

Comprehensive Annual Financial Report



City of Lake Forest, Illinois

For the Year Ended April 30, 2012

CITY OF LAKE FOREST, ILLINOIS

Comprehensive Annual Financial Report

Year Ended April 30, 2012

(With Independent Auditor's Report Thereon)

Prepared by:

Department of Finance

Elizabeth Holleb

Finance Director

and

Diane Hall

Assistant Finance Director

INTRODUCTORY SECTION

CITY OF LAKE FOREST, ILLINOIS
 Comprehensive Annual Financial Report
 Year Ended April 30, 2012

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October 25, 2012

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, 2012, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

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

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

The City's financial statements have been audited by McGladrey 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, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of The City of Lake Forest

The City of Lake Forest was incorporated as a city under a charter granted by the Illinois State Legislature in 1861 and amended in 1869. Lake Forest is a residential community of 19,375 people and has a land area of 17.18 square miles. It is situated on Lake Michigan, thirty miles north of downtown Chicago in Lake County. 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 Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for hiring the heads of the City's departments. The Council members are elected to two-year staggered terms with three Council members elected every two years. Aldermen serve a maximum of three terms. The Mayor is elected to a two-year term and serves a maximum of two terms.

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

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

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

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

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

Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Parks and Recreation Fund, both considered major funds, this comparison is presented beginning on page 63 as required supplementary information. For non-major governmental funds with appropriated annual budgets, this comparison is presented in the non-major governmental fund subsection of this report, which starts on page 77.

Factors Affecting Financial Condition

Local Economy. The City of Lake Forest, like all communities, is continuing to face challenges brought on by the national 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 2012, the City's seasonally adjusted unemployment rate was estimated to be 5.7%, compared to 9.0% for Lake County, 8.9% for the State of Illinois and 8.3% 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 2012, the index was 60.6, down from 65.4 in July but up from 44.5 in August of 2011. The index is currently significantly below 90, the minimum level associated with a healthy economy. An index above 100 signals growth.

With declining revenues over the past two years, operating expenses have been reduced to balance the budget and maintain compliance with the City's fiscal policies. In fiscal years 2010 and 2011, approximately \$1.4 million in budget reductions were accomplished. Since personnel costs represent approximately 68% of the operating budget, it was necessary to eliminate twelve (12) positions in FY10 and nine (9) positions in FY11. In the current fiscal year, another seven (7) positions were eliminated from the budget returning the City's total employee count to FY1992 levels.

In February 2011, the City Council approved an organizational restructuring and Early Retirement Incentive (ERI) program which is offered and regulated by the Illinois Municipal Retirement Fund (IMRF). 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. Twenty-six (26) employees participated in the ERI program, which is projected to generate net savings of \$4.5 million over the next ten years. The annual savings will be used to help balance the General Fund's annual budget for the next five years and to provide capital improvement funding.

Approximately half of the City's General Fund revenues come from property taxes, which continue to be a stable revenue source. The other major funding sources of sales tax, income tax, utility taxes and building revenues met the FY2012 year-end estimates. However, these revenues remain significantly lower than revenues received before the 2008 recession and subprime mortgage crisis.

The economic condition of the State of Illinois continues to be a significant concern. The State is currently three months behind in paying the City its share of the income tax, but on occasion falls as far as five months behind in these payments. As the full extent of the State's budget crisis has come to light, the City has been vigilant in monitoring any legislation that may be introduced that could have a negative impact on the City's budget and would vigorously oppose such legislation.

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

In an effort to proactively address budgetary issues that may arise throughout the year, City staff monitors revenues and expenses on a monthly basis. Monthly financial "flash" reports are provided to the City Council Finance Committee. 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 annually by the City Council. The Fiscal Policy is designed to establish guidelines for the fiscal stability of the City and to provide guidelines for the City's chief executive officer, the City Manager. Effective fiscal policy:

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

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

FY2012 real estate transfer tax revenue exceeded budget by 18%, but declines have been seen in this revenue for the first four months of FY2013. The City will remain conservative in projecting this revenue source and in spending monies on capital projects.

A Public Works Committee which consists of three City Council members was created to oversee capital improvement projects and programs. Annually in 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 35 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) of the financial statements.

Risk Management. The City entered into a contractual agreement effective January 1, 1981, for joining the Intergovernmental Risk Management Agency (IRMA) which provides the City with its insurance coverage for liability, property damage and workmen's compensation insurance. IRMA is a self-insurance group consisting of seventy (70) municipalities and special districts pooling their risks through a self-insurance administrator. IRMA has been in existence since January 1, 1979 and has an excellent record in offering one of the most comprehensive pooled insurance 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 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 employee contribution levels are governed by Illinois Compiled Statutes and may only be amended by the Illinois General Assembly. Police participants are required to contribute 9.91% of their base salaries and fire participants are required to contribute 9.455% of their base salaries. The City is required to contribute the remaining amounts necessary to finance each plan as determined by an independent actuary. As of April 30, 2012, the most recent actuarial valuation date, the funded ratio for the Police Pension Plan is 56.2% and for the Firefighters' Pension Plan is 79.6%.

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

Employees participating are required to contribute 4.5% of their annual wages and the City is required to contribute the remaining amounts necessary to fund the coverage of its employees in the plan. As of December 31, 2011, the funded ratio for IMRF is 62.7%.

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 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 long-term 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 retiree 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 may be found in Notes 9 and 10 of the financial statements.

Major Initiatives

The City is committed to maintaining the quality of life and the preservation of the character and heritage of Lake Forest. The City must continue to adhere to its prudent financial management practices and remain focused on sustaining long-term financial stability. For FY2012, the most significant initiatives were as follows:

- Throughout FY12, the City placed a great deal of emphasis on restructuring the organization in light of the Early Retirement Incentive (ERI) program. As mentioned previously, a number of positions have been eliminated, resulted in the restructuring of City operations and reduction of vehicles and equipment inventories.
- With financial assistance from Metra and a Federal Grant, the City completed a \$748,000 Central Business District Train Station Renovation replacing the shake shingle roof with slate.
- On September 6, 2011, the City Council authorized the issuance of \$2,415,000 and \$24,825,000 of General Obligation Refunding Bonds Series 2011A and Series 2011B in order to advance refund/partially refund outstanding obligations of the City. As a result of the refunding, the economic gain, which is the difference between the present value of the debt service payments on the former debt versus the new debt, is approximately \$2.5 million. Additional information regarding this transaction can be found in Note 7 of the financial statements. In conjunction with the refunding, Moody's Investors Service assigned a Aaa rating to the issue and affirmed the Aaa rating on the City's outstanding obligations.
- The City, with assistance of the National Golf Foundation, examined its golf business operations and explored alternatives in light of the downturn in the golf industry and retirement of its longtime course manager. Following considerable discussion, the City opted to engage professional management assistance from Kemper Sports management for the upcoming year, coupled with the creation of a Golf Advisory Task Force, to provide a valuable team to return Deerpath Golf Course to profitability.

- Capital improvements in Fiscal Year 2012 included South Beach Access Road improvements (\$460,000), Townline Park improvements (\$156,000), street improvements (\$1.7 million), Western Avenue Storm Sewer (\$200,000), Waveland Park (\$200,000), Park Avenue Water Main (\$428,000), Greenleaf Avenue Water Main (\$107,000), and Monticello Circle Sanitary Sewer Improvement (\$110,000).

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, 2011. This was the thirty-third (33rd) consecutive year that The City of Lake Forest has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Robert R. Kiely, Jr.
City Manager



Elizabeth A. Holleb
Finance Director

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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

CITY OF LAKE FOREST, ILLINOIS

List of Principal Officials

Year Ended April 30, 2012

LEGISLATIVE

City Council

James J. Cowhey, Jr., Mayor

George A. Pandaleon

Kent E. Novit

Catherine A. Waldeck

David Moore

Thomas H. Morsch, Jr.

Donald P. Schoenheider

Robert T. Palmer

Michael R. Adelman

AUDIT COMMITTEE

Allan J. Jacobs, Chairman

Victoria Reich

Andrew Marwede

Michelle Moreno

Amy Krebs

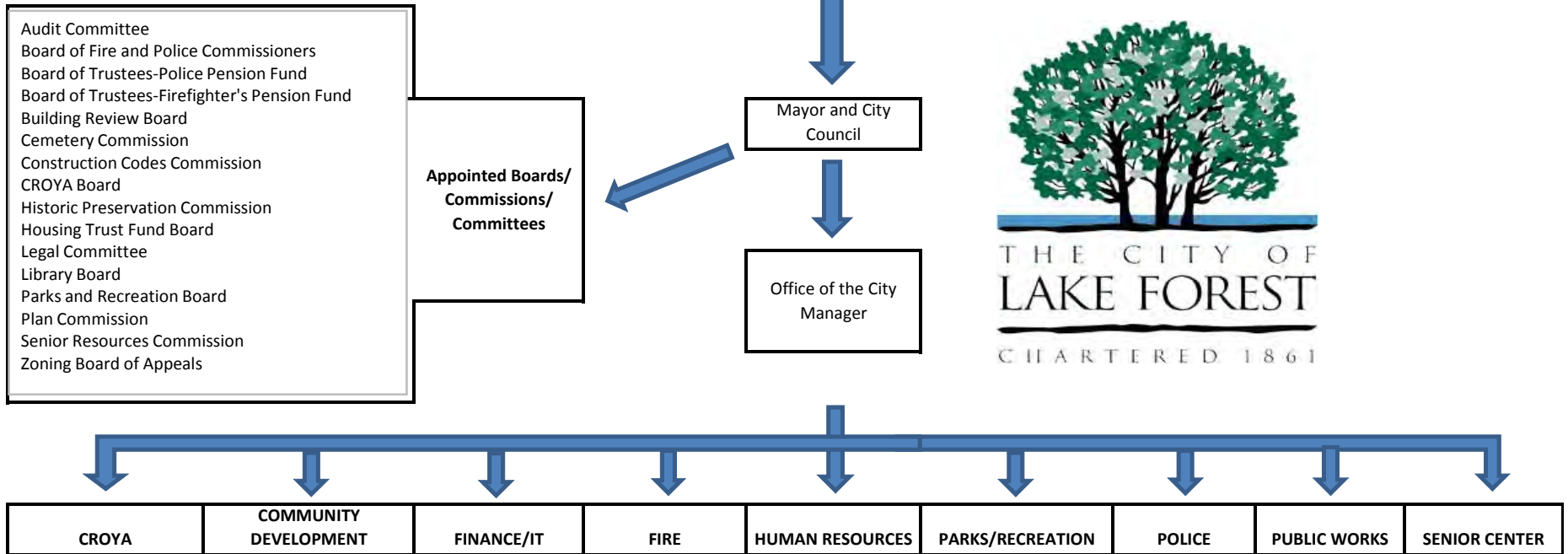
EXECUTIVE

Robert R. Kiely, Jr., City Manager

DEPARTMENT OF FINANCE

Diane Hall, 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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, as of May 1, 2011, the City adopted the reporting and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 – 15), budgetary schedules (pages 63 and 64) and schedules of funding progress and employer contributions (pages 65 – 67) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as other supplementary information (pages 69 – 129) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents as other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying introductory and statistical sections as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

Schaumburg, Illinois
October 25, 2012

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page v) and the City's financial statements (beginning on page 16).

Financial Highlights

- The City's net assets increased by \$.5 million during the fiscal year ending April 30, 2012 (FY12). The governmental net assets increased by \$1.0 million and the business-type activities net assets decreased by \$0.5 million.
- The governmental activities revenue decreased by \$4.9 million or 9.2% due to a one-time contribution of \$4.7 million received in FY11. The expenses decreased by \$1.2 million or 2.4%. The transfers decreased by \$64,000.
- The business-type activities revenue and expenses reported negligible changes between years. The transfers decreased by \$64,000.
- The total cost of all City programs decreased from \$58 million in FY11 to \$56.7 million in FY12 – a reduction of \$1.3 million or 2.0%.

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

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

Government-Wide Financial Statements

The government-wide financial statements (see pages 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, Golf) where the fee for service is intended to cover all or most of the costs of operation, including depreciation.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

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.) were not reported nor depreciated in governmental financial statements. Generally accepted accounting principles now require that these assets be valued and reported within the Governmental 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, 2012

GOVERNMENT-WIDE STATEMENT

Statement of Net Assets

The City's combined net assets increased by \$.5 million from FY11 – increasing from \$272.1 million to \$272.6 million. The analysis following will look at net assets and net expenses of governmental and business-type activities separately. The total net assets for the governmental activities increased by \$1.0 million from \$225.9 million to \$226.9 million, whereas the business-type activities net assets decreased by \$0.5 million from \$46.2 million to \$45.7 million. Table 1 reflects the condensed Statement of Net Assets compared to FY11. 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 2012
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
Current and Other Assets	\$68.7	\$69.4	\$9.7	\$9.9	\$78.4	\$79.3
Capital Assets	232.4	229.3	61.2	58.8	293.6	288.1
Total Assets	301.1	298.7	70.9	68.7	372.0	367.4
Long-Term Liabilities	43.1	40.4	23.7	22.2	66.8	62.6
Other Liabilities	32.1	31.4	1.0	0.9	33.1	32.3
Total Liabilities	75.2	71.8	24.7	23.1	99.9	94.9
Net Assets:						
Invested in Capital Assets, net of Debt	192.6	190.8	37.7	36.8	230.3	227.6
Restricted	3.6	16.6	0.0	0.0	3.6	16.6
Unrestricted	29.7	19.5	8.5	8.9	38.2	28.4
Total Net Assets	\$225.9	\$226.9	\$46.2	\$45.7	\$272.1	\$272.6

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
APRIL 30, 2012

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 \$.5 million increase of combined net assets (which is the City's bottom line) was the result of the governmental activities net assets increasing by \$1.0 million and the business-type activities net assets decreasing by \$0.5 million.

The governmental activities total assets decreased by \$2.4 million and the governmental activities total liabilities decreased by \$3.4 million. The reduction in total assets occurred primarily due to depreciation on capital assets significantly exceeding additions. The reduction in liabilities was mainly due to a decrease in long-term liabilities resulting from scheduled maturities of debt obligations, refunding of debt to achieve an economic gain and no new obligations incurred during the current fiscal year.

A significant change is reflected in net assets restricted and unrestricted between FY11 and FY12. The City has implemented GASB Statement No. 54 effective May 1, 2011. In accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City has determined that fund balances of a number of its governmental funds are appropriately classified as restricted under GASB 54 and has made the appropriate classification change for the current fiscal year.

The net assets of business-type activities decreased by \$0.5 million, from \$46.2 million to \$45.7 million. The total assets of the business-type activities decreased by \$2.2 million, which consisted nearly entirely of capital asset depreciation.

The total liabilities decreased by \$1.6 million. This was the result of a long-term bonds payable decrease of \$1.5 million attributable as noted above to scheduled maturities and refunding of existing obligations. The unrestricted net assets increased from \$8.5 million to \$8.9 million. The majority of the unrestricted net assets can be used by the City to finance water and sewer operations. The City has a policy of maintaining 33% of revenue plus one year's 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.

Changes in Net Assets

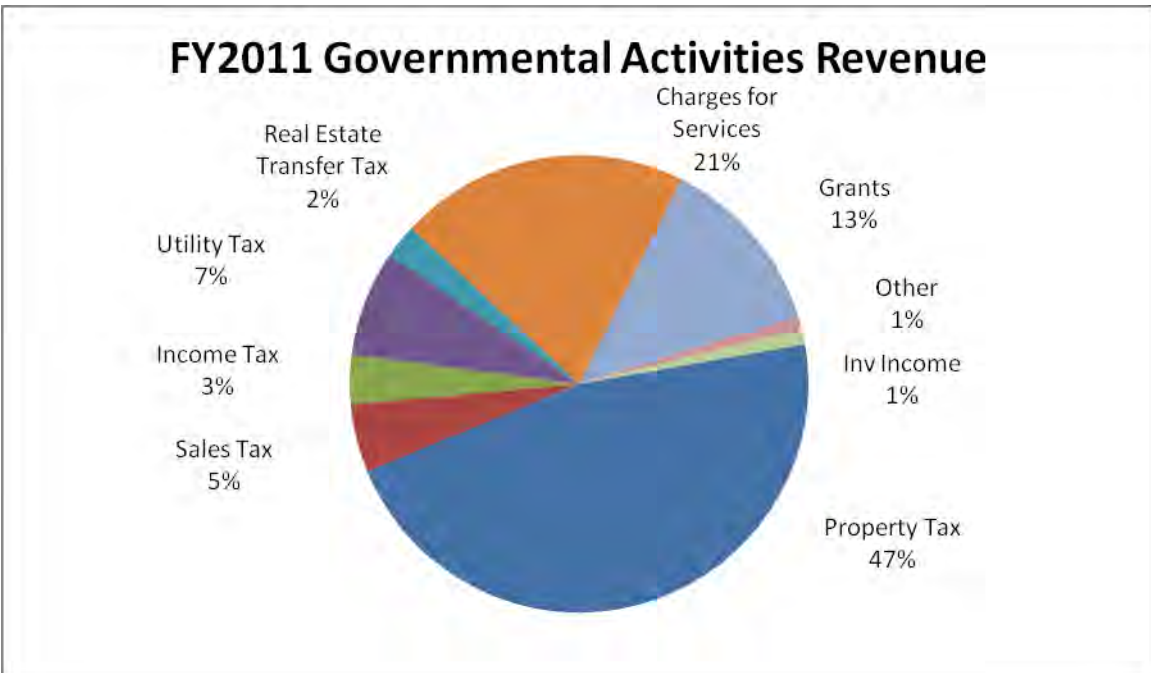
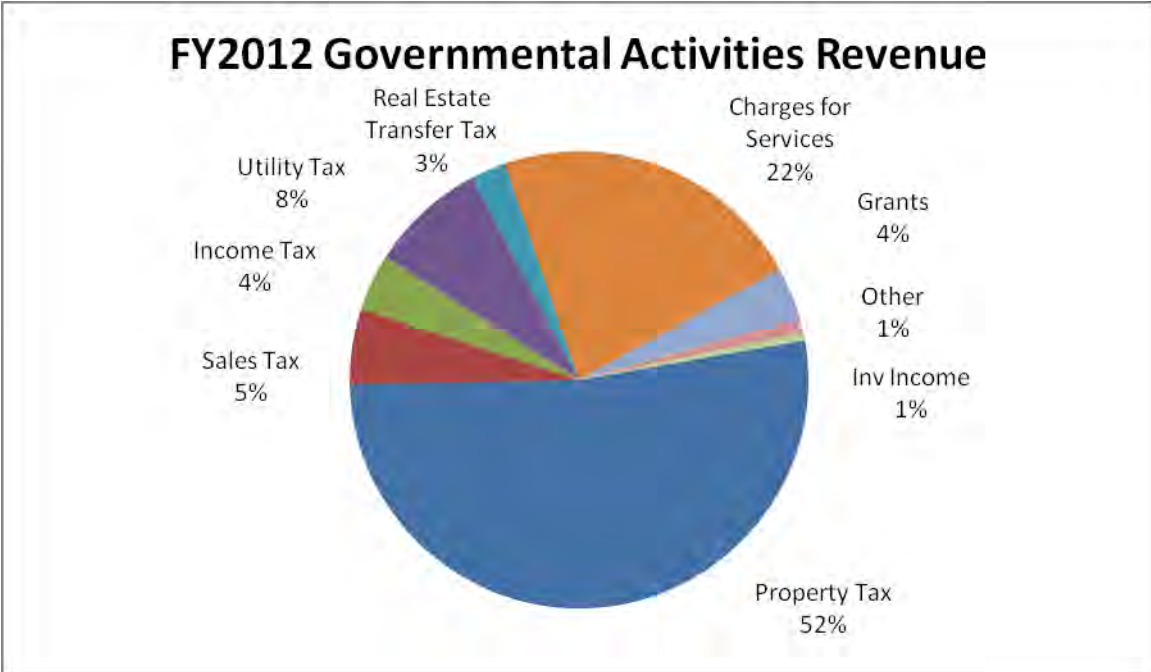
The City's combined change in net assets was an increase of \$.5 million from FY11. The City's total revenues decreased by \$4.9 million. The City's cost of all programs decreased by \$1.2 million. The following chart compares the revenue and expenses for the current and previous fiscal year.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

Table 2
Changes in Net Assets
For the Fiscal Year Ended April 30, 2011 and 2012
(in millions)

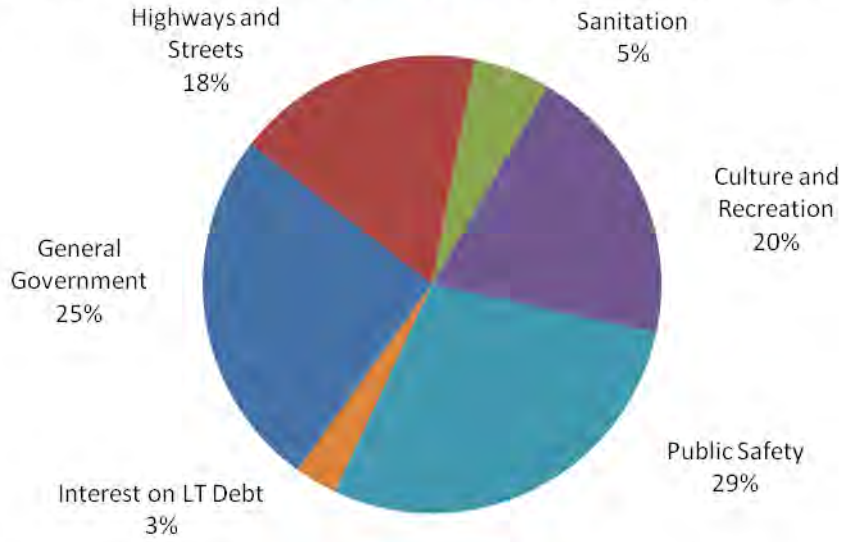
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
REVENUE						
Program Revenue						
Charges for Services	\$10.9	\$10.8	\$8.6	\$8.7	\$19.5	\$19.5
Grants and Contributions						
Operating	0.8	1.4	0.0	0.0	0.8	1.4
Capital	6.0	0.4	0.2	0.0	6.2	0.4
General Revenue						
Property Taxes	24.7	25.4	0.0	0.0	24.7	25.4
Other Taxes	10.1	10.1	0.0	0.0	10.1	10.1
Other	0.8	0.3	0.0	0.1	0.8	0.4
Total Revenue	53.3	48.4	8.8	8.8	62.1	57.2
EXPENSES						
Governmental Activities						
General Government	13.3	12.1	0.0	0.0	13.3	12.1
Highways and Streets	8.7	8.3	0.0	0.0	8.7	8.3
Sanitation	2.4	2.6	0.0	0.0	2.4	2.6
Culture and Recreation	9.4	9.4	0.0	0.0	9.4	9.4
Public Safety	13.4	13.6	0.0	0.0	13.4	13.6
Interest	1.4	1.4	0.0	0.0	1.4	1.4
Business-Type Activities						
Water and Sewer	0.0	0.0	8.0	8.0	8.0	8.0
Golf	0.0	0.0	1.4	1.3	1.4	1.3
Total Expenses	48.6	47.4	9.4	9.3	58.0	56.7
Excess before Transfers	4.7	1.0	(0.6)	(0.5)	4.1	0.5
Transfers In (out)	(0.1)	0.0	0.1	0.0	0.0	0.0
Change in Net Assets	4.6	1.0	(0.5)	(0.5)	4.1	0.5
Net Assets - Beginning	221.3	225.9	46.7	46.2	268.0	272.1
Net Assets - Ending	\$225.9	\$226.9	\$46.2	\$45.7	\$272.1	\$272.6

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

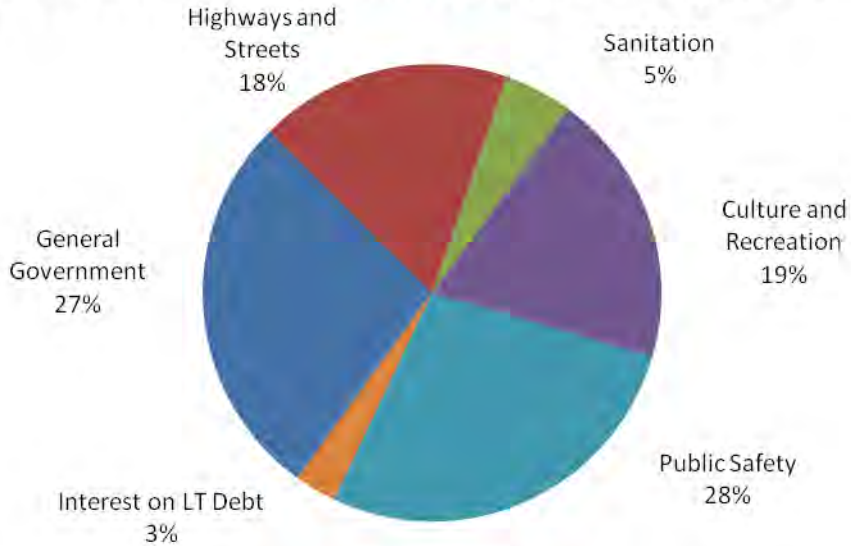


CITY OF LAKE FOREST, ILLINOIS
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FY2012 Governmental Activities Expenses



FY2011 Governmental Activities Expenses



CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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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 approximately 2/3 of the City's general fund operating costs.

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

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

Current Year Impacts

Governmental Activities

Revenue

For the fiscal year ended April 30, 2012, revenues from governmental activities totaled \$48.4 million which is a \$4.9 million reduction compared to FY11. The single greatest factor resulting in the change between FY11 and FY12 was a \$4.7 million capital contribution of building improvements from Gorton Community Center received in FY11. The building is owned by the City but the tenant is responsible for interior improvements.

Property tax revenue continues to be the City's single largest revenue source, contributing \$25.4 million (52.5%) of governmental activities revenue. This is an increase of \$0.7 million or 2.8% over the prior year. Property tax revenues combined with sales tax, the local utility tax, shared state income tax and real estate transfer tax revenues total \$35.5 million and represent 73.3% of the total governmental activities revenue.

The real estate transfer tax became effective July 5, 2006 with a 58% voter approval via referendum. The tax is imposed upon buyers of any residential or commercial real estate at a rate of \$4.00 per \$1,000 of value. The revenue is used strictly to improve the City's infrastructure. The City's 2011 equalized assessed valuation decreased 5.7% to \$2,510,615,104 (excludes TIF District). Although the City became a home rule

CITY OF LAKE FOREST, ILLINOIS
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APRIL 30, 2012

municipality in November 2004, the City still follows the Illinois Property Tax Extension Limitation Laws (PTELL), otherwise known as the tax cap.

Investment income decreased by \$0.3 million (\$0.6 million to \$0.3 million). The City's strategy for investing did not change.

Expenses

For the fiscal year ended April 30, 2012, expenses for governmental activities totaled \$47.4 million which is a decrease of \$1.2 million or 2.4%. Overall, the City has experienced a reduction in personnel expenditures as a result of reducing headcount. The Early Retirement Incentive (ERI) program has allowed for a reduction in the number of personnel, as well as the replacement of long-tenured personnel with new employees that have lower salaries and lower cost pensions due to the new two-tier pension system.

The City's sanitation function expenditures increased by \$.2 million from \$2.4 to \$2.6 million which is 8.3%. This increase is attributable to the purchase of recycling containers that were distributed to approximately 3,600 households in FY12.

The City's Public Safety function increased by 1.5% from \$13.4 to \$13.6 million and consumed the single greatest percentage of the governmental activities expenditures for FY12.

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 FY12 expenses included funding for the City's performance based employee compensation package plus a 1.5% general salary adjustment.

Business-type Activities

Revenue

The total revenue for the business-type activities had no increase over the prior year.

Expenses

The City's business-type activity expenses decreased minimally by \$0.1 million or 1.1%.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2012, the governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$31.5 million which is a 1.4% increase from the beginning of the year (\$31.1 million). Of the total fund balance of \$31.5 million, \$29.3 million is available for continuing City services and capital projects. This is the first year that the City is presenting fund balance in compliance with GASB 54, so comparison to prior years by category is not possible. However, the unassigned fund balance of the General Fund at April 30, 2012 is \$10.6 million, which is a \$1.4 million increase over the \$9.2 million unreserved, undesignated fund balance reported at April 30, 2011, which is an increase of 15.2%.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The total Fund Balance of the General Fund increased by \$1.5 million or 12.3% from FY11 (\$12.2 million to \$13.7 million). The General Fund revenues increased by \$0.4 million (1.4%) and the expenditures decreased by \$.3 million (1.1%). The excess of revenues over expenditures for FY12 of \$3.7 million compared favorably to the \$2.9 million in FY11. The other financing sources (uses) increased by \$0.6 million.

Primary revenue fluctuations between FY11 and FY12 were increases in property taxes, as well as licenses and permits, offset by a reduction in charges for services. 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 2010 levy extension allowed for a 2.7% CPI factor as well as new equalized assessed valuation growth. The increase in licenses and permits came primarily from increases in building permit revenue. The decrease in charges for services was primarily attributable to a reduction in ambulance revenues from Lake Bluff.

As discussed previously, an overall decrease in personnel expenditures has been experienced due to the ERI program and reduction in personnel, with increases in sanitation and public safety expenditures.

Table 3
 General Fund Budgetary Highlights
 (in millions)

General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$24.2	\$24.2	\$24.3
Other	6.0	6.0	6.3
Total	30.2	30.2	30.6
Expenditures and Transfers:			
Expenditures	31.3	31.3	26.9
Transfers (Net)	2.1	2.1	2.2
Total	33.4	33.4	29.1
Change in Fund Balance	(\$3.2)	(\$3.2)	\$1.5

Actual General Fund revenues were higher than the original budgeted revenues by \$0.4 million during FY12. This increase is mainly due to increases in building permits. Actual General Fund expenditures were lower than the original and final budget by \$4.3 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

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

not used in FY12. More information can be found on the schedule of revenues, expenditures and changes in fund balance – budget and actual on page 63.

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 \$2.6 million to \$2.9 million. The Parks and Recreation Fund revenues increased by \$.1 million (1.4%) while expenditures increased by \$.1 million (1.7%). The excess of revenues over expenditures decreased from \$49,000 to \$29,000.

CAPITAL ASSETS

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2011	2012	2011	2012	2011	2012
Land and Improvements	\$45.5	\$45.5	\$0.5	\$0.5	\$46.0	\$46.0
Infrastructure - Land	66.7	66.7	0.0	0.0	66.7	66.7
Construction in Progress	0.2	0.2	0.0	0.0	0.2	0.2
Infrastructure	70.1	67.8	0.0	0.0	70.1	67.8
Buildings	23.8	23.0	18.4	17.4	42.2	40.4
Improvements	21.6	21.5	24.5	23.8	46.1	45.3
Machinery and Equipment	4.5	4.6	2.2	2.0	6.7	6.6
Sanitary Sewers	0.0	0.0	15.6	15.1	15.6	15.1
Total	\$232.4	\$229.3	\$61.2	\$58.8	\$293.6	\$288.1

At the end of FY12, the City had a combined total of capital assets of \$288.1 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$5.5 million. The net decrease is attributable to a \$3.1 million decrease in governmental activities and a \$2.4 million decrease in the business-type activities.

The \$3.1 million decrease in the governmental activities was primarily due to \$6.3 million of depreciation offset by \$3.1 million of capital asset additions. The \$2.4 million decrease in business-type activities was due primarily to \$2.8 million of depreciation offset by \$.3 million in water main improvements.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

The following reconciliation summarizes the changes in Capital Assets which are presented in detail on pages 44-45 of the Notes.

Table 5
Change in Capital Assets
(in millions)

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$232.4	\$61.2	\$293.6
Additions			
Depreciable	3.1	0.4	3.5
Non-Depreciable	0.0	0.0	0.0
Construction in Progress	0.1	0.0	0.1
Retirements			
Depreciable	(0.5)	0.0	(0.5)
Non-Depreciable			
Construction in Progress			
Depreciation	(6.3)	(2.8)	(9.1)
Retirements	0.5	0.0	0.5
Ending Balance	<u>\$229.3</u>	<u>\$58.8</u>	<u>\$288.1</u>

Debt Outstanding

The City had \$61.4 million of general obligation bonds outstanding at April 30, 2012. Of this amount \$30.5 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 \$7,206 and \$5,612 if self-supporting debt is excluded.

The City operated as a home rule community for FY12. 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 47 through 51.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2012

Economic Factors

The City's unemployment rate was estimated at 5.7% for July 2012, which is far below Lake County (9.0%), State of Illinois (8.9%) and national (8.3%) levels.

The City refunded \$26.0 million of outstanding general obligation bonds in September 2011. The net present value savings on the refunding was \$2.5 million. As part of the transaction, the City was successful in retaining its Aaa bond rating from Moody's Investors Service.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF LAKE FOREST, ILLINOIS
Statement of Net Assets
April 30, 2012

Exhibit A-1

	Primary Government			Component unit
	Governmental Activities	Business-type Activities	Total	Lake Forest Library
Assets				
Cash and cash equivalents	\$ 33,692,501	\$ 7,692,773	\$ 41,385,274	\$ 1,230,944
Investments	3,235,374	-	3,235,374	-
Receivables (net):				
Property taxes	24,736,822	-	24,736,822	3,486,867
Other taxes	208,533	-	208,533	-
Accounts	1,226,319	1,219,968	2,446,287	-
Accrued interest	-	3,332	3,332	-
Loans	2,029,272	-	2,029,272	-
Other	233,435	213	233,648	-
Due from other governments	2,239,891	-	2,239,891	-
Internal balances	(688,361)	688,361	-	-
Inventories	351,225	74,555	425,780	-
Prepays	640,619	184,585	825,204	-
Deferred charges – bond issuance costs	193,426	98,932	292,358	-
Net pension asset	1,318,752	-	1,318,752	-
Capital assets:				
Not being depreciated	112,447,582	459,369	112,906,951	219,000
Being depreciated, net	116,872,079	58,313,014	175,185,093	3,028,554
Total assets	298,737,469	68,735,102	367,472,571	7,965,365
Liabilities				
Accounts payable	1,147,747	195,851	1,343,598	112,189
Accrued liabilities	1,212,431	40,084	1,252,515	38,720
Accrued interest payable	529,727	216,234	745,961	-
Retainage payable	75,544	-	75,544	-
Deposits	843,290	-	843,290	-
Unearned revenue - property taxes	24,736,822	-	24,736,822	3,486,867
Unearned revenue - other	2,826,200	404,988	3,231,188	-
Long-term obligations:				
Due within one year	1,477,734	1,749,000	3,226,734	31,660
Due in more than one year	38,958,362	20,457,133	59,415,495	166,373
Total liabilities	71,807,857	23,063,290	94,871,147	3,835,809
Net Assets				
Invested in capital assets, net of related debt	190,779,593	36,753,670	227,533,263	3,225,894
Restricted for:				
Culture and recreation	3,543,895	-	3,543,895	-
Highways and streets	285,530	-	285,530	-
Public safety	399,690	-	399,690	-
Cemetery purposes	3,749,480	-	3,749,480	-
Affordable housing	852,136	-	852,136	-
Capital projects	5,024,844	-	5,024,844	-
Debt service	1,786,492	-	1,786,492	-
Parking	957,420	-	957,420	-
Unrestricted	19,550,532	8,918,142	28,468,674	903,662
Total net assets	\$ 226,929,612	\$ 45,671,812	\$ 272,601,424	\$ 4,129,556

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Activities

For the Year Ended April 30, 2012

Exhibit A-2

Functions/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit Lake Forest Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 12,080,189	\$ 4,771,863	\$ 190,099	\$ -	\$ (7,118,227)	\$ -	\$ (7,118,227)	
Highways and streets	8,304,860	846,366	1,020,005	281,849	(6,156,640)	-	(6,156,640)	
Sanitation	2,568,820	81,577	-	-	(2,487,243)	-	(2,487,243)	
Culture and recreation	9,469,832	3,392,303	206,887	78,558	(5,792,084)	-	(5,792,084)	
Public safety	13,583,116	1,678,032	16,800	-	(11,888,284)	-	(11,888,284)	
Interest on long-term debt	1,420,087	-	-	-	(1,420,087)	-	(1,420,087)	
Total governmental activities	47,426,904	10,770,141	1,433,791	360,407	(34,862,565)	-	(34,862,565)	
Business-type activities:								
Waterworks and sewerage	7,985,394	7,477,637	-	-	-	(507,757)	(507,757)	
Golf	1,371,380	1,238,016	-	-	-	(133,364)	(133,364)	
Total business-type activities	9,356,774	8,715,653	-	-	-	(641,121)	(641,121)	
Total primary government	\$ 56,783,678	\$ 19,485,794	\$ 1,433,791	\$ 360,407	(34,862,565)	(641,121)	(35,503,686)	
Component Unit								
Lake Forest Library	\$ 3,703,477	\$ 60,300	\$ 45,729	\$ -				\$ (3,597,448)
General revenues and transfers:								
General revenues								
Property taxes					25,428,378	-	25,428,378	3,455,432
Replacement taxes					124,086	-	124,086	28,880
Sales tax					2,577,304	-	2,577,304	-
Income tax					1,938,686	-	1,938,686	-
Utility tax					3,981,548	-	3,981,548	-
Real estate transfer tax					1,215,407	-	1,215,407	-
Other taxes					368,660	-	368,660	-
Investment income					264,432	51,376	315,808	12,795
Other					33,724	-	33,724	-
Transfers					(37,746)	37,746	-	-
Total general revenues and transfers					35,894,479	89,122	35,983,601	3,497,107
Change in net assets					1,031,914	(551,999)	479,915	(100,341)
Net assets – beginning of year					225,897,698	46,223,811	272,121,509	4,229,897
Net assets – end of year					\$ 226,929,612	\$ 45,671,812	\$ 272,601,424	\$ 4,129,556

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Exhibit A-3

Balance Sheet
 Governmental Funds
 April 30, 2012

Assets	General Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 11,986,385	\$ 3,861,742	\$ 11,617,985	\$ 27,466,112
Investments	-	-	3,235,374	3,235,374
Receivables (net of allowance for uncollectibles):				
Property taxes	15,528,966	4,903,664	4,304,192	24,736,822
Other taxes	208,533	-	-	208,533
Accounts	341,334	53,136	831,849	1,226,319
Loans	2,029,272	-	-	2,029,272
Other	65,890	-	107,004	172,894
Due from other governments	2,202,277	-	37,614	2,239,891
Due from other funds	-	29,915	-	29,915
Due from fiduciary funds	-	-	54,349	54,349
Inventory	91,896	-	-	91,896
Prepays	38,235	-	43,333	81,568
Total assets	<u>\$ 32,492,788</u>	<u>\$ 8,848,457</u>	<u>\$ 20,231,700</u>	<u>\$ 61,572,945</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 474,997	\$ 220,473	\$ 168,909	\$ 864,379
Accrued liabilities	570,486	90,014	13,480	673,980
Due to other funds	-	-	29,915	29,915
Retainage payable	-	-	75,544	75,544
Deposits	830,790	2,500	10,000	843,290
Unearned revenue:				
Property taxes	15,528,966	4,903,664	4,304,192	24,736,822
Other	1,369,536	652,890	801,849	2,824,275
Total liabilities	<u>18,774,775</u>	<u>5,869,541</u>	<u>5,403,889</u>	<u>30,048,205</u>
Fund balances:				
Nonspendable	2,159,403	-	43,333	2,202,736
Restricted	957,420	2,978,916	13,192,878	17,129,214
Assigned	-	-	1,591,600	1,591,600
Unassigned	10,601,190	-	-	10,601,190
Total fund balances	<u>13,718,013</u>	<u>2,978,916</u>	<u>14,827,811</u>	<u>31,524,740</u>
Total liabilities and fund balances	<u>\$ 32,492,788</u>	<u>\$ 8,848,457</u>	<u>\$ 20,231,700</u>	<u>\$ 61,572,945</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOISReconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets

April 30, 2012

Total fund balances – governmental funds	\$ 31,524,740
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Amounts reported for governmental activities in the statement of net assets are different because:

Bond costs of issuance are capitalized at the government wide level and amortized over the life of the related bonds.	193,426
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Net pension asset recorded in governmental activities is not a financial resource and therefore is not reported in the funds.	1,318,752
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and land improvements	\$ 45,497,634	
Land-infrastructure	66,740,770	
Construction in progress	209,178	
Infrastructure, net of \$113,320,214 in accumulated depreciation	67,733,640	
Buildings, net of \$9,057,013 in accumulated depreciation	23,080,744	
Improvements, net of \$8,171,439 in accumulated depreciation	21,402,582	
Machinery and equipment, net of \$10,009,866 in accumulated depreciation	4,617,373	
Total capital assets, net		229,281,921

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	\$ (529,727)	
Net OPEB obligation	(168,888)	
General obligation bonds	(38,580,882)	
(Premium) discount on general obligation bonds	(238,510)	
Deferred amounts on refunding general obligation bonds	279,324	
Compensated absences	(1,668,093)	
Total long-term obligations		(40,906,776)

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.

	5,517,549
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Net assets of governmental activities	\$ 226,929,612
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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, 2012

	General Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 15,433,117	\$ 4,879,517	\$ 5,115,744	\$ 25,428,378
Other	8,871,480	38,804	1,295,407	10,205,691
Intergovernmental revenues	-	-	589,960	589,960
Grants and contributions	21,715	177,912	840,110	1,039,737
Charges for services	2,642,136	2,923,527	1,463,137	7,028,800
Licenses and permits	2,475,739	-	-	2,475,739
Fines and forfeitures	372,607	-	-	372,607
Investment income	83,782	30,090	111,353	225,225
Miscellaneous revenue	668,840	40,513	21,460	730,813
Total revenues	30,569,416	8,090,363	9,437,171	48,096,950
Expenditures:				
Current:				
General government	9,130,298	-	1,182,733	10,313,031
Highways and streets	2,139,656	-	-	2,139,656
Sanitation	2,228,844	-	-	2,228,844
Culture and recreation	-	7,859,901	603,646	8,463,547
Public safety	13,378,659	-	345,142	13,723,801
Capital outlay	31,190	201,262	6,409,471	6,641,923
Debt service:				
Principal retirement	-	-	2,531,876	2,531,876
Interest	-	-	1,667,372	1,667,372
Total expenditures	26,908,647	8,061,163	12,740,240	47,710,050
Excess (deficiency) of revenues over expenditures	3,660,769	29,200	(3,303,069)	386,900
Other financing sources (uses):				
Proceeds from capital asset sales	-	-	34,055	34,055
Debt issuance - bonds	-	-	5,690,000	5,690,000
Premium on bonds	-	-	120,828	120,828
Transfer to escrow agent	-	-	(5,769,025)	(5,769,025)
Transfers in	-	323,000	1,973,270	2,296,270
Transfers out	(2,170,775)	(38,000)	(125,241)	(2,334,016)
Total other financing sources (uses)	(2,170,775)	285,000	1,923,887	38,112
Net change in fund balances	1,489,994	314,200	(1,379,182)	425,012
Fund balances – beginning of year	12,228,019	2,664,716	16,206,993	31,099,728
Fund balances – end of year	\$ 13,718,013	\$ 2,978,916	\$ 14,827,811	\$ 31,524,740

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, 2012

Net changes in fund balances—total governmental funds		\$ 425,012
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 (\$6,270,360) exceeded capital outlay (\$2,838,176) in the current period.		(3,432,184)
Contributions of capital assets are not recorded in governmental funds, but are recorded as revenues in the statement of activities.		360,407
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.		(19,223)
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	\$ (5,690,000)	
Debt premiums on issuance	(120,828)	
Debt issuance costs	37,230	
Repayments:		
General obligation bonds	2,531,876	
Payments to escrow agent	5,769,025	
Net adjustment	<u>2,527,303</u>	2,527,303
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	\$ 282,941	
Increase in OPEB obligation	(34,562)	
Decrease in accrued interest payable	238,630	
Amortization of bond deferred amounts, premiums and discounts	26,489	
Amortization of bond issuance costs	(55,064)	
Decrease in compensated absences	<u>149,725</u>	608,159
The net revenue of certain activities of internal service funds is reported with governmental activities.		<u>562,440</u>
Change in net assets of governmental activities – statement of activities		<u>\$ 1,031,914</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Exhibit A-7

Statement of Net Assets

Proprietary Funds

April 30, 2012

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	\$ 7,033,715	\$ 659,058	\$ 7,692,773	\$ 6,226,389
Receivables:				
Accounts receivable	1,219,968	-	1,219,968	-
Accrued interest	3,332	-	3,332	-
Other	213	-	213	6,192
Inventories	-	74,555	74,555	259,329
Prepaid expenses	184,585	-	184,585	559,051
Total current assets	<u>8,441,813</u>	<u>733,613</u>	<u>9,175,426</u>	<u>7,050,961</u>
Noncurrent assets:				
Deferred charges – bond issuance costs	94,335	4,597	98,932	-
Capital assets:				
Not being depreciated	363,852	95,517	459,369	-
Being depreciated, net of accumulated depreciation	<u>56,606,385</u>	<u>1,706,629</u>	<u>58,313,014</u>	<u>37,740</u>
Total capital assets, net	<u>56,970,237</u>	<u>1,802,146</u>	<u>58,772,383</u>	<u>37,740</u>
Total noncurrent assets	<u>57,064,572</u>	<u>1,806,743</u>	<u>58,871,315</u>	<u>37,740</u>
Total assets	<u>65,506,385</u>	<u>2,540,356</u>	<u>68,046,741</u>	<u>7,088,701</u>
Liabilities				
Current liabilities:				
Accounts payable	138,402	57,449	195,851	283,368
Accrued liabilities	27,466	12,618	40,084	538,451
Accrued interest payable	206,040	10,194	216,234	-
Unearned revenue	88,647	316,341	404,988	1,925
Current portion of long-term obligations:				
General obligation bonds	1,660,000	84,000	1,744,000	-
Accrued compensated absences	4,181	819	5,000	3,418
Total current liabilities	<u>2,124,736</u>	<u>481,421</u>	<u>2,606,157</u>	<u>827,162</u>
Noncurrent liabilities:				
General obligation bonds payable (net of unamortized discounts)	19,339,033	935,680	20,274,713	-
Accrued compensated absences	152,539	29,881	182,420	55,629
Total noncurrent liabilities	<u>19,491,572</u>	<u>965,561</u>	<u>20,457,133</u>	<u>55,629</u>
Total liabilities	<u>21,616,308</u>	<u>1,446,982</u>	<u>23,063,290</u>	<u>882,791</u>
Net Assets				
Invested in capital assets, net of related debt	35,971,204	782,466	36,753,670	37,740
Unrestricted	7,918,873	310,908	8,229,781	6,168,170
Total net assets	<u>\$ 43,890,077</u>	<u>\$ 1,093,374</u>	<u>44,983,451</u>	<u>\$ 6,205,910</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>688,361</u>	
Net assets of business-type activities reported in the government-wide statement of net assets.			<u>\$ 45,671,812</u>	

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Exhibit A-8

Statement of Revenues, Expenses, and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended April 30, 2012

	<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>	
Operating revenues:				
Charges for services	\$ 7,370,268	\$ 1,232,354	\$ 8,602,622	\$ 7,886,792
Connection fees	82,034	-	82,034	-
Miscellaneous	25,335	5,662	30,997	-
Total operating revenues	<u>7,477,637</u>	<u>1,238,016</u>	<u>8,715,653</u>	<u>7,886,792</u>
Operating expenses:				
General and administrative	2,123,940	653,457	2,777,397	7,290,506
Operations and maintenance	2,692,105	508,195	3,200,300	-
Capital outlay	-	9,800	9,800	-
Depreciation and amortization	2,597,198	178,422	2,775,620	4,804
Total operating expenses	<u>7,413,243</u>	<u>1,349,874</u>	<u>8,763,117</u>	<u>7,295,310</u>
Operating income (loss)	<u>64,394</u>	<u>(111,858)</u>	<u>(47,464)</u>	<u>591,482</u>
Nonoperating revenues (expenses):				
Investment income	47,456	3,920	51,376	39,207
Interest expense	(640,400)	(21,506)	(661,906)	-
Total nonoperating revenues (expenses)	<u>(592,944)</u>	<u>(17,586)</u>	<u>(610,530)</u>	<u>39,207</u>
Increase (decrease) in net assets before transfers	<u>(528,550)</u>	<u>(129,444)</u>	<u>(657,994)</u>	<u>630,689</u>
Transfers in	-	39,000	39,000	-
Transfers out	<u>(1,254)</u>	<u>-</u>	<u>(1,254)</u>	<u>-</u>
Change in net assets	<u>(529,804)</u>	<u>(90,444)</u>	<u>(620,248)</u>	<u>630,689</u>
Net assets – beginning of year	<u>44,419,881</u>	<u>1,183,818</u>	<u>45,603,699</u>	<u>5,575,221</u>
Net assets – end of year	<u>\$ 43,890,077</u>	<u>\$ 1,093,374</u>	<u>44,983,451</u>	<u>\$ 6,205,910</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>68,249</u>	
Change in net assets of business-type activities reported in the government-wide statement of activities			<u>\$ (551,999)</u>	

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, 2012

	Business-type Activities – Enterprise Funds			Governmental
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	Activities - Internal Service Funds
Cash flows from operating activities:				
Receipts from customers	\$ 7,406,788	\$ 1,291,131	\$ 8,697,919	\$ -
Receipts from miscellaneous revenue	25,410	5,662	31,072	-
Receipts from interfund services provided	-	-	-	7,978,643
Payments to suppliers	(2,821,937)	(556,024)	(3,377,961)	(6,974,996)
Payments to employees	(2,247,738)	(664,895)	(2,912,633)	(648,484)
Net cash provided by operating activities	<u>2,362,523</u>	<u>75,874</u>	<u>2,438,397</u>	<u>355,163</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	-	39,000	39,000	-
Transfer to other funds	(1,254)	-	(1,254)	-
Net cash provided (used) by noncapital financing activities	<u>(1,254)</u>	<u>39,000</u>	<u>37,746</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(391,454)	-	(391,454)	-
Bond proceeds	20,984,640	1,010,324	21,994,964	-
Payment to escrow agent	(20,867,897)	(1,005,294)	(21,873,191)	-
Issuance costs paid	(103,215)	(4,839)	(108,054)	-
Principal paid on capital debt	(1,568,500)	(82,500)	(1,651,000)	-
Interest paid on capital debt	(650,671)	(19,583)	(670,254)	-
Net cash used in capital and related financing activities	<u>(2,597,097)</u>	<u>(101,892)</u>	<u>(2,698,989)</u>	<u>-</u>
Cash flows from investing activities:				
Interest and dividends received	<u>47,456</u>	<u>3,920</u>	<u>51,376</u>	<u>39,207</u>
Net increase (decrease) in cash and cash equivalents	(188,372)	16,902	(171,470)	394,370
Cash and cash equivalents – beginning of year	<u>7,222,087</u>	<u>642,156</u>	<u>7,864,243</u>	<u>5,832,019</u>
Cash and cash equivalents – end of year	<u>\$ 7,033,715</u>	<u>\$ 659,058</u>	<u>\$ 7,692,773</u>	<u>\$ 6,226,389</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended April 30, 2012

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)	\$ 64,394	\$ (111,858)	\$ (47,464)	\$ 591,482
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	2,597,198	178,422	2,775,620	4,804
Changes in assets and liabilities:				
Water sales receivable	(83,459)	-	(83,459)	-
Accounts receivable	-	-	-	89,926
Other receivables	75	8,091	8,166	-
Other assets	-	(46,907)	(46,907)	18,662
Due from other funds	22,900	-	22,900	-
Prepaid expenses	(184,585)	-	(184,585)	-
Accounts payable	19,308	12,203	31,511	(1,258)
Accrued liabilities	(1,378)	828	(550)	(51,586)
Retainage payable	(25,000)	-	(25,000)	-
Unearned revenue	15,045	50,686	65,731	1,925
Compensated absences	(61,975)	(11,991)	(73,966)	7,040
Due to other funds	-	(3,600)	(3,600)	-
Other liabilities	-	-	-	(305,832)
Total adjustments	<u>2,298,129</u>	<u>187,732</u>	<u>2,485,861</u>	<u>(236,319)</u>
Net cash provided by operating activities	<u>\$ 2,362,523</u>	<u>\$ 75,874</u>	<u>\$ 2,438,397</u>	<u>\$ 355,163</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Fiduciary Net Assets

Fiduciary Funds

April 30, 2012

Assets	Pension Trust Funds	Private Purpose Trust Fund	Agency Fund
Cash and cash equivalents	\$ 2,221,950	\$ 9,815	\$ 60,174
Investments:			
U.S. Treasury obligations	13,652,408	-	-
U.S. Government agencies	7,456,627	-	-
Municipal and corporate bonds	2,715,112	105,831	-
Common stock	2,074,351	383,212	-
Equity mutual funds	20,808,846	-	-
Other receivables	111,489	1,978	-
Prepaid expenses	11,500	-	-
Total assets	49,052,283	500,836	60,174
Liabilities			
Accounts payable	21,888	-	-
Due to other funds	-	54,349	-
Due to special assessment districts	-	-	60,174
Total liabilities	21,888	54,349	60,174
Net Assets			
Held in trust for pension trust and other purposes	\$ 49,030,395	\$ 446,487	\$ -

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, 2012

	Pension Trust Funds	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 2,498,372	\$ -
Employee	616,623	-
Total contributions	<u>3,114,995</u>	<u>-</u>
Interest income	1,027,637	10,376
Net appreciation (depreciation) in fair value of investments	1,035,459	(14,201)
Less investment expenses	(178,818)	-
Net investment income	<u>1,884,278</u>	<u>(3,825)</u>
Total additions	<u>4,999,273</u>	<u>(3,825)</u>
Deductions:		
Pension benefits and refunds	3,146,275	-
Other administrative expenses	11,600	31,540
Total deductions	<u>3,157,875</u>	<u>31,540</u>
Change in net assets	1,841,398	(35,365)
Net assets held in trust at beginning of year	<u>47,188,997</u>	<u>481,852</u>
Net assets held in trust at end of year	<u>\$ 49,030,395</u>	<u>\$ 446,487</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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, 2012

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.

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, 2012

(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 2010 property tax levy is recognized as revenue for the year ended April 30, 2012. 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, 2012

(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

April 30, 2012

- 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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

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

(h) Inventory and Prepaid Items

Inventory is 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, 2012, 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:

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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.

(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 and deferred amounts on refunding, 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, discount and deferred amount on refunding. 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) *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.

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

See the policy below for the use of restricted resources in the governmental funds. Restricted net asset balances may differ from restricted fund balances reported in the governmental fund statements because the basis of accounting is different. For business-type activities and proprietary funds, the City considers restricted resources to have been spent first when an expense is incurred for which both restricted and unrestricted resources are available.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

(m) **Fund Balances**

Effective May 1, 2011, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. Within the governmental fund types, the City's fund balances are reported in one of the following classifications:

Nonspendable – includes amounts that cannot be spent because they are either: a) not in spendable form; or b) legally or contractually required to be maintained intact.

Restricted – includes amounts that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City's highest level of decision-making authority rests with the City Council. The City passes formal resolutions to commit their fund balances.

Assigned – includes amounts that are constrained by the City's *intent* to be used for specific purposes, but that are neither restricted nor committed. Intent is expressed by: a) the City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. The City Council has delegated this authority to the City's Finance Director. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Residual fund balances in these fund types that are not restricted or committed are reported as assigned.

Unassigned – includes the residual fund balance that has not been restricted, committed, or assigned within the general fund and deficit fund balances of other governmental funds.

In the general fund, it is the City's policy to consider restricted resources to have been spent first when an expenditure is incurred for which both restricted and unrestricted (i.e. committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

Fund Balance Classifications

At April 30, 2012, the City's fund balances were as follows:

	General Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepays	\$ 38,235	\$ -	\$ 43,333	\$ 81,568
Inventory	91,896	-	-	91,896
Long-term notes	2,029,272	-	-	2,029,272
Total nonspendable	<u>2,159,403</u>	-	43,333	<u>2,202,736</u>
Restricted:				
Culture and recreation	-	2,978,916	564,979	3,543,895
Highways and streets	-	-	285,530	285,530
Public safety	-	-	399,690	399,690
Cemetery purposes	-	-	3,749,480	3,749,480
Affordable housing	-	-	852,136	852,136
Capital projects	-	-	5,024,844	5,024,844
Parking lots	957,420	-	-	957,420
Debt service	-	-	2,316,219	2,316,219
Total restricted	<u>957,420</u>	<u>2,978,916</u>	<u>13,192,878</u>	<u>17,129,214</u>
Assigned				
Capital projects	-	-	1,591,600	1,591,600
Unassigned	10,601,190	-	-	10,601,190
Total fund balances	<u>\$ 13,718,013</u>	<u>\$ 2,978,916</u>	<u>\$ 14,827,811</u>	<u>\$ 31,524,740</u>

(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

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* amends the net asset reporting requirements in GASB 34, by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This will be effective for the City for the year ending April 30, 2013.

GASB Statement No. 65, *Items Previously Recorded as Assets and Liabilities* reclassifies, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), items that were previously reported as assets or liabilities. This will be effective for the City for the year ending April 30, 2014.

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62* resolves conflicting guidance that resulted from the issuance of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement removes the provisions that limits fund based reporting of risk financing activities. This Statement also modifies specific guidance on accounting for certain operating leases and certain loans. This will be effective for the City for the year ending April 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the City beginning with its year ended April 30, 2015. This statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. This statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans and requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the City beginning with its year ended April 30, 2016. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Management has not currently determined what impact, if any, this Statement may have on its financial statements; however GASB 68 is expected to have a material impact when implemented.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

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

- (1) The City Manager submits to the City Council a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and estimated revenues.
- (2) Public budget and appropriations meetings are conducted by the City to obtain taxpayer comments.
- (3) The budget and the appropriation ordinance, which is 10% higher than the budget, are both legally enacted through action of the City Council. Once enacted, the budget cannot be amended without approval from the City Council. Funds may have expenditures in excess of budgeted amounts, but legally may not have expenditures in excess of appropriations.
- (4) The legal level of budgetary control is the fund level. Management may make transfers of appropriations within a fund. Any expenditures that exceed the total appropriations at the fund level must be approved by the City Council.
- (5) Formal budgetary integration and legally adopted budgets are employed as a management control device during the year for the General and Special Revenue Funds, through an internal reporting system. Such budgetary integration permits the City's department managers to monitor actual revenues and expenditures relative to budgets on an ongoing basis throughout the year. Formal encumbrance accounting is not used, and appropriations not used by the end of the fiscal year lapse.
- (6) Governmental fund budgets are adopted for all funds, except for the 2010 Bond Construction Fund 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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, 2012 is as follows:

	Governmental and Business- type Activities	Fiduciary activities			Component Unit
		Police Pension Fund	Firefighters' Pension Fund	Other Fiduciary Activities	Lake Forest Library
Petty cash	\$ 10,895	\$ -	\$ 300	\$ -	\$ 350
Demand deposits	40,901,136	237,332	1,984,318	69,989	1,229,227
Certificate of deposit	89,825	-	-	-	-
Illinois Funds	473,242	-	-	-	1,367
Equity securities	3,145,550	11,280,395	11,602,802	489,043	-
U.S. Treasury obligations	-	9,120,157	4,532,251	-	-
U.S. Government agencies	-	1,494,690	5,961,937	-	-
Municipal/corporate bonds	-	-	2,715,112	-	-
Total	\$ 44,620,648	\$ 22,132,574	\$ 26,796,720	\$ 559,032	\$ 1,230,944

Illinois Funds

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.

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

deposit policy for custodial credit risk. As of April 30, 2012, 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.

As of April 30, 2012, the maturities for debt securities subject to interest rate risk are as follows:

	Fair Value	Investment maturities (in years)			More than 10
		Less than 1	1-5	6-10	
Fiduciary activities:					
Police Pension Fund:					
U.S. Treasury obligations	\$ 9,120,157	\$ -	\$ 6,557,196	\$ 2,562,961	\$ -
U.S. Government agencies	1,494,690	-	1,074,650	420,040	-
Total Police Pension	10,614,847	-	7,631,846	2,983,001	-
Firefighters' Pension Fund:					
U.S. Treasury obligations	4,532,251	-	795,509	1,293,286	2,443,456
U.S. Government agencies	5,961,937	520,516	2,031,725	771,221	2,638,475
Municipal/corporate bonds	2,715,112	284,058	792,578	1,582,142	56,334
Total Firefighters' Pension	13,209,300	804,574	3,619,812	3,646,649	5,138,265
Total fiduciary activities	\$ 23,824,147	\$ 804,574	\$ 11,251,658	\$ 6,629,650	\$ 5,138,265

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

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Notes to Financial Statements

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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.

As of April 30, 2012, 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.

	Credit ratings				
	Fair Value	AAA	AA	A	BBB
Governmental and business-type activities:					
Illinois Funds	\$ 473,242	\$ 473,242	\$ -	\$ -	\$ -
Fiduciary activities:					
Police Pension Fund:					
U.S. Government agencies	\$ 1,494,690	\$ 1,494,690	\$ -	\$ -	\$ -
Firefighters' Pension Fund:					
U.S. Government agencies	5,961,937	5,961,937	-	-	
Municipal/corporate bonds	2,715,112	83,477	315,251	1,188,239	1,128,145
	<u>8,677,049</u>	<u>6,045,414</u>	<u>315,251</u>	<u>1,188,239</u>	<u>1,128,145</u>
Total fiduciary activities	<u>\$ 10,171,739</u>	<u>\$ 7,540,104</u>	<u>\$ 315,251</u>	<u>\$ 1,188,239</u>	<u>\$ 1,128,145</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 5% of its portfolio in Tennessee Valley Authority (TVA) which is rated AAA as well as 6.4% in FNMA securities. 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 266 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.

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, 2012, 7.2% of the Firefighters' Pension Fund's assets were invested in

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the Vanguard Total International Stock Index. 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, 2012, 12.4% 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 18.3% of its assets invested in William Blair International Growth Fund as of April 30, 2012.

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 2011 are intended to finance the fiscal year 2013 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2012 for collections from the calendar year 2010 levy if it was received by June 30, 2012. Property taxes levied for calendar year 2011 which will be collected in fiscal year 2013 are recorded as receivables and deferred revenue.

Note 5. Interfund Balances and Activity

Due to/from Other Funds

The following balances at April 30, 2012 represent amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Parks and Recreation Fund	Nonmajor Governmental Funds	\$ 29,915
Nonmajor Governmental Fund	Fiduciary Fund	54,349
Total		<u>\$ 84,264</u>

CITY OF LAKE FOREST, ILLINOIS

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

Transfers to/from Other Funds

Interfund transfers for the year ended April 30, 2012 were as follows:

<u>Transfer In Fund(s)</u>	<u>Purpose</u>	<u>Amount</u>
Parks and Recreation	transfer for operations	\$ 323,000
Nonmajor business activity	transfer for operations	38,000
Nonmajor business activity	transfer for operations	1,000
Nonmajor governmental	transfer for capital outlay	37
Nonmajor governmental	transfer for capital outlay	183
Nonmajor governmental	transfer for capital outlay	1,076,511
Nonmajor governmental	transfer for operations	206,480
Nonmajor governmental	transfer for debt service	563,784
Nonmajor governmental	transfer for debt service	1,254
Nonmajor governmental	transfer for debt service	35,000
Nonmajor governmental	transfer for debt service	22,461
Nonmajor governmental	transfer for debt service	67,560
		<u>\$ 2,335,270</u>
<u>Transfer Out Fund(s)</u>		
General Fund	transfer for capital outlay	\$ 1,076,511
General Fund	transfer for operations	206,480
General Fund	transfer for operations	1,000
General Fund	transfer for operations	323,000
General Fund	transfer for debt service	563,784
Parks and Recreation	transfer for operations	38,000
Waterworks and Sewerage Fund	transfer for debt service	1,254
Nonmajor governmental	transfer for capital outlay	37
Nonmajor governmental	transfer for capital outlay	183
Nonmajor governmental	transfer for debt service	35,000
Nonmajor governmental	transfer for debt service	22,461
Nonmajor governmental	transfer for debt service	67,560
		<u>\$ 2,335,270</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

Note 6. Capital Assets

A summary of capital asset activity for the year ended April 30, 2012 is as follows:

	Balance May 1, 2011	Additions or Transfers	Disposals	Balance April 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land and land improvements	\$ 45,497,634	\$ -	\$ -	\$ 45,497,634
Infrastructure – land	66,740,770	-	-	66,740,770
Construction in progress	150,579	87,884	29,285	209,178
Total capital assets not being depreciated	112,388,983	87,884	29,285	112,447,582
Capital assets being depreciated:				
Infrastructure	180,285,880	807,893	39,919	181,053,854
Buildings	32,137,757	-	-	32,137,757
Improvements other than buildings	28,584,061	1,036,621	46,661	29,574,021
Machinery and equipment	13,890,687	1,295,470	439,221	14,746,936
Total capital assets being depreciated	254,898,385	3,139,984	525,801	257,512,568
Less accumulated depreciation:				
Infrastructure	110,238,719	3,081,495	-	113,320,214
Buildings	8,305,022	751,991	-	9,057,013
Improvements other than buildings	6,859,069	1,359,031	46,661	8,171,439
Machinery and equipment	9,448,397	1,082,647	439,221	10,091,823
Total accumulated depreciation	134,851,207	6,275,164	485,882	140,640,489
Governmental Activity capital assets – net	\$ 232,436,161	\$ (3,047,296)	\$ 69,204	\$ 229,319,661

Depreciation expense for governmental activities for the year ended April 30, 2012 was charged to functions as follows:

General government	\$ 1,828,583
Highways and streets	3,217,565
Sanitation	141,311
Culture and recreation	869,293
Public safety	218,412
	<u>\$ 6,275,164</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

	Balance		Disposals	Balance
	May 1, 2011	Additions	or Transfers	April 30, 2012
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	40,434,485	285,287	-	40,719,772
Machinery and equipment	4,378,709	42,830	16,828	4,404,711
Sanitary sewers and related property	29,398,409	63,336	-	29,461,745
Total capital assets being depreciated	101,233,393	391,453	16,828	101,608,018
Less accumulated depreciation:				
Buildings	8,578,977	1,003,570	-	9,582,547
Improvements other than buildings	15,903,125	977,678	-	16,880,803
Machinery and equipment	2,228,162	216,751	16,828	2,428,085
Sanitary sewers and related property	13,825,950	577,621	-	14,403,571
Total accumulated depreciation	40,536,214	2,775,620	16,828	43,295,006
Capital assets – net	<u>\$ 61,156,548</u>	<u>\$ (2,384,167)</u>	<u>\$ -</u>	<u>\$ 58,772,381</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

	Balance			Balance
	May 1, 2011	Additions	Disposals	April 30, 2012
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	1,552,854	-	-	1,552,854
Machinery and equipment	3,592,870	355,403	293,039	3,655,234
Total capital assets being depreciated	6,326,631	355,403	293,039	6,388,995
Less accumulated depreciation:				
Buildings	560,814	23,338	-	584,152
Improvements other than buildings	567,191	136,000	-	703,191
Machinery and equipment	2,025,077	341,060	293,039	2,073,098
Total accumulated depreciation	3,153,082	500,398	293,039	3,360,441
Capital assets – net	<u>\$ 3,392,549</u>	<u>\$ (144,995)</u>	<u>\$ -</u>	<u>\$ 3,247,554</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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, 2012:

	Balance May 1, 2011	Additions	Deductions	Balance April 30, 2012	Amounts due within one year
Governmental activities:					
General obligation bonds	\$ 40,887,758	\$ 5,690,000	\$ (7,996,876)	\$ 38,580,882	\$ 1,377,734
Deferred amount on refunding	-	(324,720)	45,396	(279,324)	-
Premium on general obligation bonds	280,461	120,828	(88,713)	312,576	-
Discount on general obligation bonds	(90,894)	-	16,828	(74,066)	-
Total general obligation bonds	41,077,325	5,486,108	(8,023,365)	38,540,068	1,377,734
Net OPEB obligation*	134,326	34,562	-	168,888	-
Compensated absences**	1,869,825	2,145,304	(2,287,989)	1,727,140	100,000
Total governmental activities	<u>\$ 43,081,476</u>	<u>\$ 7,665,974</u>	<u>\$ (10,311,354)</u>	<u>\$ 40,436,096</u>	<u>\$ 1,477,734</u>
Business-type activities:					
General obligation bonds	\$ 23,525,000	\$ 21,550,000	\$ (22,271,000)	\$ 22,804,000	\$ 1,744,000
Deferred amount on refunding	-	(1,348,362)	188,500	(1,159,862)	-
Premium on general obligation bonds	-	444,964	(66,164)	378,800	-
Discount on general obligation bonds	(78,339)	-	74,114	(4,225)	-
Compensated absences	261,386	215,262	(289,228)	187,420	5,000
Total business-type activities	<u>\$ 23,708,047</u>	<u>\$ 20,861,864</u>	<u>\$ (22,363,778)</u>	<u>\$ 22,206,133</u>	<u>\$ 1,749,000</u>
Component Unit - Lake Forest Library					
Capital lease	\$ 51,743	\$ -	\$ (30,083)	\$ 21,660	\$ 21,660
Net OPEB obligation*	2,743	2,863	-	5,606	-
Compensated absences	142,261	167,541	(139,035)	170,767	10,000
Total component unit - Lake Forest Library	<u>\$ 196,747</u>	<u>\$ 170,404</u>	<u>\$ (169,118)</u>	<u>\$ 198,033</u>	<u>\$ 31,660</u>

* OPEB obligations will be liquidated by the General Fund.

**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, 2012

General obligation debt payable for the City as of April 30, 2012 consists of the following:

Governmental Activities:

General obligation bonds:

Special Service Area 25 Special Tax Bonds due in annual installments of \$25,000 to \$75,000 through December 15, 2022; interest at 1.15% to 4.45%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	\$ 695,000
Special Service Area 26 Special Tax Bonds due in annual installments of \$9,545 to \$20,700 through December 15, 2022; interest at 1.40% to 4.90%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	183,744
Special Service Area 29 Special Tax Bonds due in annual installments of \$76,192 to \$150,611 through December 15, 2023; interest at 2.45% to 5.15%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	1,426,138
2004 B Series General Obligation Bonds due in one installment of \$150,000 on December 15, 2012; interest at 3.50%, due semiannually on June 15 and December 15. Funded by local sales tax.	150,000
2008 Series General Obligation Bonds due in annual installments of \$110,000 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.	8,860,000
2009 Series General Obligation Bonds due in annual installments of \$160,000 to \$280,000 through December 15, 2029; interest at 2% to 4.1%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	3,520,000

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

Governmental Activities:

General obligation bonds (Continued):

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
2011 A Series General Obligation Bonds due in annual installments of \$195,000 to \$345,000 through December 15, 2015; interest at 1.5% to 2%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	1,220,000
2011 B Series General Obligation Bonds due in annual installments of \$41,000 to \$523,000 through December 15, 2023; interest at 2% to 3%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	4,436,000
Total governmental activities	<u>\$ 38,580,882</u>

The City has outstanding bonds that will be paid from pledged future revenues. The 2004B bonds are to be paid from sales tax revenue from the General Fund. These pledges will remain until all bonds are retired in FY 2013. The amount of pledges remaining as of April 30, 2012 is \$155,250. The secured debt was issued to provide 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 2012 is as follows (amounts in thousands):

<u>Pledged Revenue Source</u>	<u>2012 Pledged Revenue Collected</u>	<u>2012 Principal and Interest Retired</u>
Sales tax	\$ 2,577	\$ 247 *

*\$4,250 was refunded in 2012

CITY OF LAKE FOREST, ILLINOIS

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Business-type Activities

General obligation and revenue bonds:

Waterworks and Sewerage Fund:

2002 Series A General Obligation Bonds due in one installment of \$1,350,000 on December 15, 2012; interest at 4.00% due semiannually on June 15 and December 15. Funded by Water and Sewer Fund revenues.	\$ 1,350,000
2011 A Series General Obligation Bonds due in annual installments of \$120,000 to \$140,000 through December 15, 2021; interest at 1.5% to 3%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	1,180,000
2011 B Series General Obligation Bonds due in annual installments of \$180,000 to \$2,004,000 through December 15, 2024; interest at 2% to 3%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	19,216,500

Nonmajor Enterprise Fund:

2004 Series A General Obligation bonds due in one installment of \$75,000 on December 15, 2012; interest at 4.00%. Funded by Golf Course Fund revenues	75,000
2011 B Series General Obligation Bonds due in annual installments of \$189,000 to \$2,097,000 through December 15, 2023; interest at 2% to 3%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	982,500
Total Business-type Activities	<u>\$ 22,804,000</u>

The City has outstanding bonds that will be paid from pledged future revenues. The 2002A 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 in FY 2013. The amount of the pledges remaining as of April 30, 2012 was \$1,404,000 and \$78,000 for the 2002A and 2004B bonds, respectively. 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 2012 is as follows (amounts in thousands):

<u>Debt Issue</u>	<u>Pledged Revenue Source</u>	<u>2012 Pledged Revenue Collected</u>	<u>2012 Principal and Interest Retired</u>
2002A	Water/Sewer revenues	\$ 7,477	\$ 1,815
2004A	Sales tax	2,577	100

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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

<u>Years</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,377,734	\$ 1,392,162	\$ 1,744,000	\$ 568,207
2014	1,400,949	1,352,264	1,815,000	504,829
2015	1,443,436	1,313,769	1,847,000	468,528
2016	11,283,219	1,275,653	1,877,000	432,288
2017	1,568,336	939,356	1,902,000	395,397
2018-2022	8,601,389	3,907,255	10,175,000	1,287,190
2023-2027	7,535,819	2,303,929	3,444,000	143,731
2028-2032	4,510,000	933,269	-	-
2033	860,000	49,450	-	-
Total	<u>\$38,580,882</u>	<u>\$ 13,467,107</u>	<u>\$ 22,804,000</u>	<u>\$ 3,800,170</u>

Refunding

On September 6, 2011 the City issued \$2,415,000 and \$24,825,000 of General Obligation Refunding Bonds Series 2011A and 2011B, respectively, in order to advance refund/partially refund \$26,085,000 Series 1999, 2003D, 2004B, 2002A, 2003C and 2004A. In connection with this refunding, net proceeds of \$27.642 million were deposited into an irrevocable trust with an escrow agent to provide for debt service payments on the refunded portion of the bonds. As a result, the refunded portion of the bonds are considered defeased and removed from the statement of net assets (governmental activities, enterprise funds and business-type activities) in 2012. As a result of the refunding, the City decreased its total debt service by approximately \$2.8 million over the next 12 years. The economic gain (difference between the present values of the debt service payments on the old and new debt) is approximately \$2.5 million. Details by issue are as follows:

<u>2011 Issue</u>	<u>Issue Refunded</u>	<u>Balance Refunded</u>
2011A	1999	\$ 415,000
	2003C	1,190,000
	2003D	800,000
		<u>2,405,000</u>
2011B	2002A	18,480,000
	2004A	950,000
	2004B	4,250,000
		<u>23,680,000</u>
Total		<u>\$ 26,085,000</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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:

	<u>Lake Forest Library</u>
Assets:	
Improvements other than buildings	\$ 91,389
Less: accumulated depreciation	<u>(76,157)</u>
Total	<u>\$ 15,232</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2012 were as follows:

<u>Year Ending April 30</u>	<u>Lake Forest Library</u>
2013	\$ 21,747
Less: Amount representing interest	<u>(87)</u>
Present value of minimum lease payments	<u>\$ 21,660</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, 2012

(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 2012 and 2011 were 11.88 percent and 11.69 percent of annual covered payroll, respectively. 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 \$1,893,946 for the regular plan was equal to the City's required and actual contributions.

(d) Trend Information

<u>Fiscal Year ending</u>	<u>Annual pension cost (APC)</u>	<u>Percentage of APC contributed</u>		<u>Net pension obligation</u>
2012	\$ 1,893,946	100	%	\$ -
2011	1,944,067	100		-
2010	1,961,263	100		-

The required contributions for 2012 and 2011 were determined as part of the December 31, 2009 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 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30 year basis.

(e) Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the regular plan was 62.73 percent funded. The actuarial liability for benefits was \$44,405,755 and the actuarial value of assets was \$27,857,081 resulting in an unfunded actuarial accrued liability (UAAL) of \$16,548,674. The covered payroll (annual payroll of active employees covered by the plan) was \$16,261,976 and the ratio of the UAAL to the covered payroll was 102 percent.

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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

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, 2012:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits	33	32
Terminated employees entitled to but not yet receiving benefits	3	-
Active plan members	<u>39</u>	<u>33</u>
Total	<u><u>75</u></u>	<u><u>65</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 \$1,348,133 invested in the Tennessee Valley Authority and \$1,708,143 invested in FNMA securities which represents 5% and 6.4%, respectively, of plan net assets at April 30, 2012.

(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, 2012

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 2012 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,372,431	\$ 862,452
Interest on net pension obligation	(51,048)	(26,622)
Adjustment to annual required contribution	38,966	19,252
Annual pension cost	1,360,349	855,082
Contributions made	1,515,074	983,298
Increase in net pension asset	154,725	128,216
Net pension asset at April 30, 2011	681,484	354,327
Net pension asset at April 30, 2012	\$ 836,209	\$ 482,543

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	45.10%	33.43%
Contribution rates - plan members	9.91%	9.46%
Actuarial valuation date	4/30/12	4/30/12
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percentage of pay, closed	Level Percentage of pay, closed
Remaining amortization period	21 years	21 years
Asset valuation method	Market	Market
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, 2012

(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, 2012:

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Statement of Fiduciary Net Assets		
Assets:		
Cash and cash equivalents	\$ 237,332	\$ 1,984,618
Investments	21,895,242	24,812,102
Other receivables	1,150	110,339
Prepaid expenses	6,509	4,991
Total assets	<u>22,140,233</u>	<u>26,912,050</u>
Liabilities:		
Accounts payable	<u>8,859</u>	<u>13,029</u>
Net assets:		
Held in trust for pension benefits	<u>\$ 22,131,374</u>	<u>\$ 26,899,021</u>
Statement of Changes in Fiduciary Net Assets		
Additions:		
Employer contributions	\$ 1,515,074	\$ 983,298
Employee contributions	338,575	278,048
Interest income	203,401	824,236
Net appreciation in fair value of investments	353,373	682,086
Less investment expenses	(102,677)	(76,141)
Total additions	<u>2,307,746</u>	<u>2,691,527</u>
Deductions:		
Pension benefits and refunds	1,682,292	1,463,983
Administrative expenses	5,800	5,800
Total deductions	<u>1,688,092</u>	<u>1,469,783</u>
Changes in net assets	619,654	1,221,744
Net assets held in trust at beginning of year	<u>21,511,720</u>	<u>25,677,277</u>
Net assets held in trust at end of year	<u>\$ 22,131,374</u>	<u>\$ 26,899,021</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

(e) Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC contributed		Net Pension Asset
Police Pension:	4/30/12	\$ 1,360,349	111.4	%	\$ 836,209
	4/30/11	1,390,988	101.6		681,484
	4/30/10	1,113,386	101.4		659,742
Firefighters' Pension:	4/30/12	\$ 855,082	115.0	%	\$ 482,543
	4/30/11	948,412	101.3		354,327
	4/30/10	755,444	107.2		341,889

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

The funded status of the Police and Firefighters' Pension Plans as of April 30, 2012, 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	\$ 22,131,376	\$ 39,409,677	\$ 17,278,301	56.2 %	\$ 3,359,679	514.3 %
Firefighters'	26,899,022	33,789,869	6,890,847	79.6	2,941,767	234.2

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, 2012

(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 2012, 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)	\$ 94,954	\$ 2,727
Interest on net OPEB obligation	6,716	136
Adjustment to annual required contribution	(3,620)	-
Annual OPEB cost	98,050	2,863
Contribution made	(63,488)	-
Increase in net OPEB obligation	34,562	2,863
Net OPEB obligation beginning of year	134,326	2,743
Net OPEB obligation end of year	\$ 168,888	\$ 5,606

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

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
04/30/2012	\$ 98,050	64.8%	\$ 168,888
04/30/2011	89,201	71.2%	134,326
04/30/2010	87,986	25.0%	108,613
Library:			
04/30/2012	\$ 2,863	0.0%	\$ 5,606
04/30/2011	2,743	0.0%	2,743

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

(d) **Funded Status and Funding Progress**

As of April 30, 2011 (latest actuarial valuation date), 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.

(e) **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 an open 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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

solid waste management which addresses the economic, political and environmental issues in Lake County.

The Agency is governed by a Board of Directors consisting of one official elected by each member. Each director has one vote. The 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

(a) Intergovernmental Risk Management Agency (IRMA)

The City participates in the Intergovernmental Risk Management Agency (IRMA). IRMA is an organization of municipalities and special districts in Northeastern Illinois which have formed an association under the Illinois Intergovernmental Cooperation Statute to pool their risk management needs. The agency administers a mix of self-insurance and commercial insurance coverages; property/casualty and workers' compensation claim administration/ litigation management services; unemployment claim administration; extensive risk management/loss control consulting and training programs; and a risk information system and financial reporting service for its members.

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. 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.

	<u>Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2010-2011	\$ 19,589	\$ 260,033	\$ 200,308	\$ 79,314
2011-2012	79,314	236,005	251,533	63,786

(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).

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2012

Changes in the balances of claims liabilities for the years ended April 30, 2012 and 2011 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2010-2011	\$ 256,753	\$ 3,842,866	\$ 3,582,996	\$ 516,623
2011-2012	516,623	3,681,121	3,725,959	471,785

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, 2012 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 totaling \$105,842 at April 30, 2012.

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 15,422,796	\$ 15,433,117	\$ 10,321
Other	8,808,275	8,871,480	63,205
Grants and contributions	-	21,715	21,715
Charges for services	2,864,584	2,642,136	(222,448)
Licenses and permits	2,103,627	2,475,739	372,112
Fines and forfeitures	361,790	372,607	10,817
Investment income	100,000	83,782	(16,218)
Miscellaneous revenue	519,773	668,840	149,067
Total revenues	<u>30,180,845</u>	<u>30,569,416</u>	<u>388,571</u>
Expenditures:			
Current:			
General government	9,928,318	9,130,298	798,020
Highways and streets	2,356,044	2,139,656	216,388
Sanitation	2,279,327	2,228,844	50,483
Public safety	13,627,211	13,378,659	248,552
Capital outlay	31,310	31,190	120
Contingency	3,036,287	-	3,036,287
Total expenditures	<u>31,258,497</u>	<u>26,908,647</u>	<u>4,349,850</u>
Excess (deficiency) of revenues over expenditures	(1,077,652)	3,660,769	4,738,421
Other financing uses:			
Transfers out	(2,140,655)	(2,170,775)	(30,120)
Net change in fund balance	<u>\$ (3,218,307)</u>	1,489,994	<u>\$ 4,708,301</u>
Fund balance – beginning of year		<u>12,228,019</u>	
Fund balance – end of year		<u>\$ 13,718,013</u>	

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 4,886,366	\$ 4,879,517	\$ (6,849)
Other	18,500	38,804	20,304
Grants and contributions	-	177,912	177,912
Charges for services	3,464,789	2,923,527	(541,262)
Investment income	28,000	30,090	2,090
Other	2,050	40,513	38,463
Total revenues	<u>8,399,705</u>	<u>8,090,363</u>	<u>(309,342)</u>
Expenditures:			
Current:			
Culture and recreation	8,577,314	7,859,901	717,413
Contingency	895,761	-	895,761
Capital outlay	230,294	201,262	29,032
Total expenditures	<u>9,703,369</u>	<u>8,061,163</u>	<u>1,642,206</u>
Excess (deficiency) of revenues over expenditures	<u>(1,303,664)</u>	<u>29,200</u>	<u>1,332,864</u>
Other financing sources (uses):			
Transfers in	323,000	323,000	-
Transfers out	-	(38,000)	(38,000)
Total other financing sources (uses)	<u>323,000</u>	<u>285,000</u>	<u>(38,000)</u>
Net change in fund balance	<u>\$ (980,664)</u>	<u>314,200</u>	<u>\$ 1,294,864</u>
Fund balance – beginning of year		<u>2,664,716</u>	
Fund balance – end of year		<u>\$ 2,978,916</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 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):						
12/31/2011	\$ 27,857,081	\$ 44,405,755	\$ 16,548,674	62.7 %	\$ 16,261,976	101.8 %
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
Police Pension Plan:						
04/30/2012	22,131,376	39,409,677	17,278,301	56.2	3,359,679	514.3
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
Firefighters' Pension Plan:						
04/30/2012	26,899,022	33,789,869	6,890,847	79.6	2,941,767	234.2
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

(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
4/30/12	\$ 1,515,074	\$ 1,372,431	110.4 %
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

Firefighters' Pension Plan

Fiscal Year	Employer Contributions	Annual required contribution	Percentage contributed
4/30/12	\$ 983,298	\$ 862,452	114.0 %
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

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
04/30/2012	\$ 63,488	\$ 94,954	66.9 %
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
04/30/2012	\$ -	\$ 2,727	- %
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, 2012

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.

Parks and Public Land Fund

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

Motor Fuel Tax Fund

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, activity fees 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 grants and activity fees 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.

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

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2012

Assets	Special Revenue Funds			
	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Parks and Public Land Fund
Cash and cash equivalents	\$ 72,504	\$ 21,175	\$ 157,510	\$ 344,530
Investments	-	89,824	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Other	-	-	63,055	12,580
Total receivables	-	-	63,055	12,580
Due from other governments	-	-	-	-
Due from fiduciary funds	-	-	-	-
Prepays	-	-	43,333	-
Total assets	<u>\$ 72,504</u>	<u>\$ 110,999</u>	<u>\$ 263,898</u>	<u>\$ 357,110</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,864	\$ -
Accrued liabilities	-	-	2,514	-
Due to other funds	-	-	-	-
Retainage payable	-	-	-	-
Deposits	-	-	-	-
Unearned revenue:				
Property taxes	-	-	-	-
Other	-	-	-	-
Total Liabilities	-	-	4,378	-
Fund balances:				
Nonspendable	-	-	43,333	-
Restricted:				
Culture and recreation	-	-	-	357,110
Highways and streets	-	-	-	-
Public safety	72,504	110,999	216,187	-
Cemetery purposes	-	-	-	-
Affordable housing	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Total fund balances	<u>72,504</u>	<u>110,999</u>	<u>259,520</u>	<u>357,110</u>
Total liabilities and fund balances	<u>\$ 72,504</u>	<u>\$ 110,999</u>	<u>\$ 263,898</u>	<u>\$ 357,110</u>

Exhibit C-1

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
\$ 247,916	\$ 549,431	\$ 122,392	\$ 872,136	\$ 117,414	\$ 2,316,219
-	3,145,550	-	-	-	-
-	-	-	-	-	1,941,014
-	-	-	-	-	-
-	9,929	21,440	-	-	-
-	9,929	21,440	-	-	1,941,014
37,614	-	-	-	-	-
-	54,349	-	-	-	-
-	-	-	-	-	-
\$ 285,530	\$ 3,759,259	\$ 143,832	\$ 872,136	\$ 117,414	\$ 4,257,233
\$ -	\$ 4,446	\$ 15,531	\$ 20,000	\$ 2,298	\$ -
-	5,333	5,633	-	-	-
-	-	-	-	29,915	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,941,014
-	-	-	-	-	-
-	9,779	21,164	20,000	32,213	1,941,014
-	-	-	-	-	-
-	-	122,668	-	85,201	-
285,530	-	-	-	-	-
-	-	-	-	-	-
-	3,749,480	-	-	-	-
-	-	-	852,136	-	-
-	-	-	-	-	-
-	-	-	-	-	2,316,219
-	-	-	-	-	-
285,530	3,749,480	122,668	852,136	85,201	2,316,219
\$ 285,530	\$ 3,759,259	\$ 143,832	\$ 872,136	\$ 117,414	\$ 4,257,233

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Combining Balance Sheet
 Nonmajor Governmental Funds
 April 30, 2012

	Capital Projects Funds		
	West Lake Forest TIF District Construction Fund	Capital Improvements Fund	Route 60 Bridge Improvements Fund
Assets			
Cash and cash equivalents	\$ 1,249,788	\$ 3,867,541	\$ 1,023,461
Investments	-	-	-
Receivables (net of allowance for uncollectibles):			
Property taxes	2,353,615	9,563	-
Accounts	-	831,849	-
Other	-	-	-
Total receivables	<u>2,353,615</u>	<u>841,412</u>	<u>-</u>
Due from other governments	-	-	-
Due from fiduciary funds	-	-	-
Prepays	-	-	-
Total assets	<u>\$ 3,603,403</u>	<u>\$ 4,708,953</u>	<u>\$ 1,023,461</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 30,013	\$ 71,482	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Retainage payable	-	62,814	-
Deposits	-	10,000	-
Unearned revenue:			
Property taxes	2,353,615	9,563	-
Other	-	801,849	-
Total Liabilities	<u>2,383,628</u>	<u>955,708</u>	<u>-</u>
Fund balances:			
Nonspendable	-	-	-
Restricted:			
Culture and recreation	-	-	-
Highways and streets	-	-	-
Public safety	-	-	-
Cemetery purposes	-	-	-
Affordable housing	-	-	-
Capital projects	1,219,775	3,753,245	-
Debt service	-	-	-
Assigned			
Capital projects	-	-	1,023,461
Total fund balances	<u>1,219,775</u>	<u>3,753,245</u>	<u>1,023,461</u>
Total liabilities and fund balances	<u>\$ 3,603,403</u>	<u>\$ 4,708,953</u>	<u>\$ 1,023,461</u>

Exhibit C-1 (Cont.)

Capital Projects Funds				
Route 60 Intersection Improvements Fund	Route 60 Fitzmorris Improvements Fund	2010 Bond Construction Fund	Total Nonmajor Governmental Funds	
\$ 547,869	\$ 20,270	\$ 87,829	\$ 11,617,985	
-	-	-	3,235,374	
-	-	-	4,304,192	
-	-	-	831,849	
-	-	-	107,004	
-	-	-	5,243,045	
-	-	-	37,614	
-	-	-	54,349	
-	-	-	43,333	
\$ 547,869	\$ 20,270	\$ 87,829	\$ 20,231,700	
\$ -	\$ -	\$ 23,275	\$ 168,909	
-	-	-	13,480	
-	-	-	29,915	
-	-	12,730	75,544	
-	-	-	10,000	
-	-	-	4,304,192	
-	-	-	801,849	
-	-	36,005	5,403,889	
-	-	-	43,333	
-	-	-	564,979	
-	-	-	285,530	
-	-	-	399,690	
-	-	-	3,749,480	
-	-	-	852,136	
-	-	51,824	5,024,844	
-	-	-	2,316,219	
547,869	20,270	-	1,591,600	
547,869	20,270	51,824	14,827,811	
\$ 547,869	\$ 20,270	\$ 87,829	\$ 20,231,700	

CITY OF LAKE FOREST, ILLINOIS

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

Nonmajor Governmental Funds

For the Year Ended April 30, 2012

	Special Revenue Funds			
	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Parks and Public Land Fund
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Intergovernmental revenues	16,800	-	-	-
Grants and contributions	-	-	-	37,581
Charges for services	-	91,716	270,079	15,668
Investment income	427	175	1,022	2,383
Miscellaneous revenue	-	-	-	921
Total revenues	<u>17,227</u>	<u>91,891</u>	<u>271,101</u>	<u>56,553</u>
Expenditures:				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	104,732	240,410	-
Capital outlay	-	-	2,000	95,793
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>104,732</u>	<u>242,410</u>	<u>95,793</u>
Excess (deficiency) of revenues over expenditures	<u>17,227</u>	<u>(12,841)</u>	<u>28,691</u>	<u>(39,240)</u>
Other financing sources (uses):				
Proceeds from sales of capital assets	-	-	-	-
Bond proceeds	-	-	-	-
Premium on bonds	-	-	-	-
Transfer to escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	17,227	(12,841)	28,691	(39,240)
Fund balances (deficits) – beginning of year	<u>55,277</u>	<u>123,840</u>	<u>230,829</u>	<u>396,350</u>
Fund balances – end of year	<u>\$ 72,504</u>	<u>\$ 110,999</u>	<u>\$ 259,520</u>	<u>\$ 357,110</u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,810,391
-	-	-	40,000	-	-
573,160	-	-	-	-	-
-	-	163,300	-	24,000	168,384
-	633,347	145,306	-	64,052	-
5,496	25,599	1,024	6,182	628	20,392
-	15,090	-	-	-	-
<u>578,656</u>	<u>674,036</u>	<u>309,630</u>	<u>46,182</u>	<u>88,680</u>	<u>2,999,167</u>
-	576,130	-	119,558	-	36,104
-	-	529,112	-	74,534	-
-	-	-	-	-	-
1,719,233	-	55,624	-	-	-
-	125,000	-	-	-	2,406,876
-	18,550	-	-	-	1,648,822
<u>1,719,233</u>	<u>719,680</u>	<u>584,736</u>	<u>119,558</u>	<u>74,534</u>	<u>4,091,802</u>
<u>(1,140,577)</u>	<u>(45,644)</u>	<u>(275,106)</u>	<u>(73,376)</u>	<u>14,146</u>	<u>(1,092,635)</u>
-	-	-	-	-	-
-	415,000	-	-	-	5,275,000
-	10,215	-	-	-	110,613
-	(418,622)	-	-	-	(5,350,403)
-	-	206,480	-	-	690,059
-	-	-	-	-	(125,241)
-	6,593	206,480	-	-	600,028
<u>(1,140,577)</u>	<u>(39,051)</u>	<u>(68,626)</u>	<u>(73,376)</u>	<u>14,146</u>	<u>(492,607)</u>
<u>1,426,107</u>	<u>3,788,531</u>	<u>191,294</u>	<u>925,512</u>	<u>71,055</u>	<u>2,808,826</u>
<u>\$ 285,530</u>	<u>\$ 3,749,480</u>	<u>\$ 122,668</u>	<u>\$ 852,136</u>	<u>\$ 85,201</u>	<u>\$ 2,316,219</u>

(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, 2012

	Capital Projects Funds		
	West Lake Forest TIF District Construction Fund	Capital Improvements Fund	Route 60 Bridge Improvements Fund
Revenues:			
Taxes:			
Property	\$ 2,295,589	\$ 9,764	\$ -
Other	-	1,255,407	-
Intergovernmental revenues	-	-	-
Grants and contributions	-	446,845	-
Charges for services	-	242,969	-
Investment income	7,142	27,891	6,700
Miscellaneous revenue	-	5,449	-
Total revenues	<u>2,302,731</u>	<u>1,988,325</u>	<u>6,700</u>
Expenditures:			
Current:			
General government	367,119	83,822	-
Culture and recreation	-	-	-
Public safety	-	-	-
Capital outlay	384,205	3,639,044	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>751,324</u>	<u>3,722,866</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,551,407</u>	<u>(1,734,541)</u>	<u>6,700</u>
Other financing sources (uses):			
Proceeds from sales of capital assets	-	34,055	-
Bond proceeds	-	-	-
Premium on bonds	-	-	-
Transfer to escrow agent	-	-	-
Transfers in	-	1,076,731	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>1,110,786</u>	<u>-</u>
Net change in fund balances	1,551,407	(623,755)	6,700
Fund balances (deficits) – beginning of year	<u>(331,632)</u>	<u>4,377,000</u>	<u>1,016,761</u>
Fund balances – end of year	<u>\$ 1,219,775</u>	<u>\$ 3,753,245</u>	<u>\$ 1,023,461</u>

Exhibit C-2

Route 60 Intersection Improvements Fund	Route 60 Fitzmorris Improvements Fund	2010 Bond Construction Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 5,115,744
-	-	-	1,295,407
-	-	-	589,960
-	-	-	840,110
-	-	-	1,463,137
3,586	133	2,573	111,353
-	-	-	21,460
<u>3,586</u>	<u>133</u>	<u>2,573</u>	<u>9,437,171</u>
-	-	-	1,182,733
-	-	-	603,646
-	-	-	345,142
-	-	513,572	6,409,471
-	-	-	2,531,876
-	-	-	1,667,372
<u>-</u>	<u>-</u>	<u>513,572</u>	<u>12,740,240</u>
<u>3,586</u>	<u>133</u>	<u>(510,999)</u>	<u>(3,303,069)</u>
-	-	-	34,055
-	-	-	5,690,000
-	-	-	120,828
-	-	-	(5,769,025)
-	-	-	1,973,270
-	-	-	(125,241)
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,923,887</u>
3,586	133	(510,999)	(1,379,182)
<u>544,283</u>	<u>20,137</u>	<u>562,823</u>	<u>16,206,993</u>
<u>\$ 547,869</u>	<u>\$ 20,270</u>	<u>\$ 51,824</u>	<u>\$ 14,827,811</u>

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 4,200	\$ 16,800	\$ 12,600
Investment income	400	427	27
Total revenues	<u>4,600</u>	<u>17,227</u>	<u>12,627</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><u>\$ (39,400)</u></u>	17,227	<u><u>\$ 56,627</u></u>
Fund balance – beginning of year		<u>55,277</u>	
Fund balance – end of year		<u><u>\$ 72,504</u></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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 96,000	\$ 91,716	\$ (4,284)
Investment income	1,000	175	(825)
Total revenues	<u>97,000</u>	<u>91,891</u>	<u>(5,109)</u>
Expenditures:			
Current:			
Public safety	105,000	104,732	268
Contingency	10,500	-	10,500
Total expenditures	<u>115,500</u>	<u>104,732</u>	<u>10,768</u>
Net change in fund balance	<u>\$ (18,500)</u>	(12,841)	<u>\$ 5,659</u>
Fund balance – beginning of year		<u>123,840</u>	
Fund balance – end of year		<u>\$ 110,999</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 279,770	\$ 270,079	\$ (9,691)
Investment income	-	1,022	1,022
Total revenues	<u>279,770</u>	<u>271,101</u>	<u>(8,669)</u>
Expenditures:			
Current:			
Public safety	260,285	240,410	19,875
Contingency	26,029	-	26,029
Capital outlay	-	2,000	(2,000)
Total expenditures	<u>286,314</u>	<u>242,410</u>	<u>43,904</u>
Net change in fund balance	<u>\$ (6,544)</u>	28,691	<u>\$ 35,235</u>
Fund balance – beginning of year		<u>230,829</u>	
Fund balance – end of year		<u>\$ 259,520</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants and contributions	\$ 50,000	\$ 37,581	\$ (12,419)
Charges for services	125,344	15,668	(109,676)
Investment income	3,914	2,383	(1,531)
Miscellaneous revenue	-	921	921
Total revenues	179,258	56,553	(122,705)
Expenditures:			
Current:			
Contingency	9,000	-	9,000
Capital outlay	90,000	95,793	(5,793)
Total expenditures	99,000	95,793	3,207
Net change in fund balance	\$ 80,258	(39,240)	\$ (119,498)
Fund balance (deficit) – beginning of year		396,350	
Fund balance – end of year		\$ 357,110	

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental revenues	\$ 557,000	\$ 573,160	\$ 16,160
Investment income	19,831	5,496	(14,335)
Total revenues	<u>576,831</u>	<u>578,656</u>	<u>1,825</u>
Expenditures:			
Current:			
Contingency	172,392	-	172,392
Capital outlay	1,723,920	1,719,233	4,687
Total expenditures	<u>1,896,312</u>	<u>1,719,233</u>	<u>177,079</u>
Net change in fund balance	<u>\$ (1,319,481)</u>	(1,140,577)	<u>\$ 178,904</u>
Fund balance – beginning of year		<u>1,426,107</u>	
Fund balance – end of year		<u>\$ 285,530</u>	

CITY OF LAKE FOREST, ILLINOIS

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

General Cemetery Fund

For the Year Ended April 30, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 606,077	\$ 633,347	\$ 27,270
Investment income	124,214	25,599	(98,615)
Miscellaneous revenue	29,978	15,090	(14,888)
Total revenues	<u>760,269</u>	<u>674,036</u>	<u>(86,233)</u>
Expenditures:			
Current:			
General government	842,262	576,130	266,132
Contingency	99,482	-	99,482
Debt service:			
Principal retirement	125,000	125,000	-
Interest	27,558	18,550	9,008
Total expenditures	<u>1,094,302</u>	<u>719,680</u>	<u>374,622</u>
Excess (deficiency) of revenues over expenditures	<u>(334,033)</u>	<u>(45,644)</u>	<u>288,389</u>
Other financing sources (uses):			
Bond proceeds	-	415,000	415,000
Bond premium	-	10,215	10,215
Transfer to escrow agent	-	(418,622)	(418,622)
Total other financing sources and uses	<u>-</u>	<u>6,593</u>	<u>6,593</u>
Net change in fund balance	<u>\$ (334,033)</u>	<u>(39,051)</u>	<u>\$ 294,982</u>
Fund balance – beginning of year		<u>3,788,531</u>	
Fund balance – end of year		<u>\$ 3,749,480</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants and contributions	\$ 147,485	\$ 163,300	\$ (2,179)
Charges for services	181,278	145,306	(35,972)
Investment income	1,600	1,024	(576)
Total revenues	330,363	309,630	(20,733)
Expenditures:			
Current:			
Culture and recreation	552,118	529,112	23,006
Contingency	60,774	-	60,774
Capital outlay	55,624	55,624	-
Total expenditures	668,516	584,736	83,780
Excess (deficiency) of revenues over expenditures	(338,153)	(275,106)	63,047
Other financing sources:			
Transfers in	221,755	206,480	(15,275)
Net change in fund balance	\$ (116,398)	(68,626)	\$ 47,772
Fund balance – beginning of year		191,294	
Fund balance – end of year		\$ 122,668	

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Other taxes - demolition tax	\$ 30,000	\$ 40,000	\$ 10,000
Investment income	8,955	6,182	(2,773)
Total revenues	38,955	46,182	7,227
Expenditures:			
Current:			
General government	150,000	119,558	30,442
Contingency	15,000	-	15,000
Total expenditures	165,000	119,558	45,442
Net change in fund balance	\$ (126,045)	(73,376)	\$ 52,669
Fund balance – beginning of year		925,512	
Fund balance – end of year		\$ 852,136	

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants and contributions	\$ 21,648	\$ 24,000	\$ 2,352
Charges for services	62,399	64,052	1,653
Investment income	-	628	628
Total revenues	84,047	88,680	4,633
Expenditures:			
Current:			
Culture and recreation	75,300	74,534	766
Contingency	7,530	-	7,530
Total expenditures	82,830	74,534	8,296
Net change in fund balance	\$ 1,217	14,146	\$ 12,929
Fund balance – beginning of year		71,055	
Fund balance – end of year		\$ 85,201	

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes			
Property	\$ 2,861,321	\$ 2,810,391	\$ (50,930)
Grants and contributions	168,384	168,384	-
Investment income	213	20,392	20,179
Total revenues	<u>3,029,918</u>	<u>2,999,167</u>	<u>(30,751)</u>
Expenditures:			
Current:			
General government	3,800	36,104	(32,304)
Debt service:			
Principal	2,372,876	2,406,876	(34,000)
Interest	1,725,700	1,648,822	76,878
Total expenditures	<u>4,102,376</u>	<u>4,091,802</u>	<u>10,574</u>
Deficiency of revenues over expenditures	<u>(1,072,458)</u>	<u>(1,092,635)</u>	<u>(20,177)</u>
Other financing sources (uses):			
Bond proceeds	-	5,275,000	5,275,000
Premium on bonds	-	110,613	110,613
Transfer to escrow agent	-	(5,350,403)	(5,350,403)
Transfers in	597,427	690,059	92,632
Transfers out	-	(125,241)	(125,241)
Total other financing sources and uses	<u>597,427</u>	<u>600,028</u>	<u>2,601</u>
Net change in fund balance	<u>\$ (475,031)</u>	<u>(492,607)</u>	<u>\$ (17,576)</u>
Fund balance – beginning of year		<u>2,808,826</u>	
Fund balance – end of year		<u>\$ 2,316,219</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 2,239,879	\$ 2,295,589	\$ 55,710
Investment income	1,000	7,142	6,142
Total revenues	<u>2,240,879</u>	<u>2,302,731</u>	<u>61,852</u>
Expenditures:			
Current:			
General government	1,106,194	367,119	739,075
Contingency	200,032	-	200,032
Capital outlay	894,122	384,205	509,917
Total expenditures	<u>2,200,348</u>	<u>751,324</u>	<u>1,449,024</u>
Net change in fund balance	<u>\$ 40,531</u>	1,551,407	<u>\$ 1,510,876</u>
Fund balance (deficit) – beginning of year		<u>(331,632)</u>	
Fund balance – end of year		<u>\$ 1,219,775</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 9,764	\$ 9,764	\$ -
Other	1,058,300	1,255,407	197,107
Grants and contributions	1,645,000	446,845	(1,198,155)
Charges for services	10,000	242,969	232,969
Investment income	18,420	27,891	9,471
Miscellaneous revenue	-	5,449	5,449
Total revenues	<u>2,741,484</u>	<u>1,988,325</u>	<u>(753,159)</u>
Expenditures:			
Current:			
General government	81,445	83,822	(2,377)
Contingency	539,950	-	539,950
Capital outlay	5,318,056	3,639,044	1,679,012
Total expenditures	<u>5,939,451</u>	<u>3,722,866</u>	<u>2,216,585</u>
Excess (deficiency) of revenues over expenditures	<u>(3,197,967)</u>	<u>(1,734,541)</u>	<u>1,463,426</u>
Other financing sources:			
Proceeds from sales of capital assets:			
Sale of property	940,000	3,200	(936,800)
Sale of equipment	-	30,855	30,855
Transfers in	1,000,000	1,076,731	76,731
Total other financing sources	<u>1,940,000</u>	<u>1,110,786</u>	<u>(829,214)</u>
Net change in fund balance	<u>\$ (1,257,967)</u>	<u>(623,755)</u>	<u>\$ 634,212</u>
Fund balance – beginning of year		<u>4,377,000</u>	
Fund balance – end of year		<u>\$ 3,753,245</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 6,700	\$ 6,700
Expenditures:			
Current:			
Contingency	101,531	-	101,531
Capital outlay	1,015,308	-	1,015,308
Total expenditures	<u>1,116,839</u>	-	<u>1,116,839</u>
Net change in fund balance	<u>\$ (1,116,839)</u>	6,700	<u>\$ 1,123,539</u>
Fund balance – beginning of year		<u>1,016,761</u>	
Fund balance – end of year		<u>\$ 1,023,461</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 3,586	\$ 3,586
Expenditures:			
Current:			
Contingency	54,345	-	54,345
Capital outlay	543,453	-	543,453
Total expenditures	<u>597,798</u>	<u>-</u>	<u>597,798</u>
Net change in fund balance	<u>\$ (597,798)</u>	3,586	<u>\$ 601,384</u>
Fund balance – beginning of year		<u>544,283</u>	
Fund balance – end of year		<u>\$ 547,869</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 133	\$ 133
Expenditures:			
Current:			
Capital outlay	20,270	-	20,270
Contingency	2,027	-	2,027
Total expenditures	<u>22,297</u>	-	<u>22,297</u>
Net change in fund balance	<u>\$ (22,297)</u>	133	<u>\$ 22,430</u>
Fund balance – beginning of year		<u>20,137</u>	
Fund balance – end of year		<u>\$ 20,270</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 7,387,880	\$ 7,370,268	\$ (17,612)
Connection fees	65,500	82,034	16,534
Miscellaneous	3,000	25,335	22,335
Total operating revenues	<u>7,456,380</u>	<u>7,477,637</u>	<u>21,257</u>
Operating expenses:			
General and administrative	2,181,778	2,123,940	57,838
Operations and maintenance	3,565,175	3,063,568	501,607
Contingency	883,390	-	883,390
Total operating expenses	<u>6,630,343</u>	<u>5,187,508</u>	<u>1,442,835</u>
Nonoperating revenues (expenses):			
Investment income	67,006	47,456	(19,550)
Principal retirement	(1,405,000)	(1,568,500)	(163,500)
Interest expense	(981,944)	(640,400)	341,544
Total nonoperating revenues (expenses)	<u>(2,319,938)</u>	<u>(2,161,444)</u>	<u>158,494</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 1,405,316	\$ 1,232,354	\$ (172,962)
Miscellaneous	-	5,662	5,662
Total operating revenues	<u>1,405,316</u>	<u>1,238,016</u>	<u>(167,300)</u>
Operating expenses:			
General and administrative	704,888	653,732	51,156
Operations and maintenance	524,002	517,720	6,282
Contingency	134,889	-	134,889
Total operating expenses	<u>1,363,779</u>	<u>1,171,452</u>	<u>192,327</u>
Nonoperating revenues (expenses):			
Investment income	3,270	3,920	650
Principal retirement	(75,000)	(82,500)	(7,500)
Interest expense	(45,000)	(21,506)	23,494
Total nonoperating revenues (expenses)	<u>(116,730)</u>	<u>(100,086)</u>	<u>16,644</u>

INTERNAL SERVICE FUNDS

Fleet Fund

The Fleet Fund accounts for the costs of operating a maintenance and repairs facility for automotive and other equipment used by other City departments. Such costs are billed to the other departments at actual cost plus an allocation of administrative costs based on actual costs. The automotive and other equipment itself is acquired by the various user departments.

Self Insurance Fund

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

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, 2012

Assets	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Current assets:				
Cash and cash equivalents	\$ 76,871	\$ 5,950,483	\$ 199,035	\$ 6,226,389
Other receivables	6,192	-	-	6,192
Inventories	259,329	-	-	259,329
Prepaid items	-	-	559,051	559,051
Total current assets	<u>342,392</u>	<u>5,950,483</u>	<u>758,086</u>	<u>7,050,961</u>
Noncurrent assets:				
Capital assets:				
Being depreciated, net of accumulated depreciation	<u>37,740</u>	-	-	<u>37,740</u>
Total capital assets, net	<u>37,740</u>	-	-	<u>37,740</u>
Total noncurrent assets	<u>37,740</u>	-	-	<u>37,740</u>
Total assets	<u>380,132</u>	<u>5,950,483</u>	<u>758,086</u>	<u>7,088,701</u>
Liabilities				
Current liabilities:				
Accounts payable	42,992	232,692	7,684	283,368
Accrued liabilities	10,565	471,785	56,101	538,451
Deferred revenue	1,925	-	-	1,925
Current portion of long-term obligations:				
Accrued compensated absences	<u>3,418</u>	-	-	<u>3,418</u>
Total current liabilities	<u>58,900</u>	<u>704,477</u>	<u>63,785</u>	<u>827,162</u>
Noncurrent liabilities:				
Accrued compensated absences	<u>55,629</u>	-	-	<u>55,629</u>
Total liabilities	<u>114,529</u>	<u>704,477</u>	<u>63,785</u>	<u>882,791</u>
Net Assets				
Invested in capital assets	37,740	-	-	37,740
Unrestricted	<u>227,863</u>	<u>5,246,006</u>	<u>694,301</u>	<u>6,168,170</u>
Total net assets	<u>\$ 265,603</u>	<u>\$ 5,246,006</u>	<u>\$ 694,301</u>	<u>\$ 6,205,910</u>

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, 2012

	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 1,762,385	\$ 4,585,827	\$ 1,538,580	\$ 7,886,792
Operating expenses:				
General and administrative	1,871,377	4,329,865	1,089,264	7,290,506
Depreciation and amortization	4,804	-	-	4,804
Total operating expenses	1,876,181	4,329,865	1,089,264	7,295,310
Operating income (loss)	(113,796)	255,962	449,316	591,482
Nonoperating revenues:				
Investment income	1,402	36,637	1,168	39,207
Change in net assets	(112,394)	292,599	450,484	630,689
Net assets – beginning of year	377,997	4,953,407	243,817	5,575,221
Net assets – end of year	\$ 265,603	\$ 5,246,006	\$ 694,301	\$ 6,205,910

CITY OF LAKE FOREST, ILLINOIS
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended April 30, 2012

	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,762,310	\$ 4,677,753	\$ 1,538,580	\$ 7,978,643
Payments to suppliers	(1,278,592)	(4,355,691)	(1,340,713)	(6,974,996)
Payments to employees	(648,484)	-	-	(648,484)
Net cash provided by (used for) operating activities	(164,766)	322,062	197,867	355,163
Cash flows from investing activities:				
Interest and dividends received	1,402	36,637	1,168	39,207
Increase (decrease) in cash and cash equivalents	(163,364)	358,699	199,035	394,370
Cash and cash equivalents – beginning of year	240,235	5,591,784	-	5,832,019
Cash and cash equivalents – end of year	\$ 76,871	\$ 5,950,483	\$ 199,035	\$ 6,226,389
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (113,796)	\$ 255,962	\$ 449,316	\$ 591,482
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation expense	4,804	-	-	4,804
Changes in assets and liabilities:				
Accounts receivable	(2,000)	91,926	-	89,926
Other assets	(51,250)	-	69,912	18,662
Accounts payable	(12,755)	19,012	(7,515)	(1,258)
Accrued liabilities	1,266	(44,838)	(8,014)	(51,586)
Deferred revenue	1,925	-	-	1,925
Compensated absences	7,040	-	-	7,040
Other liabilities	-	-	(305,832)	(305,832)
Total adjustments	(50,970)	66,100	(251,449)	(236,319)
Net cash provided by (used for) operating activities	\$ (164,766)	\$ 322,062	\$ 197,867	\$ 355,163

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
<hr/>			
Operating revenues:			
Charges for services	\$ 1,758,342	\$ 1,762,385	\$ 4,043
<hr/>			
Operating expenses:			
General and administrative	1,766,042	1,871,377	(105,335)
Contingency	176,604	-	176,604
Total operating expenses	<u>1,942,646</u>	<u>1,871,377</u>	<u>71,269</u>
<hr/>			
Nonoperating revenues:			
Investment income	<u>2,000</u>	<u>1,402</u>	<u>(598)</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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 4,649,000	\$ 4,585,827	\$ (63,173)
Operating expenses:			
General and administrative	4,350,000	4,329,865	20,135
Contingency	435,000	-	435,000
Total operating expenses	4,785,000	4,329,865	455,135
Nonoperating revenues:			
Investment income	38,000	36,637	(1,363)

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, 2012

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 1,538,575	\$ 1,538,580	\$ 5
Operating expenses:			
General and administrative	1,206,000	1,089,264	116,736
Contingency	120,600	-	120,600
Total operating expenses	1,326,600	1,089,264	237,336
Nonoperating revenues:			
Investment income	300	1,168	868

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, 2012

Assets	Police Pension Fund	Firefighters' Pension Fund	Total
Cash and cash equivalents	\$ 237,332	\$ 1,984,618	\$ 2,221,950
Investments:			
U.S. Treasury obligations	9,120,157	4,532,251	13,652,408
U.S. Government agencies	1,494,690	5,961,937	7,456,627
Municipal/corporate bonds	-	2,715,112	2,715,112
Common stock	2,074,351	-	2,074,351
Equity mutual funds	9,206,044	11,602,802	20,808,846
Other receivables	1,150	110,339	111,489
Prepaid items	6,509	4,991	11,500
Total assets	22,140,233	26,912,050	49,052,283
Liabilities			
Accounts payable	8,859	13,029	21,888
Net Assets			
Held in trust for pension benefits	\$ 22,131,374	\$ 26,899,021	\$ 49,030,395

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Changes in Fiduciary Net Assets

Pension Trust Funds

For the Year Ended April 30, 2012

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,515,074	\$ 983,298	\$ 2,498,372
Employee	338,575	278,048	616,623
Total contributions	<u>1,853,649</u>	<u>1,261,346</u>	<u>3,114,995</u>
Interest income	203,401	824,236	1,027,637
Net appreciation in fair value of investments	353,373	682,086	1,035,459
Less investment expenses	<u>(102,677)</u>	<u>(76,141)</u>	<u>(178,818)</u>
Net investment income	<u>454,097</u>	<u>1,430,181</u>	<u>1,884,278</u>
Total additions	<u>2,307,746</u>	<u>2,691,527</u>	<u>4,999,273</u>
Deductions:			
Pension benefits and refunds	1,682,292	1,463,983	3,146,275
Other administrative expenses	5,800	5,800	11,600
	<u>1,688,092</u>	<u>1,469,783</u>	<u>3,157,875</u>
Change in net assets	619,654	1,221,744	1,841,398
Net assets held in trust at beginning of year	<u>21,511,720</u>	<u>25,677,277</u>	<u>47,188,997</u>
Net assets held in trust at end of year	<u>\$ 22,131,374</u>	<u>\$ 26,899,021</u>	<u>\$ 49,030,395</u>

CITY OF LAKE FOREST, ILLINOIS
 Statement of Changes in Assets and Liabilities
 Agency Fund - Special Assessment Fund
 For the Year Ended April 30, 2012

	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, 2012

	Original/Final Appropriations	Actual	Variance with Final Budget
Additions:			
Contributions			
Employer	\$ 1,503,105	\$ 1,515,074	\$ 11,969
Employee	345,000	338,575	(6,425)
Total contributions	<u>1,848,105</u>	<u>1,853,649</u>	<u>5,544</u>
Interest income	140,000	203,401	63,401
Net appreciation in fair value of investments	-	353,373	353,373
Less investment expense	(110,000)	(102,677)	7,323
Net investment income	<u>30,000</u>	<u>454,097</u>	<u>424,097</u>
Total additions	<u>1,878,105</u>	<u>2,307,746</u>	<u>429,641</u>
Deductions:			
Pension benefits and refunds	1,575,000	1,682,292	(107,292)
Other administrative expenses	5,800	5,800	-
Contingency	169,080	-	169,080
Total deductions	<u>1,749,880</u>	<u>1,688,092</u>	<u>61,788</u>
Change in net assets	<u>\$ 128,225</u>	619,654	<u>\$ 491,429</u>
Net assets held in trust at beginning of year		<u>21,511,720</u>	
Net assets held in trust at end of year		<u>\$ 22,131,374</u>	

Firefighters' Pension Fund
 Schedule of Changes in Fiduciary Net Assets - Budget and Actual
 For the Year Ended April 30, 2012

	Original/Final Appropriations	Actual	Variance with Final Budget
Additions:			
Contributions			
Employer	\$ 976,971	\$ 983,298	\$ 6,327
Employee	275,000	278,048	3,048
Total contributions	<u>1,251,971</u>	<u>1,261,346</u>	<u>9,375</u>
Interest income	550,000	824,236	274,236
Net appreciation in fair value of investments	-	682,086	682,086
Less investment expense	(81,000)	(76,141)	4,859
Net investment income	<u>469,000</u>	<u>1,430,181</u>	<u>961,181</u>
Total additions	<u>1,720,971</u>	<u>2,691,527</u>	<u>970,556</u>
Deductions:			
Pension benefits and refunds	1,530,000	1,463,983	66,017
Other administrative expenses	5,800	5,800	-
Contingency	161,680	-	161,680
Total deductions	<u>1,697,480</u>	<u>1,469,783</u>	<u>227,697</u>
Change in net assets	<u>\$ 23,491</u>	1,221,744	<u>\$ 1,198,253</u>
Net assets held in trust at beginning of year		<u>25,677,277</u>	
Net assets held in trust at end of year		<u>\$ 26,899,021</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, 2012

Assets	General Fund	Adjustments	Statement of Net Assets
Cash and cash equivalents	\$ 1,230,944	\$ -	\$ 1,230,944
Receivables (net of allowance for uncollectibles):			
Property taxes	3,486,867	-	3,486,867
Total receivables	<u>3,486,867</u>	<u>-</u>	<u>3,486,867</u>
Capital assets (net):			
Capital assets not depreciated	-	219,000	219,000
Capital assets depreciated (net)	-	3,028,554	3,028,554
Total assets	<u>\$ 4,717,811</u>	<u>\$ 3,247,554</u>	<u>\$ 7,965,365</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 112,189	\$ -	\$ 112,189
Accrued liabilities	38,720	-	38,720
Unearned revenue – property taxes	3,486,867	-	3,486,867
Long-term obligations:			
Due within one year	-	31,660	31,660
Due in more than one year	-	166,373	166,373
Total Liabilities	<u>3,637,776</u>	<u>198,033</u>	<u>3,835,809</u>
Fund Balance/Net Assets:			
Fund balance:			
Unassigned	1,080,035	(1,080,035)	-
Net assets:			
Invested in capital assets	-	3,225,894	3,225,894
Unrestricted	-	903,662	903,662
Total fund balance/net assets	<u>1,080,035</u>	<u>3,049,521</u>	<u>4,129,556</u>
Total liabilities and fund balance/net assets	<u>\$ 4,717,811</u>	<u>\$ 3,247,554</u>	<u>\$ 7,965,365</u>

CITY OF LAKE FOREST, ILLINOIS

Discretely Presented Component Unit – Lake Forest Library

Statement of Activities and General Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance

For the Year Ended April 30, 2012

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes:			
Property	\$ 3,455,432	\$ -	\$ 3,455,432
Other	28,880	-	28,880
Intergovernmental – per capita grant	20,527	-	20,527
Grants and contributions	25,202	-	25,202
Charges for services	8,561	-	8,561
Fines	51,739	-	51,739
Investment income	12,795	-	12,795
Total revenues	<u>3,603,136</u>	<u>-</u>	<u>3,603,136</u>
Expenditures/expenses			
Current:			
Library services:			
Personnel services	2,175,175	29,487	2,204,662
Other	809,144	121,657	930,801
Library building:			
Personnel services	137,840	1,882	139,722
Other	137,757	290,155	427,912
Capital outlay:			
Building and office	85,118	(85,118)	-
Capital improvements	181,699	(181,699)	-
Debt service:			
Principal retirement	30,083	(30,083)	-
Interest	380	-	380
Total expenditures/expenses	<u>3,557,196</u>	<u>146,281</u>	<u>3,703,477</u>
Net change in fund balance/net assets	45,940	(146,281)	(100,341)
Fund balance/net assets – beginning of year	<u>1,034,095</u>	<u>3,195,802</u>	<u>4,229,897</u>
Fund balance/net assets – end of year	<u>\$ 1,080,035</u>	<u>\$ 3,049,521</u>	<u>\$ 4,129,556</u>

CITY OF LAKE FOREST, ILLINOIS
 Summary of Debt Service Requirements to Maturity
 April 30, 2012

Fiscal year	General Obligation Bonds
2013	\$ 5,082,103
2014	5,073,042
2015	5,072,733
2016	14,868,160
2017	4,805,089
2018	4,825,785
2019	4,806,217
2020	4,822,073
2021	4,832,862
2022	4,683,897
2023	4,682,308
2024	3,762,632
2025	1,668,457
2026	1,661,556
2027	1,652,526
2028	1,645,389
2029	994,130
2030	965,700
2031	921,450
2032	916,600
2033	909,450
	\$ 78,652,159

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity – General Obligation Bonds

April 30, 2012

Fiscal Year	2002 Series A Obligation Bonds		Special Service Area 25 Tax Bonds		Special Service Area 26 Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,350,000	\$ 54,000	\$ 55,000	\$ 27,217	\$ 13,433	\$ 8,282
2014	-	-	55,000	25,375	13,963	7,752
2015	-	-	55,000	23,478	14,522	7,193
2016	-	-	60,000	21,525	15,117	6,598
2017	-	-	60,000	19,335	15,767	5,948
2018	-	-	60,000	17,085	16,461	5,253
2019	-	-	65,000	14,775	17,202	4,513
2020	-	-	65,000	12,207	17,993	3,721
2021	-	-	70,000	9,575	18,839	2,876
2022	-	-	75,000	6,600	19,747	1,971
2023	-	-	75,000	3,338	20,700	1,014
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 1,350,000</u>	<u>\$ 54,000</u>	<u>\$ 695,000</u>	<u>\$ 180,510</u>	<u>\$ 183,744</u>	<u>\$ 55,121</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2012

Fiscal Year	Special Service Area 29		2004 Series A		2004 Series B	
	Tax Bonds		Obligation Bonds		Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 93,301	\$ 65,970	\$ 75,000	\$ 3,000	\$ 150,000	\$ 5,250
2014	96,986	62,234	-	-	-	-
2015	100,914	58,251	-	-	-	-
2016	105,102	54,005	-	-	-	-
2017	109,569	49,476	-	-	-	-
2018	114,335	44,644	-	-	-	-
2019	119,423	39,485	-	-	-	-
2020	124,857	33,976	-	-	-	-
2021	130,663	28,090	-	-	-	-
2022	136,869	21,797	-	-	-	-
2023	143,508	15,066	-	-	-	-
2024	150,611	7,864	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 1,426,138</u>	<u>\$ 480,858</u>	<u>\$ 75,000</u>	<u>\$ 3,000</u>	<u>\$ 150,000</u>	<u>\$ 5,250</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2012

Fiscal Year	Series 2008 Obligation Bonds		Series 2009 Obligation Bonds		2010 Series A Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 525,000	\$ 314,981	\$ 160,000	\$ 116,345	\$ -	\$ 289,950
2014	535,000	297,263	165,000	113,145	-	289,950
2015	550,000	279,206	170,000	109,845	-	289,950
2016	565,000	260,644	170,000	106,445	9,665,000	289,950
2017	580,000	241,575	175,000	102,620	-	-
2018	600,000	222,000	180,000	98,245	-	-
2019	615,000	201,750	185,000	93,745	-	-
2020	635,000	180,225	190,000	88,195	-	-
2021	465,000	158,000	200,000	82,495	-	-
2022	485,000	141,725	205,000	76,495	-	-
2023	500,000	124,144	215,000	68,808	-	-
2024	520,000	106,019	225,000	60,745	-	-
2025	540,000	87,169	235,000	51,745	-	-
2026	560,000	66,919	245,000	42,345	-	-
2027	580,000	45,919	255,000	32,545	-	-
2028	605,000	23,444	265,000	22,345	-	-
2029	-	-	280,000	11,480	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 8,860,000</u>	<u>\$ 2,750,983</u>	<u>\$ 3,520,000</u>	<u>\$ 1,277,588</u>	<u>\$ 9,665,000</u>	<u>\$ 1,159,800</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2012

Fiscal Year	2010 Series B Obligation Bonds		2010 Series C Obligation Bonds		2011 Series A Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ -	\$ 172,500	\$ -	\$ 259,311	\$ 470,000	\$ 46,263
2014	-	172,500	-	259,311	480,000	36,863
2015	-	172,500	-	259,311	480,000	27,263
2016	-	172,500	300,000	259,311	325,000	20,063
2017	-	172,500	195,000	250,311	120,000	15,188
2018	-	172,500	210,000	243,974	125,000	12,788
2019	-	172,500	225,000	236,099	130,000	9,975
2020	-	172,500	215,000	227,099	130,000	7,050
2021	-	172,500	405,000	217,424	140,000	3,150
2022	-	172,500	415,000	198,693	-	-
2023	-	172,500	425,000	178,980	-	-
2024	-	172,500	435,000	158,793	-	-
2025	-	172,500	445,000	137,043	-	-
2026	-	172,500	460,000	114,792	-	-
2027	-	172,500	475,000	91,562	-	-
2028	-	172,500	490,000	67,100	-	-
2029	-	172,500	490,000	40,150	-	-
2030	540,000	172,500	240,000	13,200	-	-
2031	780,000	141,450	-	-	-	-
2032	820,000	96,600	-	-	-	-
2033	860,000	49,450	-	-	-	-
	<u>\$ 3,000,000</u>	<u>\$ 3,392,500</u>	<u>\$ 5,425,000</u>	<u>\$ 3,212,464</u>	<u>\$ 2,400,000</u>	<u>\$ 178,603</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2012

Fiscal Year	2011 Series B Obligation Bonds		Total Requirements		Total
	Principal	Interest	Principal	Interest	
2013	\$ 230,000	\$ 597,300	\$ 3,121,734	\$ 1,960,369	\$ 5,082,103
2014	1,870,000	592,700	3,215,949	1,857,093	5,073,042
2015	1,920,000	555,300	3,290,436	1,782,297	5,072,733
2016	1,955,000	516,900	13,160,219	1,707,941	14,868,160
2017	2,215,000	477,800	3,470,336	1,334,753	4,805,089
2018	2,270,000	433,500	3,575,796	1,249,989	4,825,785
2019	2,300,000	376,750	3,656,625	1,149,592	4,806,217
2020	2,400,000	319,250	3,777,850	1,044,223	4,822,073
2021	2,470,000	259,250	3,899,502	933,360	4,832,862
2022	2,530,000	197,500	3,866,616	817,281	4,683,897
2023	2,605,000	134,250	3,984,208	698,100	4,682,308
2024	1,870,000	56,100	3,200,611	562,021	3,762,632
2025	-	-	1,220,000	448,457	1,668,457
2026	-	-	1,265,000	396,556	1,661,556
2027	-	-	1,310,000	342,526	1,652,526
2028	-	-	1,360,000	285,389	1,645,389
2029	-	-	770,000	224,130	994,130
2030	-	-	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>\$ 24,635,000</u>	<u>\$ 4,516,600</u>	<u>\$ 61,384,882</u>	<u>\$ 17,267,277</u>	<u>\$ 78,652,159</u>

(Concluded)

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2002 Series A

April 30, 2012

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>
2012	<u>\$ 1,350,000</u>
	<u>\$ 1,350,000</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>
2011	\$ 1,350,000	\$ 54,000	\$ 1,404,000	2012	\$ 27,000	2012	\$ 27,000
	<u>\$ 1,350,000</u>	<u>\$ 54,000</u>	<u>\$ 1,404,000</u>				

\$18,480,000 of this issue was advance refunded in FY 2012

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 25 Special Tax Bonds – 2003 Series

April 30, 2012

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>
2012	\$ 55,000
2013	55,000
2014	55,000
2015	60,000
2016	60,000
Thereafter	410,000
	<u>\$ 695,000</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>
2011	\$ 55,000	\$ 27,217	\$ 82,217	2012	\$ 13,608	2012	\$13,609
2012	55,000	25,375	80,375	2013	12,687	2013	12,688
2013	55,000	23,478	78,478	2014	11,739	2014	11,739
2014	60,000	21,525	81,525	2015	10,762	2015	10,763
2015	60,000	19,335	79,335	2016	9,667	2016	9,668
Thereafter	410,000	63,580	473,580	Thereafter	31,790	Thereafter	31,790
	<u>\$ 695,000</u>	<u>\$180,510</u>	<u>\$ 875,510</u>				

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 26 Special Tax Bonds – 2003 Series

April 30, 2012

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>
2012	\$ 13,433
2013	13,963
2014	14,522
2015	15,117
2016	15,767
Thereafter	110,942
	<u>\$ 183,744</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>
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	3,596	2014	3,597
2014	15,117	6,598	21,715	2015	3,299	2015	3,299
2015	15,767	5,948	21,715	2016	2,974	2016	2,974
Thereafter	110,942	19,348	130,290	Thereafter	9,674	Thereafter	9,674
	<u>\$ 183,744</u>	<u>\$ 55,121</u>	<u>\$ 238,865</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2004 Series A

April 30, 2012

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

<u>on December 15</u>	<u>Amount</u>
2012	<u>\$ 75,000</u>
	<u>\$ 75,000</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>
2011	<u>\$ 75,000</u>	<u>\$ 3,000</u>	<u>\$ 78,000</u>	2012	\$ 1,500	2012	\$ 1,500
	<u>\$ 75,000</u>	<u>\$ 3,000</u>	<u>\$ 78,000</u>				

\$950,000 of this issue was advance refunded in FY 2012

CITY OF LAKE FOREST, ILLINOIS
 General Obligation Bonds – 2004 Series B
 April 30, 2012

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

<u>on December 15</u>	<u>Amount</u>
2012	<u>\$ 150,000</u>
	<u>\$ 150,000</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>
2011	<u>\$ 150,000</u>	<u>\$ 5,250</u>	<u>\$ 155,250</u>	2012	\$ 2,625	2012	\$ 2,625
	<u>\$ 150,000</u>	<u>\$ 5,250</u>	<u>\$ 155,250</u>				

\$4,250,000 of this issue was advance refunded in FY 2012

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 29 Special Tax Bonds – 2004 Series

April 30, 2012

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>
2012	\$ 93,301
2013	96,986
2014	100,914
2015	105,102
2016	109,569
Thereafter	920,266
	<u>\$ 1,426,138</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>
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
2015	109,569	49,476	159,045	2016	24,670	2016	24,806
Thereafter	920,266	190,922	1,111,188	Thereafter	95,199	Thereafter	95,724
	<u>\$1,426,138</u>	<u>\$480,858</u>	<u>\$1,906,996</u>				

CITY OF LAKE FOREST, ILLINOIS
 General Obligation Bonds – 2008 Series
 April 30, 2012

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

<u>on December 15</u>	<u>Amount</u>
2012	\$ 525,000
2013	535,000
2014	550,000
2015	565,000
2016	580,000
Thereafter	6,105,000
	<u>\$ 8,860,000</u>

Bond Principal and Interest Requirements

Tax levy year	<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>
2011	\$ 525,000	\$ 314,981	\$ 839,981	2012	\$ 157,491	2012	\$ 157,490
2012	535,000	297,263	832,263	2013	148,631	2013	148,632
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
2015	580,000	241,575	821,575	2016	120,787	2016	120,788
Thereafter	6,105,000	1,357,314	7,462,314	Thereafter	678,657	Thereafter	678,657
	<u>\$ 8,860,000</u>	<u>\$ 2,750,983</u>	<u>\$ 11,610,983</u>				

CITY OF LAKE FOREST, ILLINOIS
 General Obligation Bonds – 2009 Series
 April 30, 2012

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 on December 15	Amount
2012	\$ 160,000
2013	165,000
2014	170,000
2015	170,000
2016	175,000
Thereafter	2,680,000
	\$ 3,520,000

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2011	\$ 160,000	\$ 116,345	\$ 276,345	2012	\$ 58,172	2012	\$ 58,173
2012	165,000	113,145	278,145	2013	56,572	2013	56,573
2013	170,000	109,845	279,845	2014	54,922	2014	54,923
2014	170,000	106,445	276,445	2015	53,222	2015	53,223
2015	175,000	102,620	277,620	2016	51,310	2016	51,310
Thereafter	2,680,000	729,188	3,409,188	Thereafter	364,594	Thereafter	364,594
	\$ 3,520,000	\$ 1,277,588	\$ 4,797,588				

CITY OF LAKE FOREST, ILLINOIS
 General Obligation Bonds – 2010 Series A
 April 30, 2012

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	
<u>on December 15</u>	<u>Amount</u>
2015	<u>\$ 9,665,000</u>
	<u><u>\$ 9,665,000</u></u>

Bond Principal and Interest Requirements

Tax levy year	<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>
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>\$ 1,159,800</u>	<u>\$ 10,824,800</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series B

April 30, 2012

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	<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>
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
2015	-	172,500	172,500	2016	86,250	2016	86,250
Thereafter	3,000,000	2,530,000	5,530,000	Thereafter	1,265,000	Thereafter	1,265,000
	<u>\$ 3,000,000</u>	<u>\$ 3,392,500</u>	<u>\$ 6,392,500</u>				

CITY OF LAKE FOREST, ILLINOIS
 General Obligation Bonds – 2010 Series C
 April 30, 2012

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			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 15</u>	<u>Amount</u>	<u>December 15</u>	<u>Amount</u>
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
2015	195,000	250,311	445,311	2016	125,156	2016	125,155
Thereafter	4,930,000	1,924,909	6,854,909	Thereafter	962,455	Thereafter	962,454
	<u>\$ 5,425,000</u>	<u>\$ 3,212,464</u>	<u>\$ 8,637,464</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2011 Series A

April 30, 2012

Date of issue: September 6, 2011
 Date of maturity: December 15, 2020
 Authorized issue: \$ 2,415,000
 Denomination of bonds: \$ 5,000
 Interest rate: 1.50 - 3.00%

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2012	\$ 470,000
2013	480,000
2014	480,000
2015	325,000
2016	120,000
Thereafter	525,000
	<u>\$ 2,400,000</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>
2011	\$ 470,000	\$ 46,263	\$ 516,263	2012	\$ 23,132	2012	\$ 23,131
2012	480,000	36,863	516,863	2013	18,432	2013	18,431
2013	480,000	27,263	507,263	2014	13,632	2014	13,631
2014	325,000	20,063	345,063	2015	10,032	2015	10,031
2015	120,000	15,188	135,188	2016	7,594	2016	7,594
Thereafter	525,000	32,963	557,963	Thereafter	16,482	Thereafter	16,481
	<u>\$ 2,400,000</u>	<u>\$ 178,603</u>	<u>\$ 2,578,603</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2011 Series B

April 30, 2012

Date of issue: September 6, 2011
 Date of maturity: December 15, 2023
 Authorized issue: \$ 24,825,000
 Denomination of bonds: \$ 5,000
 Interest rate: 1.00 - 3.00%

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2012	\$ 230,000
2013	1,870,000
2014	1,920,000
2015	1,955,000
2016	2,215,000
Thereafter	16,445,000
	<u>\$ 24,635,000</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>
2011	\$ 230,000	\$ 597,300	\$ 827,300	2012	\$ 298,650	2012	\$ 298,650
2012	1,870,000	592,700	2,462,700	2013	296,350	2013	296,350
2013	1,920,000	555,300	2,475,300	2014	277,650	2014	277,650
2014	1,955,000	516,900	2,471,900	2015	258,450	2015	258,450
2015	2,215,000	477,800	2,692,800	2016	238,900	2016	238,900
Thereafter	16,445,000	1,776,600	18,221,600	Thereafter	888,300	Thereafter	888,300
	<u>\$ 24,635,000</u>	<u>\$ 4,516,600</u>	<u>\$ 29,151,600</u>				

CITY OF LAKE FOREST, ILLINOIS

Debt Service Fund

Combining Schedule of Assets, Liabilities, and Fund Balance

April 30, 2012

Assets	2003 Series D General Obligation Bonds	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds
Cash and cash equivalents	\$ 768,780	\$ 9,548	\$ 6,225
Receivables (net of allowance for uncollectibles):			
Property taxes	-	81,517	21,914
Total assets	<u>\$ 768,780</u>	<u>\$ 91,065</u>	<u>\$ 28,139</u>
Liabilities and Fund Balance			
Liabilities:			
Deferred revenue – property taxes	\$ -	\$ 81,517	\$ 21,914
Fund balance – reserved for debt service	<u>768,780</u>	<u>9,548</u>	<u>6,225</u>
Total liabilities and fund balance	<u>\$ 768,780</u>	<u>\$ 91,065</u>	<u>\$ 28,139</u>

Exhibit I-16

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
\$ -	\$ 1,395,365	\$ 122,249	\$ 5,102	\$ 8,950	\$ 2,316,219
155,967	-	845,953	278,353	557,310	1,941,014
<u>\$ 155,967</u>	<u>\$ 1,395,365</u>	<u>\$ 968,202</u>	<u>\$ 283,455</u>	<u>\$ 566,260</u>	<u>\$ 4,257,233</u>
\$ 155,967	\$ -	\$ 845,953	\$ 278,353	\$ 557,310	\$ 1,941,014
-	1,395,365	122,249	5,102	8,950	2,316,219
<u>\$ 155,967</u>	<u>\$ 1,395,365</u>	<u>\$ 968,202</u>	<u>\$ 283,455</u>	<u>\$ 566,260</u>	<u>\$ 4,257,233</u>

CITY OF LAKE FOREST, ILLINOIS

Debt Service Fund

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

Year ended April 30, 2012

	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
	Bonds	Bonds	Bonds	Bonds	Bonds
Revenues:					
Taxes:					
Property taxes	\$ 662,033	\$ 104,782	\$ -	\$ 79,317	\$ 22,214
Investment income	2,675	554	5,130	185	74
Grants and contributions - IRS rebate	-	-	-	-	-
Total revenues	664,708	105,336	5,130	79,502	22,288
Expenditures:					
General government	600	300	10,562	-	-
Debt service:					
Principal	1,100,000	100,000	200,000	50,000	12,947
Interest	48,490	3,500	22,160	28,818	8,768
Total expenditures	1,149,090	103,800	232,722	78,818	21,715
 Excess (deficiency) of revenues over expenditures	 (484,382)	 1,536	 (227,592)	 684	 573
Other financing sources:					
Bond proceeds	-	-	805,000	-	-
Premium on bonds	-	-	19,692	-	-
Transfer to escrow agent	-	-	(811,982)	-	-
Transfers in	35,000	-	168,501	-	-
Transfers out	(22,461)	(102,560)	-	-	-
Total other financing sources (uses)	12,539	(102,560)	181,211	-	-
 Net change in fund balance	 (471,843)	 (101,024)	 (46,381)	 684	 573
 Fund balance – beginning of year	 471,843	 101,024	 815,161	 8,864	 5,652
 Fund balance – end of year	 \$ -	 \$ -	 \$ 768,780	 \$ 9,548	 \$ 6,225

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	2011A General Obligation Bonds	2011B General Obligation Bonds	Total
\$ 158,367	\$ -	\$ 854,928	\$ 283,388	\$ 645,362	\$ -	\$ -	\$ 2,810,391
189	8,851	1,656	417	441	37	183	20,392
-	-	-	-	168,384	-	-	168,384
158,556	8,851	856,584	283,805	814,187	37	183	2,999,167
-	22,142	500	500	1,500	-	-	36,104
89,929	184,000	510,000	160,000	-	-	-	2,406,876
70,351	121,681	332,194	119,545	893,315	-	-	1,648,822
160,280	327,823	842,694	280,045	894,815	-	-	4,091,802
(1,724)	(318,972)	13,890	3,760	(80,628)	37	183	(1,092,635)
-	4,470,000	-	-	-	-	-	5,275,000
-	90,921	-	-	-	-	-	110,613
-	(4,538,421)	-	-	-	-	-	(5,350,403)
1,254	395,283	90,021	-	-	-	-	690,059
-	-	-	-	-	(37)	(183)	(125,241)
1,254	417,783	90,021	-	-	(37)	(183)	600,028
(470)	98,811	103,911	3,760	(80,628)	-	-	(492,607)
470	1,296,554	18,338	1,342	89,578	-	-	2,808,826
\$ -	\$ 1,395,365	\$ 122,249	\$ 5,102	\$ 8,950	\$ -	\$ -	\$ 2,316,219

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 These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	130-138
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	139-146
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	147-151
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	152-154
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	155-158

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 Nine Fiscal Years

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

Data Source

Audited Financial Statements

Table 1

Fiscal Year				
2008	2009	2010	2011	2012
\$ 172,325,675	\$ 193,768,992	\$ 193,225,047	\$ 192,568,460	\$ 190,779,593
3,978,855	3,319,974	3,001,515	3,645,693	16,599,487
28,748,888	25,867,536	25,090,240	29,683,545	19,550,532
<u>\$ 205,053,418</u>	<u>\$ 222,956,502</u>	<u>\$ 221,316,802</u>	<u>\$ 225,897,698</u>	<u>\$ 226,929,612</u>
\$ 44,932,466	\$ 37,184,702	\$ 38,075,853	\$ 37,709,887	\$ 36,753,670
-	-	-	-	-
12,087,202	9,577,076	8,617,858	8,513,924	8,918,142
<u>\$ 57,019,668</u>	<u>\$ 46,761,778</u>	<u>\$ 46,693,711</u>	<u>\$ 46,223,811</u>	<u>\$ 45,671,812</u>
\$ 217,258,141	\$ 230,953,694	\$ 231,300,900	\$ 230,278,347	\$ 227,533,263
3,978,855	3,319,974	3,001,515	3,645,693	16,599,487
40,836,090	35,444,612	33,708,098	38,197,469	28,468,674
<u>\$ 262,073,086</u>	<u>\$ 269,718,280</u>	<u>\$ 268,010,513</u>	<u>\$ 272,121,509</u>	<u>\$ 272,601,424</u>

CITY OF LAKE FOREST, ILLINOIS

Changes in Net Assets
Last Nine Fiscal Years

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

Table 2

Fiscal Year				
2008	2009	2010	2011	2012
\$ 11,035,000	\$ 14,928,550	\$ 13,974,412	\$ 13,321,852	\$ 12,080,189
8,821,953	7,911,604	9,469,570	8,687,404	8,304,860
2,310,966	2,169,302	2,183,373	2,349,916	2,568,820
8,812,293	9,430,847	9,589,857	9,402,752	9,469,832
12,348,729	12,623,300	13,116,738	13,398,718	13,583,116
-	-	-	-	-
808,253	978,029	1,097,805	1,424,317	1,420,087
44,137,194	48,041,632	49,431,755	48,584,959	47,426,904
8,228,975	7,659,138	7,882,904	8,008,372	7,985,394
1,562,520	1,490,115	1,345,437	1,393,869	1,371,380
757,200	-	-	-	-
10,548,695	9,149,253	9,228,341	9,402,241	9,356,774
\$ 54,685,889	\$ 57,190,885	\$ 58,660,096	\$ 57,987,200	\$ 56,783,678
\$ 5,249,766	\$ 4,980,144	\$ 4,822,344	\$ 4,455,844	\$ 4,771,863
929,199	1,239,586	809,661	693,029	846,366
295,658	192,848	104,158	171,030	81,577
3,831,855	4,197,023	4,121,592	3,650,467	3,392,303
1,567,944	1,589,647	1,540,927	1,930,715	1,678,032
790,979	684,872	1,413,819	846,781	1,433,791
5,301,494	9,033,429	925,524	5,982,721	360,407
17,966,895	21,917,549	13,738,025	17,730,587	12,564,339
6,893,939	6,589,780	7,048,854	7,344,740	7,477,637
1,430,875	1,413,732	1,333,879	1,264,624	1,238,016
1,016,991	-	-	-	-
-	-	-	-	-
1,367,797	829,447	97,724	162,051	-
10,709,602	8,832,959	8,480,457	8,771,415	8,715,653
\$ 28,676,497	\$ 30,750,508	\$ 22,218,482	\$ 26,502,002	\$ 21,279,992
\$ (26,170,299)	\$ (26,124,083)	\$ (35,693,730)	\$ (30,854,372)	\$ (34,862,565)
160,907	(316,294)	(747,884)	(630,826)	(641,121)
\$ (26,009,392)	\$ (26,440,377)	\$ (36,441,614)	\$ (31,485,198)	\$ (35,503,686)

CITY OF LAKE FOREST, ILLINOIS

Changes in Net Assets (Continued)
Last Nine Fiscal Years

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

Data Source

Audited Financial Statements

Table 2

		Fiscal Year							
		2008	2009	2010	2011	2012			
\$	22,324,863	\$	23,067,216	\$	24,383,716	\$	24,739,956	\$	25,428,378
	3,118,339		3,010,457		2,392,497		2,554,772		2,577,304
	2,175,196		2,018,177		1,762,425		1,849,046		1,938,686
	4,454,442		4,407,235		3,967,398		3,968,072		3,981,548
	1,984,052		962,840		878,925		1,279,935		1,215,407
	489,018		391,347		372,640		42,200,080		492,746
	1,771,629		35,853		852,245		573,508		264,432
	-		-		-		-		-
	627,188		22,729		60,000		150,049		33,724
	(3,931)		10,111,313		(615,816)		(102,150)		(37,746)
	<u>36,940,796</u>		<u>44,027,167</u>		<u>34,054,030</u>		<u>77,213,268</u>		<u>35,894,479</u>
	525,833		169,717		64,001		58,776		51,376
	-		-		-		-		-
	3,931		(10,111,313)		615,816		102,150		37,746
	<u>529,764</u>		<u>(9,941,596)</u>		<u>679,817</u>		<u>160,926</u>		<u>89,122</u>
\$	<u>37,470,560</u>	\$	<u>34,085,571</u>	\$	<u>34,733,847</u>	\$	<u>77,374,194</u>	\$	<u>35,983,601</u>
\$	10,770,497	\$	17,903,084	\$	(1,639,700)	\$	46,358,896	\$	1,031,914
	690,671		(10,257,890)		(68,067)		(469,900)		(551,999)
\$	<u>11,461,168</u>	\$	<u>7,645,194</u>	\$	<u>(1,707,767)</u>	\$	<u>45,888,996</u>	\$	<u>479,915</u>

CITY OF LAKE FOREST, ILLINOIS

Table 3

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
General Fund										
Nonspendable										\$ 2,159,403
Restricted										957,420
Unassigned										10,601,190
Reserved	\$ -	\$ 1,265,475	\$ 585,232	\$ 510,960	\$ 470,008	\$ 1,041,187	\$ 2,218,570	\$ 1,071,068	\$ 2,988,884	
Unreserved	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	\$ 10,074,523	\$ 10,633,000	\$ 11,764,075	\$ 7,017,124	\$ 9,004,155	\$ 10,626,632	\$ 10,836,821	\$ 10,886,288	\$ 12,228,019	\$ 13,718,013
All Other Governmental Funds										
Nonspendable										\$ 43,333
Restricted										16,171,794
Assigned										1,591,600
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	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	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	731,785	-	-	-	-	-	-	-	-	
Total All Other Governmental Funds	\$ 4,615,917	\$ 8,372,294	\$ 16,400,987	\$ 16,082,556	\$ 19,844,370	\$ 28,717,695	\$ 16,046,349	\$ 14,263,254	\$ 18,871,709	\$ 17,806,727
Total All Governmental	\$ 14,690,440	\$ 19,005,294	\$ 28,165,062	\$ 23,099,680	\$ 28,848,525	\$ 39,344,327	\$ 26,883,170	\$ 25,149,542	\$ 31,099,728	\$ 31,524,740

Data Source

Audited Financial Statements

* The City implemented GASB Statement #54 in FY 2012.

CITY OF LAKE FOREST, ILLINOIS

Table 4

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	\$ 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	\$ 25,428,378
Other taxes	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	10,205,691
Intergovernmental revenues	585,578	615,152	1,254,231	1,407,815	948,449	790,979	684,872	1,304,368	523,185	589,960
Grants and contributions	-	-	-	-	-	-	-	706,250	1,306,195	1,039,737
Charges for services	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	7,028,800
Licenses and permits	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	2,475,739
Fines and forfeitures	353,664	350,989	387,178	461,909	357,556	469,208	387,629	372,924	409,539	372,607
Investment income	471,228	505,696	832,709	1,358,266	1,866,217	1,673,038	(11,695)	815,520	531,666	225,225
Miscellaneous revenue	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	730,813
Total Revenues	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	48,096,950
Expenditures										
General government	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	10,313,031
Highways and streets	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	2,139,656
Sanitation	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	2,228,844
Culture and recreation	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	8,463,547
Public safety	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	13,723,801
Pension fund contributions	1,042,745	-	-	-	-	-	-	-	-	-
Public improvements and other	2,015,690	2,519,580	-	-	-	-	-	-	-	-
Capital outlay	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	6,641,923
Debt Service										
Principal	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	2,531,876
Interest	923,742	800,699	827,160	982,744	881,087	781,529	694,355	1,173,967	1,284,755	1,667,372
Bond issuance costs	55,546	62,370	64,640	-	-	-	-	-	-	-
Total Expenditures	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	47,710,050
Excess of Revenues over (under)										
Expenditures	(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)	386,900

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Table 4

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Other financing Sources (Uses)										
Transfers in	\$ 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	\$ 2,296,270
Transfers out	(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)	(2,334,016)
Bonds issued	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	120,828
Proceeds from refunding G.O. bonds	5,305,000	-	-	-	-	-	-	-	-	5,690,000
Payments for refunding G.O. bonds	(5,229,600)	-	-	-	-	-	-	-	-	(5,769,025)
Sale of capital assets	-	-	768,543	210,000	1,484,722	773,034	75,000	-	1,067,630	34,055
Total Other Financing Sources (Uses)	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	38,112
Net Change in Fund Balances	\$ 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	\$ 425,012
Debt Service as a Percentage of Noncapital Expenditures	12.17%	13.29%	14.50%	16.02%	14.61%	12.60%	8.08%	8.62%	8.62%	8.31%

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
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%
2011	2,302,061,004	203,074,638	70,382	5,409,080	54,464,919	2,565,080,023	1.0350	7,695,240,069	33.333%

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bonds	0.139	0.127	0.118	0.095	0.088	0.083	0.086	0.090	0.096	0.068
Corporate	0.512	0.493	0.481	0.461	0.449	0.443	0.449	0.405	0.446	0.483
Firemen's Pension	0.025	0.023	0.023	0.023	0.023	0.025	0.028	0.034	0.037	0.041
IMRF	0.072	0.061	0.058	0.055	0.052	0.051	0.052	0.054	0.059	0.032
Library	0.111	0.112	0.108	0.105	0.102	0.101	0.101	0.105	0.116	0.126
Library Sites & Building	0.012	0.014	0.014	0.013	0.012	0.011	0.013	0.013	0.014	0.015
Parks/Park Maintenance	0.000	0	0.000	0.000	0.000	0.052	0.050	0.097	0.106	0.114
Playground & Recreation	0.133	0.128	0.116	0.112	0.098	0.038	0.042	0.043	0.046	0.050
Police Pension	0.035	0.036	0.034	0.036	0.035	0.037	0.039	0.050	0.057	0.060
Recreation for Handicapped Rec.	0.000	0	0.011	0.011	0.010	0.010	0.010	0.011	0.013	0.014
Social Security										0.032
City Direct Rates *	1.039	0.994	0.963	0.911	0.869	0.851	0.870	0.902	0.990	1.035
Overlapping Rates										
College of Lake County	0.208	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218	0.240
County of Lake	0.502	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505	0.554
Lake County Forest Preserve	0.232	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198	0.201
North Shore Sanitary District	0.152	0.144	0.139	0.132	0.125	0.120	0.121	0.124	0.136	0.150
School District 67, Elem.	1.152	1.101	1.051	1.013	0.964	0.944	0.965	0.998	1.095	1.186
School District 115, High School	1.092	1.045	1.003	0.965	0.961	0.959	1.001	1.069	1.101	1.191
Township	0.055	0.053	0.052	0.051	0.050	0.050	0.050	0.048	0.039	0.043
Township Road and Bridge	0.043	0.030	0.018	0.018	0.020	0.016	0.019	0.020	0.023	0.026
Total tax rate	4.475	4.283	4.110	3.951	3.838	3.777	3.874	4.025	4.305	4.626
City's share of total tax rate	23%	23%	23%	23%	23%	23%	22%	22%	23%	22%

Data Source

Office of the County Clerk - Shields Township

Lake Forest lies within five townships - Moraine, Shields, Vernon, West Deerfield and Libertyville. Therefore, the tax rates for support of the Township government and for the Township Road and Bridge purposes vary. Parts of Shields Township in Lake Forest lie in the Lake Bluff Park District. All of Moraine Township is in Lake Forest and parts of Shields and West Deerfield Townships in Lake Forest lie in the North Shore Sanitary District.

* Excludes rates for the Special Service Areas

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

CITY OF LAKE FOREST, ILLINOIS

Table 7

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2011			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Hospira Inc	\$ 19,412,533	1	0.76%			
The Presbyterian Home	17,157,454	2	0.67%	\$25,607,092	1	1.30%
Lake Products, Inc	13,795,850	3	0.54%			
CBIZ Property Tax Solutions	11,089,158	4	0.43%	11,345,562	2	0.60%
Trustmark Insurance Co	7,823,058	5	0.30%	7,999,979	5	0.40%
Northwestern Lake Forest Hospital	7,430,902	6	0.29%	9,621,421	3	0.50%
Lake Forest Landmark Co. LLC	7,306,026	7	0.28%	8,420,489	4	0.40%
Lake Forest Landmark II	6,221,470	8	0.24%			
James Campbell Company, LLC	5,585,451	9	0.22%			
Shawgate Lake Forest, LLC	5,525,876	10	0.22%			
Abbott Laboratories				7,401,340	6	0.40%
Chicago Bears Football Club, Inc				4,949,172	7	0.30%
Brunswick Corporation				4,638,281	9	0.20%
Shawgate- Broadacre				4,778,020	8	0.20%
Duke Realty Ltd. Partnership				4,403,480	10	0.20%
	<u>\$ 101,347,778</u>		<u>3.95%</u>	<u>\$89,164,836</u>		<u>4.50%</u>

Data Source

Office of the County Clerk

Note: Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers contain multiple parcels, and it is possible that some parcels and their valuations have been overlooked.

2012 Column is 2011 Assessed Valuation

2003 Column is 2002 Assessed Valuation

Property Tax Levies and Collections
Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year after the Levy	
		Amount	Percentage of Levy
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	26,312,509	99.86%
2011	25,984,866	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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General	0.512	0.493	0.481	0.461	0.449	0.443	0.449	0.405	0.446	0.483
IMRF/Social Security	0.072	0.061	0.058	0.055	0.052	0.051	0.052	0.054	0.059	0.064
Firefighter Pension	0.025	0.023	0.023	0.023	0.023	0.025	0.028	0.034	0.037	0.041
Police Pension	0.035	0.036	0.034	0.036	0.035	0.037	0.039	0.050	0.057	0.060
Parks and Recreation	0.133	0.128	0.127	0.112	0.098	0.090	0.092	0.140	0.152	0.164
Special Recreation	-	-	-	0.011	0.010	0.010	0.010	0.011	0.013	0.014
General Obligation Bond 1995	-	-	-	-	-	-	-	-	-	-
General Obligation Bond 1998 B	0.032	0.031	0.028	0.026	0.024	0.023	-	-	-	-
General Obligation Bond 2000	0.020	0.022	0.020	0.020	0.025	0.023	0.023	0.023	0.025	0.000
General Obligation Bond 2001 B	0.012	0.006	0.006	0.005	0.005	0.004	0.004	0.004	0.004	0.000
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	0.034
General Obligation Bond 2009	-	-	-	-	-	-	-	0.005	0.011	0.011
General Obligation Bond 2010	-	-	-	-	-	-	-	0.000	0.024	0.023
Total tax rate	0.916	0.868	0.841	0.793	0.755	0.739	0.756	0.784	0.860	0.894

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Merchandise	\$ -	\$ 14,374	\$ 28,705	\$ 22,694	\$ 33,206	\$ 26,184	\$ 2,194	\$ 8,492	\$ 8,460	\$ 36,478
Food	-	43,407	86,898	88,675	89,536	89,969	97,870	83,567	89,338	90,613
Drinking and Eating Places	-	57,236	113,425	124,221	129,149	139,291	147,973	127,679	133,028	140,639
Apparel	-	36,595	70,485	68,594	63,083	60,423	54,674	55,300	51,968	53,727
Furniture & H.H. & Radio	-	18,509	44,588	57,206	57,996	58,530	51,881	42,526	38,958	10,187
Lumber, Building, Hardware	-	21,118	42,130	46,974	38,373	30,834	5,765	20,405	19,010	(6,528)
Automobile and Filling Stations	-	20,450	39,402	45,494	48,129	44,478	37,349	27,399	35,443	38,209
Drugs and Miscellaneous Retail	-	67,576	126,277	123,674	113,558	116,910	117,787	178,470	91,397	105,512
Agriculture and All Others	-	45,369	92,361	102,164	91,488	96,048	100,902	88,052	94,649	97,776
Manufacturers	-	1,967	43,902	64,286	88,889	102,914	109,291	21,860	14,322	(4,963)
Censored categories	-	-	-	-	-	-	29,005	-	-	-
Total	\$ -	\$ 326,601	\$ 688,173	\$ 743,982	\$ 753,407	\$ 765,581	\$ 754,691	\$ 653,750	\$ 576,573	\$ 561,650
Total Number of Payers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City direct sales tax rate		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Merchandise	\$ 49,597	\$ 54,103	\$ 58,491	\$ 45,778	\$ 67,042	\$ 52,664	\$ 4,392	\$ 16,984	\$ 17,248	\$ 72,955
Food	567,937	600,443	607,508	621,140	621,566	635,560	629,087	562,455	570,803	579,914
Drinking and Eating Places	223,844	221,068	229,158	252,171	261,151	285,968	302,523	260,953	271,753	286,472
Apparel	130,567	134,835	142,328	137,422	126,196	124,644	109,349	110,600	103,935	107,453
Furniture & H.H. & Radio	109,444	73,506	89,219	114,945	115,995	117,060	103,763	85,052	77,915	20,373
Lumber, Building, Hardware	108,135	91,831	86,497	94,007	76,746	61,668	11,529	40,810	38,019	(13,037)
Automobile and Filling Stations	219,807	243,898	153,273	165,396	167,847	165,896	130,459	109,080	150,101	138,744
Drugs and Miscellaneous Retail	427,166	420,878	456,475	434,170	425,144	441,773	438,917	546,202	322,376	371,420
Agriculture and All Others	185,280	187,102	199,683	219,086	200,515	208,076	219,358	198,803	267,227	254,225
Manufacturers	(4,347)	6,845	88,094	129,053	347,340	205,978	218,715	43,909	28,947	(9,729)
Censored categories	71,018	-	-	-	-	-	58,028	-	-	-
Total	\$2,088,447	\$2,034,509	\$2,110,726	\$2,213,168	\$2,409,543	\$2,299,287	\$ 2,226,120	\$ 1,974,848	\$ 1,848,324	\$ 1,808,790
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
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%
2012	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				
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
2012	38,580,882	-	22,804,000	-	61,384,882	2.39%	4.11%	3,168.25

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		Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
		Available In Debt Service Fund				
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	
2012	61,384,882	2,316,219	59,068,663	0.72%	3,048.71	

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, 2012

Governmental unit	Gross Debt	Percentage Debt Applicable to the City of Lake Forest*	City of Lake Forest Share of Debt
Lake County	\$ 82,955,000	9.60%	\$ 7,963,680
Lake County Community College #532	20,535,000	10.11%	2,076,089
Lake County Forest Preserve District	280,420,000	9.60%	26,920,320
North Shore Sanitary District	709,971	29.60%	210,151
School District #67	1,307,866	100.00%	1,307,866
School District #103	2,840,000	0.01%	284
High School District #115	46,545,000	83.61%	38,916,275
High School District #128	26,230,000	3.23%	847,229
Subtotal, overlapping debt	<u>461,542,837</u>		<u>78,241,893</u>
City of Lake Forest direct debt	<u>61,384,882</u>	100.00%	<u>61,384,882</u>
Total direct and overlapping debt	<u><u>\$ 522,927,719</u></u>		<u><u>\$ 139,626,775</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.. The Percentage of debt is calculated by the percentage of the City's EAV in relation to the overlapping government's EAV. The gross debt is found on the Lake County website.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Forest. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CITY OF LAKE FOREST, ILLINOIS

Table 16

Legal Debt Margin Information
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 166,237,645	\$ 180,228,505	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to limit	58,238,289	59,911,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin	\$ 107,999,356	\$ 120,317,005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to the limit as a percentage of debt limit	35.03%	33.24%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

CITY OF LAKE FOREST, 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	
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
2012	8,767,029	6,358,960	2,408,069	1,651,000	661,906	1.04

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
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%
2012	19,375	(A)	2,565,080,023	132,391	1,493,657,500	77,092	5.7%

(A) Actual

(E) Estimate by City of Lake Forest

Data Source

City records, Department of Labor and Office of the County Clerk.
2010 Census information for Per Capita Personal Income was not available.

CITY OF LAKE FOREST, ILLINOIS

Table 19

Principal Employers
Current Year and Nine Years Ago

Employer	2012			2003		
	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%	1,000	3	4.99%
Trustmark Insurance Company	800	3	4.13%	1,200	2	5.98%
TAP Pharmaceutical Products			0.00%	850	4	4.24%
Lake Forest College excludes student employees	514	4	2.65%	358	6	1.78%
Pactiv Corporation	470	5	2.43%	600	5	2.99%
Lake Forest Elem. S.D. No. 67 teachers, support staff	357	6	1.84%			
Lake Forest H.S. District 115 teacher, support staff	351	7	1.81%			
Coyote Logistics. LLC	275	8	1.42%			
City of Lake Forest	227	9	1.17%	270	9	1.35%
Brunswick Corporation	200	10	1.03%	200	10	1.00%
Lake Forest H.S. District 115				350	7	1.75%
Lake Forest Elem. S.D. No. 67				312	8	1.56%

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									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration	30.0	36.0	29.0	27.0	29.0	30.0	30.0	29.0	26.0	25.0
Community Development	12.0	12.0	14.0	16.0	16.0	18.0	18.0	15.0	12.5	12.5
Public Safety										
Fire Protection										
Firefighters	38.0	38.0	38.0	37.0	37.0	37.0	37.0	36.0	34.0	33.0
Administrative	1.0	1.0	1.0	1.0	1.0	1.5	1.5	2.5	2.5	2.5
Police										
Officers	45.0	45.0	45.0	45.0	43.0	43.0	43.0	41.5	40.0	40.0
Civilians	18.0	18.0	19.0	17.0	19.0	18.5	18.5	18.5	17.5	18.0
Public Works										
Public Works Administration	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Building Maintenance	3.0	3.0	3.0	3.0	4.0	6.0	6.0	6.0	6.0	6.0
Engineering	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0	6.0	5.0
Streets	9.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0
Sanitation	15.0	12.0	12.0	12.0	14.0	14.0	12.0	12.0	12.0	12.0
Forestry	8.0	8.0	8.0	9.0	6.0	9.0	9.0	9.0	0.0	0.0
Fleet (vehicle) Maintenance	6.0	6.0	6.0	6.0	5.0	5.0	5.0	7.0	6.0	6.0
Water										
Water Plant	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	7.0
Water and Sewer	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Parks	18.0	19.0	16.0	16.0	11.0	7.3	7.3	7.3	16.4	15.4
Recreation	13.0	13.0	14.0	14.0	19.0	17.5	17.5	17.5	17.4	15.4
Golf Course	3.0	3.0	3.0	4.0	4.0	4.3	4.3	3.3	3.2	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	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sub - total City	254.0	257.0	250.0	250.0	252.0	255.0	253.0	248.5	235.5	227.0
Library	29.6	29.6	29.6	29.6	29.6	30.0	29.0	27.2	29.6	27.9
Total all	283.6	286.6	279.6	279.6	281.6	285.0	282.0	275.7	265.1	254.9

Data Source

City Departments and employee totals as of April 30th

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
City Clerk										
Real Estate Transfer Tax (1)										
Number of Transactions	-	-	-	-	249	283	183	261	293	297
Rebates Issued	-	-	-	-	24	35	23	30	37	37
Birth Certificates Issued	2,164	1,957	2,419	2,198	2,930	2,790	2,690	2,751	1,940	2,821
Passports Issued (2)	172	314	252	193	314	132	89	108	48	29
Community Development										
Building permits issued	3,767	4,308	4,740	4,055	3,501	3,491	3,142	2,610	3,072	3,451
Residential construction	63	83	128	44	22	33	23	4	7	11
Commercial construction	1	3	5	1	3	1	3	1	-	1
Building inspections conducted	N/A	10,706	13,021	11,945	10,880	11,343	9,284	8,060	8,392	8,645
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	1,443	1,403	1,465	1,446	1,477	1,624	1,558	1,041	1,211	1,607
Fire	1,459	1,581	1,523	1,558	1,647	1,576	1,759	1,233	1,177	1,734
Police (calendar year)										
Non traffic arrests	599	556	537	506	526	450	449	424	385	335
Parking violations	8,939	10,360	9,655	11,189	11,898	9,530	9,626	8,472	8,757	7,114
Traffic violations	5,210	4,948	4,721	4,821	4,512	3,287	5,320	3,190	2,997	2,028
Public Works										
Streets										
Street resurfacing (miles) (calendar year)	6.95	2.41	3.90	4.41	1.90	10.36	3.08	5.76	6.57	7.09
Potholes repaired (4)	1,846	2,102	2,957	2,484	1,575	N/A	N/A	N/A	N/A	N/A
Number of snow events										
Salting	21	8	14	5	10	20	8	14	15	14
Plowing	10	15	10	9	16	36	25	15	20	12
Inches of snow	33	30	46	47	33	83	72	56	60	21
Sanitation										
Refuse collection customers	5,896	5,896	5,896	6,217	6,316	6,356	6,361	6,361	6,471	6,471

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators (Continued)
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks and Recreation (3)										
Fitness										
Number of programs	414	564	565	533	478	370	348	349	334	322
Units of participation	2,070	2,682	2,616	2,657	2,228	1,796	1,648	1,355	1,393	1,196
Athletics										
Number of programs	209	229	200	199	210	220	213	278	157	309
Units of Participation	3,770	3,608	3,369	3,279	3,189	3,232	3,253	3,148	2,416	2,932
Lakefront, Early Childhood Education and Lifetime Activities										
Number of programs	299	327	324	323	337	343	307	306	420	395
Units of participation	2,053	2,016	2,169	1,932	1,874	1,873	1,541	1,402	1,344	1,424
Cultural Arts/Special Events										
Number of programs	335	362	356	436	417	326	338	292	320	270
Units of participation	3,052	3,062	2,894	3,831	3,618	2,454	2,536	2,274	2,262	2,008
Wildlife Discovery Center, Ridge Teams Course and Adventure										
Number of programs	263	214	227	231	224	221	176	146	124	104
Units of participation	1,562	1,149	1,273	1,335	1,274	1,157	969	772	627	582
Developed parks and recreation areas	10	10	10	10	10	10	10	10	10	10
Developed park acreage	370.0	370.5	370.5	370.5	395.5	395.5	395.5	395.5	415.0	404.0
Sites with playgrounds	8	8	8	8	8	8	8	8	8	8
Sites with baseball diamonds	7	7	7	7	7	7	7	7	7	8
Sites with soccer fields	7	7	7	7	7	7	7	7	7	7
Sites with basketball courts	4	4	4	4	4	4	4	4	5	5
Sites with tennis courts	6	6	6	6	6	6	6	6	6	6
Deer Path Golf Course										
Size	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes
Rounds of Play	31,980	33,500	34,500	38,700	36,500	39,900	35,494	35,079	32,664	31,949
Daily fee	15,994	17,500	18,000	18,600	17,000	18,000	15,500	15,839	15,102	14,466
Seasonal	15,986	16,000	16,500	20,100	19,500	21,900	19,994	19,240	17,564	17,483

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators (Continued)
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Water										
New Connections (tap-ons)	95	120	140	99	52	34	39	16	19	22
Meters in operation	6,194	6,534	6,566	6,633	6,695	6,681	6,771	6,774	6,761	6,755
Meters connected to sewerage system	6,105	6,105	6,137	6,501	6,482	6,520	6,550	6,570	6,570	6,583
Average daily consumption (MGD)	4.155	3.977	3.942	4.913	3.931	4.182	3.737	3.611	3.669	3.759
Peak daily consumption (MGD)	12.092	11.073	9.394	12.407	10.773	9.477	9.883	9.389	8.982	11.805
Rated daily pumping capacity (MGD)	12	14	14	14	14	14	14	14	14	14
Total gallons pumped during fiscal year (in millions)	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	1,372.0
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	127,790	126,930	128,817	133,893	137,343	140,171	143,518	142,654	145,496	145,539
Registered borrowers	14,825	13,593	13,634	13,820	14,002	14,233	14,490	15,145	15,645	16,200
Fiscal yearbooks, items or materials circulation	425,427	387,894	399,844	398,504	407,399	415,547	406,998	488,056	465,927	485,450

Data Source

City departments

- (1) Collection of real estate transfer tax began in July 2006 (FY2007).
 - (2) The City began to issue passports in FY2003 and stopped in FY2012.
 - (3) a. Fitness data does not include Fitness Center memberships
b. Units of participation may include an individual 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	118.16	118.16	118.40	118.66	118.66	118.66	119.00	119.00	119.00	119.00
Streetlights										
Gas	438	438	438	438	438	438	438	438	438	438
Electric	1,436	1,437	1,438	1,452	1,460	1,460	1,460	1,473	1,526	1,526
Storm sewer (miles)	213.32	213.36	216.14	217.56	218.26	218.26	218.29	219.17	219.35	219.41
Parks and Recreation										
Acreage	370.0	370.5	370.5	370.5	395.5	395.5	395.5	395.5	415.0	404.0
Water										
Water mains (miles)	N/A	158.59	160.03	160.51	163.33	164.27	165.25	165.25	165.25	165.25
Fire hydrants	1,300	1,328	1,350	1,350	1,353	1,331	1,362	1,362	1,362	1,362
Wastewater										
Sanitary sewers (miles)	N/A	135.44	136.06	136.12	137.60	138.39	138.71	138.90	138.90	138.95

Data Source

City departments N/A equals data not available