

Comprehensive Annual Financial Report



City of Lake Forest, Illinois

For the Year Ended April 30, 2011

CITY OF LAKE FOREST, ILLINOIS

Comprehensive Annual Financial Report

Year Ended April 30, 2011

(With Independent Auditor's Report Thereon)

Prepared by:

Department of Finance
Kathleen M. Reinertsen
Finance Director

and

Louise A. Breckan
Assistant Finance Director

INTRODUCTORY SECTION

CITY OF LAKE FOREST, ILLINOIS
Comprehensive Annual Financial Report
Year Ended April 30, 2011

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October 20, 2011

The Honorable Mayor Cowhey
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, 2011, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

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

The City of Lake Forest utilizes an independent Audit Committee for reviewing the audit process and to report and make recommendations to the City Council. The 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, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended April 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A 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 19,375 people and has a land area of 17.18 square miles. It is situated on Lake Michigan, thirty miles north of downtown Chicago in Lake County. Based upon data from the 2000 census because the 2010 census data is not available, 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. Aldermen serve a maximum of three terms. The Mayor is elected to a two-year term and serves a maximum of two terms.

The City provides a full range of services, including police protection, fire protection, paramedic service, refuse disposal, commuter parking, compost center, recreation center, senior center, community parks, golf course, street maintenance, forestry, cemetery and a 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 thirty-one (31) 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 61 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 67.

Factors Affecting Financial Condition

Local Economy. The City of Lake Forest, like all communities, is continuing to face challenges brought on by the economy but has developed mechanisms to mitigate the downturn. Statistically:

- Unemployment levels in Lake Forest are well below the levels for Lake County and the State of Illinois. For July 2011, the City's seasonally adjusted unemployment rate was estimated to be 6.2%, compared to 8.8% for Lake County, 10.0% for the State of Illinois and 9.1% for the United States.
- The consumer confidence index is closely monitored by economists because consumer spending accounts for 70% of the United States' economic activity. In August 2011, the index was 44.5, 17% lower than the 53.5 for August 2010. The index is currently significantly below 90, the minimum level associated with a healthy economy. An index above 100 signals growth.

With revenues in decline, the proposed FY2011 operating expenses were reduced in order to balance the budget and be in compliance with the City's Fiscal Policies. The goal was met by eliminating 6.5 positions in FY2011.

In February 2011, the City Council approved an organizational restructuring and a resolution (effective in FY2012) approving the Early Retirement Incentive (ERI) which is offered and regulated by the Illinois Municipal Retirement Fund (IMRF). The State of Illinois passed a pension reform law effective January 1, 2011 which allows new hires without previous IMRF participation to join a Tier 2 pension plan which costs 38% less than the current plan. Seven positions will be eliminated returning the City's total employee count to FY1992 levels (227 full-time equivalents). Projected annual savings are between \$345,000 to \$775,000 and over 10 years total savings should amount to over \$5,000,000. The annual savings is estimated to balance the General Fund's annual budget for the next five years and also allow for capital improvement funding.

Approximately half of the City's revenues in its General Fund come from property taxes, which continue to be stable. The remaining major funding sources of sales tax, income tax, utility taxes and building revenues met the FY2011 year-end estimates. However, these revenues are significantly lower than revenues received before the 2008 recession and subprime mortgage crisis.

The State of Illinois' economic condition continues to be a serious concern. The State is currently several months behind in paying the City their share of the income tax.

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

In order to become aware of revenue shortfalls and/or expense overages, city staff monitors revenues and expenses throughout the fiscal year. Monthly financial "flash" reports are presented to the Finance Committee. City staff prepares five year fund balance reports for all significant funds beginning in November and these are updated as necessary throughout the fiscal year.

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

- Contributes significantly to the City's ability to insulate itself from fiscal crisis,
- Enhances short-term and long-term financial credit ability by helping to achieve the highest credit and bond ratings possible,
- Promotes long-term financial stability by establishing clear and consistent guidelines,

- Directs attention to the total financial picture of the City rather than single issue areas,
- Promotes the view of linking long-term financial planning with day-to-day operations, and
- Provides the Council and the citizens a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

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

FY2011 real estate transfer tax revenue exceeded budget by 40% and the first four months of FY2012 has matched estimates for the real estate transfer tax revenue. The City will remain conservative in spending monies on capital projects.

A Public Works Committee which consists of three City Council members was created to oversee capital improvement projects and programs. Annually in September or October, the Public Works Committee and city staff finalize the draft of the Five Year Capital Improvement Program. This draft is discussed at a City Council budget meeting.

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. Interest is paid monthly on these investments and is based on the ninety day Treasury bill rate plus 60 basis points. Only the Cemetery, Firefighters' Pension and Police Pension Funds are permitted by statute to invest in corporate securities. Investment income includes appreciation and/or reductions in the fair value of investments.

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 sixty-five municipalities and eight 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.

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. Sworn police and fire personnel receive retirement and disability benefits from the Police Pension Fund and Firefighters' Pension Fund, respectively. Both of these plans are defined benefit, single-employer plans administered by boards of trustees. The defined benefits and employer and employee contribution levels are governed by Illinois Compiled Statutes and may only be amended by the Illinois legislature. Police participants are required to contribute 9.91% of their base salaries and fire participants are required to contribute 9.455% of their base salaries. The City is required to contribute the remaining amounts necessary to finance each plan as advised by an independent actuary. As of April 30, 2010, the last available actuary report, the funded ratio for the Police Pension Plan is 53.2% and for the Firefighters' Pension Plan is 77.4%.

All other employees of the City who work over 1,000 hours per year are covered by the Illinois Municipal Retirement Fund (IMRF), a statewide pension plan. Benefit provisions and funding requirements are established by State statutes and may only be changed by the Illinois legislature.

Employees participating are required to contribute 4.5% of their annual wages and the City is required to contribute the remaining amounts necessary to fund the coverage of its employees in the plan. As of December 31, 2010, the funded ratio for IMRF is 78.9%.

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

The City has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. Since the City does not contribute towards the cost of the retiree's health insurance, the City is reporting only the implicit liability that is created when the retiree (by State Statute) is charged the group rate for the insurance as opposed to the true rate that would have been charged based on risk.

Additional information on the City's pension arrangements and other postemployment benefits can be found in Notes 9 and 10 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. The City must continue to adhere to its prudent financial management practices and remain focused on sustaining long-term financial stability. For FY2011, the most significant initiatives were as follows:

- On May 12, 2010, the City issued \$18,425,000 of General Obligation Bonds, Series 2010A, 2010B and 2010C. The Series 2010B Bonds (Recovery Zone Economic Development Bonds – Direct Payment) are eligible for payments from the U.S. Treasury in the amount of 45% of interest costs. The Series 2010C Bonds (Build America bonds – Direct Payment) are eligible for payments from the U.S. Treasury in the amount of 35% of interest costs. Proceeds from Series 2010A and 2010C were used to pay for the refinancing of a \$13,000,000 line of credit the City used to partially fund the Municipal Services Building located at 800 North Field Drive. The remaining proceeds financed certain capital improvements in the City. The significant capital improvements were Stage 2 Western Avenue improvements, \$1,526,000; new traffic signal at Western Avenue and Illinois Road, \$174,000; annual overlay program (asphalt paving), \$1,200,000 and capital equipment, \$660,000.
- The \$726,000 cost of the Green Bay Road resurfacing project was financed 100% by the State of Illinois.
- Fifty-three street lights were installed along Waukegan Road to enhance Settler's Square which is in southwest Lake Forest. This \$558,000 project was funded with Tax Increment Financing (TIF) monies.
- The Old Elm Road water main project, funded by the Waterworks and Sewerage Capital Improvements Fund, cost \$698,000 and replaced the 6" water main with an 8" water main.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of Lake Forest for its comprehensive annual financial report for the fiscal year ended April 30, 2010. This was the thirty-second (32) consecutive year that The City of Lake Forest has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Robert R. Kiely, Jr.
City Manager



Kathleen M. Reinertsen
Finance Director

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, 2010

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, 2011

LEGISLATIVE

City Council

James J. Cowhey, Jr., Mayor

David D. Grumhaus, Jr.

Thomas H. Morsch, Jr.

Kent E. Novit

Donald P. Schoenheider

Stuart M. Widman

John A. Looby III

David Moore

Robert T. Palmer

AUDIT COMMITTEE

Allan J. Jacobs, Chairman

Victoria Reich

Andrew Marwede

Michelle Moreno

Amy Krebs

EXECUTIVE

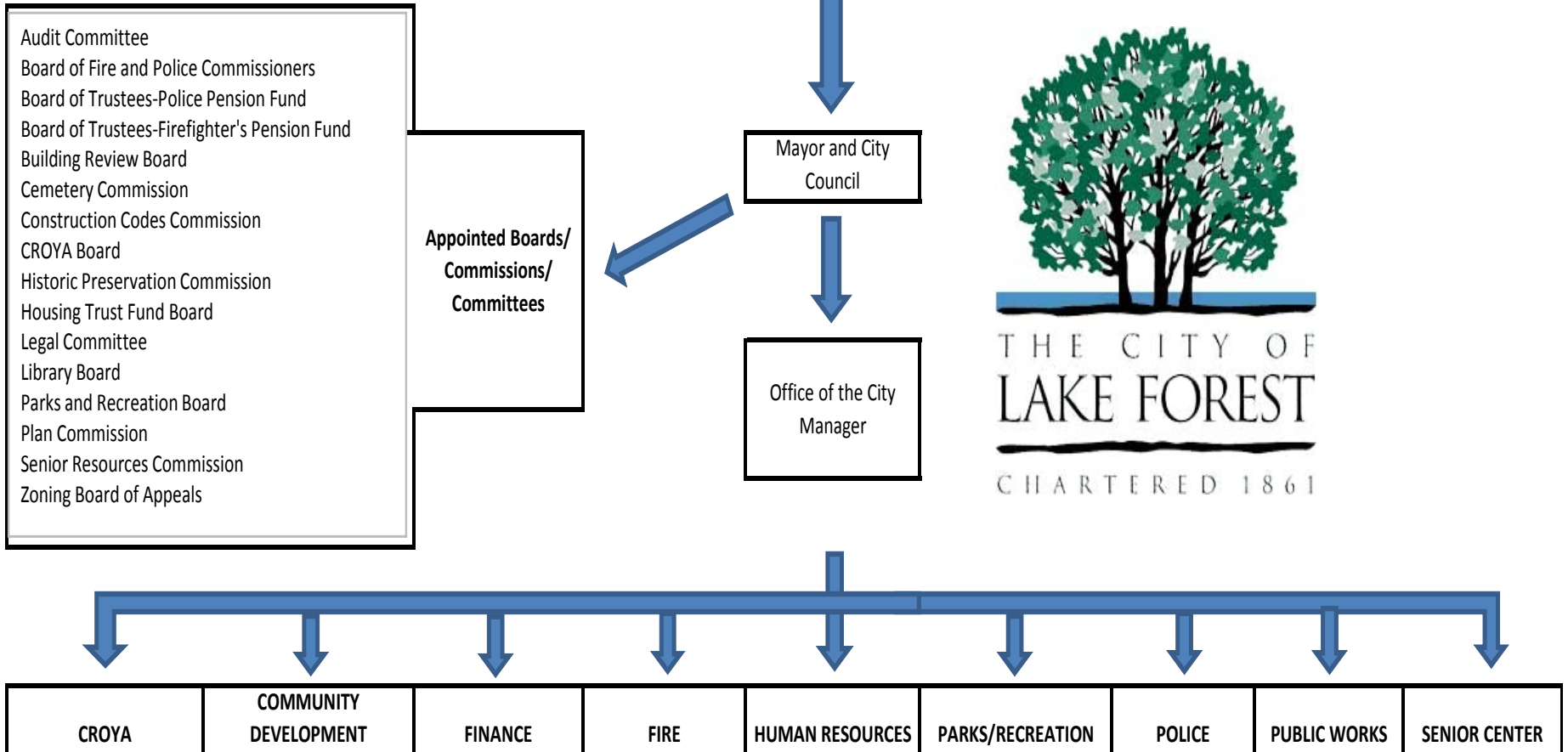
Robert R. Kiely, Jr., City Manager

DEPARTMENT OF FINANCE

Kathleen M. Reinertsen, Finance Director and Treasurer

Louise A. Breckan, Assistant Finance Director

Voters and Citizens of The City of Lake Forest



FINANCIAL SECTION

Independent Auditor's Report



Independent Auditor's 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, 2011, 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, 2011, 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 61, 62 and 66, and the pension and other post-employment benefit information on pages 63 through 65 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 individual major fund schedules, combining and individual nonmajor fund financial statements and other schedules listed in the table of contents as supplementary information (pages 67 – 131) 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 20, 2011

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

The City of Lake Forest's (the City) management's discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year 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 \$4.1 million (or 1.5%) during the fiscal year ending April 30, 2011 (FY11). The governmental net assets increased by \$4.6 million (or 2.1% from FY10) and the business-type activities net assets decreased by \$0.5 million (or 1.1% from FY10).
- The City's total change of net assets compared to FY10 increased by \$5.9 million. The general governmental activities change in net assets increased by \$6.3 million and the business-type activities change in net assets decreased by \$0.4 million.
- The governmental activities revenue increased by \$5.0 million or 10.4%. The expenses decreased by \$0.8 million or 1.6%. The transfers decreased by \$0.5 million.
- The business-type activities revenue increased by \$0.3 million or 3.5%. The expenses increased by \$0.2 million or 2.2%. The transfers decreased by \$0.5 million.
- The total cost of all City programs decreased by \$0.6 million or 1.0%.

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

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

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, Firefighters' Pension, Cemetery Trust, and Special Assessment Funds). While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Business-type Activities column on the Business-type Fund Financial Statements (see pages 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 financing sources as well as capital expenditures and debt principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the Government-wide statements).

Infrastructure Assets

Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) 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.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

The City's combined net assets increased by \$4.1 million from FY10 – increasing from \$268.0 million to \$272.1 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 \$4.6 million from \$221.3 million to \$225.9 million, whereas the business-type activities net assets decreased by \$0.5 million from \$46.7 million to \$46.2 million. Table 1 reflects the condensed Statement of Net Assets compared to FY10. 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, 2011 and 2010
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 68.7	\$ 62.0	\$ 9.7	\$ 9.9	\$ 78.4	\$ 71.9
Capital assets	232.4	231.6	61.2	62.9	293.6	294.5
Total assets	301.1	293.6	70.9	72.8	372.0	366.4
Long-term liabilities	43.1	40.5	23.7	25.1	66.8	65.6
Other liabilities	32.1	31.8	1.0	1.0	33.1	32.8
Total liabilities	75.2	72.3	24.7	26.1	99.9	98.4
Net Assets:						
Invested in capital assets, net of debt	192.6	193.2	37.7	38.1	230.3	231.3
Restricted	3.6	3.0	-	-	3.6	3.0
Unrestricted	29.7	25.1	8.5	8.6	38.2	33.7
Total net assets	\$ 225.9	\$ 221.3	\$ 46.2	\$ 46.7	\$ 272.1	\$ 268.0

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.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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.

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 \$4.1 million increase of combined net assets (which is the City's bottom line) was the result of the governmental activities net assets increasing by \$4.6 million and the business-type activities net assets decreasing by \$0.5 million.

The governmental activities total assets increased by \$7.5 million and the governmental activities total liabilities increased by \$2.9 million. The \$7.5 million increase in total assets is mainly due to a \$6.7 million increase in current and other assets. The \$2.9 million increase in total liabilities is mainly due to a long-term liabilities increase of \$2.6 million. The \$2.6 million long-term liability increase was mainly due to the issuance of \$18,425,000 of General Obligation Bonds in May 2010 for the Municipal Services Building and other capital improvement projects including the Western Avenue redevelopment project and the street overlay program. The debt issuance was offset by the retirement of the \$13 million line of credit the City used for the construction of the Municipal Services Building as well as scheduled bond maturities.

The current and other assets increase was mainly due to a \$4.4 million increase in cash and investments and a \$2.0 million loan to the Ragdale Foundation. The increase in the Capital Improvements Fund's cash of \$2.2 million was mainly due to the sale of 19 acres of land for \$1.1 million to the Lake County Forest Preserve for open space and wetlands on the City's Municipal Services property. The remainder of the increase is due to greater than budgeted (\$0.4 million) real estate transfer tax revenues and a lower than budgeted (\$0.9 million) capital expenditures. The 2010 Bond Construction Fund increased cash by \$0.8 million as bond proceeds received during FY11 were not completely spent. The Motor Fuel Tax Fund increased cash by \$0.7 million as bond proceeds were used for expenditures typically expensed in this fund for projects, and the Parks and Recreation Fund increased cash by \$0.5 million as revenues were greater than expenditures.

The net assets of business-type activities decreased by \$0.5 million, from \$46.7 million to \$46.2 million. The total assets of the business-type activities decreased by \$1.9 million. \$1.7 million of the decrease was mainly due to capital asset depreciation.

The total liabilities decreased by \$1.4 million from \$26.1 million to \$24.7 million. This was the result of a bonds payable decrease of \$1.4 million. The unrestricted net assets of \$8.5 million decreased by \$0.1 million from FY10. The majority (\$7.6 million) of the \$8.5 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 \$7.0 million per year and interest expense on bonds is \$1.0 million.

CITY OF LAKE FOREST, ILLINOIS
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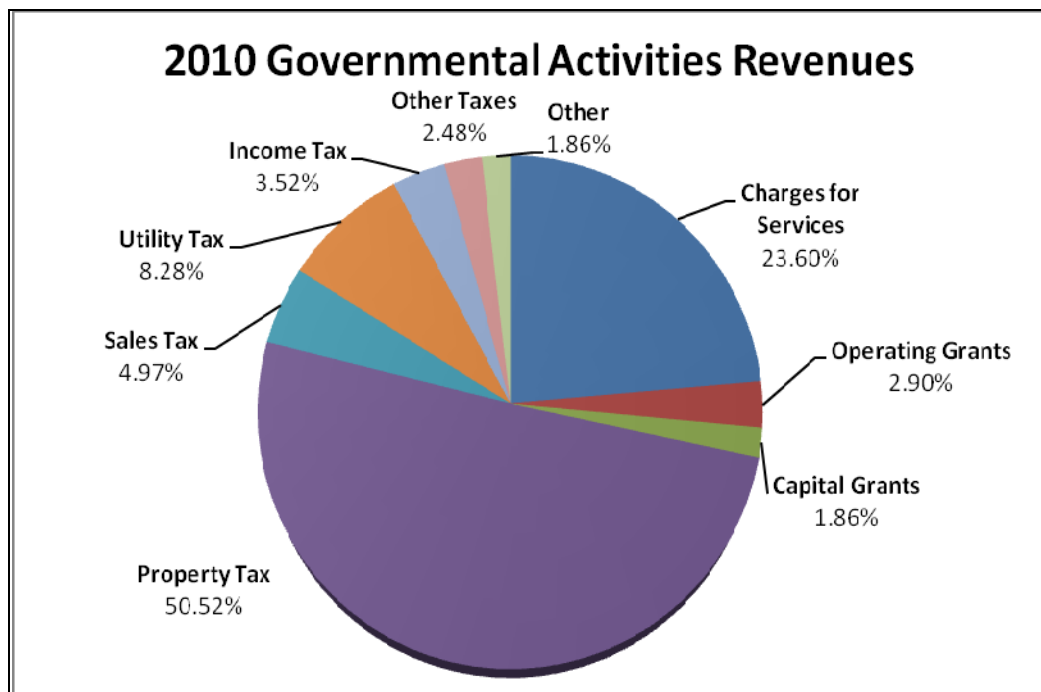
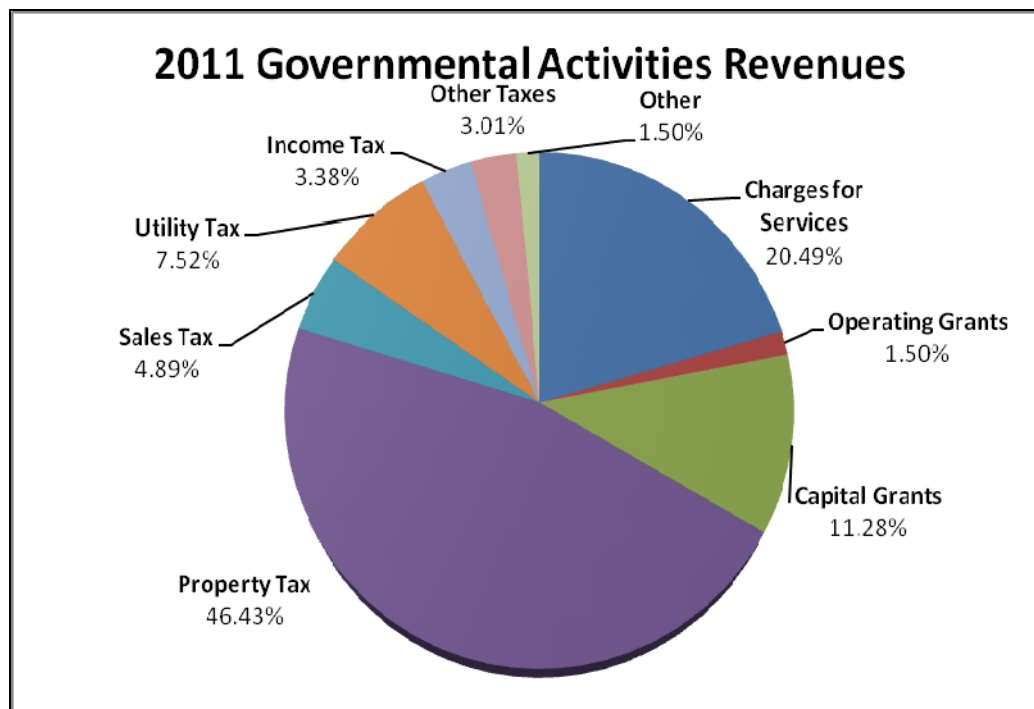
Changes in Net Assets

The City's combined change in net assets was an increase of \$5.9 million from FY10. The City's total revenues increased by \$5.3 million. The City's cost of all programs decreased by \$0.6 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, 2011 and 2010
(in millions)

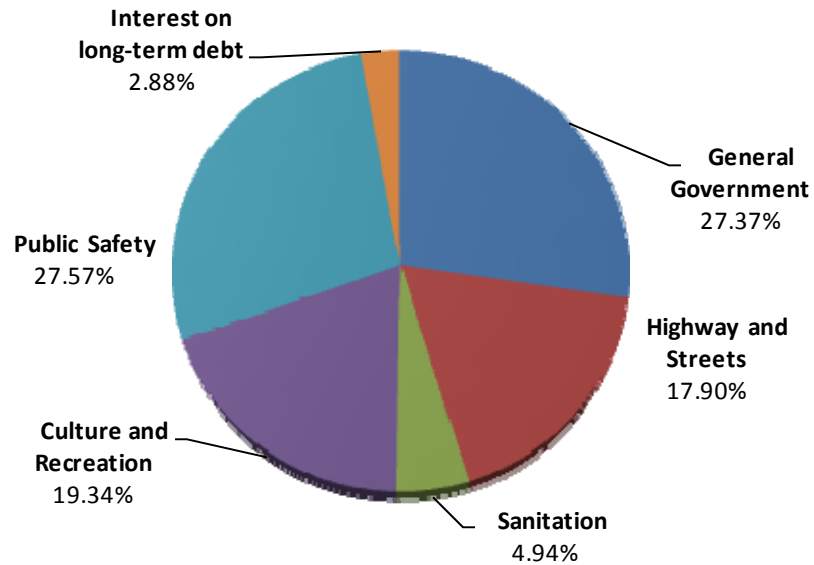
	Governmental Activities		Business-Type Activities		Total Primary Government	
Revenue	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	\$ 10.9	\$ 11.4	\$ 8.6	\$ 8.3	\$ 19.5	\$ 19.7
Grants and contributions						
Operating	0.8	1.4	-	-	0.8	1.4
Capital	6.0	0.9	0.2	0.1	6.2	1.0
General Revenue						
Property	24.7	24.4	-	-	24.7	24.4
Other taxes	10.1	9.3	-	-	10.1	9.3
Other	0.8	0.9	-	0.1	0.8	1.0
Total Revenue	53.3	48.3	8.8	8.5	62.1	56.8
Expenses						
Governmental Activities						
General Government	13.3	14.0	-	-	13.3	14.0
Highways and Streets	8.7	9.5	-	-	8.7	9.5
Sanitation	2.4	2.2	-	-	2.4	2.2
Culture and Recreation	9.4	9.6	-	-	9.4	9.6
Public Safety	13.4	13.1	-	-	13.4	13.1
Interest	1.4	1.0	-	-	1.4	1.0
Business Type						
Waterworks and Sewerage	-	-	8.0	7.9	8.0	7.9
Golf	-	-	1.4	1.3	1.4	1.3
Paid Parking	-	-	-	-	-	-
Total Expenses	48.6	49.4	9.4	9.2	58.0	58.6
Excess before Transfers	4.7	(1.1)	(0.6)	(0.7)	4.1	(1.8)
Transfers In (Out)	(0.1)	(0.6)	0.1	0.6	-	-
Change in Net Assets	4.6	(1.7)	(0.5)	(0.1)	4.1	(1.8)
Net assets - beginning	221.3	223.0	46.7	46.8	268.0	269.8
Net assets - ending	\$ 225.9	\$ 221.3	\$ 46.2	\$ 46.7	\$ 272.1	\$ 268.0

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

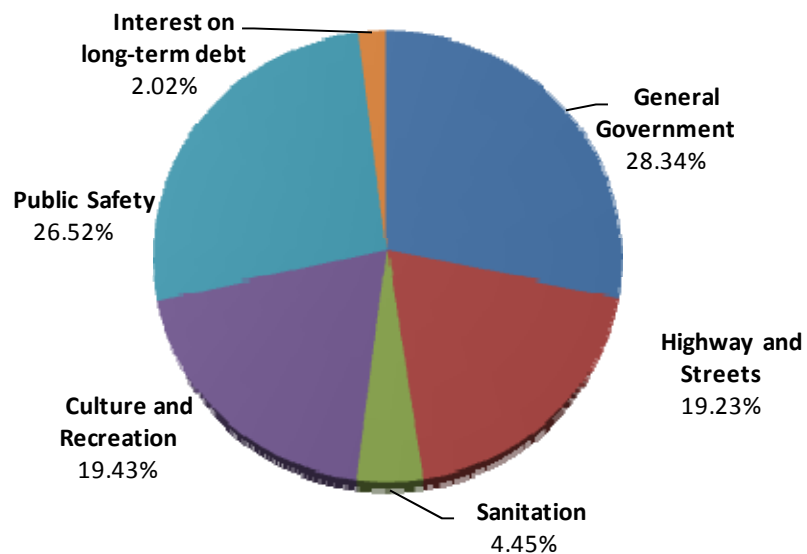


CITY OF LAKE FOREST, ILLINOIS
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2011 Governmental Activities Expenses



2010 Governmental Activities Expenses



CITY OF LAKE FOREST, ILLINOIS
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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, building fees, etc.).

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

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

Expenses

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

Increase/Decrease in Authorized Personnel – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 63% 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, 2011, revenues from governmental activities totaled \$53.3 million which is a \$5.0 million increase from FY10.

Property tax revenue continues to be the City's largest revenue source, coming in at \$24.7 million. This is an increase of \$0.3 million or 1.5% from FY10. Property tax revenues combined with sales tax, the local utility tax, shared state income tax and real estate transfer tax revenues total \$34.8 million and represent 65.3% of the total Governmental Fund revenue.

The real estate transfer tax became effective July 5, 2006 with a 58% voter approval via referendum. The tax is imposed upon buyers of any residential or commercial real estate at a rate of \$4.00 per \$1,000 of value. The revenue is used strictly to improve the City's infrastructure. The City's 2010 equalized assessed valuation decreased 6.0% to \$2,661,423,512 (excludes TIF District). 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.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Charges for services decreased \$0.5 million mainly due to decreased lot sales and service charges in the Cemetery Fund.

Capital grants increased by \$5.1 million to \$6.0 million due to \$4.7 million of capital contributions of building improvements at the Gorton Community Center. The building is owned by the City but the tenant is responsible for interior improvements.

Investment income decreased by \$0.3 million or 32.7% from FY10 (\$0.9 million to \$0.6 million). The rate of return on demand deposits was 0.74% in FY11 compared to 0.73% in FY10. The Cemetery Fund, which is allowed to invest in equities, had decreased investment income from a gain of \$0.6 million in FY10 to a gain of \$0.3 million in FY11. The City's strategy for investing did not change.

Expenses

For the fiscal year ended April 30, 2011, expenses for governmental activities totaled \$48.6 million which is a decrease of \$0.8 million or 1.6%. The decreases explained below were offset by a \$0.4 million increase in interest on long-term debt, as the City issued \$18,425,000 of General Obligation Bonds in May 2010, and several functions that experienced small increases.

The City's General Government function expenditures decreased by \$0.7 million from \$14.0 million to \$13.3 million which is 5.0%. The City decreased expenditures due to the economic downturn by reducing headcount by 6 positions.

The City's Highway and Streets function expenditures decreased by \$0.8 million from \$9.5 million to \$8.7 million which is 8.4%. The decrease was due to the Route 60 intersection improvement which was expensed by the City in FY10 as the State of Illinois is responsible for maintenance.

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 FY11 expenses included funding for the City's performance based employee compensation package plus a 1.0% general salary adjustment.

Business-type Activities

Revenue

The total revenue for the business-type activities increased by \$0.3 million. This was mainly due to a 5% water rate increase in the Waterworks and Sewerage Fund.

Expenses

The City's business-type activity expenses increased minimally by \$0.2 million or 2.2%.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2011, the governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$31.1 million which is a 23.7% increase from the beginning of the year (\$25.1 million). Of the total fund balance of \$31.1 million, \$25.3 million is unreserved indicating availability for continuing City services and capital projects. This is an increase of \$4.1 million of the unreserved fund balance from FY10 (19.3% increase). The primary reason for the increase in fund balance is a \$1.3 million increase in the General Fund which is explained below and a \$2.4 million increase in the Capital Improvements Fund. The increase in the Capital Improvements Fund was mainly due to the sale of 19 acres for \$1.1 million of land to the Lake County Forest Preserve for open space and wetlands on the City's Municipal Services property. The remainder of the increase is due to a greater than budgeted \$0.4 million of real estate transfer tax revenues and a lower than budgeted \$0.9 million of capital expenditures.

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 \$1.3 million or 12.3% from FY10 (from \$10.9 million to \$12.2 million). The General Fund revenues decreased by \$0.5 million (1.7%) and the expenditures decreased by \$1.6 million (5.8%). Thereby the excess of revenues over expenditures increased by \$1.1 million in FY11 from \$0.1 million in FY10. The other financing sources (uses) decreased by \$0.2 million.

The primary reason for the \$0.5 million decrease in revenue was a \$1.3 million decrease in property taxes. A \$1.5 million reallocation of property taxes from the General Fund to the Parks and Recreation Fund occurred. The Forestry section was transferred from a Public Works department to a Parks department and the corresponding revenue was reallocated. This was offset by a \$0.2 million increase in sales tax, a \$0.2 million increase in vehicle license fees and a \$0.3 million increase in ambulance fees. 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. The 2009 extension allowed for a 0.1% CPI factor as well as new equalized assessed valuation growth.

The primary reason for the decrease in expenditures was the transfer of the Forestry section from the Public Works department to the Parks and Recreation Fund.

Table 3
General Fund Budgetary Highlights
(in millions)

General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 23.5	\$ 23.5	\$ 23.6
Other	5.9	5.9	6.5
Total	29.4	29.4	30.1
Expenditures and transfers:			
Expenditures	31.3	31.3	27.2
Transfers (net)	1.6	1.6	1.6
	32.9	32.9	28.8
Change in Fund Balance	\$ (3.5)	\$ (3.5)	\$ 1.3

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Actual General Fund revenues were higher than the original budgeted revenues by \$0.7 million during FY11. This increase is mainly due to increases in sales and income taxes, ambulances fees and building permits. Actual General Fund expenditures were lower than the original and final budget by \$4.1 million as it is the City's policy to add 10%, which is \$3.0 million, of contingency funding to the budget appropriation. The contingency amount is only for emergency use and was not used in FY11. \$1.1 million of the decrease is mainly attributable to a capital expenditure that was not made and a decrease in legal fees and departmental operating expenses. More information can be found on the schedule of revenues, expenditures and changes in fund balance – budget and actual on page 61.

The Parks 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 increased by \$0.3 million from \$2.3 million to \$2.6 million. The Parks and Recreation Fund revenues increased by \$1.1 million (15.2%) while expenditures increased by \$1.3 million (19.3%). The excess of revenues over expenditures decreased by \$0.2 million to a \$0.1 million excess. FY11 revenues and expenditures were higher than FY10 mainly due to a \$1.5 million reallocation of property taxes from the General Fund to the Parks and Recreation Fund. The Forestry section was transferred from a Public Works department to a Parks department and the corresponding revenue was reallocated. Without the reallocation both revenues and expenditures would have been down slightly from FY10 due to decreased recreation program revenue and associated expenditures.

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land and improvements	\$ 45.5	\$ 46.3	\$ 0.5	\$ 0.5	\$ 46.0	\$ 46.8
Infrastructure land	66.7	66.7	-	-	66.7	66.7
Construction in progress	0.2	0.9	-	-	0.2	0.9
Infrastructure	70.1	70.7	-	-	70.1	70.7
Buildings	23.8	24.6	18.4	19.5	42.2	44.1
Improvements	21.6	17.9	24.5	24.1	46.1	42.0
Machinery and equipment	4.5	4.5	2.2	2.3	6.7	6.8
Sanitary sewers	-	-	15.6	16.5	15.6	16.5
Total	\$ 232.4	\$ 231.6	\$ 61.2	\$ 62.9	\$ 293.6	\$ 294.5

At the end of FY11, the City had a combined total of capital assets of \$293.6 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$0.9 million.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

The net decrease is attributable to a \$0.8 million increase in the governmental activities offset by a \$1.7 million decrease in the business-type activities.

The \$0.8 million capital asset increase in the governmental activities was mainly due to \$4.7 million of capital contributions of building improvements at the Gorton Community Center. The building is owned by the City but the tenant is responsible for interior improvements. This was offset by the sale of 19 acres for \$1.1 million of land to the Lake County Forest Preserve for open space and wetlands on the City's Municipal Services property. The remainder of the offset is depreciation on all assets. The \$1.7 million decrease in the business-type activities was mainly due to \$2.8 million of depreciation offset by \$0.8 million of water main improvements.

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
Beginning Balance	\$ 231.6	\$ 62.9	\$ 294.5
Additions			
Depreciable	8.7	1.0	9.7
Non-Depreciation	0.3	-	0.3
Construction in Progress	0.1	-	0.1
Retirements			
Depreciable	(0.9)	-	(0.9)
Non-Depreciation	(1.1)	-	(1.1)
Construction in Progress	(0.9)	-	(0.9)
Depreciation	(6.2)	(2.7)	(8.9)
Retirements	0.8	-	0.8
Ending Balance	\$ 232.4	\$ 61.2	\$ 293.6

Debt Outstanding

The City had \$64.4 million of general obligation bonds outstanding at April 30, 2011. Of this amount \$32.3 million were payable from property taxes and the remainder were self supporting.

The City's per capita debt ratio for all direct and overlapping debt with other governmental units was \$7,172 and \$5,515 if self-supporting debt is excluded.

The City operated as a home rule community for FY11. The City was granted home rule status via a referendum held on November 2, 2004. Under home rule authority, the City will not have a legal debt limit. For more detailed information on long-term debt activity, see pages 46 through 49.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2011

Economic Factors

The City's unemployment rate was 6.2% for 2010, which is far below Lake County (10.5%) and the national (9.6%) and state (10.3%) levels.

The City refunded \$28.0 million of outstanding general obligation bonds in September, 2011. The net present value savings is \$2.5 million. The City has retained its Aaa rating from Moody's Investors Service. It is anticipated that the United States government's credit downgrade will have no affect on the City.

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, 800 N. Field Drive, Lake Forest, IL 60045.

BASIC FINANCIAL STATEMENTS

CITY OF LAKE FOREST, ILLINOIS

Statement of Net Assets

April 30, 2011

Exhibit A-1

	Primary Government			Component unit
	Governmental Activities	Business-type Activities	Total	Lake Forest Library
Assets				
Cash and cash equivalents	\$ 33,813,543	\$ 7,864,243	\$ 41,677,786	\$ 1,087,914
Investments	3,186,896	-	3,186,896	-
Receivables (net):				
Property taxes	25,078,551	-	25,078,551	3,407,851
Other taxes	251,534	-	251,534	4,276
Accounts	675,160	1,136,509	1,811,669	-
Accrued interest	-	3,332	3,332	-
Loans	2,005,507	-	2,005,507	-
Other	360,171	288	360,459	-
Due from other governments	1,818,930	-	1,818,930	-
Internal balances	(647,503)	647,503	-	-
Inventories	230,212	27,648	257,860	-
Prepays	637,120	-	637,120	-
Deferred charges – bond issuance costs	211,260	52,295	263,555	-
Net pension asset	1,035,811	-	1,035,811	-
Capital assets:				
Not being depreciated	112,388,983	459,369	112,848,352	219,000
Being depreciated, net	120,047,178	60,697,179	180,744,357	3,173,549
Total assets	301,093,353	70,888,366	371,981,719	7,892,590
Liabilities				
Accounts payable	1,937,760	164,340	2,102,100	25,623
Accrued liabilities	1,271,302	40,634	1,311,936	32,472
Accrued interest payable	768,357	387,277	1,155,634	-
Retainage payable	165,786	25,000	190,786	-
Deposits	901,648	-	901,648	-
Unearned revenue - property taxes	25,078,551	-	25,078,551	3,407,851
Unearned revenue - other	1,990,775	339,257	2,330,032	-
Long-term obligations:				
Due within one year	2,447,876	1,545,000	3,992,876	44,784
Due in more than one year	40,633,600	22,163,047	62,796,647	151,963
Total liabilities	75,195,655	24,664,555	99,860,210	3,662,693
Net Assets				
Invested in capital assets, net of related debt	192,568,460	37,709,887	230,278,347	3,340,806
Restricted for:				
Capital projects	1,426,107	-	1,426,107	-
Debt service	2,040,469	-	2,040,469	-
Public safety	179,117	-	179,117	-
Unrestricted	29,683,545	8,513,924	38,197,469	889,091
Total net assets	\$ 225,897,698	\$ 46,223,811	\$ 272,121,509	\$ 4,229,897

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Activities

For the Year Ended April 30, 2011

Exhibit A-2

For the Year Ended April 30, 2011					Net (Expense) Revenue and Changes in Net Assets			
Functions/Program	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lake Forest Library
Primary government:								
Governmental activities:								
General government	\$ 13,321,852	\$ 4,455,844	\$ 99,017	\$ 4,893,021	\$ (3,873,970)	\$ -	\$ (3,873,970)	
Highways and streets	8,687,404	693,029	742,761	689,700	(6,561,914)	-	(6,561,914)	
Sanitation	2,349,916	171,030	-	-	(2,178,886)	-	(2,178,886)	
Culture and recreation	9,402,752	3,650,467	-	400,000	(5,352,285)	-	(5,352,285)	
Public safety	13,398,718	1,930,715	5,003	-	(11,463,000)	-	(11,463,000)	
Interest on long-term debt	1,424,317	-	-	-	(1,424,317)	-	(1,424,317)	
Total governmental activities	48,584,959	10,901,085	846,781	5,982,721	(30,854,372)	-	(30,854,372)	
Business-type activities:								
Waterworks and sewerage	8,008,372	7,344,740	-	162,051	-	(501,581)	(501,581)	
Golf	1,393,869	1,264,624	-	-	-	(129,245)	(129,245)	
Total business-type activities	9,402,241	8,609,364	-	162,051	-	(630,826)	(630,826)	
Total primary government	\$ 57,987,200	\$ 19,510,449	\$ 846,781	\$ 6,144,772	(30,854,372)	(630,826)	(31,485,198)	
Component Unit								
Lake Forest Library	\$ 3,411,500	\$ 78,825	\$ -	\$ -				\$ (3,332,675)
General revenues and transfers:								
General revenues								
Property taxes					24,739,956	-	24,739,956	3,335,230
Replacement taxes					141,240	-	141,240	32,195
Sales tax					2,554,772	-	2,554,772	-
Income tax					1,849,046	-	1,849,046	-
Utility tax					3,968,072	-	3,968,072	-
Real estate transfer tax					1,279,935	-	1,279,935	-
Other taxes					280,840	-	280,840	-
Investment income					573,508	58,776	632,284	13,756
Other					150,049	-	150,049	-
Transfers					(102,150)	102,150	-	-
Total general revenues and transfers					35,435,268	160,926	35,596,194	3,381,181
Change in net assets					4,580,896	(469,900)	4,110,996	48,506
Net assets – beginning of year					221,316,802	46,693,711	268,010,513	4,181,391
Net assets – end of year					\$ 225,897,698	\$ 46,223,811	\$ 272,121,509	\$ 4,229,897

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Exhibit A-3

Balance Sheet

Governmental Funds

April 30, 2011

Assets	General Fund	Parks and Recreation Fund	2010 Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 10,439,581	\$ 3,477,761	\$ 1,209,624	\$ 12,854,558	\$ 27,981,524
Investments	-	-	-	3,186,896	3,186,896
Receivables (net of allowance for uncollectibles):					
Property taxes	15,218,497	4,815,928	-	5,044,126	25,078,551
Other taxes	251,534	-	-	-	251,534
Accounts	527,943	47,429	-	99,788	675,160
Loans	2,005,507	-	-	-	2,005,507
Other	65,890	-	-	170,753	236,643
Due from other governments	1,771,801	5,733	-	41,396	1,818,930
Due from other funds	485,562	41,228	-	2,358	529,148
Due from fiduciary funds	-	-	-	27,411	27,411
Inventory	22,133	-	-	-	22,133
Prepays	3,824	-	-	4,333	8,157
Total assets	<u>\$ 30,792,272</u>	<u>\$ 8,388,079</u>	<u>\$ 1,209,624</u>	<u>\$ 21,431,619</u>	<u>\$ 61,821,594</u>

Liabilities and Fund Balances

Liabilities:

Accounts payable	\$ 519,646	\$ 237,069	\$ 646,801	\$ 249,618	\$ 1,653,134
Accrued liabilities	595,893	73,345	-	12,027	681,265
Due to other funds	193	-	-	250,514	250,707
Retainage payable	3,246	-	-	162,540	165,786
Deposits	899,698	1,950	-	-	901,648
Unearned revenue:					
Property taxes	15,218,497	4,815,928	-	5,044,126	25,078,551
Other	1,327,080	595,071	-	68,624	1,990,775
Total liabilities	<u>18,564,253</u>	<u>5,723,363</u>	<u>646,801</u>	<u>5,787,449</u>	<u>30,721,866</u>

Fund Balances:

Reserved for:

Loans	2,005,507	-	-	-	2,005,507
Inventory	22,133	-	-	-	22,133
Prepays	3,824	-	-	4,333	8,157
Debt service	-	-	-	2,808,826	2,808,826
Paid parking	957,420	-	-	-	957,420

Unreserved, reported in:

General fund	9,239,135	-	-	-	9,239,135
Special revenue funds	-	2,664,716	-	7,204,462	9,869,178
Capital projects funds	-	-	562,823	5,626,549	6,189,372
Total fund balances	<u>12,228,019</u>	<u>2,664,716</u>	<u>562,823</u>	<u>15,644,170</u>	<u>31,099,728</u>

Total liabilities and
fund balances

<u>\$ 30,792,272</u>	<u>\$ 8,388,079</u>	<u>\$ 1,209,624</u>	<u>\$ 21,431,619</u>	<u>\$ 61,821,594</u>
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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, 2011

Total fund balances – governmental funds \$ 31,099,728

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. 211,260

Net pension asset recorded in governmental activities is not a financial resource and therefore is not reported in the funds. 1,035,811

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	\$ 45,497,634	
Land-infrastructure	66,740,770	
Construction in progress	150,579	
Infrastructure, net of \$110,238,719 in accumulated depreciation	70,047,161	
Buildings, net of \$8,305,022 in accumulated depreciation	23,832,735	
Improvements, net of \$6,859,069 in accumulated depreciation	21,724,992	
Machinery and equipment, net of \$9,448,397 in accumulated depreciation	<u>4,399,745</u>	
Total capital assets, net		232,393,616

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 year-end are:

Accrued interest on bonds	\$ (768,357)	
Net OPEB obligation	(134,326)	
General obligation bonds	(40,887,758)	
(Premium) discount on general obligation bonds	(189,567)	
Compensated absences	<u>(1,817,818)</u>	
Total long-term obligations		(43,797,826)

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.

4,955,109

Net assets of governmental activities

\$ 225,897,698

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS**Exhibit A-5**

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended April 30, 2011

	General Fund	Parks and Recreation Fund	2010 Bond Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 14,865,362	\$ 4,749,755	\$ -	\$ 5,124,839	\$ 24,739,956
Other	8,740,849	43,121	-	1,289,935	10,073,905
Intergovernmental revenues	-	-	-	523,185	523,185
Grants	155,529	-	-	1,150,666	1,306,195
Charges for services	2,968,599	3,060,160	-	1,399,025	7,427,784
Licenses and permits	2,246,336	-	-	-	2,246,336
Fines and forfeitures	409,539	-	-	-	409,539
Investment income	97,373	31,796	20,271	382,226	531,666
Miscellaneous revenue	660,427	92,328	-	321,821	1,074,576
Total revenues	<u>30,144,014</u>	<u>7,977,160</u>	<u>20,271</u>	<u>10,191,697</u>	<u>48,333,142</u>
Expenditures:					
Current:					
General government	9,507,364	-	57,226	2,364,856	11,929,446
Highways and streets	2,449,911	-	-	-	2,449,911
Sanitation	2,194,511	-	-	-	2,194,511
Culture and recreation	-	7,822,311	-	737,020	8,559,331
Public safety	12,985,873	-	-	305,854	13,291,727
Capital outlay	57,690	105,251	4,372,210	1,813,421	6,348,572
Debt service:					
Principal retirement	-	-	13,000,000	2,659,313	15,659,313
Interest	5,032	-	-	1,279,723	1,284,755
Total expenditures	<u>27,200,381</u>	<u>7,927,562</u>	<u>17,429,436</u>	<u>9,160,187</u>	<u>61,717,566</u>
Excess (deficiency) of revenues over expenditures	<u>2,943,633</u>	<u>49,598</u>	<u>(17,409,165)</u>	<u>1,031,510</u>	<u>(13,384,424)</u>
Other financing sources (uses):					
Proceeds from capital asset sales	-	-	-	1,067,630	1,067,630
Debt issuance - bonds	-	-	18,090,000	-	18,090,000
Premium on bonds	-	-	330,930	-	330,930
Discount on bonds	-	-	(51,800)	-	(51,800)
Transfers in	-	310,400	-	1,534,010	1,844,410
Transfers out	(1,601,902)	(22,600)	(168,537)	(153,521)	(1,946,560)
Total other financing sources (uses)	<u>(1,601,902)</u>	<u>287,800</u>	<u>18,200,593</u>	<u>2,448,119</u>	<u>19,334,610</u>
Net change in fund balances	<u>1,341,731</u>	<u>337,398</u>	<u>791,428</u>	<u>3,479,629</u>	<u>5,950,186</u>
Fund balances – beginning of year	<u>10,886,288</u>	<u>2,327,318</u>	<u>(228,605)</u>	<u>12,164,541</u>	<u>25,149,542</u>
Fund balances – end of year	<u>\$ 12,228,019</u>	<u>\$ 2,664,716</u>	<u>\$ 562,823</u>	<u>\$ 15,644,170</u>	<u>\$ 31,099,728</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS**Exhibit A-6**

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, 2011

Net changes in fund balances—total governmental funds \$ 5,950,186

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 (\$6,220,165) exceeded capital outlay (\$3,310,058) in the current period. (2,910,107)

Contributions of capital assets are not recorded in governmental funds, but are recorded as revenues in the statement of activities. 4,893,021

Proceeds from sales of capital assets are recorded as revenue in governmental funds, however the gain (loss) on sale is recorded in the statement of activities. (1,119,481)

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.

Debt issuance	\$ (18,090,000)	
Debt premiums and discounts	(279,130)	
Debt issuance costs	168,577	
Repayments:		
General obligation bonds	2,659,313	
Installment contracts	<u>13,000,000</u>	
Net adjustment		(2,541,240)

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	\$ 34,180	
Increase in OPEB obligation	(25,713)	
Decrease in accrued interest payable	(335,799)	
Amortization of bond premiums and discounts	58,289	
Amortization of bond issuance costs	(30,629)	
Decrease in compensated absences	<u>75,592</u>	
		(224,080)

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

532,597

Change in net assets of governmental activities – statement of activities

\$ 4,580,896

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Exhibit A-7

Statement of Net Assets

Proprietary Funds

April 30, 2011

Assets	Business-type Activities – Enterprise Funds			Governmental Activities— Internal Service Funds
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	
Current assets:				
Cash and cash equivalents	\$ 7,222,087	\$ 642,156	\$ 7,864,243	\$ 5,832,019
Receivables:				
Accounts receivable	1,136,509	-	1,136,509	-
Accrued interest	3,332	-	3,332	-
Other	288	-	288	96,117
Due from other funds	22,900	8,091	30,991	-
Inventories	-	27,648	27,648	208,079
Prepaid expenses	-	-	-	628,963
Total current assets	8,385,116	677,895	9,063,011	6,765,178
Noncurrent assets:				
Deferred charges – bond issuance costs	45,280	7,015	52,295	-
Capital assets:				
Not being depreciated	363,852	95,517	459,369	-
Being depreciated, net of accumulated depreciation	58,812,129	1,885,050	60,697,179	42,545
Total capital assets, net	59,175,981	1,980,567	61,156,548	42,545
Total noncurrent assets	59,221,261	1,987,582	61,208,843	42,545
Total assets	67,606,377	2,665,477	70,271,854	6,807,723
Liabilities				
Current liabilities:				
Accounts payable	119,094	45,246	164,340	284,626
Accrued liabilities	28,844	11,790	40,634	590,037
Accrued interest payable	370,277	17,000	387,277	-
Retainage payable	25,000	-	25,000	-
Due to other funds	-	3,600	3,600	305,832
Unearned revenue	73,602	265,655	339,257	-
Current portion of long-term obligations				
General obligation bonds	1,405,000	75,000	1,480,000	-
Accrued compensated absences	54,384	10,616	65,000	2,080
Total current liabilities	2,076,201	428,907	2,505,108	1,182,575
Noncurrent liabilities:				
General obligation bonds payable (net of unamortized discounts)	20,945,984	1,020,677	21,966,661	-
Accrued compensated absences	164,311	32,075	196,386	49,927
Total noncurrent liabilities	21,110,295	1,052,752	22,163,047	49,927
Total liabilities	23,186,496	1,481,659	24,668,155	1,232,502
Net Assets				
Invested in capital assets, net of related debt	36,824,997	884,890	37,709,887	42,545
Unrestricted	7,594,884	298,928	7,893,812	5,532,676
Total net assets	\$ 44,419,881	\$ 1,183,818	45,603,699	\$ 5,575,221

Adjustment to reflect the consolidation of internal service fund activities related
to enterprise funds.

620,112

Net assets of business-type activities reported in the government-wide
statement of net assets.

\$ 46,223,811

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, 2011

	Business-type Activities – Enterprise Funds			Governmental Activities—
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	\$ 7,265,913	\$ 1,252,627	\$ 8,518,540	\$ 7,809,541
Connection fees	70,008	-	70,008	-
Miscellaneous	8,819	11,997	20,816	-
Total operating revenues	7,344,740	1,264,624	8,609,364	7,809,541
Operating expenses:				
General and administrative	2,239,281	730,191	2,969,472	7,256,332
Operations and maintenance	2,186,166	445,203	2,631,369	-
Depreciation and amortization	2,596,979	181,779	2,778,758	4,804
Total operating expenses	7,022,426	1,357,173	8,379,599	7,261,136
Operating income	322,314	(92,549)	229,765	548,405
Nonoperating revenues (expenses):				
Investment income	54,376	4,400	58,776	41,842
Grant restricted to capital	162,051	-	162,051	-
Interest expense	(1,033,533)	(46,759)	(1,080,292)	-
Total nonoperating revenues (expenses)	(817,106)	(42,359)	(859,465)	41,842
Increase (decrease) in net assets before transfers	(494,792)	(134,908)	(629,700)	590,247
Transfers in	-	102,150	102,150	-
Change in net assets	(494,792)	(32,758)	(527,550)	590,247
Net assets – beginning of year	44,914,673	1,216,576	46,131,249	4,984,974
Net assets – end of year	\$ 44,419,881	\$ 1,183,818	45,603,699	\$ 5,575,221
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			57,650	
Change in net assets of business-type activities reported in the government-wide statement of activities			\$ (469,900)	

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS
Exhibit A-9

Statement of Cash Flows

Proprietary Funds

For the Year Ended April 30, 2011

	Business-type Activities – Enterprise Funds			Governmental Activities -
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Receipts from customers	\$ 7,367,057	\$ 1,220,076	\$ 8,587,133	\$ -
Receipts from miscellaneous revenue	9,359	11,997	21,356	-
Receipts from interfund services provided	-	-	-	7,719,239
Payments to suppliers	(2,183,356)	(443,688)	(2,627,044)	(6,510,249)
Payments to employees	(2,231,767)	(726,653)	(2,958,420)	(649,335)
Net cash provided by operating activities	2,961,293	61,732	3,023,025	559,655
Cash flows from noncapital financing activities:				
Transfer from other funds	29,475	116,163	145,638	-
Net cash provided by noncapital financing activities	29,475	116,163	145,638	-
Cash flows from capital and related financing activities:				
Purchases of capital assets	(945,748)	(79,550)	(1,025,298)	-
Capital grant	162,051	-	162,051	-
Principal paid on capital debt	(1,350,000)	(50,000)	(1,400,000)	-
Interest paid on capital debt	(1,034,394)	(45,662)	(1,080,056)	-
Net cash used in capital and related financing activities	(3,168,091)	(175,212)	(3,343,303)	-
Cash flows from investing activities:				
Interest and dividends received	54,376	4,400	58,776	41,842
Net increase (decrease) in cash and cash equivalents	(122,947)	7,083	(115,864)	601,497
Cash and cash equivalents – beginning of year	7,345,034	635,073	7,980,107	5,230,522
Cash and cash equivalents – end of year	\$ 7,222,087	\$ 642,156	\$ 7,864,243	\$ 5,832,019

(Continued)

CITY OF LAKE FOREST, ILLINOIS
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended April 30, 2011

Exhibit A-9, Continued

	<u>Business-type Activities – Enterprise Funds</u>			<u>Governmental Activities— Internal Service Funds</u>
	<u>Waterworks and Sewerage Fund</u>	<u>Nonmajor - Deerpath Golf Course Fund</u>	<u>Total Enterprise Funds</u>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 322,314	\$ (92,549)	\$ 229,765	\$ 548,405
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	2,596,979	181,779	2,778,758	4,804
Changes in assets and liabilities:				
Water sales receivable	6,495	-	6,495	-
Accounts receivable	-	-	-	(90,302)
Other receivables	540	-	540	-
Other assets	-	440	440	124,860
Prepaid expenses	1,137	-	1,137	-
Accounts payable	(23,327)	1,075	(22,252)	37,592
Accrued liabilities	(271)	(126)	(397)	324,849
Retainage payable	25,000	-	25,000	-
Unearned revenue	24,641	(32,551)	(7,910)	-
Compensated absences	7,785	3,664	11,449	3,103
Other liabilities	-	-	-	(393,656)
Total adjustments	2,638,979	154,281	2,793,260	11,250
Net cash provided by operating activities	\$ 2,961,293	\$ 61,732	\$ 3,023,025	\$ 559,655

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Fiduciary Net Assets

Fiduciary Funds

April 30, 2011

Assets	Pension Trust Funds	Private Purpose Trust Fund	Agency Fund
Cash and cash equivalents	\$ 1,430,861	\$ 11,387	\$ 60,174
Investments			
U.S. Treasury obligations	13,505,906	-	-
U.S. Government agencies	10,772,547	-	-
Municipal and corporate bonds	244,036	106,253	-
Common stock	2,091,016	389,974	-
Equity mutual funds	19,039,525	-	-
Other receivables	111,214	1,978	-
Prepaid expenses	9,731	-	-
Total assets	<u>47,204,836</u>	<u>509,592</u>	<u>60,174</u>
Liabilities			
Accounts payable	15,839	329	-
Due to other funds	-	27,411	-
Due to special assessment districts	-	-	60,174
Total liabilities	<u>15,839</u>	<u>27,740</u>	<u>60,174</u>
Net Assets			
Held in trust for pension trust and other purposes	<u>\$ 47,188,997</u>	<u>\$ 481,852</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, 2011

	Pension Trust Funds	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 2,373,580	\$ -
Employee	613,238	-
Total contributions	<u>2,986,818</u>	<u>-</u>
Interest income	861,477	19,738
Net appreciation in fair value of investments	3,480,541	27,744
Less investment expenses	<u>(175,896)</u>	<u>-</u>
Net investment income	<u>4,166,122</u>	<u>47,482</u>
Total additions	<u>7,152,940</u>	<u>47,482</u>
Deductions:		
Pension benefits and refunds	2,944,110	-
Other administrative expenses	<u>11,200</u>	<u>33,650</u>
Total deductions	<u>2,955,310</u>	<u>33,650</u>
Change in net assets	4,197,630	13,832
Net assets held in trust at beginning of year	<u>42,991,367</u>	<u>468,020</u>
Net assets held in trust at end of year	<u>\$ 47,188,997</u>	<u>\$ 481,852</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Note 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 senior center, 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, 800 North Field Drive, 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, 2011

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.

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.

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

2010 Bond Construction Fund — This fund accounts for the proceeds of the 2010 general obligation bonds to be used to fund certain capital improvements.

The City reports the following major proprietary fund:

Waterworks and Sewerage Fund — This fund accounts for the provision of water and sewer services to the residents of the City and Delmar Woods Subdivision.

Additionally, the City reports the following fund types:

Internal Service — These funds account for the self-insured medical and dental benefits for City employees, the costs of liability insurance, 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 Fund — 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(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 are recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. For example, the 2009 property tax levy is recognized as revenue for the year ended April 30, 2011. 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.

Proprietary fund revenues are classified as either operating or nonoperating. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. 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. Nonoperating expenses include interest expense.

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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(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;
- 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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

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- 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.

(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.

CITY OF LAKE FOREST, ILLINOIS

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

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

(i) Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, traffic controls, drainage systems, and similar items), and intangible assets (software, easements, etc.) 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.

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, 2011, 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, equipment and software	3 – 20 years
Water mains	40 years
Sanitary sewers	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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(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:

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 March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement was issued to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. This Statement will become effective for the year ending April 30, 2012.

CITY OF LAKE FOREST, ILLINOIS

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GASB Statement No. 59, *Financial Instrument Omnibus*, will be effective for the City with its year ending April 30, 2012. This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, will be effective for the City beginning with its year ending April 30, 2014. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the City beginning with its year ending April 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure

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

Note 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

- (5) Formal budgetary integration and legally adopted budgets are employed as a management control device during the year for the General and Special Revenue Funds, through an internal reporting system. Such budgetary integration permits the City's department managers to monitor actual revenues and expenditures relative to budgets on an ongoing basis throughout the year. Formal encumbrance accounting is not used, and appropriations not used by the end of the fiscal year lapse.
- (6) Governmental fund budgets are adopted for all funds and are on a basis consistent with generally accepted accounting principles (GAAP). All proprietary funds have budgets and are generally in accordance with GAAP except that principal retirement is budgeted and depreciation expense is not budgeted. Additionally, the Pension Trust Funds adopt budgets which are generally in accordance with GAAP.

(b) **Deficit Fund Balance**

The West Lake Forest TIF District Construction Fund had a deficit balance of \$331,632 at April 30, 2011. The deficit will be eliminated in fiscal year 2012 from the collection of incremental property taxes within the TIF District.

Note 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, 2011 is as follows:

		Fiduciary activities			Component Unit
	Governmental and Business-type Activities	Police Pension Fund	Firefighters' Pension Fund	Other Fiduciary Activities	Lake Forest Library
Petty cash	\$ 10,345	\$ -	\$ 300	\$ -	\$ 350
Demand deposits	41,553,984	324,768	1,105,793	71,561	1,087,564
Illinois Funds	113,455	-	-	-	-
Certificate of deposit	87,959	-	-	-	-
U.S. Treasury obligations	-	9,060,566	4,445,340	-	-
U.S. Government agencies	-	2,049,957	8,722,590	-	-
Municipal/corporate bonds	514,833	-	244,036	106,253	-
Equity securities	2,584,106	10,064,181	11,066,360	389,974	-
Total	\$ 44,864,682	\$ 21,499,472	\$ 25,584,419	\$ 567,788	\$ 1,087,914

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

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 Firefighters' 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.

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, 2011, the City, Cemetery Investment Fund and the Police and Firefighters' 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 since it is passively managing its fixed income exposure to the Barclays Capital Intermediate Government Index. Although the Firefighters' Pension Fund's investment policy does not specifically limit the length of maturity of investments, it manages interest rate risk by investing fixed income assets in proportion to the present value of the Fund's projected liabilities.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

As of April 30, 2011, the maturities for debt securities are as follows:

	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Governmental and business-type activities:					
Illinois Funds *	\$ 113,455	\$ 113,455	\$ -	\$ -	\$ -
Municipal bonds	514,833	176,018	221,683	117,132	-
Total governmental and business-type activities	\$ 628,288	\$ 289,473	\$ 221,683	\$ 117,132	\$ -
Fiduciary activities:					
Police Pension Fund:					
U.S. Treasury obligations	\$ 9,060,566	\$ -	\$ 6,022,933	\$ 3,037,633	\$ -
U.S. Government agencies	2,049,957	-	1,752,652	297,305	-
Total Police Pension Fund	11,110,523	-	7,775,585	3,334,938	-
Firefighters' Pension Fund:					
U.S. Treasury obligations	4,445,340	-	565,480	1,406,204	2,473,656
U.S. Government agencies	8,722,590	792,013	1,870,810	1,131,932	4,927,835
Municipal bonds	244,036	100,137	49,859	94,040	-
Total Firefighters' Pension Fund	13,411,966	892,150	2,486,149	2,632,176	7,401,491
Other fiduciary activities:					
Corporate bonds	106,253	-	106,253	-	-
Total fiduciary activities	\$ 24,628,742	\$ 892,150	\$ 10,367,987	\$ 5,967,114	\$ 7,401,491

* 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.

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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

As of April 30, 2011, 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:				
Illinois Funds	\$ 113,455	\$ 113,455	\$ -	\$ -
Municipal bonds	514,833	-	208,076	306,757
Total governmental and business-type activities	<u>\$ 628,288</u>	<u>\$ 113,455</u>	<u>\$ 208,076</u>	<u>\$ 306,757</u>
Fiduciary activities:				
Police Pension Fund:				
U.S. Government agencies	<u>\$ 2,049,957</u>	<u>\$ 2,049,957</u>	<u>\$ -</u>	<u>\$ -</u>
Firefighters' Pension Fund:				
U.S. Government agencies	8,722,590	8,722,590	-	-
Municipal bonds	244,036	29,151	214,885	-
	<u>8,966,626</u>	<u>8,751,741</u>	<u>214,885</u>	<u>-</u>
Other fiduciary activities:				
Corporate bonds	<u>106,253</u>	<u>-</u>	<u>-</u>	<u>106,253</u>
Total fiduciary activities	<u>\$ 11,122,836</u>	<u>\$ 10,801,698</u>	<u>\$ 214,885</u>	<u>\$ 106,253</u>

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 Firefighters' Pension holds 7% of its portfolio in Tennessee Valley Authority (TVA) which is rated AAA as well as 11% of its portfolio in Domestic Vanguard Funds. 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 283 issues, in which the average credit quality is AAA / AA1. All issues are either U.S. Treasury or U.S. Government Agency issues.

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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

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, 2011, 8.6% of the Firefighters' Pension Fund's assets were invested in the Harbor International Fund and Vanguard Total International Fund. The funds are subject to foreign currency risk. To diversify risk, the Firefighters' 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, 2011, 14.9% of the Police Pension Fund's assets were invested in the Dodge & Cox International Stock Fund and Vanguard Total International Stock Index Fund. The funds are subject to foreign currency risk; however, the funds are well diversified across international regions. The Cemetery Fund had 19% of its assets invested in William Blair International Growth Fund as of April 30, 2011.

Note 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 2010 are intended to finance the fiscal year 2012 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2011 for collections from the calendar year 2009 levy if it was received by June 30, 2011. Property taxes levied for calendar year 2010 which will be collected in fiscal year 2012 are recorded as receivables and deferred revenue.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Note 5. Interfund Balances and Activity**Due to/from Other Funds**

The following balances at April 30, 2011 represent amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 235,048
General Fund	Nonmajor Governmental Funds	250,514
Parks and Recreation Fund	Nonmajor Governmental Funds	3,600
Parks and Recreation Fund	Internal Service Fund	37,435
Parks and Recreation Fund	General Fund	193
Nonmajor Governmental Fund	Internal Service Fund	2,358
Waterworks and Sewerage Fund	Internal Service Fund	22,900
Nonmajor Enterprise Fund	Internal Service Fund	8,091
Nonmajor Governmental Fund	Fiduciary Fund	<u>27,411</u>
Total		<u><u>\$ 587,550</u></u>

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Transfers to/from Other Funds

Interfund transfers for the year ended April 30, 2011 were as follows:

Transfer In Fund(s)	Purpose	Amount
Parks and Recreation Fund	Transfer for operations	\$ 310,400
Nonmajor Enterprise Fund	Transfer for operations	22,600
Nonmajor Enterprise Fund	Transfer for capital outlay	79,550
Nonmajor Governmental Funds	Transfer for capital outlay	303,521
Nonmajor Governmental Funds	Transfer for debt service	981,603
Nonmajor Governmental Funds	Transfer for operations	248,886
		<u>\$ 1,946,560</u>
Transfer Out Fund(s)		
General Fund	Transfer for capital outlay	\$ 150,000
General Fund	Transfer for operations	559,286
General Fund	Transfer for debt service	892,616
Parks and Recreation Fund	Transfer for operations	22,600
2010 Bond Construction Fund	Transfer for debt service	88,987
2010 Bond Construction Fund	Transfer for capital outlay	79,550
Nonmajor Governmental Funds	Transfer for capital outlay	153,521
		<u>\$ 1,946,560</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Note 6. Capital Assets

A summary of capital asset activity for the year ended April 30, 2011 is as follows:

	Balance May 1, 2010	Additions or Transfers	Disposals	Balance April 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 46,283,782	\$ 263,852	\$ 1,050,000	\$ 45,497,634
Infrastructure – land	66,740,770	-	-	66,740,770
Construction in progress	910,757	59,642	819,820	150,579
Total capital assets not being depreciated	113,935,309	323,494	1,869,820	112,388,983
Capital assets being depreciated:				
Infrastructure	178,013,358	2,541,888	269,366	180,285,880
Buildings	32,277,328	-	139,571	32,137,757
Improvements other than buildings	23,479,858	5,104,203	-	28,584,061
Machinery and equipment	13,304,018	1,053,314	466,645	13,890,687
Total capital assets being depreciated	247,074,562	8,699,405	875,582	254,898,385
Less accumulated depreciation:				
Infrastructure	107,298,686	3,148,174	208,141	110,238,719
Buildings	7,692,601	751,992	139,571	8,305,022
Improvements other than buildings	5,576,440	1,282,629	-	6,859,069
Machinery and equipment	8,864,612	1,042,174	458,389	9,448,397
Total accumulated depreciation	129,432,339	6,224,969	806,101	134,851,207
Governmental Activity capital assets – net	\$ 231,577,532	\$ 2,797,930	\$ 1,939,301	\$ 232,436,161

Depreciation expense for governmental activities for the year ended April 30, 2011 was charged to functions as follows:

General government	\$ 1,773,786
Highways and streets	3,299,664
Sanitation	195,098
Culture and recreation	794,750
Public safety	161,671
	<u>\$ 6,224,969</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

	Balance May 1, 2010	Additions	Disposals or Transfers	Balance April 30, 2011
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 459,369	\$ -	\$ -	\$ 459,369
Total capital assets not being depreciated	459,369	-	-	459,369
Capital assets being depreciated:				
Buildings	27,021,790	-	-	27,021,790
Improvements other than buildings	39,140,143	825,812	(468,530)	40,434,485
Machinery and equipment	4,179,223	199,486	-	4,378,709
Sanitary sewers and related property	29,866,939	-	468,530	29,398,409
Total capital assets being depreciated	100,208,095	1,025,298	-	101,233,393
Less accumulated depreciation:				
Buildings	7,523,418	1,055,559	-	8,578,977
Improvements other than buildings	14,965,724	937,401	-	15,903,125
Machinery and equipment	1,872,011	356,151	-	2,228,162
Sanitary sewers and related property	13,396,303	429,647	-	13,825,950
Total accumulated depreciation	37,757,456	2,778,758	-	40,536,214
Capital assets – net	\$ 62,910,008	\$ (1,753,460)	\$ -	\$ 61,156,548

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

	Balance May 1, 2010*	Additions	Disposals	Balance April 30, 2011
Component Unit – Lake Forest Library				
Capital assets not being depreciated:				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Art	149,000	-	-	149,000
Total capital assets not being depreciated	219,000	-	-	219,000
Capital assets being depreciated:				
Buildings	1,180,907	-	-	1,180,907
Improvements other than buildings	1,529,304	23,550	-	1,552,854
Machinery and equipment	3,481,675	392,300	281,105	3,592,870
Total capital assets being depreciated	6,191,886	415,850	281,105	6,326,631
Less accumulated depreciation:				
Buildings	537,476	23,338	-	560,814
Improvements other than buildings	431,682	135,509	-	567,191
Machinery and equipment	1,973,377	332,805	281,105	2,025,077
Total accumulated depreciation	2,942,535	491,652	281,105	3,153,082
Capital assets – net	\$ 3,468,351	\$ (75,802)	\$ -	\$ 3,392,549

* Beginning balances for improvements other than buildings and machinery and equipment were adjusted by \$(32,597) and \$32,597, respectively, to correct a prior classification error.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Note 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, 2011:

	Balance May 1, 2010	Additions	Deductions	Balance April 30, 2011	Amounts due within one year
Governmental activities:					
General obligation bonds	\$ 25,457,071	\$ 18,090,000	\$ 2,659,313	\$ 40,887,758	\$ 1,997,876
Premium on general obligation bonds	17,384	330,930	(67,853)	280,461	-
Discount on general obligation bonds	(48,658)	(51,800)	9,564	(90,894)	-
Total general obligation bonds	25,425,797	18,369,130	2,601,024	41,077,325	1,997,876
Installment purchase contracts and promissory note	13,000,000	-	13,000,000	-	-
Net OPEB obligation	108,613	25,713	-	134,326	-
Compensated absences**	1,942,314	1,791,292	1,863,781	1,869,825	450,000
Total governmental activities	\$ 40,476,724	\$ 20,186,135	\$ 17,464,805	\$ 43,081,476	\$ 2,447,876
Business-type activities:					
General obligation bonds	\$ 24,925,000	\$ -	\$ 1,400,000	\$ 23,525,000	\$ 1,480,000
Discount on general obligation bonds	(90,845)	-	12,506	(78,339)	-
Compensated absences	249,937	257,404	245,955	261,386	65,000
Total business-type activities	\$ 25,084,092	\$ 257,404	\$ 1,658,461	\$ 23,708,047	\$ 1,545,000
Component Unit - Lake Forest Library					
Capital lease	\$ 81,527	\$ -	\$ 29,784	\$ 51,743	\$ 29,784
Net OPEB obligation	-	2,743	-	2,743	-
Compensated absences	136,142	18,077	11,958	142,261	15,000
Total component unit - Lake Forest Library	\$ 217,669	\$ 20,820	\$ 41,742	\$ 196,747	\$ 44,784

**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, 2011

General obligation debt payable for the City as of April 30, 2011 consists of the following:

Governmental Activities:

General obligation bonds:

1999 Series General Obligation Bonds due in annual installments of \$125,000 to \$145,000 through December 15, 2014; interest at 5.00% to 5.15%, due semiannually on June 15 and December 15. Funded by cemetery revenues.	\$ 540,000
2000 Series General Obligation Bonds due in annual installments of \$500,000 to \$600,000 through December 15, 2012; interest at 4.75%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	1,100,000
2001 Series B General Obligation Bonds is due in one installment of \$100,000 on December 15, 2011; interest at 3.125% to 3.50%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	100,000
2003 D Series General Obligation Bonds due in annual installments of \$200,000 through December 15, 2015; interest at 3.05% to 3.40%, due semiannually on June 15 and December 15. Funded by sales tax.	1,000,000
Special Service Area 25 Special Tax Bonds due in annual installments of \$50,000 to \$75,000 through December 15, 2022; interest at 3.20% to 4.45%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	745,000
Special Service Area 26 Special Tax Bonds due in annual installments of \$12,947 to \$20,700 through December 15, 2022; interest at 3.75% to 4.90%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	196,690
Special Service Area 29 Special Tax Bonds due in annual installments of \$89,929 to \$150,611 through December 15, 2023; interest at 3.60% to 5.15%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	1,516,068

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Governmental Activities:

General obligation bonds (Continued):

2004 B Series General Obligation Bonds due in annual installments of \$150,000 to \$550,000 through December 15, 2023; interest at 3.50% to 4.45%, due semiannually on June 15 and December 15. Funded by sales tax.	\$ 4,550,000
2008 Series General Obligation Bonds due in annual installments of \$510,000 to \$635,000 through December 15, 2027; interest at 3.375% to 3.875%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	9,370,000
2009 Series General Obligation Bonds due in annual installments of \$160,000 to \$280,000 through December 15, 2028; interest at 2% to 4.1%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	3,680,000
2010 A Series General Obligation Bonds due in one installment of \$9,665,000 on December 15, 2015; interest at 3.00%, due semiannually on June 15 and December 15, commencing June 15, 2011. Funded by Debt Service Funds property tax levies.	9,665,000
2010 B Series General Obligation Bonds due in annual installments of \$540,000 to \$860,000 through December 15, 2032, commencing December 15, 2029; interest at 5.75%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	3,000,000
2010 C Series General Obligation Bonds due in annual installments of \$195,000 to \$490,000 through December 15, 2029; commencing December 15, 2015; interest at 3.00% to 5.50%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	5,425,000
Total governmental activities	<u>\$ 40,887,758</u>

The City has outstanding bonds that will be paid from pledged future revenues. The 1999 bonds are paid from cemetery revenues however sales taxes are pledged in the event that there are not sufficient cemetery revenues. The 2003D and 2004B bonds are to be paid from sales tax revenue from the General Fund. These pledges will remain until all bonds are retired. The amount of pledges remaining as of April 30, 2011 corresponds to the outstanding principal amounts as shown in the tables above. The secured debt was issued to provide improvements to the cemetery, storm sewers, and a central business district parking lot. A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2011 is as follows (amounts in thousands):

Debt Issue	Pledged Revenue Source	2011 Pledged Revenue Collected	2011 Principal and Interest Retired
1999	Sales tax	\$ 2,555	\$ 154
2003D and 2004B	Sales tax	2,555	552

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Business-type Activities

General obligation and revenue bonds:

Waterworks and Sewerage Fund:

2002 Series A General Obligation Bonds due in annual installments of \$1,295,000 to \$2,085,000 through December 15, 2023; interest at 4.00% to 5.00%, due semiannually on June 15 and December 15. Funded by Water and Sewer Fund revenues. \$ 21,125,000

2003 Series C General Obligation Bonds due in annual installments of \$110,000 to \$155,000 through December 15, 2020; interest at 3.10% to 4.00%, due semiannually on June 15 and December 15. Funded by Water and Sewer Fund revenues. 1,300,000

Nonmajor Enterprise Fund:

2004 Series A General Obligation bonds dated September 15, 2004, due in annual installments of \$75,000 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 and sales tax. 1,100,000

Total Business-type Activities \$ 23,525,000

The City has outstanding bonds that will be paid from pledged future revenues. The 2002A and 2003C bonds are to be paid from water/sewer revenues of the Waterworks and Sewerage Fund. The 2004A bonds are to be paid from revenues from the Golf Course Fund. These pledges will remain until all bonds are retired. The amount of the pledges remaining as of April 30, 2011 corresponds to the outstanding principal amounts as shown in the table above. The secured debt was issued to provide improvements to the water/sewer system and the golf course. A comparison of the pledged revenues collected and the related principal and interest expenditure for fiscal year 2011 is as follows (amounts in thousands):

Debt Issue	Pledged Revenue Source	2011 Pledged Revenue Collected	2011 Principal and Interest Retired
2002A and 2003C	Water/Sewer revenues	\$ 7,507	\$ 2,383
2004A	General Fund revenues and sales tax	3,820	97

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

Years	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2012	\$ 1,997,876	\$ 1,753,258	\$ 1,480,000	\$ 1,025,144
2013	1,826,734	1,505,138	1,540,000	967,309
2014	1,355,949	1,436,283	1,595,000	906,629
2015	1,410,436	1,389,626	1,655,000	843,669
2016	11,255,219	1,340,503	1,720,000	778,219
2017-2021	8,255,109	4,415,491	9,800,000	2,730,039
2022-2026	8,106,435	2,675,689	5,735,000	523,751
2027-2030	5,000,000	1,179,194	-	-
2032-2033	1,680,000	146,050	-	-
Total	<u>\$40,887,758</u>	<u>\$ 15,841,232</u>	<u>\$ 23,525,000</u>	<u>\$ 7,774,760</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Note 8. Capital Lease

The City of Lake Forest Public Library has entered into a lease agreement as lessee for financing technology equipment to the Library. The lease is due in installments through its maturity on December 11, 2012 at an annual interest rate of 1.0%. 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
Assets:	
Improvements other than buildings	\$ 91,389
Less: accumulated depreciation	<u>(40,617)</u>
Total	<u><u>\$ 50,772</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2011 were as follows:

Year Ending April 30	Lake Forest Library
2012	\$ 30,463
2013	21,747
Less: Amount representing interest	<u>(467)</u>
Present value of minimum lease payments	<u><u>\$ 51,743</u></u>

Note 9. Retirement Fund Commitments**Illinois Municipal Retirement Fund****(a) Plan Description**

The City contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit pension plan, which provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public 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. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(b) Funding Policy

As set by statute, employer regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2010 was 9.68 percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(c) Annual Pension Cost

The City's annual pension cost of \$1,961,263 for the regular plan was equal to the City's required and actual contributions.

(d) Trend Information

<u>Year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
12/31/10	\$ 1,961,263	100 %	\$ -
12/31/09	1,539,975	100	-
12/31/08	1,479,304	100	-

The required contribution for 2010 was determined as part of the December 31, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's regular plan 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 between the actuarial and market value of assets. The unfunded actuarially accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2008 valuation was 22 years.

(e) Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation, the regular plan was 78.9 percent funded. The actuarial liability for benefits was \$50,163,288 and the actuarial value of assets was \$39,595,430 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,567,858. The covered payroll (annual payroll of active employees covered by the plan) was \$16,762,932 and the ratio of the UAAL to the covered payroll was 63 percent. In conjunction with the December 2010 actuarial valuation the market value of investments was determined using techniques that spread the effect of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2011, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30-year basis.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Pension and Firefighters' Pension Plans

(a) Plan Descriptions

The City contributes to two single-employer defined benefit pension plans: the Police Pension Plan and the Firefighters' 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, 2010 (most recent actuarial valuation date):

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits	34	31
Terminated employees entitled to but not yet receiving benefits	3	-
Active plan members	<u>40</u>	<u>32</u>
Total	<u><u>77</u></u>	<u><u>63</u></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 Firefighters' Pension Fund has \$1,818,227 invested in the Tennessee Valley Authority, which represents 7.1% of plan net assets at April 30, 2011.

(c) Funding Policy and Annual Pension Cost

Covered police pension eligible employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded. Actuarial valuations are performed annually.

Covered firefighters' pension eligible employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded. Actuarial valuations are performed annually.

The City's annual pension cost and net pension asset for the Police and Firefighters' Pension Plans for fiscal year 2011 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,405,652	\$ 954,946
Interest on net pension obligation	(48,340)	(21,540)
Adjustment to annual required contribution	33,676	15,006
Annual pension cost	1,390,988	948,412
Contributions made	1,412,730	960,850
Increase in net pension asset	21,742	12,438
Net pension asset at April 30, 2010	659,742	341,889
Net pension asset at April 30, 2011	\$ 681,484	\$ 354,327

The net pension assets are reported by the City in the government-wide Statement of Net Assets.

Other related information is as follows:

	Police Pension	Firefighters' Pension
Contribution rates - City	33.97%	30.64%
Contribution rates - plan members	9.91%	9.46%
Actuarial valuation date	4/30/10	4/30/10
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percentage of pay, closed	Level Percentage of pay, closed
Remaining amortization period	23 years	23 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, 2011

(d) Plan Financial Statements

Following are condensed financial statements for the Police and Firefighters' Pension Plans as of and for the year ended April 30, 2011:

	Police Pension	Firefighters' Pension
Statement of Fiduciary Net Assets		
Assets:		
Cash and cash equivalents	\$ 324,768	\$ 1,106,093
Investments	21,174,704	24,478,326
Other receivables	6,405	104,809
Prepaid expenses	9,231	500
Total assets	21,515,108	25,689,728
Liabilities:		
Accounts payable	3,388	12,451
Net assets:		
Held in trust for pension benefits	<u>\$ 21,511,720</u>	<u>\$ 25,677,277</u>
Statement of Changes in Fiduciary Net Assets		
Additions:		
Employer contributions	\$ 1,412,730	\$ 960,850
Employee contributions	337,369	275,869
Interest income	150,421	711,056
Net appreciation in fair value of investments	1,885,742	1,594,799
Less investment expenses	(97,047)	(78,849)
Total additions	3,689,215	3,463,725
Deductions:		
Pension benefits and refunds	1,551,009	1,393,101
Administrative expenses	5,600	5,600
Total deductions	1,556,609	1,398,701
Changes in net assets	2,132,606	2,065,024
Net assets held in trust at beginning of year	19,379,114	23,612,253
Net assets held in trust at end of year	<u>\$ 21,511,720</u>	<u>\$ 25,677,277</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(e) Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC contributed		Net Pension Asset
Police Pension:	4/30/11	\$ 1,390,988	101.6	%	\$ 681,484
	4/30/10	1,113,386	101.4		659,742
	4/30/09	1,010,467	102.7		644,536
Firefighters' Pension:	4/30/11	\$ 948,412	101.3	%	\$ 354,327
	4/30/10	755,444	107.2		341,889
	4/30/09	656,515	106.9		287,204

(f) Funded Status and Funding Progress – Pension Trust Funds

The funded status of the Police and Firefighters' Pension Plans as of April 30, 2010, the most recent actuarial valuation date, is as follows:

	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(2)–(1) Unfunded AAL (UAAL)	(1)/(2) Funded Ratio	(3) Covered Payroll	UAAL as a Percentage of Covered Payroll ((2-1)/3)
Police	\$ 19,379,115	\$ 36,428,208	\$ 17,049,093	53.2 %	\$ 3,322,493	513.1 %
Firefighters	23,612,253	30,523,996	6,911,743	77.4	2,644,320	261.4

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL's for benefits. The projection of benefits for financial reporting does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Note 10. Other Post Employment Benefits (OPEB)

(a) Plan Description

In addition to providing the pension benefits described in Note 9, the City and Library (hereinafter City) provide post-employment health care benefits (OPEB) for retired employees. Hereinafter, the medical and dental plan benefits offered are referred to as the "Plan." The Plan offers several medical and dental insurance benefit options to eligible retirees and their dependents. The benefits, benefit levels, employee contributions and employer contributions are governed by the City Council and can only be amended by the City Council. The Plan is not accounted for as a trust fund and an irrevocable trust has not been established. The City does not issue a Plan financial report.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(b) Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council and are detailed in the various plan benefit booklets provided to employees. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the City contributed \$63,488, representing current premiums.

(c) Annual OPEB Cost and Net OPEB Obligation

The City's and Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation to the Plan:

	<u>City</u>	<u>Library*</u>
Annual required contribution (ARC)	\$ 87,390	\$ 2,743
Interest on net OPEB obligation	5,431	-
Adjustment to annual required contribution	(3,620)	-
Annual OPEB cost	89,201	2,743
Contribution made	63,488	-
Increase in net OPEB obligation	25,713	2,743
Net OPEB obligation beginning of year	108,613	-
Net OPEB obligation end of year	\$ 134,326	\$ 2,743

*The Library did not report a liability prior to 4/30/2011.

(d) Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
04/30/2011	\$ 89,201	71.2%	\$ 134,326
04/30/2010	87,986	25.0%	108,613
04/30/2009	87,986	51.6%	42,628
Library:			
04/30/2011	\$ 2,743	0.0%	\$ 2,743

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

(e) Funded Status and Funding Progress

As of April 30, 2011, the City's plan was 100% unfunded. The actuarial accrued liability for benefits was \$1,495,528, and the actuarial value of assets was \$0 (zero), resulting in an unfunded actuarial accrued liability (UAAL) of \$1,495,528. The covered payroll (annual payroll of active employees covered by the plan) was \$19,037,921, and the ratio of the UAAL to the covered payroll was 7.86 percent. As of the same date, the Library's plan was 100% unfunded. The actuarial accrued liability for benefits was \$22,590, and the actuarial value of assets was \$0 (zero), resulting in an unfunded actuarial accrued liability (UAAL) of \$22,590. The covered payroll (annual payroll of active employees covered by the plan) was \$1,246,633, and the ratio of the UAAL to the covered payroll was 1.81 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(f) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 6 percent ultimately. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using market value. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2011 was 30 years.

Note 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 41 municipalities, Great Lakes Naval Training Center and Lake County. The Agency was formed in 1991. The purpose of the Agency is to implement a regional approach to solid waste management which addresses the economic, political and environmental issues in Lake County.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

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 1311 N. Estes Street, 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 3105 MacArthur Blvd., Northbrook, Illinois 60062.

Note 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 Liability Insurance 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. The City assumes the first \$25,000 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The 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
2009-2010	\$ 5,401	\$ 79,915	\$ 65,727	\$ 19,589
2010-2011	19,589	260,033	200,308	79,314

(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 all amounts for claims, including incremental costs that have been incurred but not reported (IBNR) and are reported in the Self Insurance Fund (internal service fund).

Changes in the balances of claims liabilities for the years ended April 30, 2011 and 2010 are as follows:

	Beginning of Fiscal Year Liability	Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2009-2010	\$ 410,404	\$ 3,607,342	\$ 3,760,993	\$ 256,753
2010-2011	256,753	3,842,866	3,582,996	516,623

The City has not had significant reductions in insurance coverage during the year nor did settlements exceed insurance coverage in any of the last three years.

Note 13. Commitments and Contingencies

As of April 30, 2011 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 \$149,994 at April 30, 2011.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2011

Note 14. Subsequent Events

On September 6, 2011, the City sold General Obligation Refunding Bonds, Series 2011A with a par value of \$2,415,000 and a true interest rate of 1.3686%. The bonds will currently refund certain maturities of the City's outstanding General Obligation Bonds, Series 1999, Series 2003C and Series 2003D bond issues. The sale resulted in a present value interest savings of \$178,907.

On September 6, 2011, the City sold General Obligation Refunding Bonds, Series 2011B with a par value of \$24,825,000 and a true interest rate of 2.2423%. The bonds will advance refund certain maturities of the City's outstanding General Obligation Bonds, Series 2002A, Series 2004A and Series 2004B bond issues. The sale resulted in a present value interest savings of \$2,308,664.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 14,855,597	\$ 14,865,362	\$ 9,765
Other	8,682,611	8,740,849	58,238
Grants	-	155,529	155,529
Charges for services	2,785,828	2,968,599	182,771
Licenses and permits	2,049,300	2,246,336	197,036
Fines and forfeitures	363,250	409,539	46,289
Investment income	100,000	97,373	(2,627)
Miscellaneous revenue	563,989	660,427	96,438
Total revenues	29,400,575	30,144,014	743,439
Expenditures:			
Current:			
General government	10,572,078	9,507,364	1,064,714
Highways and streets	2,380,641	2,449,911	(69,270)
Sanitation	2,226,208	2,194,511	31,697
Public safety	13,073,809	12,985,873	87,936
Capital outlay	55,000	57,690	(2,690)
Debt service:			
Interest	10,000	5,032	4,968
Contingency	2,992,986	-	2,992,986
Total expenditures	31,310,722	27,200,381	4,110,341
Excess (deficiency) of revenues over expenditures	(1,910,147)	2,943,633	4,853,780
Other financing uses:			
Transfers out	(1,612,121)	(1,601,902)	10,219
Net change in fund balance	\$ (3,522,268)	1,341,731	\$ 4,863,999
Fund balance – beginning of year		10,886,288	
Fund balance – end of year		\$ 12,228,019	

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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 4,724,912	\$ 4,749,755	\$ 24,843
Other	22,000	43,121	21,121
Charges for services	3,582,467	3,060,160	(522,307)
Investment income	25,500	31,796	6,296
Other	7,000	92,328	85,328
Total revenues	<u>8,361,879</u>	<u>7,977,160</u>	<u>(384,719)</u>
Expenditures:			
Current:			
Culture and recreation	8,490,422	7,822,311	668,111
Contingency	880,453	-	880,453
Capital outlay	154,890	105,251	49,639
Total expenditures	<u>9,525,765</u>	<u>7,927,562</u>	<u>1,598,203</u>
Excess (deficiency) of revenues over expenditures	<u>(1,163,886)</u>	<u>49,598</u>	<u>1,213,484</u>
Other financing sources (uses):			
Transfers in	-	310,400	310,400
Transfers out	-	(22,600)	(22,600)
Total other financing sources (uses)	<u>-</u>	<u>287,800</u>	<u>287,800</u>
Net change in fund balance	<u>\$ (1,163,886)</u>	<u>337,398</u>	<u>\$ 1,501,284</u>
Fund balance – beginning of year		<u>2,327,318</u>	
Fund balance – end of year		<u>\$ 2,664,716</u>	

CITY OF LAKE FOREST, ILLINOIS

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 (assets in excess of) AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	Percentage of covered payroll ((b-a)/c)
Illinois Municipal Retirement Fund (1):						
12/31/2010	\$ 39,595,430	\$ 50,163,288	\$ 10,567,858	78.9 %	\$ 16,762,932	63.0 %
12/31/2009	38,670,158	49,164,282	10,494,124	78.7	17,499,712	60.0
12/31/2008	35,762,935	46,155,124	10,392,189	77.5	17,062,328	60.9
12/31/2007	41,096,546	42,354,583	1,258,037	97.0	16,049,536	7.8
12/31/2006	38,420,853	39,364,751	943,898	97.6	15,070,275	6.3
12/31/2005	33,717,333	35,947,092	2,229,759	93.8	14,119,915	15.8
Police Pension Plan:						
04/30/2010 *	19,379,115	36,428,208	17,049,093	53.2	3,322,493	513.1
04/30/2009	16,793,784	35,110,838	18,317,054	47.8	3,283,760	557.8
04/30/2008	19,004,088	32,815,313	13,811,225	57.9	3,162,441	436.7
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
Firefighters' Pension Plan:						
04/30/2010 *	23,612,253	30,523,996	6,911,743	77.4	2,644,320	261.4
04/30/2009	21,579,941	29,497,144	7,917,203	73.2	2,926,591	270.5
04/30/2008	22,913,950	27,739,010	4,825,060	82.6	2,855,889	169.0
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

* The last available actuary report was dated May 1, 2010

(1) Includes City and Library employees

CITY OF LAKE FOREST, ILLINOIS

Required Supplementary Information – Schedules of Employer Contributions
Last Six Fiscal Years

Police Pension Plan

Fiscal Year	Employer Contributions	Annual required contribution	Percentage contributed
4/30/11	\$ 1,412,730	\$ 1,405,652	100.5 %
4/30/10	1,128,592	1,128,050	100.0
4/30/09	1,038,121	1,025,521	101.2
4/30/08	928,718	917,388	101.2
4/30/07	868,271	861,380	100.8
4/30/06	757,462	747,004	101.4

Firefighters' Pension Plan

Fiscal Year	Employer Contributions	Annual required contribution	Percentage contributed
4/30/11	\$ 960,850	\$ 954,946	100.6 %
4/30/10	810,129	761,978	106.3
4/30/09	701,472	662,323	105.9
4/30/08	610,671	608,241	100.4
4/30/07	554,050	536,870	103.2
4/30/06	512,408	484,776	105.7

CITY OF LAKE FOREST, ILLINOIS

Required Supplementary Information
Other Post-Employment Benefits**Schedule of Funding Progress - City**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
04/30/2011	\$ -	\$ 1,495,528	\$ 1,495,528	- %	\$ 19,037,921	7.86 %
04/30/2010	-	1,552,739	1,552,739	-	19,542,175	7.95
04/30/2009	-	1,552,739	1,552,739	-	19,542,175	7.95

Schedule of Funding Progress - Library

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
04/30/2011	\$ -	\$ 22,590	\$ 22,590	- %	\$ 1,246,633	1.81 %

Schedule of Employer Contributions - City

Actuarial Valuation Date	Employer Contributions	Required Contribution	Percentage Contributed
04/30/2011	\$ 63,488	\$ 89,201	71.2 %
04/30/2010	22,001	87,986	25.0
04/30/2009	45,358	87,986	51.6

Schedule of Employer Contributions - Library

Actuarial Valuation Date	Employer Contributions	Required Contribution	Percentage Contributed
04/30/2011	\$ -	\$ 2,743	- %

Information is presented for as many years as is available. The City implemented GASB Statement No. 45 in fiscal year 2009.

CITY OF LAKE FOREST, ILLINOIS

Note to Required Supplementary Information

April 30, 2011

Note 1. Budgetary Basis of Accounting

Budgets for the General and major special revenue fund are adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America (GAAP).

**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 Fund

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.

Housing Trust Fund

The Housing Trust 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.

Debt Service Fund

Debt Service Fund

This fund accounts for the principal and interest currently due on general obligation bonds.

Capital Projects Funds

West Lake Forest TIF District Construction Fund

The West Lake Forest TIF District Construction Fund accounts for tax increment revenues to be used for improvements in the TIF district.

Capital Improvements Fund

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

Route 60 Bridge Improvements Fund

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

Route 60 Intersection Improvements Fund

The Route 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 Route 60 and Field Drive.

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 Route 60.

CITY OF LAKE FOREST, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2011

Special Revenue Funds				
Assets	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Park and Public Land Fund
Cash and cash equivalents	\$ 55,277	\$ 35,882	\$ 173,774	\$ 371,351
Investments	-	87,958	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Other	-	-	57,144	24,999
Total receivables	-	-	57,144	24,999
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Due from fiduciary funds	-	-	-	-
Prepays	-	-	4,333	-
Total assets	\$ 55,277	\$ 123,840	\$ 235,251	\$ 396,350
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,381	\$ -
Accrued liabilities	-	-	2,041	-
Due to other funds	-	-	-	-
Retainage payable	-	-	-	-
Unearned revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Total Liabilities	-	-	4,422	-
Fund balances:				
Reserved for:				
Prepays	-	-	4,333	-
Debt service	-	-	-	-
Unreserved, reported in:				
Special revenue funds	55,277	123,840	226,496	396,350
Capital projects funds	-	-	-	-
Total fund balances	55,277	123,840	230,829	396,350
Total liabilities and fund balances	\$ 55,277	\$ 123,840	\$ 235,251	\$ 396,350

Exhibit C-1

Motor Fuel Tax Fund	General Cemetery Fund	Special Revenue Funds			Debt Service Funds
		Senior Resources Commission Fund	Housing Trust Fund	Elawa Farm Fund	
\$ 1,451,548	\$ 648,396	\$ 193,568	\$ 945,512	\$ 72,604	\$ 2,808,826
-	3,098,938	-	-	-	-
-	-	-	-	-	2,772,667
-	-	-	-	-	-
40,145	29,079	19,386	-	-	-
40,145	29,079	19,386	-	-	2,772,667
41,396	-	-	-	-	-
-	2,358	-	-	-	-
-	27,411	-	-	-	-
-	-	-	-	-	-
\$ 1,533,089	\$ 3,806,182	\$ 212,954	\$ 945,512	\$ 72,604	\$ 5,581,493
\$ -	\$ 13,541	\$ 16,915	\$ 20,000	\$ 1,549	\$ -
-	4,110	4,745	-	-	-
-	-	-	-	-	-
106,982	-	-	-	-	-
-	-	-	-	-	2,772,667
-	-	-	-	-	-
106,982	17,651	21,660	20,000	1,549	2,772,667
-	-	-	-	-	-
-	-	-	-	-	2,808,826
1,426,107	3,788,531	191,294	925,512	71,055	-
-	-	-	-	-	-
1,426,107	3,788,531	191,294	925,512	71,055	2,808,826
\$ 1,533,089	\$ 3,806,182	\$ 212,954	\$ 945,512	\$ 72,604	\$ 5,581,493

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2011

	Capital Projects Funds		
	West Lake Forest TIF District Construction Fund	Capital Improvements Fund	Route 60 Bridge Improvements Fund
Assets			
Cash and cash equivalents	\$ 4,843	\$ 4,511,796	\$ 1,016,761
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Property taxes	2,261,896	9,563	-
Accounts	-	99,788	-
Other	-	-	-
Total receivables	2,261,896	109,351	-
Due from other governments	-	-	-
Due from other funds	-	-	-
Due from fiduciary funds	-	-	-
Prepays	-	-	-
Total assets	\$ 2,266,739	\$ 4,621,147	\$ 1,016,761
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 35,954	\$ 159,278	\$ -
Accrued liabilities	-	1,131	-
Due to other funds	250,514	-	-
Retainage payable	50,007	5,551	-
Unearned revenue:			
Property taxes	2,261,896	9,563	-
Other	-	68,624	-
Total Liabilities	2,598,371	244,147	-
Fund balances:			
Reserved for:			
Prepays	-	-	-
Debt service	-	-	-
Unreserved, reported in:			
Special revenue funds	-	-	-
Capital projects funds	(331,632)	4,377,000	1,016,761
Total fund balances	(331,632)	4,377,000	1,016,761
Total liabilities and fund balances	\$ 2,266,739	\$ 4,621,147	\$ 1,016,761

Exhibit C-1 (Cont.)

Capital Projects Funds

Route 60 Intersection Improvements Fund	Route 60 Fitzmorris Improvements Fund	Total Nonmajor Governmental Funds
\$ 544,283	\$ 20,137	\$ 12,854,558
-	-	3,186,896
-	-	5,044,126
-	-	99,788
-	-	170,753
-	-	5,314,667
-	-	41,396
-	-	2,358
-	-	27,411
-	-	4,333
\$ 544,283	\$ 20,137	\$ 21,431,619
\$ -	\$ -	\$ 249,618
-	-	12,027
-	-	250,514
-	-	162,540
-	-	5,044,126
-	-	68,624
-	-	5,787,449
-	-	4,333
-	-	2,808,826
-	-	7,204,462
544,283	20,137	5,626,549
544,283	20,137	15,644,170
\$ 544,283	\$ 20,137	\$ 21,431,619

CITY OF LAKE FOREST, ILLINOIS

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

Nonmajor Governmental Funds

For the Year Ended April 30, 2011

	Special Revenue Funds			
	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Park and Public Land Fund
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental revenues	5,003	-	-	-
Grants	-	-	-	400,000
Charges for services	-	96,860	280,275	-
Investment income	388	439	1,047	1,413
Miscellaneous revenue	-	-	-	25,000
Total revenues	5,391	97,299	281,322	426,413
Expenditures:				
Current:				
General government	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	58,434	247,420	-
Capital outlay	-	-	14,400	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	58,434	261,820	-
Excess (deficiency) of revenues over expenditures	5,391	38,865	19,502	426,413
Other financing sources (uses):				
Proceeds from sales of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	5,391	38,865	19,502	426,413
Fund balances (deficits) – beginning of year	49,886	84,975	211,327	(30,063)
Fund balances (deficits) – end of year	\$ 55,277	\$ 123,840	\$ 230,829	\$ 396,350

Exhibit C-2

Special Revenue Funds					Debt Service Funds
Motor Fuel Tax Fund	General Cemetery Fund	Senior Resources Commission Fund	Housing Trust Fund	Elawa Farm Fund	Debt Service Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,803,875
-	-	-	5,000	-	-
518,182	-	-	-	-	-
40,145	-	-	-	-	-
-	514,138	314,664	-	59,685	-
8,403	292,141	1,592	6,916	753	27,631
87,101	12,350	-	-	91,457	99,627
653,831	818,629	316,256	11,916	151,895	2,931,133
-	512,587	-	4,875	-	4,175
-	-	-	-	-	-
-	-	553,994	-	183,026	-
-	-	-	-	-	-
-	-	-	-	-	-
-	120,000	-	-	-	2,539,313
-	33,558	-	-	-	1,246,165
-	666,145	553,994	4,875	183,026	3,789,653
653,831	152,484	(237,738)	7,041	(31,131)	(858,520)
-	-	-	-	-	-
-	-	248,886	-	-	981,603
-	-	-	-	-	(153,521)
-	-	248,886	-	-	828,082
653,831	152,484	11,148	7,041	(31,131)	(30,438)
772,276	3,636,047	180,146	918,471	102,186	2,839,264
\$ 1,426,107	\$ 3,788,531	\$ 191,294	\$ 925,512	\$ 71,055	\$ 2,808,826

(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, 2011

	Capital Projects Funds		
	West Lake Forest TIF District Construction Fund	Capital Improvements Fund	Route 60 Bridge Improvements Fund
Revenues:			
Taxes:			
Property	\$ 2,320,964	\$ -	\$ -
Other	-	1,284,935	-
Intergovernmental revenues	-	-	-
Grants	-	710,521	-
Charges for services	-	133,403	-
Investment income	7,282	21,571	7,453
Miscellaneous revenue	-	6,286	-
Total revenues	<u>2,328,246</u>	<u>2,156,716</u>	<u>7,453</u>
Expenditures:			
Current:			
General government	1,387,478	80,741	-
Highways and streets	-	-	-
Culture and recreation	-	-	-
Public safety	-	-	-
Capital outlay	710,453	1,088,568	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>2,097,931</u>	<u>1,169,309</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>230,315</u>	<u>987,407</u>	<u>7,453</u>
Other financing sources (uses):			
Proceeds from sales of capital assets	-	1,067,630	-
Transfers in	-	303,521	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>1,371,151</u>	<u>-</u>
Net change in fund balances	230,315	2,358,558	7,453
Fund balances (deficits) – beginning of year	<u>(561,947)</u>	<u>2,018,442</u>	<u>1,009,308</u>
Fund balances (deficits) – end of year	<u>\$ (331,632)</u>	<u>\$ 4,377,000</u>	<u>\$ 1,016,761</u>

Exhibit C-2

Route 60 Intersection Improvements Fund	Route 60 Fitzmorris Improvements Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 5,124,839
-	-	1,289,935
-	-	523,185
-	-	1,150,666
-	-	1,399,025
4,830	367	382,226
-	-	321,821
4,830	367	10,191,697
375,000	-	2,364,856
-	-	-
-	-	737,020
-	-	305,854
-	-	1,813,421
-	-	2,659,313
-	-	1,279,723
375,000	-	9,160,187
(370,170)	367	1,031,510
-	-	1,067,630
-	-	1,534,010
-	-	(153,521)
-	-	2,448,119
(370,170)	367	3,479,629
914,453	19,770	12,164,541
\$ 544,283	\$ 20,137	\$ 15,644,170

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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 4,000	\$ 5,003	\$ 1,003
Investment income	600	388	(212)
Total revenues	<u>4,600</u>	<u>5,391</u>	<u>791</u>
Expenditures:			
Current:			
Contingency	4,000	-	4,000
Capital outlay	40,000	-	40,000
Total expenditures	<u>44,000</u>	<u>-</u>	<u>44,000</u>
Net change in fund balance	<u>\$ (39,400)</u>	5,391	<u>\$ 44,791</u>
Fund balance – beginning of year		<u>49,886</u>	
Fund balance – end of year		<u>\$ 55,277</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Foreign Fire Insurance Tax Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 96,000	\$ 96,860	\$ 860
Investment income	1,000	439	(561)
Total revenues	97,000	97,299	299
Expenditures:			
Current:			
Public safety	105,000	58,434	46,566
Contingency	10,500	-	10,500
Total expenditures	115,500	58,434	57,066
Net change in fund balance	<u>\$ (18,500)</u>	38,865	<u>\$ 57,365</u>
Fund balance – beginning of year		<u>84,975</u>	
Fund balance – end of year		<u>\$ 123,840</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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 276,000	\$ 280,275	\$ 4,275
Investment income	2,000	1,047	(953)
Total revenues	278,000	281,322	3,322
Expenditures:			
Current:			
Public safety	242,590	247,420	(4,830)
Contingency	22,259	-	22,259
Capital outlay	-	14,400	(14,400)
Total expenditures	264,849	261,820	3,029
Net change in fund balance	<u>\$ 13,151</u>	19,502	<u>\$ 6,351</u>
Fund balance – beginning of year		<u>211,327</u>	
Fund balance – end of year		<u>\$ 230,829</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Parks and Public Land Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants	\$ -	\$ 400,000	\$ 400,000
Investment income	3,057	1,413	(1,644)
Miscellaneous revenue	75,000	25,000	(50,000)
Total revenues	<u>78,057</u>	<u>426,413</u>	<u>348,356</u>
Expenditures:			
Current:			
Contingency	25,000	-	25,000
Capital outlay	250,000	-	250,000
Total expenditures	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Net change in fund balance	<u>\$ (196,943)</u>	426,413	<u>\$ 623,356</u>
Fund balance (deficit) – beginning of year		<u>(30,063)</u>	
Fund balance – end of year		<u>\$ 396,350</u>	

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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental revenues	\$ 529,420	\$ 518,182	\$ (11,238)
Grants	-	40,145	40,145
Investment income	10,324	8,403	(1,921)
Miscellaneous revenue	150,000	87,101	(62,899)
Total revenues	689,744	653,831	(35,913)
Expenditures:			
Current:			
Contingency	14,892	-	14,892
Capital outlay	148,920	-	148,920
Total expenditures	163,812	-	163,812
Net change in fund balance	<u>\$ 540,824</u>	653,831	<u>\$ 127,899</u>
Fund balance – beginning of year		<u>772,276</u>	
Fund balance – end of year		<u>\$ 1,426,107</u>	

Exhibit C-8

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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 596,120	\$ 514,138	\$ (81,982)
Investment income	167,991	292,141	124,150
Miscellaneous revenue	29,485	12,350	(17,135)
Total revenues	<u>793,596</u>	<u>818,629</u>	<u>25,033</u>
Expenditures:			
Current:			
General government	533,594	512,587	21,007
Contingency	83,615	-	83,615
Debt service:			
Principal retirement	125,000	120,000	5,000
Interest	27,558	33,558	(6,000)
Total expenditures	<u>769,767</u>	<u>666,145</u>	<u>103,622</u>
Net change in fund balance	<u>\$ 23,829</u>	152,484	<u>\$ 128,655</u>
Fund balance – beginning of year		<u>3,636,047</u>	
Fund balance – end of year		<u>\$ 3,788,531</u>	

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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 326,074	\$ 314,664	\$ (11,410)
Investment income	1,600	1,592	(8)
Total revenues	<u>327,674</u>	<u>316,256</u>	<u>(11,418)</u>
Expenditures:			
Current:			
Culture and recreation	643,339	553,994	89,345
Contingency	64,334	-	64,334
Total expenditures	<u>707,673</u>	<u>553,994</u>	<u>153,679</u>
Excess (deficiency) of revenues over expenditures	<u>(379,999)</u>	<u>(237,738)</u>	<u>142,261</u>
Other financing sources:			
Transfers in	<u>248,886</u>	<u>248,886</u>	<u>-</u>
Net change in fund balance	<u>\$ (131,113)</u>	<u>11,148</u>	<u>\$ 142,261</u>
Fund balance – beginning of year		<u>180,146</u>	
Fund balance – end of year		<u>\$ 191,294</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Housing Trust Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Other taxes	\$ 30,000	\$ 5,000	\$ (25,000)
Investment income	1,000	6,916	5,916
Total revenues	<u>31,000</u>	<u>11,916</u>	<u>(19,084)</u>
Expenditures:			
Current:			
General government	50,000	4,875	45,125
Contingency	5,000	-	5,000
Total expenditures	<u>55,000</u>	<u>4,875</u>	<u>50,125</u>
Net change in fund balance	<u>\$ (24,000)</u>	7,041	<u>\$ 31,041</u>
Fund balance – beginning of year		<u>918,471</u>	
Fund balance – end of year		<u>\$ 925,512</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, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 104,226	\$ 59,685	\$ (44,541)
Investment income	-	753	753
Miscellaneous revenue	95,876	91,457	(4,419)
Total revenues	<u>200,102</u>	<u>151,895</u>	<u>(48,207)</u>
Expenditures:			
Current:			
Culture and recreation	224,200	183,026	41,174
Contingency	14,310	-	14,310
Total expenditures	<u>238,510</u>	<u>183,026</u>	<u>55,484</u>
Net change in fund balance	<u>\$ (38,408)</u>	(31,131)	<u>\$ 7,277</u>
Fund balance – beginning of year		<u>102,186</u>	
Fund balance – end of year		<u>\$ 71,055</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Debt Service Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes			
Property	\$ 2,828,031	\$ 2,803,875	\$ (24,156)
Investment income	20,790	27,632	6,842
Miscellaneous - IRS rebate	-	99,627	99,627
Total revenues	<u>2,848,821</u>	<u>2,931,134</u>	<u>82,313</u>
Expenditures:			
Current:			
General government	5,000	4,175	825
Debt service:			
Principal	2,539,313	2,539,313	-
Interest	1,246,165	1,246,165	-
Total expenditures	<u>3,790,478</u>	<u>3,789,653</u>	<u>825</u>
Deficiency of revenues over expenditures	<u>(941,657)</u>	<u>(858,519)</u>	<u>83,138</u>
Other financing sources:			
Transfers in	<u>811,535</u>	<u>828,081</u>	<u>16,546</u>
Net change in fund balance	<u>\$ (130,122)</u>	<u>(30,438)</u>	<u>\$ 99,684</u>
Fund balance – beginning of year		<u>2,839,264</u>	
Fund balance – end of year		<u>\$ 2,808,826</u>	

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual
 West Lake Forest TIF District Construction Fund
 For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 2,086,490	\$ 2,320,964	\$ 234,474
Investment income	1,000	7,282	6,282
Total revenues	<u>2,087,490</u>	<u>2,328,246</u>	<u>240,756</u>
Expenditures:			
Current:			
General Government	2,620,231	1,387,478	1,232,753
Contingency	312,523	-	312,523
Capital outlay	105,000	710,453	(605,453)
Total expenditures	<u>3,037,754</u>	<u>2,097,931</u>	<u>939,823</u>
Excess (deficiency) of revenues over expenditures	(950,264)	230,315	1,180,579
Other financing sources:			
Transfers in	<u>1,305,000</u>	-	<u>(1,305,000)</u>
Net change in fund balance	<u>\$ 354,736</u>	230,315	<u>\$ (124,421)</u>
Fund balance (deficit) – beginning of year		<u>(561,947)</u>	
Fund balance (deficit) – end of year		<u>\$ (331,632)</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Capital Improvements Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Other	\$ 943,000	\$ 1,284,935	\$ 341,935
Grants	726,000	710,521	(15,479)
Charges for services	31,000	133,403	102,403
Investment income	31,500	21,571	(9,929)
Miscellaneous revenue	250,000	6,286	(243,714)
Total revenues	<u>1,981,500</u>	<u>2,156,716</u>	<u>175,216</u>
Expenditures:			
Current:			
General government	80,308	80,741	(433)
Contingency	408,951	-	408,951
Capital outlay	2,009,204	1,088,568	920,636
Total expenditures	<u>2,498,463</u>	<u>1,169,309</u>	<u>1,329,154</u>
Excess (deficiency) of revenues over expenditures	<u>(516,963)</u>	<u>987,407</u>	<u>1,504,370</u>
Other financing sources:			
Proceeds from sales of capital assets:			
Sale of property	-	1,050,000	1,050,000
Sale of equipment	-	17,630	17,630
Transfers in	150,000	303,521	153,521
Total other financing sources	<u>150,000</u>	<u>1,371,151</u>	<u>1,221,151</u>
Net change in fund balance	<u>\$ (366,963)</u>	<u>2,358,558</u>	<u>\$ 2,725,521</u>
Fund balance – beginning of year		<u>2,018,442</u>	
Fund balance – end of year		<u>\$ 4,377,000</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Route 60 Bridge Improvements Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 7,000	\$ 7,453	\$ 453
Expenditures:			
Current:			
Contingency	101,593	-	101,593
Capital outlay	1,015,933	-	1,015,933
Total expenditures	1,117,526	-	1,117,526
Net change in fund balance	<u>\$ (1,110,526)</u>	7,453	<u>\$ 1,117,979</u>
Fund balance – beginning of year		<u>1,009,308</u>	
Fund balance – end of year		<u>\$ 1,016,761</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Route 60 Intersection Improvements Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 2,000	\$ 4,830	\$ 2,830
Expenditures:			
Current:			
General government	375,000	375,000	-
Contingency	24,258	-	24,258
Capital outlay	242,584	-	242,584
Total expenditures	641,842	375,000	266,842
Net change in fund balance	<u>\$ (639,842)</u>	(370,170)	<u>\$ 269,672</u>
Fund balance – beginning of year		<u>914,453</u>	
Fund balance – end of year		<u>\$ 544,283</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Route 60 Fitzmorris Improvements Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ 2,500	\$ 367	\$ (2,133)
Expenditures:			
Current:			
Highways and streets	344,423	-	344,423
Contingency	34,442	-	34,442
Total expenditures	378,865	-	378,865
Net change in fund balance	<u>\$ (376,365)</u>	367	<u>\$ 376,732</u>
Fund balance – beginning of year		<u>19,770</u>	
Fund balance – end of year		<u>\$ 20,137</u>	

MAJOR CAPITAL PROJECTS FUND

2010 Bond Construction Fund

The 2010 Bond Construction Fund accounts for the proceeds of the 2010 general obligation bonds to be used to fund certain capital improvements.

CITY OF LAKE FOREST, ILLINOIS

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

2010 Bond Construction Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 20,271	\$ 20,271
Expenditures:			
Current:			
General government	447,780	57,226	390,554
Contingency	25,000	-	25,000
Capital outlay	4,476,700	4,372,210	104,490
Debt service - principal	13,000,000	13,000,000	-
Total expenditures	4,949,480	17,429,436	520,044
Deficiency of revenues over expenditures	(4,949,480)	(17,409,165)	540,315
Other financing sources (uses):			
Debt issuance - bonds	18,425,000	18,090,000	(335,000)
Premium on bonds	-	330,930	330,930
Discount on bonds	-	(51,800)	(51,800)
Transfers out	(88,987)	(168,537)	(79,550)
Total other financing sources (uses)	18,336,013	18,200,593	(135,420)
Net change in fund balance	<u>\$ 13,386,533</u>	791,428	<u>\$ 404,895</u>
Fund balance (deficit) – beginning of year		<u>(228,605)</u>	
Fund balance – end of year		<u>\$ 562,823</u>	

MAJOR ENTERPRISE FUND

Waterworks and Sewerage Fund

The Waterworks and Sewerage Fund accounts for the provision of water and sewer service to the residents of the City and Delmar Woods Subdivision.

CITY OF LAKE FOREST, ILLINOIS**Exhibit D-1**

Schedule of Revenues, Expenses, and Nonoperating Revenues (Expenses)

Budget and Actual (Budgetary Basis)

Waterworks and Sewerage Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 7,109,739	\$ 7,265,913	\$ 156,174
Connection fees	75,300	70,008	(5,292)
Grants	-	162,051	162,051
Miscellaneous	3,000	8,819	5,819
Total operating revenues	<u>7,188,039</u>	<u>7,506,791</u>	<u>318,752</u>
Operating expenses:			
General and administrative	2,197,239	2,239,281	(42,042)
Operations and maintenance	3,522,387	3,131,910	390,477
Contingency	885,462	-	885,462
Total operating expenses	<u>6,605,088</u>	<u>5,371,191</u>	<u>1,233,897</u>
Nonoperating revenues (expenses):			
Investment income	84,511	54,376	(30,135)
Principal retirement	(1,350,000)	(1,350,000)	-
Interest expense	(1,034,994)	(1,033,533)	1,461
Total nonoperating revenues (expenses)	<u>(2,300,483)</u>	<u>(2,329,157)</u>	<u>(28,674)</u>

NONMAJOR ENTERPRISE FUND

Deerpath Golf Course 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

Schedule of Revenues, Expenses, and Nonoperating Revenues (Expenses)

Budget and Actual (Budgetary Basis)

Deerpath Golf Course Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 1,395,491	\$ 1,252,627	\$ (142,864)
Miscellaneous	-	11,997	11,997
Total operating revenues	1,395,491	1,264,624	(130,867)
Operating expenses:			
General and administrative	737,529	730,191	7,338
Operations and maintenance	477,581	445,203	32,378
Contingency	131,186	-	131,186
Total operating expenses	1,346,296	1,175,394	170,902
Nonoperating revenues (expenses):			
Investment income	-	4,400	4,400
Principal retirement	(50,000)	(50,000)	-
Interest expense	(46,750)	(46,759)	(9)
Total nonoperating revenues (expenses)	(96,750)	(92,359)	4,391

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.

Liability Insurance Fund

The Liability Insurance Fund accounts for the costs of liability insurance.

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Net Assets

Internal Service Funds

April 30, 2011

Assets	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Current assets:				
Cash and cash equivalents	\$ 240,235	\$ 5,591,784	\$ -	\$ 5,832,019
Other receivables	4,191	91,926	-	96,117
Inventories	208,079	-	-	208,079
Prepaid items	-	-	628,963	628,963
Total current assets	452,505	5,683,710	628,963	6,765,178
Noncurrent assets:				
Capital assets:				
Being depreciated, net of accumulated depreciation	42,545	-	-	42,545
Total capital assets, net	42,545	-	-	42,545
Total noncurrent assets	42,545	-	-	42,545
Total assets	495,050	5,683,710	628,963	6,807,723
Liabilities				
Current liabilities:				
Accounts payable	55,747	213,680	15,199	284,626
Accrued liabilities	9,299	516,623	64,115	590,037
Due to other funds	-	-	305,832	305,832
Current portion of long-term obligations:				
Accrued compensated absences	2,080	-	-	2,080
Total current liabilities	67,126	730,303	385,146	1,182,575
Noncurrent liabilities:				
Accrued compensated absences	49,927	-	-	49,927
Total liabilities	117,053	730,303	385,146	1,232,502
Net Assets				
Invested in capital assets	42,545	-	-	42,545
Unrestricted	335,452	4,953,407	243,817	5,532,676
Total net assets	\$ 377,997	\$ 4,953,407	\$ 243,817	\$ 5,575,221

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, 2011

	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 1,764,251	\$ 4,507,605	\$ 1,537,685	\$ 7,809,541
Operating expenses:				
General and administrative	1,682,625	4,226,581	1,347,126	7,256,332
Depreciation and amortization	4,804	-	-	4,804
Total operating expenses	1,687,429	4,226,581	1,347,126	7,261,136
Operating income	76,822	281,024	190,559	548,405
Nonoperating revenues:				
Investment income	2,383	39,208	251	41,842
Change in net assets	79,205	320,232	190,810	590,247
Net assets – beginning of year	298,792	4,633,175	53,007	4,984,974
Net assets – end of year	\$ 377,997	\$ 4,953,407	\$ 243,817	\$ 5,575,221

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended April 30, 2011

	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,763,616	\$ 4,417,938	\$ 1,537,685	\$ 7,719,239
Payments to suppliers	(1,018,473)	(3,953,840)	(1,537,936)	(6,510,249)
Payments to employees	(649,335)	-	-	(649,335)
Net cash provided by (used for) operating activities	95,808	464,098	(251)	559,655
Cash flows from investing activities:				
Interest and dividends received	2,383	39,208	251	41,842
Increase in cash and cash equivalents	98,191	503,306	-	601,497
Cash and cash equivalents – beginning of year	142,044	5,088,478	-	5,230,522
Cash and cash equivalents – end of year	\$ 240,235	\$ 5,591,784	\$ -	\$ 5,832,019
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 76,822	\$ 281,024	\$ 190,559	\$ 548,405
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	4,804	-	-	4,804
Changes in assets and liabilities:				
Accounts receivable	(635)	(89,667)	-	(90,302)
Other assets	(18,261)	-	143,121	124,860
Accounts payable	29,111	12,871	(4,390)	37,592
Accrued liabilities	864	259,870	64,115	324,849
Compensated absences	3,103	-	-	3,103
Other liabilities	-	-	(393,656)	(393,656)
Total adjustments	18,986	183,074	(190,810)	11,250
Net cash provided by (used for) operating activities	\$ 95,808	\$ 464,098	\$ (251)	\$ 559,655

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenses, Nonoperating Revenues and Transfers

Budget and Actual (Budgetary Basis)

Fleet Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	<u>\$ 1,759,020</u>	<u>\$ 1,764,251</u>	<u>\$ 5,231</u>
Operating expenses:			
General and administrative	1,745,679	1,682,625	63,054
Contingency	<u>174,568</u>	<u>-</u>	<u>174,568</u>
Total operating expenses	<u>1,920,247</u>	<u>1,682,625</u>	<u>237,622</u>
Nonoperating revenues:			
Investment income	<u>2,000</u>	<u>2,383</u>	<u>383</u>

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenses and Nonoperating Revenues

Budget and Actual (Budgetary Basis)

Self Insurance Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 4,680,000	\$ 4,507,605	\$ (172,395)
Operating expenses:			
General and administrative	3,951,000	4,226,581	(275,581)
Contingency	395,100	-	395,100
	<u>4,346,100</u>	<u>4,226,581</u>	<u>119,519</u>
Nonoperating revenues:			
Investment income	<u>35,000</u>	<u>39,208</u>	<u>4,208</u>

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenses, Nonoperating Revenues and Transfers

Budget and Actual (Budgetary Basis)

Liability Insurance Fund

For the Year Ended April 30, 2011

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 1,537,000	\$ 1,537,685	\$ 685
Operating expenses:			
General and administrative	1,422,539	1,347,126	75,413
Contingency	142,254	-	142,254
Total operating expenses	1,564,793	1,347,126	217,667
Nonoperating revenues:			
Investment income	-	251	251

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 an independent actuary from a specific property tax levy.

Firefighters' Pension Fund

The Firefighters' 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 an independent actuary 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, 2011

Assets	Police Pension Fund	Firefighters' Pension Fund	Total
Cash and cash equivalents	\$ 324,768	\$ 1,106,093	\$ 1,430,861
Investments:			
U.S. Treasury obligations	9,060,566	4,445,340	13,505,906
U.S. Government agencies	2,049,957	8,722,590	10,772,547
Municipal/corporate bonds	-	244,036	244,036
Common stock	2,091,016	-	2,091,016
Equity mutual funds	7,973,165	11,066,360	19,039,525
Other receivables	6,405	104,809	111,214
Prepaid items	9,231	500	9,731
Total assets	21,515,108	25,689,728	47,204,836
Liabilities			
Accounts payable	3,388	12,451	15,839
Net Assets			
Held in trust for pension benefits	\$ 21,511,720	\$ 25,677,277	\$ 47,188,997

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

For the Year Ended April 30, 2011

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,412,730	\$ 960,850	\$ 2,373,580
Employee	337,369	275,869	613,238
Total contributions	1,750,099	1,236,719	2,986,818
Interest income	150,421	711,056	861,477
Net appreciation in fair value of investments	1,885,742	1,594,799	3,480,541
Less investment expenses	(97,047)	(78,849)	(175,896)
Net investment income	1,939,116	2,227,006	4,166,122
Total additions	3,689,215	3,463,725	7,152,940
Deductions:			
Pension benefits and refunds	1,551,009	1,393,101	2,944,110
Other administrative expenses	5,600	5,600	11,200
	1,556,609	1,398,701	2,955,310
Change in net assets	2,132,606	2,065,024	4,197,630
Net assets held in trust at beginning of year	19,379,114	23,612,253	42,991,367
Net assets held in trust at end of year	\$ 21,511,720	\$ 25,677,277	\$ 47,188,997

CITY OF LAKE FOREST, ILLINOIS

Statement of Changes in Assets and Liabilities

Agency Fund - Special Assessment Fund

For the Year Ended April 30, 2011

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

Police Pension Fund
 Schedule of Changes in Fiduciary Net Assets - Budget and Actual
 For the Year Ended April 30, 2011

	Original/Final Appropriations	Actual	Variance with Final Budget
Additions:			
Contributions			
Employer	\$ 1,405,652	\$ 1,412,730	\$ 7,078
Employee	327,000	337,369	10,369
Total contributions	<u>1,732,652</u>	<u>1,750,099</u>	<u>17,447</u>
Interest income	140,000	150,421	10,421
Net appreciation in fair value of investments	-	1,885,742	1,885,742
Less investment expense	(110,000)	(97,047)	12,953
Net investment income	<u>30,000</u>	<u>1,939,116</u>	<u>1,909,116</u>
Total additions	<u>1,762,652</u>	<u>3,689,215</u>	<u>1,926,563</u>
Deductions:			
Pension benefits and refunds	1,650,000	1,551,009	98,991
Other administrative expenses	5,600	5,600	-
Contingency	176,560	-	176,560
Total deductions	<u>1,832,160</u>	<u>1,556,609</u>	<u>275,551</u>
Change in net assets	<u>\$ (69,508)</u>	2,132,606	<u>\$ 2,202,114</u>
Net assets held in trust at beginning of year		<u>19,379,114</u>	
Net assets held in trust at end of year		<u>\$ 21,511,720</u>	

Firefighters' Pension Fund
Schedule of Changes in Fiduciary Net Assets - Budget and Actual
For the Year Ended April 30, 2011

	Original/Final Appropriations	Actual	Variance with Final Budget
Additions:			
Contributions			
Employer	\$ 954,946	\$ 960,850	\$ 5,904
Employee	267,000	275,869	8,869
Total contributions	<u>1,221,946</u>	<u>1,236,719</u>	<u>14,773</u>
Interest income	500,000	711,056	211,056
Net appreciation in fair value of investments	-	1,594,799	1,594,799
Less investment expense	(81,000)	(78,849)	2,151
Net investment income	<u>419,000</u>	<u>2,227,006</u>	<u>1,808,006</u>
Total additions	<u>1,640,946</u>	<u>3,463,725</u>	<u>1,822,779</u>
Deductions:			
Pension benefits and refunds	1,445,000	1,393,101	51,899
Other administrative expenses	5,400	5,600	(200)
Contingency	153,140	-	153,140
Total deductions	<u>1,603,540</u>	<u>1,398,701</u>	<u>204,839</u>
Change in net assets	<u>\$ 37,406</u>	2,065,024	<u>\$ 2,027,618</u>
Net assets held in trust at beginning of year		<u>23,612,253</u>	
Net assets held in trust at end of year		<u>\$ 25,677,277</u>	

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, 2011

Assets	General Fund	Adjustments	Statement of Net Assets
Cash and cash equivalents	\$ 1,087,914	\$ -	\$ 1,087,914
Receivables (net of allowance for uncollectibles):			
Property taxes	3,407,851	-	3,407,851
Other taxes	4,276	-	4,276
Total receivables	3,412,127	-	3,412,127
Capital assets (net):			
Capital assets not depreciated	-	219,000	219,000
Capital assets depreciated (net)	-	3,173,549	3,173,549
Total assets	\$ 4,500,041	\$ 3,392,549	\$ 7,892,590
Liabilities			
Liabilities:			
Accounts payable	\$ 25,623	\$ -	\$ 25,623
Accrued liabilities	32,472	-	32,472
Unearned revenue – property taxes	3,407,851	-	3,407,851
Long-term obligations:			
Due within one year	-	44,784	44,784
Due in more than one year	-	151,963	151,963
Total Liabilities	3,465,946	196,747	3,662,693
Fund Balance/Net Assets:			
Fund balance:			
Designated for capital additions	1,034,095	(1,034,095)	-
Net assets:			
Invested in capital assets	-	3,340,806	3,340,806
Unrestricted	-	889,091	889,091
Total fund balance/net assets	1,034,095	3,195,802	4,229,897
Total liabilities and fund balance/net assets	\$ 4,500,041	\$ 3,392,549	\$ 7,892,590

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, 2011

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes:			
Property	\$ 3,335,230	\$ -	\$ 3,335,230
Other	32,195	-	32,195
Charges for services	10,573	-	10,573
Fines	51,024	-	51,024
Net investment income	13,756	-	13,756
Other	17,228	-	17,228
Total revenues	<u>3,460,006</u>	<u>-</u>	<u>3,460,006</u>
Expenditures/expenses			
Current:			
Library services:			
Personnel services	2,091,954	-	2,091,954
Other	880,843	175,208	1,056,051
Library building:			
Personnel services	130,130	-	130,130
Other	108,927	23,746	132,673
Capital outlay:			
Capital equipment	75,401	(75,401)	-
Capital improvements	38,889	(38,889)	-
Debt service:			
Principal retirement	29,784	(29,784)	-
Interest	692	-	692
Total expenditures/expenses	<u>3,356,620</u>	<u>54,880</u>	<u>3,411,500</u>
Net change in fund balance/net assets	103,386	(54,880)	48,506
Fund balance/net assets – beginning of year	<u>930,709</u>	<u>3,250,682</u>	<u>4,181,391</u>
Fund balance/net assets – end of year	<u>\$ 1,034,095</u>	<u>\$ 3,195,802</u>	<u>\$ 4,229,897</u>

Exhibit I-1**CITY OF LAKE FOREST, ILLINOIS**

Summary of Debt Service Requirements to Maturity

April 30, 2011

Fiscal year	General Obligation Bonds
2012	\$ 6,256,278
2013	5,839,181
2014	5,293,861
2015	5,298,731
2016	15,093,941
2017	5,030,355
2018	5,047,509
2019	5,030,460
2020	5,043,725
2021	5,048,590
2022	4,880,060
2023	4,876,920
2024	3,953,882
2025	1,668,457
2026	1,661,556
2027	1,652,526
2028	1,645,388
2029	994,130
2030	965,700
2031	921,450
2032	916,600
2033	909,450
	<hr/>
	\$ 88,028,750

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity – General Obligation Bonds

April 30, 2011

Fiscal Year	1999 Series General Obligation Bonds		2000 Series General Obligation Bonds		2001B Series General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 540,000</u>	<u>\$ 71,010</u>	<u>\$ 1,100,000</u>	<u>\$ 76,000</u>	<u>\$ 100,000</u>	<u>\$ 3,500</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2011

Fiscal Year	2002 Series A Obligation Bonds		2003 Series C Obligation Bonds		2003 Series D Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,295,000	\$ 933,336	\$ 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	432,102	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	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 21,125,000</u>	<u>\$ 7,149,019</u>	<u>\$ 1,300,000</u>	<u>\$ 282,366</u>	<u>\$ 1,000,000</u>	<u>\$ 98,100</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2011

Fiscal Year	Special Service Area 25		Special Service Area 26		Special Service Area 29	
	Tax Bonds		Tax Bonds		Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 50,000	\$ 28,818	\$ 12,947	\$ 8,768	\$ 89,929	\$ 70,435
2013	55,000	27,217	13,433	8,282	93,301	65,970
2014	55,000	25,375	13,963	7,752	96,986	62,234
2015	55,000	23,478	14,522	7,193	100,914	58,251
2016	60,000	21,525	15,117	6,598	105,102	54,005
2017	60,000	19,335	15,767	5,948	109,569	49,476
2018	60,000	17,085	16,461	5,253	114,335	44,644
2019	65,000	14,775	17,202	4,513	119,423	39,485
2020	65,000	12,207	17,993	3,721	124,857	33,976
2021	70,000	9,575	18,839	2,876	130,663	28,090
2022	75,000	6,600	19,746	1,971	136,870	21,797
2023	75,000	3,338	20,700	1,014	143,508	15,066
2024	-	-	-	-	150,611	7,864
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 745,000</u>	<u>\$ 209,328</u>	<u>\$ 196,690</u>	<u>\$ 63,889</u>	<u>\$ 1,516,068</u>	<u>\$ 551,293</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2011

Fiscal Year	2004 Series A Obligation Bonds		2004 Series B Obligation Bonds		Series 2008 Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 75,000	\$ 45,000	\$ 150,000	\$ 184,775	\$ 510,000	\$ 332,194
2013	75,000	42,375	150,000	179,525	525,000	314,981
2014	75,000	39,375	150,000	174,275	535,000	297,263
2015	75,000	36,375	175,000	169,025	550,000	279,206
2016	75,000	33,375	175,000	162,725	565,000	260,644
2017	75,000	30,375	400,000	156,250	580,000	241,575
2018	75,000	27,375	425,000	141,050	600,000	222,000
2019	75,000	24,375	425,000	124,475	615,000	201,750
2020	100,000	21,375	450,000	107,475	635,000	180,225
2021	100,000	17,250	475,000	89,025	465,000	158,000
2022	100,000	13,000	500,000	69,075	485,000	141,725
2023	100,000	8,750	525,000	47,575	500,000	124,144
2024	100,000	4,375	550,000	24,475	520,000	106,019
2025	-	-	-	-	540,000	87,169
2026	-	-	-	-	560,000	66,919
2027	-	-	-	-	580,000	45,919
2028	-	-	-	-	605,000	23,443
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 1,100,000</u>	<u>\$ 343,375</u>	<u>\$ 4,550,000</u>	<u>\$ 1,629,725</u>	<u>\$ 9,370,000</u>	<u>\$ 3,083,176</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2011

Fiscal Year	Series 2009 Obligation Bonds		2010 Series A Obligation Bonds		2010 Series B Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 160,000	\$ 119,545	\$ -	\$ 461,504	\$ -	\$ 172,500
2013	160,000	116,345	-	289,950	-	172,500
2014	165,000	113,145	-	289,950	-	172,500
2015	170,000	109,845	-	289,950	-	172,500
2016	170,000	106,445	9,665,000	289,950	-	172,500
2017	175,000	102,620	-	-	-	172,500
2018	180,000	98,245	-	-	-	172,500
2019	185,000	93,745	-	-	-	172,500
2020	190,000	88,195	-	-	-	172,500
2021	200,000	82,495	-	-	-	172,500
2022	205,000	76,495	-	-	-	172,500
2023	215,000	68,807	-	-	-	172,500
2024	225,000	60,745	-	-	-	172,500
2025	235,000	51,745	-	-	-	172,500
2026	245,000	42,345	-	-	-	172,500
2027	255,000	32,545	-	-	-	172,500
2028	265,000	22,345	-	-	-	172,500
2029	280,000	11,480	-	-	-	172,500
2030	-	-	-	-	540,000	172,500
2031	-	-	-	-	780,000	141,450
2032	-	-	-	-	820,000	96,600
2033	-	-	-	-	860,000	49,450
	<u>\$ 3,680,000</u>	<u>\$ 1,397,132</u>	<u>\$ 9,665,000</u>	<u>\$ 1,621,304</u>	<u>\$ 3,000,000</u>	<u>\$ 3,565,000</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2011

Fiscal Year	2010 Series C Obligation Bonds		Total Requirements		Total
	Principal	Interest	Principal	Interest	
2012	\$ -	\$ 259,311	\$ 3,477,876	\$ 2,778,402	\$ 6,256,278
2013	-	259,311	3,366,734	2,472,447	5,839,181
2014	-	259,311	2,950,949	2,342,912	5,293,861
2015	-	259,311	3,065,436	2,233,295	5,298,731
2016	300,000	259,311	12,975,219	2,118,722	15,093,941
2017	195,000	250,311	3,325,336	1,705,019	5,030,355
2018	210,000	243,974	3,470,796	1,576,713	5,047,509
2019	225,000	236,099	3,591,625	1,438,835	5,030,460
2020	215,000	227,099	3,752,850	1,290,875	5,043,725
2021	405,000	217,424	3,914,502	1,134,088	5,048,590
2022	415,000	198,693	3,916,616	963,444	4,880,060
2023	425,000	178,980	4,089,208	787,712	4,876,920
2024	435,000	158,793	3,350,611	603,271	3,953,882
2025	445,000	137,043	1,220,000	448,457	1,668,457
2026	460,000	114,792	1,265,000	396,556	1,661,556
2027	475,000	91,562	1,310,000	342,526	1,652,526
2028	490,000	67,100	1,360,000	285,388	1,645,388
2029	490,000	40,150	770,000	224,130	994,130
2030	240,000	13,200	780,000	185,700	965,700
2031	-	-	780,000	141,450	921,450
2032	-	-	820,000	96,600	916,600
2033	-	-	860,000	49,450	909,450
	<u>\$ 5,425,000</u>	<u>\$ 3,471,775</u>	<u>\$ 64,412,758</u>	<u>\$ 23,615,992</u>	<u>\$ 88,028,750</u>

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 1999 Series

April 30, 2011

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: The Bank of New York Mellon
 Dallas, Texas

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2011	\$ 125,000
2012	130,000
2013	140,000
2014	145,000
	<u>\$ 540,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 125,000	\$ 27,558	\$ 152,558	2011	\$ 13,779	2011	\$13,779
2011	130,000	21,307	151,307	2012	10,654	2012	10,653
2012	140,000	14,678	154,678	2013	7,339	2013	7,339
2013	145,000	7,467	152,467	2014	3,734	2014	3,733
	<u>\$ 540,000</u>	<u>\$ 71,010</u>	<u>\$ 611,010</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2000 Series

April 30, 2011

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: The Bank of New York Mellon
 Dallas, Texas

Redeemable annually**on December 15****Amount**

2011	\$ 600,000
2012	500,000
	<u>\$ 1,100,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$1,100,000</u>	<u>\$ 76,000</u>	<u>\$1,176,000</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2001 Series B

April 30, 2011

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: The Bank of New York Mellon
 Dallas, Texas

Redeemable annually**on December 15**

2011

Amount**\$ 100,000****Bond Principal and Interest Requirements**

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 100,000	\$ 3,500	\$ 103,500	2011	\$ 1,750	2011	\$1,750

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2002 Series A

April 30, 2011

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: The Bank of New York Mellon
 Dallas, Texas

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2011	\$ 1,295,000
2012	1,350,000
2013	1,400,000
2014	1,455,000
2015	1,520,000
Thereafter	14,105,000
	<u>\$ 21,125,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 1,295,000	\$ 933,336	\$ 2,228,336	2011	\$ 466,668	2011	\$ 466,668
2011	1,350,000	881,536	2,231,536	2012	440,768	2012	440,768
2012	1,400,000	827,536	2,227,536	2013	413,768	2013	413,768
2013	1,455,000	771,536	2,226,536	2014	385,768	2014	385,768
2014	1,520,000	713,336	2,233,336	2015	356,668	2015	356,668
Thereafter	14,105,000	3,021,739	17,126,739	Thereafter	1,510,870	Thereafter	1,510,869
	<u>\$21,125,000</u>	<u>\$ 7,149,019</u>	<u>\$ 28,274,019</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2003 Series C

April 30, 2011

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: The Bank of New York Mellon
 Dallas, Texas

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2011	\$ 110,000
2012	115,000
2013	120,000
2014	125,000
2015	125,000
Thereafter	705,000
	<u>\$ 1,300,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 110,000	\$ 46,808	\$ 156,808	2011	\$ 23,404	2011	\$23,404
2011	115,000	43,398	158,398	2012	21,699	2012	21,699
2012	120,000	39,718	159,718	2013	19,859	2013	19,859
2013	125,000	35,758	160,758	2014	17,879	2014	17,879
2014	125,000	31,508	156,508	2015	15,754	2015	15,754
Thereafter	705,000	85,176	790,176	Thereafter	42,588	Thereafter	42,588
	<u>\$1,300,000</u>	<u>\$282,366</u>	<u>\$1,582,366</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2003 Series D

April 30, 2011

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: The Bank of New York Mellon
 Dallas, Texas

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2011	\$ 200,000
2012	200,000
2013	200,000
2014	200,000
2015	200,000
	<u>\$ 1,000,000</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>
2010	\$ 200,000	\$ 32,100	\$ 232,100	2011	\$ 16,050	2011	\$16,050
2011	200,000	26,000	226,000	2012	13,000	2012	13,000
2012	200,000	19,800	219,800	2013	9,900	2013	9,900
2013	200,000	13,400	213,400	2014	6,700	2014	6,700
2014	200,000	6,800	206,800	2015	3,400	2015	3,400
	<u>\$1,000,000</u>	<u>\$ 98,100</u>	<u>\$1,098,100</u>				

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 25 Special Tax Bonds – 2003 Series

April 30, 2011

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

<u>on December 15</u>	<u>Amount</u>
2011	\$ 50,000
2012	55,000
2013	55,000
2014	55,000
2015	60,000
Thereafter	470,000
	<u>\$ 745,000</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>
2010	\$ 50,000	\$ 28,818	\$ 78,818	2011	\$ 14,409	2011	\$14,409
2011	55,000	27,217	82,217	2012	13,609	2012	13,608
2012	55,000	25,375	80,375	2013	12,688	2013	12,687
2013	55,000	23,478	78,478	2014	11,739	2014	11,739
2014	60,000	21,525	81,525	2015	10,763	2015	10,762
Thereafter	470,000	82,915	552,915	Thereafter	41,458	Thereafter	41,457
	<u>\$ 745,000</u>	<u>\$209,328</u>	<u>\$ 954,328</u>				

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 26 Special Tax Bonds – 2003 Series

April 30, 2011

Date of issue: October 7, 2003
 Date of maturity: December 15, 2022
 Authorized issue: \$ 276,500
 Denomination of bonds: One bond per maturity
 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

<u>on December 15</u>	<u>Amount</u>
2011	\$ 12,947
2012	13,433
2013	13,963
2014	14,522
2015	15,117
Thereafter	126,708
	<u>\$ 196,690</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>
2010	\$ 12,947	\$ 8,768	\$ 21,715	2011	\$ 4,384	2011	\$ 4,384
2011	13,433	8,282	21,715	2012	4,141	2012	4,141
2012	13,963	7,752	21,715	2013	3,876	2013	3,876
2013	14,522	7,193	21,715	2014	3,597	2014	3,596
2014	15,117	6,598	21,715	2015	3,299	2015	3,299
Thereafter	126,708	25,296	152,004	Thereafter	12,648	Thereafter	12,648
	<u>\$ 196,690</u>	<u>\$ 63,889</u>	<u>\$ 260,579</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2004 Series A

April 30, 2011

Date of issue: September 15, 2004
 Date of maturity: December 15, 2023
 Authorized issue: \$ 1,195,000
 Denomination of bonds: \$ 5,000
 Interest rate: 3.50-4.375%

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

Redeemable annually
on December 15

	<u>Amount</u>
2011	\$ 75,000
2012	75,000
2013	75,000
2014	75,000
2015	75,000
Thereafter	725,000
	<u>\$ 1,100,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 75,000	\$ 45,000	\$ 120,000	2011	\$ 22,500	2011	\$22,500
2011	75,000	42,375	117,375	2012	21,188	2012	21,187
2012	75,000	39,375	114,375	2013	19,688	2013	19,687
2013	75,000	36,375	111,375	2014	18,188	2014	18,187
2014	75,000	33,375	108,375	2015	16,688	2015	16,687
Thereafter	725,000	146,875	871,875	Thereafter	73,438	Thereafter	73,437
	<u>\$1,100,000</u>	<u>\$343,375</u>	<u>\$1,443,375</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2004 Series B

April 30, 2011

Date of issue: September 15, 2004
 Date of maturity: December 15, 2023
 Authorized issue: \$ 5,200,000
 Denomination of bonds: \$ 5,000
 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

<u>Amount</u>
2011 \$ 150,000
2012 150,000
2013 150,000
2014 175,000
2015 175,000
Thereafter 3,750,000
<u>\$ 4,550,000</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>
2010	\$ 150,000	\$ 184,775	\$ 334,775	2011	\$ 92,388	2011	\$ 92,387
2011	150,000	179,525	329,525	2012	89,763	2012	89,762
2012	150,000	174,275	324,275	2013	87,138	2013	87,137
2013	175,000	169,025	344,025	2014	84,513	2014	84,512
2014	175,000	162,725	337,725	2015	81,363	2015	81,362
Thereafter	3,750,000	759,400	4,509,400	Thereafter	379,700	Thereafter	379,700
	<u>\$ 4,550,000</u>	<u>\$1,629,725</u>	<u>\$6,179,725</u>				

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 29 Special Tax Bonds – 2004 Series

April 30, 2011

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

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2011	\$ 89,929
2012	93,301
2013	96,986
2014	100,914
2015	105,102
Thereafter	1,029,836
	<u>\$ 1,516,068</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>
2010	\$ 89,929	\$ 70,435	\$ 160,364	2011	\$ 35,645	2011	\$ 34,790
2011	93,301	65,970	159,271	2012	32,895	2012	33,075
2012	96,986	62,234	159,220	2013	31,032	2013	31,202
2013	100,914	58,251	159,165	2014	29,046	2014	29,205
2014	105,102	54,005	159,107	2015	26,929	2015	27,076
Thereafter	1,029,836	240,398	1,270,234	Thereafter	119,868	Thereafter	120,530
	<u>\$1,516,068</u>	<u>\$551,293</u>	<u>\$2,067,361</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2008 Series

April 30, 2011

Date of issue: April 15, 2008
 Date of maturity: December 15, 2027
 Authorized issue: \$ 9,750,000
 Denomination of bonds: \$ 5,000
 Interest rate: 3.375-3.875%

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

Redeemable annually

on December 15	Amount
2011	\$ 510,000
2012	525,000
2013	535,000
2014	550,000
2015	565,000
Thereafter	6,685,000
	<u>\$ 9,370,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy		Coupons due on				
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 510,000	\$ 332,194	\$ 842,194	2011	\$ 166,097	2011	\$ 166,097
2011	525,000	314,981	839,981	2012	157,491	2012	157,490
2012	535,000	297,263	832,263	2013	148,632	2013	148,631
2013	550,000	279,206	829,206	2014	139,603	2014	139,603
2014	565,000	260,644	825,644	2015	130,322	2015	130,322
Thereafter	6,685,000	1,598,888	8,283,888	Thereafter	799,444	Thereafter	799,444
	<u>\$ 9,370,000</u>	<u>\$ 3,083,176</u>	<u>\$ 12,453,176</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2009 Series

April 30, 2011

Date of issue: May 14, 2009
 Date of maturity: December 15, 2028
 Authorized issue: \$ 3,680,000
 Denomination of bonds: \$ 5,000
 Interest rate: 2.00 - 4.10 %

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2011	\$ 160,000
2012	160,000
2013	165,000
2014	170,000
2015	170,000
Thereafter	2,855,000
	<u>\$ 3,680,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ 160,000	\$ 119,545	\$ 279,545	2011	\$ 59,773	2011	\$ 59,772
2011	160,000	116,345	276,345	2012	58,173	2012	58,172
2012	165,000	113,145	278,145	2013	56,573	2013	56,572
2013	170,000	109,845	279,845	2014	54,923	2014	54,922
2014	170,000	106,445	276,445	2015	53,223	2015	53,222
Thereafter	2,855,000	831,807	3,686,807	Thereafter	415,904	Thereafter	415,904
	<u>\$ 3,680,000</u>	<u>\$ 1,397,132</u>	<u>\$ 5,077,132</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series A

April 30, 2011

Date of issue: May 12, 2010
 Date of maturity: December 15, 2015
 Authorized issue: \$ 9,665,000
 Denomination of bonds: \$ 5,000
 Interest rate: 3.00%

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

Redeemable annually**on December 15**

2015

Amount**\$ 9,665,000****Bond Principal and Interest Requirements**

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ -	\$ 461,504	\$ 461,504	2011	\$ 316,529	2011	\$ 144,975
2011	-	289,950	289,950	2012	144,975	2012	144,975
2012	-	289,950	289,950	2013	144,975	2013	144,975
2013	-	289,950	289,950	2014	144,975	2014	144,975
2014	9,665,000	289,950	9,954,950	2015	144,975	2015	144,975
	<u>\$ 9,665,000</u>	<u>\$ 1,621,304</u>	<u>\$ 11,286,304</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series B

April 30, 2011

Date of issue: May 12, 2010
 Date of maturity: December 15, 2032
 Authorized issue: \$ 3,000,000
 Denomination of bonds: \$ 5,000
 Interest rate: 5.75%

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2029	\$ 540,000
2030	780,000
2031	820,000
2032	860,000
	<u>\$ 3,000,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ -	\$ 172,500	\$ 172,500	2011	\$ 86,250	2011	\$ 86,250
2011	-	172,500	172,500	2012	86,250	2012	86,250
2012	-	172,500	172,500	2013	86,250	2013	86,250
2013	-	172,500	172,500	2014	86,250	2014	86,250
2014	-	172,500	172,500	2015	86,250	2015	86,250
Thereafter	3,000,000	2,702,500	5,702,500	Thereafter	1,351,250	Thereafter	1,351,250
	<u>\$ 3,000,000</u>	<u>\$ 3,565,000</u>	<u>\$ 6,565,000</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series C

April 30, 2011

Date of issue: May 12, 2010
 Date of maturity: December 15, 2029
 Authorized issue: \$ 5,425,000
 Denomination of bonds: \$ 5,000
 Interest rate: 3.00 - 5.50%

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2015	\$ 300,000
2016	195,000
2017	210,000
2018	225,000
2019	215,000
Thereafter	4,280,000
	<u>\$ 5,425,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2010	\$ -	\$ 259,311	\$ 259,311	2011	\$ 129,656	2011	\$ 129,655
2011	-	259,311	259,311	2012	129,656	2012	129,655
2012	-	259,311	259,311	2013	129,656	2013	129,655
2013	-	259,311	259,311	2014	129,656	2014	129,655
2014	300,000	259,311	559,311	2015	129,656	2015	129,655
Thereafter	5,125,000	2,175,220	7,300,220	Thereafter	1,087,610	Thereafter	1,087,610
	<u>\$ 5,425,000</u>	<u>\$ 3,471,775</u>	<u>\$ 8,896,775</u>				

CITY OF LAKE FOREST, ILLINOIS

Debt Service Fund

Combining Schedule of Assets, Liabilities, and Fund Balance

April 30, 2011

	2000	2001	2003	Special Service	Special Service
	General	General	Series D	Area 25	Area 26
	Obligation	Obligation	General	General	General
	Bonds	Bonds	Obligation	Obligation	Obligation
Assets			Bonds	Bonds	Bonds
Cash and cash equivalents	\$ 471,843	\$ 101,024	\$ 815,161	\$ 8,864	\$ 5,652
Receivables (net of allowance for uncollectibles):					
Property taxes	653,128	103,610	-	78,118	21,915
Total assets	<u>\$ 1,124,971</u>	<u>\$ 204,634</u>	<u>\$ 815,161</u>	<u>\$ 86,982</u>	<u>\$ 27,567</u>
Liabilities and Fund Balance					
Liabilities:					
Deferred revenue – property taxes	\$ 653,128	\$ 103,610	\$ -	\$ 78,118	\$ 21,915
Fund balance – reserved for debt service	<u>471,843</u>	<u>101,024</u>	<u>815,161</u>	<u>8,864</u>	<u>5,652</u>
Total liabilities and fund balance	<u>\$ 1,124,971</u>	<u>\$ 204,634</u>	<u>\$ 815,161</u>	<u>\$ 86,982</u>	<u>\$ 27,567</u>

Exhibit I-19

Special Service Area 29 General Obligation Bonds	2004 Series B General Obligation Bonds	2008 General Obligation Bonds	2009 General Obligation Bonds	2010 General Obligation Bonds	Total
\$ 470	\$ 1,296,554	\$ 18,338	\$ 1,342	\$ 89,578	\$ 2,808,826
155,968	-	843,311	279,864	636,753	2,772,667
<u>\$ 156,438</u>	<u>\$ 1,296,554</u>	<u>\$ 861,649</u>	<u>\$ 281,206</u>	<u>\$ 726,331</u>	<u>\$ 5,581,493</u>
\$ 155,968	\$ -	\$ 843,311	\$ 279,864	\$ 636,753	\$ 2,772,667
470	1,296,554	18,338	1,342	89,578	2,808,826
<u>\$ 156,438</u>	<u>\$ 1,296,554</u>	<u>\$ 861,649</u>	<u>\$ 281,206</u>	<u>\$ 726,331</u>	<u>\$ 5,581,493</u>

CITY OF LAKE FOREST, ILLINOIS

Debt Service Fund

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

Year ended April 30, 2011

	1997 Series B General Obligation Bonds	2000 General Obligation Bonds	2001 General Obligation Bonds	2003 Series A General Obligation Bonds	2003 Series D General Obligation Bonds
Revenues:					
Taxes:					
Property taxes	\$ -	\$ 661,037	\$ 108,632	\$ 1,012,357	\$ -
Investment income	279	5,024	1,008	3,521	6,749
Miscellaneous - IRS rebate	-	-	-	-	-
Total revenues	<u>279</u>	<u>666,061</u>	<u>109,640</u>	<u>1,015,878</u>	<u>6,749</u>
Expenditures:					
General government	600	600	600	275	600
Debt service:					
Principal	145,000	575,000	100,000	975,000	200,000
Interest	6,235	79,563	7,000	24,863	37,500
Total expenditures	<u>151,835</u>	<u>655,163</u>	<u>107,600</u>	<u>1,000,138</u>	<u>238,100</u>
Excess (deficiency) of revenues over expenditures	<u>(151,556)</u>	<u>10,898</u>	<u>2,040</u>	<u>15,740</u>	<u>(231,351)</u>
Other financing sources:					
Transfers in	151,170	-	-	-	64,414
Transfers out	-	-	-	(153,521)	-
Total other financing sources (uses)	<u>151,170</u>	<u>-</u>	<u>-</u>	<u>(153,521)</u>	<u>64,414</u>
Net change in fund balance	(386)	10,898	2,040	(137,781)	(166,937)
Fund balance – beginning of year	<u>386</u>	<u>460,945</u>	<u>98,984</u>	<u>137,781</u>	<u>982,098</u>
Fund balance – end of year	<u>\$ -</u>	<u>\$ 471,843</u>	<u>\$ 101,024</u>	<u>\$ -</u>	<u>\$ 815,161</u>

Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds	Special Service Area 29 General Obligation Bonds	2004 Series B General Obligation Bonds	2008 General Obligation Bonds	2009 General Obligation Bonds	2010 General Obligation Bonds	Total
\$ 80,843	\$ 22,215	\$ 158,368	\$ -	\$ 617,121	\$ 143,302	\$ -	\$ 2,803,875
244	85	266	8,642	1,092	130	591	27,631
-	-	-	-	-	-	99,627	99,627
81,087	22,300	158,634	8,642	618,213	143,432	100,218	2,931,133
-	-	-	500	500	500	-	4,175
50,000	12,509	86,804	125,000	270,000	-	-	2,539,313
30,343	9,206	71,582	189,150	341,306	193,929	255,488	1,246,165
80,343	21,715	158,386	314,650	611,806	194,429	255,488	3,789,653
744	585	248	(306,008)	6,407	(50,997)	(155,270)	(858,520)
-	-	-	521,171	-	-	244,848	981,603
-	-	-	-	-	-	-	(153,521)
-	-	-	521,171	-	-	244,848	828,082
744	585	248	215,163	6,407	(50,997)	89,578	(30,438)
8,120	5,067	222	1,081,391	11,931	52,339	-	2,839,264
\$ 8,864	\$ 5,652	\$ 470	\$ 1,296,554	\$ 18,338	\$ 1,342	\$ 89,578	\$ 2,808,826

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>
Financial Trends	133-142
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	143-149
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	150-154
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.	
Demographic and Economic Information	155-157
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.	
Operating Information	158-161
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.	

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.

CITY OF LAKE FOREST, ILLINOIS

Net Assets by Component Last Eight Years

	2004	2005	2006
Governmental Activities			
Invested in Capital Assets			
Net of Related Debt	\$ 159,438,322	\$ 157,490,638	\$ 166,151,385
Restricted	2,450,438	2,997,174	3,568,910
Unrestricted	13,987,875	18,310,053	16,476,341
Total Governmental Activities	<u>\$ 175,876,635</u>	<u>\$ 178,797,865</u>	<u>\$ 186,196,636</u>
Business-type Activities			
Invested in Capital Assets			
Net of Related Debt	\$ 35,742,886	\$ 41,401,968	\$ 43,183,127
Restricted	-	-	-
Unrestricted	16,127,338	11,917,654	11,105,554
Total Business-type Activities	<u>\$ 51,870,224</u>	<u>\$ 53,319,622</u>	<u>\$ 54,288,681</u>
Total			
Invested in Capital Assets			
Net of Related Debt	\$ 195,181,208	\$ 198,892,606	\$ 209,334,512
Restricted	2,450,438	2,997,174	3,568,910
Unrestricted	30,115,213	30,227,707	27,581,895
Total Primary Government	<u>\$ 227,746,859</u>	<u>\$ 232,117,487</u>	<u>\$ 240,485,317</u>

Data Source

Audited Financial Statements

Table 1

Fiscal Year				
2007	2008	2009	2010	2011
\$ 163,863,237	\$ 172,325,675	\$ 193,768,992	\$ 193,225,047	\$ 192,568,460
4,010,519	3,978,855	3,319,974	3,001,515	3,645,693
26,409,165	28,748,888	25,867,536	25,090,240	29,683,545
<u>\$ 194,282,921</u>	<u>\$ 205,053,418</u>	<u>\$ 222,956,502</u>	<u>\$ 221,316,802</u>	<u>\$ 225,897,698</u>
\$ 44,504,668	\$ 44,932,466	\$ 37,184,702	\$ 38,075,853	\$ 37,709,887
-	-	-	-	-
11,824,329	12,087,202	9,577,076	8,617,858	8,513,924
<u>\$ 56,328,997</u>	<u>\$ 57,019,668</u>	<u>\$ 46,761,778</u>	<u>\$ 46,693,711</u>	<u>\$ 46,223,811</u>
\$ 208,367,905	\$ 217,258,141	\$ 230,953,694	\$ 231,300,900	\$ 230,278,347
4,010,519	3,978,855	3,319,974	3,001,515	3,645,693
38,233,494	40,836,090	35,444,612	33,708,098	38,197,469
<u>\$ 250,611,918</u>	<u>\$ 262,073,086</u>	<u>\$ 269,718,280</u>	<u>\$ 268,010,513</u>	<u>\$ 272,121,509</u>

CITY OF LAKE FOREST, ILLINOIS

Changes in Net Assets
Last Eight Fiscal Years

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

Table 2

Fiscal Year				
2007	2008	2009	2010	2011
\$ 10,026,323	\$ 11,035,000	\$ 14,928,550	\$ 13,974,412	\$ 13,321,852
7,102,425	8,821,953	7,911,604	9,469,570	8,687,404
2,225,808	2,310,966	2,169,302	2,183,373	2,349,916
9,403,755	8,812,293	9,430,847	9,589,857	9,402,752
11,557,020	12,348,729	12,623,300	13,116,738	13,398,718
-	-	-	-	-
968,963	808,253	978,029	1,097,805	1,424,317
41,284,294	44,137,194	48,041,632	49,431,755	48,584,959
7,891,031	8,228,975	7,659,138	7,882,904	8,008,372
1,545,070	1,562,520	1,490,115	1,345,437	1,393,869
767,413	757,200	-	-	-
10,203,514	10,548,695	9,149,253	9,228,341	9,402,241
\$ 51,487,808	\$ 54,685,889	\$ 57,190,885	\$ 58,660,096	\$ 57,987,200
\$ 5,094,588	\$ 5,249,766	\$ 4,980,144	\$ 4,822,344	\$ 4,455,844
1,576,654	929,199	1,239,586	809,661	693,029
293,410	295,658	192,848	104,158	171,030
5,458,842	3,831,855	4,197,023	4,121,592	3,650,467
1,387,792	1,567,944	1,589,647	1,540,927	1,930,715
1,284,897	790,979	684,872	1,413,819	846,781
-	5,301,494	9,033,429	925,524	5,982,721
15,096,183	17,966,895	21,917,549	13,738,025	17,730,587
6,944,190	6,893,939	6,589,780	7,048,854	7,344,740
1,702,287	1,430,875	1,413,732	1,333,879	1,264,624
1,007,654	1,016,991	-	-	-
217,249	-	-	-	-
854,027	1,367,797	829,447	97,724	162,051
10,725,407	10,709,602	8,832,959	8,480,457	8,771,415
\$ 25,821,590	\$ 28,676,497	\$ 30,750,508	\$ 22,218,482	\$ 26,502,002
\$ (26,188,111)	\$ (26,170,299)	\$ (26,124,083)	\$ (35,693,730)	\$ (30,854,372)
521,893	160,907	(316,294)	(747,884)	(630,826)
\$ (25,666,218)	\$ (26,009,392)	\$ (26,440,377)	\$ (36,441,614)	\$ (31,485,198)

CITY OF LAKE FOREST, ILLINOIS

Changes in Net Assets (Continued)

Last Eight Fiscal Years

	2004	2005	2006
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes			
Property taxes	\$ 19,846,632	\$ 19,846,632	\$ 20,858,317
Sales	2,900,860	2,900,860	3,058,396
Income and Use	1,747,505	1,747,505	1,826,030
Telecommunications and Utility	4,066,843	4,066,843	4,434,227
Real Estate Transfer Tax	-	-	-
Other	388,059	388,059	356,466
Investment Earnings	861,935	861,935	1,434,500
Gain on sale of capital assets	470,463	470,463	-
Miscellaneous	-	-	-
Transfers	(67,630)	(67,630)	-
Total Governmental Activities	30,214,667	30,214,667	31,967,936
Business-type Activities			
Investment Earnings	211,768	211,768	434,378
Miscellaneous	-	-	-
Transfers	67,630	67,630	-
Total Business-type Activities	279,398	279,398	434,378
Total Primary Government	\$ 30,494,065	\$ 30,494,065	\$ 32,402,314
Change in Net Assets			
Governmental Activities	\$ 2,921,230	\$ 2,921,230	\$ 7,398,771
Business-type Activities	1,449,398	1,449,398	969,059
Total Primary Government Change in Net Assets	\$ 4,370,628	\$ 4,370,628	\$ 8,367,830

Data Source

Audited Financial Statements

Table 2

Fiscal Year				
2007	2008	2009	2010	2011
\$ 21,287,422	\$ 22,324,863	\$ 23,067,216	\$ 24,383,716	\$ 24,739,956
3,271,452	3,118,339	3,010,457	2,392,497	2,554,772
1,989,187	2,175,196	2,018,177	1,762,425	1,849,046
4,198,439	4,454,442	4,407,235	3,967,398	3,968,072
1,259,295	1,984,052	962,840	878,925	1,279,935
463,689	489,018	391,347	372,640	422,080
1,991,995	1,771,629	35,853	852,245	573,508
-	-	-	-	-
805,436	627,188	22,729	60,000	150,049
(992,519)	(3,931)	10,111,313	(615,816)	(102,150)
34,274,396	36,940,796	44,027,167	34,054,030	35,435,268
525,904	525,833	169,717	64,001	58,776
-	-	-	-	-
992,519	3,931	(10,111,313)	615,816	102,150
1,518,423	529,764	(9,941,596)	679,817	160,926
\$ 35,792,819	\$ 37,470,560	\$ 34,085,571	\$ 34,733,847	\$ 35,596,194
\$ 8,086,285	\$ 10,770,497	\$ 17,903,084	\$ (1,639,700)	\$ 4,580,896
2,040,316	690,671	(10,257,890)	(68,067)	(469,900)
\$ 10,126,601	\$ 11,461,168	\$ 7,645,194	\$ (1,707,767)	\$ 4,110,996

CITY OF LAKE FOREST, ILLINOIS

Table 3

Fund Balances of Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ -	\$ -	\$ 1,265,475	\$ 585,232	\$ 510,960	\$ 470,008	\$ 1,041,187	\$ 2,218,570	\$ 1,071,068	\$ 2,988,884
Unreserved	9,255,739	10,074,523	9,367,525	11,178,843	6,506,164	8,534,147	9,585,445	8,618,251	9,815,220	9,239,135
Total General Fund	<u>\$ 9,255,739</u>	<u>\$ 10,074,523</u>	<u>\$ 10,633,000</u>	<u>\$ 11,764,075</u>	<u>\$ 7,017,124</u>	<u>\$ 9,004,155</u>	<u>\$ 10,626,632</u>	<u>\$ 10,836,821</u>	<u>\$ 10,886,288</u>	<u>\$ 12,228,019</u>
All Other Governmental Funds										
Reserved										
Special Revenue Funds	\$ -	\$ -	\$ 635,625	\$ 407,587	\$ 121,299	\$ 89,809	\$ 130,173	\$ 128,516	\$ 43,306	\$ 4,333
Capital Project Funds	-	-	84,645	69,058	-	-	-	-	-	-
Debt Service Funds	-	-	1,300,000	1,915,242	2,381,564	2,849,336	2,708,268	2,632,215	2,839,264	2,808,826
Unreserved, reported in										
Special Revenue Funds	4,340,661	3,429,452	3,323,478	3,885,249	5,531,312	8,006,257	8,063,766	6,747,544	8,209,263	9,869,178
Capital Project Funds	177,314	454,680	3,028,546	10,123,851	8,048,381	8,898,968	17,815,488	6,538,074	3,171,421	6,189,372
Debt Service Funds	652,656	731,785	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 5,170,631</u>	<u>\$ 4,615,917</u>	<u>\$ 8,372,294</u>	<u>\$ 16,400,987</u>	<u>\$ 16,082,556</u>	<u>\$ 19,844,370</u>	<u>\$ 28,717,695</u>	<u>\$ 16,046,349</u>	<u>\$ 14,263,254</u>	<u>\$ 18,871,709</u>
Total All Governmental	<u>\$ 14,426,370</u>	<u>\$ 14,690,440</u>	<u>\$ 19,005,294</u>	<u>\$ 28,165,062</u>	<u>\$ 23,099,680</u>	<u>\$ 28,848,525</u>	<u>\$ 39,344,327</u>	<u>\$ 26,883,170</u>	<u>\$ 25,149,542</u>	<u>\$ 31,099,728</u>

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property taxes	\$ 17,401,345	\$ 18,209,089	\$ 19,057,023	\$ 19,846,632	\$ 20,858,317	\$ 21,287,422	\$ 22,324,863	\$ 23,067,216	\$ 24,383,716	\$ 24,739,956
Other taxes	7,269,982	8,175,698	8,701,692	9,103,267	9,675,119	11,182,063	12,221,047	10,790,056	9,433,885	10,073,905
Intergovernmental revenues	553,725	585,578	615,152	1,254,231	1,407,815	948,449	790,979	684,872	1,304,368	523,185
Grants	-	-	-	-	-	-	-	-	706,250	1,306,195
Charges for services	5,154,695	5,546,058	6,133,220	6,946,174	7,422,055	8,416,183	7,193,242	8,295,760	7,844,119	7,427,784
Licenses and permits	2,196,046	1,454,015	2,450,163	2,933,400	2,488,811	2,483,638	2,345,931	2,117,774	2,135,888	2,246,336
Fines and forfeitures	291,026	353,664	350,989	387,178	461,909	357,556	469,208	387,629	372,924	409,539
Investment income	723,418	471,228	505,696	832,709	1,358,266	1,866,217	1,673,038	(11,695)	815,520	531,666
Miscellaneous revenue	545,297	621,854	1,324,563	2,114,370	1,419,807	2,890,358	1,870,927	1,420,815	1,374,476	1,074,576
Total Revenues	34,135,534	35,417,184	39,138,498	43,417,961	45,092,099	49,431,886	48,889,235	46,752,427	48,371,146	48,333,142
Expenditures										
General government	8,135,509	6,840,374	8,218,581	9,739,170	9,158,599	9,533,418	10,569,268	12,778,200	12,226,189	11,929,446
Highways and streets	1,276,301	1,635,827	1,668,162	1,682,996	1,770,853	1,979,122	2,332,972	2,567,220	3,897,758	2,449,911
Sanitation	1,832,100	1,916,458	1,853,561	1,845,302	1,943,042	2,023,726	2,125,284	2,096,044	2,056,528	2,194,511
Culture and recreation	5,892,966	6,893,911	7,326,207	7,253,560	7,662,467	8,174,644	7,925,598	8,511,075	8,816,962	8,559,331
Public safety	7,084,910	8,704,648	10,137,485	10,099,843	10,895,658	11,341,849	12,169,723	12,820,200	13,062,453	13,291,727
Pension fund contributions	1,879,656	1,042,745	-	-	-	-	-	-	-	-
Public improvements and other	2,255,264	2,015,690	2,519,580	-	-	-	-	-	-	-
Capital outlay	10,640,836	5,944,383	3,236,984	6,253,592	12,940,175	5,466,571	8,324,272	28,537,234	11,376,490	6,348,572
Debt Service										
Principal	3,400,000	3,475,000	3,990,000	4,376,212	5,013,943	4,774,827	4,797,104	2,954,681	2,877,662	15,659,313
Interest	1,008,545	923,742	800,699	827,160	982,744	881,087	781,529	694,355	1,173,967	1,284,755
Bond issuance costs	6,350	55,546	62,370	64,640	-	-	-	-	-	-
Total Expenditures	43,412,437	39,448,324	39,813,629	42,142,475	50,367,481	44,175,244	49,025,750	70,959,009	55,488,009	61,717,566
Excess of Revenues over (under)										
Expenditures	(9,276,903)	(4,031,140)	(675,131)	1,275,486	(5,275,382)	5,256,642	(136,515)	(24,206,582)	(7,116,863)	(13,384,424)

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Table 4

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other financing Sources (Uses)										
Transfers in	\$ 2,263,690	\$ 1,350,576	\$ 2,039,032	\$ 3,350,766	\$ 9,713,436	\$ 2,893,460	\$ 3,201,175	\$ 5,425,090	\$ 1,847,105	\$ 1,844,410
Transfers out	(2,263,690)	(1,350,576)	(2,280,752)	(3,418,396)	(9,713,436)	(3,885,979)	(3,041,224)	(4,454,665)	(2,462,921)	(1,946,560)
Bonds issued	1,000,000	4,219,810	3,676,500	7,200,000	-	-	9,750,000	-	3,680,000	18,090,000
Installment note proceeds	-	-	-	-	-	-	-	10,700,000	2,300,000	-
Loan proceeds	-	-	880,000	-	-	-	-	-	-	-
Premium (discount) on bonds issued	-	-	(7,818)	(16,631)	-	-	(50,668)	-	19,051	279,130
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	773,034	75,000	-	1,067,630
Total Other Financing Sources (Uses)	1,000,000	4,295,210	4,306,962	7,884,282	210,000	492,203	10,632,317	11,745,425	5,383,235	19,334,610
Net Change in Fund Balances	\$ (8,276,903)	\$ 264,070	\$ 3,631,831	\$ 9,159,768	\$ (5,065,382)	\$ 5,748,845	\$ 10,495,802	\$ (12,461,157)	\$ (1,733,628)	\$ 5,950,186
Debt Service as a Percentage of Noncapital Expenditures	13.45%	13.13%	13.10%	14.50%	16.02%	14.61%	12.60%	8.08%	8.62%	8.62%

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
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%
2007	2,610,727,055	191,390,427	65,007	5,765,126	59,284,794	2,867,232,409	0.8510	8,601,697,227	33.333%
2008	2,674,566,048	217,608,832	79,283	5,817,809	60,603,515	2,958,675,487	0.8700	8,876,026,461	33.333%
2009	2,609,955,147	214,117,162	71,603	5,887,945	60,662,651	2,890,694,508	0.9020	8,672,083,524	33.333%
2010	2,452,291,451	203,193,623	66,933	5,871,505	56,123,585	2,717,547,097	0.9900	8,152,641,291	33.333%

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City Direct Rates *	1.087	1.039	0.994	0.963	0.911	0.869	0.851	0.870	0.902	0.990
Overlapping Rates										
College of Lake County	0.211	0.208	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218
County of Lake	0.516	0.502	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505
Lake County Forest Preserve	0.221	0.232	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198
North Shore Sanitary District	0.160	0.152	0.144	0.139	0.132	0.125	0.120	0.121	0.124	0.136
School District 67, Elem.	1.224	1.152	1.101	1.051	1.013	0.964	0.944	0.965	0.998	1.095
School District 115, High Scho	1.157	1.092	1.045	1.003	0.965	0.961	0.959	1.001	1.069	1.101
Township	0.058	0.055	0.053	0.052	0.051	0.050	0.050	0.050	0.048	0.039
Township Road and Bridge	0.025	0.043	0.030	0.018	0.018	0.020	0.016	0.019	0.020	0.023
Total tax rate	4.659	4.475	4.283	4.110	3.951	3.838	3.777	3.874	4.025	4.305
City's share of total tax rate	23%	23%	23%	23%	23%	23%	23%	22%	22%	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 is in Lake Forest and parts of Shields and West Deerfield Townships in Lake Forest lie in the North Shore Sanitary District.

* Excludes rates for the Special Service Areas

* Includes the City's component unit, Lake Forest Library

CITY OF LAKE FOREST, ILLINOIS

Table 7

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Hospira Inc	\$ 19,257,700	1	0.71%			
The Presbyterian Home	17,554,847	2	0.65%			
Lake Products, Inc	13,686,163	3	0.50%			
CBIZ Property Tax Solutions	11,000,713	4	0.40%	12,636,564	1	0.70%
Trustmark Insurance Co	8,174,867	5	0.30%	8,823,288	3	0.50%
Lake Forest Hospital	7,394,533	6	0.27%	8,854,684	2	0.50%
Lake Forest Landmark Co. LLC	7,310,626	7	0.27%	8,059,428	4	0.50%
Opus North Corporation	5,707,515	8	0.21%			
James Campbell Company, LLC	5,540,903	9	0.20%			
Shawgate Lake Forest, LLC	5,481,802	10	0.20%			
Abbott Laboratories				7,843,803	5	0.40%
Chicago Bears Football Club, Inc				5,489,258	6	0.30%
Brunswick Corporation				4,608,786	7	0.30%
James Altounian				4,554,090	8	0.30%
Shawgate- Broadacre				4,396,612	9	0.30%
Duke Realty Ltd. Partnership				4,375,479	10	0.30%
	<u>\$ 101,109,669</u>		<u>3.72%</u>	<u>\$69,641,992</u>		<u>4.10%</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.

2011 Column is 2010 Assessed Valuation

2002 Column is 2001 Assessed Valuation

CITY OF LAKE FOREST, ILLINOIS

Table 8

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
2001	\$	18,630,195	\$ 18,595,515	99.81%
2002		19,535,105	19,422,272	99.42%
2003		20,269,822	20,213,624	99.72%
2004		21,219,092	21,197,444	99.90%
2005		21,907,603	21,773,228	99.39%
2006		22,999,873	22,979,703	99.91%
2007		23,895,634	23,863,170	99.86%
2008		25,213,226	25,174,923	99.85%
2009		25,526,887	25,486,745	99.84%
2010		26,348,093	N/A	N/A

Data Source

Lake County Treasurer 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General	0.622	0.512	0.493	0.481	0.461	0.449	0.443	0.449	0.405	0.446
IMRF/Social Security	0.077	0.072	0.061	0.058	0.055	0.052	0.051	0.052	0.054	0.059
Firefighter Pension	0.027	0.025	0.023	0.023	0.023	0.023	0.025	0.028	0.034	0.037
Police Pension	0.034	0.035	0.036	0.034	0.036	0.035	0.037	0.039	0.050	0.057
Parks and Recreation	0.060	0.133	0.128	0.127	0.112	0.098	0.090	0.092	0.140	0.152
Special Recreation	-	-	-	-	0.011	0.010	0.010	0.010	0.011	0.013
General Obligation Bond 1995	0.063	-	-	-	-	-	-	-	-	-
General Obligation Bond 1998 B	0.035	0.032	0.031	0.028	0.026	0.024	0.023	-	-	-
General Obligation Bond 2000	0.035	0.020	0.022	0.020	0.020	0.025	0.023	0.023	0.023	0.025
General Obligation Bond 2001 B	0.005	0.012	0.006	0.006	0.005	0.005	0.004	0.004	0.004	0.004
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	0.033	0.035	0.036	-
General Obligation Bond 2008	-	-	-	-	-	-	-	0.024	0.022	0.032
General Obligation Bond 2009	-	-	-	-	-	-	-	-	0.005	0.011
General Obligation Bond 2010	-	-	-	-	-	-	-	-	0.000	0.024
Total tax rate	0.958	0.916	0.868	0.841	0.793	0.755	0.739	0.756	0.784	0.860

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Merchandise	\$ -	\$ -	\$ 14,374	\$ 28,705	\$ 22,694	\$ 33,206	\$ 26,184	\$ 2,194	\$ 8,492	\$ 8,460
Food	-	-	43,407	86,898	88,675	89,536	89,969	97,870	83,567	89,338
Drinking and Eating Places	-	-	57,236	113,425	124,221	129,149	139,291	147,973	127,679	133,028
Apparel	-	-	36,595	70,485	68,594	63,083	60,423	54,674	55,300	51,968
Furniture & H.H. & Radio	-	-	18,509	44,588	57,206	57,996	58,530	51,881	42,526	38,958
Lumber, Building, Hardware	-	-	21,118	42,130	46,974	38,373	30,834	5,765	20,405	19,010
Automobile and Filling Stations	-	-	20,450	39,402	45,494	48,129	44,478	37,349	27,399	35,443
Drugs and Miscellaneous Retail	-	-	67,576	126,277	123,674	113,558	116,910	117,787	178,470	91,397
Agriculture and All Others	-	-	45,369	92,361	102,164	91,488	96,048	100,902	88,052	94,649
Manufacturers	-	-	1,967	43,902	64,286	88,889	102,914	109,291	21,860	14,322
Censored categories	-	-	-	-	-	-	-	29,005	-	-
Total	\$ -	\$ -	\$ 326,601	\$ 688,173	\$ 743,982	\$ 753,407	\$ 765,581	\$ 754,691	\$ 653,750	\$ 576,573
Total Number of Payers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City direct sales tax rate			0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Data Source

Illinois Department of Revenue

Note: Blank categories have less than 4 taxpayers, therefore no data is shown to protect the confidentiality of individual taxpayers.

Effectively July 2003, an additional .5% non home rule sales tax was collected.

The City of Lake Forest became a home rule community in November 2004.

CITY OF LAKE FOREST, ILLINOIS

Table 11

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Merchandise	\$ -	\$ 49,597	\$ 54,103	\$ 58,491	\$ 45,778	\$ 67,042	\$ 52,664	\$ 4,392	\$ 16,984	\$ 17,248
Food	569,063	567,937	600,443	607,508	621,140	621,566	635,560	629,087	562,455	570,803
Drinking and Eating Places	205,565	223,844	221,068	229,158	252,171	261,151	285,968	302,523	260,953	271,753
Apparel	129,616	130,567	134,835	142,328	137,422	126,196	124,644	109,349	110,600	103,935
Furniture & H.H. & Radio	99,158	109,444	73,506	89,219	114,945	115,995	117,060	103,763	85,052	77,915
Lumber, Building, Hardware	134,587	108,135	91,831	86,497	94,007	76,746	61,668	11,529	40,810	38,019
Automobile and Filling Stations	314,756	219,807	243,898	153,273	165,396	167,847	165,896	130,459	109,080	150,101
Drugs and Miscellaneous Retail	435,025	427,166	420,878	456,475	434,170	425,144	441,773	438,917	546,202	322,376
Agriculture and All Others	208,183	185,280	187,102	199,683	219,086	200,515	208,076	219,358	198,803	267,227
Manufacturers	-	(4,347)	6,845	88,094	129,053	347,340	205,978	218,715	43,909	28,947
Censored categories	71,018	-	-	-	-	-	-	58,028	-	-
Total	\$2,166,971	\$2,017,429	\$2,034,509	\$2,110,726	\$2,213,168	\$2,409,543	\$2,299,287	\$ 2,226,120	\$ 1,974,848	\$ 1,848,324
Total Number of Payers	686	693	743	737	837	849	843	663	647	637
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Data Source

Illinois Department of Revenue

Note: Blank categories have less than 4 taxpayers, therefore no data is shown to protect the confidentiality of individual taxpayers.

The categories, Lumber, Bldg. and Hardware and General Merchandise became a censored status in the 2nd quarter of 2008.

CITY OF LAKE FOREST, ILLINOIS**Table 12**Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	State Rate	Metra Rate	Special County Rate	Total
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%
2008**	1.50%	5.00%	0.50%	0.50%	7.50%
2009	1.50%	5.00%	0.50%	0.50%	7.50%
2010	1.50%	5.00%	0.50%	0.50%	7.50%
2011	1.50%	5.00%	0.50%	0.50%	7.50%

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.

** The sales tax rate remained the same as 2007 until April 1, 2008. On April 1, 2008, the sales tax rates increased to the rate indicated on this schedule.

CITY OF LAKE FOREST, ILLINOIS

Table 13

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Total Outstanding Debt To Equalized Assessed Valuation*	Percentage of Personal Income*	Total Outstanding Debt Per Capita*
	General Obligation Bonds	Installment Purchase Contracts	General Obligation Bonds	Revenue Bonds				
2002	\$ 26,043,777	\$ 375,000	\$ 6,125,000	\$ 360,000	\$ 32,903,777	1.87%	2.13%	\$ 1,640.35
2003	27,168,289	375,000	31,070,000	310,000	58,923,289	3.06%	3.81%	2,937.50
2004	27,946,500	1,255,000	31,965,000	255,000	61,421,500	2.94%	3.97%	3,062.35
2005	30,861,955	1,163,333	31,920,000	195,000	64,140,288	2.85%	3.87%	2,983.27
2006	26,159,679	851,666	30,645,000	135,000	57,791,345	2.35%	3.49%	2,687.97
2007	21,586,517	650,001	29,325,000	70,000	51,631,518	1.91%	3.12%	2,401.47
2008	26,631,080	558,334	28,095,000	-	55,284,414	1.93%	3.32%	2,559.46
2009	24,188,066	11,166,667	26,280,000	-	61,634,733	2.08%	3.70%	2,853.46
2010	25,457,071	13,000,000	24,925,000	-	63,382,071	2.19%	3.81%	2,934.36
2011	40,887,758	-	23,525,000	-	64,412,758	2.37%	4.31%	3,324.53

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

* See the Schedule of Demographic and Economic Statistics for equalized assessed valuation of property, population data and personal income.

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
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	0.59%	2,235.45
2008	54,726,080	2,708,268	52,017,812	0.60%	2,408.23
2009	50,468,066	2,632,215	47,835,851	0.54%	2,214.62
2010	50,382,071	2,839,265	47,542,806	0.55%	2,201.06
2011	64,412,758	2,808,827	61,603,931	0.76%	3,179.56

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

* See the Schedule of Assessed Value and estimated Actual Value of Taxable Property for property value data.

CITY OF LAKE FOREST, ILLINOIS

Table 15

Direct and Overlapping Governmental Activities Debt
As of April 30, 2011

Governmental unit	Gross Debt	Percentage Debt Applicable to the City of Lake Forest*	City of Lake Forest Share of Debt
Lake County	\$ 86,515,000	8.82%	\$ 7,630,623
Lake County Community College #532	6,920,000	9.28%	642,176
Lake County Forest Preserve District	286,485,000	8.82%	25,267,977
North Shore Sanitary District	2,435,217	26.15%	636,809
School District #67	1,540,170	100.00%	1,540,170
School District #103	3,225,000	0.01%	323
High School District #115	51,145,000	74.01%	37,852,415
High School District #128	30,020,000	3.23%	969,646
Subtotal, overlapping debt	<u>\$ 468,285,387</u>		<u>\$ 74,540,138</u>
City of Lake Forest direct debt	<u>64,412,758</u>	100.00%	<u>64,412,758</u>
Total direct and overlapping debt	<u><u>\$ 532,698,145</u></u>		<u><u>\$ 138,952,896</u></u>

Source: Lake County Clerk

* Determined by ratio of assessed valuation of property subject to taxation in the City of Lake Forest to valuation of property subject to taxation in overlapping unit.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 151,433,929	\$ 166,237,645	\$ 180,228,505	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to limit	32,168,777	58,238,289	59,911,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin	\$ 119,265,152	\$ 107,999,356	\$ 120,317,005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to the limit as a percentage of debt limit	21.24%	35.03%	33.24%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Legal debt margin from 1997-2004 was 8.625% of assessed value.

* City of Lake Forest achieved home rule status in November 2004. To date the General Assembly has set no limits for home rule municipalities.

CITY OF LAKE FOREST, ILLINOIS

Table 17

Pledged Revenue Coverage
Last Ten Fiscal Years

Waterworks and Sewerage and Golf Course Bonds						
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2008	9,870,570	6,532,687	3,337,883	1,430,000	1,236,624	1.25
2009**	9,901,537	6,738,037	3,163,500	1,265,000	1,168,738	1.30
2010	8,446,734	5,397,283	3,049,451	1,358,325	1,126,001	1.23
2011	8,690,738	5,609,379	3,081,359	1,400,000	1,071,748	1.25

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

Water Charges and Other includes investment earnings but excludes sale of property and grants

Operating expenses does not include debt service, depreciation or reserve requirements

** In FY2009, the Paid Parking Fund was closed to the General Fund. Debt payments were paid from a new Debt Service Fund.

Demographic and Economic Information
Last Ten Fiscal Years

Fiscal Year	Population		Equalized Assessed Value (EAV)	Per Capita EAV	Personal Income	Per Capita Personal Income	Unemployment Rate
2002	20,059	(A)	\$ 1,755,755,686	\$ 87,530	\$ 1,546,388,428	\$ 77,092	4.5%
2003	20,057	(A)	1,927,392,985	96,096	1,546,234,244	77,092	5.6%
2004	20,057	(A)	2,089,605,859	104,183	1,546,234,244	77,092	3.0%
2005	21,500	(E)	2,253,198,954	104,800	1,657,478,000	77,092	3.0%
2006	21,500	(E)	2,457,299,204	114,293	1,657,478,000	77,092	2.6%
2007	21,500	(E)	2,705,199,367	125,823	1,657,478,000	77,092	2.3%
2008	21,600	(E)	2,867,232,409	132,742	1,665,187,200	77,092	2.8%
2009	21,600	(E)	2,958,675,487	136,976	1,665,187,200	77,092	3.9%
2010	21,600	(E)	2,890,694,508	133,828	1,665,187,200	77,092	5.8%
2011	19,375	(A)	2,717,547,097	140,260	1,493,657,500	77,092	6.2%

(A) Actual

(E) Estimate by City of Lake Forest

Data Source

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

2010 Census information for Per Capita Personal Income was not available.

CITY OF LAKE FOREST, ILLINOIS

Table 19

Principal Employers
Current Year and Nine Years Ago

Employer	2011			2002		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Lake Forest Hospital	1,600	1	8.26%	1,500	1	7.48%
Hospira Inc.	1,350	2	6.97%	970	3	4.84%
Trustmark Insurance Company	800	3	4.13%	1,400	2	6.98%
TAP Pharmaceutical Products				800	5	3.99%
Lake Forest College excludes student employees	514	4	2.65%	358	6	1.78%
Pactiv Corporation	470	5	2.43%	850	4	4.24%
Lake Forest H.S. District 115 teacher, support staff	303	6	1.56%			
Lake Forest Elem. S.D. No. 67 teachers, support staff	301	7	1.55%			
Coyote Logistics. LLC	275	8	1.42%			
City of Lake Forest	236	9	1.22%	254	9	1.27%
Brunswick Corporation	200	10	1.03%	200	10	1.00%
Lake Forest H.S. District 115				300	7	1.50%
Lake Forest Elem. S.D. No. 67				299	8	1.49%

Data Source

City staff contacted companies via mail.

CITY OF LAKE FOREST, ILLINOIS

Table 20

Full-Time Equivalent Employees
Last Ten Fiscal Years

Function/Program	Full-Time-Equivalent Budgeted Employees as of April 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Administration	36.5	30.0	36.0	29.0	27.0	29.0	30.0	30.0	29.0	26.0
Community Development	11.0	12.0	12.0	14.0	16.0	16.0	18.0	18.0	15.0	12.5
Public Safety										
Fire Protection										
Firefighters	37.0	38.0	38.0	38.0	37.0	37.0	37.0	37.0	36.0	34.0
Administrative	1.0	1.0	1.0	1.0	1.0	1.0	1.5	1.5	2.5	2.5
Police										
Officers	45.0	45.0	45.0	45.0	45.0	43.0	43.0	43.0	41.5	40.0
Civilians	17.0	18.0	18.0	19.0	17.0	19.0	18.5	18.5	18.5	17.5
Public Works										
Public Works Administration	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Building Maintenance	3.0	3.0	3.0	3.0	3.0	4.0	6.0	6.0	6.0	6.0
Engineering	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	6.0
Streets	9.0	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Sanitation	15.0	15.0	12.0	12.0	12.0	14.0	14.0	12.0	12.0	12.0
Forestry	8.0	8.0	8.0	8.0	9.0	6.0	9.0	9.0	9.0	0.0
Fleet (vehicle) Maintenance	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	7.0	6.0
Water										
Water Plant	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0
Water and Sewer	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Parks	16.0	18.0	19.0	16.0	16.0	11.0	7.3	7.3	7.3	16.4
Recreation	14.0	13.0	13.0	14.0	14.0	19.0	17.5	17.5	17.5	17.4
Golf Course	3.0	3.0	3.0	3.0	4.0	4.0	4.3	4.3	3.3	3.2
Cemetery	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Senior Resources	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sub - total City	255.5	254.0	257.0	250.0	250.0	252.0	255.0	253.0	248.5	235.5
Library	29.6	29.6	29.6	29.6	29.6	29.6	30.0	29.0	27.2	29.6
Total all	285.1	283.6	286.6	279.6	279.6	281.6	285.0	282.0	275.7	265.1

[Data Source](#)

City Departments

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
City Clerk										
Real Estate Transfer Tax (1)										
Number of Transactions	-	-	-	-	-	249	283	183	261	293
Rebates Issued	-	-	-	-	-	24	35	23	30	37
Birth Certificates Issued	3,191	2,164	1,957	2,419	2,198	2,930	2,790	2,690	2,751	1,940
Passports Issued (2)	-	172	314	252	193	314	132	89	108	48
Community Development										
Building permits issued	4,331	3,767	4,308	4,740	4,055	3,501	3,491	3,142	2,610	3,072
Residential construction	64	63	83	128	44	22	33	23	4	7
Commercial construction	3	1	3	5	1	3	1	3	1	-
Building inspections conducted	N/A	N/A	10,706	13,021	11,945	10,880	11,343	9,284	8,060	8,392
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	1,423	1,443	1,403	1,465	1,446	1,477	1,624	1,558	1,041	1,211
Fire	1,545	1,459	1,581	1,523	1,558	1,647	1,576	1,759	1,233	1,177
Police (calendar year)										
Non traffic arrests	626	599	556	537	506	526	450	449	424	385
Parking violations	8,530	8,939	10,360	9,655	11,189	11,898	9,530	9,626	8,472	8,757
Traffic violations	4,202	5,210	4,948	4,721	4,821	4,512	3,287	5,320	3,190	2,997
Public Works										
Streets										
Street resurfacing (miles) (calendar year)	6.31	6.95	2.41	3.90	4.41	1.90	10.36	3	576	6.57
Potholes repaired (4)	3,512	1,846	2,102	2,957	2,484	1,575	N/A	N/A	N/A	N/A
Number of snow events										
Salting	14	21	8	14	5	10	20	8	14	15
Plowing	3	10	15	10	9	16	36	25	15	20
Inches of snow	23	33	30	46	47	33	83	72	56	60
Sanitation										
Refuse collection customers	5,896	5,896	5,896	5,896	6,217	6,316	6,356	6,361	6,361	6,471

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators (Continued)

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Parks and Recreation (3)										
Fitness										
Number of programs	436	414	564	565	533	478	370	348	349	334
Units of participation	1,861	2,070	2,682	2,616	2,657	2,228	1,796	1,648	1,355	1,393
Athletics										
Number of programs	228	209	229	200	199	210	220	213	278	157
Units of Participation	4,063	3,770	3,608	3,369	3,279	3,189	3,232	3,253	3,148	2,416
Lakefront, Early Childhood Education and Lifetime Activities										
Number of programs	279	299	327	324	323	337	343	307	306	420
Units of participation	1,990	2,053	2,016	2,169	1,932	1,874	1,873	1,541	1,402	1,344
Cultural Arts/Special Events										
Number of programs	334	335	362	356	436	417	326	338	292	320
Units of participation	2,652	3,052	3,062	2,894	3,831	3,618	2,454	2,536	2,274	2,262
Wildlife Discovery Center, Ridge Teams Course and Adventure										
Number of programs	220	263	214	227	231	224	221	176	146	124
Units of participation	1,421	1,562	1,149	1,273	1,335	1,274	1,157	969	772	627
Developed parks and recreation areas	10	10	10	10	10	10	10	10	10	10
Developed park acreage	354.5	370.0	370.5	370.5	370.5	395.5	395.5	395.5	395.5	415.0
Sites with playgrounds	7	8	8	8	8	8	8	8	8	8
Sites with baseball diamonds	5	7	7	7	7	7	7	7	7	7
Sites with soccer fields	6	7	7	7	7	7	7	7	7	7
Sites with basketball courts	3	4	4	4	4	4	4	4	4	5
Sites with tennis courts	6	6	6	6	6	6	6	6	6	6
Deer Path Golf Course										
Size	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes
Rounds of Play	35,032	31,980	33,500	34,500	38,700	36,500	39,900	35,494	35,079	32,664
Daily fee	17,404	15,994	17,500	18,000	18,600	17,000	18,000	15,500	15,839	15,102
Seasonal	17,628	15,986	16,000	16,500	20,100	19,500	21,900	19,994	19,240	17,564

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators (Continued)

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Water										
New Connections (tap-ons)	110	95	120	140	99	52	34	39	16	19
Meters in operation	6,380	6,194	6,534	6,566	6,633	6,695	6,681	6,771	6,774	6,761
Meters connected to sewerage system	5,950	6,105	6,105	6,137	6,501	6,482	6,520	6,606	6,651	6,570
Average daily consumption (MGD)	3.598	4.155	3.977	3.942	4.913	3.931	4.182	3.737	3.611	3.669
Peak daily consumption (MGD)	10.139	12.092	11.073	9.394	12.407	10.773	9.477	9.883	9.389	8.982
Rated daily pumping capacity (MGD)	12	12	14	14	14	14	14	14	14	14
Total gallons pumped during fiscal year (in millions)	1,281.8	1,522.5	1,457.0	1,421.8	1,777.6	1,441.6	1,525.1	1,441.7	1,321.1	1,336.5
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	124,258	127,790	126,930	128,817	133,893	137,343	140,171	143,518	142,654	145,496
Registered borrowers	13,855	14,825	13,593	13,634	13,820	14,002	14,233	14,490	15,145	15,645
Fiscal yearbooks, items or materials circulation	388,787	425,427	387,894	399,844	398,504	407,399	415,547	406,998	488,056	465,927

Data Source

City departments

(1) Collection of real estate transfer tax began in July 2006 (FY2007).

(2) The City began to issue passports in FY2003.

(3) a. Fitness data does not include Fitness Center memberships

b. Units of participation may include an individual more than once

(4) Department stopped tracking after FY2007.

N/A = data not available

CITY OF LAKE FOREST, ILLINOIS

Table 22

Capital Asset Statistics
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	23	23	23	23	23	23	23	23	23	23
Fire protection										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	14	14	14	14	14	14	14	14	14	14
Public Works										
Bridges										
Vehicle	14	14	14	14	14	14	14	14	14	14
Pedestrian	7	7	7	7	7	7	7	7	7	7
Streets										
Streets (centerline miles)	115.29	118.16	118.16	118.40	118.66	118.66	118.66	119.00	119.00	119.00
Streetlights										
Gas	440	438	438	438	438	438	438	438	438	438
Electric	1,431	1,436	1,437	1,438	1,452	1,460	1,460	1,460	1,473	1,526
Storm sewer (miles)	213.32	213.32	213.36	216.14	217.56	218.26	218.26	218.29	219.17	219.35
Parks and Recreation										
Acreage	354.5	370.0	370.5	370.5	370.5	395.5	395.5	395.5	395.5	415.0
Water										
Water mains (miles)	N/A	N/A	158.59	160.03	160.51	163.33	164.27	165.25	165.25	165.25
Fire hydrants	1,300	1,300	1,328	1,350	1,350	1,353	1,331	1,362	1,362	1,362
Wastewater										
Sanitary sewers (miles)	N/A	N/A	135.44	136.06	136.12	137.60	138.39	138.71	138.90	138.90

Data Source

City departments

N/A = data not available