	-	-	614,576
-	-	-	-	-	-
-	4,699	20,787	-	-	-
-	4,699	216,855	-	-	614,576
47,658	-	-	-	-	-
-	-	-	-	-	-
-	10,987	-	-	-	-
-	4,825	-	-	-	-
\$ 1,122,653	\$ 2,963,016	\$ 362,178	\$ 30,668	\$ 19,790	\$ 851,410
\$ 39,534	\$ 3,329	\$ 83,416	\$ -	\$ 718	\$ 1,024
-	8,156	11,348	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	196,068	-	-	614,576
-	-	-	-	-	-
39,534	11,485	290,832	-	718	615,600
-	4,825	-	-	-	-
1,083,119	2,946,706	71,346	30,668	19,072	-
-	-	-	-	-	235,810
1,083,119	2,951,531	71,346	30,668	19,072	235,810
\$ 1,122,653	\$ 2,963,016	\$ 362,178	\$ 30,668	\$ 19,790	\$ 851,410

(Continued)

**CITY OF LAKE FOREST, ILLINOIS**

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2007

Assets	Capital Projects Funds			
	2003A Bond Construction Fund	Special Service Area Saunders Road Construction Fund	Capital Equipment Reserve Fund	Capital Improvements Fund
Cash and cash equivalents	\$ 11,468	\$ 391,932	\$ 913,411	\$ 1,056,274
Investments	259,320	-	-	-
Receivables ( net of allowance for uncollectibles):				
Property taxes	-	-	-	-
Accounts	-	-	-	9,044
Other	-	-	-	-
Total receivables	-	-	-	9,044
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Due from fiduciary funds	-	-	-	-
Prepays	-	-	-	-
Total assets	<u>\$ 270,788</u>	<u>\$ 391,932</u>	<u>\$ 913,411</u>	<u>\$ 1,065,318</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 34,815	\$ 5,907	\$ -	\$ 179,032
Accrued liabilities	-	-	-	2,221
Retainage payable	32,573	3,043	-	10,000
Due to other funds	32,600	-	-	-
Unearned revenue:				
Property taxes	-	-	-	-
Other	-	-	-	9,044
Total Liabilities	<u>99,988</u>	<u>8,950</u>	<u>-</u>	<u>200,297</u>
Fund balances:				
Reserved for:				
Prepays	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital projects funds	170,800	382,982	913,411	865,021
Total fund balances	<u>170,800</u>	<u>382,982</u>	<u>913,411</u>	<u>865,021</u>
Total liabilities and fund balances	<u>\$ 270,788</u>	<u>\$ 391,932</u>	<u>\$ 913,411</u>	<u>\$ 1,065,318</u>



Capital Projects Funds

2004B Bond Construction Fund	Route 60 Bridge Improvements Fund	Route 60 Intersection Improvements Fund	Route 60 Academy Woods Improvements Fund	Municipal Services Building Construction Fund	Route 60 Fitzmorris Improvements Fund	Total Nonmajor Governmental Funds
\$ 1,875,826	\$ 871,911	\$ 175,915	\$ 205,181	\$ 1,745,483	\$ 1,534,602	\$ 13,677,038
-	-	-	-	-	-	2,490,000
-	-	-	-	-	-	810,644
-	-	-	-	2,260,450	-	2,269,494
-	-	-	-	-	-	62,154
-	-	-	-	2,260,450	-	3,142,292
-	-	-	-	-	-	47,658
-	-	-	-	-	-	32,600
-	-	-	-	-	-	10,987
-	-	-	-	-	-	4,825
\$ 1,875,826	\$ 871,911	\$ 175,915	\$ 205,181	\$ 4,005,933	\$ 1,534,602	\$ 19,405,400
\$ 17,320	\$ -	\$ 14,395	\$ 29,659	\$ -	\$ -	\$ 548,816
-	-	-	-	-	-	26,862
16,600	-	-	-	-	-	62,216
-	-	-	-	-	-	32,600
-	-	-	-	-	-	810,644
-	-	-	-	2,260,450	-	2,269,494
33,920	-	14,395	29,659	2,260,450	-	3,750,632
-	-	-	-	-	-	4,825
-	-	-	-	-	-	6,750,975
1,841,906	871,911	161,520	175,522	1,745,483	1,534,602	8,898,968
1,841,906	871,911	161,520	175,522	1,745,483	1,534,602	15,654,768
\$ 1,875,826	\$ 871,911	\$ 175,915	\$ 205,181	\$ 4,005,933	\$ 1,534,602	\$ 19,405,400

**CITY OF LAKE FOREST, ILLINOIS**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended April 30, 2007

	Special Revenue Funds			
	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Park and Public Land Fund
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	570,000
Intergovernmental revenues	6,531	-	-	73,120
Charges for services	-	95,635	258,188	1,613,668
Investment income	1,788	6,333	18,952	73,189
Miscellaneous revenue	-	-	-	6,000
Total revenues	<u>8,319</u>	<u>101,968</u>	<u>277,140</u>	<u>2,335,977</u>
Expenditures:				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	418
Public safety	6,135	105,279	183,466	-
Capital outlay	-	-	13,291	411,483
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	19,253
Total expenditures	<u>6,135</u>	<u>105,279</u>	<u>196,757</u>	<u>431,154</u>
Excess (deficiency) of revenues over expenditures	<u>2,184</u>	<u>(3,311)</u>	<u>80,383</u>	<u>1,904,823</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	3,214	-
Transfers out	-	-	-	(536,355)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>3,214</u>	<u>(536,355)</u>
Net change in fund balances	2,184	(3,311)	83,597	1,368,468
Fund balances – beginning of year	<u>32,588</u>	<u>129,341</u>	<u>349,290</u>	<u>637,907</u>
Fund balances – end of year	<u>\$ 34,772</u>	<u>\$ 126,030</u>	<u>\$ 432,887</u>	<u>\$ 2,006,375</u>

Special Revenue Funds					Capital Projects Funds	
Motor Fuel Tax Fund	General Cemetery Fund	Senior Resources Commission Fund	Affordable Housing Fund	Elawa Farm Fund	West Lake Forest TIF District Construction Fund	2003A Bond Construction Fund
\$ -	\$ -	\$ 151,354	\$ -	\$ -	\$ 308,160	\$ -
-	-	-	30,000	-	-	-
593,798	-	-	-	-	-	-
-	709,308	268,764	-	-	-	-
41,762	204,866	13,167	668	890	24,345	15,352
-	25,770	55,265	-	89,830	-	-
635,560	939,944	488,550	30,668	90,720	332,505	15,352
-	382,601	-	-	-	415,266	-
-	-	529,565	-	10,328	-	-
-	-	-	-	-	-	-
39,534	16,385	-	-	-	-	280,931
-	100,000	-	-	102,500	-	-
-	54,375	-	-	3,967	-	-
39,534	553,361	529,565	-	116,795	415,266	280,931
596,026	386,583	(41,015)	30,668	(26,075)	(82,761)	(265,579)
-	-	-	-	-	-	-
-	1,351	23,539	-	-	-	-
-	-	-	-	-	-	(161,479)
-	1,351	23,539	-	-	-	(161,479)
596,026	387,934	(17,476)	30,668	(26,075)	(82,761)	(427,058)
487,093	2,563,597	88,822	-	45,147	318,571	597,858
\$ 1,083,119	\$ 2,951,531	\$ 71,346	\$ 30,668	\$ 19,072	\$ 235,810	\$ 170,800

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended April 30, 2007

	Capital Projects Funds			
	Special Service Area Saunders Road Construction Fund	Capital Equipment Reserve Fund	Capital Improvements Fund	2004B Bond Construction Fund
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	1,289,295	-
Intergovernmental revenues	-	-	100,000	-
Charges for services	-	58,813	64,720	-
Investment income	38,657	58,144	37,484	115,864
Miscellaneous revenue	-	1,423	229,918	-
Total revenues	<u>38,657</u>	<u>118,380</u>	<u>1,721,417</u>	<u>115,864</u>
Expenditures:				
Current:				
General government	-	-	-	13,036
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Capital outlay	75,115	837,455	2,037,885	661,684
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>75,115</u>	<u>837,455</u>	<u>2,037,885</u>	<u>674,720</u>
Excess (deficiency) of revenues over expenditures	<u>(36,458)</u>	<u>(719,075)</u>	<u>(316,468)</u>	<u>(558,856)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	40,000	-
Transfers in	-	397,000	653,648	-
Transfers out	(804,766)	-	-	-
Total other financing sources and uses	<u>(804,766)</u>	<u>397,000</u>	<u>693,648</u>	<u>-</u>
Net change in fund balances	(841,224)	(322,075)	377,180	(558,856)
Fund balances – beginning of year	<u>1,224,206</u>	<u>1,235,486</u>	<u>487,841</u>	<u>2,400,762</u>
Fund balances – end of year	<u>\$ 382,982</u>	<u>\$ 913,411</u>	<u>\$ 865,021</u>	<u>\$ 1,841,906</u>

Capital Projects Funds

Route 60 Bridge Improvements Fund	Route 60 Intersection Improvements Fund	Route 60 Academy Woods Improvements Fund	Municipal Services Building Construction Fund	Route 60 Fitzmorris Improvements Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 459,514
-	-	-	-	-	1,889,295
-	-	175,000	-	-	948,449
-	-	-	-	-	3,069,096
47,326	10,259	16,451	19,319	31,885	776,701
-	-	-	-	1,502,717	1,910,923
47,326	10,259	191,451	19,319	1,534,602	9,053,978
-	-	-	-	-	810,903
-	-	-	-	-	540,311
-	-	-	-	-	294,880
-	31,045	578,098	414,399	-	5,397,305
-	-	-	-	-	202,500
-	-	-	-	-	77,595
-	31,045	578,098	414,399	-	7,323,494
47,326	(20,786)	(386,647)	(395,080)	1,534,602	1,730,484
-	-	-	1,439,550	-	1,479,550
-	-	-	486,416	-	1,565,168
-	-	-	-	-	(1,502,600)
-	-	-	1,925,966	-	1,542,118
47,326	(20,786)	(386,647)	1,530,886	1,534,602	3,272,602
824,585	182,306	562,169	214,597	-	12,382,166
\$ 871,911	\$ 161,520	\$ 175,522	\$ 1,745,483	\$ 1,534,602	\$ 15,654,768

## CITY OF LAKE FOREST, ILLINOIS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

## Asset Forfeiture Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental revenues	\$ -	\$ 11,000	\$ 6,531	\$ (4,469)
Investment income	-	1,200	1,788	588
Total revenues	-	12,200	8,319	(3,881)
Expenditures:				
Current:				
Public safety	36,000	36,000	6,135	29,865
Contingency	3,600	-	-	-
Total expenditures	39,600	36,000	6,135	29,865
Net change in fund balance	\$ (39,600)	\$ (23,800)	2,184	\$ 25,984
Fund balance – beginning of year			32,588	
Fund balance – end of year			\$ 34,772	

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Foreign Fire Insurance Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for services	\$ -	\$ 78,000	\$ 95,635	17,635
Investment income	-	1,000	6,333	5,333
Total revenues	<u>-</u>	<u>79,000</u>	<u>101,968</u>	<u>22,968</u>
Expenditures:				
Current:				
Public safety	245,000	245,000	105,279	139,721
Contingency	24,500	-	-	-
Total expenditures	<u>269,500</u>	<u>245,000</u>	<u>105,279</u>	<u>139,721</u>
Net change in fund balance	<u>\$ (269,500)</u>	<u>\$ (166,000)</u>	<u>(3,311)</u>	<u>\$ 162,689</u>
Fund balance – beginning of year			<u>129,341</u>	
Fund balance – end of year			<u>\$ 126,030</u>	

## CITY OF LAKE FOREST, ILLINOIS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

## Emergency Telephone Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Charges for services	\$ -	\$ 259,000	\$ 258,188	\$ (812)
Investment income	-	3,000	18,952	15,952
Total revenues	-	262,000	277,140	15,140
<b>Expenditures:</b>				
Current:				
Public safety	291,125	291,125	183,466	107,659
Contingency	29,113	-	-	-
Capital outlay	-	-	13,291	(13,291)
Total expenditures	320,238	291,125	196,757	94,368
Excess (deficiency) of revenues over expenditures	(320,238)	(29,125)	80,383	109,508
<b>Other financing sources:</b>				
Transfers in	-	-	3,214	3,214
Net change in fund balance	\$ (320,238)	\$ (29,125)	83,597	\$ 112,722
Fund balance – beginning of year			349,290	
Fund balance – end of year			\$ 432,887	



## CITY OF LAKE FOREST, ILLINOIS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

## Park and Public Land Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Other taxes	\$ -	\$ 570,000	\$ 570,000	\$ -
Intergovernmental revenues	-	-	73,120	73,120
Charges for services	-	2,500,000	1,613,668	(886,332)
Investment income	-	3,000	73,189	70,189
Miscellaneous revenue	-	15,000	6,000	(9,000)
Total revenues	-	3,088,000	2,335,977	(752,023)
<b>Expenditures:</b>				
Current:				
Culture and recreation	12,690	12,690	418	12,272
Capital outlay	865,030	865,030	411,483	453,547
Contingency	143,333	-	-	-
Debt service:				
Interest	19,253	19,253	19,253	-
Total expenditures	1,040,306	896,973	431,154	465,819
Excess (deficiency) of revenues over expenditures	(1,040,306)	2,191,027	1,904,823	(286,204)
<b>Other financing uses:</b>				
Transfers out	(536,355)	(536,355)	(536,355)	-
Net change in fund balance	\$ (1,576,661)	\$ 1,654,672	1,368,468	\$ (286,204)
Fund balance – beginning of year			637,907	
Fund balance – end of year			\$ 2,006,375	

CITY OF LAKE FOREST, ILLINOIS  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
 Motor Fuel Tax Fund  
 For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Intergovernmental revenues	\$ -	\$ 657,000	\$ 593,798	\$ (63,202)
Investment income	-	9,000	41,762	32,762
Total revenues	<u>-</u>	<u>666,000</u>	<u>635,560</u>	<u>(30,440)</u>
Expenditures:				
Current:				
Contingency	13,954	-	-	-
Capital outlay	139,534	100,000	39,534	60,466
Total expenditures	<u>153,488</u>	<u>100,000</u>	<u>39,534</u>	<u>60,466</u>
Net change in fund balance	<u>\$ (153,488)</u>	<u>\$ 566,000</u>	<u>596,026</u>	<u>\$ 30,026</u>
Fund balance – beginning of year			<u>487,093</u>	
Fund balance – end of year			<u>\$ 1,083,119</u>	

## CITY OF LAKE FOREST, ILLINOIS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

## General Cemetery Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Charges for services	\$ -	\$ 526,986	\$ 709,308	\$ 182,322
Investment income	-	70,843	204,866	134,023
Miscellaneous revenue	-	-	25,770	25,770
Total revenues	-	597,829	939,944	342,115
Expenditures:				
Current:				
General government	413,483	413,483	382,601	30,882
Contingency	78,704	-	-	-
Capital outlay	219,180	219,180	16,385	202,795
Debt service:				
Principal retirement	100,000	100,000	100,000	-
Interest	54,375	54,375	54,375	-
Total expenditures	865,742	787,038	553,361	233,677
Excess (deficiency) of revenues over expenditures	(865,742)	(189,209)	386,583	575,792
Other financing sources:				
Transfers in	-	-	1,351	1,351
Net change in fund balance	\$ (865,742)	\$ (189,209)	387,934	\$ 577,143
Fund balance – beginning of year			2,563,597	
Fund balance – end of year			\$ 2,951,531	

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Senior Resources Commission Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Property taxes:				
Tax levy	\$ -	\$ 151,354	\$ 151,354	\$ -
Charges for services	-	267,000	268,764	1,764
Investment income	-	5,000	13,167	8,167
Miscellaneous revenue	-	50,000	55,265	5,265
Total revenues	<u>-</u>	<u>473,354</u>	<u>488,550</u>	<u>15,196</u>
Expenditures:				
Current:				
Culture and recreation	508,914	508,914	529,565	(20,651)
Contingency	50,891	-	-	-
Total expenditures	<u>559,805</u>	<u>508,914</u>	<u>529,565</u>	<u>(20,651)</u>
Excess (deficiency) of revenues over expenditures	(559,805)	(35,560)	(41,015)	(5,455)
Other financing sources:				
Transfers in	20,000	20,000	23,539	3,539
Net change in fund balance	<u>\$ (539,805)</u>	<u>\$ (15,560)</u>	<u>(17,476)</u>	<u>\$ (1,916)</u>
Fund balance – beginning of year			<u>88,822</u>	
Fund balance – end of year			<u>\$ 71,346</u>	

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

Affordable Housing Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Other taxes	\$ -	\$ 125,000	\$ 30,000	\$ (95,000)
Investment income	-	-	668	668
Total revenues	<u>-</u>	<u>125,000</u>	<u>30,668</u>	<u>(94,332)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 125,000</u>	<u>30,668</u>	<u>\$ (94,332)</u>
Fund balance – beginning of year			<u>-</u>	
Fund balance – end of year			<u>\$ 30,668</u>	

## CITY OF LAKE FOREST, ILLINOIS

## Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

## Elawa Farm Fund

For the Year Ended April 30, 2007

	Original and Final Appropriations	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Investment income	\$ -	\$ 1,000	\$ 890	\$ (110)
Miscellaneous revenue	-	33,137	89,830	56,693
Total revenues	-	34,137	90,720	56,583
<b>Expenditures:</b>				
Current:				
Culture and recreation	34,137	34,137	10,328	23,809
Contingency	3,414	-	-	-
Debt service:				
Principal retirement	-	102,500	102,500	-
Interest	-	-	3,967	(3,967)
Total expenditures	37,551	136,637	116,795	19,842
Net change in fund balance	\$ (37,551)	\$ (102,500)	(26,075)	\$ 76,425
Fund balance – beginning of year			45,147	
Fund balance – end of year			\$ 19,072	

## NONMAJOR ENTERPRISE FUND

### Golf Fund

The Golf Fund accounts for the operations of the City golf course. Financing is provided by user charges from utilizing the golf course.

CITY OF LAKE FOREST, ILLINOIS  
Statement of Net Assets  
Nonmajor Enterprise Fund  
April 30, 2007

Assets	Golf Fund
<b>Current assets:</b>	
Cash and cash equivalents	\$ 710,835
Accounts receivable	6,165
Inventories	48,254
Prepaid items	18,380
Total current assets	<u>783,634</u>
<b>Noncurrent assets:</b>	
Deferred charges - bond issuance costs	11,603
<b>Capital assets:</b>	
Not being depreciated	95,517
Being depreciated, net of accumulated depreciation	2,227,084
Total capital assets, net	<u>2,322,601</u>
Total noncurrent assets	<u>2,334,204</u>
Total assets	<u>3,117,838</u>
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable	47,873
Accrued liabilities	22,437
Accrued interest payable	20,733
Unearned revenue	302,847
Current portion of long-term obligations	71,000
Total current liabilities	<u>464,890</u>
<b>Noncurrent liabilities:</b>	
General obligation bonds payable (net of unamortized discounts)	1,187,851
Accrued compensated absences	32,203
Total noncurrent liabilities	<u>1,220,054</u>
Total liabilities	<u>1,684,944</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	1,063,750
Unrestricted	369,144
Total net assets	<u>\$ 1,432,894</u>



## CITY OF LAKE FOREST, ILLINOIS

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

## Nonmajor Enterprise Fund

For the Year Ended April 30, 2007

	Golf Fund
<hr/>	
Operating revenues:	
Charges for services	\$ 1,684,467
Miscellaneous	17,820
Total operating revenues	<u>1,702,287</u>
Operating expenses:	
General and administrative	36,085
Operations and maintenance	1,296,847
Depreciation and amortization	167,437
Total operating expenses	<u>1,500,369</u>
Operating income	<u>201,918</u>
Nonoperating revenues (expenses):	
Investment income	30,618
Interest expense	(50,436)
	<u>(19,818)</u>
Income before transfers	182,100
Transfers in	<u>8,627</u>
Change in net assets	190,727
Net assets – beginning of year	<u>1,242,167</u>
Net assets – end of year	<u>\$ 1,432,894</u>

## CITY OF LAKE FOREST, ILLINOIS

## Statement of Cash Flows

## Nonmajor Enterprise Fund

For the Year Ended April 30, 2007

	Golf Fund
<hr/>	
Cash flows from operating activities:	
Receipts from customers	\$ 1,542,240
Receipts from miscellaneous revenue	17,820
Payments to suppliers	(569,311)
Payments to employees	(776,394)
Net cash provided by operating activities	<u>214,355</u>
Cash flows from noncapital financing activities:	
Transfer from other funds	<u>8,627</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(37,537)
Principal paid on capital debt	(65,000)
Interest paid on capital debt	(52,027)
Net cash provided by (used in) capital and related financing activities	<u>(154,564)</u>
Cash flows from investing activities:	
Interest and dividends received	<u>30,618</u>
Increase in cash and cash equivalents	99,036
Cash and cash equivalents – beginning of year	<u>611,799</u>
Cash and cash equivalents – end of year	<u><u>\$ 710,835</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 201,918
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	167,437
Changes in assets and liabilities:	
Accounts receivable	(2,069)
Other assets	7,485
Accounts payable	(17,018)
Accrued payroll	(3,337)
Unearned revenue	(140,158)
Compensated absences	97
Total adjustments	<u>12,437</u>
Net cash provided by operating activities	<u><u>\$ 214,355</u></u>

## **INTERNAL SERVICE FUNDS**

### **Fleet Fund**

The Fleet 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 itself is acquired by the various user departments.

### **Self Insurance Fund**

The Self Insurance Fund accounts for the costs of the self-insured medical and dental plan. Administration of the plan is provided by Professional Benefit Administrators, Inc.

CITY OF LAKE FOREST, ILLINOIS  
 Combining Statement of Net Assets  
 Internal Service Funds  
 April 30, 2007

Assets	Fleet Fund	Self Insurance Fund	Total Internal Service Funds
<b>Current assets:</b>			
Cash and cash equivalents	\$ 167,071	\$ 3,007,461	\$ 3,174,532
Other receivables	10,179	20,764	30,943
Due from other funds	-	5,351	5,351
Inventories	88,439	-	88,439
Total current assets	265,689	3,033,576	3,299,265
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	1,976	218,900	220,876
Accrued liabilities	14,561	272,875	287,436
Total current liabilities	16,537	491,775	508,312
<b>Noncurrent liabilities:</b>			
Accrued compensated absences	22,332	-	22,332
Total liabilities	38,869	491,775	530,644
<b>Net Assets</b>			
Total net assets – unrestricted	\$ 226,820	\$ 2,541,801	\$ 2,768,621

## CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

For the Year Ended April 30, 2007

	Fleet Fund	Self Insurance Fund	Total Internal Service Funds
<hr/>			
Operating revenues:			
Charges for services	\$ 1,263,981	\$ 3,916,672	\$ 5,180,653
Operating expenses:			
General and administrative	1,255,104	3,638,786	4,893,890
	<hr/>		
Operating income	8,877	277,886	286,763
Nonoperating revenues:			
Investment income	10,621	115,156	125,777
	<hr/>		
Change in net assets	19,498	393,042	412,540
Net assets – beginning of year	207,322	2,148,759	2,356,081
	<hr/>		
Net assets – end of year	\$ 226,820	\$ 2,541,801	\$ 2,768,621
	<hr/> <hr/>		

CITY OF LAKE FOREST, ILLINOIS  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended April 30, 2007

	Fleet Fund	Self Insurance Fund	Total Internal Service Funds
Cash flows from operating activities:			
Receipts from interfund services provided	\$ 1,261,707	\$ 4,090,172	\$ 5,351,879
Payments to suppliers	(798,325)	(3,449,886)	(4,248,211)
Payments to employees	(445,933)	-	(445,933)
Net cash provided by operating activities	<u>17,449</u>	<u>640,286</u>	<u>657,735</u>
Cash flows from investing activities:			
Interest and dividends received	10,621	115,156	125,777
Net cash provided by investing activities	<u>10,621</u>	<u>115,156</u>	<u>125,777</u>
Increase in cash and cash equivalents	28,070	755,442	783,512
Cash and cash equivalents – beginning of year	139,001	2,252,019	2,391,020
Cash and cash equivalents – end of year	<u>\$ 167,071</u>	<u>\$ 3,007,461</u>	<u>\$ 3,174,532</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 8,877	\$ 277,886	\$ 286,763
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
Accounts receivable	(2,274)	178,851	176,577
Other assets	17,979	(5,351)	12,628
Accounts payable	(13,146)	212,750	199,604
Accrued payroll	2,025	59,255	61,280
Other liabilities	-	(83,105)	(83,105)
Compensated absences	3,988	-	3,988
Total adjustments	<u>8,572</u>	<u>362,400</u>	<u>370,972</u>
Net cash provided by operating activities	<u>\$ 17,449</u>	<u>\$ 640,286</u>	<u>\$ 657,735</u>

## **FIDUCIARY FUNDS**

### **Pension Trust Funds**

#### **Police Pension Fund**

The Police Pension 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 the Department of Insurance of the State of Illinois from a specific annual property tax levy.

#### **Fire Pension Fund**

The Fire Pension 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 the Department of Insurance of the State of Illinois from a specific annual property tax levy.

#### **Private Purpose Trust Fund**

**Cemetery Trust Fund** - The Cemetery Trust Fund accounts for monies provided by private donations.

The investment earnings are expended for the operations of the cemetery. These statements are included in Exhibits A-10 and A-11.

#### **Agency Fund**

**Special Assessment Fund** - The Special Assessment Fund is used to account for the collection of special assessments of property owners and payments of related special assessment liabilities. The City does not have any outstanding special assessments. The cash balance is unclaimed rebated special assessments.

CITY OF LAKE FOREST, ILLINOIS  
Combining Statement of Fiduciary Net Assets  
Pension Trust Funds  
April 30, 2007

Assets	Police Pension Fund	Fire Pension Fund	Total
Cash and cash equivalents	\$ 736,648	\$ 473,341	\$ 1,209,989
Investments:			
U.S. Treasury obligations	6,948,320	7,113,322	14,061,642
U.S. Government agencies	3,729,903	9,022,150	12,752,053
Other Government agencies	-	34,941	34,941
Common stock	1,649,607	-	1,649,607
Equity mutual funds	5,597,648	5,376,001	10,973,649
Other receivables	3,379	42,819	46,198
Prepaid expenses	4,209	-	4,209
Total assets	18,669,714	22,062,574	40,732,288
<b>Liabilities</b>			
Accounts payable	13,070	10,424	23,494
<b>Net Assets</b>			
Held in trust for pension benefits	\$ 18,656,644	\$ 22,052,150	\$ 40,708,794



## CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

For the Year Ended April 30, 2007

	Police Pension Fund	Fire Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 868,531	\$ 554,066	\$ 1,422,597
Employee	355,273	269,488	624,761
Total contributions	<u>1,223,804</u>	<u>823,554</u>	<u>2,047,358</u>
Interest income	451,083	835,934	1,287,017
Net appreciation in fair value of investments	1,057,227	911,645	1,968,872
Less investment expenses	(89,903)	(71,508)	(161,411)
Net investment income	<u>1,418,407</u>	<u>1,676,071</u>	<u>3,094,478</u>
Total additions	<u>2,642,211</u>	<u>2,499,625</u>	<u>5,141,836</u>
Deductions:			
Pension benefits and refunds	1,234,237	920,841	2,155,078
Other administrative expenses	5,000	5,000	10,000
	<u>1,239,237</u>	<u>925,841</u>	<u>2,165,078</u>
Change in net assets	1,402,974	1,573,784	2,976,758
Net assets held in trust at beginning of year	<u>17,253,670</u>	<u>20,478,366</u>	<u>37,732,036</u>
Net assets held in trust at end of year	<u>\$ 18,656,644</u>	<u>\$ 22,052,150</u>	<u>\$ 40,708,794</u>

CITY OF LAKE FOREST, ILLINOIS

Statement of Changes in Assets and Liabilities

Agency Fund - Special Assessment Fund

For the Year Ended April 30, 2007

	Balance, May 1	Additions	Deductions	Balance, April 30
<b>Assets</b>				
Cash and cash equivalents	\$ 60,174	\$ -	\$ -	\$ 60,174
<b>Liabilities</b>				
Amounts held in trust for special assessment districts	\$ 60,174	\$ -	\$ -	\$ 60,174

DISCRETELY PRESENTED COMPONENT UNIT

## Lake Forest Library

### General Fund

The General 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.

**CITY OF LAKE FOREST, ILLINOIS**

Discretely Presented Component Unit – Lake Forest Library

Statement of Net Assets and General Fund Balance Sheet

April 30, 2007

<b>Assets</b>	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
Cash and cash equivalents	\$ 1,794,782	\$ -	\$ 1,794,782
Receivables (net of allowance for uncollectibles):			
Property taxes	2,971,944	-	2,971,944
Other taxes	10,895	-	10,895
Total receivables	<u>2,982,839</u>	<u>-</u>	<u>2,982,839</u>
Capital assets (net):			
Capital assets not depreciated	-	176,000	176,000
Capital assets depreciated (net)	-	2,466,400	2,466,400
Total assets	<u>\$ 4,777,621</u>	<u>\$ 2,642,400</u>	<u>\$ 7,420,021</u>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	\$ 8,513	\$ -	\$ 8,513
Accrued liabilities	57,047	-	57,047
Unearned revenue – property taxes	2,971,944	-	2,971,944
Long-term obligations:			
Due within one year	-	154,913	154,913
Due in more than one year	-	48,529	48,529
Total Liabilities	<u>3,037,504</u>	<u>203,442</u>	<u>3,240,946</u>
<b>Fund Balance/Net Assets:</b>			
Fund balance:			
Designated for capital additions	900,000	(900,000)	-
Unreserved – undesignated	840,117	(840,117)	-
Net assets:			
Invested in capital assets	-	2,573,128	2,573,128
Unrestricted	-	1,605,947	1,605,947
Total fund balance/net assets	<u>1,740,117</u>	<u>2,438,958</u>	<u>4,179,075</u>
Total liabilities and fund balance/net assets	<u>\$ 4,777,621</u>	<u>\$ 2,642,400</u>	<u>\$ 7,420,021</u>

**CITY OF LAKE FOREST, ILLINOIS**

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, 2007

Revenues	General Fund	Adjustments	Statement of Activities
Taxes:			
Property	\$ 2,823,189	\$ -	\$ 2,823,189
Other	23,897	-	23,897
Charges for services	25,577	-	25,577
Intergovernmental – per capita grant	24,542	-	24,542
Fines	50,209	-	50,209
Net investment income	120,240	-	120,240
Other	36,517	-	36,517
Total revenues	<u>3,104,171</u>	<u>-</u>	<u>3,104,171</u>
<b>Expenditures/Expenses</b>			
Current:			
Library Services:			
Personnel services	1,759,633	-	1,759,633
Other	633,385	91,537	724,922
Library Building:			
Personnel services	108,640	-	108,640
Other	91,274	46,117	137,391
Capital outlay:			
Capital equipment	24,782	(24,782)	-
Capital improvements	136,828	(136,828)	-
Debt service:			
Principal retirement	19,784	(19,784)	-
Interest	521	-	521
Compensated absences	-	134,170	134,170
Total expenditures/expenses	<u>2,774,847</u>	<u>90,430</u>	<u>2,865,277</u>
Excess (deficiency) of revenues over expenditures/expenses	329,324	(90,430)	238,894
Other financing sources			
Capital lease proceeds	89,056	(89,056)	-
Net change in fund balance	418,380	(179,486)	238,894
Fund balance/net assets – beginning of year	1,321,737	2,618,444	3,940,181
Fund balance/net assets – end of year	<u>\$ 1,740,117</u>	<u>\$ 2,438,958</u>	<u>\$ 4,179,075</u>

## CITY OF LAKE FOREST, ILLINOIS

Summary of Debt Service Requirements to Maturity

April 30, 2007

Fiscal year	General Obligation Bonds	Revenue Bonds	Total
2008	\$ 8,051,363	\$ 71,288	\$ 8,122,651
2009	5,967,747	-	5,967,747
2010	5,356,188	-	5,356,188
2011	5,358,236	-	5,358,236
2012	4,239,229	-	4,239,229
2013	4,000,191	-	4,000,191
2014	3,460,838	-	3,460,838
2015	3,467,122	-	3,467,122
2016	3,304,352	-	3,304,352
2017	3,312,671	-	3,312,671
2018	3,320,178	-	3,320,178
2019	3,300,825	-	3,300,825
2020	3,335,241	-	3,335,241
2021	3,347,785	-	3,347,785
2022	3,185,347	-	3,185,347
2023	3,192,283	-	3,192,283
2024	2,275,717	-	2,275,717
	<u>\$ 68,475,313</u>	<u>\$ 71,288</u>	<u>\$ 68,546,601</u>

**CITY OF LAKE FOREST, ILLINOIS**

Debt Service Requirements to Maturity – General Obligation Bonds

April 30, 2007

Fiscal year	1992 Series B General Obligation Bonds		1997 Series B General Obligation Bonds		1998 Series A General Obligation Bonds		1998 Series B General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,745,000	\$ -	\$ 130,000	\$ 23,650	\$ 450,000	\$ 22,230	\$ 570,000	\$ 44,270
2009	-	-	135,000	18,060	135,000	5,130	595,000	22,610
2010	-	-	140,000	12,255	-	-	-	-
2011	-	-	145,000	6,235	-	-	-	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$ 550,000</u>	<u>\$ 60,200</u>	<u>\$ 585,000</u>	<u>\$ 27,360</u>	<u>\$ 1,165,000</u>	<u>\$ 66,880</u>

(Continued)



**CITY OF LAKE FOREST, ILLINOIS**

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2007

Fiscal Year	1999 Series General Obligation Bonds		2000 Series General Obligation Bonds		2001A Series General Obligation Bonds		2001B Series General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 105,000	\$ 49,625	\$ 500,000	\$ 152,413	\$ 550,000	\$ 35,750	\$ 100,000	\$ 17,100
2009	110,000	44,585	500,000	128,912	550,000	17,875	100,000	13,900
2010	115,000	39,250	550,000	105,413	-	-	100,000	10,500
2011	120,000	33,558	575,000	79,562	-	-	100,000	7,000
2012	125,000	27,558	600,000	52,250	-	-	100,000	3,500
2013	130,000	21,307	500,000	23,750	-	-	-	-
2014	140,000	14,678	-	-	-	-	-	-
2015	145,000	7,467	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
	<u>\$ 990,000</u>	<u>\$ 238,028</u>	<u>\$ 3,225,000</u>	<u>\$ 542,300</u>	<u>\$ 1,100,000</u>	<u>\$ 53,625</u>	<u>\$ 500,000</u>	<u>\$ 52,000</u>

(Continued)

**CITY OF LAKE FOREST, ILLINOIS**

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2007

Fiscal year	2002 Series A Obligation Bonds		2003 Series A Obligation Bonds		2003 Series C Obligation Bonds		2003 Series D Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 580,000	\$ 1,071,632	\$ 800,000	\$ 89,700	\$ 100,000	\$ 56,808	\$ 200,000	\$ 50,300
2009	615,000	1,052,493	850,000	69,700	100,000	54,808	200,000	46,300
2010	1,210,000	1,031,736	925,000	48,450	100,000	52,558	200,000	42,300
2011	1,250,000	983,336	975,000	24,862	100,000	49,858	200,000	37,500
2012	1,295,000	933,337	-	-	110,000	46,808	200,000	32,100
2013	1,350,000	881,536	-	-	115,000	43,398	200,000	26,000
2014	1,400,000	827,536	-	-	120,000	39,718	200,000	19,800
2015	1,455,000	771,536	-	-	125,000	35,758	200,000	13,400
2016	1,520,000	713,336	-	-	125,000	31,508	200,000	6,800
2017	1,585,000	649,496	-	-	130,000	27,133	-	-
2018	1,655,000	582,134	-	-	135,000	22,453	-	-
2019	1,725,000	509,728	-	-	140,000	17,390	-	-
2020	1,810,000	432,103	-	-	145,000	12,000	-	-
2021	1,895,000	350,653	-	-	155,000	6,200	-	-
2022	1,980,000	261,588	-	-	-	-	-	-
2023	2,085,000	167,538	-	-	-	-	-	-
2024	1,370,000	68,500	-	-	-	-	-	-
	<u>\$ 24,780,000</u>	<u>\$ 11,288,218</u>	<u>\$ 3,550,000</u>	<u>\$ 232,712</u>	<u>\$ 1,700,000</u>	<u>\$ 496,398</u>	<u>\$ 1,800,000</u>	<u>\$ 274,500</u>

(Continued)

**CITY OF LAKE FOREST, ILLINOIS**

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2007

Fiscal year	Special Service Area 25 Tax Bonds		Special Service Area 26 Tax Bonds		2004 Series A Obligation Bonds		2004 Series B Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 45,000	\$ 33,952	\$ 11,498	\$ 10,217	\$ -	\$ 48,325	\$ 100,000	\$ 200,525
2009	45,000	32,940	11,786	9,929	-	48,325	100,000	197,025
2010	50,000	31,793	12,127	9,588	45,000	48,325	125,000	193,525
2011	50,000	30,342	12,509	9,206	50,000	46,750	125,000	189,150
2012	50,000	28,818	12,947	8,768	75,000	45,000	150,000	184,775
2013	55,000	27,217	13,433	8,282	75,000	42,375	150,000	179,525
2014	55,000	25,375	13,963	7,752	75,000	39,375	150,000	174,275
2015	55,000	23,478	14,522	7,193	75,000	36,375	175,000	169,025
2016	60,000	21,525	15,117	6,598	75,000	33,375	175,000	162,725
2017	60,000	19,335	15,767	5,948	75,000	30,375	400,000	156,250
2018	60,000	17,085	16,461	5,253	75,000	27,375	425,000	141,050
2019	65,000	14,775	17,202	4,513	75,000	24,375	425,000	124,475
2020	65,000	12,207	17,993	3,721	100,000	21,375	450,000	107,475
2021	70,000	9,575	18,839	2,876	100,000	17,250	475,000	89,025
2022	75,000	6,600	19,746	1,971	100,000	13,000	500,000	69,075
2023	75,000	3,338	20,700	1,014	100,000	8,750	525,000	47,575
2024	-	-	-	-	100,000	4,375	550,000	24,475
	<u>\$ 935,000</u>	<u>\$ 338,355</u>	<u>\$ 244,610</u>	<u>\$ 102,829</u>	<u>\$ 1,195,000</u>	<u>\$ 535,100</u>	<u>\$ 5,000,000</u>	<u>\$ 2,409,950</u>

(Continued)

Exhibit H-2, Cont.

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2007

Fiscal year	Special Service Area 29 Tax Bonds		Total requirements (1)		Total
	Principal	Interest	Principal	Interest	
2008	\$ 78,939	\$ 79,429	\$ 6,065,437	\$ 1,985,926	\$ 8,051,363
2009	81,229	77,140	4,128,015	1,839,732	5,967,747
2010	83,868	74,500	3,655,995	1,700,193	5,356,188
2011	86,804	71,564	3,789,313	1,568,923	5,358,236
2012	89,929	68,439	2,807,876	1,431,353	4,239,229
2013	93,301	65,067	2,681,734	1,318,457	4,000,191
2014	96,986	61,380	2,250,949	1,209,889	3,460,838
2015	100,914	57,454	2,345,436	1,121,686	3,467,122
2016	105,102	53,266	2,275,219	1,029,133	3,304,352
2017	109,569	48,798	2,375,336	937,335	3,312,671
2018	114,335	44,032	2,480,796	839,382	3,320,178
2019	119,423	38,944	2,566,625	734,200	3,300,825
2020	124,857	33,510	2,712,850	622,391	3,335,241
2021	130,663	27,704	2,844,502	503,283	3,347,785
2022	136,869	21,498	2,811,615	373,732	3,185,347
2023	143,508	14,860	2,949,208	243,075	3,192,283
2024	150,611	7,756	2,170,611	105,106	2,275,717
	<u>\$ 1,846,907</u>	<u>\$ 845,341</u>	<u>\$ 50,911,517</u>	<u>\$ 17,563,796</u>	<u>\$ 68,475,313</u>

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 1992-B Series (Capital Appreciation)

April 30, 2007

Date of issue:	September 1, 1992
Date of maturity:	January 1, 2008
Authorized issue:	\$ 6,705,000
Denomination of bonds:	\$ 5,000
Interest rate:	R993-R1341 6.10%
Interest dates:	January 1
Payable at:	JP Morgan Dallas, Texas

<u>Bond numbers</u>	<u>Redeemable annually on January 1</u>	<u>Amount</u>
R993-R1341	2008	\$ 1,745,000
		\$ 1,745,000

<u>Fiscal year</u>	<u>Bond Principal and Interest Requirements</u>			<u>Coupons due on</u>	
	<u>Principal</u>	<u>Tax levy Interest</u>	<u>Total</u>	<u>January 1</u>	<u>Amount</u>
2008	\$ 1,745,000	\$ -	\$ 1,745,000	2008	\$ 51,648

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 1997 Series B

April 30, 2007

Date of issue: October 16, 1998  
 Date of maturity: December 15, 2010  
 Authorized issue: \$ 1,500,000  
 Denomination of bonds: \$ 1,000  
 Interest rate: 4.25-4.30%  
 Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually**

<u>on December 15</u>	<u>Amount</u>
2007	\$ 130,000
2008	135,000
2009	140,000
2010	145,000
	<u>\$ 550,000</u>

**Bond Principal and Interest Requirements**

<u>Tax levy year</u>	<u>Tax levy</u>			<u>Coupons due on</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 15</u>	<u>Amount</u>	<u>December 15</u>	<u>Amount</u>
2006	\$ 130,000	\$ 23,650	\$ 153,650	2007	\$ 11,825	2007	\$ 11,825
2007	135,000	18,060	153,060	2008	9,030	2008	9,030
2008	140,000	12,255	152,255	2009	6,128	2009	6,127
2009	145,000	6,235	151,235	2010	3,118	2010	3,117
	<u>\$ 550,000</u>	<u>\$ 60,200</u>	<u>\$ 610,200</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 1998 Series A

April 30, 2007

Date of issue: December 7, 1998  
 Date of maturity: December 15, 2008  
 Authorized issue: \$ 3,600,000  
 Denomination of bonds: \$ 1,000  
 Interest rate: 3.70-3.80%  
 Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually  
 on December 15**

<b>Amount</b>	
2007	\$ 450,000
2008	135,000
	<u>\$ 585,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 450,000	\$ 22,230	\$ 472,230	2007	\$ 11,115	2007	\$ 11,115
2007	135,000	5,130	140,130	2008	2,565	2008	2,565
	<u>\$ 585,000</u>	<u>\$ 27,360</u>	<u>\$ 612,360</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 1998 Series B

April 30, 2007

Date of issue: December 7, 1998  
 Date of maturity: December 15, 2008  
 Authorized issue: \$ 5,000,000  
 Denomination of bonds: \$ 1,000  
 Interest rate: 3.70-3.80%  
 Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually**

<u>on December 15</u>	<u>Amount</u>
2007	\$ 570,000
2008	595,000
	<u>\$ 1,165,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 15</u>	<u>Amount</u>	<u>December 15</u>	<u>Amount</u>
2006	\$ 570,000	\$ 44,270	\$ 614,270	2006	\$ 22,135	2006	\$ 22,135
2007	595,000	22,610	617,610	2007	11,305	2007	11,305
	<u>\$ 1,165,000</u>	<u>\$ 66,880</u>	<u>\$ 1,231,880</u>				



## CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 1999 Series

April 30, 2007

Date of issue: November 1, 1999  
 Date of maturity: December 15, 2014  
 Authorized issue: \$ 1,600,000  
 Denomination of bonds: \$ 1,000  
 Interest rate: 4.70-5.15%  
 Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually  
 on December 15**

		<b>Amount</b>
2007	\$	105,000
2008		110,000
2009		115,000
2010		120,000
2011		125,000
2012		130,000
2013		140,000
2014		145,000
		\$ 990,000

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 105,000	\$ 49,625	\$ 154,625	2007	\$ 24,813	2007	\$ 24,812
2007	110,000	44,585	154,585	2008	22,293	2008	22,292
2008	115,000	39,250	154,250	2009	19,625	2009	19,625
2009	120,000	33,558	153,558	2010	16,779	2010	16,779
2010	125,000	27,558	152,558	2011	13,779	2011	13,778
2011	130,000	21,307	151,307	2012	10,654	2012	10,653
2012	140,000	14,678	154,678	2013	7,339	2013	7,338
2013	145,000	7,467	152,467	2014	3,734	2014	3,733
	\$ 990,000	\$ 238,028	\$ 1,228,028				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2000 Series

April 30, 2007

Date of issue: November 16, 2000  
 Date of maturity: December 15, 2012  
 Authorized issue: \$ 5,000,000  
 Denomination of bonds: \$ 1,000  
 Interest rate: 4.65-4.75%  
 Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

<b>Redeemable annually on December 15</b>	<b>Amount</b>
2007	\$ 500,000
2008	500,000
2009	550,000
2010	575,000
2011	600,000
2012	500,000
	<u>\$ 3,225,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 500,000	\$ 152,413	\$ 652,413	2007	\$ 76,206	2007	\$ 76,207
2007	500,000	128,912	628,912	2008	64,456	2008	64,456
2008	550,000	105,413	655,413	2009	52,706	2009	52,707
2009	575,000	79,562	654,562	2010	39,781	2010	39,781
2010	600,000	52,250	652,250	2011	26,125	2011	26,125
2011	500,000	23,750	523,750	2012	11,875	2012	11,875
	<u>\$ 3,225,000</u>	<u>\$ 542,300</u>	<u>\$ 3,767,300</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2001 Series A

April 30, 2007

Date of issue: November 15, 2001  
 Date of maturity: December 15, 2008  
 Authorized issue: \$ 4,000,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 2.05-3.25%  
 Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually**

<u>on December 15</u>	<u>Amount</u>
2007	\$ 550,000
2008	550,000
	<u>\$ 1,100,000</u>

**Bond Principal and Interest Requirements**

<u>Tax levy year</u>	<u>Tax levy</u>			<u>Coupons due on</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 15</u>	<u>Amount</u>	<u>December 15</u>	<u>Amount</u>
2006	\$ 550,000	\$ 35,750	\$ 585,750	2007	\$ 17,875	2007	\$ 17,875
2007	550,000	17,875	567,875	2008	8,937	2008	8,938
	<u>\$ 1,100,000</u>	<u>\$ 53,625</u>	<u>\$ 1,153,625</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2001 Series B

April 30, 2007

Date of issue: November 15, 2001  
 Date of maturity: December 15, 2011  
 Authorized issue: \$ 1,000,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 3.125-3.500%

Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually**

<u>on December 15</u>	<u>Amount</u>
2007	\$ 100,000
2008	100,000
2009	100,000
2010	100,000
2011	100,000
	<u>\$ 500,000</u>

**Bond Principal and Interest Requirements**

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2006	\$ 100,000	\$ 17,100	\$ 117,100	2007	\$ 8,550	2007	\$ 8,550
2007	100,000	13,900	113,900	2008	6,850	2008	6,850
2008	100,000	10,500	110,500	2009	5,250	2009	5,250
2009	100,000	7,000	107,000	2010	3,500	2010	3,500
2010	100,000	3,500	103,500	2011	1,750	2011	1,750
	<u>\$ 500,000</u>	<u>\$ 52,000</u>	<u>\$ 552,000</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2002 Series A

April 30, 2007

Date of issue: August 5, 2002  
 Date of maturity: December 15, 2023  
 Authorized issue: \$ 26,000,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 3.00-5.00%

Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually**

<u>on December 15</u>	<u>Amount</u>
2007	\$ 580,000
2008	615,000
2009	1,210,000
2010	1,250,000
2011	1,295,000
Thereafter	19,830,000
	<u>\$ 24,780,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 15</u>	<u>Amount</u>	<u>December 15</u>	<u>Amount</u>
2006	\$ 580,000	\$ 1,071,632	\$ 1,651,632	2007	\$ 535,816	2007	\$ 535,816
2007	615,000	1,052,493	1,667,493	2008	526,246	2008	526,247
2008	1,210,000	1,031,736	2,241,736	2009	515,868	2009	515,868
2009	1,250,000	983,336	2,233,336	2009	491,668	2009	491,668
2010	1,295,000	933,337	2,228,337	2010	466,668	2010	466,668
Thereafter	19,830,000	6,215,684	26,045,684	Thereafter	3,107,841	Thereafter	3,107,842
	<u>\$ 24,780,000</u>	<u>\$ 11,288,218</u>	<u>\$ 36,068,218</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2003 Series A

April 30, 2007

Date of issue: January 6, 2003  
 Date of maturity: December 15, 2010  
 Authorized issue: \$ 4,250,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 2.50-2.55%

Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

<b>Redeemable annually on December 15</b>	<b>Amount</b>
2007	\$ 800,000
2008	850,000
2009	925,000
2010	975,000
	<u>\$ 3,550,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 800,000	\$ 89,700	\$ 889,700	2007	\$ 44,850	2007	\$ 44,850
2007	850,000	69,700	919,700	2008	34,850	2008	34,850
2008	925,000	48,450	973,450	2009	24,225	2009	24,225
2009	975,000	24,862	999,862	2010	12,431	2010	12,431
	<u>\$ 3,550,000</u>	<u>\$ 232,712</u>	<u>\$ 3,782,712</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2003 Series C

April 30, 2007

Date of issue: May 5, 2003  
 Date of maturity: December 15, 2020  
 Authorized issue: \$ 2,000,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 1.55-4.00%

Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually  
on December 15**

	<b>Amount</b>
2007	\$ 100,000
2008	100,000
2009	100,000
2010	100,000
2011	110,000
Thereafter	1,190,000
	<u>\$ 1,700,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 100,000	\$ 56,808	\$ 156,808	2007	\$ 28,404	2007	\$ 28,404
2007	100,000	54,808	154,808	2008	27,404	2008	27,404
2008	100,000	52,558	152,558	2009	26,279	2009	26,279
2009	100,000	49,858	149,858	2010	24,929	2010	24,929
2010	110,000	46,808	156,808	2011	23,404	2011	23,404
Thereafter	1,190,000	235,558	1,425,558	Thereafter	117,779	Thereafter	117,779
	<u>\$ 1,700,000</u>	<u>\$ 496,398</u>	<u>\$ 2,196,398</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2003 Series D

April 30, 2007

Date of issue: May 5, 2003  
 Date of maturity: December 15, 2015  
 Authorized issue: \$ 2,350,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 1.25-3.40%

Interest dates: June 15 and December 15  
 Payable at: JP Morgan  
 Dallas, Texas

**Redeemable annually  
 on December 15**

	<b>Amount</b>
2007	\$ 200,000
2008	200,000
2009	200,000
2010	200,000
2011	200,000
Thereafter	800,000
	<u>\$ 1,800,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 200,000	\$ 50,300	\$ 250,300	2007	\$ 25,150	2007	\$ 25,150
2007	200,000	46,300	246,300	2008	23,150	2008	23,150
2008	200,000	42,300	242,300	2009	21,150	2009	21,150
2009	200,000	37,500	237,500	2010	18,750	2010	18,750
2010	200,000	32,100	232,100	2011	16,050	2011	16,050
Thereafter	800,000	66,000	866,000	Thereafter	33,000	Thereafter	33,000
	<u>\$ 1,800,000</u>	<u>\$ 274,500</u>	<u>\$ 2,074,500</u>				



**CITY OF LAKE FOREST, ILLINOIS**

Special Service Area 25 Special Tax Bonds – 2003 Series

April 30, 2007

Date of issue: May 1, 2003  
 Date of maturity: December 15, 2022  
 Authorized issue: \$ 1,050,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 1.15-4.45%

Interest dates: June 15 and December 15  
 Payable at: Lake Forest Bank and Trust  
 Lake Forest, Illinois

**Redeemable annually  
 on December 15**

	<b>Amount</b>
2007	\$ 45,000
2008	45,000
2009	50,000
2010	50,000
2011	50,000
Thereafter	695,000
	<u>\$ 935,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 45,000	\$ 33,952	\$ 78,952	2007	\$ 16,976	2007	\$ 16,976
2007	45,000	32,940	77,940	2008	16,470	2008	16,470
2008	50,000	31,793	81,793	2009	15,897	2009	15,896
2009	50,000	30,342	80,342	2009	15,171	2009	15,171
2010	50,000	28,818	78,818	2010	14,409	2010	14,409
Thereafter	695,000	180,510	875,510	Thereafter	90,255	Thereafter	90,255
	<u>\$ 935,000</u>	<u>\$ 338,355</u>	<u>\$ 1,273,355</u>				

**CITY OF LAKE FOREST, ILLINOIS**

Special Service Area 26 Special Tax Bonds – 2003 Series

April 30, 2007

Date of issue: October 7, 2003  
 Date of maturity: December 15, 2022  
 Authorized issue: \$ 276,500  
 Interest rate: 1.40-4.90%

Interest dates: June 15 and December 15  
 Payable at: Lake Forest Bank and Trust  
 Lake Forest, Illinois

**Redeemable annually  
 on December 15**

	<b>Amount</b>
2007	\$ 11,498
2008	11,786
2009	12,127
2010	12,509
2011	12,947
Thereafter	183,743
	<u>\$ 244,610</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 11,498	\$ 10,217	\$ 21,715	2007	\$ 5,108	2007	\$ 5,109
2007	11,786	9,929	21,715	2008	4,964	2008	4,964
2008	12,127	9,588	21,715	2009	4,794	2009	4,794
2009	12,509	9,206	21,715	2010	4,603	2010	4,603
2010	12,947	8,768	21,715	2011	4,384	2011	4,384
Thereafter	183,743	55,121	238,864	Thereafter	27,561	Thereafter	27,561
	<u>\$ 244,610</u>	<u>\$ 102,829</u>	<u>\$ 347,439</u>				

**CITY OF LAKE FOREST, ILLINOIS**

Golf Revenue Refunding Bonds – 2003 Series

April 30, 2007

Date of issue: May 1, 2003  
 Date of maturity: May 1, 2008  
 Authorized issue: \$ 310,000  
 Denomination of bonds: \$ 5,000  
 Interest rate: 1.84%  
 Interest dates: May 1 and November 1  
 Payable at: Baytree National Bank and Trust

<b>Redeemable annually</b>	<b>Amount</b>
<b>on May 1</b>	
<u>2008</u>	<u>\$ 70,000</u>

<b>Year ending April 30</b>	<b>Debt service requirements</b>			<b>Coupons due on</b>	
<u>2008</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>May 1</u>	<u>Amount</u>
	\$ 70,000	\$ 1,288	\$ 71,288	2008	\$ 1,288

**CITY OF LAKE FOREST, ILLINOIS**  
 General Obligation Bonds – 2004 Series A  
 April 30, 2007

Date of issue: September 15, 2004  
 Date of maturity: December 15, 2023  
 Authorized issue: \$ 1,195,000  
 Interest rate: 3.50-4.375%

Interest dates: June 15 and December 15  
 Payable at: Well Fargo Bank  
 Chicago, Illinois

<b>Redeemable annually on December 15</b>	<b>Amount</b>
2007	\$ -
2008	-
2009	45,000
2010	50,000
2011	75,000
Thereafter	1,025,000
	<u>\$ 1,195,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ -	\$ 48,325	\$ 48,325	2007	\$ 24,163	2007	\$ 24,162
2007	-	48,325	48,325	2008	24,163	2008	24,162
2008	45,000	48,325	93,325	2009	24,163	2009	24,162
2009	50,000	46,750	96,750	2010	23,375	2010	23,374
2010	75,000	45,000	120,000	2011	22,500	2011	22,500
Thereafter	1,025,000	298,375	1,323,375	Thereafter	149,188	Thereafter	149,188
	<u>\$ 1,195,000</u>	<u>\$ 535,100</u>	<u>\$ 1,730,100</u>				

**CITY OF LAKE FOREST, ILLINOIS**

General Obligation Bonds – 2004 Series B

April 30, 2007

Date of issue: September 15, 2004  
 Date of maturity: December 15, 2023  
 Authorized issue: \$ 5,200,000  
 Interest rate: 3.50-4.45%

Interest dates: June 15 and December 15  
 Payable at: Well Fargo Bank  
 Chicago, Illinois

**Redeemable annually  
 on December 15**

<b>Amount</b>	
2007	\$ 100,000
2008	100,000
2009	125,000
2010	125,000
2011	150,000
Thereafter	4,400,000
	<u>\$ 5,000,000</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 100,000	\$ 200,525	\$ 300,525	2007	\$ 100,263	2007	\$ 100,262
2007	100,000	197,025	297,025	2008	98,513	2008	98,512
2008	125,000	193,525	318,525	2009	96,763	2009	96,762
2009	125,000	189,150	314,150	2010	94,575	2010	94,574
2010	150,000	184,775	334,775	2011	92,388	2011	92,388
Thereafter	4,400,000	1,444,950	5,844,950	Thereafter	722,475	Thereafter	722,475
	<u>\$ 5,000,000</u>	<u>\$ 2,409,950</u>	<u>\$ 7,409,950</u>				

**CITY OF LAKE FOREST, ILLINOIS**

Special Service Area 29 Special Tax Bonds – 2004 Series

April 30, 2007

Date of issue: December 20, 2004  
 Date of maturity: December 15, 2023  
 Authorized issue: \$ 2,000,000  
 Interest rate: 2.45-5.15%

Interest dates: June 15 and December 15  
 Payable at: Lake Forest Bank and Trust  
 Lake Forest, Illinois

**Redeemable annually  
on December 15**

<b>Amount</b>	
2007	\$ 78,939
2008	81,229
2009	83,868
2010	86,804
2011	89,929
Thereafter	1,426,138
	<u>\$ 1,846,907</u>

**Bond Principal and Interest Requirements**

<b>Tax levy year</b>	<b>Tax levy</b>			<b>Coupons due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2006	\$ 78,939	\$ 79,429	\$ 158,368	2007	\$ 39,715	2007	\$ 39,714
2007	81,229	77,140	158,369	2008	38,570	2008	38,570
2008	83,868	74,500	158,368	2009	37,250	2009	37,250
2009	86,804	71,564	158,368	2010	35,782	2010	35,782
2010	89,929	68,439	158,368	2011	34,220	2011	34,220
Thereafter	1,426,138	474,269	1,900,407	Thereafter	237,135	Thereafter	237,134
	<u>\$ 1,846,907</u>	<u>\$ 845,341</u>	<u>\$ 2,692,248</u>				

**CITY OF LAKE FOREST, ILLINOIS**

Debt Service Fund

Combining Schedule of Assets, Liabilities, and Fund Balance

April 30, 2007

<b>Assets</b>	<b>1992 Series B General Obligation Bonds</b>	<b>1998 General Obligation Bonds</b>	<b>2000 General Obligation Bonds</b>	<b>2001 General Obligation Bonds</b>	<b>2002 Series B General Obligation Bonds</b>
Cash and cash equivalents	\$ 149,672	\$ 288,971	\$ 370,892	\$ 84,324	\$ 431,557
Receivables (net of allowance for uncollectibles):					
Property taxes	1,572,495	619,897	658,374	118,165	-
Other taxes	-	2,184	2,867	408	-
Total assets	<u>\$ 1,722,167</u>	<u>\$ 911,052</u>	<u>\$ 1,032,133</u>	<u>\$ 202,897</u>	<u>\$ 431,557</u>
<b>Liabilities and Fund Balance</b>					
Liabilities:					
Deferred revenue – property taxes	\$ 1,572,495	\$ 619,897	\$ 658,374	\$ 118,165	\$ -
Fund balance – reserved for debt service	149,672	291,155	373,759	84,732	431,557
Total liabilities and fund balance	<u>\$ 1,722,167</u>	<u>\$ 911,052</u>	<u>\$ 1,032,133</u>	<u>\$ 202,897</u>	<u>\$ 431,557</u>

2003 Series A General Obligation Bonds	2003 Series D General Obligation Bonds	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds	2004 Series B General Obligation Bonds	Special Service Area 29 General Obligation Bonds	Total
\$ 41,279	\$ 1,130,293	\$ 4,643	\$ 2,849	\$ 330,131	\$ 4,132	\$ 2,838,743
897,765	-	78,253	21,915	-	-	3,966,864
5,134	-	-	-	-	-	10,593
<b>\$ 944,178</b>	<b>\$ 1,130,293</b>	<b>\$ 82,896</b>	<b>\$ 24,764</b>	<b>\$ 330,131</b>	<b>\$ 4,132</b>	<b>\$ 6,816,200</b>
\$ 897,765	\$ -	\$ 78,253	\$ 21,915	\$ -	\$ -	\$ 3,966,864
46,413	1,130,293	4,643	2,849	330,131	4,132	2,849,336
<b>\$ 944,178</b>	<b>\$ 1,130,293</b>	<b>\$ 82,896</b>	<b>\$ 24,764</b>	<b>\$ 330,131</b>	<b>\$ 4,132</b>	<b>\$ 6,816,200</b>



**CITY OF LAKE FOREST, ILLINOIS**

Debt Service Fund

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

Year ended April 30, 2007

	<b>1992</b>		<b>1998</b>		<b>2000</b>		<b>2001</b>		<b>2002</b>
	<b>Series B</b>		<b>General</b>		<b>General</b>		<b>General</b>		<b>Series B</b>
	<b>Obligation</b>		<b>Obligation</b>		<b>Obligation</b>		<b>Obligation</b>		<b>General</b>
	<b>Bonds</b>		<b>Bonds</b>		<b>Bonds</b>		<b>Bonds</b>		<b>Obligation</b>
	<b>Bonds</b>		<b>Bonds</b>		<b>Bonds</b>		<b>Bonds</b>		<b>Bonds</b>
Revenues:									
Taxes:									
Property taxes	\$ 1,738,055	\$	627,859	\$	475,255	\$	122,084	\$	747,764
Other	-		5,076		5,080		990		3,352
Investment income	45,920		32,708		26,193		6,498		36,575
Total revenues	<u>1,783,975</u>		<u>665,643</u>		<u>506,528</u>		<u>129,572</u>		<u>787,691</u>
Expenditures:									
General government	900		1,200		600		600		600
Debt service:									
Principal	1,745,000		980,000		300,000		100,000		715,000
Interest	-		103,523		166,513		20,300		17,875
Total expenditures	<u>1,745,900</u>		<u>1,084,723</u>		<u>467,113</u>		<u>120,900</u>		<u>733,475</u>
Excess (deficiency) of revenues over expenditures	38,075		(419,080)		39,415		8,672		54,216
Other financing sources:									
Transfers in	-		468,355		-		-		-
Net change in fund balance	38,075		49,275		39,415		8,672		54,216
Fund balance – beginning of year	<u>111,597</u>		<u>241,880</u>		<u>334,344</u>		<u>76,060</u>		<u>377,341</u>
Fund balance – end of year	<u>\$ 149,672</u>	\$	<u>291,155</u>	\$	<u>373,759</u>	\$	<u>84,732</u>	\$	<u>431,557</u>

<b>2003 Series A General Obligation Bonds</b>	<b>2003 Series D General Obligation Bonds</b>	<b>Special Service Area 25 General Obligation Bonds</b>	<b>Special Service Area 26 General Obligation Bonds</b>	<b>2004 Series B General Obligation Bonds</b>	<b>Special Service Area 29 General Obligation Bonds</b>	<b>Total</b>
\$ 300,849	\$ -	\$ 80,386	\$ 9,431	\$ -	\$ 158,567	\$ 4,260,250
6,493	-	-	-	-	-	20,991
6,227	62,467	1,184	622	10,597	2,015	231,006
313,569	62,467	81,570	10,053	10,597	160,582	4,512,247
600	600	-	-	500	-	5,600
200,000	200,000	45,000	11,260	100,000	76,900	4,473,160
94,701	53,500	34,785	10,455	204,025	82,599	788,276
295,301	254,100	79,785	21,715	304,525	159,499	5,267,036
18,268	(191,633)	1,785	(11,662)	(293,928)	1,083	(754,789)
-	236,612	-	-	517,594	-	1,222,561
18,268	44,979	1,785	(11,662)	223,666	1,083	467,772
28,145	1,085,314	2,858	14,511	106,465	3,049	2,381,564
\$ 46,413	\$ 1,130,293	\$ 4,643	\$ 2,849	\$ 330,131	\$ 4,132	\$ 2,849,336

STATISTICAL SECTION  
(Unaudited)

## Statistical Section

This part of the City of Lake Forest 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 financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	122-127
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	128-135
<b>Debt Capacity</b> 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 in the future.	136-140
<b>Demographic and Economic Information</b> 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 with other governments.	141-143
<b>Operating Information</b> 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.	144-146

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.

Net Assets by Component  
Last Four Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
<b>Governmental Activities</b>				
Invested in Capital Assets Net of Related Debt	\$ 159,438,322	\$ 157,490,638	\$ 166,151,385	\$ 163,863,237
Restricted	2,450,438	2,997,174	3,568,910	4,010,519
Unrestricted	13,987,875	18,310,053	16,476,341	26,409,165
<b>Total Governmental Activities</b>	<b>\$ 175,876,635</b>	<b>\$ 178,797,865</b>	<b>\$ 186,196,636</b>	<b>\$ 194,282,921</b>
<b>Business-type Activities</b>				
Invested in Capital Assets Net of Related Debt	\$ 35,742,886	\$ 41,401,968	\$ 43,183,127	\$ 44,504,668
Restricted	-	-	-	-
Unrestricted	16,127,338	11,917,654	11,105,554	11,824,329
<b>Total Business-type Activities</b>	<b>\$ 51,870,224</b>	<b>\$ 53,319,622</b>	<b>\$ 54,288,681</b>	<b>\$ 56,328,997</b>
<b>Total</b>				
Invested in Capital Assets Net of Related Debt	\$ 195,181,208	\$ 198,892,606	\$ 209,334,512	\$ 208,367,905
Restricted	2,450,438	2,997,174	3,568,910	4,010,519
Unrestricted	30,115,213	30,227,707	27,581,895	38,233,494
<b>Total Primary Government</b>	<b>\$ 227,746,859</b>	<b>\$ 232,117,487</b>	<b>\$ 240,485,317</b>	<b>\$ 250,611,918</b>

Data Source

Change in Net Assets  
Last Four Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses</b>				
<b>Governmental Activities</b>				
General Government	\$ 8,814,921	\$ 10,248,966	\$ 10,621,820	\$ 10,026,323
Highways and Streets	5,384,798	9,702,235	6,195,805	7,102,425
Sanitation	1,926,662	1,949,856	2,053,718	2,225,808
Culture and recreation	8,228,552	7,884,543	8,450,431	9,403,755
Public safety	10,014,765	10,224,612	11,081,841	11,557,020
Public improvements and other	2,519,628	-	-	-
Interest	1,152,352	1,245,364	1,218,802	968,963
<b>Total Governmental Activities Expenses</b>	<b>38,041,678</b>	<b>41,255,576</b>	<b>39,622,417</b>	<b>41,284,294</b>
<b>Business-type Activities</b>				
Waterworks and sewerage	6,287,674	6,226,893	7,347,680	7,891,031
Golf	1,453,481	1,320,941	1,411,572	1,545,070
Paid Parking	740,922	707,319	684,855	767,413
<b>Total Business-type Activities Expenses</b>	<b>8,482,077</b>	<b>8,255,153</b>	<b>9,444,107</b>	<b>10,203,514</b>
<b>Total Primary Government Expenses</b>	<b>\$ 46,523,755</b>	<b>\$ 49,510,729</b>	<b>\$ 49,066,524</b>	<b>\$ 51,487,808</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General Government	\$ 5,497,280	\$ 4,966,614	\$ 6,022,462	\$ 5,094,588
Highways and Streets	-	1,502,928	145,245	1,576,654
Sanitation	152,317	134,242	189,943	293,410
Culture and recreation	3,706,758	4,508,488	4,273,157	5,458,842
Public safety	1,156,868	1,368,304	1,357,067	1,387,792
Operating Grants and Contributions	615,152	956,752	1,407,815	1,284,897
Capital Grants and Contributions	4,339,612	524,811	1,657,563	-
<b>Total Governmental Activities Program Revenues</b>	<b>15,467,987</b>	<b>13,962,139</b>	<b>15,053,252</b>	<b>15,096,183</b>
<b>Business-type Activities</b>				
<b>Charges for Services</b>				
Waterworks and sewerage	6,223,091	6,723,387	7,668,972	6,944,190
Golf	1,445,152	1,382,190	1,373,637	1,702,287
Paid Parking	603,707	1,007,204	781,213	1,007,654
Operating Grants and Contributions	-	-	-	217,249
Capital Grants and Contributions	1,746,614	312,372	154,966	854,027
<b>Total Business-type Activities Program Revenues</b>	<b>10,018,564</b>	<b>9,425,153</b>	<b>9,978,788</b>	<b>10,725,407</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 25,486,551</b>	<b>\$ 23,387,292</b>	<b>\$ 25,032,040</b>	<b>\$ 25,821,590</b>
<b>Net (Expense) Revenue</b>				
Governmental Activities	\$ (22,573,691)	\$ (27,293,437)	\$ (24,569,165)	\$ (26,188,111)
Business-type Activities	1,536,487	1,170,000	534,681	521,893
<b>Total Primary Government Net (Expense) Revenue</b>	<b>\$ (21,037,204)</b>	<b>\$ (26,123,437)</b>	<b>\$ (24,034,484)</b>	<b>\$ (25,666,218)</b>

Change in Net Assets (Continued)  
Last Four Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Taxes				
Property taxes	\$ 19,057,023	\$ 19,846,632	\$ 20,858,317	\$ 21,287,422
Sales	2,646,023	2,900,860	3,058,396	3,271,452
Income and Use	1,405,048	1,747,505	1,826,030	1,989,187
Telecommunications and Utility	4,260,769	4,066,843	4,434,227	4,198,439
Real Estate Transfer Tax	-	-	-	1,259,295
Other	389,852	388,059	356,466	463,689
Investment Earnings	511,376	861,935	1,434,500	1,991,995
Gain on sale of capital assets	-	470,463	-	-
Miscellaneous	-	-	-	805,436
Transfers	(241,720)	(67,630)	-	(992,519)
<b>Total Governmental Activities</b>	<b>28,028,371</b>	<b>30,214,667</b>	<b>31,967,936</b>	<b>34,274,396</b>
Business-type Activities				
Investment Earnings	369,056	211,768	434,378	525,904
Miscellaneous	-	-	-	-
Transfers	241,720	67,630	-	992,519
<b>Total Business-type Activities</b>	<b>610,776</b>	<b>279,398</b>	<b>434,378</b>	<b>1,518,423</b>
<b>Total Primary Government</b>	<b>\$ 28,639,147</b>	<b>\$ 30,494,065</b>	<b>\$ 32,402,314</b>	<b>\$ 35,792,819</b>
<b>Change in Net Assets</b>				
Governmental Activities	\$ 5,454,680	\$ 2,921,230	\$ 7,398,771	\$ 8,086,285
Business-type Activities	2,147,263	1,449,398	969,059	2,040,316
<b>Total Primary Government Change in Net Assets</b>	<b>\$ 7,601,943</b>	<b>\$ 4,370,628</b>	<b>\$ 8,367,830</b>	<b>\$ 10,126,601</b>

Data Source

Audited Financial Statements

Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,265,475	\$ 585,232	\$ 510,960	\$ 470,008
Unreserved	6,663,413	6,962,859	7,723,959	9,424,879	9,255,739	10,074,523	9,367,525	11,178,843	6,506,164	8,534,147
<b>Total General Fund</b>	<b>\$ 6,663,413</b>	<b>\$ 6,962,859</b>	<b>\$ 7,723,959</b>	<b>\$ 9,424,879</b>	<b>\$ 9,255,739</b>	<b>\$ 10,074,523</b>	<b>\$ 10,633,000</b>	<b>\$ 11,764,075</b>	<b>\$ 7,017,124</b>	<b>\$ 9,004,155</b>
<b>All Other Governmental Funds</b>										
<b>Reserved</b>										
Special Revenue Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 635,625	\$ 407,587	\$ 121,299	\$ 89,809
Capital Project Funds	-	-	-	-	-	-	84,645	69,058	-	-
Debt Service Funds	-	-	-	-	-	-	1,300,000	1,915,242	2,381,564	2,849,336
<b>Unreserved, reported in</b>										
Special Revenue Funds	5,319,591	4,415,932	5,678,621	4,521,546	4,340,661	3,429,452	3,323,478	3,885,249	5,531,312	8,006,257
Capital Project Funds	(3,714,304)	4,921,209	3,768,926	7,655,520	177,314	454,680	3,028,546	10,123,851	8,048,381	8,898,968
Debt Service Funds	189,726	258,536	432,212	586,727	652,656	731,785	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 1,795,013</b>	<b>\$ 9,595,677</b>	<b>\$ 9,879,759</b>	<b>\$ 12,763,793</b>	<b>\$ 5,170,631</b>	<b>\$ 4,615,917</b>	<b>\$ 8,372,294</b>	<b>\$ 16,400,987</b>	<b>\$ 16,082,556</b>	<b>\$ 19,844,370</b>
<b>Total All Governmental</b>	<b>\$ 8,458,426</b>	<b>\$ 16,558,536</b>	<b>\$ 17,603,718</b>	<b>\$ 22,188,672</b>	<b>\$ 14,426,370</b>	<b>\$ 14,690,440</b>	<b>\$ 19,005,294</b>	<b>\$ 28,165,062</b>	<b>\$ 23,099,680</b>	<b>\$ 28,848,525</b>

Data Source

Audited Financial Statements



CITY OF LAKE FOREST, ILLINOIS

Table 4

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 14,383,751	\$ 15,084,837	\$ 15,686,354	\$ 16,770,042	\$ 17,401,345	\$ 18,209,089	\$ 19,057,023	\$ 19,846,632	\$ 20,858,317	\$ 21,287,422
Other taxes	6,069,502	6,413,431	7,039,411	7,732,476	7,269,982	8,175,698	8,701,692	9,103,267	9,675,119	11,182,063
Intergovernmental revenues	415,044	440,347	532,251	542,175	553,725	585,578	615,152	1,254,231	1,407,815	948,449
Charges for services	3,086,500	3,886,086	4,431,526	5,409,448	5,154,695	5,546,058	6,133,220	6,946,174	7,422,055	8,416,183
Licenses and permits	1,818,693	2,086,006	2,129,934	2,266,671	2,196,046	1,454,015	2,450,163	2,933,400	2,488,811	2,483,638
Fines and forfeitures	287,578	405,306	296,791	291,789	291,026	353,664	350,989	387,178	461,909	357,556
Investment income	1,137,840	980,271	1,046,814	1,198,274	723,418	471,228	505,696	832,709	1,358,266	1,866,217
Miscellaneous revenue	514,496	537,240	666,263	617,742	545,297	621,854	1,324,563	2,114,370	1,419,807	2,890,358
<b>Total Revenues</b>	<b>27,713,404</b>	<b>29,833,524</b>	<b>31,829,344</b>	<b>34,828,617</b>	<b>34,135,534</b>	<b>35,417,184</b>	<b>39,138,498</b>	<b>43,417,961</b>	<b>45,092,099</b>	<b>49,431,886</b>
<b>Expenditures</b>										
General government	8,399,521	7,164,257	6,789,220	7,673,248	8,135,509	6,840,374	8,218,581	9,739,170	9,158,599	9,533,418
Highways and streets	2,077,192	1,465,049	1,174,591	1,237,125	1,276,301	1,635,827	1,668,162	1,682,996	1,770,853	1,979,122
Sanitation	1,114,310	1,488,493	1,523,947	1,724,782	1,832,100	1,916,458	1,853,561	1,845,302	1,943,042	2,023,726
Culture and recreation	3,681,962	4,624,155	5,370,001	5,299,362	5,892,966	6,893,911	7,326,207	7,253,560	7,662,467	8,174,644
Public safety	5,666,888	6,375,734	6,480,111	6,789,700	7,084,910	8,704,648	10,137,485	10,099,843	10,895,658	11,341,849
Pension fund contributions	1,670,556	1,638,753	1,670,365	1,749,058	1,879,656	1,042,745	-	-	-	-
Public improvements and other	931,621	1,915,145	1,750,821	2,068,428	2,255,264	2,015,690	2,519,580	-	-	-
Capital Outlay	5,021,844	1,775,281	4,009,701	4,307,050	10,640,836	5,944,383	3,236,984	6,253,592	12,940,175	5,466,571
Debt Service										
Principal	3,064,000	3,036,000	3,273,000	3,436,000	3,400,000	3,475,000	3,990,000	4,376,212	5,013,943	4,774,827
Interest	896,719	757,489	963,075	919,670	1,008,545	923,742	800,699	827,160	982,744	881,087
Bond issuance costs	52,786	20,100	5,550	6,200	6,350	55,546	62,370	64,640	-	-
<b>Total Expenditures</b>	<b>32,577,399</b>	<b>30,260,456</b>	<b>33,010,382</b>	<b>35,210,623</b>	<b>43,412,437</b>	<b>39,448,324</b>	<b>39,813,629</b>	<b>42,142,475</b>	<b>50,367,481</b>	<b>44,175,244</b>
<b>Excess of Revenues over (under)</b>										
Expenditures	(4,863,995)	(426,932)	(1,181,038)	(382,006)	(9,276,903)	(4,031,140)	(675,131)	1,275,486	(5,275,382)	5,256,642

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Table 4

Changes in Fund Balances of Governmental Funds (Continued)  
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Other financing Sources (Uses)</b>										
Transfers In	\$ -	\$ 75,598	\$ 880,080	\$ 734,349	\$ 2,263,690	\$ 1,350,576	\$ 2,039,032	\$ 3,350,766	\$ 9,713,436	\$ 2,893,460
Transfers Out	(183,181)	(75,598)	(880,080)	(734,349)	(2,263,690)	(1,350,576)	(2,280,752)	(3,418,396)	(9,713,436)	(3,885,979)
Bonds Issued	-	8,527,042	1,590,405	4,966,960	1,000,000	4,219,810	3,676,500	7,200,000	-	-
Installment note proceeds	-	-	450,000	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	880,000	-	-	-
Discount on bonds issued	-	-	-	-	-	-	(7,818)	(16,631)	-	-
Proceeds from refunding G.O. bonds	-	-	-	-	-	5,305,000	-	-	-	-
Payments for refunding G.O. bonds	-	-	-	-	-	(5,229,600)	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	768,543	210,000	1,484,722
<b>Total Other Financing Sources (Uses)</b>	<b>(183,181)</b>	<b>8,527,042</b>	<b>2,040,405</b>	<b>4,966,960</b>	<b>1,000,000</b>	<b>4,295,210</b>	<b>4,306,962</b>	<b>7,884,282</b>	<b>210,000</b>	<b>492,203</b>
<b>Net Change in Fund Balances</b>	<b>\$ (5,047,176)</b>	<b>\$ 8,100,110</b>	<b>\$ 859,367</b>	<b>\$ 4,584,954</b>	<b>\$ (8,276,903)</b>	<b>\$ 264,070</b>	<b>\$ 3,631,831</b>	<b>\$ 9,159,768</b>	<b>\$ (5,065,382)</b>	<b>\$ 5,748,845</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>14.37%</b>	<b>13.32%</b>	<b>14.61%</b>	<b>14.09%</b>	<b>13.45%</b>	<b>13.13%</b>	<b>13.10%</b>	<b>14.50%</b>	<b>16.02%</b>	<b>14.61%</b>

Data Source

Audited Financial Statements

CITY OF LAKE FOREST, ILLINOIS

Table 5

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
1997	\$ 1,194,446,931	\$ 56,467,152	\$ 1,235,200	\$ 3,781,923	\$ 33,609,269	\$ 1,289,540,475	1.2180	\$ 3,868,621,425	33.333%
1998	1,253,595,654	72,712,481	1,257,432	4,323,856	35,620,625	1,367,510,048	1.1970	4,102,530,144	33.333%
1999	1,336,329,466	96,508,039	1,332,416	3,761,935	37,005,116	1,474,936,972	1.1620	4,424,810,916	33.333%
2000	1,436,176,919	110,869,903	1,458,942	3,888,482	39,025,206	1,591,419,452	1.1350	4,774,258,356	33.333%
2001	1,576,778,908	130,660,576	1,540,590	4,077,894	42,697,718	1,755,755,686	1.0870	5,267,267,058	33.333%
2002	1,733,400,716	142,343,209	900,582	3,538,829	47,209,649	1,927,392,985	1.0390	5,782,178,955	33.333%
2003	1,866,407,716	167,903,070	971,387	3,935,325	50,388,361	2,089,605,859	0.9940	6,268,817,577	33.333%
2004	2,030,461,408	167,553,300	1,016,864	4,424,771	49,762,611	2,253,218,954	0.9630	6,759,656,862	33.333%
2005	2,229,037,071	171,210,021	62,957	4,476,207	52,512,948	2,457,299,204	0.9110	7,371,897,612	33.333%
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%

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.

CITY OF LAKE FOREST, ILLINOIS

Table 6

Property Tax Rates - Direct and Overlapping Governments  
 Based on Shields Township  
 Last Ten Levy Years

	Levy Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
City Direct Rates *	1.218	1.197	1.162	1.135	1.087	1.039	0.994	0.963	0.911	0.869
Overlapping Rates										
College of Lake County	0.222	0.221	0.213	0.235	0.211	0.208	0.201	0.200	0.197	0.195
County of Lake	0.531	0.531	0.521	0.521	0.516	0.502	0.490	0.465	0.454	0.450
Lake County Forest Preserve	0.155	0.157	0.187	0.231	0.221	0.232	0.225	0.219	0.210	0.204
North Shore Sanitary District	0.186	0.181	0.172	0.167	0.160	0.152	0.144	0.139	0.132	0.125
School District 67, Elem.	1.347	1.337	1.299	1.270	1.224	1.152	1.101	1.051	1.013	0.964
School District 115, High School	1.255	1.251	1.219	1.201	1.157	1.092	1.045	1.003	0.965	0.961
Township	0.060	0.061	0.060	0.059	0.058	0.055	0.053	0.052	0.051	0.050
Township Road and Bridge	0.025	0.025	0.025	0.025	0.025	0.043	0.030	0.018	0.018	0.020
Total tax rate	4.999	4.961	4.858	4.844	4.659	4.475	4.283	4.110	3.951	3.838
City's share of total tax rate	24%	24%	24%	23%	23%	23%	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 Township Road and Bridge purposes vary. Parts of Shields Township in Lake Forest lie in the Lake Bluff Park District. All of Moraine Township 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

Principal Property Taxpayers  
Current Year and Three Years Ago

Taxpayer	2007			2004		
	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Village Taxable Assessed Valuation
Presbyterian Homes	\$ 23,016,840	1	0.85%	\$ 23,762,231	1	1.14%
Pactive Corporation	13,490,427	2	0.50%	11,761,943	2	0.56%
Tap Holdings Inc.	10,524,149	3	0.39%	10,428,753	3	0.50%
Hospira	8,223,706	4	0.30%	7,848,275	6	0.38%
Lake Forest Hospital	7,666,688	5	0.28%	7,449,790	7	0.36%
Trustmark (Benefit Trust Life)	7,257,097	6	0.27%	8,078,870	5	0.39%
Lake Forest Landmark Co. LLP	7,061,151	7	0.26%	8,705,102	4	0.42%
James Campbell Company, LLC	6,559,076	8	0.24%	-		
James Altounian	5,562,328	9	0.21%	-		
Shawgate Broadacre	5,369,968	10	0.20%	4,954,715	8	0.24%
Brunswick Corporation	-			4,808,506	9	0.23%
Chicago Bears Football Club	-			4,100,911	10	0.20%
	<u>\$ 94,731,430</u>		<u>3.50%</u>	<u>\$ 91,899,096</u>		<u>4.42%</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.

2007 based upon 2006 Assessed Valuation

2004 based upon 2003 Assessed Valuation

Property Tax Levies and Collections  
Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year after the Levy	
		Amount	Percentage of Levy
1997	\$ 15,341,971	\$ 15,351,539	100.06%
1998	15,987,039	15,947,477	99.75%
1999	16,762,734	16,748,717	99.92%
2000	17,628,929	17,606,407	99.87%
2001	18,630,195	18,587,253	99.77%
2002	19,535,105	19,422,272	99.42%
2003	20,269,822	20,173,430	99.52%
2004	21,219,092	21,215,148	99.98%
2005	21,907,603	21,800,689	99.51%
2006	22,999,873	N/A	N/A

Data Source

Lake County Clerk and City

Note: Property is assessed at 33 1/3 % of actual value.  
Collections for prior tax years are immaterial.

CITY OF LAKE FOREST, ILLINOIS

Table 9

Tax Extensions for City Funds  
Last Ten Levy Years

	Levy Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General	0.676	0.679	0.666	0.648	0.622	0.512	0.493	0.481	0.461	0.449
IMRF/Social Security	0.088	0.085	0.081	0.078	0.077	0.072	0.061	0.058	0.055	0.052
Public Benefit	0.003	-	-	-	-	-	-	-	-	-
Firemen' Pension	0.026	0.024	0.024	0.028	0.027	0.025	0.023	0.023	0.023	0.023
Police Pension	0.035	0.033	0.031	0.033	0.034	0.035	0.036	0.034	0.036	0.035
Parks and Recreation	0.064	0.064	0.063	0.062	0.060	0.133	0.128	0.127	0.112	0.098
Special Recreation	-	-	-	-	-	-	-	-	0.011	0.010
General Obligation Bond 1991B	0.008	-	-	-	-	-	-	-	-	-
General Obligation Bond 1992 C	0.103	0.101	0.096	-	-	-	-	-	-	-
General Obligation Bond 1993 A	0.046	-	-	-	-	-	-	-	-	-
General Obligation Bond 1995	0.028	0.024	0.020	0.068	0.063	-	-	-	-	-
General Obligation Bond 1998 B	-	0.049	0.046	0.039	0.035	0.032	0.031	0.028	0.026	0.024
General Obligation Bond 2000	-	-	-	0.046	0.035	0.020	0.022	0.020	0.020	0.025
General Obligation Bond 2001 B	-	-	-	-	0.005	0.012	0.006	0.006	0.005	0.005
General Obligation Bond 2002 B	-	-	-	-	-	0.058	0.054	0.051	0.031	-
General Obligation Bond 2003 A	-	-	-	-	-	0.017	0.014	0.013	0.013	0.034
Total tax rate	1.077	1.059	1.027	1.002	0.958	0.916	0.868	0.841	0.793	0.755

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, ILLINOIS

Table 10

Sales Tax Base and Number of Principal Payers  
 Taxable Sales by Category - .5% Sales Tax  
 Last Ten Calendar Years

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Merchandise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,374	\$ 28,705	\$ 22,694	\$ 33,206
Food	-	-	-	-	-	-	43,407	86,898	88,675	89,536
Drinking and Eating Places	-	-	-	-	-	-	57,236	113,425	124,221	129,149
Apparel	-	-	-	-	-	-	36,595	70,485	68,594	63,083
Furniture & H.H. & Radio	-	-	-	-	-	-	18,509	44,588	57,206	57,996
Lumber, Building, Hardware	-	-	-	-	-	-	21,118	42,130	46,974	38,373
Automobile and Filling Stations	-	-	-	-	-	-	20,450	39,402	45,494	48,129
Drugs and Miscellaneous Retail	-	-	-	-	-	-	67,576	126,277	123,674	113,558
Agriculture and All Others	-	-	-	-	-	-	45,369	92,361	102,164	91,488
Manufacturers	-	-	-	-	-	-	1,967	43,902	64,286	88,889
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 326,601</b>	<b>\$ 688,173</b>	<b>\$ 743,982</b>	<b>\$ 753,407</b>

Total Number of Payers

City direct sales tax rate	-	-	-	-	-	-	0.50%	0.50%	0.50%	0.50%
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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; totals include censored data.

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, ILLINOIS

Table 11

Sales Tax Base and Number of Principal Payers  
 Taxable Sales by Category - 1% Sales Tax  
 Last Ten Calendar Years

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Merchandise	\$ 92,911	\$ 40,946	\$ -	\$ -	\$ -	\$ 49,597	\$ 54,103	\$ 58,491	\$ 45,778	\$ 67,042
Food	467,846	503,569	569,352	562,974	569,063	567,937	600,443	607,508	621,140	621,566
Drinking and Eating Places	141,363	178,643	184,513	215,624	205,565	223,844	221,068	229,158	252,171	261,151
Apparel	128,936	136,802	149,025	148,261	129,616	130,567	134,835	142,328	137,422	126,196
Furniture & H.H. & Radio	115,526	76,418	89,427	102,080	99,158	109,444	73,506	89,219	114,945	115,995
Lumber, Building, Hardware	76,617	84,908	102,898	110,323	134,587	108,135	91,831	86,497	94,007	76,746
Automobile and Filling Stations	482,052	325,380	304,042	342,332	314,756	219,807	243,898	153,273	165,396	167,847
Drugs and Miscellaneous Retail	321,179	347,494	376,410	416,275	435,025	427,166	420,878	456,475	434,170	425,144
Agriculture and All Others	151,870	163,417	207,878	202,451	208,183	185,280	187,102	199,683	219,086	200,515
Manufacturers	8,967	14,583	-	-	-	(4,347)	6,845	88,094	129,053	347,340
Censored categories			75,441	103,769	71,018	-	-	-	-	-
<b>Total</b>	<b>\$ 1,987,266</b>	<b>\$ 1,872,160</b>	<b>\$ 2,058,987</b>	<b>\$ 2,204,090</b>	<b>\$ 2,166,971</b>	<b>\$ 2,017,429</b>	<b>\$ 2,034,509</b>	<b>\$ 2,110,726</b>	<b>\$ 2,213,168</b>	<b>\$ 2,409,543</b>
Total Number of Payers	851	839	702	700	686	693	743	737	837	849
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; totals include censored data.

Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	State Rate	Metra Rate	Special County Rate	Total
1998	1.00%	5.00%	0.25%	0.25%	6.50%
1999	1.00%	5.00%	0.25%	0.25%	6.50%
2000	1.00%	5.00%	0.25%	0.25%	6.50%
2001	1.00%	5.00%	0.25%	0.25%	6.50%
2002	1.00%	5.00%	0.25%	0.25%	6.50%
2003	1.00%	5.00%	0.25%	0.25%	6.50%
2004 *	1.50%	5.00%	0.25%	0.25%	7.00%
2005	1.50%	5.00%	0.25%	0.25%	7.00%
2006	1.50%	5.00%	0.25%	0.25%	7.00%
2007	1.50%	5.00%	0.25%	0.25%	7.00%

Data Source

City records

\* Effective 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.

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*	Total Outstanding Debt Per Capita*
	General Obligation Bonds	Installment Purchase Contracts	General Obligation Bonds	Revenue Bonds			
1998	\$ 21,807,598	\$ -	\$ 4,970,000	\$ 545,000	\$ 27,322,598	2.12%	\$ 1,531.88
1999	27,624,326	-	4,235,000	500,000	32,359,326	2.37%	1,739.19
2000	26,294,304	375,000	3,375,000	455,000	30,499,304	2.07%	1,639.22
2001	28,142,464	375,000	2,475,000	410,000	31,402,464	1.97%	1,687.76
2002	26,043,777	375,000	6,125,000	360,000	32,903,777	1.87%	1,640.35
2003	27,168,289	375,000	31,070,000	310,000	58,923,289	3.06%	2,937.50
2004	27,946,500	1,255,000	31,965,000	255,000	61,421,500	2.94%	3,062.35
2005	30,861,955	1,163,333	31,920,000	195,000	64,140,288	2.85%	2,983.27
2006	26,159,679	851,666	30,645,000	135,000	57,791,345	2.35%	2,687.97
2007	21,586,517	650,001	29,325,000	70,000	51,631,518	1.91%	2,401.47

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 and population data. Personal income information is not available.

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
1998	\$ 26,777,598	\$ 189,726	\$ 26,587,872	0.69%	\$ 1,428.99
1999	31,859,326	258,536	31,600,790	0.77%	1,698.42
2000	29,669,304	432,212	29,237,092	0.66%	1,571.38
2001	30,617,464	586,727	30,030,737	0.63%	1,497.12
2002	32,168,777	652,656	31,516,121	0.60%	1,571.17
2003	58,238,289	731,785	57,506,504	0.99%	2,867.15
2004	59,911,500	1,300,000	58,611,500	0.93%	2,922.25
2005	62,781,955	1,915,242	60,866,713	0.90%	2,831.01
2006	56,804,679	2,381,564	54,423,115	0.74%	2,531.31
2007	50,911,517	2,849,336	48,062,181	0.61%	2,235.45

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.

Direct and Overlapping Governmental Activities Debt  
As of April 30, 2007

Governmental unit	Gross Debt	Percentage Debt Applicable to the City of Lake Forest*	City of Lake Forest Share of Debt
School District #67	\$ 12,575,000	100.00%	\$ 12,575,000
School District #115	64,745,000	83.64%	54,152,718
School District #103	10,819,379	0.95%	102,784
North Shore Sanitary District	8,575,961	29.22%	2,505,896
Lake County Forest Preserve District	221,208,948	9.900%	21,899,686
Lake County Community College #532	17,670,000	10.42%	1,841,214
Libertyville Community High School District #128	<u>47,490,000</u>	2.45%	<u>1,163,505</u>
Subtotal, overlapping debt	<u>383,084,288</u>		<u>94,240,803</u>
City of Lake Forest direct debt	\$ 50,911,517	100.00%	\$ 50,911,517
Total direct and overlapping debt	<u>\$ 433,995,805</u>		<u>\$ 145,152,320</u>

\* 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.

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, ILLINOIS

Table 16

Legal Debt Margin Information  
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 111,222,866	\$ 117,947,742	\$ 127,213,314	\$ 137,259,928	\$ 151,433,929	\$ 166,237,645	\$ 180,228,505	N/A	N/A	N/A
Total net debt applicable to limit	26,662,598	31,780,326	29,628,304	30,617,464	32,168,777	58,238,289	59,911,500	N/A	N/A	N/A
Legal debt margin	\$ 84,560,268	\$ 86,167,416	\$ 97,585,010	\$ 106,642,464	\$ 119,265,152	\$ 107,999,356	\$ 120,317,005	N/A	N/A	N/A
Total net debt applicable to the limit as a percentage of debt limit	23.97%	26.94%	23.29%	22.31%	21.24%	35.03%	33.24%	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.

Pledged Revenue Coverage  
Last Ten Fiscal Years

Waterworks and Sewerage, Golf and Paid Parking Bonds						
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1998	\$ 5,870,736	\$ 4,627,943	\$ 1,242,793	\$ 545,000	\$ 155,881	1.77
1999	7,545,257	4,524,044	3,021,213	780,000	443,178	2.47
2000	7,408,107	5,926,046	1,482,061	935,000	195,969	1.31
2001	7,771,157	5,333,258	2,437,899	945,000	179,186	2.17
2002	7,051,140	4,899,564	2,151,576	710,000	180,730	2.42
2003	7,296,486	5,237,874	2,058,612	1,105,000	899,141	1.03
2004	8,641,006	5,994,954	2,646,052	1,146,000	1,083,555	1.19
2005	9,324,549	5,152,272	4,172,277	1,300,000	930,502	1.87
2006	10,258,200	5,508,705	4,749,495	1,335,000	1,345,021	1.77
2007	10,180,035	6,226,411	3,953,624	1,385,000	1,277,609	1.48

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 do not include debt service, depreciation or reserve requirements

Demographic and Economic Information  
Last Ten Fiscal Years

Fiscal Year	Population		Equalized Accessed Value (EAV)		Per Capita EAV	Unemployment Rate
1998	18,606	(A)	\$ 1,289,540,475	\$	69,308	3.4%
1999	18,606	(A)	1,367,510,048		73,498	3.4%
2000	18,606	(A)	1,474,936,972		79,272	3.2%
2001	20,059	(A)	1,591,419,452		79,337	3.7%
2002	20,059	(A)	1,755,755,686		87,530	4.5%
2003	20,057	(A)	1,927,392,985		96,096	5.6%
2004	20,057	(A)	2,089,605,859		104,183	2.9%
2005	21,500	(E)	2,253,198,954		104,800	2.5%
2006	21,500	(E)	2,457,299,204		114,293	2.0%
2007	21,500	(E)	2,705,199,367		125,823	2.3%

(A) Actual

(E) Estimate by City of Lake Forest

Data Source

City records, Department of Labor and Office of the County Clerk.

For FY1998 to FY2003, Lake County's unemployment rate was used.

Beginning with Fy2004, the unemployment rate was obtained for City of Lake Forest.



Principal Employers  
Current Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	% of Total Village Population	Employees	Rank	% of Total Village Population
Lake Forest Hospital	1,587	1	7.38%	1,268	2	7.11%
Hospira Inc.	1,500	2	6.98%	-	-	0.00%
Trustmark Insurance Company	836	3	3.89%	1,600	1	8.97%
TAP Pharmaceutical Products	804	4	3.74%	-	-	0.00%
Lake Forest College excludes student employees	514	5	2.39%	358	5	2.01%
Pactiv Corporation	440	6	2.05%	-	-	0.00%
Lake Forest H.S. District 115 teacher, support,coaches	351	7	1.63%	250	7	1.40%
City of Lake Forest	252	8	1.17%	223	8	1.25%
Brunswick Corporation	250	9	1.16%	200	9	1.12%
Lake Forest Elem. S.D. No. 67 teachers only	210	10	0.98%	277	6	1.55%
Moore Business Forms			-	529	4	2.97%
Tenneco Packaging/Tenneco Automotive			-	1,000	3	5.61%
Northern Trust			-	140	10	0.78%

Data Source

City staff contacted companies via mail.

H.S. District 115 and S.D. 67 consolidated support staff in 2005.

Full-Time Equivalent Employees  
Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Employees as of April 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Administration	25	25	26.25	29.5	36.5	30	36	29	27	26
Community Development	10	10	10	11	11	12	12	14	16	16
Public Safety										
Fire Protection										
Firefighters	34	35	36	37	37	38	38	38	37	37
Police										
Officers	41	41	43	44	45	45	45	45	45	45
Civilians	19	18	19	18	17	18	18	19	17	17
Public Works										
Public Works Administration	4	4	4	4	4	4	4	4	5	5
Building Maintenance	1	1	1	3	3	3	3	3	3	6
Engineering	6	6	6	6	6	6	6	6	6	6
Streets	9	9	9	9	9	9	8	8	8	8
Sanitation	15	15	15	15	15	15	12	12	12	13
Forestry	6	6	8	8	8	8	8	8	9	9
Fleet (vehicle) Maintenance	6	6	6	6	6	6	6	6	6	6
Water										
Water Plant	9	9	9	9	9	9	9	9	9	9
Water and Sewer	10	11	11	11	11	11	11	10	10	10
Parks	16.75	16.75	18.75	16	16	18	19	16	16	16
Recreation	10	13.5	14.5	16	14	13	13	14	14	14
Golf Course	3	3	3	3	3	3	3	3	4	4
Cemetery	2	2	2	2	2	2	2	2	2	2
Senior Resources	1	2	2	2	2	3	3	3	3	3
Sub - total City	227.75	233.25	243.5	249.5	254.5	253	256	249	249	252
Library	27	27.5	28.5	29.6	29.6	29.6	29.6	29.6	29.6	29.6
Total all	254.75	260.75	272	279.1	284.1	282.6	285.6	278.6	278.6	281.6

Data Source

City Departments

Operating Indicators  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
City Clerk										
Real Estate Transfer Tax (1)										
Number of Transactions	-	-	-	-	-	-	-	-	-	249
Refunds Issued	-	-	-	-	-	-	-	-	-	24
Birth Certificates Issued	n/a	2,776	2,982	2,777	3,191	2,164	1,957	2,419	2,198	2,930
Passports Issued (2)	-	-	-	-	-	172	314	252	193	314
Community Development										
Building permits issued	4,165	4,383	4,313	4,931	4,331	3,767	4,308	4,740	4,055	3,501
Residential construction	75	98	109	78	64	63	83	128	44	22
Commercial construction	4	3	3	5	3	1	3	5	1	3
Building inspections conducted	n/a	n/a	n/a	n/a	n/a	n/a	10,706	13,021	11,945	10,880
Public Safety										
Fire protection										
I.S.O. rating	4	4	4	4	4	4	4	4	4	4
Number of calls answered (calendar year)										
EMS	n/a	n/a	n/a	n/a	1,423	1,443	1,403	1,465	1,446	1,477
Fire	n/a	n/a	n/a	n/a	1,545	1,459	1,581	1,523	1,558	1,647
Police (calendar year)										
Non traffic arrests	546	631	688	626	599	556	537	506	526	450
Parking violations	8,500	9,281	6,464	8,530	8,939	10,360	9,655	11,189	11,898	9,530
Traffic violations	4,592	5,179	4,510	4,202	5,210	4,948	4,721	4,821	4,512	3,287
Public Works										
Streets										
Street resurfacing (miles) (calendar year)	5.72	5.40	4.40	9.33	6.31	6.95	2.41	3.90	4.41	1.90
Potholes repaired	n/a	n/a	n/a	3,701	3,512	1,846	2,102	2,957	2,484	1,575
Sanitation										
Refuse collection customers	5,778	5,676	5,830	5,870	5,896	5,896	5,896	5,896	6,217	6,316
Parks and Recreation (3)										
Fitness										
Number of programs	n/a	237	358	435	436	414	564	565	533	478
Units of participation	n/a	442	1,347	1,922	1,861	2,070	2,682	2,616	2,657	2,228
Athletics										
Number of programs	n/a	279	310	206	228	209	229	200	199	210
Units of Participation	n/a	4,005	5,128	4,217	4,063	3,770	3,608	3,369	3,279	3,189
Lakefront, Early Childhood Education and Lifetime Activities										
Number of programs	n/a	257	245	257	279	299	327	324	323	337
Units of participation	n/a	1,565	1,735	1,886	1,990	2,053	2,016	2,169	1,932	1,874
Cultural Arts/Special Events										
Number of programs	n/a	234	201	264	334	335	362	356	436	417
Units of participation	n/a	1,639	1,926	2,467	2,652	3,052	3,062	2,894	3,831	3,618

Operating Indicators (Continued)  
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Wildlife Discovery Center, Ridge Teams Course and Adventure										
Number of programs	n/a	193	308	245	220	263	214	227	231	224
Units of participation	n/a	1,133	1,575	1,366	1,421	1,562	1,149	1,273	1,335	1,274
Developed parks and recreation areas	10	10	10	10	10	10	10	10	10	10
Developed park acreage	354.5	354.5	354.5	354.5	354.5	370.0	370.5	370.5	370.5	395.5
Sites with playgrounds	7	7	7	7	7	8	8	8	8	8
Sites with baseball diamonds	5	5	5	5	5	7	7	7	7	7
Sites with soccer fields	6	6	6	6	6	7	7	7	7	7
Sites with basketball courts	3	3	3	3	3	4	4	4	4	4
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	38,010	37,440	37,552	33,780	35,032	31,980	33,500	34,500	38,700	36,500
Daily fee	18,667	18,968	19,080	15,783	17,404	15,994	17,500	18,000	18,600	17,000
Seasonal	19,343	18,472	18,472	17,997	17,628	15,986	16,000	16,500	20,100	19,500
Water										
New Connections (tap-ons)	n/a	172	162	139	110	95	120	140	99	52
Meters in operation	5,724	5,724	5,878	6,302	6,380	6,194	6,534	6,566	6,633	6,695
Properties connected to sewerage system	5,405	5,405	5,559	5,950	5,950	6,105	6,105	6,137	6,501	6,482
Average daily consumption (MGD)	3.914	4.047	4.094	3.847	3.598	4.155	3.977	3.942	4.913	3.931
Peak daily consumption (MGD)	9.774	9.964	11.971	10.437	10.139	12.092	11.073	9.394	12.407	10.773
Rated daily pumping capacity (MGD)	12	12	12	12	12	12	14	14	14	14
Total gallons pumped during fiscal year (in millions)	1,431.2	1,481.0	1,435	1,360.4	1,281.8	1,522.5	1,457.0	1,421.8	1,777.6	1,441.6
Municipal paid parking facilities										
Long-term parking spaces										
Miscellaneous lots	813	813	813	813	813	813	813	813	813	813
Union Pacific (CBD district)	98	98	98	98	98	98	98	98	98	98
Metra (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	122,559	123,755	121,000	120,892	124,258	127,790	126,930	128,817	133,893	137,343
Registered borrowers	19,302	16,530	19,734	19,097	13,855	14,825	13,593	13,634	13,820	14,002
Fiscal yearbooks, items or materials circulation	376,221	383,677	399,511	400,069	388,787	425,427	387,894	399,844	398,504	407,399

Data Source

## City departments

- (1) Collection of real estate transfer tax began in FY2007.
- (2) The City began to issue passports in FY2003.
- (3) a. Data unavailable for FY1998.
  - b. Fitness data does not include Fitness Center memberships.
  - c. Units of participation may include an individual participant more than once.
  - d. Data for FY1999 does not include summer programs.

N/A equals data not available