

Comprehensive Annual Financial Report



City of Lake Forest, Illinois

For the Year Ended April 30, 2013

CITY OF LAKE FOREST, ILLINOIS

Comprehensive Annual Financial Report

Year Ended April 30, 2013

(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
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October 17, 2013

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

The Comprehensive Annual Financial Report of the City of Lake Forest (City) for the year ended April 30, 2013, 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, 2013, 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 unmodified opinion that the City's financial statements for the fiscal year ended April 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of The City of Lake Forest

The City of Lake Forest was incorporated as a city under a charter granted by the Illinois State Legislature in 1861 and amended in 1869. Lake Forest is a residential community of 19,375 people and has a land area of 17.18 square miles. It is situated on Lake Michigan, thirty miles north of downtown Chicago in Lake County. In its American Community Survey, 2007-2011 estimates, the U.S. Census Bureau reported the City had a median family income of \$168,611 and median home value of \$863,900, significantly higher than comparable figures for Lake County and the State of Illinois.

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

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

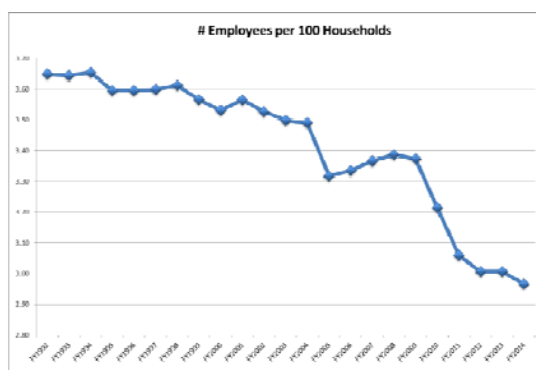
In addition, the Appropriation Ordinance provides for a 10% contingency in expenditures in an amount above those actually budgeted. Each separate fund includes an item labeled contingency, with an appropriate sum equivalent to 10% of the total funds budgeted. Even though there is a 10% contingency line 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 61 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 67.

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 calendar year 2012, the City's annual average unemployment rate was estimated to be 5.3%, compared to 8.1% for Lake County and 9.8% for the State of Illinois.
- The consumer confidence index is closely monitored by economists because consumer spending accounts for 70% of the United States' economic activity. In August 2013, the index was 81.5, up slightly from 81.0 in July, and up significantly compared to 60.6 in August of 2012. The index remains below 90, the minimum level associated with a healthy economy. An index above 100 signals growth.



As revenues declined in recent years due to national economic conditions, the City has proactively reduced operating expenses to ensure a balanced budget and compliance with the City's fiscal policies. Since personnel costs represent nearly 70% of the operating budget, it has been necessary to achieve costs savings through reduced personnel. In fiscal years (FY) 2009-2014, the City has reduced budgeted full time employees by 31 positions, returning the City's total employee count below 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 initial ten year period. The annual savings will be used to help balance the General Fund's annual budget through FY16 and to provide capital improvement funding. In December 2012, the City Council approved the use of excess fund balance reserves to pay off the ERI liability in its entirety, rather than amortizing over ten years as initially anticipated. This early payoff allowed the City to avoid \$1.8 million in interest costs over the amortization period.

Approximately half of the City's General Fund revenues come from property taxes, which continue to be a stable revenue source. The other major funding sources of sales tax, income tax, utility taxes and building permit revenues met or exceeded the FY2013 budget estimates. However, these revenues remain significantly lower than revenues received before the 2008 recession.

The economic condition of the State of Illinois continues to be a significant concern although the City has limited reliance on the State for direct funding. The State continues to be behind in making payments to the City for its share of the income tax. 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 2013, the City has completed

implementation of a new web site to enhance transparency and provide improved communication to residents, businesses and visitors. In September 2013, Lake Forest hosted the BMW Championship, which brought the top 70 professional golfers from around the world to the City as part of the PGA Tour playoffs for the FedEx Cup. The City has actively embraced the event as a unique opportunity to market the community on an international stage.

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.

FY2013 real estate transfer tax revenue totaled \$1.2 million. Significant fluctuations occur in this revenue source due to economic conditions, and more specifically the housing market. The City will remain conservative in projecting this revenue source and in spending monies on capital projects.

A Public Works Committee which consists of three City Council members was created to oversee capital improvement projects and programs. Annually in 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, typically held in November.

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

Cash Management Policies and Practices. The City follows a policy of investing cash temporarily idle during the year in commercial bank time deposits, in U.S. Treasury bills, in U.S Treasury notes and in Illinois Funds, the State Treasurer’s pool. 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, 2013, the most recent actuarial valuation date, the funded ratio for the Police Pension Plan is 57.4% and for the Firefighters' Pension Plan is 80.9%.

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, 2012, the funded ratio for IMRF is 64.8%, excluding the actuarial accrued liability for retirees which is 100% funded.

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

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 FY2013, the most significant initiatives were as follows:

- The City completed restructuring of the organization in light of the Early Retirement Incentive (ERI) program. As mentioned previously, a number of positions have been eliminated, resulting in the restructuring of City operations and reduction of vehicles and equipment inventories. In December 2012, the City Council approved the use of excess fund balance reserves to pay off the ERI liability in lieu of the 10-year amortization originally contemplated to save \$1.8 million in interest costs.
- The City participated in studies with other communities in an effort to identify potential opportunities for efficiencies through shared services. Areas currently being explored include fire/paramedic services, central dispatching and information technology.
- The City closed out the very successful West Lake Forest Tax Increment Financing (TIF) District effective December 31, 2012. A surplus of nearly \$2.4 million was declared, which was distributed to impacted taxing districts, and approximately \$50 million in assessed valuation was returned to the tax rolls benefiting all taxing bodies in the district.
- Planning and preparation was a central part of City activities in FY13. The City pursued a TIF evaluation on the Laurel Avenue property, the site of the former Municipal Services facility, completed a strategic planning initiative, worked on redesign of the City's web site (launched summer 2013), and assisted the Western Golf Association with planning for the BMW Championship golf tournament.
- Capital improvements in Fiscal Year 2013 included street improvements (\$1.7 million), Settlers Square streetscape improvements (\$290,000), replacement of roofs at Telegraph Road train and fire stations (\$379,000), Tanglewood Court water main (\$199,000), and Basswood-Onwentsia water main (\$117,000).

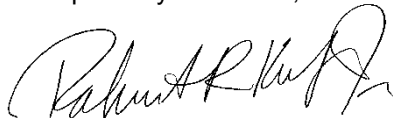
Awards and Acknowledgements

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, 2012. This was the thirty-fourth (34th) consecutive year that The City of Lake Forest has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Robert R. Kiely, Jr.
City Manager



Elizabeth A. Holleb
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lake Forest
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

April 30, 2012



Executive Director/CEO

CITY OF LAKE FOREST, ILLINOIS

List of Principal Officials

Year Ended April 30, 2013

LEGISLATIVE

City Council

Donald P. Schoenheider, Mayor

George A. Pandaleon

Stanford Tack

Kent E. Novit

John Reisenberg

Catherine A. Waldeck

Robert T. Palmer

David Moore

Michael R. Adelman

AUDIT COMMITTEE

Michelle Moreno, Chairman

Lucinda Baier

Andrew Marwede

Amy Krebs

Andrew Logan

George A. Pandaleon, Alderman (ex-officio)

Donald P. Schoenheider, Mayor (ex-officio)

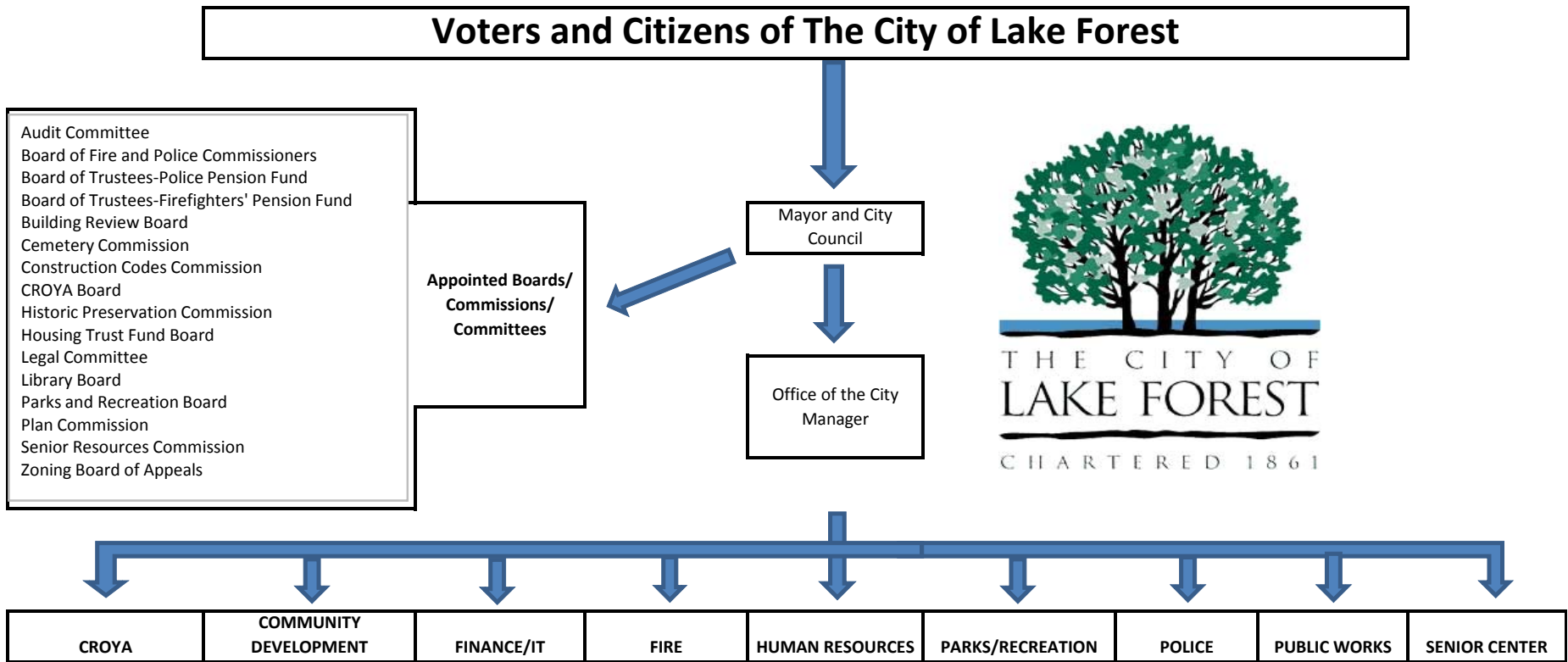
EXECUTIVE

Robert R. Kiely, Jr., City Manager

DEPARTMENT OF FINANCE

Elizabeth Holleb, Director of Finance

Diane Hall, Assistant Finance Director



FINANCIAL SECTION

Independent Auditor's Report



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lake Forest, Illinois, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 - 15), budgetary comparison information (pages 61 - 62), and pension and OPEB information (pages 63 - 65) 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The Other Supplementary Information (pages 67 – 123), the Introductory Section and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information, consisting of combining and individual fund statements and schedules, discretely presented component unit statements and debt service schedules, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section 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 17, 2013

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

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 position decreased by \$1.9 million during the fiscal year ending April 30, 2013 (FY13). The governmental net position decreased by \$2.2 million and the business-type activities net position increased by \$0.3 million.
- The governmental activities revenue increased by \$1.2 million or 2.5% due primarily to increased sales tax revenue. The expenses increased by \$4.3 million or 9.1% due to a \$2.6 million surplus distribution related to the termination of the West Lake Forest Tax Increment Financing (TIF) district and \$2.7 million paid from fund balance reserves to pay off the Early Retirement Incentive (ERI) program liability and avoid interest costs in future years. The transfers increased by \$40,000.
- The business-type activities revenue increased by \$1.1 million and expenses increased by \$.3 million due to weather conditions impacting water sales and water production. The transfers increased by \$40,000.
- The total cost of all City programs increased from \$56.8 million in FY12 to \$61.4 million in FY13 – an increase of \$4.6 million driven by \$5.3 million in one-time payments as noted above.

**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 Position (the Unrestricted Net Position) is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 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, 2013

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, 2013

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

The City's combined net position decreased by \$1.9 million for FY13 – from \$272.6 million to \$270.7 million. The analysis following will look at net position and net expenses of governmental and business-type activities separately. The total net position for the governmental activities decreased by \$2.2 million from \$226.9 million to \$224.7 million. The business-type activities net position increased by \$0.3 million from \$45.7 million to \$46.0 million. Table 1 reflects the condensed Statement of Net Position compared to FY12. Table 2 will focus on the changes in net position of the governmental and business-type activities.

Table 1
Statement of Net Position
As of April 30 2013 and 2012
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$69.0	\$69.4	\$10.9	\$9.9	\$79.9	\$79.3
Capital Assets	224.6	229.3	56.5	58.8	281.1	288.1
Total Assets	293.6	298.7	67.4	68.7	361.0	367.4
Long- Term Liabilities	39.1	40.4	20.6	22.2	59.7	62.6
Other Liabilities	29.8	31.4	0.8	0.9	30.6	32.3
Total Liabilities	68.9	71.8	21.4	23.1	90.3	94.9
Net Position:						
Net Investment in						
Capital Assets	187.5	190.8	36.1	36.8	223.6	227.6
Restricted	16.1	16.6	0.0	0.0	16.1	16.6
Unrestricted	21.1	19.5	9.9	8.9	31.0	28.4
Total Net Position	\$224.7	\$226.9	\$46.0	\$45.7	\$270.7	\$272.6

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

Normal Impacts

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

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

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

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

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

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

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

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

Current Year Impacts

The City's \$1.9 million decrease in combined net position (which is the City's bottom line) was the result of the governmental activities net position decreasing by \$2.2 million and the business-type activities net position increasing by \$0.3 million.

The governmental activities total assets decreased by \$5.1 million and the governmental activities total liabilities decreased by \$2.9 million. The reduction in total assets occurred primarily due to depreciation on capital assets significantly exceeding additions. The reduction in liabilities was due to a decrease in long-term liabilities resulting from scheduled maturities of debt obligations and no new obligations incurred during the current fiscal year, as well as a decrease in deferred revenue for property taxes.

Net investment in capital assets decreased due to depreciation exceeding additions and unrestricted net position increased by \$1.6 million.

The net position of business-type activities increased by \$0.3 million, from \$45.7 million to \$46.0 million. The current assets of the business-type activities increased by \$1.0 million and net capital assets decreased by \$2.3 million due to depreciation exceeding additions.

Long-term liabilities decreased by \$1.6 million due to scheduled maturities of debt obligations. The unrestricted net position increased from \$8.9 million to \$9.9 million. The majority of the unrestricted net position 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 \$7.6 million per year and interest expense on bonds is \$.7 million.

Changes in Net Position

The City's combined change in net position was a decrease of \$1.9 million from FY12. The City's total revenues increased by \$2.3 million. The City's cost of all programs increased by \$4.6 million, but this was attributable to the termination of the TIF district and the early payoff of the ERI liability from reserves.

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

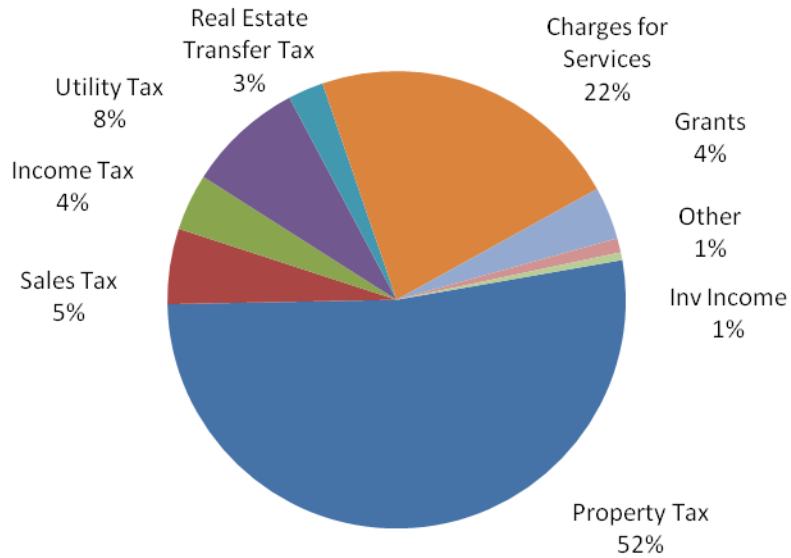
CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

Table 2
Changes in Net Position
For the Fiscal Year Ended April 30, 2013 and 2012
(in millions)

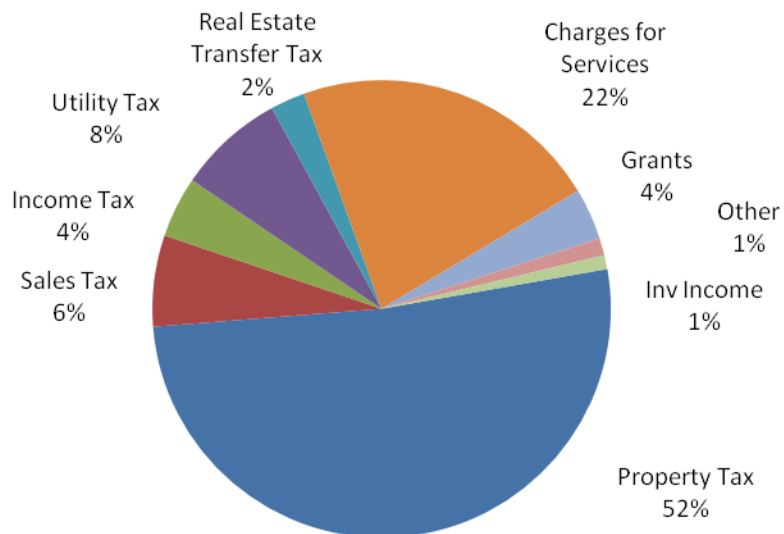
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
REVENUE						
Program Revenue						
Charges for Services	\$10.9	\$10.8	\$9.9	\$8.7	\$20.8	\$19.5
Grants and Contributions						
Operating	1.8	1.4			1.8	1.4
Capital	0.0	0.4			0.0	0.4
General Revenue						
Property Taxes	25.1	25.4			25.1	25.4
Other Taxes	10.7	10.1			10.7	10.1
Other	1.1	0.3		0.1	1.1	0.4
Total Revenue	49.6	48.4	9.9	8.8	59.5	57.2
EXPENSES						
Governmental Activities						
General Government	16.2	12.1			16.2	12.1
Highways and Streets	7.5	8.3			7.5	8.3
Sanitation	2.5	2.6			2.5	2.6
Culture and Recreation	10.4	9.4			10.4	9.4
Public Safety	13.7	13.6			13.7	13.6
Interest	1.4	1.4			1.4	1.4
Business-Type Activities						
Water and Sewer			8.3	8.0	8.3	8.0
Golf			1.4	1.4	1.4	1.4
Total Expenses	51.7	47.4	9.7	9.4	61.4	56.8
Excess before Transfers	(2.1)	1.0	0.2	(0.6)	(1.9)	0.4
Transfers In (out)	(0.1)		0.1		0.0	0.0
Change in Net Position	(2.2)	1.0	0.3	(0.6)	(1.9)	0.4
Net Position - Beginning	226.9	225.9	45.7	46.2	272.6	272.1
Net Position - Ending	\$224.7	\$226.9	\$46.0	\$45.6	\$270.7	\$272.5

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

FY2012 Governmental Activities Revenue

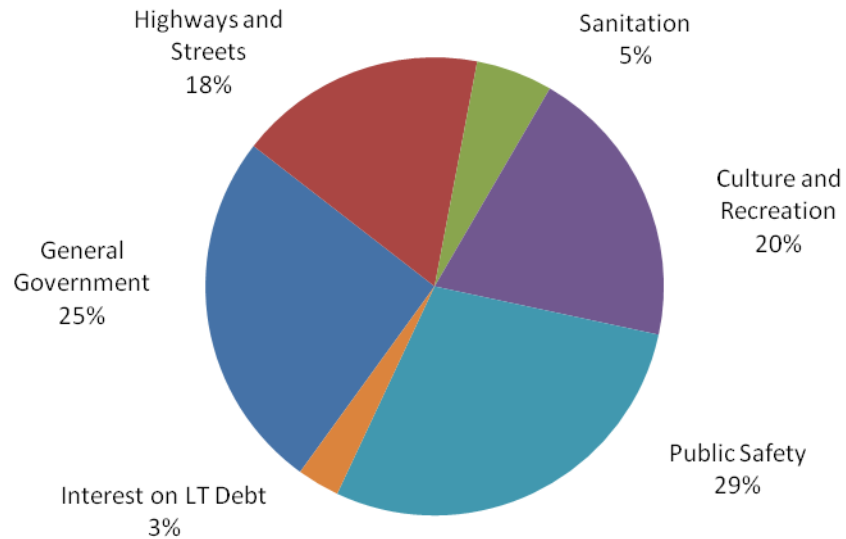


FY2013 Governmental Activities Revenue

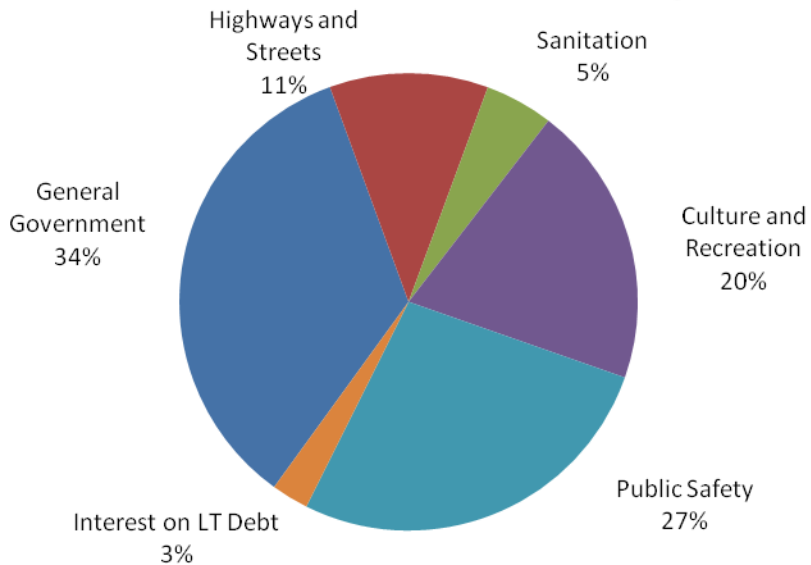


CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

FY2012 Governmental Activities Expenses



FY2013 Governmental Activities Expenses



CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

Normal Impacts

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

Revenues

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

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

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

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

Expenses

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

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

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

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

Current Year Impacts

Governmental Activities

Revenue

For the fiscal year ended April 30, 2013, revenues from governmental activities totaled \$49.6 million, up \$1.2 million compared to FY12. The single greatest factor resulting in the change between FY12 and FY13 was a \$.6 million increase in sales tax revenues. A portion of this related to a one-time adjustment associated with a sales tax sharing agreement with Mettawa for the Lake Forest Oasis.

Property tax revenue continues to be the City's single largest revenue source, contributing \$25.1 million (50.6%) of governmental activities revenue. This is a slight decrease of \$0.3 million or 1.2% compared to 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 \$35.8 million and represent 72.2% of the total governmental activities revenue.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

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 2012 equalized assessed valuation decreased 5.3% to \$2,378,047,139. Although the City became a home rule municipality in November 2004, the City still follows the Illinois Property Tax Extension Limitation Laws (PTELL), otherwise known as the tax cap.

Investment income increased by \$0.2 million (\$0.3 million to \$0.5 million). The City's strategy for investing did not change.

Expenses

For the fiscal year ended April 30, 2013, expenses for governmental activities totaled \$51.7 million, an increase of \$4.3 million or 9.1%. This increase is due to two one-time events. First, the City terminated the West Lake Forest TIF district resulting in a \$2.6 million surplus distribution to impacted taxing districts. Second, the City elected to use fund balance reserves to pay off its liability associated with the Early Retirement Incentive (ERI) program, thereby avoiding future interest costs. Overall, the City has experienced a reduction in personnel expenses as a result of reducing headcount. The 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 highways and streets expense category decreased by \$.8 million from \$8.3 to \$7.5 million which is a decrease of 9.6%. This decrease is attributable to reduced capital maintenance compared to the prior year.

The City's culture and recreation function increased by \$1.0 million or 10.6%, from \$9.4 million to \$10.4 million, due primarily to the Parks portion of the ERI liability payoff from reserves. The City's public safety function increased by .7%, from \$13.6 to \$13.7 million, due to personnel cost increases.

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 FY13 expenses included funding for the City's performance based employee compensation package plus a 2.0% general salary adjustment.

Business-type Activities

Revenue

Total revenue for the business-type activities increased by \$1.1 million due to weather conditions favorably impacting water sales.

Expenses

The City's business-type activity expenses increased by \$.3 million or 3.2%. The increase was primarily in the water fund due to increased water production.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2013, the governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$32.0 million which is a 1.6% increase from the beginning of the year (\$31.5 million). Of the total fund balance of \$32.0 million, \$29.8 million is available for continuing City services and capital projects. While nonspendable and assigned fund balance amounts are essentially unchanged from the prior year, restricted fund balance has decreased \$.6 million. The unassigned fund balance of the General Fund at April 30, 2013 is \$11.7 million, which is a \$1.1 million (10.4%) increase over the prior year.

Major Governmental Funds

The General Fund is the City's primary operating fund and the largest source of day-to-day service delivery. The total Fund Balance of the General Fund increased by \$1.0 million or 7.5% from FY12 (\$13.7 million to \$14.7 million). The General Fund revenues increased by \$1.4 million (4.8%) and the expenditures increased by \$1.7 million due to the early payoff of the ERI liability. Excluding this one-time payment, expenditures decreased by \$.2 million compared to the prior year. The excess of revenues over expenditures for FY13 of \$3.4 million compared favorably to the \$3.7 million in FY12, especially considering the FY13 ERI payment of \$1.9 million. The other financing sources (uses) increased by \$0.2 million.

Primary revenue fluctuations between FY12 and FY13 were increases in sales taxes and a one-time receipt of TIF surplus revenue. 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 2011 levy extension allowed for a 1.5% CPI factor as well as new equalized assessed valuation growth. The increased sales tax revenue came in part from a one-time adjustment of sales taxes attributable to the Lake Forest Oasis, which are shared by intergovernmental agreement with the Village of Mettawa and had been under-reported to the City.

As discussed previously, General Fund expenditures saw little change between FY12 and FY13 with the exception of the ERI liability payoff.

Table 3
General Fund Budgetary Highlights
(in millions)

General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$25.0	\$25.0	\$25.5
Other	5.9	5.9	6.5
Total	30.9	30.9	32.0
Expenditures and Transfers:			
Expenditures	31.4	31.4	28.6
Transfers (Net)	2.5	2.5	2.4
Total	33.9	33.9	31.0
Change in Fund Balance	(\$3.0)	(\$3.0)	\$1.0

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

Actual General Fund revenues were higher than the original budgeted revenues by \$1.1 million during FY13. This increase is mainly due to increased sales tax revenues and a one-time receipt of TIF surplus. Actual General Fund expenditures were lower than the original and final budget by \$2.8 million as it is the City's policy to add 10%, which is \$3.0 million, of contingency funding to the budget appropriation. The contingency amount is only for emergency use and was not used in FY13, with the exception of a small amount used to provide for the balance of the ERI liability payment that could not be absorbed by budget savings in other line items. More information can be found on the schedule of revenues, expenditures and changes in fund balance – budget and actual on page 61.

The Parks and Recreation Fund accounts for the parks and recreation programs. Services include forestry and parks maintenance operations, a fitness center, dance academy, and a variety of other indoor and outdoor programs. The Fund Balance of the Parks and Recreation Fund decreased by \$0.5 million from \$3.0 million to \$2.5 million. The Parks and Recreation Fund revenues increased by \$.1 million (1.1%) while expenditures increased by \$.8 million (10.5%). The increase in expenditures was attributable solely to the Parks portion of the early payoff of the ERI liability. The excess of revenues over expenditures decreased from \$29,000 to \$(729,000) attributable to the \$.8 million ERI payment.

CAPITAL ASSETS

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land and Improvements	\$45.5	\$45.5	\$0.5	\$0.5	\$46.0	\$46.0
Infrastructure - Land	66.7	66.7			66.7	66.7
Construction in Progress	0.0	0.2			0.0	0.2
Infrastructure	64.7	67.8			64.7	67.8
Buildings	22.3	23.0	16.4	17.4	38.7	40.4
Improvements	20.8	21.5	23.1	23.8	43.9	45.3
Machinery and Equipment	4.6	4.6	2.0	2.0	6.6	6.6
Sanitary Sewers	0.0	0.0	14.5	15.1	14.5	15.1
Total	\$224.6	\$229.3	\$56.5	\$58.8	\$281.1	\$288.1

At the end of FY13, the City had a combined total of \$281.1 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$7.0 million. The net decrease is attributable to a \$4.7 million decrease in governmental activities and a \$2.3 million decrease in the business-type activities.

The \$4.7 million decrease in the governmental activities was primarily due to \$6.3 million of depreciation offset by \$1.8 million of capital asset additions. The \$2.3 million decrease in business-type activities was due primarily to \$2.8 million of depreciation offset by \$.5 million in water main improvements.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

The following reconciliation summarizes the changes in Capital Assets which are presented in detail on pages 44-46 of the Notes.

Table 5
Change in Capital Assets
(in millions)

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$229.3	\$58.8	\$288.1
Additions			
Depreciable	1.8	0.5	2.3
Non-Depreciable	0.0		0.0
Construction in Progress	0.0		0.0
Retirements			
Depreciable	(0.4)		(0.4)
Non-Depreciable	(0.2)		(0.2)
Construction in Progress			
Depreciation	(6.3)	(2.8)	(9.1)
Retirements	0.4		0.4
Ending Balance	<u>\$224.6</u>	<u>\$56.5</u>	<u>\$281.1</u>

Debt Outstanding

The City had \$58.3 million of general obligation bonds outstanding at April 30, 2013. Of this amount \$29.8 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 \$6,961 and \$5,975 if self-supporting debt is excluded.

The City operated as a home rule community for FY13. 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 47-49.

CITY OF LAKE FOREST, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2013

Economic Factors

Unemployment levels in Lake Forest are well below the levels for Lake County and the State of Illinois. For calendar year 2012, the City's annual average unemployment rate was estimated to be 5.3%, compared to 8.1% for Lake County and 9.8% for the State of Illinois.

The City refunded \$9.7 million of outstanding general obligation bonds in September 2013. 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 Position

April 30, 2013

Exhibit A-1

	Primary Government			Component unit
	Governmental Activities	Business-type Activities	Total	Lake Forest Library
Assets				
Cash and cash equivalents	\$ 33,654,290	\$ 9,373,888	\$ 43,028,178	\$ 1,278,923
Investments	3,549,244	-	3,549,244	-
Receivables (net):				
Property taxes	23,473,050	-	23,473,050	3,677,334
Other taxes	354,314	-	354,314	6,310
Accounts	895,021	1,206,681	2,101,702	-
Loans	2,020,763	-	2,020,763	-
Other	468,726	242	468,968	-
Due from other governments	1,869,073	-	1,869,073	-
Internal balances	(61,448)	61,448	-	-
Inventories	341,765	106,895	448,660	-
Prepays	616,665	72,305	688,970	-
Deferred charges – bond issuance costs	180,420	79,108	259,528	-
Net pension asset	1,598,911	-	1,598,911	-
Capital assets:				
Not being depreciated	112,238,404	459,369	112,697,773	219,000
Being depreciated, net	112,390,263	56,020,022	168,410,285	3,322,484
Total assets	293,589,461	67,379,958	360,969,419	8,504,051
Liabilities				
Accounts payable	1,207,340	188,192	1,395,532	22,926
Accrued liabilities	1,283,589	52,435	1,336,024	46,626
Accrued interest payable	498,524	190,713	689,237	-
Deposits	819,155	-	819,155	-
Unearned revenue - property taxes	23,473,050	-	23,473,050	3,677,334
Unearned revenue - other	2,508,608	389,954	2,898,562	-
Long-term obligations:				
Due within one year	1,500,949	1,820,000	3,320,949	41,433
Due in more than one year	37,606,798	18,780,056	56,386,854	242,062
Total liabilities	68,898,013	21,421,350	90,319,363	4,030,381
Net Position				
Net investment in capital assets	187,500,531	36,077,752	223,578,283	3,452,764
Restricted for:				
Culture and recreation	3,156,476	-	3,156,476	-
Highways and streets	802,946	-	802,946	-
Public safety	493,184	-	493,184	-
Cemetery purposes	4,101,381	-	4,101,381	-
Affordable housing	765,794	-	765,794	-
Capital projects	3,878,148	-	3,878,148	-
Debt service	1,908,750	-	1,908,750	-
Parking	957,420	-	957,420	-
Unrestricted	21,126,818	9,880,856	31,007,674	1,020,906
Total net position	\$ 224,691,448	\$ 45,958,608	\$ 270,650,056	\$ 4,473,670

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Activities

For the Year Ended April 30, 2013

Exhibit A-2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Lake Forest Library							
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government										
					Governmental Activities	Business-type Activities	Total								
Functions/Program		Expenses													
Primary government:															
Governmental activities:															
General government	\$	16,176,326	\$	4,838,151	\$	718,710	\$	-	\$	(10,619,465)	\$	-	\$	(10,619,465)	
Highways and streets		7,536,444		753,487		686,249		-		(6,096,708)		-		(6,096,708)	
Sanitation		2,512,559		58,564		-		-		(2,453,995)		-		(2,453,995)	
Culture and recreation		10,352,252		3,342,913		346,667		25,000		(6,637,672)		-		(6,637,672)	
Public safety		13,748,855		1,861,619		26,108		-		(11,861,128)		-		(11,861,128)	
Interest on long-term debt		1,362,715		-		-		-		(1,362,715)		-		(1,362,715)	
Total governmental activities		51,689,151		10,854,734		1,777,734		25,000		(39,031,683)		-		(39,031,683)	
Business-type activities:															
Waterworks and sewerage		8,287,297		8,598,079		-		-		-		310,782		310,782	
Golf		1,459,394		1,320,455		-		-		-		(138,939)		(138,939)	
Total business-type activities		9,746,691		9,918,534		-		-		-		171,843		171,843	
Total primary government	\$	61,435,842	\$	20,773,268	\$	1,777,734	\$	25,000		(39,031,683)		171,843		(38,859,840)	
Component Unit															
Lake Forest Library	\$	3,398,628	\$	62,561	\$	44,968	\$	-						\$ (3,291,099)	
General revenues and transfers:															
General revenues															
Property taxes										25,051,411		-		25,051,411	3,528,469
Replacement taxes										130,549		-		130,549	31,348
Sales tax										3,183,479		-		3,183,479	-
Income tax										2,131,711		-		2,131,711	-
Utility tax										3,736,586		-		3,736,586	-
Real estate transfer tax										1,209,113		-		1,209,113	-
Other taxes										362,869		-		362,869	-
Investment income										491,196		37,853		529,049	9,790
Other										573,705		-		573,705	65,606
Transfers										(77,100)		77,100		-	-
Total general revenues and transfers										36,793,519		114,953		36,908,472	3,635,213
Change in net position										(2,238,164)		286,796		(1,951,368)	344,114
Net position – beginning of year										226,929,612		45,671,812		272,601,424	4,129,556
Net position – end of year	\$									224,691,448	\$	45,958,608	\$	270,650,056	\$ 4,473,670

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS
Exhibit A-3

Balance Sheet
Governmental Funds
April 30, 2013

Assets	General Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 12,464,462	\$ 3,440,606	\$ 11,116,610	\$ 27,021,678
Investments	-	-	3,549,244	3,549,244
Receivables (net of allowance for uncollectibles):				
Property taxes	16,491,864	5,064,221	1,916,965	23,473,050
Other taxes	354,314	-	-	354,314
Accounts	530,494	62,984	301,543	895,021
Loans	2,020,763	-	-	2,020,763
Other	65,890	-	303,463	369,353
Due from other governments	1,827,541	8,210	33,322	1,869,073
Advances to other funds	667,282	-	-	667,282
Due from fiduciary funds	-	-	84,677	84,677
Inventory	44,339	-	-	44,339
Prepays	43,065	-	43,333	86,398
Total assets	<u>\$ 34,510,014</u>	<u>\$ 8,576,021</u>	<u>\$ 17,349,157</u>	<u>\$ 60,435,192</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 520,902	\$ 220,585	\$ 140,852	\$ 882,339
Accrued liabilities	619,434	109,830	13,421	742,685
Due to other funds	-	-	8,408	8,408
Deposits	806,905	2,250	10,000	819,155
Deferred revenue:				
Property taxes	16,491,864	5,064,221	1,916,965	23,473,050
Other	1,317,317	707,667	483,624	2,508,608
Total liabilities	<u>19,756,422</u>	<u>6,104,553</u>	<u>2,573,270</u>	<u>28,434,245</u>
Fund balances:				
Nonspendable	2,775,449	-	43,333	2,818,782
Restricted	957,420	2,471,468	13,133,735	16,562,623
Assigned	-	-	1,598,819	1,598,819
Unassigned	11,020,723	-	-	11,020,723
Total fund balances	<u>14,753,592</u>	<u>2,471,468</u>	<u>14,775,887</u>	<u>32,000,947</u>
Total liabilities and fund balances	<u>\$ 34,510,014</u>	<u>\$ 8,576,021</u>	<u>\$ 17,349,157</u>	<u>\$ 60,435,192</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 April 30, 2013

Total fund balances – governmental funds	\$	32,000,947
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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.		180,420
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Net pension asset recorded in governmental activities is not a financial resource and therefore is not reported in the funds.		1,598,911
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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		
Infrastructure, net of \$116,355,292 in accumulated depreciation	64,719,009		
Buildings, net of \$9,809,005 in accumulated depreciation	22,328,752		
Improvements, net of \$9,574,452 in accumulated depreciation	20,776,237		
Machinery and equipment, net of \$10,740,811 in accumulated depreciation	4,533,329		
Total capital assets, net			224,595,731

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 position. Balances at year-end are:

Accrued interest on bonds	\$ (498,524)		
Net OPEB obligation	(201,480)		
General obligation bonds	(37,203,146)		
(Premium) discount on general obligation bonds	(159,340)		
Deferred amounts on refunding general obligation bonds	234,350		
Compensated absences	(1,724,580)		
Total long-term obligations			(39,552,720)

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.

		5,868,159
Net position of governmental activities	\$	224,691,448

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, 2013

	General Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 15,720,048	\$ 4,966,513	\$ 4,364,850	\$ 25,051,411
Other	9,437,860	41,334	1,275,113	10,754,307
Intergovernmental revenues	-	-	612,357	612,357
Grants and contributions	1,526	151,442	1,037,409	1,190,377
Charges for services	2,797,993	2,988,702	1,532,978	7,319,673
Licenses and permits	2,450,194	-	-	2,450,194
Fines and forfeitures	368,941	-	-	368,941
Investment income	53,506	21,940	387,133	462,579
Miscellaneous revenue	1,202,752	8,225	14,105	1,225,082
Total revenues	<u>32,032,820</u>	<u>8,178,156</u>	<u>9,223,945</u>	<u>49,434,921</u>
Expenditures:				
Current:				
General government	10,804,352	-	3,438,416	14,242,768
Highways and streets	2,044,225	-	-	2,044,225
Sanitation	2,193,091	-	-	2,193,091
Culture and recreation	-	8,660,341	622,354	9,282,695
Public safety	13,552,368	-	274,364	13,826,732
Capital outlay	-	247,233	4,339,341	4,586,574
Debt service:				
Principal retirement	-	-	1,377,736	1,377,736
Interest	-	-	1,392,342	1,392,342
Total expenditures	<u>28,594,036</u>	<u>8,907,574</u>	<u>11,444,553</u>	<u>48,946,163</u>
Excess (deficiency) of revenues over expenditures	<u>3,438,784</u>	<u>(729,418)</u>	<u>(2,220,608)</u>	<u>488,758</u>
Other financing sources (uses):				
Proceeds from capital asset sales	-	-	64,549	64,549
Transfers in	107,737	299,970	2,421,536	2,829,243
Transfers out	(2,510,942)	(78,000)	(317,401)	(2,906,343)
Total other financing sources (uses)	<u>(2,403,205)</u>	<u>221,970</u>	<u>2,168,684</u>	<u>(12,551)</u>
Net change in fund balances	<u>1,035,579</u>	<u>(507,448)</u>	<u>(51,924)</u>	<u>476,207</u>
Fund balances – beginning of year	<u>13,718,013</u>	<u>2,978,916</u>	<u>14,827,811</u>	<u>31,524,740</u>
Fund balances – end of year	<u>\$ 14,753,592</u>	<u>\$ 2,471,468</u>	<u>\$ 14,775,887</u>	<u>\$ 32,000,947</u>

See accompanying notes to financial statements.

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

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended April 30, 2013

Net changes in fund balances—total governmental funds \$ 476,207

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 (\$6,294,212) exceeded capital outlay (\$1,608,022) in the current period. (4,686,190)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, 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 position.

Debt issuance costs	\$ 22,767	
Repayments:		
General obligation bonds	<u>1,377,736</u>	
Net adjustment		1,400,503

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	280,159	
Increase in OPEB obligation	(32,592)	
Decrease in accrued interest payable	31,203	
Amortization of bond deferred amounts, premiums and discounts	34,196	
Amortization of bond issuance costs	(35,772)	
Increase in compensated absences	<u>(56,488)</u>	
		220,706

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

	<u>350,610</u>
Change in net position of governmental activities – statement of activities	<u><u>\$ (2,238,164)</u></u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Exhibit A-7

Statement of Net Position

Proprietary Funds

April 30, 2013

	Business-type Activities – Enterprise Funds			Governmental Activities— Internal Service Funds
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 8,815,595	\$ 558,293	\$ 9,373,888	\$ 6,632,612
Receivables:				
Accounts receivable	1,204,945	1,736	1,206,681	-
Other	242	-	242	14,696
Due from other funds	8,408	-	8,408	-
Inventories	-	106,895	106,895	297,426
Prepaid expenses	72,305	-	72,305	530,267
Total current assets	10,101,495	666,924	10,768,419	7,475,001
Noncurrent assets:				
Deferred charges – bond issuance costs	75,615	3,493	79,108	-
Capital assets:				
Not being depreciated	363,852	95,517	459,369	-
Being depreciated, net of accumulated depreciation	54,423,524	1,596,498	56,020,022	32,936
Total capital assets, net	54,787,376	1,692,015	56,479,391	32,936
Total noncurrent assets	54,862,991	1,695,508	56,558,499	32,936
Total assets	64,964,486	2,362,432	67,326,918	7,507,937
Liabilities				
Current liabilities:				
Accounts payable	131,304	56,888	188,192	325,001
Accrued liabilities	37,341	15,094	52,435	540,904
Accrued interest payable	181,794	8,919	190,713	-
Unearned revenue	109,619	280,335	389,954	-
Current portion of long-term obligations:				
General obligation bonds	1,730,000	85,000	1,815,000	-
Accrued compensated absences	4,240	760	5,000	3,012
Total current liabilities	2,194,298	446,996	2,641,294	868,917
Noncurrent liabilities:				
Advances from other funds	667,282	-	667,282	-
General obligation bonds payable (net of unamortized discounts)	17,729,646	856,993	18,586,639	-
Accrued compensated absences	164,023	29,394	193,417	50,539
Total noncurrent liabilities	18,560,951	886,387	38,894,676	50,539
Total liabilities	20,755,249	1,333,383	22,088,632	919,456
Net Position				
Net investment in capital assets	35,327,730	750,022	36,077,752	32,936
Unrestricted	8,881,507	279,027	9,160,534	6,555,545
Total net position	\$ 44,209,237	\$ 1,029,049	45,238,286	\$ 6,588,481
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			720,322	
Net position of business-type activities reported in the government-wide statement of net position.			\$ 45,958,608	
See accompanying notes to financial statements.				

CITY OF LAKE FOREST, ILLINOIS
Exhibit A-8
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended April 30, 2013

	Business-type Activities – Enterprise Funds			Governmental Activities—
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	\$ 8,501,694	\$ 1,320,455	\$ 9,822,149	\$ 8,009,445
Connection fees	89,060	-	89,060	-
Miscellaneous	7,325	-	7,325	-
Total operating revenues	8,598,079	1,320,455	9,918,534	8,009,445
Operating expenses:				
General and administrative	2,706,523	569,521	3,276,044	7,650,687
Operations and maintenance	2,348,675	695,149	3,043,824	-
Depreciation and amortization	2,598,896	177,831	2,776,727	4,804
Total operating expenses	7,654,094	1,442,501	9,096,595	7,655,491
Operating income (loss)	943,985	(122,046)	821,939	353,954
Nonoperating revenues (expenses):				
Investment income	35,167	2,686	37,853	28,617
Gain (loss) on disposal of capital assets	(2,284)	-	(2,284)	-
Interest expense	(656,808)	(22,965)	(679,773)	-
Total nonoperating revenues (expenses)	(623,925)	(20,279)	(644,204)	28,617
Increase (decrease) in net position before transfers	320,060	(142,325)	177,735	382,571
Transfers in	-	78,000	78,000	-
Transfers out	(900)	-	(900)	-
Change in net position	319,160	(64,325)	254,835	382,571
Net position – beginning of year	43,890,077	1,093,374	44,983,451	6,205,910
Net position – end of year	<u>\$ 44,209,237</u>	<u>\$ 1,029,049</u>	45,238,286	<u>\$ 6,588,481</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>31,961</u>	
Change in net position of business-type activities reported in the government-wide statement of activities			<u>\$ 286,796</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, 2013

	Business-type Activities – Enterprise Funds			Governmental Activities - Internal Service Funds
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	
Cash flows from operating activities:				
Receipts from customers	\$ 8,618,341	\$ 1,282,713	\$ 9,901,054	\$ -
Receipts from miscellaneous revenue	7,296	-	7,296	-
Receipts from interfund services provided	-	-	-	7,999,016
Payments to suppliers	(2,377,973)	(727,647)	(3,105,620)	(6,956,041)
Payments to employees	(1,883,343)	(567,994)	(2,451,337)	(665,369)
Net cash flows from operating activities	4,364,321	(12,928)	4,351,393	377,606
Cash flows from noncapital financing activities:				
Transfer from other funds	-	78,000	78,000	-
Transfer to other funds	(900)	-	(900)	-
Net cash flows provided from noncapital financing activities	(900)	78,000	77,100	-
Cash flows from capital and related financing activities:				
Purchases of capital assets	(418,319)	(67,700)	(486,019)	-
Principal paid on capital debt	(1,660,000)	(84,000)	(1,744,000)	-
Interest paid on capital debt	(541,721)	(16,823)	(558,544)	-
Net cash flows from capital and related financing activities	(2,620,040)	(168,523)	(2,788,563)	-
Cash flows from investing activities:				
Interest and dividends received	38,499	2,686	41,185	28,617
Net increase (decrease) in cash and cash equivalents	1,781,880	(100,765)	1,681,115	406,223
Cash and cash equivalents – beginning of year	7,033,715	659,058	7,692,773	6,226,389
Cash and cash equivalents – end of year	\$ 8,815,595	\$ 558,293	\$ 9,373,888	\$ 6,632,612

(Continued)

CITY OF LAKE FOREST, ILLINOIS
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended April 30, 2013

Exhibit A-9, Continued

	Business-type Activities – Enterprise Funds			Governmental Activities— Internal Service Funds
	Waterworks and Sewerage Fund	Nonmajor - Deerpath Golf Course Fund	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ 943,985	\$ (122,046)	\$ 821,939	\$ 353,954
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation expense	2,598,896	177,831	2,776,727	4,804
Changes in assets and liabilities:				
Water sales receivable	35,995	-	35,995	-
Accounts receivable	(20,972)	(1,736)	(22,708)	(8,504)
Other receivables	(29)	-	(29)	-
Other assets	-	(32,340)	(32,340)	(9,313)
Due from other funds	(8,408)	-	(8,408)	-
Prepaid expenses	112,280	-	112,280	-
Accounts payable	(7,098)	(561)	(7,659)	41,633
Accrued liabilities	9,875	2,476	12,351	2,453
Unearned revenue	20,972	(36,006)	(15,034)	(1,925)
Compensated absences	11,543	(546)	10,997	(5,496)
Advances	667,282	-	667,282	-
Total adjustments	3,420,336	109,118	3,529,454	23,652
Net cash flows from operating activities	\$ 4,364,321	\$ (12,928)	\$ 4,351,393	\$ 377,606

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Fiduciary Net Position

Fiduciary Funds

April 30, 2013

Assets	Pension Trust Funds	Private Purpose Trust Fund	Agency Fund
Cash and cash equivalents	\$ 2,489,438	\$ 18,667	\$ 60,174
Investments:			
U.S. Treasury obligations	6,094,234	-	-
U.S. Government agencies	11,971,066	-	-
Municipal and corporate bonds	5,562,679	107,566	-
Common stock	1,811,953	435,379	-
Equity mutual funds	24,951,205	-	-
Other receivables	210,026	198	-
Prepaid expenses	11,981	-	-
Total assets	<u>53,102,582</u>	<u>561,810</u>	<u>60,174</u>
Liabilities			
Accounts payable	6,626	-	-
Due to other funds	-	84,677	-
Due to special assessment districts	-	-	60,174
Total liabilities	<u>6,626</u>	<u>84,677</u>	<u>60,174</u>
Net Position			
Held in trust for pension trust and other purposes	<u>\$ 53,095,956</u>	<u>\$ 477,133</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended April 30, 2013

	Pension Trust Funds	Private Purpose Trust Fund
Additions:		
Contributions:		
Employer	\$ 2,528,420	\$ -
Employee	611,169	-
Total contributions	<u>3,139,589</u>	<u>-</u>
Interest income	1,308,068	11,097
Net appreciation in fair value of investments	3,207,490	54,122
Less investment expenses	(207,793)	-
Net investment income	<u>4,307,765</u>	<u>65,219</u>
Total additions	<u>7,447,354</u>	<u>65,219</u>
Deductions:		
Pension benefits and refunds	3,370,193	-
Other administrative expenses	11,600	34,573
Total deductions	<u>3,381,793</u>	<u>34,573</u>
Change in net position	4,065,561	30,646
Net position held in trust at beginning of year	<u>49,030,395</u>	<u>446,487</u>
Net position held in trust at end of year	<u>\$ 53,095,956</u>	<u>\$ 477,133</u>

See accompanying notes to financial statements.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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 position 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, 2013

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. Principal revenue sources for this fund include a dedicated tax levy, grants, contributions and program fees.

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.

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, 2013

(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 2011 property tax levy is recognized as revenue for the year ended April 30, 2013. 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.

(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, 2013

(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, 2013

- 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 position.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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, 2013, there was no interest expense capitalized in the enterprise funds.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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

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

(j) *Compensated Absences*

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

(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 Position*

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

Net Investment in Capital Assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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.

(m) Fund Balances

Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions* establishes 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, 2013

Fund Balance Classifications

At April 30, 2013, the City's fund balances were as follows:

	General Fund	Parks and Recreation Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Prepays	\$ 43,065	\$ -	\$ 43,333	\$ 86,398
Inventory	44,339	-	-	44,339
Interfund advances	667,282	-	-	667,282
Long-term notes	2,020,763	-	-	2,020,763
Total nonspendable	2,775,449	-	43,333	2,818,782
Restricted:				
Culture and recreation	-	2,471,468	685,008	3,156,476
Highways and streets	-	-	802,946	802,946
Public safety	-	-	493,184	493,184
Cemetery purposes	-	-	4,101,381	4,101,381
Affordable housing	-	-	765,794	765,794
Capital projects	-	-	3,878,148	3,878,148
Parking lots	957,420	-	-	957,420
Debt service	-	-	2,407,274	2,407,274
Total restricted	957,420	2,471,468	13,133,735	16,562,623
Assigned				
Capital projects	-	-	1,598,819	1,598,819
Unassigned	11,020,723	-	-	11,020,723
Total fund balances	\$ 14,753,592	\$ 2,471,468	\$ 14,775,887	\$ 32,000,947

(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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

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).

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* will be effective for the City beginning with its year ended April 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will be effective for the City with its year ended April 30, 2015. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor.

Management has not fully determined what impact, if any, these Statements may have on its financial statements; however, GASB Statements 67 and 68 are expected to have a material impact when implemented.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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 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, 2013

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, 2013 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	\$ 10,025	\$ -	\$ 300	\$ -	\$ 350
Demand deposits	42,292,881	180,091	2,309,047	78,841	1,274,338
Certificate of deposit	163,911	-	-	-	-
Illinois Funds	725,272	-	-	-	4,235
Equity securities	3,385,333	13,213,476	13,549,682	542,945	-
U.S. Treasury obligations	-	3,710,813	2,383,421	-	-
U.S. Government agencies	-	6,031,170	5,939,896	-	-
Municipal/corporate bonds	-	958,306	4,604,373	-	-
Total	<u>\$ 46,577,422</u>	<u>\$ 24,093,856</u>	<u>\$ 28,786,719</u>	<u>\$ 621,786</u>	<u>\$ 1,278,923</u>

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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned. The City's investment policy requires that deposits that exceed the amount insured by FDIC, NCUA, and/or SIPC insurance protection be collateralized, at the rate of 110% of such deposits, by U.S. Government Securities, obligations of Federal instrumentalities, obligations of the State of Illinois, or general obligation bonds of the City. The Cemetery Investment Fund and the Pension Funds do not have a deposit policy for custodial credit risk. As of April 30, 2013, 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, 2013, the maturities for debt securities subject to interest rate risk are as follows:

	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Fiduciary activities:					
Police Pension Fund:					
U.S. Treasury obligations	\$ 3,710,813	\$ 160,050	\$ 383,790	\$ 3,166,973	\$ -
U.S. Government agencies	6,031,170	979,740	3,517,427	1,534,003	-
Municipal/corporate bonds	958,306	304,034	353,889	300,383	-
Total Police Pension	10,700,289	1,443,824	4,255,106	5,001,359	-
Firefighters' Pension Fund:					
U.S. Treasury obligations	2,383,421	151,559	711,072	1,520,790	-
U.S. Government agencies	5,939,896	525,943	2,647,916	647,569	2,118,468
Municipal/corporate bonds	4,604,373	262,686	2,337,163	2,004,524	-
Total Firefighters' Pension	12,927,690	940,188	5,696,151	4,172,883	2,118,468
Total fiduciary activities	\$ 23,627,979	\$ 2,384,012	\$ 9,951,257	\$ 9,174,242	\$ 2,118,468

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

Credit Risk

Credit risk is the risk that the City or Pension Funds will not recover their investments due to the inability of the counterparty to fulfill its obligation. The City's investment policy limits the City's exposure to credit risk by limiting investments to the safest types as described in Note 1e.

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

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

As of April 30, 2013, the City, Cemetery Investment Fund, and Pension Funds had the following fixed income investments which are rated by Moody's and/or 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	\$ 725,272	\$ 725,272	\$ -	\$ -	\$ -
Fiduciary activities:					
Police Pension Fund:					
U.S. Government agencies	\$ 6,031,170	\$ 6,031,170	\$ -	\$ -	\$ -
Municipal/corporate bonds	958,306	-	194,600	623,772	139,934
Firefighters' Pension Fund:					
U.S. Government agencies	5,939,896	5,939,896	-	-	-
Municipal/corporate bonds	4,604,373	357,185	419,059	2,071,204	1,756,925
	10,544,269	6,297,081	419,059	2,071,204	1,756,925
Total fiduciary activities	\$ 11,502,575	\$ 6,297,081	\$ 613,659	\$ 2,694,976	\$ 1,896,859

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 6.5% of its portfolio in GNMA securities as well as 6.8% in FNMA securities. The Police Pension Fund holds 5.7% of its portfolio in FHLB securities, 7.3% in FHLMC securities, as well as 12.0% in FNMA securities.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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, 2013, 7.6% of the Firefighters' Pension Fund's assets were invested in 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, 2013, 14.8% of the Police Pension Fund's assets were invested in the Dodge & Cox International Stock Fund, Vanguard Total International Stock Index Fund, as well as foreign stocks and bonds. The funds are subject to foreign currency risk; however, the funds are well diversified across international regions. The Cemetery Fund had 18.8% of its assets invested in William Blair International Growth Fund as of April 30, 2013.

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 2012 are intended to finance the fiscal year 2014 expenditures. Accordingly, the City recognized revenue during the year ended April 30, 2013 for collections from the calendar year 2011 levy if it was received by June 30, 2013. Property taxes levied for calendar year 2012 which will be collected in fiscal year 2014 are recorded as receivables and deferred revenue.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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

The following balances at April 30, 2013 represent amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Waterworks and Sewerage Fund	Debt Service Fund	\$ 819
Waterworks and Sewerage Fund	Debt Service Fund	7,589
Nonmajor Governmental Fund	Fiduciary Fund	84,677
Total		<u>\$ 93,085</u>

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

Advances to/from Other Funds

The following balances at April 30, 2013 represent amounts Advanced to/from other funds:

General Fund	Waterworks and Sewerage Fund	\$ 667,282
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This balance resulted from operating transactions between funds and will be repaid over the next five years within the normal course of business.

Transfers to/from Other Funds

Interfund transfers for the year ended April 30, 2013 were as follows:

<u>Transfer In Fund(s)</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Transfer for capital outlay	\$ 107,737
Parks and Recreation	Transfer for operations	299,970
Nonmajor business activity	Transfer for operations	78,000
Nonmajor governmental	Transfer for capital outlay	1,609,664
Nonmajor governmental	Transfer for operations	213,388
Nonmajor governmental	Transfer for debt service	598,484
		<u>\$ 2,907,243</u>
<u>Transfer Out Fund(s)</u>		
General Fund	Transfer for capital outlay	\$ 1,400,000
General Fund	Transfer for operations	513,358
General Fund	Transfer for debt service	597,584
Parks and Recreation	Transfer for operations	78,000
Waterworks and Sewerage Fund	Transfer for debt service	900
Nonmajor governmental	Transfer for capital outlay	317,401
		<u>\$ 2,907,243</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

Note 6. Capital Assets

A summary of capital asset activity for the year ended April 30, 2013 is as follows:

	Balance May 1, 2012	Additions or Transfers	Disposals	Balance April 30, 2013
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	209,178	-	209,178	-
Total capital assets not being depreciated	112,447,582	-	209,178	112,238,404
Capital assets being depreciated:				
Infrastructure	181,053,854	20,447	-	181,074,301
Buildings	32,137,757	-	-	32,137,757
Improvements other than buildings	29,574,021	776,668	-	30,350,689
Machinery and equipment	14,746,936	1,020,085	392,034	15,374,987
Total capital assets being depreciated	257,512,568	1,817,200	392,034	258,937,734
Less accumulated depreciation:				
Infrastructure	113,320,214	3,035,078	-	116,355,292
Buildings	9,057,013	751,992	-	9,809,005
Improvements other than buildings	8,171,439	1,403,013	-	9,574,452
Machinery and equipment	10,091,823	1,108,933	392,034	10,808,722
Total accumulated depreciation	140,640,489	6,299,016	392,034	146,547,471
Governmental Activity capital assets – net	\$ 229,319,661	\$ (4,481,816)	\$ 209,178	\$ 224,628,667

Depreciation expense for governmental activities for the year ended April 30, 2013 was charged to functions as follows:

General government	\$ 1,853,260
Highways and streets	3,202,401
Sanitation	146,822
Culture and recreation	888,284
Public safety	208,249
	<u>\$ 6,299,016</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

	Balance May 1, 2012	Additions	Disposals or Transfers	Balance April 30, 2013
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	40,719,772	315,652	5,187	41,030,237
Machinery and equipment	4,404,711	170,370	15,119	4,559,962
Sanitary sewers and related property	29,461,745	-	-	29,461,745
Total capital assets being depreciated	101,608,018	486,022	20,306	102,073,734
Less accumulated depreciation:				
Buildings	9,582,547	1,003,570	-	10,586,117
Improvements other than buildings	16,880,803	979,481	2,903	17,857,381
Machinery and equipment	2,428,085	216,959	15,119	2,629,925
Sanitary sewers and related property	14,403,571	576,718	-	14,980,289
Total accumulated depreciation	43,295,006	2,776,728	18,022	46,053,712
Capital assets – net	<u>\$ 58,772,381</u>	<u>\$ (2,290,706)</u>	<u>\$ 2,284</u>	<u>\$ 56,479,391</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

	Balance May 1, 2012	Additions	Disposals	Balance April 30, 2013
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	454,259	91,389	1,915,724
Machinery and equipment	3,655,234	346,368	304,535	3,697,067
Total capital assets being depreciated	6,388,995	800,627	395,924	6,793,698
Less accumulated depreciation:				
Buildings	584,152	23,338	-	607,490
Improvements other than buildings	703,191	134,812	91,389	746,614
Machinery and equipment	2,073,098	348,547	304,535	2,117,110
Total accumulated depreciation	3,360,441	506,697	395,924	3,471,214
Capital assets – net	<u>\$ 3,247,554</u>	<u>\$ 293,930</u>	<u>\$ -</u>	<u>\$ 3,541,484</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

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, 2013:

	Balance May 1, 2012	Additions	Deductions	Balance April 30, 2013	Amounts due within one year
Governmental activities:					
General obligation bonds	\$ 38,580,882	\$ -	\$ (1,377,736)	\$ 37,203,146	\$ 1,400,949
Deferred amount on refunding	(279,324)	-	44,974	(234,350)	-
Premium on general obligation bonds	312,576	-	(86,914)	225,662	-
Discount on general obligation bonds	(74,066)	-	7,744	(66,322)	-
Total general obligation bonds	38,540,068	-	(1,411,932)	37,128,136	1,400,949
Net OPEB obligation*	168,888	32,592	-	201,480	-
Compensated absences**	1,727,140	2,160,559	(2,109,568)	1,778,131	100,000
Total governmental activities	\$ 40,436,096	\$ 2,193,151	\$ (3,521,500)	\$ 39,107,747	\$ 1,500,949
Business-type activities:					
General obligation bonds	\$ 22,804,000	\$ -	\$ (1,744,000)	\$ 21,060,000	\$ 1,815,000
Deferred amount on refunding	(1,159,862)	-	186,749	(973,113)	-
Premium on general obligation bonds	378,800	-	(64,046)	314,754	-
Discount on general obligation bonds	(4,225)	-	4,225	-	-
Compensated absences	187,420	196,496	(185,500)	198,416	5,000
Total business-type activities	\$ 22,206,133	\$ 196,496	\$ (1,802,572)	\$ 20,600,057	\$ 1,820,000
Component Unit - Lake Forest Library					
Capital lease	\$ 21,660	\$ 96,529	\$ (29,469)	\$ 88,720	\$ 31,433
Net OPEB obligation*	5,606	2,764	-	8,370	-
Compensated absences	170,767	181,704	(166,066)	186,405	10,000
Total component unit - Lake Forest Library	\$ 198,033	\$ 280,997	\$ (195,535)	\$ 283,495	\$ 41,433

* 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, 2013

General obligation debt payable for the City as of April 30, 2013 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 1.95% to 2.95%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	\$ 640,000
Special Service Area 26 Special Tax Bonds due in annual installments of \$9,545 to \$20,700 through December 15, 2022; interest at 2.50% to 3.40%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	170,308
Special Service Area 29 Special Tax Bonds due in annual installments of \$76,192 to \$150,611 through December 15, 2023; interest at 2.55% to 3.65%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	1,332,838
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.	8,335,000
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.	3,360,000
2010 A Series General Obligation Bonds due in one installment of \$9,665,000 on December 15, 2015; interest at 3.00%, due semiannually on June 15 and December 15, commencing June 15, 2011. Funded by Debt Service Funds property tax levies.	9,665,000
2010 B Series General Obligation Bonds due in annual installments of \$540,000 to \$860,000 through December 15, 2032, commencing December 15, 2029; interest at 5.75%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	3,000,000
2010 C Series General Obligation Bonds due in annual installments of \$195,000 to \$490,000 through December 15, 2029; commencing December 15, 2015; interest at 3.00% to 5.50%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	5,425,000
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.	880,000
2011 B Series General Obligation Bonds due in annual installments of \$41,000 to \$523,000 through December 15, 2023; interest at 1% to 3%, due semiannually on June 15 and December 15. Funded by Debt Service Funds property tax levies.	4,395,000
Total governmental activities	<u>\$ 37,203,146</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

Business-type Activities

General obligation and revenue bonds:

Waterworks and Sewerage Fund:

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. \$ 1,050,000

2011 B Series General Obligation Bonds due in annual installments of \$1,254,000 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. 19,036,500

Nonmajor Enterprise Fund:

2011 B Series General Obligation Bonds due in annual installments of \$78,000 to \$100,000 through December 15, 2024; interest at 4% to 4.38%, due semiannually on June 15 and December 15.

Funded by Debt Service Funds property tax levies. 973,500

Total Business-type Activities \$ 21,060,000

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

Years	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,400,949	\$ 1,319,442	\$ 1,815,000	\$ 504,829
2015	1,443,436	1,283,314	1,847,000	468,528
2016	11,283,219	1,247,811	1,877,000	432,288
2017	1,568,336	914,279	1,902,000	395,398
2018	1,623,796	870,402	1,952,000	357,358
2019-2023	8,864,799	3,545,241	10,320,000	1,033,151
2024-2028	7,008,611	1,992,172	1,347,000	40,410
2029-2033	4,010,000	697,330	-	-
Total	<u>\$37,203,146</u>	<u>\$ 11,869,991</u>	<u>\$ 21,060,000</u>	<u>\$ 3,231,962</u>

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 February 1, 2016 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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

The assets acquired through the capital lease are as follows:

	Lake Forest Library
Assets:	
Improvements other than buildings	\$ 96,529
Less: accumulated depreciation	<u>(8,044)</u>
Total	<u><u>\$ 88,485</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2013 were as follows:

Year Ending April 30	Lake Forest Library
2014	\$ 32,176
2015	32,176
2016	25,651
Less: Amount representing interest	<u>(1,283)</u>
Present value of minimum lease payments	<u><u>\$ 88,720</u></u>

Note 9. Retirement Fund Commitments

Illinois Municipal Retirement Fund

(a) Plan Description

The City contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit pension plan, which provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer public retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. All employees, except those covered by the police and fire pension plans, hired in positions that meet or exceed the prescribed annual hourly standard, must be enrolled in IMRF as participating members. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois.

IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

(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 rates for calendar year 2013 and 2012 were 13.36 percent and 11.88 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 \$1,895,967 for the regular plan was equal to the City's required and actual contributions.

(d) Trend Information

Fiscal Year ending	Annual pension cost (APC)	Percentage of APC contributed		Net pension obligation
2013	\$ 1,895,967	100	%	\$ -
2012	1,893,946	100		-
2011	1,944,067	100		-

The required contributions for 2013 and 2012 were determined as part of the December 31, 2010 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, 2012, the most recent actuarial valuation date, the regular plan was 64.76 percent funded. The actuarial liability for benefits was \$42,513,765 and the actuarial value of assets was \$27,530,649 resulting in an unfunded actuarial accrued liability (UAAL) of \$14,983,116. The covered payroll (annual payroll of active employees covered by the plan) was \$15,490,621 and the ratio of the UAAL to the covered payroll was 97 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, 2013

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, 2013:

	Police Pension	Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	33	32
Terminated employees entitled to but not yet receiving benefits	4	3
Active plan members	36	33
Total	73	68

(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 \$1,372,651 invested in FHLB securities, \$1,756,159 invested in FHLMC securities, and \$2,902,360 invested in FNMA securities which represents 5.7%, 7.3% and 12.0%, respectively, of plan net position at April 30, 2013. The Firefighters' Pension Fund has \$1,862,768 invested in GNMA securities and \$1,945,259 invested in FNMA securities which represents 6.5% and 6.8%, respectively, of plan net position at April 30, 2013.

(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, 2013

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 2013 were as follows:

	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,375,906	\$ 894,551
Interest on net pension obligation	(62,716)	(36,191)
Adjustment to annual required contribution	48,642	28,069
Annual pension cost	1,361,832	886,429
Contributions made	1,502,075	1,026,345
Increase in net pension asset	140,243	139,916
Net pension asset at April 30, 2012	836,209	482,543
Net pension asset at April 30, 2013	\$ 976,452	\$ 622,459

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

Other related information is as follows:

	Police Pension	Firefighters' Pension
Contribution rates - City	47.38%	33.65%
Contribution rates - plan members	9.91%	9.46%
Actuarial valuation date	4/30/13	4/30/13
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percentage of pay, closed	Level Percentage of pay, closed
Remaining amortization period	20 years	20 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, 2013

(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, 2013:

	Police Pension	Firefighters' Pension
Statement of Fiduciary Net Position		
Assets:		
Cash and cash equivalents	\$ 180,091	\$ 2,309,347
Investments	23,913,765	26,477,372
Other receivables	104,700	105,326
Prepaid expenses	6,891	5,090
Total assets	<u>24,205,447</u>	<u>28,897,135</u>
Liabilities:		
Accounts payable	<u>1,836</u>	<u>4,790</u>
Net position:		
Held in trust for pension benefits	<u>\$ 24,203,611</u>	<u>\$ 28,892,345</u>
Statement of Changes in Fiduciary Net Position		
Additions:		
Employer contributions	\$ 1,502,075	\$ 1,026,345
Employee contributions	322,609	288,560
Interest income	503,586	804,482
Net appreciation in fair value of investments	1,715,942	1,491,548
Less investment expenses	(127,343)	(80,450)
Total additions	<u>3,916,869</u>	<u>3,530,485</u>
Deductions:		
Pension benefits and refunds	1,838,832	1,531,361
Administrative expenses	5,800	5,800
Total deductions	<u>1,844,632</u>	<u>1,537,161</u>
Changes in net position	2,072,237	1,993,324
Net position held in trust at beginning of year	<u>22,131,374</u>	<u>26,899,021</u>
Net position held in trust at end of year	<u>\$ 24,203,611</u>	<u>\$ 28,892,345</u>

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

(e) Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Asset
Police Pension:	4/30/13	\$ 1,361,832	110.3	%	\$ 976,452
	4/30/12	1,360,349	111.4		836,209
	4/30/11	1,390,988	101.6		681,484
Firefighters' Pension:	4/30/13	\$ 886,429	115.8	%	\$ 622,459
	4/30/12	855,082	115.0		482,543
	4/30/11	948,412	101.3		354,327

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

The funded status of the Police and Firefighters' Pension Plans as of April 30, 2013, 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	\$ 24,203,611	\$ 42,192,380	\$ 17,988,769	57.4 %	\$ 3,170,518	567.4 %
Firefighters'	28,892,345	35,706,156	6,813,811	80.9	3,049,732	223.4

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

Note 10. Other Post Employment Benefits (OPEB)

(a) Plan Description

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

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

(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 2013, 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:

	City	Library
Annual required contribution (ARC)	\$ 94,954	\$ 2,727
Interest on net OPEB obligation	6,756	224
Adjustment to annual required contribution	(5,630)	(187)
Annual OPEB cost	96,080	2,764
Contribution made	(63,488)	-
Increase in net OPEB obligation	32,592	2,764
Net OPEB obligation beginning of year	168,888	5,606
Net OPEB obligation end of year	\$ 201,480	\$ 8,370

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
04/30/2013	\$ 96,080	66.1%	\$ 201,480
04/30/2012	98,050	64.8%	168,888
04/30/2011	89,201	71.2%	134,326
Library:			
04/30/2013	\$ 2,764	0.0%	\$ 8,370
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, 2013

(d) Funded Status and Funding Progress

As of April 30, 2013 (latest actuarial valuation date), the City's plan was 100% unfunded. The actuarial accrued liability for benefits was \$2,363,491, and the actuarial value of assets was \$0 (zero), resulting in an unfunded actuarial accrued liability (UAAL) of \$2,363,491. The covered payroll (annual payroll of active employees covered by the plan) was \$16,930,261, and the ratio of the UAAL to the covered payroll was 13.96 percent. As of the same date, the Library's plan was 100% unfunded. The actuarial accrued liability for benefits was \$34,113, and the actuarial value of assets was \$0 (zero), resulting in an unfunded actuarial accrued liability (UAAL) of \$34,113. The covered payroll (annual payroll of active employees covered by the plan) was \$1,306,979, and the ratio of the UAAL to the covered payroll was 2.61 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, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 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, 2013 was 30 years.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

Note 11. Joint Ventures

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

(a) Solid Waste Agency of Lake County

The City is a member of the Solid Waste Agency of Lake County, Illinois (the Agency), a municipal joint action agency composed of 41 municipalities, Great Lakes Naval Training Center and Lake County. The Agency was formed in 1991. The purpose of the Agency is to implement a regional approach to solid waste management which addresses the economic, political and environmental issues in Lake County.

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.

CITY OF LAKE FOREST, ILLINOIS

Notes to Financial Statements

April 30, 2013

Note 12. Risk Management

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

(a) Intergovernmental Risk Management Agency (IRMA)

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

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

Each member appoints one delegate, along with an alternate delegate, to represent the member on the Board of Directors. The government does not exercise any control over the activities of IRMA beyond its representation on the Board of Directors.

Initial contributions are determined each year based on the individual member's eligible revenue as defined in the by-laws of IRMA and experience modification factors based on past member loss experience. Members have a contractual obligation to fund any deficit of IRMA attributable to a membership year during which they were a member. Supplemental contributions may be required to fund these deficits.

	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2011-2012	\$ 79,314	\$ 236,005	\$ 251,533	\$ 63,786
2012-2013	63,786	376,262	232,401	207,647

(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, 2013

Changes in the balances of claims liabilities for the years ended April 30, 2013 and 2012 are as follows:

	Beginning of Fiscal Year Liability	Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2011-2012	\$ 516,623	\$ 3,681,121	\$ 3,725,959	\$ 471,785
2012-2013	471,785	3,878,466	3,989,592	360,659

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, 2013 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 \$132,238 at April 30, 2013.

Note 14. Subsequent Event

On September 16, 2013 the City Council approved an ordinance authorizing the issuance of General Obligation Refunding Bonds, Series 2013 for \$9,715,000. The City's Aaa Moody's rating was affirmed. The proceeds of the Bonds will be used for the purpose of refunding all of the General Obligation Bonds, Series 2010A. The Series 2010A Bonds were originally issued to provide partial financing for the construction of the Municipal Services facility.

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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 15,761,272	\$ 15,720,048	\$ (41,224)
Other	8,786,763	9,437,860	651,097
Grants and contributions	-	1,526	1,526
Charges for services	2,632,084	2,797,993	165,909
Licenses and permits	2,253,345	2,450,194	196,849
Fines and forfeitures	362,670	368,941	6,271
Investment income	57,300	53,506	(3,794)
Miscellaneous revenue	1,056,512	1,202,752	146,240
Total revenues	30,909,946	32,032,820	1,122,874
Expenditures:			
Current:			
General government	9,700,027	10,804,352	(1,104,325)
Highways and streets	2,355,932	2,044,225	311,707
Sanitation	2,285,728	2,193,091	92,637
Public safety	13,991,615	13,552,368	439,247
Contingency	3,085,731	-	3,085,731
Total expenditures	31,419,033	28,594,036	2,824,997
Excess (deficiency) of revenues over expenditures	(509,087)	3,438,784	3,947,871
Other financing sources (uses):			
Transfers in	-	107,737	107,737
Transfers out	(2,524,004)	(2,510,942)	13,062
Total other financing sources and uses	(2,524,004)	(2,403,205)	120,799
Net change in fund balance	\$ (3,033,091)	1,035,579	\$ 4,068,670
Fund balance – beginning of year		13,718,013	
Fund balance – end of year		\$ 14,753,592	

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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 4,937,972	\$ 4,966,513	\$ 28,541
Other	40,745	41,334	589
Grants and contributions	113,985	151,442	37,457
Charges for services	3,178,987	2,988,702	(190,285)
Investment income	17,325	21,940	4,615
Other	2,050	8,225	6,175
Total revenues	<u>8,291,064</u>	<u>8,178,156</u>	<u>(112,908)</u>
Expenditures:			
Current:			
Culture and recreation	8,389,439	8,660,341	(270,902)
Contingency	880,244	-	880,244
Capital outlay	252,000	247,233	4,767
Total expenditures	<u>9,521,683</u>	<u>8,907,574</u>	<u>614,109</u>
Excess (deficiency) of revenues over expenditures	<u>(1,230,619)</u>	<u>(729,418)</u>	<u>501,201</u>
Other financing sources (uses):			
Transfers in	296,616	299,970	3,354
Transfers out	-	(78,000)	(78,000)
Total other financing sources (uses)	<u>296,616</u>	<u>221,970</u>	<u>(74,646)</u>
Net change in fund balance	<u>\$ (934,003)</u>	<u>(507,448)</u>	<u>\$ 426,555</u>
Fund balance – beginning of year		<u>2,978,916</u>	
Fund balance – end of year		<u>\$ 2,471,468</u>	

CITY OF LAKE FOREST, ILLINOIS

Required Supplementary Information –
Schedules of Funding Progress
Last Six Fiscal Years

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) Entry Age (b)	Unfunded (assets in excess of) AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	Percentage of covered payroll ((b-a)/c)
Illinois Municipal Retirement Fund (1):						
12/31/2012	\$ 27,530,649	\$ 42,513,765	\$ 14,983,116	64.8 %	\$ 15,490,621	96.7 %
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
Police Pension Plan:						
04/30/2013	24,203,611	42,192,380	17,988,769	57.4	3,170,518	567.4
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:						
04/30/2013	28,892,345	35,706,156	6,813,811	80.9	3,049,732	223.4
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
4/30/13	\$ 1,502,075	\$ 1,375,906	109.2 %
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

Firefighters' Pension Plan

Fiscal Year	Employer Contributions	Annual required contribution	Percentage contributed
4/30/13	\$ 1,026,345	\$ 894,551	114.7 %
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

CITY OF LAKE FOREST, ILLINOIS

Required Supplementary Information
Other Post-Employment Benefits

Schedule of Funding Progress - City							UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
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)	
04/30/2013	\$ -	\$ 2,363,491	\$ 2,363,491	\$ -	%	\$ 16,930,261	13.96 %
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							UAAL as a Percentage of Annual Covered Payroll ((b - a) / c)
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)	
04/30/2013	\$ -	\$ 34,113	\$ 34,113	\$ -	%	\$ 1,306,979	2.61 %
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
04/30/2013	\$ 63,488	\$ 94,954	66.9 %
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
04/30/2013	\$ -	\$ 2,727	- %
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, 2013

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 Parks 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, 2013

Assets	Special Revenue Funds			
	Asset Forfeiture Fund	Foreign Fire Insurance Tax Fund	Emergency Telephone Fund	Parks and Public Land Fund
Cash and cash equivalents	\$ 88,373	\$ 8,335	\$ 170,662	\$ 412,995
Investments	-	163,911	-	-
Receivables (net of allowance for uncollectibles):				
Property taxes	-	-	-	-
Accounts	10,608	-	-	-
Other	-	-	55,385	225,000
Total receivables	10,608	-	55,385	225,000
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Due from fiduciary funds	-	-	-	-
Prepays	-	-	43,333	-
Total assets	\$ 98,981	\$ 172,246	\$ 269,380	\$ 637,995
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,585	\$ -
Accrued liabilities	-	-	1,505	-
Due to other funds	-	-	-	-
Retainage payable	-	-	-	-
Deposits	-	-	-	-
Deferred revenue:				
Property taxes	-	-	-	-
Other	-	-	-	225,000
Total Liabilities	-	-	4,090	225,000
Fund balances:				
Nonspendable	-	-	43,333	-
Restricted:				
Culture and recreation	-	-	-	412,995
Highways and streets	-	-	-	-
Public safety	98,981	172,246	221,957	-
Cemetery purposes	-	-	-	-
Affordable housing	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned				
Capital projects	-	-	-	-
Total fund balances	98,981	172,246	265,290	412,995
Total liabilities and fund balances	\$ 98,981	\$ 172,246	\$ 269,380	\$ 637,995

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
\$ 769,624	\$ 641,718	\$ 119,209	\$ 775,794	\$ 170,121	\$ 2,415,682
-	3,385,333	-	-	-	-
-	-	-	-	-	1,907,401
-	-	-	-	2,311	-
-	1,000	22,078	-	-	-
-	1,000	22,078	-	2,311	1,907,401
33,322	-	-	-	-	-
-	-	-	-	-	-
-	84,677	-	-	-	-
-	-	-	-	-	-
\$ 802,946	\$ 4,112,728	\$ 141,287	\$ 775,794	\$ 172,432	\$ 4,323,083
\$ -	\$ 6,079	\$ 32,192	\$ 10,000	\$ 3,370	\$ -
-	5,268	6,144	-	-	-
-	-	-	-	-	8,408
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,907,401
-	-	-	-	-	-
-	11,347	38,336	10,000	3,370	1,915,809
-	-	-	-	-	-
-	-	102,951	-	169,062	-
802,946	-	-	-	-	-
-	-	-	-	-	-
-	4,101,381	-	-	-	-
-	-	-	765,794	-	-
-	-	-	-	-	-
-	-	-	-	-	2,407,274
-	-	-	-	-	-
802,946	4,101,381	102,951	765,794	169,062	2,407,274
\$ 802,946	\$ 4,112,728	\$ 141,287	\$ 775,794	\$ 172,432	\$ 4,323,083

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Combining Balance Sheet

Nonmajor Governmental Funds

April 30, 2013

		Capital Projects Funds	
		Capital	Route 60
		Improvements	Bridge
		Fund	Improvements
		Fund	Fund
Assets			
Cash and cash equivalents	\$	3,945,278	\$ 1,028,104
Investments		-	-
Receivables (net of allowance for uncollectibles):			
Property taxes		9,564	-
Accounts		288,624	-
Other		-	-
Total receivables		298,188	-
Due from other governments		-	-
Due from other funds		-	-
Due from fiduciary funds		-	-
Prepays		-	-
Total assets	\$	4,243,466	\$ 1,028,104
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$	86,626	\$ -
Accrued liabilities		504	-
Due to other funds		-	-
Retainage payable		-	-
Deposits		10,000	-
Deferred revenue:			
Property taxes		9,564	-
Other		258,624	-
Total Liabilities		365,318	-
Fund balances:			
Nonspendable		-	-
Restricted:			
Culture and recreation		-	-
Highways and streets		-	-
Public safety		-	-
Cemetery purposes		-	-
Affordable housing		-	-
Capital projects		3,878,148	-
Debt service		-	-
Assigned			
Capital projects		-	1,028,104
Total fund balances		3,878,148	1,028,104
Total liabilities and fund balances	\$	4,243,466	\$ 1,028,104

Exhibit C-1 (Cont.)

Capital Projects Funds

Route 60 Intersection Improvements Fund	Route 60 Fitzmorris Improvements Fund	Total Nonmajor Governmental Funds
\$ 550,354	\$ 20,361	\$ 11,116,610
-	-	3,549,244
-	-	1,916,965
-	-	301,543
-	-	303,463
-	-	2,521,971
-	-	33,322
-	-	-
-	-	84,677
-	-	43,333
\$ 550,354	\$ 20,361	\$ 17,349,157

\$ -	\$ -	\$ 140,852
-	-	13,421
-	-	8,408
-	-	-
-	-	10,000
-	-	1,916,965
-	-	483,624
-	-	2,573,270
-	-	43,333
-	-	685,008
-	-	802,946
-	-	493,184
-	-	4,101,381
-	-	765,794
-	-	3,878,148
-	-	2,407,274
550,354	20,361	1,598,819
550,354	20,361	14,775,887
\$ 550,354	\$ 20,361	\$ 17,349,157

CITY OF LAKE FOREST, ILLINOIS

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

Nonmajor Governmental Funds

For the Year Ended April 30, 2013

	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	26,108	-	-	-
Grants and contributions	-	-	-	25,000
Charges for services	-	118,977	286,247	59,071
Investment income	369	119	838	1,814
Miscellaneous revenue	-	-	-	-
Total revenues	26,477	119,096	287,085	85,885
Expenditures:				
Current:				
General government	-	-	-	-
Culture and recreation	-	-	-	-
Public safety	-	57,849	216,515	-
Capital outlay	-	-	64,800	30,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	57,849	281,315	30,000
Excess (deficiency) of revenues over expenditures	26,477	61,247	5,770	55,885
Other financing sources (uses):				
Proceeds from sales of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	26,477	61,247	5,770	55,885
Fund balances – beginning of year	72,504	110,999	259,520	357,110
Fund balances – end of year	\$ 98,981	\$ 172,246	\$ 265,290	\$ 412,995

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,965,571
-	-	-	36,000	-	-
586,249	-	-	-	-	-
-	-	171,224	-	24,001	168,384
-	650,391	170,193	-	106,639	-
2,428	332,328	518	3,724	535	12,861
-	14,105	-	-	-	-
588,677	996,824	341,935	39,724	131,175	2,146,816
-	502,323	-	126,066	-	26,767
-	-	575,040	-	47,314	-
-	-	-	-	-	-
71,261	-	-	-	-	-
-	135,000	-	-	-	1,242,736
-	7,600	-	-	-	1,384,742
71,261	644,923	575,040	126,066	47,314	2,654,245
517,416	351,901	(233,105)	(86,342)	83,861	(507,429)
-	-	-	-	-	-
-	-	213,388	-	-	598,484
-	-	-	-	-	-
-	-	213,388	-	-	598,484
517,416	351,901	(19,717)	(86,342)	83,861	91,055
285,530	3,749,480	122,668	852,136	85,201	2,316,219
\$ 802,946	\$ 4,101,381	\$ 102,951	\$ 765,794	\$ 169,062	\$ 2,407,274

(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, 2013

	Capital Projects Funds		
	West Lake Forest TIF District Construction Fund	Capital Improvements Fund	Route 60 Bridge Improvements Fund
Revenues:			
Taxes:			
Property	\$ 2,389,515	\$ 9,764	\$ -
Other	-	1,239,113	-
Intergovernmental revenues	-	-	-
Grants and contributions	-	648,800	-
Charges for services	-	141,460	-
Investment income	7,978	16,199	4,643
Miscellaneous revenue	-	-	-
Total revenues	<u>2,397,493</u>	<u>2,055,336</u>	<u>4,643</u>
Expenditures:			
Current:			
General government	2,620,554	162,706	-
Culture and recreation	-	-	-
Public safety	-	-	-
Capital outlay	679,313	3,441,940	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>3,299,867</u>	<u>3,604,646</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(902,374)</u>	<u>(1,549,310)</u>	<u>4,643</u>
Other financing sources (uses):			
Proceeds from sales of capital assets	-	64,549	-
Transfers in	-	1,609,664	-
Transfers out	(317,401)	-	-
Total other financing sources and uses	<u>(317,401)</u>	<u>1,674,213</u>	<u>-</u>
Net change in fund balances	(1,219,775)	124,903	4,643
Fund balances – beginning of year	<u>1,219,775</u>	<u>3,753,245</u>	<u>1,023,461</u>
Fund balances – end of year	<u>\$ -</u>	<u>\$ 3,878,148</u>	<u>\$ 1,028,104</u>

Exhibit C-2

Route 60 Intersection Improvements Fund	Route 60 Fitzmorris Improvements Fund	2010 Bond Construction Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,364,850
-	-	-	1,275,113
-	-	-	612,357
-	-	-	1,037,409
-	-	-	1,532,978
2,485	91	203	387,133
-	-	-	14,105
2,485	91	203	9,223,945
-	-	-	3,438,416
-	-	-	622,354
-	-	-	274,364
-	-	52,027	4,339,341
-	-	-	1,377,736
-	-	-	1,392,342
-	-	52,027	11,444,553
2,485	91	(51,824)	(2,220,608)
-	-	-	64,549
-	-	-	2,421,536
-	-	-	(317,401)
-	-	-	2,168,684
2,485	91	(51,824)	(51,924)
547,869	20,270	51,824	14,827,811
\$ 550,354	\$ 20,361	\$ -	\$ 14,775,887

Exhibit C-3**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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental	\$ 5,000	\$ 26,108	\$ 21,108
Investment income	253	369	116
Total revenues	<u>5,253</u>	<u>26,477</u>	<u>21,224</u>
Expenditures:			
Current:			
Contingency	3,900	-	3,900
Capital outlay	39,000	-	39,000
Total expenditures	<u>42,900</u>	<u>-</u>	<u>42,900</u>
Net change in fund balance	<u>\$ (37,647)</u>	26,477	<u>\$ 64,124</u>
Fund balance – beginning of year		<u>72,504</u>	
Fund balance – end of year		<u>\$ 98,981</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 96,000	\$ 118,977	\$ 22,977
Investment income	630	119	(511)
Total revenues	<u>96,630</u>	<u>119,096</u>	<u>22,466</u>
Expenditures:			
Current:			
Public safety	105,000	57,849	47,151
Contingency	10,500	-	10,500
Total expenditures	<u>115,500</u>	<u>57,849</u>	<u>57,651</u>
Net change in fund balance	<u>\$ (18,870)</u>	61,247	<u>\$ 80,117</u>
Fund balance – beginning of year		<u>110,999</u>	
Fund balance – end of year		<u>\$ 172,246</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 277,072	\$ 286,247	\$ 9,175
Investment income	-	838	838
Total revenues	<u>277,072</u>	<u>287,085</u>	<u>10,013</u>
Expenditures:			
Current:			
Public safety	251,209	216,515	34,694
Contingency	31,601	-	31,601
Capital outlay	64,800	64,800	-
Total expenditures	<u>347,610</u>	<u>281,315</u>	<u>66,295</u>
Net change in fund balance	<u>\$ (70,538)</u>	5,770	<u>\$ 76,308</u>
Fund balance – beginning of year		<u>259,520</u>	
Fund balance – end of year		<u>\$ 265,290</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants and contributions	\$ 50,000	\$ 25,000	\$ (25,000)
Charges for services	78,340	59,071	(19,269)
Investment income	1,423	1,814	391
Total revenues	<u>129,763</u>	<u>85,885</u>	<u>(43,878)</u>
Expenditures:			
Current:			
Contingency	12,700	-	12,700
Capital outlay	<u>127,000</u>	<u>30,000</u>	<u>97,000</u>
Total expenditures	<u>139,700</u>	<u>30,000</u>	<u>109,700</u>
Net change in fund balance	<u>\$ (9,937)</u>	55,885	<u>\$ 65,822</u>
Fund balance – beginning of year		<u>357,110</u>	
Fund balance – end of year		<u>\$ 412,995</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Motor Fuel Tax Fund

For the Year Ended April 30, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Intergovernmental revenues	\$ 552,000	\$ 586,249	\$ 34,249
Investment income	1,069	2,428	1,359
Total revenues	<u>553,069</u>	<u>588,677</u>	<u>35,608</u>
Expenditures:			
Current:			
Contingency	10,000	-	10,000
Capital outlay	100,000	71,261	28,739
Total expenditures	<u>110,000</u>	<u>71,261</u>	<u>38,739</u>
Net change in fund balance	<u>\$ 443,069</u>	517,416	<u>\$ 74,347</u>
Fund balance – beginning of year		<u>285,530</u>	
Fund balance – end of year		<u>\$ 802,946</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Charges for services	\$ 616,683	\$ 650,391	\$ 33,708
Investment income	67,220	332,328	265,108
Miscellaneous revenue	30,502	14,105	(16,397)
Total revenues	<u>714,405</u>	<u>996,824</u>	<u>282,419</u>
Expenditures:			
Current:			
General government	828,363	502,323	326,040
Contingency	97,096	-	97,096
Debt service:			
Principal retirement	135,000	135,000	-
Interest	7,600	7,600	-
Total expenditures	<u>1,068,059</u>	<u>644,923</u>	<u>423,136</u>
Net change in fund balance	<u>\$ (353,654)</u>	351,901	<u>\$ 705,555</u>
Fund balance – beginning of year		<u>3,749,480</u>	
Fund balance – end of year		<u>\$ 4,101,381</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants and contributions	\$ 169,761	\$ 171,224	\$ 432
Charges for services	168,500	170,193	1,693
Investment income	630	518	(112)
Total revenues	<u>338,891</u>	<u>341,935</u>	<u>3,044</u>
Expenditures:			
Current:			
General government	1,220	-	1,220
Culture and recreation	549,664	575,040	(25,376)
Contingency	55,088	-	55,088
Total expenditures	<u>605,972</u>	<u>575,040</u>	<u>30,932</u>
Excess (deficiency) of revenues over expenditures	(267,081)	(233,105)	33,976
Other financing sources:			
Transfers in	<u>213,388</u>	<u>213,388</u>	<u>-</u>
Net change in fund balance	<u>\$ (53,693)</u>	<u>(19,717)</u>	<u>\$ 33,976</u>
Fund balance – beginning of year		<u>122,668</u>	
Fund balance – end of year		<u>\$ 102,951</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Housing Trust Fund

For the Year Ended April 30, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Other taxes - demolition tax	\$ 30,000	\$ 36,000	\$ 6,000
Investment income	6,200	3,724	(2,476)
Total revenues	<u>36,200</u>	<u>39,724</u>	<u>3,524</u>
Expenditures:			
Current:			
General government	275,000	126,066	148,934
Contingency	27,500	-	27,500
Total expenditures	<u>302,500</u>	<u>126,066</u>	<u>176,434</u>
Net change in fund balance	<u>\$ (266,300)</u>	<u>(86,342)</u>	<u>\$ 179,958</u>
Fund balance – beginning of year		<u>852,136</u>	
Fund balance – end of year		<u>\$ 765,794</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Elawa Farm Fund

For the Year Ended April 30, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Grants and contributions	\$ 24,000	\$ 24,001	\$ 1
Charges for services	71,861	106,639	34,778
Investment income	-	535	535
Total revenues	<u>95,861</u>	<u>131,175</u>	<u>35,314</u>
Expenditures:			
Current:			
Culture and recreation	72,100	47,314	24,786
Contingency	7,210	-	7,210
Total expenditures	<u>79,310</u>	<u>47,314</u>	<u>31,996</u>
Net change in fund balance	<u>\$ 16,551</u>	83,861	<u>\$ 67,310</u>
Fund balance – beginning of year		<u>85,201</u>	
Fund balance – end of year		<u>\$ 169,062</u>	

CITY OF LAKE FOREST, ILLINOIS

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

Debt Service Fund

For the Year Ended April 30, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes			
Property	\$ 1,933,003	\$ 1,965,571	\$ 32,568
Grants and contributions	168,384	168,384	-
Investment income	190	12,861	12,671
Total revenues	<u>2,101,577</u>	<u>2,146,816</u>	<u>45,239</u>
Expenditures:			
Current:			
General government	3,600	26,767	(23,167)
Debt service:			
Principal	1,242,734	1,242,736	(2)
Interest	1,384,561	1,384,742	(181)
Total expenditures	<u>2,630,895</u>	<u>2,654,245</u>	<u>(23,350)</u>
Deficiency of revenues over expenditures	<u>(529,318)</u>	<u>(507,429)</u>	<u>21,889</u>
Other financing sources:			
Transfers in	<u>614,903</u>	<u>598,484</u>	<u>(16,419)</u>
Net change in fund balance	<u>\$ 85,585</u>	<u>91,055</u>	<u>\$ 5,470</u>
Fund balance – beginning of year		<u>2,316,219</u>	
Fund balance – end of year		<u>\$ 2,407,274</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 2,273,432	\$ 2,389,515	\$ 116,083
Investment income	-	7,978	7,978
Total revenues	<u>2,273,432</u>	<u>2,397,493</u>	<u>124,061</u>
Expenditures:			
Current:			
General government	2,793,690	2,620,554	173,136
Contingency	328,219	-	328,219
Capital outlay	488,498	679,313	(190,815)
Total expenditures	<u>3,610,407</u>	<u>3,299,867</u>	<u>310,540</u>
Excess (deficiency) of revenues over expenditures	<u>(1,336,975)</u>	<u>(902,374)</u>	<u>434,601</u>
Other financing uses:			
Transfers out	<u>-</u>	<u>(317,401)</u>	<u>(317,401)</u>
Net change in fund balance	<u>\$ (1,336,975)</u>	<u>(1,219,775)</u>	<u>\$ 117,200</u>
Fund balance – beginning of year		<u>1,219,775</u>	
Fund balance – end of year		<u>\$ -</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Taxes:			
Property	\$ 9,764	\$ 9,764	\$ -
Other	1,268,500	1,239,113	(29,387)
Grants and contributions	147,840	648,800	500,960
Charges for services	120,000	141,460	21,460
Investment income	14,959	16,199	1,240
Total revenues	<u>1,561,063</u>	<u>2,055,336</u>	<u>494,273</u>
Expenditures:			
Current:			
General government	164,377	162,706	1,671
Contingency	456,638	-	456,638
Capital outlay	4,402,002	3,441,940	960,062
Total expenditures	<u>5,023,017</u>	<u>3,604,646</u>	<u>1,418,371</u>
Excess (deficiency) of revenues over expenditures	<u>(3,461,954)</u>	<u>(1,549,310)</u>	<u>1,912,644</u>
Other financing sources:			
Proceeds from sales of capital assets:			
Sale of equipment	-	64,549	64,549
Transfers in	1,400,000	1,609,664	209,664
Total other financing sources	<u>1,400,000</u>	<u>1,674,213</u>	<u>274,213</u>
Net change in fund balance	<u>\$ (2,061,954)</u>	124,903	<u>\$ 2,186,857</u>
Fund balance – beginning of year		<u>3,753,245</u>	
Fund balance – end of year		<u>\$ 3,878,148</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 4,643	\$ 4,643
Expenditures:			
Current:			
Contingency	102,171	-	102,171
Capital outlay	1,021,711	-	1,021,711
Total expenditures	<u>1,123,882</u>	<u>-</u>	<u>1,123,882</u>
Net change in fund balance	<u>\$ (1,123,882)</u>	4,643	<u>\$ 1,128,525</u>
Fund balance – beginning of year		<u>1,023,461</u>	
Fund balance – end of year		<u>\$ 1,028,104</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 2,485	\$ 2,485
Expenditures:			
Current:			
Contingency	54,693	-	54,693
Capital outlay	546,932	-	546,932
Total expenditures	601,625	-	601,625
Net change in fund balance	<u>\$ (601,625)</u>	2,485	<u>\$ 604,110</u>
Fund balance – beginning of year		<u>547,869</u>	
Fund balance – end of year		<u>\$ 550,354</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 91	\$ 91
Expenditures:			
Current:			
Contingency	2,023	-	2,023
Capital outlay	20,234	-	20,234
Total expenditures	22,257	-	22,257
Net change in fund balance	\$ (22,257)	91	\$ 22,348
Fund balance – beginning of year		20,270	
Fund balance – end of year		\$ 20,361	

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual
 2010 Bond Construction Fund
 For the Year Ended April 30, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Revenues:			
Investment income	\$ -	\$ 203	\$ 203
Expenditures:			
Capital outlay	87,600	52,027	35,573
Net change in fund balance	<u>\$ (87,600)</u>	(51,824)	<u>\$ 35,776</u>
Fund balance – beginning of year		<u>51,824</u>	
Fund balance – end of year		<u>\$ -</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.

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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 7,352,472	\$ 8,501,694	\$ 1,149,222
Connection fees	78,500	89,060	10,560
Miscellaneous	3,000	7,325	4,325
Total operating revenues	<u>7,433,972</u>	<u>8,598,079</u>	<u>1,164,107</u>
Operating expenses:			
General and administrative	2,053,377	2,706,523	(653,146)
Operations and maintenance	3,159,458	2,766,996	392,462
Contingency	941,701	-	941,701
Total operating expenses	<u>6,154,536</u>	<u>5,473,519</u>	<u>681,017</u>
Nonoperating revenues (expenses):			
Investment income	43,400	35,167	(8,233)
Principal retirement	(1,714,000)	(1,660,000)	54,000
Interest expense	(489,220)	(656,808)	(167,588)
Total nonoperating revenues (expenses)	<u>(2,159,820)</u>	<u>(2,281,641)</u>	<u>(121,821)</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	\$ 1,362,234	\$ 1,320,455	\$ (41,779)
Miscellaneous	5,000	-	(5,000)
Total operating revenues	<u>1,367,234</u>	<u>1,320,455</u>	<u>(46,779)</u>
Operating expenses:			
General and administrative	567,685	569,521	(1,836)
Operations and maintenance	705,353	695,149	10,204
Contingency	138,383	-	138,383
Total operating expenses	<u>1,411,421</u>	<u>1,264,670</u>	<u>146,751</u>
Nonoperating revenues (expenses):			
Investment income	1,439	2,686	1,247
Principal retirement	(78,000)	(84,000)	(6,000)
Interest expense	(32,788)	(22,965)	9,823
Total nonoperating revenues (expenses)	<u>(109,349)</u>	<u>(104,279)</u>	<u>5,070</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 Position
Internal Service Funds
April 30, 2013

Assets	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Current assets:				
Cash and cash equivalents	\$ 187,573	\$ 5,949,729	\$ 495,310	\$ 6,632,612
Other receivables	6,117	8,579	-	14,696
Inventories	297,426	-	-	297,426
Prepaid items	-	-	530,267	530,267
Total current assets	491,116	5,958,308	1,025,577	7,475,001
Noncurrent assets:				
Capital assets:				
Being depreciated, net of accumulated depreciation	32,936	-	-	32,936
Total capital assets, net	32,936	-	-	32,936
Total noncurrent assets	32,936	-	-	32,936
Total assets	524,052	5,958,308	1,025,577	7,507,937
Liabilities				
Current liabilities:				
Accounts payable	58,903	225,232	40,866	325,001
Accrued liabilities	13,465	360,659	166,780	540,904
Current portion of long-term obligations:				
Accrued compensated absences	3,012	-	-	3,012
Total current liabilities	75,380	585,891	207,646	868,917
Noncurrent liabilities:				
Accrued compensated absences	50,539	-	-	50,539
Total liabilities	125,919	585,891	207,646	919,456
Net Position				
Net investment in capital assets	32,936	-	-	32,936
Unrestricted	365,197	5,372,417	817,931	6,555,545
Total net position	\$ 398,133	\$ 5,372,417	\$ 817,931	\$ 6,588,481

CITY OF LAKE FOREST, ILLINOIS

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

Internal Service Funds

For the Year Ended April 30, 2013

	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 1,885,916	\$ 4,796,173	\$ 1,327,356	\$ 8,009,445
Operating expenses:				
General and administrative	1,749,201	4,695,508	1,205,978	7,650,687
Depreciation and amortization	4,804	-	-	4,804
Total operating expenses	1,754,005	4,695,508	1,205,978	7,655,491
Operating income	131,911	100,665	121,378	353,954
Nonoperating revenues:				
Investment income	619	25,746	2,252	28,617
Change in net position	132,530	126,411	123,630	382,571
Net position – beginning of year	265,603	5,246,006	694,301	6,205,910
Net position – end of year	\$ 398,133	\$ 5,372,417	\$ 817,931	\$ 6,588,481

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended April 30, 2013

	Fleet Fund	Self Insurance Fund	Liability Insurance Fund	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from interfund services provided	\$ 1,884,066	\$ 4,787,594	\$ 1,327,356	\$ 7,999,016
Payments to suppliers	(1,108,614)	(4,814,094)	(1,033,333)	(6,956,041)
Payments to employees	(665,369)	-	-	(665,369)
Net cash flows from operating activities	110,083	(26,500)	294,023	377,606
Cash flows from investing activities:				
Interest and dividends received	619	25,746	2,252	28,617
Increase (decrease) in cash and cash equivalents	110,702	(754)	296,275	406,223
Cash and cash equivalents – beginning of year	76,871	5,950,483	199,035	6,226,389
Cash and cash equivalents – end of year	\$ 187,573	\$ 5,949,729	\$ 495,310	\$ 6,632,612
Reconciliation of operating income to net cash flows from operating activities:				
Operating income	\$ 131,911	\$ 100,665	\$ 121,378	\$ 353,954
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation expense	4,804	-	-	4,804
Changes in assets and liabilities:				
Accounts receivable	75	(8,579)	-	(8,504)
Other assets	(38,097)	-	28,784	(9,313)
Accounts payable	15,911	(7,460)	33,182	41,633
Accrued liabilities	2,900	(111,126)	110,679	2,453
Deferred revenue	(1,925)	-	-	(1,925)
Compensated absences	(5,496)	-	-	(5,496)
Total adjustments	(21,828)	(127,165)	172,645	23,652
Net cash flows from operating activities	\$ 110,083	\$ (26,500)	\$ 294,023	\$ 377,606

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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	<u>\$ 1,882,302</u>	<u>\$ 1,885,916</u>	<u>\$ 3,614</u>
Operating expenses:			
General and administrative	1,893,525	1,749,201	144,324
Contingency	<u>189,353</u>	<u>-</u>	<u>189,353</u>
Total operating expenses	<u>2,082,878</u>	<u>1,749,201</u>	<u>333,677</u>
Nonoperating revenues:			
Investment income	<u>4,725</u>	<u>619</u>	<u>(4,106)</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, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	<u>\$ 4,620,800</u>	<u>\$ 4,796,173</u>	<u>\$ 175,373</u>
Operating expenses:			
General and administrative	4,636,000	4,695,508	(59,508)
Contingency	<u>463,600</u>	<u>-</u>	<u>463,600</u>
Total operating expenses	<u>5,099,600</u>	<u>4,695,508</u>	<u>404,092</u>
Nonoperating revenues:			
Investment income	<u>21,000</u>	<u>25,746</u>	<u>4,746</u>

CITY OF LAKE FOREST, ILLINOIS

Schedule of Revenues, Expenses, Nonoperating Revenues and Transfers

Budget and Actual (Budgetary Basis)

Liability Insurance Fund

For the Year Ended April 30, 2013

	Original and Final Appropriations	Actual Amounts	Variance with Final Budget
Operating revenues:			
Charges for services	<u>\$ 1,245,210</u>	<u>\$ 1,327,356</u>	<u>\$ 82,146</u>
Operating expenses:			
General and administrative	1,206,000	1,205,978	22
Contingency	<u>120,600</u>	<u>-</u>	<u>120,600</u>
Total operating expenses	<u>1,326,600</u>	<u>1,205,978</u>	<u>120,622</u>
Nonoperating revenues:			
Investment income	<u>661</u>	<u>2,252</u>	<u>1,591</u>

FIDUCIARY FUNDS

Pension Trust Funds

Police Pension Fund

The Police Pension Fund accounts for the accumulation of resources to be used for disability or retirement annuity payments to uniformed police department personnel at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by 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 Position

Pension Trust Funds

April 30, 2013

Assets	Police Pension Fund	Firefighters' Pension Fund	Total
Cash and cash equivalents	\$ 180,091	\$ 2,309,347	\$ 2,489,438
Investments:			
U.S. Treasury obligations	3,710,813	2,383,421	6,094,234
U.S. Government agencies	6,031,170	5,939,896	11,971,066
Municipal/corporate bonds	958,306	4,604,373	5,562,679
Common stock	1,811,953	-	1,811,953
Equity mutual funds	11,401,523	13,549,682	24,951,205
Other receivables	104,700	105,326	210,026
Prepaid expenses	6,891	5,090	11,981
Total assets	24,205,447	28,897,135	53,102,582
Liabilities			
Accounts payable	1,836	4,790	6,626
Net Position			
Held in trust for pension benefits	\$ 24,203,611	\$ 28,892,345	\$ 53,095,956

CITY OF LAKE FOREST, ILLINOIS

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Year Ended April 30, 2013

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,502,075	\$ 1,026,345	\$ 2,528,420
Employee	322,609	288,560	611,169
Total contributions	<u>1,824,684</u>	<u>1,314,905</u>	<u>3,139,589</u>
Interest income	503,586	804,482	1,308,068
Net appreciation in fair value of investments	1,715,942	1,491,548	3,207,490
Less investment expenses	<u>(127,343)</u>	<u>(80,450)</u>	<u>(207,793)</u>
Net investment income	<u>2,092,185</u>	<u>2,215,580</u>	<u>4,307,765</u>
Total additions	<u>3,916,869</u>	<u>3,530,485</u>	<u>7,447,354</u>
Deductions:			
Pension benefits and refunds	1,838,832	1,531,361	3,370,193
Other administrative expenses	<u>5,800</u>	<u>5,800</u>	<u>11,600</u>
	<u>1,844,632</u>	<u>1,537,161</u>	<u>3,381,793</u>
Change in net position	2,072,237	1,993,324	4,065,561
Net position held in trust at beginning of year	<u>22,131,374</u>	<u>26,899,021</u>	<u>49,030,395</u>
Net position held in trust at end of year	<u>\$ 24,203,611</u>	<u>\$ 28,892,345</u>	<u>\$ 53,095,956</u>

CITY OF LAKE FOREST, ILLINOIS

Statement of Changes in Assets and Liabilities

Agency Fund - Special Assessment Fund

For the Year Ended April 30, 2013

	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

CITY OF LAKE FOREST, ILLINOIS

Exhibit G-4

Police Pension Fund
 Schedule of Changes in Fiduciary Net Position - Budget and Actual
 For the Year Ended April 30, 2013

	Original/Final Appropriations	Actual	Variance with Final Budget
Additions:			
Contributions			
Employer	\$ 1,513,910	\$ 1,502,075	\$ (11,835)
Employee	350,000	322,609	(27,391)
Total contributions	<u>1,863,910</u>	<u>1,824,684</u>	<u>(39,226)</u>
Interest income	75,000	503,586	428,586
Net appreciation in fair value of investments	-	1,715,942	1,715,942
Less investment expense	(110,000)	(127,343)	(17,343)
Net investment income	<u>(35,000)</u>	<u>2,092,185</u>	<u>2,127,185</u>
Total additions	<u>1,828,910</u>	<u>3,916,869</u>	<u>2,087,959</u>
Deductions:			
Pension benefits and refunds	1,830,000	1,838,832	(8,832)
Other administrative expenses	5,800	5,800	-
Contingency	194,580	-	194,580
Total deductions	<u>2,030,380</u>	<u>1,844,632</u>	<u>185,748</u>
Change in net position	<u>\$ (201,470)</u>	2,072,237	<u>\$ 2,273,707</u>
Net position held in trust at beginning of year		<u>22,131,374</u>	
Net position held in trust at end of year		<u>\$ 24,203,611</u>	

Firefighters' Pension Fund
Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Year Ended April 30, 2013

	Original/Final Appropriations	Actual	Variance with Final Budget
Additions:			
Contributions			
Employer	\$ 1,018,863	\$ 1,026,345	\$ 7,482
Employee	285,000	288,560	3,560
Total contributions	1,303,863	1,314,905	11,042
Interest income	500,000	804,482	304,482
Net appreciation in fair value of investments	-	1,491,548	1,491,548
Less investment expense	(81,000)	(80,450)	550
Net investment income	419,000	2,215,580	1,796,580
Total additions	1,722,863	3,530,485	1,807,622
Deductions:			
Pension benefits and refunds	1,580,000	1,531,361	48,639
Other administrative expenses	5,800	5,800	-
Contingency	166,680	-	166,680
Total deductions	1,752,480	1,537,161	215,319
Change in net position	\$ (29,617)	1,993,324	\$ 2,022,941
Net position held in trust at beginning of year		26,899,021	
Net position held in trust at end of year		\$ 28,892,345	

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 Position and General Fund Balance Sheet

April 30, 2013

Assets	General Fund	Adjustments	Statement of Net Position
Cash and cash equivalents	\$ 1,278,923	\$ -	\$ 1,278,923
Receivables (net of allowance for uncollectibles):			
Property taxes	3,677,334	-	3,677,334
Other taxes	6,310	-	6,310
Capital assets (net):			
Capital assets not depreciated	-	219,000	219,000
Capital assets depreciated (net)	-	3,322,484	3,322,484
Total assets	<u>\$ 4,962,567</u>	<u>\$ 3,541,484</u>	<u>\$ 8,504,051</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 22,926	\$ -	\$ 22,926
Accrued liabilities	46,626	-	46,626
Unearned revenue – property taxes	3,677,334	-	3,677,334
Long-term obligations:			
Due within one year	-	41,433	41,433
Due in more than one year	-	242,062	242,062
Total Liabilities	<u>3,746,886</u>	<u>283,495</u>	<u>4,030,381</u>
Fund Balance/Net Position:			
Fund balance:			
Unassigned	1,215,681	(1,215,681)	-
Net position:			
Net investment in capital assets	-	3,452,764	3,452,764
Unrestricted	-	1,020,906	1,020,906
Total fund balance/net position	<u>1,215,681</u>	<u>3,257,989</u>	<u>4,473,670</u>
Total liabilities and fund balance/net position	<u>\$ 4,962,567</u>	<u>\$ 3,541,484</u>	<u>\$ 8,504,051</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, 2013

	General Fund	Adjustments	Statement of Activities
Revenues			
Taxes:			
Property	\$ 3,528,469	\$ -	\$ 3,528,469
Other	31,348	-	31,348
Intergovernmental – per capita grant	19,869	-	19,869
Grants and contributions	25,099	-	25,099
Charges for services	14,250	-	14,250
Fines	48,311	-	48,311
Investment income	9,790	-	9,790
Other	65,606	-	65,606
Total revenues	<u>3,742,742</u>	<u>-</u>	<u>3,742,742</u>
Expenditures/expenses			
Current:			
Library services:			
Personnel services	2,198,712	17,730	2,216,442
Other	962,913	(317,268)	645,645
Library building:			
Personnel services	143,139	672	143,811
Other	118,145	274,585	392,730
Capital outlay:			
Building and office	91,452	(91,452)	-
Capital improvements	159,795	(159,795)	-
Debt service:			
Principal retirement	29,469	(29,469)	-
Interest	-	-	-
Total expenditures/expenses	<u>3,703,625</u>	<u>(304,997)</u>	<u>3,398,628</u>
Excess (deficiency) of revenues over expenditures	<u>39,117</u>	<u>304,997</u>	<u>344,114</u>
Other financing sources:			
Proceeds from capital assets	<u>96,529</u>	<u>(96,529)</u>	<u>-</u>
Net change in fund balance/net position	135,646	208,468	344,114
Fund balance/net position – beginning of year	<u>1,080,035</u>	<u>3,049,521</u>	<u>4,129,556</u>
Fund balance/net position – end of year	<u>\$ 1,215,681</u>	<u>\$ 3,257,989</u>	<u>\$ 4,473,670</u>

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

Summary of Debt Service Requirements to Maturity

April 30, 2013

Fiscal year	General Obligation Bonds
2014	\$ 5,040,220
2015	5,042,278
2016	14,840,318
2017	4,780,013
2018	4,803,556
2019	4,786,920
2020	4,805,877
2021	4,819,863
2022	4,674,275
2023	4,676,256
2024	3,760,265
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
	<hr/>
	\$ 73,365,099

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity – General Obligation Bonds

April 30, 2013

Fiscal Year	Special Service Area 25		Special Service Area 26		Special Service Area 29	
	Tax Bonds		Tax Bonds		Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 55,000	\$ 15,828	\$ 13,963	\$ 5,211	\$ 96,986	\$ 41,500
2015	55,000	14,703	14,522	4,848	100,914	38,916
2016	60,000	13,575	15,117	4,470	105,102	36,241
2017	60,000	12,285	15,767	4,047	109,569	33,351
2018	60,000	10,935	16,461	3,590	114,335	30,228
2019	65,000	9,525	17,202	3,096	119,423	26,855
2020	65,000	7,932	17,993	2,563	124,857	23,213
2021	70,000	6,275	18,839	1,987	130,663	19,280
2022	75,000	4,350	19,743	1,365	136,870	15,034
2023	75,000	2,213	20,701	704	143,508	10,448
2024	-	-	-	-	150,611	5,497
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
	<u>\$ 640,000</u>	<u>\$ 97,621</u>	<u>\$ 170,308</u>	<u>\$ 31,881</u>	<u>\$ 1,332,838</u>	<u>\$ 280,563</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2013

Fiscal Year	Series 2008 Obligation Bonds		Series 2009 Obligation Bonds		2010 Series A Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 8,335,000</u>	<u>\$ 2,436,002</u>	<u>\$ 3,360,000</u>	<u>\$ 1,161,243</u>	<u>\$ 9,665,000</u>	<u>\$ 869,850</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2013

Fiscal Year	2010 Series B Obligation Bonds		2010 Series C Obligation Bonds		2011 Series A Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 3,220,000</u>	<u>\$ 5,425,000</u>	<u>\$ 2,953,153</u>	<u>\$ 1,930,000</u>	<u>\$ 132,340</u>

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Debt Service Requirements to Maturity - General Obligation Bonds

April 30, 2013

Fiscal Year	2011 Series B Obligation Bonds		Total Requirements		Total
	Principal	Interest	Principal	Interest	
2014	\$ 1,870,000	\$ 592,700	\$ 3,215,949	\$ 1,824,271	\$ 5,040,220
2015	1,920,000	555,300	3,290,436	1,751,842	5,042,278
2016	1,955,000	516,900	13,160,219	1,680,099	14,840,318
2017	2,215,000	477,800	3,470,336	1,309,677	4,780,013
2018	2,270,000	433,500	3,575,796	1,227,760	4,803,556
2019	2,300,000	376,750	3,656,625	1,130,295	4,786,920
2020	2,400,000	319,250	3,777,850	1,028,027	4,805,877
2021	2,470,000	259,250	3,899,502	920,361	4,819,863
2022	2,530,000	197,500	3,866,613	807,662	4,674,275
2023	2,605,000	134,250	3,984,209	692,047	4,676,256
2024	1,870,000	56,100	3,200,611	559,654	3,760,265
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>\$ 24,405,000</u>	<u>\$ 3,919,300</u>	<u>\$ 58,263,146</u>	<u>\$ 15,101,953</u>	<u>\$ 73,365,099</u>

(Concluded)

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 25 Special Tax Bonds – 2003 Series

April 30, 2013

Date of issue: May 1, 2003
 Date of maturity: December 15, 2022
 Authorized issue: \$ 1,050,000
 Denomination of bonds: \$ 5,000
 Interest rate: 1.95-2.95%

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2013	\$ 55,000
2014	55,000
2015	60,000
2016	60,000
2017	60,000
Thereafter	350,000
	<u>\$ 640,000</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>
2012	\$ 55,000	\$ 15,828	\$ 70,828	2013	\$ 7,941	2013	\$ 7,887
2013	55,000	14,703	69,703	2014	7,351	2014	7,352
2014	60,000	13,575	73,575	2015	6,787	2015	6,788
2015	60,000	12,285	72,285	2016	6,143	2016	6,142
2016	60,000	10,935	70,935	2017	5,467	2017	5,468
Thereafter	350,000	30,295	380,295	Thereafter	15,147	Thereafter	15,148
	<u>\$ 640,000</u>	<u>\$ 97,621</u>	<u>\$ 737,621</u>				

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 26 Special Tax Bonds – 2003 Series

April 30, 2013

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: 2.50-3.40%

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>
2013	\$ 13,963
2014	14,522
2015	15,117
2016	15,767
2017	16,461
Thereafter	94,478
	<u>\$ 170,308</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>
2012	\$ 13,963	\$ 5,211	\$ 19,174	2013	\$ 2,613	2013	\$ 2,598
2013	14,522	4,848	19,370	2014	2,424	2014	2,424
2014	15,117	4,470	19,587	2015	2,235	2015	2,235
2015	15,767	4,047	19,814	2016	2,023	2016	2,024
2016	16,461	3,590	20,051	2017	1,795	2017	1,795
Thereafter	94,478	9,715	104,193	Thereafter	4,857	Thereafter	4,858
	<u>\$ 170,308</u>	<u>\$ 31,881</u>	<u>\$ 202,189</u>				

CITY OF LAKE FOREST, ILLINOIS

Special Service Area 29 Special Tax Bonds – 2004 Series

April 30, 2013

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: 2.55-3.65%

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

Redeemable annually
on December 15

	<u>Amount</u>
2013	\$ 96,986
2014	100,914
2015	105,102
2016	109,569
2017	114,335
Thereafter	805,932
	<u>\$ 1,332,838</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>
2012	\$ 96,986	\$ 41,500	\$ 138,486	2013	\$ 20,806	2013	\$20,694
2013	100,914	38,916	139,830	2014	19,458	2014	19,458
2014	105,102	36,241	141,343	2015	18,121	2015	18,120
2015	109,569	33,351	142,920	2016	16,675	2016	16,676
2016	114,335	30,228	144,563	2017	15,114	2017	15,114
Thereafter	805,932	100,327	906,259	Thereafter	50,164	Thereafter	50,163
	<u>\$1,332,838</u>	<u>\$280,563</u>	<u>\$ 1,613,401</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2008 Series

April 30, 2013

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>
2013	\$ 535,000
2014	550,000
2015	565,000
2016	580,000
2017	600,000
Thereafter	5,505,000
	<u>\$ 8,335,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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
2016	600,000	222,000	822,000	2017	111,000	2017	111,000
Thereafter	5,505,000	1,135,314	6,640,314	Thereafter	567,657	Thereafter	567,657
	<u>\$ 8,335,000</u>	<u>\$ 2,436,002</u>	<u>\$ 10,771,002</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2009 Series

April 30, 2013

Date of issue: May 14, 2009
 Date of maturity: December 15, 2029
 Authorized issue: \$ 3,680,000
 Denomination of bonds: \$ 5,000
 Interest rate: 2.00 - 4.10 %

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

Redeemable annually

<u>on December 15</u>	<u>Amount</u>
2013	\$ 165,000
2014	170,000
2015	170,000
2016	175,000
2017	180,000
Thereafter	2,500,000
	<u>\$ 3,360,000</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>
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
2016	180,000	98,245	278,245	2017	49,122	2017	49,123
Thereafter	2,500,000	630,943	3,130,943	Thereafter	315,471	Thereafter	315,472
	<u>\$ 3,360,000</u>	<u>\$ 1,161,243</u>	<u>\$ 4,521,243</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series A

April 30, 2013

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	\$ 9,665,000
	<u>\$ 9,665,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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>\$ 869,850</u>	<u>\$ 10,534,850</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series B

April 30, 2013

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

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

Redeemable annually

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

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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
2016	-	172,500	172,500	2017	86,250	2017	86,250
Thereafter	3,000,000	2,357,500	5,357,500	Thereafter	1,178,750	Thereafter	1,178,750
	<u>\$ 3,000,000</u>	<u>\$ 3,220,000</u>	<u>\$ 6,220,000</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2010 Series C

April 30, 2013

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

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

Redeemable annually

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

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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
2016	210,000	243,974	453,974	2017	121,987	2017	121,987
Thereafter	4,720,000	1,680,935	6,400,935	Thereafter	840,468	Thereafter	840,467
	<u>\$ 5,425,000</u>	<u>\$ 2,953,153</u>	<u>\$ 8,378,153</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2011 Series A

April 30, 2013

Date of issue: September 6, 2011
 Date of maturity: December 15, 2021
 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>
2013	\$ 480,000
2014	480,000
2015	325,000
2016	120,000
2017	125,000
Thereafter	400,000
	<u>\$ 1,930,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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
2016	125,000	12,788	137,788	2017	6,394	2017	6,394
Thereafter	400,000	20,175	420,175	Thereafter	10,088	Thereafter	10,087
	<u>\$ 1,930,000</u>	<u>\$ 132,340</u>	<u>\$ 2,062,340</u>				

CITY OF LAKE FOREST, ILLINOIS

General Obligation Bonds – 2011 Series B

April 30, 2013

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>
2013	\$ 1,870,000
2014	1,920,000
2015	1,955,000
2016	2,215,000
2017	2,270,000
Thereafter	14,175,000
	<u>\$ 24,405,000</u>

Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
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
2016	2,270,000	433,500	2,703,500	2017	216,750	2017	216,750
Thereafter	14,175,000	1,343,100	15,518,100	Thereafter	671,550	Thereafter	671,550
	<u>\$ 24,405,000</u>	<u>\$ 3,919,300</u>	<u>\$ 28,324,300</u>				

CITY OF LAKE FOREST, ILLINOIS

Debt Service Fund

Combining Schedule of Assets, Liabilities, and Fund Balance

April 30, 2013

	2003 Series D General Obligation Bonds	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds
Assets			
Cash and cash equivalents	\$ 803,765	\$ 2,598	\$ -
Receivables (net of allowance for uncollectibles):			
Property taxes	-	78,128	21,374
Total assets	<u>\$ 803,765</u>	<u>\$ 80,726</u>	<u>\$ 21,374</u>
Liabilities and Fund Balance			
Liabilities:			
Deferred revenue – property taxes	\$ -	\$ 78,128	\$ 21,374
Due to other funds	-	-	819
Total liabilities	<u>-</u>	<u>78,128</u>	<u>22,193</u>
Fund balance – restricted for debt service	<u>803,765</u>	<u>2,598</u>	<u>(819)</u>
Total liabilities and fund balance	<u>\$ 803,765</u>	<u>\$ 80,726</u>	<u>\$ 21,374</u>

Exhibit I-13

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
\$ -	\$ 1,440,488	\$ 139,247	\$ 11,569	\$ 18,015	\$ 2,415,682
144,786	-	831,882	278,062	553,169	1,907,401
\$ 144,786	\$ 1,440,488	\$ 971,129	\$ 289,631	\$ 571,184	\$ 4,323,083
\$ 144,786	\$ -	\$ 831,882	\$ 278,062	\$ 553,169	\$ 1,907,401
7,589	-	-	-	-	8,408
152,375	-	831,882	278,062	553,169	1,915,809
(7,589)	1,440,488	139,247	11,569	18,015	2,407,274
\$ 144,786	\$ 1,440,488	\$ 971,129	\$ 289,631	\$ 571,184	\$ 4,323,083

CITY OF LAKE FOREST, ILLINOIS

Debt Service Fund

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

Year ended April 30, 2013

	2003 Series D General Obligation Bonds	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds
Revenues:			
Taxes:			
Property taxes	\$ -	\$ 82,718	\$ 22,215
Grants and contributions - IRS rebate	-	-	-
Investment income	3,624	139	47
Total revenues	<u>3,624</u>	<u>82,857</u>	<u>22,262</u>
Expenditures:			
General government	500	7,589	7,589
Debt service:			
Principal	205,000	55,000	13,435
Interest	14,124	27,218	8,282
Total expenditures	<u>219,624</u>	<u>89,807</u>	<u>29,306</u>
Excess (deficiency) of revenues over expenditures	<u>(216,000)</u>	<u>(6,950)</u>	<u>(7,044)</u>
Other financing sources:			
Transfers in	<u>250,985</u>	<u>-</u>	<u>-</u>
Net change in fund balance	34,985	(6,950)	(7,044)
Fund balance – beginning of year	<u>768,780</u>	<u>9,548</u>	<u>6,225</u>
Fund balance – end of year	<u>\$ 803,765</u>	<u>\$ 2,598</u>	<u>\$ (819)</u>

Exhibit I-14

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
\$ 158,368	\$ -	\$ 855,812	\$ 282,932	\$ 563,526	\$ 1,965,571
-	-	-	-	168,384	168,384
184	6,404	1,667	380	416	12,861
158,552	6,404	857,479	283,312	732,326	2,146,816
7,589	1,000	500	500	1,500	26,767
93,301	191,000	525,000	160,000	-	1,242,736
66,151	115,880	314,981	116,345	721,761	1,384,742
167,041	307,880	840,481	276,845	723,261	2,654,245
(8,489)	(301,476)	16,998	6,467	9,065	(507,429)
900	346,599	-	-	-	598,484
(7,589)	45,123	16,998	6,467	9,065	91,055
-	1,395,365	122,249	5,102	8,950	2,316,219
\$ (7,589)	\$ 1,440,488	\$ 139,247	\$ 11,569	\$ 18,015	\$ 2,407,274

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	125-133
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	134-141
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	142-146
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	147-149
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	150-153
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

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

CITY OF LAKE FOREST, ILLINOIS

Net Position by Component Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net investment in capital assets	\$ 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	<u>\$ 175,876,635</u>	<u>\$ 178,797,865</u>	<u>\$ 186,196,636</u>	<u>\$ 194,282,921</u>
Business-type Activities				
Net investment in capital assets	\$ 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	<u>\$ 51,870,224</u>	<u>\$ 53,319,622</u>	<u>\$ 54,288,681</u>	<u>\$ 56,328,997</u>
Total				
Net investment in capital assets	\$ 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	<u>\$ 227,746,859</u>	<u>\$ 232,117,487</u>	<u>\$ 240,485,317</u>	<u>\$ 250,611,918</u>

Data Source

Audited Financial Statements

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 172,325,675	\$ 193,768,992	\$ 193,225,047	\$ 192,568,460	\$ 190,779,593	\$ 187,500,531
3,978,855	3,319,974	3,001,515	3,645,693	16,599,487	16,064,099
28,748,888	25,867,536	25,090,240	29,683,545	19,550,532	21,126,818
<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>	<u>\$ 224,691,448</u>
\$ 44,932,466	\$ 37,184,702	\$ 38,075,853	\$ 37,709,887	\$ 36,753,670	\$ 36,077,752
-	-	-	-	-	-
12,087,202	9,577,076	8,617,858	8,513,924	8,918,142	9,880,856
<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>	<u>\$ 45,958,608</u>
\$ 217,258,141	\$ 230,953,694	\$ 231,300,900	\$ 230,278,347	\$ 227,533,263	\$ 223,578,283
3,978,855	3,319,974	3,001,515	3,645,693	16,599,487	16,064,099
40,836,090	35,444,612	33,708,098	38,197,469	28,468,674	31,007,674
<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>	<u>\$ 270,650,056</u>

CITY OF LAKE FOREST, ILLINOIS

Changes in Net Position
Last Ten 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	2013
\$ 11,035,000	\$ 14,928,550	\$ 13,974,412	\$ 13,321,852	\$ 12,080,189	\$ 16,176,326
8,821,953	7,911,604	9,469,570	8,687,404	8,304,860	7,536,444
2,310,966	2,169,302	2,183,373	2,349,916	2,568,820	2,512,559
8,812,293	9,430,847	9,589,857	9,402,752	9,469,832	10,352,252
12,348,729	12,623,300	13,116,738	13,398,718	13,583,116	13,748,855
-	-	-	-	-	-
808,253	978,029	1,097,805	1,424,317	1,420,087	1,362,715
44,137,194	48,041,632	49,431,755	48,584,959	47,426,904	51,689,151
8,228,975	7,659,138	7,882,904	8,008,372	7,985,394	8,287,297
1,562,520	1,490,115	1,345,437	1,393,869	1,371,380	1,459,394
757,200	-	-	-	-	-
10,548,695	9,149,253	9,228,341	9,402,241	9,356,774	9,746,691
\$ 54,685,889	\$ 57,190,885	\$ 58,660,096	\$ 57,987,200	\$ 56,783,678	\$ 61,435,842
\$ 5,249,766	\$ 4,980,144	\$ 4,822,344	\$ 4,455,844	\$ 4,771,863	\$ 4,838,151
929,199	1,239,586	809,661	693,029	846,366	753,487
295,658	192,848	104,158	171,030	81,577	58,564
3,831,855	4,197,023	4,121,592	3,650,467	3,392,303	3,342,913
1,567,944	1,589,647	1,540,927	1,930,715	1,678,032	1,861,619
790,979	684,872	1,413,819	846,781	1,433,791	1,777,734
5,301,494	9,033,429	925,524	5,982,721	360,407	25,000
17,966,895	21,917,549	13,738,025	17,730,587	12,564,339	12,657,468
6,893,939	6,589,780	7,048,854	7,344,740	7,477,637	8,598,079
1,430,875	1,413,732	1,333,879	1,264,624	1,238,016	1,320,455
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	9,918,534
\$ 28,676,497	\$ 30,750,508	\$ 22,218,482	\$ 26,502,002	\$ 21,279,992	\$ 22,576,002
\$ (26,170,299)	\$ (26,124,083)	\$ (35,693,730)	\$ (30,854,372)	\$ (34,862,565)	\$ (39,031,683)
160,907	(316,294)	(747,884)	(630,826)	(641,121)	171,843
\$ (26,009,392)	\$ (26,440,377)	\$ (36,441,614)	\$ (31,485,198)	\$ (35,503,686)	\$ (38,859,840)

CITY OF LAKE FOREST, ILLINOIS

Changes in Net Position (Continued) Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
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	30,214,667	30,214,667	31,967,936	34,274,396
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	279,398	279,398	434,378	1,518,423
Total Primary Government	\$ 30,494,065	\$ 30,494,065	\$ 32,402,314	\$ 35,792,819
Change in Net Position				
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 Position	\$ 4,370,628	\$ 4,370,628	\$ 8,367,830	\$ 10,126,601

Data Source

Audited Financial Statements

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 22,324,863	\$ 23,067,216	\$ 24,383,716	\$ 24,739,956	\$ 25,428,378	\$ 25,051,411
3,118,339	3,010,457	2,392,497	2,554,772	2,577,304	3,183,479
2,175,196	2,018,177	1,762,425	1,849,046	1,938,686	2,131,711
4,454,442	4,407,235	3,967,398	3,968,072	3,981,548	3,736,586
1,984,052	962,840	878,925	1,279,935	1,215,407	1,209,113
489,018	391,347	372,640	422,080	492,746	493,418
1,771,629	35,853	852,245	573,508	264,432	491,196
-	-	-	-	-	-
627,188	22,729	60,000	150,049	33,724	573,705
(3,931)	10,111,313	(615,816)	(102,150)	(37,746)	(77,100)
36,940,796	44,027,167	34,054,030	35,435,268	35,894,479	36,793,519
525,833	169,717	64,001	58,776	51,376	37,853
-	-	-	-	-	-
3,931	(10,111,313)	615,816	102,150	37,746	77,100
529,764	(9,941,596)	679,817	160,926	89,122	114,953
\$ 37,470,560	\$ 34,085,571	\$ 34,733,847	\$ 35,596,194	\$ 35,983,601	\$ 36,908,472
\$ 10,770,497	\$ 17,903,084	\$ (1,639,700)	\$ 4,580,896	\$ 1,031,914	\$ (2,238,164)
690,671	(10,257,890)	(68,067)	(469,900)	(551,999)	286,796
\$ 11,461,168	\$ 7,645,194	\$ (1,707,767)	\$ 4,110,996	\$ 479,915	\$ (1,951,368)

CITY OF LAKE FOREST, ILLINOIS

Table 3

Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2013
General Fund										
Nonspendable									\$ 2,159,403	\$ 2,775,449
Restricted									957,420	957,420
Unassigned									10,601,190	11,020,723
Reserved	\$ 1,265,475	\$ 585,232	\$ 510,960	\$ 470,008	\$ 1,041,187	\$ 2,218,570	\$ 1,071,068	\$ 2,988,884		
Unreserved	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	\$ 10,633,000	\$ 11,764,075	\$ 7,017,124	\$ 9,004,155	\$ 10,626,632	\$ 10,836,821	\$ 10,886,288	\$ 12,228,019	\$ 13,718,013	\$ 14,753,592
All Other Governmental Funds										
Nonspendable									\$ 43,333	\$ 43,333
Restricted									16,171,794	15,605,203
Assigned									1,591,600	1,598,819
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	3,323,478	3,885,249	5,531,312	8,006,257	8,063,766	6,747,544	8,209,263	9,869,178		
Capital Project Funds	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	-	-	-	-	-	-	-	-		
Total All Other Governmental Funds	\$ 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	\$ 17,247,355
Total All Governmental	\$ 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	\$ 32,000,947

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes	\$ 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	\$ 25,051,411
Other taxes	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	10,754,307
Intergovernmental revenues	615,152	1,254,231	1,407,815	948,449	790,979	684,872	1,304,368	523,185	589,960	612,357
Grants and contributions	-	-	-	-	-	-	706,250	1,306,195	1,039,737	1,190,377
Charges for services	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	7,319,673
Licenses and permits	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	2,450,194
Fines and forfeitures	350,989	387,178	461,909	357,556	469,208	387,629	372,924	409,539	372,607	368,941
Investment income	505,696	832,709	1,358,266	1,866,217	1,673,038	(11,695)	815,520	531,666	225,225	462,579
Miscellaneous revenue	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	1,225,082
Total Revenues	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	49,434,921
Expenditures										
General government	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	14,242,768
Highways and streets	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	2,044,225
Sanitation	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	2,193,091
Culture and recreation	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	9,282,695
Public safety	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	13,826,732
Pension fund contributions	-	-	-	-	-	-	-	-	-	-
Public improvements and other	2,519,580	-	-	-	-	-	-	-	-	-
Capital outlay	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	4,586,574
Debt Service										
Principal	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	1,377,736
Interest	800,699	827,160	982,744	881,087	781,529	694,355	1,173,967	1,284,755	1,667,372	1,392,342
Bond issuance costs	62,370	64,640	-	-	-	-	-	-	-	-
Total Expenditures	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	48,946,163
Excess of Revenues over (under)										
Expenditures	(675,131)	1,275,486	(5,275,382)	5,256,642	(136,515)	(24,206,582)	(7,116,863)	(13,384,424)	386,900	488,758

(Continued)

CITY OF LAKE FOREST, ILLINOIS

Table 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other financing Sources (Uses)										
Transfers in	\$ 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	\$ 2,829,243
Transfers out	(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)	(2,906,343)
Bonds issued	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	-	-	-	-	-	-	-	-	5,690,000	-
Payments for refunding G.O. bonds	-	-	-	-	-	-	-	-	(5,769,025)	-
Sale of capital assets	-	768,543	210,000	1,484,722	773,034	75,000	-	1,067,630	34,055	64,549
Total Other Financing Sources (Uses)	4,306,962	7,884,282	210,000	492,203	10,632,317	11,745,425	5,383,235	19,334,610	38,112	(12,551)
Net Change in Fund Balances	\$ 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	\$ 476,207
Debt Service as a Percentage of Noncapital Expenditures	13.29%	14.50%	16.02%	14.61%	12.60%	8.08%	8.62%	8.62%	8.31%	5.85%

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
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%
2012	2,166,702,992	207,360,589	65,556	3,918,002	-	2,378,047,139	1.1480	7,134,141,417	33.333%

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bonds	0.127	0.118	0.095	0.088	0.083	0.086	0.090	0.096	0.068	0.071
Corporate	0.493	0.481	0.461	0.449	0.443	0.449	0.405	0.446	0.483	0.544
Firemens' Pension	0.023	0.023	0.023	0.023	0.025	0.028	0.034	0.037	0.041	0.046
IMRF	0.061	0.058	0.055	0.052	0.051	0.052	0.054	0.059	0.032	0.035
Library	0.112	0.108	0.105	0.102	0.101	0.101	0.105	0.116	0.126	0.141
Library Sites & Building	0.014	0.014	0.013	0.012	0.011	0.013	0.013	0.014	0.015	0.016
Parks/Park Maintenance	0	0.000	0.000	0.000	0.052	0.050	0.097	0.106	0.114	0.123
Playground & Recreation	0.128	0.116	0.112	0.098	0.038	0.042	0.043	0.046	0.050	0.055
Police Pension	0.036	0.034	0.036	0.035	0.037	0.039	0.050	0.057	0.060	0.066
Recreation for Handicapped Rec.	0	0.011	0.011	0.010	0.010	0.010	0.011	0.013	0.014	0.016
Social Security									0.032	0.035
City Direct Rates *	0.994	0.963	0.911	0.869	0.851	0.870	0.902	0.990	1.035	1.148
Overlapping Rates										
College of Lake County	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218	0.240	0.272
County of Lake	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505	0.554	0.608
Lake County Forest Preserve	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198	0.201	0.212
North Shore Sanitary District	0.144	0.139	0.132	0.125	0.120	0.121	0.124	0.136	0.150	0.150
School District 67, Elem.	1.101	1.051	1.013	0.964	0.944	0.965	0.998	1.095	1.186	1.322
School District 115, High School	1.045	1.003	0.965	0.961	0.959	1.001	1.069	1.101	1.191	1.322
Township	0.053	0.052	0.051	0.050	0.050	0.050	0.048	0.039	0.043	0.036
Township Road and Bridge	0.030	0.018	0.018	0.020	0.016	0.019	0.020	0.023	0.026	0.029
Total tax rate	4.283	4.110	3.951	3.838	3.777	3.874	4.025	4.305	4.626	5.099
City's share of total tax rate	23%	23%	23%	23%	23%	22%	22%	23%	22%	23%

Data Source

Office of the County Clerk - Shields Township

Lake Forest lies within five townships - Moraine, Shields, Vernon, West Deerfield and Libertyville. Therefore, the tax rates for support of the Township government and for 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	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Hospira Inc	\$ 18,771,220	1	0.79%			
Lake Products, Inc.	13,929,128	2	0.59%			
The Presbyterian Home	13,749,270	3	0.58%	\$ 23,762,231	1	1.10%
CBIZ Property Tax Solutions	11,196,536	4	0.47%	11,761,943	2	0.60%
Trustmark Insurance Co	7,750,771	5	0.33%	8,078,870	5	0.40%
Lake Forest Landmark Co. LLC	6,962,512	6	0.29%	8,705,102	4	0.40%
Northwestern Lake Forest Hospital	6,918,325	7	0.29%	7,449,790	7	0.40%
Lake Forest Landmark II	5,928,948	8	0.25%			
Shawgate Lake Forest, LLC	5,440,583	9	0.23%			
Chicago Bears Football Club, Inc	5,402,161	10	0.23%	4,100,911	10	0.20%
Tap Holdings Inc.				10,428,753	3	0.50%
Abbott Laboratories				7,848,275	6	0.40%
Brunswick Corporation				4,808,506	9	0.20%
Shawgate- Broadacre				4,954,715	8	0.20%
	<u>\$ 96,049,454</u>		<u>4.04%</u>	<u>\$ 91,899,096</u>		<u>4.40%</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.

2013 Column is 2012 Assessed Valuation

2004 Column is 2003 Assessed Valuation

CITY OF LAKE FOREST, ILLINOIS

Table 8

Property Tax Levies and Collections
Last Ten Levy Years

Levy Year	Tax Levied		Collected within the Fiscal Year after the Levy	
			Amount	Percentage of Levy
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	25,911,250	99.72%
2012		27,299,981	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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General	0.493	0.481	0.461	0.449	0.443	0.449	0.405	0.446	0.483	0.544
IMRF/Social Security	0.061	0.058	0.055	0.052	0.051	0.052	0.054	0.059	0.064	0.070
Firefighter Pension	0.023	0.023	0.023	0.023	0.025	0.028	0.034	0.037	0.041	0.046
Police Pension	0.036	0.034	0.036	0.035	0.037	0.039	0.050	0.057	0.060	0.066
Parks and Recreation	0.128	0.116	0.112	0.098	0.090	0.092	0.140	0.152	0.164	0.178
Special Recreation	-	0.011	0.011	0.010	0.010	0.010	0.011	0.013	0.014	0.016
General Obligation Bond 1998 B	0.031	0.028	0.026	0.024	0.023	-	-	-	-	-
General Obligation Bond 2000	0.022	0.020	0.020	0.025	0.023	0.023	0.023	0.025	0.000	-
General Obligation Bond 2001 B	0.006	0.006	0.005	0.005	0.004	0.004	0.004	0.004	0.000	-
General Obligation Bond 2002 B	0.054	0.051	0.031	-	-	-	-	-	-	-
General Obligation Bond 2003 A	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	0.036
General Obligation Bond 2009	-	-	-	-	-	-	0.005	0.011	0.011	0.012
General Obligation Bond 2010	-	-	-	-	-	-	0.000	0.024	0.023	0.023
Total tax rate	0.868	0.841	0.793	0.755	0.739	0.756	0.784	0.860	0.894	0.991

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Merchandise	\$ 14,374	\$ 28,705	\$ 22,694	\$ 33,206	\$ 26,184	\$ 2,194	\$ 8,492	\$ 8,460	\$ 36,478	\$ 12,219
Food	43,407	86,898	88,675	89,536	89,969	97,870	83,567	89,338	90,613	91,999
Drinking and Eating Places	57,236	113,425	124,221	129,149	139,291	147,973	127,679	133,028	140,639	155,188
Apparel	36,595	70,485	68,594	63,083	60,423	54,674	55,300	51,968	53,727	64,317
Furniture & H.H. & Radio	18,509	44,588	57,206	57,996	58,530	51,881	42,526	38,958	10,187	37,536
Lumber, Building, Hardware	21,118	42,130	46,974	38,373	30,834	5,765	20,405	19,010	(6,528)	6,867
Automobile and Filling Stations	20,450	39,402	45,494	48,129	44,478	37,349	27,399	35,443	38,209	38,900
Drugs and Miscellaneous Retail	67,576	126,277	123,674	113,558	116,910	117,787	178,470	91,397	105,512	81,022
Agriculture and All Others	45,369	92,361	102,164	91,488	96,048	100,902	88,052	94,649	97,776	110,446
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	\$ 598,494
Total Number of Payers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City direct sales tax rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Data Source

Illinois Department of Revenue

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

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

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

CITY OF LAKE FOREST, ILLINOIS

Table 11

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Merchandise	\$ 54,103	\$ 58,491	\$ 45,778	\$ 67,042	\$ 52,664	\$ 4,392	\$ 16,984	\$ 17,248	\$ 72,955	\$ 24,726
Food	600,443	607,508	621,140	621,566	635,560	629,087	562,455	570,803	579,914	585,517
Drinking and Eating Places	221,068	229,158	252,171	261,151	285,968	302,523	260,953	271,753	286,472	317,291
Apparel	134,835	142,328	137,422	126,196	124,644	109,349	110,600	103,935	107,453	128,633
Furniture & H.H. & Radio	73,506	89,219	114,945	115,995	117,060	103,763	85,052	77,915	20,373	75,071
Lumber, Building, Hardware	91,831	86,497	94,007	76,746	61,668	11,529	40,810	38,019	(13,037)	13,742
Automobile and Filling Stations	243,898	153,273	165,396	167,847	165,896	130,459	109,080	150,101	138,744	146,865
Drugs and Miscellaneous Retail	420,878	456,475	434,170	425,144	441,773	438,917	546,202	322,376	371,420	400,096
Agriculture and All Others	187,102	199,683	219,086	200,515	208,076	219,358	198,803	267,227	254,225	274,807
Manufacturers	6,845	88,094	129,053	347,340	205,978	218,715	43,909	28,947	(9,729)	-
Censored categories	-	-	-	-	-	58,028	-	-	-	-
Total	<u>\$2,034,509</u>	<u>\$2,110,726</u>	<u>\$2,213,168</u>	<u>\$2,409,543</u>	<u>\$2,299,287</u>	<u>\$ 2,226,120</u>	<u>\$ 1,974,848</u>	<u>\$ 1,848,324</u>	<u>\$ 1,808,790</u>	<u>\$ 1,966,748</u>
Total Number of Payers	693	743	737	837	849	843	663	647	637	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.

The category of Furniture & H.H. & Radio became a censored status in the 4th quarter of 2011.

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
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%
2013	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				
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
2013	37,203,146	-	21,060,000	-	58,263,146	2.45%	3.90%	3,007.13

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

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

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available In Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property*	Per Capita
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	0.77%	3,048.71
2013	58,263,146	2,407,274	55,855,872	0.78%	2,882.88

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, 2013

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	9.72%	\$ 8,063,226
Lake County Community College #532	20,535,000	10.24%	2,102,784
Lake County Forest Preserve District	305,415,000	9.72%	29,686,338
North Shore Sanitary District	-	29.94%	-
School District #67	1,087,468	99.94%	1,086,816
School District #103	2,840,000	0.01%	284
High School District #115	46,545,000	79.43%	36,970,694
High School District #128	21,995,000	3.00%	659,850
Subtotal, overlapping debt	481,372,468		78,569,991
City of Lake Forest direct debt	37,203,146	100.00%	37,203,146
Total direct and overlapping debt	\$ 518,575,614		\$ 115,773,137

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 180,228,505	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to limit	59,911,500	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin	\$ 120,317,005	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to the limit as a percentage of debt limit	33.24%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

CITY OF LAKE FOREST, 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	
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
2013	9,956,387	6,938,272	3,018,115	1,744,000	482,866	1.36

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.

CITY OF LAKE FOREST, ILLINOIS

Table 18

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
2004	20,057	(A)	\$ 2,089,605,859	\$ 104,183	\$ 1,546,234,244	\$ 77,092	3.2%
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)	2,890,654,508	133,827	1,665,187,200	77,092	5.8%
2011	19,375	(A)	2,717,547,097	140,260	1,493,657,500	77,092	6.2%
2012	19,375	(A)	2,565,080,023	132,391	1,493,657,500	77,092	5.7%
2013	19,375	(A)	2,378,047,139	122,738	1,493,657,500	77,092	5.3%

(A) Actual

(E) Estimate by City of Lake Forest

Data Source

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

CITY OF LAKE FOREST, ILLINOIS

Table 19

Principal Employers
Current Year and Nine Years Ago

Employer	2013			2004		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Northwest Lake Forest Hospital	1,600	1	8.26%	1,667	1	8.31%
Hospira Inc.	1,350	2	6.97%	1,000	3	4.99%
Trustmark Insurance Company	800	3	4.13%	1,000	2	4.99%
TAP Pharmaceutical Products				850	4	4.24%
Solo Cup Co.	600	4	3.10%			
Lake Forest College excludes student employees	500	5	2.58%	375	6	1.87%
Lake Forest H.S. District 115 teacher, support staff	350	6	1.81%	364	7	1.81%
Pactiv Corporation	300	7	1.55%	439	5	2.19%
City of Lake Forest	275	8	1.42%	263	10	1.31%
Brunswick Corporation	200	9	1.03%	280	9	1.40%
Packaging Corporation of America	200	10	1.03%			
Lake Forest Elem. S.D. No. 67				304	8	1.52%

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	36.0	29.0	27.0	29.0	30.0	30.0	29.0	26.0	25.0	25.0
Community Development	12.0	14.0	16.0	16.0	18.0	18.0	15.0	12.5	12.5	13.0
Public Safety										
Fire Protection										
Firefighters	38.0	38.0	37.0	37.0	37.0	37.0	36.0	34.0	33.0	33.0
Administrative	1.0	1.0	1.0	1.0	1.5	1.5	2.5	2.5	2.5	2.0
Police										
Officers	45.0	45.0	45.0	43.0	43.0	43.0	41.5	40.0	40.0	40.0
Civilians	18.0	19.0	17.0	19.0	18.5	18.5	18.5	17.5	18.0	18.0
Public Works										
Public Works Administration	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0
Building Maintenance	3.0	3.0	3.0	4.0	6.0	6.0	6.0	6.0	6.0	6.0
Engineering	6.0	6.0	6.0	7.0	7.0	7.0	7.0	6.0	5.0	5.0
Streets	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.5
Sanitation	12.0	12.0	12.0	14.0	14.0	12.0	12.0	12.0	12.0	11.5
Forestry	8.0	8.0	9.0	6.0	9.0	9.0	9.0	0.0	0.0	0.0
Fleet (vehicle) Maintenance	6.0	6.0	6.0	5.0	5.0	5.0	7.0	6.0	6.0	6.0
Water										
Water Plant	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	7.0	7.0
Water and Sewer	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Parks	19.0	16.0	16.0	11.0	7.3	7.3	7.3	16.4	15.4	15.4
Recreation	13.0	14.0	14.0	19.0	17.5	17.5	17.5	17.4	15.4	15.4
Golf Course	3.0	3.0	4.0	4.0	4.3	4.3	3.3	3.2	3.2	2.2
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	257.0	250.0	250.0	252.0	255.0	253.0	248.5	235.5	227.0	226.0
Library	29.6	29.6	29.6	29.6	30.0	29.0	27.2	29.6	27.9	27.8
Total all	286.6	279.6	279.6	281.6	285.0	282.0	275.7	265.1	254.9	253.8

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
City Clerk										
Real Estate Transfer Tax (1)										
Number of Transactions	-	-	-	249	283	183	261	293	297	382
Rebates Issued	-	-	-	24	35	23	30	37	37	40
Birth Certificates Issued	1,957	2,419	2,198	2,930	2,790	2,690	2,751	1,940	2,821	2,675
Passports Issued (2)	314	252	193	314	132	89	108	48	29	-
Community Development										
Building permits issued	4,308	4,740	4,055	3,501	3,491	3,142	2,610	3,072	3,451	3,197
Residential construction	83	128	44	22	33	23	4	7	11	7
Commercial construction	3	5	1	3	1	3	1	-	1	2
Building inspections conducted	10,706	13,021	11,945	10,880	11,343	9,284	8,060	8,392	8,645	8,925
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	1,403	1,465	1,446	1,477	1,624	1,558	1,041	1,211	1,607	1,726
Fire	1,581	1,523	1,558	1,647	1,576	1,759	1,233	1,177	1,734	1,403
Police (calendar year)										
Non traffic arrests	556	537	506	526	450	449	424	385	335	237
Parking violations	10,360	9,655	11,189	11,898	9,530	9,626	8,472	8,757	7,114	7,013
Traffic violations	4,948	4,721	4,821	4,512	3,287	5,320	3,190	2,997	2,028	2,220
Public Works										
Streets										
Street resurfacing (miles) (calendar year)	2.41	3.90	4.41	1.90	10.36	3.08	5.76	6.57	7.09	5.92
Potholes repaired (4)	2,102	2,957	2,484	1,575	N/A	N/A	N/A	N/A	N/A	N/A
Number of snow events										
Salting	8	14	5	10	20	8	14	15	14	23
Plowing	15	10	9	16	36	25	15	20	12	12
Inches of snow	30	46	47	33	83	72	56	60	21	36
Sanitation										
Refuse collection customers	5,896	5,896	6,217	6,316	6,356	6,361	6,361	6,471	6,471	6,472

CITY OF LAKE FOREST, ILLINOIS

Operating Indicators (Continued)

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Parks and Recreation (3)										
Fitness										
Number of programs	564	565	533	478	370	348	349	334	322	264
Units of participation	2,682	2,616	2,657	2,228	1,796	1,648	1,355	1,393	1,196	1,060
Athletics										
Number of programs	229	200	199	210	220	213	278	157	309	283
Units of Participation	3,608	3,369	3,279	3,189	3,232	3,253	3,148	2,416	2,932	2,704
Lakefront, Early Childhood Education and Lifetime Activities										
Number of programs	327	324	323	337	343	307	306	420	395	319
Units of participation	2,016	2,169	1,932	1,874	1,873	1,541	1,402	1,344	1,424	1,576
Cultural Arts/Special Events										
Number of programs	362	356	436	417	326	338	292	320	270	306
Units of participation	3,062	2,894	3,831	3,618	2,454	2,536	2,274	2,262	2,008	1,972
Wildlife Discovery Center, Ridge Teams Course and Adventure										
Number of programs	214	227	231	224	221	176	146	124	104	37
Units of participation	1,149	1,273	1,335	1,274	1,157	969	772	627	582	301
Developed parks and recreation areas	10	10	10	10	10	10	10	10	10	10
Developed park acreage	370.5	370.5	370.5	395.5	395.5	395.5	395.5	415.0	404.0	403.7
Sites with playgrounds	8	8	8	8	8	8	8	8	8	9
Sites with baseball diamonds	7	7	7	7	7	7	7	7	8	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	5	5	5
Sites with tennis courts	6	6	6	6	6	6	6	6	6	6
Deer Path Golf Course										
Size	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes
Rounds of Play	33,500	34,500	38,700	36,500	39,900	35,494	35,079	32,664	31,949	30,321
Daily fee	17,500	18,000	18,600	17,000	18,000	15,500	15,839	15,102	14,466	13,646
Seasonal	16,000	16,500	20,100	19,500	21,900	19,994	19,240	17,564	17,483	16,675

CITY OF LAKE FOREST, ILLINOIS

Table 21

Operating Indicators (Continued)
Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water										
New Connections (tap-ons)	120	140	99	52	34	39	16	19	22	20
Meters in operation	6,534	6,566	6,633	6,695	6,681	6,771	6,774	6,761	6,755	6,754
Meters connected to sewerage system	6,105	6,137	6,501	6,482	6,520	6,550	6,570	6,570	6,583	6,584
Average daily consumption (MGD)	3.977	3.942	4.913	3.931	4.182	3.737	3.611	3.669	3.759	4.202
Peak daily consumption (MGD)	11.073	9.394	12.407	10.773	9.477	9.883	9.389	8.982	11.805	10.298
Rated daily pumping capacity (MGD)	14	14	14	14	14	14	14	14	14	14
Total gallons pumped during fiscal year (in millions)	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	1,534.0
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	126,930	128,817	133,893	137,343	140,171	143,518	142,654	145,496	145,539	147,330
Registered borrowers	13,593	13,634	13,820	14,002	14,233	14,490	15,145	15,645	16,200	15,160
Fiscal yearbooks, items or materials circulation	387,894	399,844	398,504	407,399	415,547	406,998	488,056	465,927	485,450	45,632

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	23	23	23	23	23	23	23	23	23	25
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	118.40	118.66	118.66	118.66	119.00	119.00	119.00	119.00	119.00
Streetlights										
Gas	438	438	438	438	438	438	438	438	438	438
Electric	1,437	1,438	1,452	1,460	1,460	1,460	1,473	1,526	1,526	1,526
Storm sewer (miles)	213.36	216.14	217.56	218.26	218.26	218.29	219.17	219.35	219.41	219.41
Parks and Recreation										
Acreage	370.5	370.5	370.5	395.5	395.5	395.5	395.5	415.0	404.0	404
Water										
Water mains (miles)	158.59	160.03	160.51	163.33	164.27	165.25	165.25	165.25	165.25	165.25
Fire hydrants	1,328	1,350	1,350	1,353	1,331	1,362	1,362	1,362	1,362	1,362
Wastewater										
Sanitary sewers (miles)	135.44	136.06	136.12	137.60	138.39	138.71	138.90	138.90	138.95	138.95

Data Source

City departments

N/A equals data not available