

**Official Statement**

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion.



**\$10,770,000**  
**CITY OF LAKE FOREST**  
**Lake County, Illinois**  
**General Obligation Bonds, Series 2023**

**Dated Date of Delivery****Not Bank Qualified****Book-Entry****Due Serially December 15, 2023-2033**

The \$10,770,000 General Obligation Bonds, Series 2023 (the "Bonds"), are being issued by the City of Lake Forest, Lake County, Illinois (the "City"). Interest is payable semiannually on June 15 and December 15 of each year, commencing December 15, 2023. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. The Bonds will mature on December 15, in the following years and amounts. Interest is calculated based on a 360-day year of twelve 30-day months.

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

Principal Amount	Due Dec. 15	Interest Rate	Yield	CUSIP Number(1)	Principal Amount	Due Dec. 15	Interest Rate	Yield	CUSIP Number(1)
\$935,000.....	2023	5.000%	2.530%	509696 WN6	\$1,000,000.....	2029	5.000%	2.330%	509696 WU0
780,000.....	2024	5.000%	2.560%	509696 WP1	1,050,000.....	2030	5.000%	2.320%	509696 WV8
820,000.....	2025	5.000%	2.430%	509696 WQ9	1,100,000.....	2031	5.000%	2.390%	509696 WW6
860,000.....	2026	5.000%	2.320%	509696 WR7	1,155,000.....	2032	5.000%	2.440%	509696 WX4
905,000.....	2027	5.000%	2.310%	509696 WS5	1,215,000.....	2033	5.000%	2.500%	509696 WY2
950,000.....	2028	5.000%	2.330%	509696 WT3					

**OPTIONAL REDEMPTION**

The Bonds maturing on or after December 15, 2031, are callable at the option of the City in whole or in part on any date on or after December 15, 2030, at a price of par and accrued interest. See "OPTIONAL REDEMPTION" herein.

**PURPOSE, LEGALITY AND SECURITY**

The proceeds of the Bonds will be used to finance various capital improvements in the City, including athletic field improvements at a City park, and to pay the costs of issuance of the Bonds. See "THE PROJECT" herein.

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

This Official Statement is dated April 17, 2023, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the [www.speerfinancial.com](http://www.speerfinancial.com) web site under "Debt Auction Center/Official Statements Sales Calendars/Competitive". Additional copies may be obtained from Ms. Elizabeth Holleb, Director of Finance, City of Lake Forest, 800 North Field Drive, Lake Forest, Illinois 60045, or from the Municipal Advisor to the City:



(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

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

Unless otherwise indicated, the City is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the City or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to herein, reference should be made to such statutes, ordinances, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

**IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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## BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement which is provided for convenience, and which should be reviewed in its entirety by potential investors.

<b>Issuer:</b>	City of Lake Forest, Lake County, Illinois (the “City”).
<b>Issue:</b>	\$10,770,000 General Obligation Bonds, Series 2023.
<b>Dated Date:</b>	Date of delivery (expected to be on or about April 27, 2023).
<b>Interest Due:</b>	Each June 15 and December 15, commencing December 15, 2023.
<b>Principal Due:</b>	Serially each December 15, commencing December 15, 2023 through 2033, as detailed on the cover page of this Official Statement.
<b>Optional Redemption:</b>	The Bonds maturing on or after December 15, 2031, are callable at the option of the City in whole or in part on any date on or after December 15, 2030, at a price of par and accrued interest. See “ <b>OPTIONAL REDEMPTION</b> ” herein.
<b>Authorization:</b>	The Bonds are being issued pursuant to the home-rule powers of the City under Section 6, Article VII of the 1970 Constitution of the State of Illinois and a bond ordinance to be adopted by the City Council of the City on the 17 <sup>th</sup> day of April 2023.
<b>Security:</b>	The Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.
<b>Investment Rating:</b>	Moody’s Investors Service, New York, New York (“Moody’s”) has assigned the Bonds a rating of “Aaa/Stable Outlook”. See “ <b>INVESTMENT RATING</b> ” herein.
<b>Purpose:</b>	The proceeds of the Bonds will be used to finance various capital improvements in the City, including athletic field improvements at a City park, and to pay the costs of issuance of the Bonds. See “ <b>THE PROJECT</b> ” herein.
<b>Tax Exemption:</b>	Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, will provide an opinion as to the federal tax exemption of the interest on the Bonds as discussed under “ <b>TAX EXEMPTION</b> ” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes. See also <b>APPENDIX C</b> for the proposed form of Bond Counsel opinion.
<b>Bond Registrar/Paying Agent:</b>	Amalgamated Bank of Chicago, Chicago, Illinois.
<b>Book-Entry Form:</b>	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See <b>APPENDIX B</b> herein.
<b>Denomination:</b>	\$5,000 or integral multiples thereof.
<b>Delivery:</b>	The Bonds are expected to be delivered on or about April 27, 2023.
<b>Municipal Advisor:</b>	Speer Financial, Inc., Chicago, Illinois.

**CITY OF LAKE FOREST**  
**Lake County, Illinois**

George A. Pandaleon  
*Mayor*

**Council Members**

Raymond Buschmann  
Ara Goshgarian  
James E. Morris

Edward U. Notz, Jr.  
Nancy P. Novit

Jim Preschlack  
Melanie K. Rummel  
Eileen Looby Weber

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**Officials**

Jason C. Wicha  
*City Manager*

Elizabeth Holleb  
*Director of Finance*

Ancel Glink, P.C.  
*Attorneys for the City*

**AUTHORITY, PURPOSE AND GENERAL DESCRIPTION**

The Bonds are being issued pursuant to the home rule powers of the City under Section 6, Article VII of the 1970 Constitution of the State of Illinois (the “Illinois Constitution”) and an ordinance for the Bonds to be adopted by the City Council of the City (the “City Council”) on the 17th day of April, 2023 (the “Bond Ordinance”).

The proceeds of the Bonds will be used to finance various capital improvements in the City, including athletic field improvements at a City park, and to pay the costs of issuance of the Bonds. See **“THE PROJECT”** herein.

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). See **APPENDIX B – BOOK-ENTRY-ONLY ISSUANCE**. Principal of and interest on the Bonds will be payable by Amalgamated Bank of Chicago, Chicago, Illinois (the “Registrar”).

The Bonds will mature as detailed on the cover page hereof. Interest on the Bonds will be payable each June 15 and December 15, beginning December 15, 2023. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 1st day of the month of the interest payment date.

## **SECURITY**

The Bonds constitute valid and legally binding full faith and credit general obligations of the City, payable from any funds of the City legally available for such purpose and ad valorem taxes levied on all taxable property in the City, without limitation as to rate or amount. The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount (the “Pledged Taxes”), upon all taxable property within the City in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds; however, the principal and interest on the Bonds payable on December 15, 2023, will be paid from legally available funds of the City rather than the Pledged Taxes. The Bond Ordinance will be filed with the County Clerk of The County of Lake, Illinois (the “County Clerk”), and will serve as authorization to the County Clerk to extend and collect the Pledged Taxes as set forth in the Bond Ordinance.

## **THE CITY OF LAKE FOREST**

### **Location**

The City of Lake Forest (the “City”) is a home-rule municipality located in Lake County approximately 30 miles north of downtown Chicago. It is one of eight communities located north of Chicago, fronting on Lake Michigan, an area collectively referred to as “The North Shore.”

The City's eastern boundary is Lake Michigan with over three miles of shoreline and over a half of mile of public beach. Forest Park, a 37-acre public park is located on the table land above the beach with walking trails and spectacular views across the lake all seasons of the year. Recent public and private investment resulted in stabilization of the bluff and improvements to the public access road. Investment, both public and private, in maintaining the bluff and providing enhanced public amenities is ongoing.

To the north and south of the City-owned public beach, private homes line the bluff above the lake, many with direct access to private beaches and docks below. At the south edge of the City, a 60-acre nature preserve, McCormick Nature Preserve, extends from Sheridan Road, along a ravine, east to the lake. This high-quality natural area was recently restored and enhanced through a partnership of the City, Lake Forest Open Lands Association and the Army Corps of Engineers with plantings, trails, bridges and a stairway leading down to the Lake. Further to the south, an additional 127 acres of lakefront property is preserved for passive recreation and owned by the Lake County Forest Preserves District. A portion of this area, formerly the Fort Sheridan Military Base, is located within the city limits and presents opportunities for the future. Public access to Lake Michigan is provided in this area along with views of the lake from Sheridan Road.

The western boundary of the City is the Illinois Toll Road (I-94) providing easy access to points north and south including Chicago, O'Hare Airport and Milwaukee, Wisconsin. Making the most of the City's location, mid-way between two larger cities, Chicago and Milwaukee, several major north/south arterials, in addition to the Tollway, facilitate access to these cities, places in between, and areas just beyond. Located near the center of Lake Forest, U.S. Route 41 (Skokie Highway) provides direct north/south access to the Edens Expressway, the Kennedy Expressway and downtown Chicago. Waukegan Road (Illinois Route 43) provides access to employment centers and commercial hubs. In east Lake Forest, scenic Green Bay Road and Sheridan Road wind through neighborhoods, past local schools and Lake Forest College, and provide access to preserved open space areas.

### **History, Growth and Demographics**

Long acknowledged to be one of the most prestigious residential communities in the United States, the City is rich in history. The City was incorporated by Special Charter of the General Assembly of the State of Illinois in 1869. The Charter addresses the powers of the City Council in 43 clauses setting the framework for coordinated relationships with other local entities.

The City prides itself on tradition and honoring its history while at the same time, being at the forefront of new ideas. Among the significant historic structures in the City are single family residences dating back to 1846. Market Square serves as the core of the City's Central Business District and when constructed in 1916, was reported to be the first shopping center in the U.S. Still today, Market Square is looked to as a model for other communities. Churches and educational institutions, prestigious private clubs and former estates of local and national leaders of industry and commerce are also found here. Estate homes, outbuildings and landscape features from summer homes and gentlemen's farms are adaptively reused as homes, schools and community facilities.

Unlike many other communities, Lake Forest historically was always home to both the wealthy and working-class families. This long tradition holds true today. Expansive homes fronting Lake Michigan are only blocks away from homes in more conventional small lot neighborhoods. The City actively promotes diverse housing options for all ages and all types of families, at various price points. Moderately priced and affordable housing, both rental and ownership, are available in the community in part as a result of the City's inclusionary housing requirements but more importantly because of the community's commitment to providing housing for all.

### **Development and Economic Vitality**

The City has a long tradition of careful planning. The City's first Zoning Code was adopted in 1923 and the Plan Commission was established in 1926. The City's Strategic Plan establishes community priorities and the Comprehensive Land Use Plan guides development decisions. The City reviews, re-evaluates and updates the entire Comprehensive Plan about every 20 years with interim amendments as necessary. A portion of the Comprehensive Plan was updated just prior to the pandemic, work is now underway with a focus on "Looking Forward" with respect to the City's Central Business District. Preserving, protecting and keeping the Lake Forest business district viable and distinctive for the next 20 years is the goal.

In 1956, an ordinance was adopted regulating the architectural design of buildings within the City and establishing the Building Review Board. In 1998, the City adopted an historic preservation ordinance and established the Historic Preservation Commission. These ordinances set Lake Forest apart from other suburban communities by providing the tools necessary to preserve and protect the unique character of the City's neighborhoods and ensure that changes happen in a manner that respects and builds upon the strengths of the community while at the same time, recognizing individual property rights and embracing new ideas, methodologies, technology and opportunities.

The City's planning efforts encompass other projects as well, including development of a Bicycle Master Plan and a Sustainability Plan. Both of these efforts were achieved through work with community partners and significant public input.

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### Central Business District

The City's Central Business District is anchored by Market Square, an iconic and historic development designed by famed architect and Lake Forest resident Howard Van Doren Shaw. Construction of the Square began in 1915 as a community-led initiative. As noted above, Market Square with first floor retail shops fronting on a community green space, is still seen as an extraordinary model of a town center. Market Square and the surrounding blocks that make up the City's core area are home to a mix of unique boutique retail stores, national chains, restaurants (one located in the City's former fire station), banks, real estate offices, a commuter train station, City Hall and the Post Office. Over the past ten years, more than \$6 million has been invested in Market Square to support repairs, restoration and upgrades including extensive interior alterations to second floor space which now offers Class A office space to those wishing to office in Lake Forest, near the recently restored historic train station. As with many projects in the community, the restoration of the train station was supported by public and private funding as well as grant monies. Just south of Market Square, the Deer Path Inn, a historic hotel dating back to 1929, was named the No.1 Resort Hotel in the Midwest in the *Travel + Leisure* World's Best Awards 2019 and continues to be recognized nationwide as a distinctive historic hotel. The Inn offers guest rooms, meeting rooms, banquet spaces and dining experiences that are not available elsewhere on the North Shore or in Lake County. The Deer Path Inn easily rivals upscale hotels and restaurants in downtown Chicago. Recent extensive renovation of the Inn represents an investment exceeding \$3 million dollars.

On an ongoing basis, the City, with input from local businesses and the community, upgrades major infrastructure in the Central Business District and implements streetscape improvements. A study was recently completed that details future improvements and enhancements to Deerpath, the primary east-west street in the business district. Pedestrian amenities are planned to make the business district even more pedestrian friendly with places for people to gather, linger, eat, shop, socialize, and socialize. Property and business owners continually invest in storefront maintenance and enhancements, expansion of outdoor eating areas and updated signage. During and after the pandemic, Lake Forest has seen an influx of notable restaurants, Le Colonial and Sophia Steak for example. Moving out of the City of Chicago to better serve their patrons who live in and around The City of Lake Forest.

The historic commuter train station located in the Central Business District was recently restored, another example of a public/private partnership. The project was supported by \$2.4 million in grants and private contributions in combination with public funds. To expand support for alternate modes of transportation, the project included a new bicycle shelter and enhanced bicycle paths building on the hub of activity that occurs in the core of the City.

Over the past several years, the City has promoted increased residential density and a variety of housing products close to the Central Business District. At the north end of the Central Business District, the Kelmscott Park development, which incorporates a variety of housing types, is nearing completion. The 110 apartments, in three buildings been consistently fully occupied and are in demand, the 24 units in the first of the two condominium buildings have been sold and are occupied, and seven of the 12 single family homes are complete and occupied. Three additional single-family homes are under construction and construction on the remaining condominium building with between 14 and 18 units, is anticipated to get underway this spring. Twelve affordable apartments are incorporated into the three apartment buildings in Kelmscott Park in compliance with the City's Inclusionary Housing Ordinance.

Two new condominium buildings were also recently constructed near the core of the City's Central Business District, the McKinley Road Development, offering 20 customizable units which are now fully built out. Ground will be broken soon on a third condominium building near the core offering five or six additional high-end condominiums. Prior to the start of construction, all but one of the units are spoken for. This new development is a walkable distance to the train station, Library, retail shops, restaurants, churches, parks and one of many Lake Forest treasures, Forest Beach.



### Waukegan Road/Settlers' Square Business District

In addition to the City's Central Business District, there is a second business district in the western portion of the City, adjacent to the second Metra station that serves the community. This business district includes a grocery store, restaurants, banks, a church, medical and dental service providers and educational support services. A recently completed study supports mixed use development and increased residential densities in the area as redevelopment opportunities become available. The City Council recently approved the addition of twelve cottages for income-qualified seniors to the current five senior cottages located within walking distance to this business district. There is a significant development opportunity on a prominent corner in this area, a mix of uses is anticipated as the site is redeveloped.

The Waukegan Road Business District provides easy access to goods and services for residents living in the City's third and fourth wards and attracts daily commuters traveling through Lake Forest on Waukegan Road, a State owned north/south arterial. West Lake Forest was developed in the mid to late 90's for the most part with a focus on single family homes with yards, tree lined streets and open space. An example of the high-quality neighborhoods located in the west portion of Lake Forest is Conway Farms, a carefully planned residential neighborhood offering attached and detached single family housing located around a picturesque golf course. Conway Farms Golf Club has hosted the BMW Championship on three occasions to date bringing national attention to Lake Forest.

### Conway Park

Conway Park is a world class corporate office park located at the western gateway to the City, at the interchange of the Illinois Tollway and Illinois Route 60. Conway Park is stable despite the impact of the pandemic and the trend toward working from home. Employees have returned to the office fully at some businesses, others have moved to a three or four day in office work week still generating significant activity throughout the office park. The office park and immediate surrounding area are developed with 15 office buildings ranging in size from 60,000 to 270,000 square feet. The buildings serve as the corporate headquarters for prestigious companies with a concentration of pharma and packaging businesses. Building owners and tenants of the office park include Abbott, Pfizer, Packaging Corp of America, Pactiv-Evergreen, Trustmark, ICU Medical, and Omron Healthcare among others. Multi-tenant buildings are available for smaller firms as well. Conway Park offers amenities to the property owners and businesses including the Lake Forest Graduate School which is located in the office park and provides corporate leadership programs as well as meeting space for corporate training activities. Pedestrian pathways and a trail through an adjacent natural area are well used by employees. Construction of The Forester, a boutique Hyatt Place Hotel, was completed in 2021 in the office park responding to needs expressed by the businesses for easily accessible hotel rooms, meeting space and food options. The hotel has surpassed projections particularly since it opened in the midst of the pandemic. The Oaken, a full-service bar and restaurant, adds to the uniqueness of The Forester.

An eight-acre parcel, designated for commercial use is located just outside of the office park. Discussions are underway about development of the site with restaurants and other hospitality uses to provide additional amenities to enhance the attractiveness of the office park going forward for existing and future occupants. The potential for developing additional moderate to high end residential housing options near Conway Park is also being explored to ease the commute for employees working in the office park.

The Chicago Bears Corporate Headquarters is located north of Conway Park. The Bears' campus is comprised of administrative and owners' offices, training and wellness facilities for players, a broadcast studio, memorabilia hall, indoor and outdoor practice fields and viewing suites. This facility draws players, coaches, season ticket holders, corporate sponsors and the media to Lake Forest. Players and coaches often make Lake Forest home during their tenure with the Bears and remain here in the years after their association with the Bears because of all Lake Forest has to offer. In 2019, the Bears completed 24 months of improvements and facility expansion. The value of the recent upgrades to the Bears' campus exceeded \$80 million and resulted in what is today a cutting-edge facility which is intended to remain in Lake Forest despite the potential for a new, domed football stadium in Arlington Heights, a nearby suburb. The inaugural Chicago Bears Training Camp in Lake Forest was held in 2021. The second year of Training Camp in Lake Forest saw increased attendance and fan support with up to 1,500 visitors to Lake Forest over the course of the three weeks during which camp was held. In 2023, the City looks forward to again welcoming fans from far and wide to Bears' Training Camp.

In 2009, the City of Lake Forest's Municipal Services Facility and customer service center was relocated from the Central Business District to the single remaining parcel within the City limits located north of Conway Park. The facility houses City administrative staff from various departments in a first-class office building. The City's fleet of vehicles and equipment is also housed at this location. A high level of municipal services is expected by and delivered to the residents of Lake Forest. Almost 20 acres of the site acquired by the City is open space and wetlands as a result of a cooperative effort between the City, Lake Forest Open Lands Association, and the Lake County Forest Preserves District. The preserved area is now under the stewardship of the Forest Preserves District and is developed with walking trails for employees and residents in the area. Wildlife abounds.

Other development in the Route 60 Corridor, the area surrounding Conway Park, includes townhome, condominium and single-family home developments completed over the last 10 to 15 years with some buildout still underway.

### Looking Forward

Although Lake Forest is considered to be a nearly built out community, development continues and opportunities for redevelopment are plentiful. Buildout continues on several single-family developments: Kelmscott Park (as noted above), Westleigh Farm, Oak Knoll Woodlands and The Preserve at Westleigh. Additional multi-family residential units are planned in and around the Central Business District. Demand for housing in the core of the City remains high. Local institutions - schools, churches, private clubs, Lake Forest College and Northwestern Lake Forest Hospital - continually upgrade their facilities with a major expansion of the hospital getting underway in 2023.

### **Municipal and Other Governmental Services**

The governing and legislative body of the City is the Council composed of a Mayor (elected bi-annually on an at-large basis) and two aldermen from each of four wards who are each eligible to serve three, two-year terms. Pursuant to an ordinance adopted in 1956, a professional City Manager is responsible for the day-to-day operations of the City and its 212 full-time employees (excluding Library employees). The employees in a collective bargaining unit include 30 police officers, 54 public works/parks employees and 27 fire fighters/fire lieutenants. The City's Police and Fire departments include 40 uniformed police and 33 uniformed fire personnel. Of the City's 212 full-time positions, the firefighters, lieutenants, police officers and selected public works and parks/recreation employees are represented by collective bargaining agreements. The contract with firefighters and lieutenants runs through fiscal year 2026. The contract with selected public works and parks/recreation employees runs through fiscal year 2023. The contract with police officers runs through fiscal year 2024.

The excellence of the Fire Department is highlighted by the City's Class 3 fire insurance rating which exceeds that of over 90% of the fire departments/districts in the State of Illinois. Some of the municipal services provided for and funded out of the tax rate include the public library (approximately 9,347 registered borrowers); twice weekly backdoor refuse pick-up and paramedic service (since 1974).

Unlike many other Illinois communities, the Parks and Recreation Department is part of the City, not a separate taxing body. With support from the Friends of the Park Foundation, the City recently completed an updated Park Master Plan. The Plan assessed all existing park and recreational facilities, identified current and future needs based in part on public input and recommends and prioritizes improvements to existing facilities and parks, and new facilities. The Plan includes cost estimates and recommends fiscally responsible phasing options for achieving the desired enhancements. The City's parks facilities include a 145-acre 18-hole golf course, 14 community and neighborhood parks with a total acreage of 493 acres, a ½ mile expanse of public beach with swimming and sailing and the following recreation facilities: Stirling Hall Arts Center, Kinderhaven Preschool, the Everett fieldhouse, various park pavilions and the Community Recreation Center which houses the Fitness Center.

Through various agreements, the City provides services to a number of adjacent communities. The City provides ambulance transport, building inspection and plan review, youth and senior services to the Village of Lake Bluff. On a contractual basis, the City provides building inspection and plan review services to the Village of Bannockburn. A recently implemented intergovernmental agreement provides for fire and ambulance services to be provided to residents of the Knollwood Fire Protection District cooperatively with the Village of Libertyville. The City also provides water plant operation services to the City of Highwood. In 2014, the City implemented an intergovernmental agreement with the villages of Glenview and Lake Bluff, as well as the cities of Highland Park and Highwood, for the provision of consolidated dispatch services. These agreements help to ensure that services are provided to the residents of Lake Forest in the most cost-effective and fiscally sustainable manner.

The City draws water for its plant from Lake Michigan. The proceeds of the \$26 million Series 2002A Bonds were used for water and sewer system improvements, including water treatment plant improvements, a 36-inch transmission main, and certain sanitary sewers. In 2017, the City issued \$9.295 million in bonds to fund further improvements and provide increased capacity at the City's water plant. Taking advantage of new technology, a new membrane system was designed and installed with a 14 million-gallon-per-day capacity. These improvements were completed in 2019.

The City's Comprehensive Annual Financial Report has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Governmental Finance Officers' Association (GFOA) of the United States and Canada, for the City's FY1979-2022 reports. The significance of the GFOA's award is emphasized by their statement: "The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a governmental unit and its management." The City annually prepares a "Comprehensive Fiscal Plan" which includes operating and capital Budgets for the current year; a Five-Year Financial Analysis and Plan; and a Five-Year Projection for Personnel, Capital Investment and Equipment costs. The City has received the GFOA's Distinguished Budget Presentation Award for its FY2017-2023 Budget documents. The City has been awarded by GFOA the Popular Annual Financial Report (PAFR) award for the FY21 PAFR. As a new recipient of the award, the City has joined the elite "Triple Crown" group which designates those units of government that have received all three GFOA awards. Only 293 units of government in the United States have achieved this recognition. The City has an independent Audit Committee consisting of Council members and residents having expertise in the area of financial administration and auditing that serves as an oversight body on behalf of the City Council. The City has been self-insured since 1981 through participation with the Intergovernmental Risk Management Agency (IRMA), which is a proprietary venture established to manage and fund claims for its 70+ member municipalities and special districts.

## Schools/Hospitals

Lake Forest School District No. 67, which serves nearly the City's entire tax base, has a current enrollment of 1,587 students. The District operates three K-4 schools and one middle school for grades 5-8. The Lake Forest Community High School District No. 115 serves Lake Forest, Lake Bluff, and surrounding unincorporated areas including Knollwood. The Lake Forest High School District has an enrollment of approximately 1,400. Private primary and secondary schools are also located in Lake Forest providing educational options for not only Lake Forest residents but also attracting students from around the country and the world - Woodlands Academy, Lake Forest Academy, Lake Forest Country Day School and St. Mary's School.

The City's diverse and strong educational institutions continue to grow, upgrade and adapt in response to education trends. Lake Forest College (enrollment 1,650), a private liberal arts college, was established even before the City itself. The College continually upgrades residence halls and academic buildings, most recently completing a new science complex representing a \$40 million-dollar investment in the campus. The science complex offers state of the art laboratories, research facilities and classrooms. Although focused on liberal arts, science and technology are integrated into many disciplines and the new facility will position the College well to attract talented students as well as faculty. A new academic classroom wing and athletic field upgrades are in the planning stages.

The new Northwestern Lake Forest Hospital opened in March 2018 after an investment of \$180 million. Expansion of the hospital is underway with a parking garage targeted for completion in 2024. As currently anticipated, additional hospital beds and a new emergency room will open in 2025. The hospital serves a broad region of Lake County providing routine and specialty services in a state of the art facility.

## **SOCIOECONOMIC INFORMATION**

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

### **Employment**

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

#### **Major City Employers(1)**

<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Northwestern Lake Forest Hospital.....	General Medical and Surgical Hospital .....	1,545
Pfizer, Inc. ....	Healthcare Products .....	1,350
Abbott.....	Healthcare Products .....	1,136
Hospira Inc. ....	Pharmaceuticals .....	921
Trustmark Insurance Company.....	Health and Life Insurance Benefits and Administration .....	498
Pactiv LLC.....	Corporate Headquarters and Specialty Packaging Products .....	492
Lake Forest College (excludes student employees).....	Higher Education .....	438
Lake Forest Community High School District No. 115.....	Secondary Education.....	321
Lake Forest School District No. 67 .....	Elementary Education.....	304
Packaging Corp. of America .....	Corporate Headquarters and Containerboard and Corrugated Packaging .....	298
City of Lake Forest .....	Municipal Government.....	212

Note: (1) Source: The City and the 2023 Illinois Manufacturers Directory, 2023 Illinois Services Directory. The COVID-19 pandemic, and the response thereto, has negatively impacted businesses throughout the State and may have had an adverse impact on these employers. The City makes no prediction as to the effect of COVID-19 on the information set forth in this table. See **"RISK FACTORS - Potential Impact of COVID-19"** herein.

## Major Area Employers(1)

<u>Location</u>	<u>Name</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
North Chicago .....	Great Lakes Training Center .....	Military .....	11,000(2)
Deerfield.....	Walgreens Boots Alliance, Inc.....	Drug Stores Corporate Headquarters.....	9,000
Gurnee.....	Gurnee Mills.....	Shopping Center.....	4,000
Multiple.....	Baxter Healthcare Corp.....	Medical and Hospital Equipment.....	3,400(3)
North Chicago .....	AbbVie, Inc. ....	Pharmaceutical Products Headquarters .....	3,400
Gurnee.....	Six Flags Great America .....	Amusement Park .....	3,000(4)
Riverwoods .....	Discover Financial Services, LLC.....	Company Headquarters and Financial Services.....	3,000
Waukegan.....	Lake County.....	Government .....	2,698(5)
Libertyville .....	Advocate Condell Medical Center .....	Hospital.....	2,200
Grayslake.....	College of Lake County.....	Community College.....	1,818
Buffalo Grove .....	Siemens Building Technologies .....	Building Control Systems Corporate Headquarters .....	1,800
Barrington.....	Advocate Good Shepherd Hospital .....	Hospital Care .....	1,700
Multiple.....	Cardinal Health .....	Hospital Supply and Equipment Distribution Corporate Headquarters.....	1,540(6)
Multiple.....	Medline Industries, Inc. ....	Surgical and Medical Instruments .....	1,500(7)
Waukegan.....	Southwire Co., LLC.....	Electronic and Electric Wire & Cable .....	1,200

- Notes: (1) Source: 2023 Illinois Manufacturers Directory, 2023 Illinois Services Directory and a selective telephone survey. The COVID-19 pandemic, and the response thereto, has negatively impacted businesses through the State and may have had an adverse impact on these employers. The District makes no prediction as to the effect of COVID-19 on the information set forth in this table. See “**RISK FACTORS - Potential Impact of COVID-19**” herein.
- (2) Civilian and military personnel.
- (3) Includes 2,500 in Deerfield and 1,900 in Round Lake.
- (4) Employment is seasonal.
- (5) The County employs a total of 2,513 full-time and 185 part-time budget positions for a total of 2,698 budgeted positions.
- (6) Includes 1,200 in McGaw Park and 340 in Waukegan.
- (7) Includes 900 in Mundelein and 600 in Waukegan.

The following tables show employment by industry and by occupation for the City, Lake County (the “County”) and the State of Illinois (the “State”) as reported by the U.S. Census Bureau 2017-2021 American Community Survey 5-year estimated values.

## Employment by Industry(1)

<u>Classification</u>	<u>The City</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, Forestry, Fishing and Hunting, and Mining.....	10	0.1%	1,294	0.4%	63,543	1.0%
Construction.....	207	2.4%	17,615	5.0%	341,322	5.4%
Manufacturing.....	996	11.7%	55,764	15.7%	736,045	11.7%
Wholesale Trade .....	370	4.4%	14,519	4.1%	180,597	2.9%
Retail Trade.....	597	7.0%	41,487	11.7%	650,853	10.4%
Transportation and Warehousing, and Utilities.....	201	2.4%	15,649	4.4%	422,657	6.7%
Information .....	176	2.1%	5,425	1.5%	108,866	1.7%
Finance and Insurance, and Real Estate and Rental and Leasing.....	997	11.8%	28,762	8.1%	462,893	7.4%
Professional, Scientific, and Management, and Administrative and Waste Management Services .....	1,922	22.7%	51,226	14.4%	772,112	12.3%
Educational Services and Health Care and Social Assistance .....	1,827	21.5%	69,310	19.5%	1,468,505	23.4%
Arts, Entertainment and Recreation and Accommodation and Food Services.....	447	5.3%	30,405	8.5%	541,868	8.6%
Other Services, Except Public Administration.....	421	5.0%	14,335	4.0%	288,901	4.6%
Public Administration.....	309	3.6%	9,948	2.8%	235,311	3.8%
Total .....	8,480	100.0%	355,739	100.0%	6,273,473	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2017 to 2021.

### Employment by Occupation(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts.....	5,529	65.2%	162,375	45.6%	2,555,193	40.7%
Service.....	770	9.1%	51,245	14.4%	1,038,968	16.6%
Sales and Office.....	1,799	21.2%	77,001	21.6%	1,310,129	20.9%
Natural Resources, Construction, and Maintenance.....	47	0.6%	20,647	5.8%	450,520	7.2%
Production, Transportation, and Material Moving.....	335	4.0%	44,471	12.5%	918,663	14.6%
Total.....	8,480	100.0%	355,739	100.0%	6,273,473	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2017 to 2021.

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

### Annual Average Unemployment Rates(I)

Calendar Year	The City	The County	The State
2011.....	5.6%	9.4%	9.8%
2012.....	5.3%	8.7%	8.9%
2013.....	7.1%	8.7%	9.2%
2014.....	5.4%	6.5%	7.1%
2015.....	4.7%	5.5%	5.9%
2016.....	N/A	5.2%	5.9%
2017.....	3.5%	4.4%	4.7%
2018.....	4.0%	4.5%	4.3%
2019.....	3.5%	4.5%	4.0%
2020(2).....	6.0%	8.2%	9.2%
2021(2).....	3.8%	5.3%	6.1%
2022(2)(3).....	N/A	4.1%	4.2%

- Notes: (1) Source: Illinois Department of Employment Security.  
(2) The City attributes the increase in unemployment rates to be affected by the COVID-19 pandemic. See “**RISK FACTORS – Potential Impact of COVID-19**” herein.  
(3) Preliminary rates for the month of December, 2022.

## Building Permits

### City Building Permits(I)

Fiscal Year	Building Permits Issued	Residential Construction	Commercial Construction
2013.....	3,197	7	2
2014.....	3,418	17	1
2015.....	3,668	15	1
2016.....	3,855	51	1
2017.....	3,632	21	1
2018.....	3,753	9	4
2019.....	4,275	13	0
2020.....	3,716	19	1
2021.....	3,847	29	2
2022.....	4,446	32	2

Note: (1) Source: The City.

## Housing

The U.S. Census Bureau 5-year estimated values reported that the median value of the City's owner-occupied homes was \$812,900. This compares to \$279,500 for the County and \$212,600 for the State. The following table represents the five year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2017-2021 American Community Survey.

### Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000.....	100	1.6%	5,434	2.9%	192,095	5.9%
\$50,000 to \$99,999.....	71	1.2%	7,581	4.1%	403,882	12.3%
\$100,000 to \$149,999.....	21	0.3%	20,433	11.0%	444,981	13.6%
\$150,000 to \$199,999.....	40	0.7%	26,955	14.4%	496,767	15.1%
\$200,000 to \$299,999.....	188	3.1%	40,231	21.6%	747,742	22.8%
\$300,000 to \$499,999.....	845	13.9%	47,445	25.4%	663,366	20.2%
\$500,000 to \$999,999.....	2,980	49.0%	32,063	17.2%	268,376	8.2%
\$1,000,000 or more .....	1,836	30.2%	6,400	3.4%	62,113	1.9%
Total .....	6,081	100.0%	186,542	100.0%	3,279,322	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2017 to 2021.

### Mortgage Status(1)

	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage .....	3,649	60.0%	125,192	67.1%	2,051,911	62.6%
Housing Units without a Mortgage .....	2,432	40.0%	61,350	32.9%	1,227,411	37.4%
Total .....	6,081	100.0%	186,542	100.0%	3,279,322	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2017 to 2021.

## Income

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

Rank	2017 to 2021
1.....	DuPage County ..... \$50,344
2.....	<b>Lake County ..... 49,440</b>
3.....	Monroe County ..... 43,614
4.....	McHenry County ..... 43,047
5.....	Cook County ..... 41,706
9.....	Kane County ..... 40,661
7.....	Will County ..... 40,493
6.....	Menard County ..... 39,054
8.....	Woodford County ..... 38,480
10.....	Kendall County ..... 38,343
12.....	Grundy County ..... 38,206
11.....	Sangamon County ..... 37,892

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2017 to 2021.

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

### Ranking of Median Family Income(1)

<u>County</u>	<u>Family Income</u>	<u>Rank</u>
DuPage County.....	\$122,334	1
<b>Lake County.....</b>	<b>117,633</b>	<b>2</b>
Will County.....	110,844	3
Monroe County.....	110,229	4
McHenry County.....	108,681	5
Kendall County.....	107,982	6
Kane County.....	103,791	7
Cook County.....	89,553	14

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-Year estimates 2017 to 2021.

The U.S. Census Bureau 5-year estimated values reported that the City had a median family income of \$224,450. This compares to \$117,633 for the County and \$91,408 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2017-2021 American Community Survey.

### Family Income(1)

<u>Value</u>	<u>The City</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000.....	32	0.6%	3,866	2.1%	99,702	3.2%
\$10,000 to \$14,999.....	6	0.1%	2,162	1.2%	56,625	1.8%
\$15,000 to \$24,999.....	73	1.4%	5,589	3.1%	146,576	4.7%
\$25,000 to \$34,999.....	57	1.1%	7,837	4.3%	183,329	5.9%
\$35,000 to \$49,999.....	125	2.5%	12,258	6.7%	296,320	9.5%
\$50,000 to \$74,999.....	281	5.5%	22,273	12.2%	488,349	15.6%
\$75,000 to \$99,999.....	372	7.3%	21,998	12.0%	434,374	13.9%
\$100,000 to \$149,999.....	669	13.2%	38,460	21.1%	654,077	20.9%
\$150,000 to \$199,999.....	543	10.7%	24,416	13.4%	347,963	11.1%
\$200,000 or more.....	2,927	57.6%	43,845	24.0%	424,363	13.6%
Total.....	5,085	100.0%	182,704	100.0%	3,131,678	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2017 to 2021.

The U.S. Census Bureau 5-year estimated values reported that the City had a median household income of \$194,267. This compares to \$97,127 for the County and \$72,563 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2017-2021 American Community Survey.

### Household Income(1)

<u>Value</u>	<u>The City</u>		<u>The County</u>		<u>The State</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$10,000.....	152	2.2%	9,484	3.8%	289,764	5.9%
\$10,000 to \$14,999.....	25	0.4%	5,780	2.3%	172,660	3.5%
\$15,000 to \$24,999.....	190	2.7%	13,282	5.3%	365,922	7.4%
\$25,000 to \$34,999.....	264	3.8%	14,620	5.8%	379,283	7.7%
\$35,000 to \$49,999.....	241	3.4%	21,105	8.4%	528,830	10.7%
\$50,000 to \$74,999.....	648	9.2%	34,553	13.7%	801,687	16.3%
\$75,000 to \$99,999.....	480	6.8%	30,814	12.2%	634,032	12.9%
\$100,000 to \$149,999.....	823	11.7%	47,055	18.6%	841,113	17.1%
\$150,000 to \$199,999.....	771	11.0%	27,637	10.9%	418,667	8.5%
\$200,000 or more.....	3,420	48.8%	48,401	19.2%	498,297	10.1%
Total.....	7,014	100.0%	252,731	100.0%	4,930,255	100.0%

Note: (1) Source: U.S. Bureau of the Census, American Community Survey 5-year estimates 2017 to 2021.



## Retail Activity

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

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

Calendar Year	State Sales Tax Distribution(2)	Annual Change + (-)
2013.....	\$2,799,061	9.13%(3)
2014.....	2,809,989	0.39%
2015.....	2,651,326	(5.65%)
2016.....	2,642,980	(0.31%)
2017.....	2,567,599	(2.85%)
2018.....	2,388,832	(6.96%)
2019.....	3,257,716	36.37%(4)
2020.....	2,735,596	(16.03%)
2021.....	4,198,485	53.48%(5)
2022.....	4,852,744	15.58%(5)
Growth from 2013 to 2022.....		73.37%

- Notes:
- (1) Source: the City.
  - (2) Tax distributions are based on records of the City relating to the 1% municipal portion of the Retailers' Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State. Includes Home Rule Sales Taxes.
  - (3) The 2013 percentage is based on 2012 sales tax receipts of \$2,584,875.
  - (4) Effective July 1, 2019, the home rule sales tax increased from 0.50% to 1.00%.
  - (5) The increase in sales taxes is primarily due to rebound in sales from the COVID-19 pandemic, as well as sales of the Covid-19 vaccine by drug manufacturers in Lake Forest.

## THE PROJECT

The proceeds of the Bonds will be used to finance various capital improvements in the City, including athletic field improvements at a City park (the "Project"), and to pay the costs of issuance of the Bonds. The Project includes the construction of improvements to the City's Deerpath Park Athletic Field, including the site work, design and engineering related thereto. The total cost of the Project is approximately \$16.4 million. The Project is to be financed from \$12 million in Bond proceeds, \$4 million from the City's General Fund and \$400,000 from the City's Parks and Recreation Fund.

## RISK FACTORS

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

## Construction Risks

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

## Finances of the State of Illinois

The State of Illinois (the "State") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State's long-term general obligation bonds carry the lowest ratings of all the states.

The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. The State enacted full budgets for the State fiscal years ending June 30, 2018 (the "Fiscal Year 2018 Budget"), June 30, 2019 (the "Fiscal Year 2019 Budget"), June 30, 2020 (the "Fiscal Year 2020 Budget"), June 30, 2021 (the "Fiscal Year 2021 Budget"), June 30, 2022 (the "Fiscal Year 2022 Budget"), and June 30, 2023 (the "Fiscal Year 2023 Budget").

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed revenues allocated to the City. In addition, the Fiscal Year 2018 Budget, the Fiscal Year 2019 Budget and the Fiscal Year 2020 Budget contained a provision reducing the amount of income tax revenue to be deposited into the Local Government Distributive Fund for distribution to municipalities, like the City, by 10% for State Fiscal Year 2018 and by 5% for State Fiscal Year 2019 and State Fiscal Year 2020. The Fiscal Year 2021 Budget, the Fiscal Year 2022 Budget, and the Fiscal Year 2023 Budget did not include any such reduction. The Fiscal Year 2018 Budget, the Fiscal Year 2019 Budget, the Fiscal Year 2020 Budget, the Fiscal Year 2021 Budget, the Fiscal Year 2022 Budget, and the Fiscal Year 2023 Budget also include a service fee for collection and processing of local-imposed sales taxes. Such fee was 2% of such sales taxes for State Fiscal Year 2018 and was reduced to 1.5% of such sales taxes for State Fiscal Year 2019, State Fiscal Year 2020, State Fiscal Year 2021, State Fiscal Year 2022, and the Fiscal Year 2023 Budget.

The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State, nor can the City predict the effect the State's financial problems, including those caused by the various governmental or private actions in reaction to the Novel Coronavirus 2019 ("COVID-19"), may have on the City's future finances. Despite moneys the State has received and is expected to receive from the federal government, the actions taken in response to COVID-19 have had, and are likely to continue to have, a significant impact on the State's economy. See **"Potential Impact of COVID-19"** below.

## Potential Impact of COVID-19

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global economies, including economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy was broad based and negatively impacted national, state and local economies.

In response to the pandemic, former President Trump declared a “national emergency” and designated the State as part of a national disaster area, which, among other effects, allows the executive branch to disburse disaster relief funds to address the COVID-19 pandemic and related economic dislocation. Federal legislation, particularly (i) the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), signed into law on March 27, 2020, and (ii) the federal American Rescue Plan Act of 2021, which was signed into law on March 12, 2021 (the “ARP Act”), are each directed at mitigating the economic downturn and health care crisis caused by COVID-19. The CARES Act allocates approximately \$4.9 billion to the State for expenditures incurred due to the public health emergency with respect to COVID-19, split between the State (\$2.7 billion) and local governments (the City of Chicago and Illinois counties with populations that exceed 500,000) (\$2.2 billion). The American Rescue Plan (the “ARP Act”) provides additional federal money for states and local governments to combat the COVID-19 pandemic including, but not limited to, funds to replace revenues lost as a result of the pandemic. The City received \$899,471 in CARES Act funds and received \$2,646,302 pursuant to the ARP Act.

In addition to the federal COVID-19 response, Governor Pritzker (the “Governor”) signed various executive orders (each with 30-day periods of effectiveness which have been extended several times) to prevent the further spread of COVID-19 that have called for social distancing and masking and imposed restrictions on personal mobility, business operations and congregate activities. The Governor implemented a five-phase approach to reopening the State’s businesses (the “Reopening Plan”), with each successive phase easing certain of the restrictions previously imposed by such prior executive orders. On June 11, 2021, the State began the fifth and final phase of the Reopening Plan.

Under Phase 5 of the Reopening Plan, all sections of the Illinois economy have reopened, with no limitations on the size of gatherings and most public activities, including parties, festivals, weddings, places of worship, conferences and sporting events. Businesses and local municipalities are permitted to continue to enforce more stringent rules. If there is a resurgence of COVID-19 cases, with an increase in hospitalizations and capacity issues for intensive care unit beds, the State could return to a previous phase of the Reopening Plan that would reinstate public health restrictions and mitigations.

The City cannot predict the effect the spread of COVID-19 or the various governmental or private actions in reaction thereto will have on its finances or operations, including receipt of sales, income and utility tax revenue and real estate tax collections. As of March 1, 2023, the City’s finances have not been significantly negatively impacted by COVID-19. If there is a negative impact on the receipt of such revenues and/or extension and collection of real estate taxes, the City may have difficulty paying debt service on the Bonds.

## Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Fire Pension Plan, both as hereinafter defined, both of which are defined benefit pension plans. Under the Illinois Pension Code, as amended (the “Pension Code”), the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time. The City also participates in the Illinois Municipal Retirement Plan (the “IMRF Plan”), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund (“IMRF”); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City. If the City does not make 100% of its annual required contributions to the Police Pension Plan and Fire Pension Plan, the City may have revenues intercepted by the State Comptroller and deposited directly to the Police Pension Plan or Fire Pension Plan. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations. See **"RETIREMENT PLANS"** herein for a more complete discussion.

## **Cybersecurity**

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health. Further, as cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

## **Local Economy**

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

## **Loss or Change of Bond Rating**

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

## **Secondary Market for the Bonds**

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

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

## Continuing Disclosure

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

## Suitability of Investment

The interest rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

## Future Changes in Laws

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

## Factors Relating to Tax Exemption

As discussed under **“TAX EXEMPTION”** herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the City’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the City could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

## **Bankruptcy**

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

## **Climate Change Risk**

There are potential risks to the State, the City and their respective financial condition that are associated with changes to the climate over time and with increases in the frequency, timing and severity of extreme weather events, causing or increasing the severity of flooding and other natural disasters. The City cannot predict how or when various climate change risks may occur, nor can it quantify the impact on the State or the City, its population or its financial condition. Over time, the costs could be significant and could have a material adverse effect on the City's finances.

## **DEBT INFORMATION**

After issuance of the Bonds, the City will have outstanding \$44,185,000 principal amount of general obligation bonded debt. Approximately 36% of this indebtedness, \$16,020,000, is expected to be repaid from sources other than City-wide property taxes, principally water system revenues and tax increment finance revenues. In addition, the City had \$389,821 aggregate principal amount of special service area bonds as of April 30, 2022, with \$150,611 aggregate principal amount of special service area bonds as of March 1, 2023. The City does not intend to issue additional debt in 2023.

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

Pursuant to Ordinance Number 2013-070 adopted by the City Council on December 2, 2013, and notwithstanding the City's home rule status, the City has adopted a limit on the amount of property taxes it may levy on an annual basis to provide for debt service payments on its outstanding general obligation bonds to an amount not exceeding its 2004 debt service property tax levy (as adjusted for Municipal Price Index increases) plus levies for capital improvements. The City also agreed to abide by the "property tax cap" for the City's aggregate levy in accordance with PTELL. Ordinance 2013-070 provides that any general obligation bonds intended to be paid from alternate revenue sources does not apply to the limit. The City may, however, increase its aggregate levy by more than the "property tax cap" (but not more than 5%) by a three-fourths vote of the City Council, but only if the moneys raised by such increase in property taxes in excess of the aggregate levy otherwise authorized under PTELL are used either: (a) for supplementing the City's Capital Improvement Fund; or (b) to replace revenues lost because of changes in the amount of the State Revenue Sharing Moneys paid to the City.

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

### Outstanding Bonded Debt(1)(2)

Fiscal Year Ending April 30	Series 2015	Series 2017	Series 2019	Series 2021	The Bonds	Total Bonded Debt	Cumulative Retirement	
							Amount	Percent
2024 .....	\$ 370,000	\$ 515,000	\$2,370,000	\$ 590,000	\$ 935,000	\$ 4,780,000	\$ 4,780,000	10.82%
2025 .....	385,000	525,000	630,000	600,000	780,000	2,920,000	7,700,000	17.43%
2026 .....	405,000	535,000	660,000	615,000	820,000	3,035,000	10,735,000	24.30%
2027 .....	410,000	550,000	695,000	615,000	860,000	3,130,000	13,865,000	31.38%
2028 .....	435,000	565,000	730,000	625,000	905,000	3,260,000	17,125,000	38.76%
2029 .....	650,000	580,000	735,000	705,000	950,000	3,620,000	20,745,000	46.95%
2030 .....	695,000	590,000	755,000	715,000	1,000,000	3,755,000	24,500,000	55.45%
2031 .....	740,000	610,000	780,000	820,000	1,050,000	4,000,000	28,500,000	64.50%
2032 .....	705,000	630,000	810,000	890,000	1,100,000	4,135,000	32,635,000	73.86%
2033 .....	720,000	645,000	845,000	870,000	1,155,000	4,235,000	36,870,000	83.44%
2034 .....	1,530,000	665,000	0	0	1,215,000	3,410,000	40,280,000	91.16%
2035 .....	330,000	685,000	0	0	0	1,015,000	41,295,000	93.46%
2036 .....	340,000	710,000	0	0	0	1,050,000	42,345,000	95.84%
2037 .....	350,000	730,000	0	0	0	1,080,000	43,425,000	98.28%
2038 .....	0	760,000	0	0	0	760,000	44,185,000	100.00%
Total .....	\$8,065,000	\$9,295,000	\$9,010,000	\$7,045,000	\$10,770,000	\$44,185,000		

Notes: (1) Source: the City.  
(2) Mandatory redemption amounts shown for term bonds.

### General Obligation Debt Outstanding – By Issue(1) (Principal Only)

<u>Property Tax Supported:</u>	<u>Amount</u>
General Obligation Bonds, Series 2015 - (Laurel Avenue Portion) .....	\$ 4,040,000
General Obligation Refunding Bonds, Series 2019 (Property Tax Supported) .....	7,245,000
General Obligation Refunding Bonds, Series 2021 .....	7,045,000
The Bonds .....	<u>9,835,000</u>
Total Property Tax Supported .....	\$28,165,000
 <u>Self-Supporting:</u>	
General Obligation Bonds, Series 2015 - (TIF Portion) .....	\$ 4,025,000
General Obligation Bonds, Series 2017 .....	9,295,000
General Obligation Refunding Bonds, Series 2019 (Self Supported) .....	1,765,000
The Bonds .....	<u>935,000</u>
Total Self-Supporting .....	\$16,020,000

Note: (1) Source: the City.

### Detailed Overlapping Bonded Debt(1) (As of February 15, 2023)

	Outstanding Debt		Applicable to City Percent(2)	Amount
<u>Schools:</u>				
School District No. 67 .....	\$ 2,080,000		99.94%	\$ 2,078,676
School District No. 103 .....	6,395,000		0.01%	702
High School District No. 115 .....	14,200,000		77.77%	11,043,309
Community College District No. 532 .....	84,145,000		9.13%	<u>7,681,633</u>
Total Schools .....				\$20,804,320
 <u>Others:</u>				
Lake County .....	\$126,785,000		8.70%	\$11,027,153
Lake County Forest Preserve District .....	166,060,000		8.70%	<u>22,598,600</u>
Total Others .....				<u>\$33,625,753</u>
Total Overlapping Debt .....				\$54,430,073

Notes: (1) Source: Lake County Clerk.  
(2) Overlapping percentages are based on 2021 EAVs, the most current available.

### Statement of Bonded Indebtedness(1)

	Amount Applicable	Ratio To Equalized Assessed	Estimated Actual	Per Capita (2020 Census 19,367)
City EAV of Taxable Property, 2021 .....	\$2,381,873,010	100.00%	33.33%	\$122,986.16
Estimated Actual Value, 2021 .....	\$7,145,619,030	300.00%	100.00%	\$368,958.49
 Total Direct Bonded Debt .....				
	\$ 44,185,000	1.86%	0.62%	\$ 2,281.46
Less: Self-Supporting Debt .....	<u>(16,020,000)</u>	<u>(0.67%)</u>	<u>(0.22%)</u>	<u>(827.18)</u>
Total Net Direct Bonded Debt .....	\$ 28,165,000	1.18%	0.39%	\$ 1,454.28
 Overlapping Bonded Debt:(2)				
Schools .....	\$ 20,804,320	0.87%	0.29%	\$ 1,074.21
Others .....	<u>33,625,753</u>	<u>1.41%</u>	<u>0.47%</u>	<u>1,736.24</u>
Total Overlapping Bonded Debt .....	<u>\$ 54,430,073</u>	<u>2.29%</u>	<u>0.76%</u>	<u>\$ 2,810.45</u>
Total Direct and Overlapping Bonded Debt .....	\$ 82,595,073	3.47%	1.16%	\$ 4,264.73

Notes: (1) Source: Lake County Clerk and the City.  
(2) Overlapping bonded debt as of February 15, 2023.



## DEFAULT RECORD

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

## SHORT-TERM BORROWING

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

## PROPERTY ASSESSMENT AND TAX INFORMATION

For the 2021 levy year, the City's EAV was comprised of approximately 90% residential, 9% commercial, and less than 1% industrial, farm and railroad property valuations.

### City Equalized Assessed Valuation(1)(2)

	Levy Years				
Property Class:	2017	2018	2019	2020	2021
Residential.....	\$2,309,650,453	\$2,305,181,606	\$2,222,762,174	\$2,168,305,007	\$2,149,678,467
Farm.....	4,543,630	4,683,551	3,390,118	3,664,694	3,666,706
Commercial.....	215,722,819	214,536,978	228,895,482	221,826,768	225,662,484
Industrial.....	51,936	52,832	53,502	55,722	55,419
Railroad.....	2,298,064	2,469,112	2,695,322	2,809,934	2,809,934
Total.....	\$2,532,266,902	\$2,526,924,079	\$2,457,796,598	\$2,396,662,125	\$2,381,873,010
Percent Change +(-).....	3.65%(3)	(0.21%)	(2.74%)	(2.49%)	(0.62%)

Notes: (1) Source: Lake County Clerk.  
(2) Excludes the incremental valuation in the City's tax increment financing district.  
(3) Percentage change based on 2016 EAV of \$2,442,982,041.

There is one tax increment finance (TIF) district within the City. The levy year 2018 frozen EAV for such district was \$90,630, with a levy year 2021 valuation of \$25,028,375. Only the frozen EAV is included in the table above.

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

	Levy Years				
City Rates:	2017	2018	2019	2020	2021
Bonds and Interest.....	\$0.061	\$0.066	\$0.074	\$0.077	\$0.077
Social Security and Pensions (Police, Fire, IMRF).....	0.130	0.223	0.261	0.295	0.312
Library.....	0.161	0.165	0.174	0.183	0.188
Parks, Playgrounds and Recreation.....	0.285	0.207	0.216	0.245	0.250
Revenue Recapture.....	0.000	0.000	0.000	0.000	0.011
Corporate Fund.....	0.600	0.617	0.646	0.663	0.683
Total City Rate.....	\$1.237	\$1.278	\$1.372	\$1.464	\$1.522
Lake County and Forest Preserve Dist. ....	\$0.809	\$0.794	\$0.703	\$ 0.780	\$0.777
North Shore Water Reclamation District.....	0.153	0.153	0.136	0.157	0.158
Lake Forest Elementary School District No. 67.....	1.355	1.391	1.095	1.551	1.606
Lake Forest High School No. 115.....	1.314	1.336	1.101	1.445	1.494
Community College Dist. No. 532.....	0.281	0.282	0.218	0.290	0.293
All Other.....	0.066	0.066	0.873	0.070	0.072
Total(2).....	\$5.214	\$5.301	\$5.498	\$5.757	\$5.922
City as a Percent of Total.....	23.72%	24.11%	24.96%	25.43%	25.69%

Notes: (1) Source: Lake County Clerk.  
(2) Representative tax rates are from Shields Township Tax Code 14, which represents the largest portion of the City's 2021 EAV, the most current available.

### City Tax Extensions and Collections(1) (Excludes Road and Bridge)

Levy Year	Coll. Year	Taxes Extensions	Total Collections	
			Amount	Percent
2012.....	2013.....	\$27,299,981	\$27,199,369	99.63%
2013.....	2014.....	28,124,272	28,016,462	99.62%
2014.....	2015.....	28,673,693	28,622,736	99.82%
2015.....	2016.....	29,528,749	29,479,003	99.83%
2016.....	2017.....	29,970,699	29,839,889	99.56%
2017.....	2018.....	31,313,227	31,259,308	99.83%
2018.....	2019.....	32,533,539	32,429,304	99.68%
2019.....	2020.....	33,955,314	33,779,422	99.48%
2020.....	2021.....	35,081,741	35,150,336	100.20%
2021.....	2022.....	36,244,390	36,074,868	99.53%
2022.....	2023.....	37,642,487(2)	-----In Collection-----	

Notes: (1) Source: The City and the Lake County Treasurer.  
(2) Approved by the City but not yet extended.

### Major City Taxpayers(1)

Major Taxpayers	Business/Service	2021 EAV(2)
Chicago Title Land and Trust.....	Real Property.....	\$ 23,597,558
Hospira Inc. ....	Corporate HQ and Surgical and Medical Instruments.....	17,184,303
Kelmscott Apartments Illinois LLC .....	Apartments .....	15,721,450
Abbott Laboratories .....	Real Property.....	14,493,994
Lake Forest Landmark .....	Real Property.....	12,593,117
Lake Forest Place LLC .....	Retirement Facility .....	12,431,475
Chicago Bears Football Club Inc. ....	Professional Football Facility .....	11,495,453
Conway Gateway LLC.....	Real Property.....	10,634,216
CAI Investments Lake Forest Global .....	Real Property.....	10,022,781
Lake Forest Investments LLC.....	Real Property.....	7,616,280
Total.....		\$135,790,627
Ten Largest as a percent of the City's 2021 EAV (\$2,381,873,010) .....		5.70%

Notes: (1) Source: Lake County Clerk.  
(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2021 EAV is the most current available.

## REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

### Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and certain interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

### Tax Levy and Collection Procedures

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

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

## **Exemptions**

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

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000. Beginning with tax year 2023, the maximum reduction in the five collar counties (DuPage, Kane, Lake, McHenry and Will) (the “Collar Counties”) is \$8,000.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is \$5,000. Beginning with tax year 2023, the maximum exemption in the Collar Counties is \$8,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

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

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

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

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

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

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

### **Property Tax Extension Limitation Law**

The Property Tax Extension Limitation Law (the “Limitation Law”) limits the rate of growth of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the rate of growth of such increases to the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units, including the City, are exempt from the limitations contained in the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds.

## **Truth in Taxation Law**

Legislation known as the Truth in Taxation Law (the “Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds.

## **FINANCIAL INFORMATION**

### **Budgetary Information**

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

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

### **Investment Policy**

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

- Bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America;
- Bonds, notes, debentures, or other similar obligations of U.S. Government or its agencies, or government sponsored enterprises (GSEs);

- Interest bearing bonds of any county, township, city, incorporated town, municipal corporation, or school district, and the bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank, provided the bonds shall be rated at the time of purchase within the three (3) highest general classifications established by a nationally recognized statistical rating organization (NRSRO);
- Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et seq.), provided, however, that such investments may be made only in banks which are insured by the Federal Deposit Insurance Corporation;
- Certificate of Deposit Account Registry Service (CDARS) certificates of deposit or Insured Cash Sweep (ICS) service;
- Corporate Obligations - issuer must be a United States corporation with more than \$500 million in assets, rating must be within the highest tier (e.g., A-1, P-1, F-1, D-1, or higher) by two NRSROs, obligations must mature not later than three (3) years from the date of purchase and such purchases cannot exceed 10% of the corporation's outstanding obligations, and such purchases cannot exceed one-third of funds;
- Money Market Mutual Funds - registered under the Investment Company Act of 1940 (15 U.S.C.A. § 80a-1 et seq.), provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other security which are guaranteed by the full faith and credit of the federal government as to principal and interest;
- Short term discount obligations of the Federal National Mortgage Association (established by or under the National Housing Act (1201 U.S.C. 1701 et seq.)), or in shares or other forms of securities legally issuable by savings banks or savings and loan associations incorporated under the laws of Illinois or any other state or under the laws of the United States, provided, however, that the shares or investment certificates of such savings banks or savings and loan associations are insured by the Federal Deposit Insurance Corporation;
- Dividend-bearing share accounts, share certificates accounts, or class of share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States; provided, however, the principal office of the credit unions must be located within the State of Illinois; and, provided further, that such investments may be made only in those credit unions the accounts of which are insured by applicable law;
- Illinois Funds;
- Illinois Metropolitan Investment Fund (IMET) – (1) 1-3-year Fund and (2) Convenience Fund;
- Public Treasurers' Investment Pool created under Section 17 of the State Treasurer Act, pursuant to the Public Fund Investment Act 30 ILCS 235/2 – Section 2(e); and
- Repurchase agreements of government securities having the meaning set out in the Government Securities Act of 1986 (15 U.S.C.A. § 780-5) subject to the provisions of that Act and the regulations issued thereunder, provided, however, that such government securities, unless registered or inscribed in the name of the City, shall be purchased through banks or trust companies authorized to do business in the State of Illinois; and such other repurchase agreements as are authorized in subsection (h) of Section 2 of the Public Funds Investment Act (30 ILCS 235/2). Repurchase agreements may be executed only with approved financial institutions or broker/dealers meeting the City's established standards, which shall include mutual execution of a Master Repurchase Agreement adopted by the City.

## Financial Reports

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

## No Consent or Updated Information Requested of the Auditor

The tables and excerpts (collectively, the "Excerpted Financial Information") contained in this "**FINANCIAL INFORMATION**" section are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended April 30, 2022 (the "2022 Audit") which was approved by formal action of the City Council and is attached hereto as **APPENDIX A**. The 2022 Audit was prepared by Baker Tilly US, LLP, the City's independent auditor (the "Auditor"). The Auditor has not been engaged to perform and has not performed since the date of its 2022 Audit report, any procedures on the financial statements addressed in the 2022 Audit report. The Auditor also has not performed any procedures relating to this Official Statement.

The City has not requested the Auditor to update information contained in the Excerpted Financial Information; nor has the City requested that the Auditor consent to the use of the Excerpted Financial Information in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information has not been updated since the date of the 2022 Audit. The inclusion of the Excerpted Financial Information in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2022 Audit. Questions or inquiries relating to financial information of the City since the date of the 2022 Audit should be directed to the City.

## Summary Financial Information

The following tables are summaries and do not purport to be the complete audits, copies of which are available upon request. The City has budgeted for a surplus in its General Fund for the fiscal year ending April 30, 2023. See the table titled "**General Fund Budget Financial Information**" below. To date, revenue and expenditures are generally within budgeted amounts. See **APPENDIX A** for the City's 2022 fiscal year audit.

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## Statement of Net Position

	Audited as of April 30				
	2018	2019	2020	2021	2022
<b>ASSETS:</b>					
Cash and Cash Equivalents .....	\$ 52,586,986	\$ 59,331,141	\$ 58,220,309	\$ 63,241,382	\$ 75,101,100
Investments .....	6,065,340	6,579,706	7,077,796	10,216,223	9,058,582
Receivables (net):					
Property Taxes .....	27,134,875	28,006,568	29,307,116	30,539,126	31,597,331
Other Taxes .....	383,312	383,900	219,993	366,880	430,632
Accounts .....	1,826,593	2,134,281	1,708,468	1,376,157	1,386,656
Loans .....	311,283	13,147	5,005	10,559	4,318
Other .....	2,427,752	3,139,477	4,090,950	5,622,731	7,043,293
Due from Other Governments .....	1,358,723	1,454,205	1,946,969	2,164,910	2,401,865
Internal Balances .....	(583,562)	(751,614)	(847,037)	(1,019,708)	(1,056,992)
Inventories .....	396,478	394,865	430,849	520,639	589,309
Prepays .....	667,413	677,246	711,309	757,056	748,187
Due from Fiduciary Funds .....	87,136	126,463	167,340	222,845	38,713
Net Pension Asset .....	0	0	0	3,773,917	12,844,903
Capital Assets:					
Not Being Depreciated .....	104,945,459	106,161,487	106,928,647	107,476,009	109,668,130
Being Depreciated, Net .....	94,038,770	90,525,705	88,623,947	85,689,936	82,370,013
Total Assets .....	<u>\$291,646,558</u>	<u>\$298,176,577</u>	<u>\$298,591,661</u>	<u>\$310,958,662</u>	<u>\$332,226,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Loss on Refunding .....	\$ 21,789	\$ 4,536	\$ 0	\$ 0	\$ 151
Resources Related to Pensions .....	3,247,934	16,959,502	14,896,690	9,795,605	8,256,147
Deferred Outflows Related to					
Total OPEB Liability .....	0	26,656	326,875	300,562	267,588
Total Deferred Outflows of Resources .....	<u>\$ 3,269,723</u>	<u>\$ 16,990,694</u>	<u>\$ 15,223,565</u>	<u>\$ 10,096,167</u>	<u>\$ 8,523,886</u>
<b>LIABILITIES:</b>					
Accounts Payable .....	\$ 1,672,002	\$ 3,461,056	\$ 2,757,223	\$ 2,570,986	\$ 2,525,840
Accrued Liabilities .....	1,764,767	1,872,250	1,979,802	1,606,468	1,558,607
Accrued Interest Payable .....	360,188	346,817	270,751	260,061	304,891
Deposits .....	948,296	920,787	1,031,883	920,335	1,407,129
Due to Fiduciary Funds .....	43,663	72,152	72,180	72,962	74,076
Unearned Revenue - Other .....	2,349,957	2,828,305	1,183,551	2,356,880	3,877,747
Long Term Obligations:					
Due within One Year .....	1,549,625	1,850,851	2,030,089	2,129,665	2,367,956
Due in More than One Year .....	76,818,472	96,756,505	95,062,788	74,563,511	80,579,595
Total Liabilities .....	<u>\$ 85,506,970</u>	<u>\$108,108,723</u>	<u>\$104,388,267</u>	<u>\$ 84,480,868</u>	<u>\$ 92,695,841</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Property Tax Levies for Future Periods .....	\$ 27,134,875	\$ 28,006,568	\$ 29,307,114	\$ 30,539,126	\$ 31,597,333
Deferred Charge on Refunding .....	0	0	32,043	28,365	0
Resources Related to Total OPEB Liability .....	0	0	0	394,576	499,315
Resources Related to Pensions .....	6,480,158	2,471,434	5,361,510	19,017,112	14,060,874
Total Deferred Inflows of Resources .....	<u>\$ 33,615,033</u>	<u>\$ 30,478,002</u>	<u>\$ 34,700,667</u>	<u>\$ 49,979,179</u>	<u>\$ 46,157,522</u>
<b>NET POSITION:</b>					
Investment in Capital Assets, Net of Related Debt .....	\$166,607,491	\$164,675,251	\$165,179,598	\$164,798,332	\$165,811,050
Restricted For:					
Capital Projects .....	6,338,753	11,298,736	11,670,812	16,222,288	22,371,936
Debt Service .....	1,161,697	1,292,816	1,596,241	1,640,674	1,289,569
Culture and Recreation .....	3,170,905	3,333,955	2,528,867	3,077,211	4,378,607
Highways and Streets .....	514,629	1,019,023	1,757,894	1,344,272	2,395,746
Public Safety .....	643,857	663,539	979,033	1,224,850	1,632,878
Cemetery Purposes .....	6,945,742	7,767,095	8,065,569	11,353,154	10,643,506
Affordable Housing .....	1,417,922	1,339,808	1,209,518	1,647,067	2,183,485
Employee Retirement .....	0	0	0	0	12,844,903
Unrestricted .....	(11,006,718)	(14,809,677)	(18,261,240)	(14,713,066)	(21,655,117)
Total Net Position .....	<u>\$175,794,278</u>	<u>\$176,580,546</u>	<u>\$174,726,292</u>	<u>\$186,594,782</u>	<u>\$201,896,563</u>



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

	Audited Fiscal Year Ended April 30				
	2018	2019	2020	2021	2022
<b>GOVERNMENTAL ACTIVITIES(1):</b>					
Primary Government:					
General Government .....	\$ (3,966,839)	\$ (8,024,829)	\$ (8,738,538)	\$ (8,900,374)	\$ (4,793,688)
Highways and Streets .....	(8,104,676)	(5,859,522)	(5,779,532)	(3,648,383)	(3,003,430)
Sanitation .....	(1,864,664)	(1,830,423)	(1,638,755)	(1,385,224)	(919,209)
Culture and Recreation .....	(6,093,485)	(5,522,668)	(6,183,627)	(7,392,758)	(6,089,562)
Public Safety .....	(15,013,038)	(17,612,606)	(20,798,620)	(14,329,462)	(17,621,965)
Interest on Long-Term Debt .....	(1,271,181)	(1,231,944)	(1,115,802)	(920,485)	(871,548)
Total Governmental Activities .....	<u>\$ (36,313,883)</u>	<u>\$ (40,081,992)</u>	<u>\$ (44,254,874)</u>	<u>\$ (36,576,686)</u>	<u>\$ (33,299,402)</u>
<b>GENERAL REVENUES:</b>					
Property Taxes .....	\$ 26,193,444	\$ 27,591,773	\$ 28,569,827	\$ 30,459,112	\$ 32,149,905
Replacement Taxes .....	135,417	127,460	140,924	179,967	396,217
Sales Tax .....	2,688,837	2,700,829	3,632,304	3,256,753	4,760,729
Income Tax .....	2,272,639	2,593,506	2,584,198	3,223,407	3,829,655
Utility Tax .....	2,358,448	2,437,127	2,177,783	2,282,346	2,562,347
Real Estate Transfer Tax .....	1,622,900	1,471,595	1,256,265	2,735,405	2,652,110
Other Taxes .....	1,237,671	261,974	237,860	156,412	441,292
Telecommunication .....	1,081,917	1,166,254	993,112	820,169	723,424
Investment Income .....	1,665,391	2,215,202	1,664,355	3,564,117	(883,765)
Other .....	222,057	1,416,128	1,303,992	1,294,923	1,793,870
Coronavirus Relief Fund .....	0	0	0	502,065	227,899
Gain (Loss) on Sale of Assets .....	(3,874)	7,775	38,500	0	0
Transfers .....	(4,343,841)	786,850	(198,500)	(29,500)	(52,500)
Total General Revenues .....	<u>\$ 35,131,006</u>	<u>\$ 42,776,473</u>	<u>\$ 42,400,620</u>	<u>\$ 48,445,176</u>	<u>\$ 48,601,183</u>
Change in Net Position .....	<u>\$ (1,182,877)</u>	<u>\$ 2,694,481</u>	<u>\$ (1,854,254)</u>	<u>\$ 11,868,490</u>	<u>\$ 15,301,781</u>
Net Position - Beginning of Year .....	<u>176,977,155</u>	<u>173,886,065(2)</u>	<u>176,580,546</u>	<u>174,726,292</u>	<u>186,594,782</u>
Net Position - End of Year .....	<u>\$175,794,278</u>	<u>\$176,580,546</u>	<u>\$174,726,292</u>	<u>\$186,594,782</u>	<u>\$201,896,563</u>

Notes: (1) Expenses Less Program Revenue of Charges for Service, Operating Grants, and Capital Grants.  
(2) As restated.

**General Fund  
Balance Sheet**

	Audited as of April 30				
	2018	2019	2020	2021	2022
<b>ASSETS:</b>					
Cash and Investments .....	\$30,715,101	\$30,458,960	\$30,997,596	\$28,883,403	\$29,740,933
Property Taxes Receivable .....	18,979,072	18,704,847	19,927,292	20,571,984	21,552,635
Other Receivables .....	1,298,990	1,693,915	1,743,437	1,674,989	1,723,924
Due from other Governments .....	1,306,270	1,400,215	1,349,689	1,280,112	1,726,218
All Other Assets .....	150,038	129,280	143,703	208,661	91,038
Total Assets .....	<u>\$52,449,471</u>	<u>\$52,387,217</u>	<u>\$54,161,717</u>	<u>\$52,619,149</u>	<u>\$54,834,748</u>
<b>LIABILITIES:(1)</b>					
Accounts Payable/Accrued Payroll .....	\$ 563,045	\$ 543,479	\$ 1,367,869	\$ 416,536	\$ 595,501
Deferred Property Tax Revenues .....	1,837,836	0	0	0	0
Unearned Revenue .....	0	2,347,787	874,025	1,708,921	1,781,263
Accrued Liabilities .....	0	901,404	1,010,874	617,483	510,292
Deposits .....	0	872,364	985,310	874,335	1,357,256
Due to Fiduciary Funds .....	0	72,152	72,180	72,962	74,076
All Other Liabilities .....	1,788,636	0	0	0	0
Total Liabilities .....	<u>\$ 4,189,517</u>	<u>\$ 4,737,186</u>	<u>\$ 4,310,258</u>	<u>\$ 3,690,237</u>	<u>\$ 4,318,388</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Property Tax Levies for a Future Period .....	\$18,979,072	\$18,704,847	\$19,927,292	\$20,571,984	\$21,552,635
Other Unavailable Revenues .....	0	0	346,782	0	0
Total Deferred Inflows of Resources .....	<u>\$18,979,072</u>	<u>\$18,704,847</u>	<u>\$20,274,074</u>	<u>\$20,571,984</u>	<u>\$21,552,635</u>
<b>FUND BALANCE:</b>					
Nonspendable .....	\$ 150,038	\$ 129,280	\$ 143,703	\$ 208,661	\$ 91,038
Unreserved - Undesignated - Unassigned .....	29,130,844	28,815,904	29,433,682	28,148,267	28,872,687
Total Fund Balance .....	<u>\$29,280,882</u>	<u>\$28,945,184</u>	<u>\$29,577,385</u>	<u>\$28,356,928</u>	<u>\$28,963,725</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance .....	<u>\$52,449,471</u>	<u>\$52,387,217</u>	<u>\$54,161,717</u>	<u>\$52,619,149</u>	<u>\$54,834,748</u>

Note: (1) Format change in 2019.

## General Fund Revenues and Expenditures(1)

	Audited Fiscal Year Ended April 30				
	2018	2019	2020	2021	2022
<b>REVENUES:</b>					
Taxes:					
Property.....	\$18,186,629	\$19,235,378	\$18,930,909	\$20,128,373	\$20,785,656
Other.....	3,115,606	3,231,992	2,350,852	2,371,746	2,900,697
Intergovernmental Revenues.....	5,781,763	6,172,591	6,509,510	6,591,951	8,058,224
Grants and Contributions.....	18,950	27,560	12,028	857,585	238,424
Charges for Services.....	3,568,354	3,354,997	4,796,048	4,358,718	4,893,680
Licenses and Permits.....	3,232,276	3,456,703	2,954,115	3,133,137	3,460,452
Fines and Forfeitures.....	345,438	355,304	271,235	260,726	256,681
Investment Income.....	486,609	859,448	679,423	109,451	122,020
Other.....	1,110,893	1,349,720	1,301,177	1,294,224	1,341,542
Total Revenues.....	<u>\$35,846,518</u>	<u>\$38,043,693</u>	<u>\$37,805,297</u>	<u>\$39,105,911</u>	<u>\$42,057,376</u>
<b>EXPENDITURES:</b>					
Current:					
General Government.....	\$ 9,851,906	\$ 9,904,969	\$ 9,860,981	\$10,436,328	\$10,913,887
Highways and Streets.....	2,354,587	2,472,144	2,303,462	2,643,326	2,853,140
Sanitation.....	2,290,986	2,480,420	2,575,451	2,628,512	2,573,258
Public Safety.....	15,181,216	16,478,486	18,165,098	18,163,049	18,965,034
Capital Outlay.....	51,489	0	0	0	62,779
Debt Service.....	483,360	0	0	0	0
Total Expenditures.....	<u>\$30,213,544</u>	<u>\$31,336,019</u>	<u>\$32,904,992</u>	<u>\$33,871,215</u>	<u>\$35,368,098</u>
Excess (Deficiency) of Revenues Over Expenditures.....	\$ 5,632,974	\$ 6,707,674	\$ 4,900,305	\$ 5,234,696	\$ 6,689,278
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out.....	<u>(5,929,540)</u>	<u>(7,043,372)</u>	<u>(4,268,104)</u>	<u>(6,455,153)</u>	<u>(6,082,481)</u>
Total Other Financing Sources and Uses, Net.....	<u>\$ (5,929,540)</u>	<u>\$ (7,043,372)</u>	<u>\$ (4,268,104)</u>	<u>\$ (6,455,153)</u>	<u>\$ (6,082,481)</u>
Net Change in Fund Balance.....	\$ (296,566)	\$ (335,698)	\$ 632,201	\$ (1,220,457)	\$ 606,797
Fund Balance - Beginning of Year.....	<u>\$29,577,448</u>	<u>\$29,280,882</u>	<u>\$28,945,184</u>	<u>\$29,577,385</u>	<u>\$28,356,928</u>
Fund Balance - End of Year.....	<u>\$29,280,882</u>	<u>\$28,945,184</u>	<u>\$29,577,385</u>	<u>\$28,356,928</u>	<u>\$28,963,725</u>

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

## General Fund Budget Financial Information

	Original Budget 4/30/2023	Amended Budget(1) 4/30/2023	Projected Actual Budget 4/30/23
<b>REVENUES:</b>			
Property Taxes.....	\$21,613,823	\$21,613,823	\$21,182,642
Sales Tax.....	2,783,994	2,783,994	2,913,042
Telecommunication and Utility Tax.....	3,043,162	3,043,162	3,568,702
State Income Tax/Local Use .....	2,651,603	2,651,603	3,768,438
Other Taxes .....	772,320	772,320	1,001,990
Building Permits.....	1,200,000	1,200,000	1,923,000
Licenses.....	1,450,518	1,450,518	1,452,530
Fines.....	213,050	213,050	252,200
Interest.....	65,000	65,000	1,050,000
Charges for Services.....	4,666,608	4,666,608	4,805,561
Grants and Contributions .....	6,000	6,000	28,796
Miscellaneous .....	<u>1,270,449</u>	<u>1,270,449</u>	<u>1,329,424</u>
Total Revenues.....	\$39,736,527	\$39,736,527	\$43,276,325
<b>EXPENDITURES:</b>			
Office of the City Manager.....	\$ 848,093	\$ 854,718	\$ 878,178
City Council.....	1,113,368	1,191,307	1,110,839
Cable TV.....	28,759	28,759	24,509
Finance.....	886,161	896,030	903,428
Information Technology.....	1,154,524	1,163,354	1,141,191
CROYA.....	654,745	658,362	657,957
Police.....	11,818,238	11,889,355	11,761,063
Fire .....	8,158,249	8,249,017	8,218,206
Human Resources .....	581,151	606,395	603,568
Community Development .....	2,354,717	2,421,110	2,252,911
Public Works/Engineering .....	8,656,336	8,802,787	8,822,113
Non-Department .....	<u>2,908,121</u>	<u>2,662,262</u>	<u>6,851,166(2)</u>
Total Expenditures .....	\$39,162,462	\$39,423,456	\$43,225,129
Revenues over (under)			
Expenditures.....	\$ 574,065	\$ 313,071	\$ 51,196

Notes: (1) Amended Budget as of March 1, 2023.

(2) Due to better than anticipated revenue collections, the City Council has approved a \$4 million transfer from the General Fund to the Capital Improvements Fund to partially finance the Project, reducing the amount of proceeds needed from the Bonds to approximately \$12 million. See **"THE PROJECT"** for a summary of the Project.

## EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

The City participates in three defined benefit pension plans: (i) the IMRF Plan, (ii) the Police Pension Plan (the "Police Pension Plan"), and (iii) the Firefighters' Pension Plan (the "Fire Pension Plan" and, together with the IMRF Plan and the Police Pension Plan, the "Pension Plans"). The Pension Plans provide defined benefit pension benefits to the City's employees, retirees and beneficiaries. The IMRF Plan is an agent multiple-employer public employee retirement system, and the Police Pension Plan and the Fire Pension Plan are single-employer pension plans. The City makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Pension Code. This section first describes certain concepts related to pensions generally, then describes the applicable provisions of Pension Plans. These concepts are more completely described in Note 4 to the 2022 Audit, as hereinafter defined, as well as the supplementary schedules thereto, attached hereto as **APPENDIX A**.

The Pension Code allows the State Comptroller to intercept State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City (the “Recapture Provisions”). If the City fails to contribute to the Police Pension Plan or the Fire Pension Plan as required by the Pension Code, the City will be subject to a reallocation of payments of State funds to the City if (i) the City fails to make the required payment for 90 days past the due date, (ii) the subject retirement fund gives notice of the failure to the City, and (iii) such retirement fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, the State Comptroller will intercept payments of State funds to the City in an amount not in excess of the delinquent payment. Should the Recapture Provisions be enforced as a result of the City’s failure to contribute all of its required contribution, a reduction in payments of State funds may have an adverse impact on the City’s finances.

For fiscal year 2022, the City contributed \$2,398,803 or 99.68% of the actuarially determined contribution to the Fire Pension Plan and \$3,379,444 or 99.75% of the actuarially determined contribution to the Police Pension Plan. In each case, such actuarially determined contribution exceeded 100% of the statutory actuarial minimum required contribution.

## **Background Regarding Pension Plans**

### *The Actuarial Valuation*

The disclosures in the 2022 Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of a Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board (“GASB”), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

### *GASB Standards*

For the City’s fiscal years up to and including the fiscal year ended April 30, 2014, the applicable GASB financial reporting standard pursuant to which the City’s financial statement disclosures related to pensions were prepared was GASB Statement No. 27 (the “Prior GASB Standard”). Beginning with the City’s fiscal year ending April 2015, the applicable GASB financial reporting standard pursuant to which the City’s financial statement disclosures related to pensions will be prepared is GASB Statement No. 68 (the “New GASB Standard”).

The Prior GASB Standard required, among other things, the determination of an “Actuarially Required Contribution” and the calculation of pension funding statistics such as the unfunded actuarial accrued liability and the funded ratio. Unlike the Prior GASB Standard, the New GASB Standard does not establish an approach to funding pension plans. Instead, the New GASB Standard provides standards solely for financial reporting and accounting related to pension plans. The New GASB Standard requires calculation and disclosure of a “Net Pension Liability,” which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the New GASB Standard (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”).

The New GASB Standard requires that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of an employer. In addition, the New GASB Standard requires an expense (the “Pension Expense”) to be recognized on the income statement of an employer.

#### *Pension Plans Remain Governed by the Pension Code*

As described above, each of the Prior GASB Standards and the New GASB Standards establish requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the City to the Pension Plans in each year.

#### **Illinois Municipal Retirement Fund**

The City participates in the IMRF Plan, which is a defined-benefit, agent multiple employer pension plan administered by the IMRF that acts as a common investment and administrative agent for units of local government and school districts in Illinois. All employees (other than those covered by the Police Pension Plan and the Fire Pension Plan), including Library employees, hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. At December 31, 2021, the measurement date, membership in the City’s and Library’s IMRF Plan was: 306 retirees and beneficiaries, 191 inactive, non-retired members, and 191 active members.

The IMRF Plan is established and administered under statutes adopted by the General Assembly. The Pension Code sets the benefit provisions of the IMRF Plan, which can only be amended by the General Assembly.

Each employer participating in the IMRF Plan, including the City, has an employer reserve account with the IMRF Plan separate and distinct from all other participating employers (the “IMRF Account”) along with a unique employer contribution rate determined by the IMRF Board of Trustees (the “IMRF Board”), as described below. The employees of a participating employer receive benefits solely from such employer’s IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF’s website.

See Note 4 to the 2022 Audit for additional information on the IMRF Plan’s actuarial methods and assumptions.

#### *Contributions*

Both employers and employees contribute to the IMRF Plan. At present, City and Library employees contribute 4.50% of their salary to the IMRF Plan, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF Plan to its employees. The annual rate at which an employer must contribute to the IMRF Plan is established by the IMRF Board. The City’s and Library’s actuarially determined rate for calendar year 2021 was 11.66% of annual covered payroll. For the fiscal year ended April 30, 2022, the City contributed \$1,708,477 to the IMRF Plan, which compares to contributions of \$1,683,644 and \$1,356,572 in fiscal years 2021 and 2020, respectively.

### Measures of Financial Position

The following table presents the measures of the IMRF Account's financial position for the City and Library as of fiscal years ended April 30, 2018, 2019, 2020, 2021, and 2022 which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the Discount Rates shown below.

<u>FISCAL YEAR ENDED</u> <u>APRIL 30</u>	<u>TOTAL PENSION</u> <u>LIABILITY</u>	<u>FIDUCIARY NET</u> <u>POSITION</u>	<u>NET PENSION</u> <u>LIABILITY/(ASSET)</u>	<u>FIDUCIARY NET POSITION AS A %</u> <u>OF TOTAL PENSION LIABILITY</u>	<u>DISCOUNT RATE</u>
2018	\$101,973,214	\$100,777,356	\$ 1,195,858	98.83%	7.50%
2019	109,106,649	94,013,796	15,092,853	86.17%	7.25%
2020	113,959,748	108,616,550	5,343,188	95.31%	7.50%
2021	115,430,285	120,235,433	(4,805,148)	104.16%	7.25%
2022	120,837,426	137,117,281	(16,279,855)	113.47%	7.25%

Source: The 2022 Audit.

See Note 4 to the 2022 Audit, and the related required supplementary information disclosures, for a description of the IMRF Plan, the IMRF Account, the City's funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the New GASB Standards.

### Lake Forest Public Safety Pension Funding

In 2017, the City created a Pension Subcommittee made up of the City Council Finance Chair, another Alderman, the City Manager and the City Finance Director. The Pension Subcommittee works in conjunction with the City's independent actuary and the Fire and Police Pension Boards to develop recommendations for the City Council to consider in meeting its statutory obligations in the most fiscally responsible and sustainable manner. Based upon such recommendations, the City Council considers revisions to its pension funding policy. On August 3, 2020, the City revised its pension funding policy (as revised, the "Policy"). The City has done the following in recent years:

- Reduced its investment return assumption from 7.5% in April 2013 to 6.50% beginning in April 2020;
- Adjusted the mortality table to PubS-2010 for April 2019; and
- Reduced the payroll growth rate assumption from 5.5% to 2.0%.

In the summer of 2020, the Pension Subcommittee recommended an additional \$500,000 contribution from the City's General Fund to both the police and fire pension funds due to low investment returns for fiscal year 2020. This additional transfer was approved by the City Council and made in July of 2020.

Currently, the City funds its public safety pension obligations based on a 100% funded ratio in 2040. However, the Policy provides for phasing in a 15-year open amortization period as the most fiscally sustainable method of funding. The Policy also establishes the statutory minimum contribution in any given year as the minimum. The City's contribution is funded through a combination of the property tax levy and a public safety pension fee that was effective May 1, 2017. Following is a five-year summary of the City's contribution compared to the Statutory Minimum.

	Actuarial Valuation				
	<u>Date</u>	<u>Fiscal Year</u>	<u>Fire</u>	<u>Police</u>	<u>Combined</u>
City Policy	4/30/21	FY23	\$2,344,403	\$3,338,755	\$5,683,158
Statutory Minimum	4/30/21	FY23	1,878,808	2,870,405	4,749,213
City Policy	4/30/20	FY22	2,406,318	\$3,388,076	\$5,794,394
Statutory Minimum	4/30/20	FY22	1,994,103	2,969,740	4,963,843
City Policy	4/30/19	FY21	2,075,171	3,090,726	5,165,897
Statutory Minimum	4/30/19	FY21	1,696,742	2,742,544	4,439,286
City Policy	4/30/18	FY20	1,826,568	2,594,845	4,421,413
Statutory Minimum	4/30/18	FY20	1,487,136	2,266,450	3,753,586
City Policy	4/30/17	FY19	1,721,953	2,505,888	4,227,841
Statutory Minimum	4/30/17	FY19	1,397,971	2,188,687	3,586,658

## Police Pension Plan

The City provides retirement, death and disability benefits to its sworn police personnel and retirees and their beneficiaries through the Police Pension Plan. The Police Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Police Pension Plan and the amount of employer and employee contributions to the Police Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of April 30, 2022, the Police Pension Plan had a membership of 95.

### *Contributions*

As stated above, both the City and its participating employees make contributions to the Police Pension Plan. At present, employees contribute 9.91% of their base salary to the Police Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Police Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Police Pension Plan for such year plus an amount sufficient to bring the total assets of the Police Pension Plan up to 90% of the total actuarial liabilities of the Police Pension Plan by the end of fiscal year 2040, as determined by an actuary (the "Funding Requirement"). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Police Pension Plan over a closed period of time, the City's required contributions to the Police Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

For fiscal year ended April 30, 2022, the City's contribution to the Police Pension Plan was 74.64% of covered payroll. For the fiscal years ended April 30, 2018, 2019, 2020, 2021, and 2022 the City contributed the following amounts to the Police Pension Plan:

<u>FISCAL YEAR ENDED APRIL 30</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>POLICE PENSION PLAN CONTRIBUTION</u>	<u>CONTRIBUTION (DEFICIENCY)/EXCESS</u>
2018	\$1,832,059	\$2,094,124	\$262,065
2019	2,505,888	2,504,581	(1,307)
2020	2,594,845	2,589,534	(5,311)
2021	3,090,726	3,581,389	490,663
2022	3,388,076	3,379,444	(8,632)

Source: The 2022 Audit.

### *Measures of Financial Position*

The following table provides statistical information produced pursuant to the New GASB Standards with respect to the Police Pension Plan for each of the last five fiscal years. The Total Pension Liability was calculated pursuant to the Discount Rates shown below.

<u>FISCAL YEAR ENDED APRIL 30</u>	<u>TOTAL PENSION LIABILITY</u>	<u>PLAN FIDUCIARY NET POSITION</u>	<u>NET PENSION LIABILITY</u>	<u>FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY</u>	<u>DISCOUNT RATE</u>
2018	\$58,400,246	\$31,650,935	\$26,749,311	54.20%	7.00%
2019	66,252,095	33,350,826	32,901,269	50.34%	6.75%
2020	69,868,229	33,562,715	36,305,514	48.04%	6.50%
2021	73,432,245	43,199,932	30,232,313	58.83%	6.50%
2022	75,529,445	42,611,874	32,917,571	56.42%	6.50%

Source: The 2022 Audit.

See Note 4 to the 2022 Audit, and the related required supplementary information disclosures, for a description of the Police Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Police Pension Plan, and the financial reporting information required by the New GASB Standards.

### **Fire Pension Plan**

The City provides retirement, death and disability benefits to its sworn fire personnel and retirees and their beneficiaries through the Fire Pension Plan. The Fire Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Fire Pension Plan and the amount of employer and employee contributions to the Fire Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of April 30, 2022, the Fire Pension Plan had a membership of 81.



## Contributions

As stated above, both the City and its participating employees make contributions to the Fire Pension Plan. At present, employees contribute 9.455% of their salary to the Fire Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Fire Pension Plan to its members.

The Pension Code requires that the City contribute annually the Funding Requirement, the same being the amount necessary to fund the normal cost of the Fire Pension Plan for such year plus an amount sufficient to bring the total assets of the Fire Pension Plan up to 90% of the total actuarial liabilities of the Fire Pension Plan by the end of fiscal year 2040, as determined by an actuary. The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Fire Pension Plan over a closed period of time, the City's required contributions to the Fire Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

For fiscal year ended April 30, 2022, the City's contribution to the Fire Pension Plan was 68.08% of covered payroll. For the fiscal years ended April 30, 2018, 2019, 2020, 2021, and 2022 the City contributed the following amounts to the Fire Pension Plan:

<u>FISCAL YEAR ENDED APRIL 30</u>	<u>ACTUARIALLY DETERMINED CONTRIBUTION</u>	<u>FIRE PENSION PLAN CONTRIBUTION</u>	<u>CONTRIBUTION (DEFICIENCY)/EXCESS</u>
2018	\$1,298,188	\$1,308,348	\$10,160
2019	1,721,953	1,719,445	(2,508)
2020	1,826,568	1,822,064	(4,504)
2021	2,075,171	2,567,216	492,045
2022	2,406,318	2,398,803	(7,515)

Source: The 2022 Audit.

## Measures of Financial Position

The following table provides statistical information produced pursuant to the New GASB Standards with respect to the Fire Pension Plan for each of the last five fiscal years. The Total Pension Liability was calculated pursuant to the Discount Rates shown below.

<u>FISCAL YEAR ENDED APRIL 30</u>	<u>TOTAL PENSION LIABILITY</u>	<u>PLAN FIDUCIARY NET POSITION</u>	<u>NET PENSION LIABILITY</u>	<u>FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY</u>	<u>DISCOUNT RATE</u>
2018	\$51,327,313	\$36,256,485	\$15,070,828	70.64%	7.00%
2019	56,470,867	38,685,520	17,785,347	68.51%	6.75%
2020	60,620,657	39,069,288	21,551,369	64.45%	6.50%
2021	63,740,015	49,844,811	13,895,204	78.20%	6.50%
2022	66,590,834	46,876,015	19,714,819	70.39%	6.50%

Source: The 2022 Audit.

See Note 4 to the 2022 Audit, and the related required supplementary information disclosures, for a description of the Fire Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Fire Pension Plan, and the financial reporting information required by the New GASB Standards.

### **Downstate Police and Fire Pension Consolidation Bill**

Public Act 101-0610 ("P.A. 101-610") authorizes the consolidation of more than 650 police and firefighter pension funds that provide benefits to police and firefighters located outside the boundaries of the City of Chicago, Illinois, into two statewide funds: The Police Officers' Pension Investment Fund (the "Consolidated Police Pension Fund") and The Firefighters' Pension Investment Fund (the "Consolidated Firefighters' Pension Fund," and together with the Consolidated Police Pension Fund, the "Consolidated Pension Funds"). Upon consolidation, the Consolidated Police Pension fund and the Consolidated Firefighters' Pension Fund will have in excess of \$8 billion and \$6 billion in assets, respectively. The purpose of consolidating local pension funds into the Consolidated Pension Funds is to invest assets more efficiently and to reduce administrative costs in order to generate higher investment returns.

The Consolidated Pension Funds will be governed by their respective 9-member board of trustees and managed by their respective executive directors. The Consolidated Pension Funds are authorized to manage the reserves, funds, assets, securities, properties and moneys of the participating police and fire pension funds which will make up the Consolidated Pension Funds.

Under P.A. 101-610, each underlying police and fire pension fund will maintain an individual and separate account within the newly established Consolidated Pension Funds. Therefore, no assets or liabilities of any individual police or fire pension fund can be shifted from one pension fund to another. Further, investment returns earned by the Consolidated Pension Funds will be allocated and distributed pro rata among each participating pension fund account in accordance with the value of the pension fund assets attributable to each fund.

The City cannot determine at this time the financial impact P.A. 101-610 will have on its pension funds. The effectiveness of P.A. 101-610 in reducing costs and generating additional investment returns may not be determinable for several years.

### **Other Post-Employment Benefits**

In addition to providing the pension benefits described above, the City provides post-employment healthcare benefits ("OPEB") for eligible retired employees, City and library, through a single employer defined benefit plan (the "OPEB Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the City Council and can be amended by the City through its personnel manual and union contracts. As of April 30, 2022, the OPEB Plan had a membership of 271. For additional information regarding the OPEB Plan, see Note 4 to the 2022 Audit. The City does not currently fund the cost of benefits due under the OPEB Plan in advance of the payment of such expenses. Active employees do not contribute to the OPEB Plan until retirement.

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. All retirees contribute 100% of the actuarially determined premium to the plan.

The City's total OPEB liability, including the library's OPEB liability, as of April 30, 2022 was \$2,260,732. For additional information on the City's post-employment benefits other than pensions, see Note 4 and the required supplementary information to the 2022 Audit.

## **REGISTRATION, TRANSFER AND EXCHANGE**

### **Registration**

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

### **Transfers and Exchanges**

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

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

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

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

## **TAX EXEMPTION**

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

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

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

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

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

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

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

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

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

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

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

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

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

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

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

## CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the “MSRB”) pursuant to the requirements of the Rule. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in **APPENDIX D - FORM OF CONTINUING DISCLOSURE UNDERTAKING**.

The City Council is expected to amend its existing disclosure policies and procedures to include additional procedures to be followed by the City in relation to the two new reportable events added to the list of reportable events for which the City must provide notice to the EMMA system.

There have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## OPTIONAL REDEMPTION

The Bonds maturing on or after December 15, 2031, are subject to redemption prior to maturity at the option of the City in whole or in part on any date on or after December 15, 2030, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

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

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

## **LITIGATION**

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

## **CERTAIN LEGAL MATTERS**

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

## **OFFICIAL STATEMENT AUTHORIZATION**

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

## **INVESTMENT RATING**

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

## UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on April 17, 2023. The best bid submitted at the sale was submitted by Mesirow Financial, Inc., New York, New York (the “Underwriter”). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$12,090,151.05. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields set forth on the cover page of this Official Statement.

## MUNICIPAL ADVISOR

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

## CERTIFICATION

I have examined this Official Statement dated April 17, 2023, for the \$10,770,000 General Obligation Bonds, Series 2023, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of my knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/ **ELIZABETH HOLLEB**  
*Director of Finance*  
**CITY OF LAKE FOREST**  
Lake County, Illinois



**APPENDIX A**

**CITY OF LAKE FOREST, LAKE COUNTY, ILLINOIS**

**FISCAL YEAR 2022 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

# **Annual Comprehensive Financial Report**



**City of Lake Forest, Illinois**

**For the Year Ended April 30, 2022**

**Annual Comprehensive  
Financial Report  
of the City of Lake Forest, Illinois**

Fiscal Year Ended April 30, 2022

City of Lake Forest Finance Department

Elizabeth Holleb, Finance Director  
Diane Hall, Assistant Finance Director

# City of Lake Forest

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October 20, 2022

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

The Annual Comprehensive Financial Report of the City of Lake Forest (City) for the year ended April 30, 2022, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require that the City issue annually a report on its financial position and activity presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

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

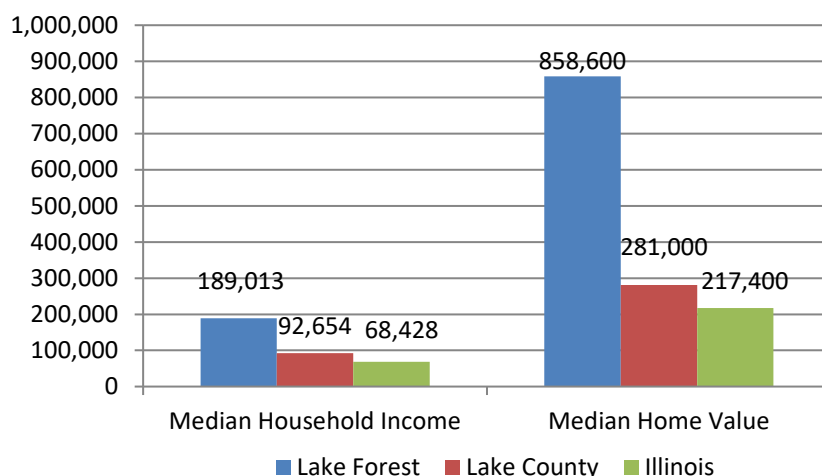
The City of Lake Forest utilizes an independent Audit Committee for reviewing the audit process and to report and make recommendations to the City Council. The Audit Committee members are Lake Forest residents having expertise in the area of financial administration and auditing.

The City's financial statements have been audited by Baker Tilly US, 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, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for an unmodified opinion that the City's financial statements for the fiscal year ended April 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires 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, 2016-2020 estimates, the U.S. Census Bureau reported the City had a median household income and median home value significantly higher than comparable figures for Lake County and the State of Illinois:



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

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

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

Each year the City of Lake Forest prepares an annual budget document. This plan contains the following sections: the budget message and fiscal policy; summary tables of revenues, expenditures, and fund balance for the fiscal year; operating budgets for each department; pay plan and personnel data; and debt and statistical information. The budget message highlights the significant expenditure events that will occur and the objectives to accomplish these events. It justifies the planned 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 above those expenditures actually budgeted. Each separate fund includes an item labeled contingency, with an appropriated amount equivalent to 10% of the total funds budgeted. Even though there is a 10% contingency line item, the City

Council and City staff follow the adopted budget as its spending guideline and not the Appropriation Ordinance. This practice has been followed for more than thirty years and has worked very efficiently as a mechanism to address unanticipated items that may arise throughout the fiscal year.

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

### ***Factors Affecting Financial Condition***

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

- Unemployment levels in Lake Forest are well below the levels for Lake County and the State of Illinois. For calendar year 2021, the City's annual average unemployment rate was estimated to be 3.8%, compared to 5.3% for Lake County and 6.1% 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 2022, the index was 103.2, up from 95.3 in July, and comparing unfavorably to the August 2021 index of 115.2. The index remains above 90, the minimum level associated with a healthy economy. An index above 100 signals growth.

As revenues declined in 2008-2010 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 approximately 73.35% of the General Fund operating budget, it has been necessary to achieve cost savings through reduced personnel. In fiscal years (FY) 2004-2023, the City has reduced budgeted full time employees by 46 positions (17.6%), 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). Twenty-six (26) employees participated in the ERI program, which was projected to generate net savings of \$4.5 million over the initial ten year period. In December 2012, the City Council approved the use of excess fund balance reserves to pay off the ERI liability in its entirety, rather than amortizing over ten years as initially anticipated. This early payoff allowed the City to avoid \$1.8 million in interest costs over the amortization period.

In September 2014, the City transitioned to a consolidated dispatch operation with the Villages of Glenview and Lake Bluff, as well as the City of Highland Park. The consolidation of dispatch operations resulted in the reduction of ten (10) full-time positions and is saving the City more than \$350,000 per year while improving the infrastructure providing this vital service to residents.

Approximately half of the City's General Fund revenues come from property taxes, which continue to be a stable revenue source. The other major funding sources of sales tax, income tax, utility taxes and building permit revenues met FY2022 budget estimates in aggregate. Effective May 1, 2014, the City implemented a new sanitation fee that generates \$930,000 per year. This revenue is currently deposited to the General Fund. Effective May 1, 2017, the City implemented a new Public Safety Pension Fee to increase public awareness of the challenges in meeting police and fire pension obligations. Effective July 1, 2019, the City increased the Home Rule Sales tax from .5% to 1% to fund capital improvement projects.

The financial condition of the State of Illinois continues to be a significant concern although the City has taken measures to limit its reliance on the State for direct funding. The City is vigilant in monitoring legislation that may be introduced that could have a negative impact on the City's budget and vigorously opposes such legislation. In recent years, the State had reduced income tax distributions and imposed an

administration fee of 2% on home rule sales tax collections (reduced to 1.5% for SFY19). The State has returned to 100% funding of the City's portion of income tax distributions, which has been incorporated into the FY23 budget. The City Council and staff continue to budget conservatively and discuss fiscal scenarios for future years should the State continue to tap local revenues to balance its budget or in the event the State imposes property tax limitations on local units of government.

In order to assist the business community and enhance sales tax revenues, economic development initiatives are conducted through the Community Development Department. The City works with the Lake Forest/Lake Bluff Chamber of Commerce and representatives of the business districts in Lake Forest. The City is committed to attracting desired businesses and to promote the viability of the business districts.

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

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

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

In Fiscal Year 2016, the City Council adopted revisions to the Fiscal Policy effective for FY2017 and continuing through FY2022. The revised policy clarified the applicability of the Property Tax Extension Limitation Law to the City, established a policy for setting aside reserves to meet the City's Other Post-Employment Benefits (OPEB) liability, revised the financing parameters for establishment of Special Service Areas, and committed to minimizing reliance on State and/or Federal revenues to fund core services.

In March 2020, the world was dramatically affected by the COVID-19 pandemic. While the General Fund revenues were not greatly affected by COVID-19, other areas of the City were significantly impacted. The City budgeted reduced sales tax and income tax revenue for FY2021. Both sales tax and income tax exceeded FY21 budget projections. The Police and Fire Pension investments resulted in larger losses as of April 30, 2020. Investments rebounded in FY21, resulting in returns in excess of 25%. The City's Parks and Recreation programs were placed on hold in March 2020 resulting in the cancellation of many of the spring and summer programs reducing the revenue of the fund. Programs remained at reduced capacities throughout FY21. The Parks and Recreation Fund improved in FY2022, as programs returned with greater capacities. The City's golf course was shut down in March 2020 and was able to open at a limited capacity as of May 1. A revised FY21 preliminary budget was presented to the City for approval, reflecting changes based on anticipated reductions in consumer driven revenue. The Golf Course thrived by offering outside services for residents. The City continues to seek grant opportunities to assist with the financial impact of the pandemic. The City successfully applied for CARES funding and received \$899,471, through Lake County. The City has been awarded \$2.6 million in America Rescue Plan Act (ARPA) funds to be received in FY22 and FY23. To date, the City has received \$227,899 in Federal Emergency Management Agency (FEMA) funding to assist with COVID-19 expenses.

**Long-Term Financial Planning.** The City is funding infrastructure expenditures primarily on a pay-as-you-go basis from dedicated revenues. A real estate transfer tax is imposed on residential and commercial real estate transactions and is deposited into the Capital Improvements Fund. The transfer tax of \$4.00 per \$1,000 of value is levied on the buyer of the real estate. FY2022 real estate transfer tax revenue totaled \$2.6 million, which is \$1.2 million over budget. Significant fluctuations occur in this revenue source due to

changes in economic conditions, and more specifically the housing market. The City will remain conservative in projecting this revenue source and in spending monies on capital projects.

In FY2017, the City took advantage of one-time proceeds from the sale of City property to call general obligation bonds issued in 2008. To provide an additional annual funding source for the Capital Improvement Program, the City Council approved the creation of a Capital Improvements property tax levy that would mirror the debt service maturities associated with the 2008 bonds. Beginning in FY2018, this measure provided an additional \$820,000 to the Capital Improvements Fund.

In FY2019, the City Council approved an increase to the Sanitation fee effective May 1, 2019. This measure provided an additional \$300,000 in funding. The City Council approved moving the Sanitation fee to the General Fund beginning in FY2020 to align the revenue with the Sanitation Division operating expenses. The Capital Fund Tax Levy has been increased for the Capital Improvement Fund to account for the Sanitation fees moved to the General Fund. The City Council also approved an increase to the City's Home Rule Sales tax from .5% to 1% effective July 1, 2019 to fund capital improvements.

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

Five-year fund balance forecasts are prepared for major funds of the City each year as part of the budget development process to assist the City in identifying budget challenges on the horizon and ensure that a proactive approach is taken to address these challenges. In recent years, a ten-year forecast has been developed for the General Fund.

**Pension Benefits.** Escalating costs for employee pension benefits will continue to pose financial challenges to the City. Sworn police and fire personnel receive retirement and disability benefits from the Police Pension Fund and Firefighters' Pension Fund, respectively. Both of these plans are defined benefit, single-employer plans administered by boards of trustees. The defined benefits and employee contribution levels are governed by Illinois Compiled Statutes and may only be amended by the Illinois General Assembly. Police participants are required to contribute 9.91% of their base salaries and fire participants are required to contribute 9.455% of their base salaries. The City is required to contribute the remaining amounts necessary to finance each plan as determined by an independent actuary. As of April 30, 2022, the most recent actuarial valuation date, the funded ratio for the Police Pension Plan is 56.4% and for the Firefighters' Pension Plan is 70.39%. Funding ratios were negatively impacted by investment returns of -1.89% for the Police Pension Fund and -5.19% for the Firefighters' Pension Fund in FY22.

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, 2021 due to a 2021 investment return of 16.6%, the funded ratio for IMRF is 113.47%, including the actuarial accrued liability for retirees which is 100% funded.

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

Implementation of GASB Statement No. 67, *Financial Reporting for Pension Plans*, for Fiscal Year 2015 and No. 68, *Accounting and Financial Reporting for Pensions*, for Fiscal Year 2016 has resulted in significant changes to the reporting of pension obligations in the City's financial statements. In anticipation

of these statements taking effect, the City made adjustments to the mortality table and interest rate assumptions for its police and fire pension fund actuarial valuations. These changes reduced the funded ratio of the plans but were intended to put the City in an even stronger position going forward. These changes are in addition to historically overfunding the annual pension cost compared to minimum requirements per State Statutes.

The City Council has continued deliberations on the funding of public safety pensions with the support of staff, the fire and police pension boards, and the City's independent actuary. Significant changes to actuarial assumptions were made for the April 30, 2017 actuarial valuations, increasing the funding requirement for FY2019 by a combined \$800,000 and additional \$190,000 in FY2020. The City Council approved a FY2021 transfer of \$500,000 to each pension fund from FY2020 General Fund excess fund balance to provide additional funding. A public safety pension fee was implemented effective May 1, 2017 as noted previously. A pension subcommittee established by the Mayor continues to discuss alternatives for future consideration by the City Council.

**Post-Retirement Benefits.** The City provides post-employment health care benefits to retirees and eligible dependents. Rising health care cost continue to pose financial challenges to the City. Implementation of GASB Statement No. 75, *Accounting and Financial Report for Postemployment Benefits Other Than Pensions*, for FY2019 has resulted in significant changes to the reporting of post-employment obligations in the City's financial statements. In anticipation of these statements, the City made adjustments to the City's health plan by moving retirees over the age of 65 to a separate medical plan. These changes reduced the City's outstanding obligation.

Additional information on the City's pension obligations, as well as other postemployment benefits, may be found in Note 4 of the financial statements, as well as in the Required Supplementary Information.

## Major Initiatives

The City is committed to maintaining the quality of life and preserving the character and heritage of Lake Forest. The City will continue to adhere to its prudent financial management practices and remain focused on sustaining long-term financial stability. For FY2022, the most significant initiatives were as follows:

- In January 2015, the City Council approved ordinances adopting a Tax Increment Financing (TIF) District on a 10-acre site at the north end of the Commercial Business District. In FY2016, the City completed required demolition of existing structures and remediation of the site. In April 2016, the City Council approved a First Amendment to the Purchase/Sale Agreement, redevelopment agreement, final plat of subdivision and Final Development Planned Development Ordinance. The plan includes 165 total units – 12 single family homes, 42 condominium units and 111 apartments. As of April 30, 2022 construction of the three apartment buildings is complete and fully occupied. The first of the two condominiums are complete with all 24 units sold. Construction of the second building has not started. Seven single family homes have been sold and permits for two additional homes have been issued. In FY22, the first Note payment of \$500,000 from Tax Increment proceeds for the sale of the property to a developer was made.
- In March 2021, the City Council authorized \$1.1 million to improve Ringwood Ravine.
- In August 2021, the City Council authorized \$336,000 to improve Veterans Park.
- In September 2021, the City issued General Obligation (GO) Refunding Bonds, Series 2021 to refinance 2013 GO Bonds. Savings over the life of the bonds will exceed \$1.6 million.
- In September 2021, the City received the first of two payments from the American Rescue Plan Act. The City will receive a total of \$2.6 million to fund a qualifying storm sewer project.
- In October 2021, the Ragdale Foundation donated in excess of two acres to the City to enhance the Ragdale campus.

- Public Act 101-0610, effective January 1, 2020, mandates the consolidation of investment assets for all local police and fire pension funds for investment purposes only. In November 2021, the City's Fire Pension Board transferred its investment assets to the consolidated fire investment fund. A similar transfer of Police Pension Fund investment assets was completed in June 2022.
- In March and July 2022, the City Council authorized transferring from FY2022 General Fund surplus, \$1,000,000 to the Parks and Public Land Fund, \$500,000 to the Housing Trust Fund, \$650,000 to the Self Insurance Fund and \$3,400,000 to the Capital Improvement Fund for future projects.

### ***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 annual comprehensive financial report for the fiscal year ended April 30, 2021. This was the 43rd 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 annual comprehensive 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 annual comprehensive 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,



Jason Wicha  
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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

April 30, 2021

*Christopher P. Morrell*

Executive Director/CEO



# Voters and Residents of The City of Lake Forest

Mayor and  
City Council

Office of the  
City Manager

Community  
Development

CROYA

Finance

Fire

Human  
Resources

Innovation &  
Technology

Parks &  
Recreation

Police

Public Works

Senior Center

## APPOINTED BOARDS, COMMISSION, COMMITTEES

- Audit Committee
- Board of Fire and Police Commissioners
- Board of Trustees – Firefighter Pension Fund
- Board of Trustees – Police Pension Fund
- Building Review Board
- Cemetery Commission
- Construction Codes Commission
- CROYA Board
- Historic Preservation Commission
- Housing Trust Fund Board
- Legal Committee
- Library Board
- Parks and Recreation Board
- Plan Commission
- Senior Resources Commission
- Zoning Board of Appeals



List of Principal Officials

Year Ended April 30, 2022

LEGISLATIVE

City Council

George Pandaleon, Mayor

Jennifer Karras

Melanie Rummel

James E. Morris

Ted Notz

Jim Preschlack

Ara Goshgarian

Raymond P. Buschmann

Eileen Weber

AUDIT COMMITTEE

Vince Sparrow, Chairman

Tighe Magnuson

William McFadden

Mark Dillon

Tara Janos

George Pandaleon, Mayor (ex-officio)

James E. Morris, Finance Committee Chairman (ex-officio)

EXECUTIVE

Jason Wicha, City Manager

DEPARTMENT OF FINANCE

Elizabeth Holleb, Director of Finance

Diane Hall, Assistant Finance Director

## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 remaining fund information of the City of Lake Forest, Illinois (the City), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 remaining fund information of the City as of April 30, 2022 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Lake Forest Library were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that rise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois  
October 20, 2022

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

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 and the City's financial statements.

**Financial Highlights**

- The City's net position increased \$18.3 million for the fiscal year ending April 30, 2022 (FY22). Governmental net position increased \$15.3 million and business-type net position increased \$3 million.
- The governmental activities revenue increased by \$4.1 million (6.6%) due to increased taxes, capital grants/contributions, charges for services and intergovernmental taxes, offset by decreases to investment income. The expenses increased by \$.7 million (1.4 %) due primarily to adjustments related to pensions and reduced expenses.
- The business-type activities revenue increased by \$1.8 million (1.7%) primarily due to an increase in charges for services in the Water and Sewer Fund. The City's business-type activity expenses decreased by \$.9 million (9.4%) due primarily to pension adjustments and non-capitalized improvements.
- The total cost of all City programs decreased from \$60.5 million in FY21 to \$60.3 million in FY22 – a decrease of \$.2 million or .1% - attributable to decreased expenses, pension adjustments and non-capitalized improvements.

**USING THE FINANCIAL SECTION OF THE  
ANNUAL COMPREHENSIVE 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 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 Statement of 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 is focused on both the gross and net cost of various activities (including governmental and business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

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

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

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

**Infrastructure Assets**

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

**GOVERNMENT-WIDE STATEMENT**

**Statement of Net Position**

The City's combined net position increased by \$18.3 million for FY22 – from \$235.6 million to \$253.9 million. The analysis following will look at net position and net expenses of governmental and business-type activities separately. The total net position for the governmental activities increased by \$15.3 million – from \$186.6 million to \$201.9 million. The business-type activities net position increased by \$3.0 million – from \$49.0 million to \$52.0 million. Table 1 reflects the condensed Statement of Net Position compared to FY21. Table 2 will focus on the changes in net position of the governmental and business-type activities.

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

**Table 1**  
**Statement of Net Position**  
**As of April 30, 2021 and 2022**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Current and Other Assets	\$117.8	\$140.2	\$13.5	\$16.5	\$131.3	\$156.6
Capital Assets	193.2	192.0	52.9	51.3	246.1	243.4
<b>Total Assets</b>	<b>311.0</b>	<b>332.2</b>	<b>66.4</b>	<b>67.8</b>	<b>377.4</b>	<b>400.0</b>
<b>Deferred Outflows</b>	<b>10.1</b>	<b>8.5</b>	<b>0.2</b>	<b>0.3</b>	<b>10.3</b>	<b>8.8</b>
Long- Term Liabilities	76.7	83.0	15.2	13.2	91.9	96.2
Other Liabilities	7.8	9.7	1.0	0.8	8.8	10.5
<b>Total Liabilities</b>	<b>84.5</b>	<b>92.7</b>	<b>16.2</b>	<b>14.0</b>	<b>100.7</b>	<b>106.7</b>
<b>Deferred Inflows</b>	<b>50.0</b>	<b>46.1</b>	<b>1.3</b>	<b>2.1</b>	<b>51.3</b>	<b>48.2</b>
<b>Net Position:</b>						
Net Investment in						
Capital Assets	164.8	165.8	38.1	38.6	202.9	204.4
Restricted	36.5	57.7	0.6	2.0	37.1	59.7
Unrestricted	(14.7)	(21.6)	10.3	11.4	(4.4)	(10.2)
<b>Total Net Position</b>	<b>\$186.6</b>	<b>\$201.9</b>	<b>\$49.0</b>	<b>\$52.0</b>	<b>\$235.6</b>	<b>\$253.9</b>

For more detailed information see the Statement of Net Position.

**Normal Impacts**

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

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

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

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

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

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



**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

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

**Current Year Impacts**

The City's \$18.3 million increase in combined net position (which is the City's bottom line) was the result of the governmental activities net position increasing by \$15.3 million and the business-type activities net position increasing by \$3.0 million.

The governmental activities total assets increased by \$21.2 million (6.8%) and the governmental activities total liabilities increased by \$8.2 million (9.7%). With the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Report for Postemployment Benefits Other Than Pensions* long-term liabilities now include the net pension liability and OPEB liability previously only disclosed in the notes to the financial statements. The increase in total assets is primarily due to available cash balances and net pension assets. The increase in total liabilities is due primarily to increases in long term obligations relating to pension liabilities. See additional information in the Long-Term Obligations and Employees' Retirement System sections of the Notes to Financial Statements and the Debt Outstanding section of the MD&A.

The decrease in deferred outflows of \$1.6 million related to pensions, and a decrease in deferred inflows of \$3.9 million related to pensions, OPEB and an increase in property taxes levied for future periods.

Net investment in capital assets increased by \$1.0 million (>.1%) due to donation of land to the City and the pay down of G.O. Bonds that funded the capital assets. Restricted net position increased \$21.2 million largely due to excess fund balance from the General Fund transferred to the Capital Improvement Fund and Parks and Public Land Fund to fund current year capital improvements (\$5.6 million) and restricted net positions related to employee retirements (\$12.8 million). Unrestricted net position decreased by \$6.9 million primarily due to the net effect of GASB 68 reporting of pension liabilities and GASB 75 reporting of OPEB liabilities.

The net position of business-type activities increased by \$3.0 million, from \$49.0 million to \$52.0 million. The primary change in assets of the business-type activities was an increase in capital assets and an increase in restricted net position for employee retirements.

Long-term liabilities decreased by \$2.0 million due to scheduled maturities of debt obligations. Net investment in capital assets increased by \$.5 million due to bond-funded capital improvements, restricted net position increased by \$1.4 million and unrestricted net position increased by \$1.1 million. The majority of the unrestricted net position can be used by the City to finance water and sanitary sewer operations. The City has a policy of maintaining 33% of revenue plus one year's debt service plus \$500,000 as a reserve in its water fund. The annual operating cost for this program is approximately \$7.7 million per year and interest expense on bonds is \$.5 million.

**Changes in Net Position**

The City's combined change in net position was an increase of \$18.3 million in FY22. The City's total revenues increased by \$5.9 million, primarily driven by increased property taxes and intergovernmental taxes. The City's cost of all programs decreased by \$.2 million, largely attributable to pension adjustments, as well as non-capitalized improvements.

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

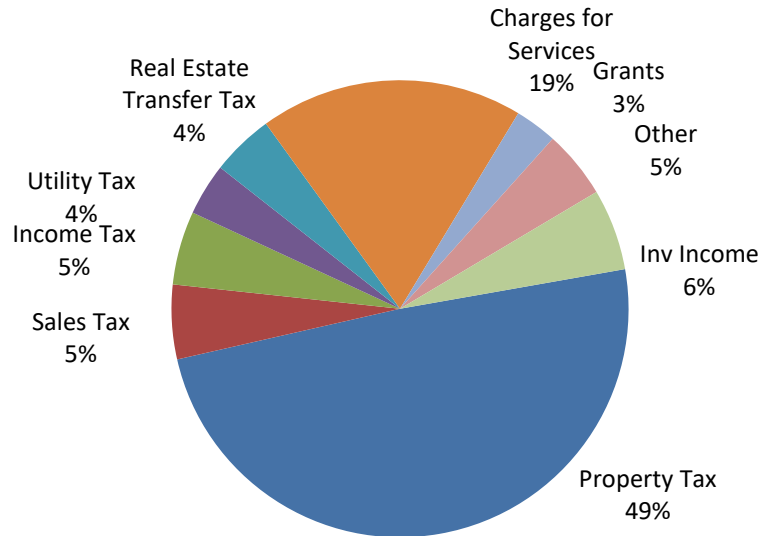
**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Year Ended April 30, 2021 and 2022**  
**(in millions)**

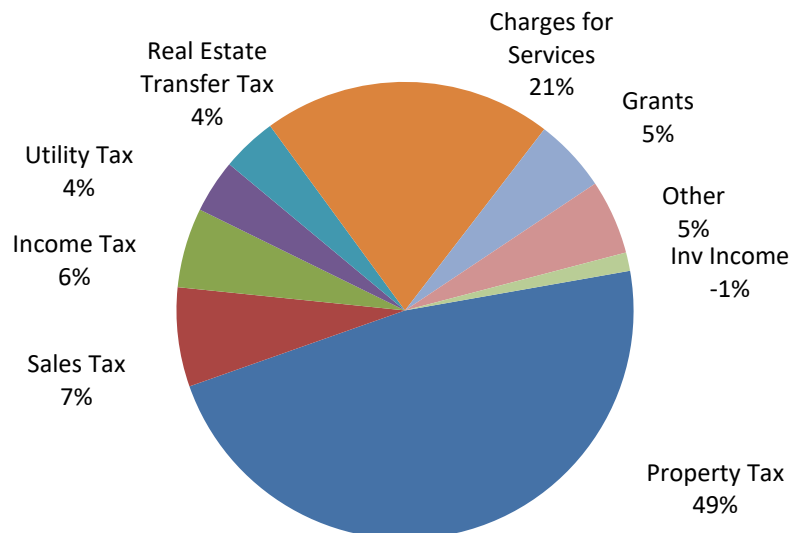
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
<b>REVENUE</b>						
Program Revenue						
Charges for Services	\$11.5	\$13.9	\$10.4	\$11.5	\$21.9	\$25.4
Grants and Contributions						
Operating	1.1	1.2	0.0	0.0	1.1	1.2
Capital	0.8	2.4	0.0	0.6	0.8	3.0
General Revenue						
Property Taxes	30.4	32.1			30.4	32.1
Other Taxes	6.3	7.4			6.3	7.4
Intergovernmental - Taxes	6.9	8.1			6.9	8.1
Interest Revenue	3.6	(0.9)	0.1	0.1	3.7	(0.8)
Other	1.3	1.8	0.3	0.4	1.6	2.2
<b>Total Revenue</b>	<b>61.9</b>	<b>66.0</b>	<b>10.8</b>	<b>12.6</b>	<b>72.7</b>	<b>78.6</b>
<b>EXPENSES</b>						
Governmental Activities						
General Government	12.9	11.2			12.9	11.2
Highways and Streets	7.5	6.9			7.5	6.9
Sanitation	2.4	1.9			2.4	1.9
Culture and Recreation	9.5	9.2			9.5	9.2
Public Safety	16.8	20.6			16.8	20.6
Interest	0.9	0.9			0.9	0.9
Business-Type Activities						
Water and Sewer			8.5	7.4	8.5	7.4
Golf			2.0	2.2	2.0	2.2
<b>Total Expenses</b>	<b>50.0</b>	<b>50.7</b>	<b>10.5</b>	<b>9.6</b>	<b>60.5</b>	<b>60.3</b>
<b>Excess before Transfers</b>	<b>11.9</b>	<b>15.3</b>	<b>0.3</b>	<b>3.0</b>	<b>12.2</b>	<b>18.3</b>
Transfers In (out)	0.0	0.0	0.0	0.0	0.0	0.0
Change in Net Position	11.9	15.3	0.3	3.0	12.2	18.3
<b>Net Position - Beginning</b>	<b>174.7</b>	<b>186.6</b>	<b>48.7</b>	<b>49.0</b>	<b>223.4</b>	<b>235.6</b>
<b>Net Position - Ending</b>	<b>\$186.6</b>	<b>\$201.9</b>	<b>\$49.0</b>	<b>\$52.0</b>	<b>\$235.6</b>	<b>\$253.9</b>

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

**FY2021 Governmental Activities Revenue**

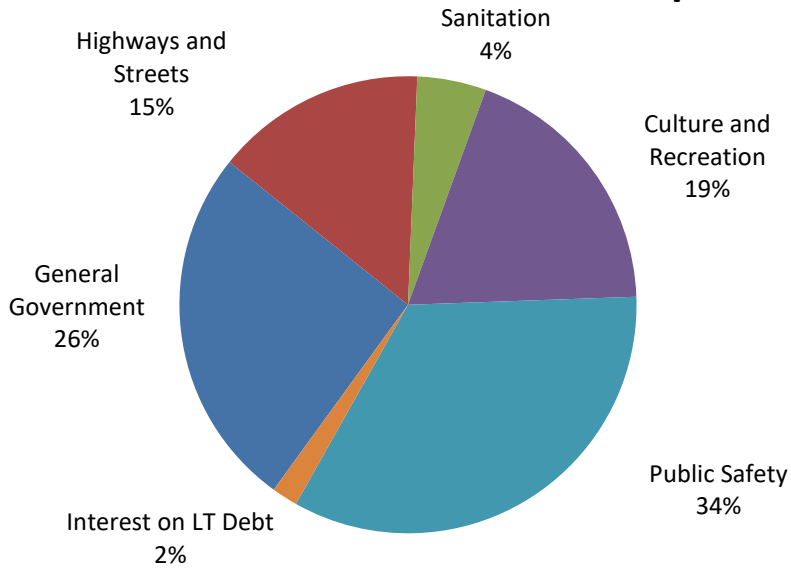


**FY2022 Governmental Activities Revenue**

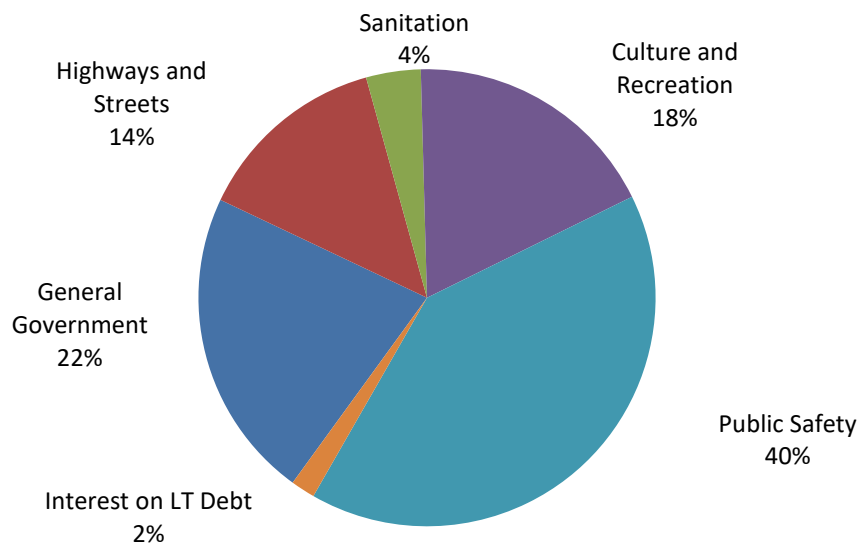


**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

**FY2021 Governmental Activities Expenses**



**FY2022 Governmental Activities Expenses**



**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

**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, 2022, revenues from governmental activities totaled \$66.0 million, increasing \$4.1 million compared to FY21. The primary changes occurred in Property Taxes (up \$1.7 million), Charges for Services (up \$2.4 million), Grants and Contributions (up \$1.7 million), Sales Taxes (up \$1.5 million), Income Taxes (up \$.6 million), Interest Revenue (down \$4.5 million), Other Taxes (up \$.6 million) and coronavirus relief funds (down \$.3 million). The increase in Charges for Services was largely due to the reinstatement of Recreation programs cancelled in FY21 due to COVID-19 and Cemetery lot sales. Sales Taxes increase was due primarily to recovery from the pandemic's effect on business operations. Investment income decreased due to losses on investments. Property tax revenue continues to be the City's single largest revenue source, contributing \$32.1 million (48.6 %) of governmental activities revenue.

Property tax revenues combined with sales tax, the local utility tax, shared state income tax and real estate transfer tax revenues total \$45.9 million and represent 69% of the total governmental activities' revenue.

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

The real estate transfer tax became effective July 5, 2006, with 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 2021 equalized assessed valuation decreased .1% compared to the prior year and totaled \$2,381,873,010. Although the City became a home rule municipality in November 2004, the City has historically self-imposed the Illinois Property Tax Extension Limitation Laws (PTELL), otherwise known as the tax cap, to the extent possible. The increase of approximately 5.5% over FY21 in property taxes was generated as a result of the City Council adopting a 3.97% increase in the levy and new growth. The City received \$1.3 million from the Laurel/Western Redevelopment TIF District, which are not included in the City Council approved tax levy. While the tax cap applicable to this levy was 2.3%, the levies for debt service, Police and Fire Pensions and capital improvements combined exceeded the tax cap.

Investment income decreased by \$4.5 million, from \$3.6 million to \$-.9 million. The City's strategy for investing did not change but the City was impacted by falling market conditions primarily in the Cemetery Fund.

**Expenses**

For the fiscal year ended April 30, 2022, expenses for governmental activities totaled \$50.7 million, an increase of \$.7 million (1.4%). The increase is due in large part to pension adjustments and Recreation programs rebounding after the pandemic. Increases in personnel costs, which represent nearly 73.3% of the General Fund operating costs, continue to outpace revenue growth. With high demand for skilled employees in both the public and private sectors in this region, it is important that the City provide competitive compensation levels for our employees. The FY22 expenses included funding for the City's performance-based employee compensation package plus a 2.5% general salary adjustment.

***Business-type Activities***

**Revenue**

Total revenue for the business-type activities increased by \$1.8 million (16.7%) primarily due to an increase of charges for services in the Water and Sewerage Fund and Golf Course Fund and contributions of \$.5 million in the Golf Course Fund. The additional revenue in the Water and Sewerage Fund facilitated keeping the water rates flat for FY23.

**Expenses**

The City's business-type activity expenses decreased by \$.9 million (9.4%) primarily due to decreased operating expenses in the Water and Sewerage Fund.

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

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

**Governmental Funds**

At April 30, 2022, the governmental funds (as presented on the balance sheet) reported a combined fund balance of \$74.1 million which is an \$9.3 million (14.3%) increase from the beginning of the year (\$64.8 million). This increase was largely driven by excess of revenues over expenditures in the General Fund, Capital Improvement Fund, Motor Fuel Tax Fund and Laurel/Western Redevelopment TIF and decrease of revenue to the Cemetery Fund. The City Council elected to transfer from the General Fund an additional \$3.4 million of the FY22 operating surplus to the Capital Improvement Fund to provide additional funding for capital improvements, \$1.0 million was transferred to the Parks and Public Land Fund to support future capital projects, \$.5 million was transferred to the Affordable Housing Fund to support future projects and \$.6 million to the Self Insurance Fund to restore reserves. The Motor Fuel Tax fund received additional funding from a Rebuild Illinois Grant received from the state. Of the total fund balance of \$74.1 million, \$<.1 million is not available for continuing City services and capital projects, and \$45.2 million is restricted in its use. The unassigned fund balance for the total of all governmental funds is \$28.9 million, which is a \$1.1 million (3.9%) 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 \$.6 million or 2.1% from FY21 (from \$28.4 million to \$29.0 million). The General Fund revenues increased by \$3.0 million (7.7%) due primarily to higher property taxes and intergovernmental revenues, including sales tax and income tax revenue offset by decreases in grants and contribution revenue. The General Fund expenditures increased by \$1.5 million (4.4%) due to personnel costs. The excess of revenues over expenditures (before transfers) for FY22 of \$6.7 million was \$1.5 million greater than FY21 \$5.2 million. The other financing sources (uses) for FY22 of \$6.1 million was lower than FY21 \$6.4 million due to one-time revenues being transferred to other funds in FY21 to provide assistance for COVID-19 reduced revenues.

Property taxes increased \$.7 million, intergovernmental revenues increased \$1.5 million, charges for services increased \$.5, while grants and contributions decreased \$.7 million due to the City receiving CARES Act funding in FY21 for COVID-19 impacts on City expenses. Although the City became a home rule unit in November 2004, the City has historically self-imposed the Illinois Property Tax Extension Limitation Law (PTELL), otherwise known as the tax cap. As noted previously, the 2020 levy extension (FY22 revenue) allowed for a 3.97% increase as well as new equalized assessed valuation growth.

General Fund expenditures increased overall due to personnel cost increases. General government increased 4.8%, highways and streets increased 11.5% (personnel; snow and ice control), public safety increased 4.4% and sanitation remained constant.

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

Table 3  
General Fund Budgetary Highlights  
(in millions)

General Fund	Original Budget	Final Budget	Actual
<b>Revenues:</b>			
Taxes	\$23.4	\$23.4	\$17.9
Intergovernmental	5.5	5.5	8.1
Other	8.8	8.8	16.1
<b>Total</b>	<b>37.7</b>	<b>37.7</b>	<b>42.1</b>
<b>Expenditures and Transfers:</b>			
Expenditures	40.8	41.0	35.4
Transfers (Net)	0.7	0.6	6.1
<b>Total</b>	<b>41.5</b>	<b>41.6</b>	<b>41.5</b>
<b>Change in Fund Balance</b>	<b>(\$3.8)</b>	<b>(\$3.9)</b>	<b>\$0.6</b>

Actual General Fund revenues were higher than budgeted revenues by \$4.4 million during FY22. The primary variance resulted from income tax, sales tax and building permits exceeding projections. Actual General Fund expenditures and transfers were lower than the final budget by \$.1 million. It is the City's policy to add 10%, which is \$3.8 million of contingency funding to the budget appropriation. The contingency amount is only for specific uses as determined by the City Council and was used to transfer excess revenues over expenditures to other funds to be used for future projects. Additional information can be found on the schedule of revenues, expenditures, and changes in fund balance – budget and actual.

The Parks and Recreation Fund accounts for the parks and recreation programs. Services include forestry and parks maintenance operations, a fitness center, dance academy, and a variety of other indoor and outdoor programs. The Fund Balance of the Parks and Recreation Fund increased by \$.5 million, from \$1.4 million to \$1.9 million. The Parks and Recreation Fund revenues increased by \$1.9 million due to reinstatement of programs cancelled as the result of COVID-19. Expenses increased by \$.8 million due to reinstatement of programs cancelled as the result of COVID-19. Total other financing sources (uses) were \$.8 million in FY21, but <\$.1 million in FY22, due to a onetime transfer in FY21 from the General Fund to assist with COVID-19 related impacts.

The Capital Improvements Fund is reported as a Major Fund for FY22 and is used to account for revenues associated with City building and infrastructure projects. Fund balance of this fund increased by \$6.1 million in FY22. Compared to FY21, revenue increased by \$.1 million due to increases in sales tax offset by decreases in contributions and real estate transfer tax. Total expenditures decreased by \$.5 million in the capital outlay category. Transfers in of \$4.7 million for FY22 consisted of one-time fund balance transfer of \$3.4 million from the General Fund for one-time capital improvements and \$.5 million from the Laurel/Western Redevelopment TIF for the first note repayment associated with the sale of the City owned property to a developer.

The Cemetery Fund is reported as a Major Fund in FY22 and is used to account for the operations of the Cemetery Commission. Fund balance for this fund decreased by \$.7 million in FY22. Compared to FY21, revenues decreased \$3.9 million due to increases in charges for services, \$.6 million from cemetery lot sales, offset by decreases to investment income of \$4.5 million for losses on investment returns. Expenses remained constant in FY22.



**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

**CAPITAL ASSETS**

Table 4  
Capital Assets at Year End - 2021 and 2022  
Net of Depreciation  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2022	2021	2022	2021	2021
Land and Improvements	\$40.6	\$42.9	\$0.5	\$0.7	\$41.1	\$43.6
Infrastructure - Land	66.7	66.7			66.7	66.7
Construction in Progress	0.1	0.1	0.0	0.9	0.1	1.0
Infrastructure	50.9	48.6			50.9	48.6
Buildings	16.3	16.2	8.4	7.4	24.7	23.6
Improvements	14.3	13.2	31.1	30.1	45.4	43.3
Machinery and Equipment	4.3	4.3	1.4	1.1	5.7	5.4
Sanitary Sewers	0.0	0.0	11.5	11.1	11.5	11.1
<b>Total</b>	<b>\$193.2</b>	<b>\$192.0</b>	<b>\$52.9</b>	<b>\$51.3</b>	<b>\$246.1</b>	<b>\$243.3</b>

At the end of FY22, the City had a combined total of \$243.3 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of \$2.8 million. The net decrease is attributable to a \$1.2 million in governmental activities and a \$1.6 million decrease in the business-type activities.

The decrease in the governmental activities was due to depreciation exceeding additions by \$.9 million. The decrease in business-type activities was due primarily to \$1.6 million of depreciation exceeding additions.

The following reconciliation summarizes the changes in Capital Assets which are presented in detail in Note 3.

	Change in Capital Assets (in millions)		
	Governmental Activities	Business-Type Activities	Total
<b>Beginning Balance</b>	\$193.2	\$52.9	\$246.1
Additions			
Not Depreciable	2.3	0.3	2.6
Depreciable	1.9	0.5	2.4
Construction in Progress	0.0	0.9	0.9
Retirements			
Depreciable	(0.1)	0.0	(0.1)
Depreciation	(5.3)	(3.3)	(8.6)
Retirements	0.0	0.0	0.0
<b>Ending Balance</b>	<b>\$192.0</b>	<b>\$51.3</b>	<b>\$243.3</b>

**CITY OF LAKE FOREST, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**APRIL 30, 2022**

The increase in Governmental Activities Not Depreciable assets of \$2.3 million was due to a donation of property from the Ragdale Foundation.

**Debt Outstanding**

The City had \$37.7 million of general obligation bonds outstanding at April 30, 2022. Of this amount \$19.6 million were payable from property taxes and the remainder were self-supporting. The City abates the property tax levies for these debt issues annually.

The City's per capita debt ratio for all direct and overlapping debt with other governmental units was \$4,924 and \$3,914 if self-supporting debt is excluded.

The City operated as a home rule community for FY22. The City was granted home rule status via a referendum held on November 2, 2004. Under home rule authority, the City does not have a legal debt limit. For more detailed information on long-term debt activity, see the notes to the financial statements.

As of April 30, 2022, the City's net pension liability is \$52.6 million, an increase of \$8.5 million compared to the \$44.1 million balance as of April 30, 2021. Additional information regarding the net pension liability can be found in Note 4.

As of April 30, 2022, the City's OPEB liability is \$2.1 million, a decrease of \$.2 million compared to the \$2.3 million balance as of April 30, 2021. Additional information regarding the OPEB liability can be found in Note 4.

**Economic Factors**

Unemployment levels in Lake Forest are well below the levels for Lake County and the State of Illinois. For calendar year 2021, the City's annual average unemployment rate was estimated to be 3.8%, compared to 5.3% for Lake County and 6.1% for the State of Illinois.

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

# City of Lake Forest

## Statement of Net Position

April 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lake Forest Library
<b>Assets and Deferred Outflows of Resources</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 75,101,100	\$ 11,754,399	\$ 86,855,499	\$ 7,193,111
Investments	9,058,582	-	9,058,582	-
Receivables (net):				
Property taxes	31,597,331	-	31,597,331	4,417,017
Other taxes	430,632	-	430,632	24,562
Accounts	1,386,656	1,506,260	2,892,916	-
Loans	4,318	-	4,318	-
Other	7,043,293	130	7,043,423	-
Due from other governmental units	2,401,865	-	2,401,865	-
Internal balances	(1,056,992)	1,056,992	-	-
Inventories	589,309	90,216	679,525	-
Prepaid items	748,187	166,518	914,705	-
Net pension asset	12,844,903	1,957,016	14,801,919	1,477,936
Due from fiduciary funds	38,713	-	38,713	-
Capital assets:				
Capital assets not being depreciated	109,668,130	1,618,024	111,286,154	238,500
Capital assets being depreciated, net of accumulated depreciation	<u>82,370,013</u>	<u>49,668,597</u>	<u>132,038,610</u>	<u>2,311,482</u>
Total assets	<u>332,226,040</u>	<u>67,818,152</u>	<u>400,044,192</u>	<u>15,662,608</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	151	214	365	-
Deferred outflows related to pensions	8,256,147	240,071	8,496,218	202,218
Deferred outflows related to total OPEB liability	<u>267,588</u>	<u>24,895</u>	<u>292,483</u>	<u>5,301</u>
Total deferred outflows of resources	<u>8,523,886</u>	<u>265,180</u>	<u>8,789,066</u>	<u>207,519</u>

See notes to financial statements

# City of Lake Forest

## Statement of Net Position

April 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Lake Forest Library
<b>Liabilities, Deferred inflows of Resources and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,525,840	\$ 294,071	\$ 2,819,911	\$ 85,718
Accrued liabilities	1,558,607	89,118	1,647,725	60,348
Accrued interest payable	304,891	163,782	468,673	-
Deposits	1,407,129	-	1,407,129	-
Unearned revenue	3,877,747	348,292	4,226,039	-
Due to fiduciary funds	74,076	-	74,076	-
Noncurrent liabilities:				
Due within one year	2,367,956	1,981,252	4,349,208	18,309
Due in more than one year	80,579,595	11,175,986	91,755,581	223,520
Total liabilities	<u>92,695,841</u>	<u>14,052,501</u>	<u>106,748,342</u>	<u>387,895</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for future periods	31,597,333	-	31,597,333	4,417,017
Deferred inflows related to pensions	14,060,874	2,017,383	16,078,257	1,523,526
Deferred inflows related to total OPEB liability	<u>499,315</u>	<u>46,452</u>	<u>545,767</u>	<u>19,134</u>
Total deferred inflows of resources	<u>46,157,522</u>	<u>2,063,835</u>	<u>48,221,357</u>	<u>5,959,677</u>
<b>Net Position</b>				
Net investment in capital assets	165,811,050	38,585,070	204,396,120	2,536,673
Restricted for:				
Culture and recreation	4,378,607	-	4,378,607	-
Highways and streets	2,395,746	-	2,395,746	-
Public safety	1,632,878	-	1,632,878	-
Cemetery purposes	10,643,506	-	10,643,506	-
Affordable housing	2,183,485	-	2,183,485	-
Capital projects	22,371,936	-	22,371,936	-
Debt service	1,289,569	-	1,289,569	-
Employee retirement	12,844,903	1,957,016	14,801,919	1,477,936
Unrestricted	<u>(21,655,117)</u>	<u>11,424,910</u>	<u>(10,230,207)</u>	<u>5,507,946</u>
Total net position	<u>\$ 201,896,563</u>	<u>\$ 51,966,996</u>	<u>\$253,863,559</u>	<u>\$ 9,522,555</u>

See notes to financial statements

# City of Lake Forest

## Statement of Activities Year Ended April 30, 2022

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Lake Forest Library
<b>Primary Government</b>								
Governmental activities:								
General government	\$ 11,182,027	\$ 4,296,082	\$ 149,650	\$ 1,942,607	\$ (4,793,688)	\$ -	\$ (4,793,688)	\$ -
Highway and streets	6,929,008	2,726,225	773,723	425,630	(3,003,430)	-	(3,003,430)	-
Sanitation	1,959,547	1,040,338	-	-	(919,209)	-	(919,209)	-
Culture and recreation	9,205,623	2,885,644	230,417	-	(6,089,562)	-	(6,089,562)	-
Public safety	20,578,227	2,946,021	10,241	-	(17,621,965)	-	(17,621,965)	-
Interest on long-term debt	871,548	-	-	-	(871,548)	-	(871,548)	-
Total governmental activities	50,725,980	13,894,310	1,164,031	2,368,237	(33,299,402)	-	(33,299,402)	-
Business-type activities:								
Waterworks and Sewerage	7,441,106	9,695,464	-	-	-	2,254,358	2,254,358	-
Deerpath Golf Course	2,161,621	1,824,684	-	554,466	-	217,529	217,529	-
Total business-type activities	9,602,727	11,520,148	-	554,466	-	2,471,887	2,471,887	-
Total primary government	\$ 60,328,707	\$ 25,414,458	\$ 1,164,031	\$ 2,922,703	(33,299,402)	2,471,887	(30,827,515)	-
<b>Component Unit</b>								
Lake Forest Library	\$ 3,165,420	\$ 59,895	\$ 44,898	\$ -	-	-	-	(3,060,627)
<b>General Revenues</b>								
Taxes:								
Property					32,149,905	-	32,149,905	4,375,175
Home rule sales					1,795,817	-	1,795,817	-
Utility					2,562,347	-	2,562,347	-
Real estate transfer					2,652,110	-	2,652,110	-
Other					441,292	-	441,292	-
Intergovernmental, unrestricted:								
Sales					2,964,912	-	2,964,912	-
Income					3,829,655	-	3,829,655	-
Telecommunication					723,424	-	723,424	-
Replacement					396,217	-	396,217	101,341
Coronavirus relief fund					227,899	-	227,899	-
Other					1,793,870	374,139	2,168,009	-
Investment income (losses)					(883,765)	56,757	(827,008)	37,504
Total general revenues					48,653,683	430,896	49,084,579	4,514,020
Transfers					(52,500)	52,500	-	-
Total general revenues and transfers					48,601,183	483,396	49,084,579	4,514,020
Change in net position					15,301,781	2,955,283	18,257,064	1,453,393
<b>Net Position, Beginning</b>					186,594,782	49,011,713	235,606,495	8,069,162
<b>Net Position, Ending</b>					\$ 201,896,563	\$ 51,966,996	\$ 253,863,559	\$ 9,522,555

See notes to financial statements

# City of Lake Forest

Balance Sheet  
Governmental Funds  
April 30, 2022

	<u>General</u>	<u>Parks and Recreation</u>	<u>General Cemetery</u>	<u>Capital Improvements</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 29,740,933	\$ 2,442,609	\$ 1,570,466	\$ 23,711,152
Investments	-	-	9,058,582	-
Receivables (net):				
Property taxes	21,552,635	6,456,670	-	1,525,674
Other taxes	430,632	-	-	-
Accounts	1,088,974	287,067	-	10,615
Loans	4,318	-	-	-
Other	200,000	-	-	-
Due from other governments	1,726,218	30,726	-	439,909
Due from other funds	-	125,000	-	-
Due from fiduciary funds	-	-	38,713	-
Inventories	91,038	-	-	-
	<u>91,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 54,834,748</u>	<u>\$ 9,342,072</u>	<u>\$ 10,667,761</u>	<u>\$ 25,687,350</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 595,501	\$ 283,383	\$ 19,046	\$ 435,964
Accrued liabilities	510,292	92,213	5,209	-
Deposits	1,357,256	3,873	-	28,000
Unearned revenue	1,781,263	624,712	-	1,331,775
Due to fiduciary funds	74,076	-	-	-
	<u>74,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,318,388</u>	<u>1,004,181</u>	<u>24,255</u>	<u>1,795,739</u>
<b>Deferred Inflows of Resources</b>				
Property taxes levied for a future period	21,552,635	6,456,670	-	1,525,674
Unavailable revenues	-	-	-	25,162
	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,162</u>
Total deferred inflows of resources	<u>21,552,635</u>	<u>6,456,670</u>	<u>-</u>	<u>1,550,836</u>
<b>Fund Balances</b>				
Nonspendable	91,038	-	-	-
Restricted	-	1,881,221	10,643,506	22,340,775
Unassigned	28,872,687	-	-	-
	<u>28,872,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>28,963,725</u>	<u>1,881,221</u>	<u>10,643,506</u>	<u>22,340,775</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,834,748</u>	<u>\$ 9,342,072</u>	<u>\$ 10,667,761</u>	<u>\$ 25,687,350</u>

See notes to financial statements

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<b>Nonmajor Governmental Funds</b>	<b>Total</b>
\$ 9,430,603	\$ 66,895,763
-	9,058,582
2,062,352	31,597,331
-	430,632
-	1,386,656
-	4,318
1,105,853	1,305,853
205,012	2,401,865
-	125,000
-	38,713
-	91,038
<u>\$ 12,803,820</u>	<u>\$ 113,335,751</u>

\$ 268,370	\$ 1,602,264
5,145	612,859
18,000	1,407,129
139,997	3,877,747
-	74,076

<u>431,512</u>	<u>7,574,075</u>
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2,062,354	31,597,333
-	25,162

<u>2,062,354</u>	<u>31,622,495</u>
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-	91,038
10,309,954	45,175,456
-	28,872,687

<u>10,309,954</u>	<u>74,139,181</u>
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<u>\$ 12,803,820</u>	<u>\$ 113,335,751</u>
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## City of Lake Forest

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
April 30, 2022

**Total Fund Balances, Governmental Funds** \$ 74,139,181

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. 192,038,143

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 25,162

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 12,844,903  
Less amount reported in the internal service fund below. (623,708)

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 8,256,147  
Less amount reported in the internal service fund below. (77,171)

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (14,060,874)  
Less amount reported in the internal service fund below. 642,948

Deferred outflows of resources related to total OPEB liability do not relate to current financial resources and are not reported in the governmental funds. 267,588  
Less amount reported in the internal service fund below. (7,972)

Deferred inflows of resources related to total OPEB liability do not relate to current financial resources and are not reported in the governmental funds. (499,315)  
Less amount reported in the internal service fund below. 14,876

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(25,192,203)
Compensated absences	(2,138,078)
Accrued interest	(304,891)
Unamortized debt premium	(1,035,041)
Net pension liabilities	(52,632,390)
Total OPEB liability	(1,949,839)
Less internal service fund long-term liabilities	93,277

A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds. 151

Internal service funds are reported in the statement of net position as governmental activities. 12,095,669

**Net Position of Governmental Activities** \$ 201,896,563

# City of Lake Forest

Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year Ended April 30, 2022

	<u>General</u>	<u>Parks and Recreation</u>	<u>General Cemetery</u>	<u>Capital Improvements</u>
<b>Revenues</b>				
Taxes:				
Property	\$ 20,785,656	\$ 6,434,953	\$ -	\$ 1,543,453
Other taxes	2,900,697	-	-	3,788,550
Intergovernmental	8,058,224	124,753	-	-
Licenses and permits	3,460,452	-	-	-
Fines, forfeitures and penalties	256,681	-	-	-
Charges for services	4,893,680	2,746,614	1,354,260	198,013
Grants and contributions	238,424	249,707	15,325	62,411
Investment income (loss)	122,020	15,739	(1,182,676)	87,418
Miscellaneous revenues	<u>1,341,542</u>	<u>59,880</u>	<u>50</u>	<u>960</u>
Total revenues	<u>42,057,376</u>	<u>9,631,646</u>	<u>186,959</u>	<u>5,680,805</u>
<b>Expenditures</b>				
Current:				
General government	10,913,887	-	734,653	535,401
Highways and streets	2,853,140	-	-	1,141,352
Sanitation	2,573,258	-	-	10,423
Culture and recreation	-	8,979,517	-	4,911
Public safety	18,965,034	-	-	-
Capital outlay	62,779	180,176	161,954	2,488,782
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>35,368,098</u>	<u>9,159,693</u>	<u>896,607</u>	<u>4,180,869</u>
Excess (deficiency) of revenues over expenditures	<u>6,689,278</u>	<u>471,953</u>	<u>(709,648)</u>	<u>1,499,936</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	23,500	-	4,650,000
Transfers out	(6,082,481)	(50,000)	-	-
Refunding debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Payment to refunded bonds escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,082,481)</u>	<u>(26,500)</u>	<u>-</u>	<u>4,650,000</u>
Net change in fund balances	606,797	445,453	(709,648)	6,149,936
<b>Fund Balances, Beginning</b>	<u>28,356,928</u>	<u>1,435,768</u>	<u>11,353,154</u>	<u>16,190,839</u>
<b>Fund Balances, Ending</b>	<u>\$ 28,963,725</u>	<u>\$ 1,881,221</u>	<u>\$ 10,643,506</u>	<u>\$ 22,340,775</u>

See notes to financial statements

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<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<u>                    </u>	<u>                    </u>
\$ 3,385,843	\$ 32,149,905
731,377	7,420,624
1,198,688	9,381,665
-	3,460,452
-	256,681
722,693	9,915,260
237,437	803,304
38,099	(919,400)
<u>375,501</u>	<u>1,777,933</u>
<u>6,689,638</u>	<u>64,246,424</u>
128,930	12,312,871
-	3,994,492
-	2,583,681
756,255	9,740,683
499,576	19,464,610
267,194	3,160,885
2,009,665	2,009,665
<u>957,831</u>	<u>957,831</u>
<u>4,619,451</u>	<u>54,224,718</u>
<u>2,070,187</u>	<u>10,021,706</u>
2,117,794	6,791,294
(1,361,313)	(7,493,794)
7,590,000	7,590,000
511,784	511,784
<u>(8,101,528)</u>	<u>(8,101,528)</u>
<u>756,737</u>	<u>(702,244)</u>
2,826,924	9,319,462
<u>7,483,030</u>	<u>64,819,719</u>
<u>\$ 10,309,954</u>	<u>\$ 74,139,181</u>

## City of Lake Forest

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended April 30, 2022

<b>Net Change in Fund Balances, Total Governmental Funds</b>	<b>\$ 9,319,462</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	4,134,414
Depreciation is reported in the government-wide financial statements	(5,262,216)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Unavailable revenue	(6,287)
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(7,590,000)
Principal repaid	10,029,665

Governmental funds report debt premiums and discounts as other financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Debt premium	(327,661)
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	29,686
Accrued interest on debt	(44,830)
Amortization of deferred charge on refunding	28,516
Net pension asset	9,070,986
Deferred outflows of resources related to pensions	(1,539,458)
Deferred inflows of resources related to pensions	4,956,238
Net pension liability	(8,504,873)
Deferred outflows of resources related to OPEB Liability	(32,974)
Deferred inflows of resources related to OPEB Liability	(104,739)
Total OPEB liability	108,808
Less amount reported in internal service funds below	(237,884)

Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities

1,274,928
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 15,301,781</u></b>
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# City of Lake Forest

Statement of Net Position  
Proprietary Funds  
April 30, 2022

	<b><u>Business-Type Activities - Enterprise Funds</u></b>			
	<b><u>Waterworks and Sewerage</u></b>	<b><u>Nonmajor Enterprise Fund - Deerpath Golf Course</u></b>	<b><u>Total</u></b>	<b><u>Governmental Activities - Internal Service Funds</u></b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 11,306,942	\$ 447,457	\$ 11,754,399	\$ 8,205,337
Receivables:				
Accounts	1,504,768	1,492	1,506,260	-
Other	130	-	130	5,737,440
Inventories	-	90,216	90,216	498,271
Prepaid items	-	166,518	166,518	748,187
Total current assets	<u>12,811,840</u>	<u>705,683</u>	<u>13,517,523</u>	<u>15,189,235</u>
Noncurrent assets:				
Net pension asset	1,924,038	32,978	1,957,016	623,708
Capital assets:				
Capital assets not being depreciated	1,522,507	95,517	1,618,024	-
Capital assets being depreciated	116,011,893	6,087,502	122,099,395	48,047
Less accumulated depreciation	<u>(68,472,812)</u>	<u>(3,957,986)</u>	<u>(72,430,798)</u>	<u>(48,047)</u>
Total noncurrent assets	<u>50,985,626</u>	<u>2,258,011</u>	<u>53,243,637</u>	<u>623,708</u>
Total assets	<u>63,797,466</u>	<u>2,963,694</u>	<u>66,761,160</u>	<u>15,812,943</u>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	214	-	214	-
Deferred outflows related to pensions	228,150	11,921	240,071	77,171
Deferred outflows related to total OPEB liability	<u>24,489</u>	<u>406</u>	<u>24,895</u>	<u>7,972</u>
Total deferred outflows of resources	<u>252,853</u>	<u>12,327</u>	<u>265,180</u>	<u>85,143</u>

See notes to financial statements

# City of Lake Forest

Statement of Net Position  
Proprietary Funds  
April 30, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Waterworks and Sewerage</b>	<b>Nonmajor Enterprise Fund - Deerpath Golf Course</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 171,311	\$ 122,760	\$ 294,071	\$ 923,576
Accrued liabilities	75,065	14,053	89,118	945,748
Accrued interest payable	160,469	3,313	163,782	-
Unearned revenue	18,648	329,644	348,292	-
General obligation bonds	1,888,607	87,645	1,976,252	-
Compensated absences	4,981	19	5,000	-
Due to other funds	-	125,000	125,000	-
Total current liabilities	<u>2,319,081</u>	<u>682,434</u>	<u>3,001,515</u>	<u>1,869,324</u>
Noncurrent liabilities:				
Long-term debt:				
General obligation debt payable	10,629,874	95,639	10,725,513	-
Compensated absences	261,122	7,951	269,073	35,186
Total OPEB liability	<u>178,441</u>	<u>2,959</u>	<u>181,400</u>	<u>58,091</u>
Total noncurrent liabilities	<u>11,069,437</u>	<u>106,549</u>	<u>11,175,986</u>	<u>93,277</u>
Total liabilities	<u>13,388,518</u>	<u>788,983</u>	<u>14,177,501</u>	<u>1,962,601</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	1,983,389	33,994	2,017,383	642,948
Deferred inflows related to total OPEB liability	<u>45,695</u>	<u>757</u>	<u>46,452</u>	<u>14,876</u>
Total deferred inflows of resources	<u>2,029,084</u>	<u>34,751</u>	<u>2,063,835</u>	<u>657,824</u>
<b>Net Position</b>				
Net investment in capital assets	36,543,321	2,041,749	38,585,070	-
Restricted for:				
Employee retirement	1,924,038	32,978	1,957,016	623,708
Unrestricted	<u>10,165,358</u>	<u>77,560</u>	<u>10,242,918</u>	<u>12,653,953</u>
Total net position	<u>\$ 48,632,717</u>	<u>\$ 2,152,287</u>	50,785,004	<u>\$ 13,277,661</u>
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>1,181,992</u>	
Net position business-type activities			<u>\$ 51,966,996</u>	

See notes to financial statements

# City of Lake Forest

## Statement of Revenues, Expenses and Changes in Net Position

### Proprietary Funds

Year Ended April 30, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Waterworks and Sewerage</b>	<b>Nonmajor Enterprise Fund - Deerpath Golf Course</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating Revenues</b>				
Charges for services	\$ 9,845,800	\$ 1,822,996	\$ 11,668,796	\$ 9,987,594
Connection fees	219,227	-	219,227	-
Miscellaneous	<u>4,576</u>	<u>1,688</u>	<u>6,264</u>	<u>-</u>
Total operating revenues	<u>10,069,603</u>	<u>1,824,684</u>	<u>11,894,287</u>	<u>9,987,594</u>
<b>Operating Expenses</b>				
General and administrative	1,771,706	694,959	2,466,665	9,361,017
Operations and maintenance	2,402,363	1,169,159	3,571,522	-
Depreciation and amortization	<u>2,967,360</u>	<u>327,977</u>	<u>3,295,337</u>	<u>-</u>
Total operating expenses	<u>7,141,429</u>	<u>2,192,095</u>	<u>9,333,524</u>	<u>9,361,017</u>
Operating income (loss)	<u>2,928,174</u>	<u>(367,411)</u>	<u>2,560,763</u>	<u>626,577</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	54,316	2,441	56,757	35,635
Other	-	4,137	4,137	-
Interest expense	(305,982)	(3,729)	(309,711)	-
Paying agent fees	<u>(905)</u>	<u>(8)</u>	<u>(913)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(252,571)</u>	<u>2,841</u>	<u>(249,730)</u>	<u>35,635</u>
Income (loss) before contributions and transfers	<u>2,675,603</u>	<u>(364,570)</u>	<u>2,311,033</u>	<u>662,212</u>
<b>Contributions and Transfers</b>				
Capital contributions	-	554,466	554,466	-
Transfers in	<u>2,500</u>	<u>50,000</u>	<u>52,500</u>	<u>650,000</u>
Total contributions and transfers	<u>2,500</u>	<u>604,466</u>	<u>606,966</u>	<u>650,000</u>
Change in net position	2,678,103	239,896	2,917,999	1,312,212
<b>Net Position, Beginning</b>	<u>45,954,614</u>	<u>1,912,391</u>	<u>47,867,005</u>	<u>11,965,449</u>
<b>Net Position, Ending</b>	<u>\$ 48,632,717</u>	<u>\$ 2,152,287</u>	50,785,004	<u>\$ 13,277,661</u>
Adjustment to change in net position to reflect the consolidation of internal service funds activities related to enterprise funds			<u>37,284</u>	
Change in net position of business-type activities			<u>\$ 2,955,283</u>	

See notes to financial statements

# City of Lake Forest

Statement of Cash Flows  
Proprietary Funds  
Year Ended April 30, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Waterworks and Sewerage</b>	<b>Nonmajor Enterprise Fund - Deerpath Golf Course</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash Flows From Operating Activities</b>				
Received from customers	\$ 10,045,946	\$ 1,764,572	\$ 11,810,518	\$ 8,711,103
Paid to suppliers for goods and services	(2,373,882)	(1,272,122)	(3,646,004)	(8,997,227)
Paid to employees for services	(2,465,682)	(708,629)	(3,174,311)	(823,431)
Other revenue	<u>-</u>	<u>4,137</u>	<u>4,137</u>	<u>-</u>
Net cash flows from operating activities	<u>5,206,382</u>	<u>(212,042)</u>	<u>4,994,340</u>	<u>(1,109,555)</u>
<b>Cash Flows From Investing Activities</b>				
Investment income	<u>54,316</u>	<u>2,441</u>	<u>56,757</u>	<u>35,635</u>
Net cash flows from investing activities	<u>54,316</u>	<u>2,441</u>	<u>56,757</u>	<u>35,635</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers from (to) other funds	<u>2,500</u>	<u>50,000</u>	<u>52,500</u>	<u>650,000</u>
Net cash flows from noncapital financing activities	<u>2,500</u>	<u>50,000</u>	<u>52,500</u>	<u>650,000</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal paid	(1,782,347)	(89,600)	(1,871,947)	-
Interest paid	(513,447)	(13,284)	(526,731)	-
Acquisition and construction of capital assets	(1,176,611)	(507,138)	(1,683,749)	-
Capital contributions	-	554,466	554,466	-
Other, paying agent fees	<u>(905)</u>	<u>(8)</u>	<u>(913)</u>	<u>-</u>
Net cash flows from capital and related financing activities	<u>(3,473,310)</u>	<u>(55,564)</u>	<u>(3,528,874)</u>	<u>-</u>
Net change in cash and cash equivalents	1,789,888	(215,165)	1,574,723	(423,920)
<b>Cash and Cash Equivalents, Beginning</b>	<u>9,517,054</u>	<u>662,622</u>	<u>10,179,676</u>	<u>8,629,257</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 11,306,942</u>	<u>\$ 447,457</u>	<u>\$ 11,754,399</u>	<u>\$ 8,205,337</u>

See notes to financial statements



# City of Lake Forest

Statement of Cash Flows  
Proprietary Funds  
Year Ended April 30, 2022

## Business-Type Activities - Enterprise Funds

<u>Waterworks and Sewerage</u>	<u>Nonmajor Enterprise Fund - Deerpath Golf Course</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
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### **Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities**

Operating income (loss)	\$ 2,928,174	\$ (367,411)	\$ 2,560,763	\$ 626,577
Nonoperating revenue	-	4,137	4,137	-
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	2,967,360	327,977	3,295,337	-
Changes in assets and liabilities:				
Accounts receivable	(18,076)	(1,255)	(19,331)	(1,276,491)
Inventories	-	10,936	10,936	(82,392)
Prepaid items	-	(75,773)	(75,773)	(123,910)
Net pension asset	(1,353,584)	(23,420)	(1,377,004)	(441,796)
Deferred outflows related to pensions	(64,929)	(6,358)	(71,287)	(24,671)
Deferred outflows related to OPEB	3,315	49	3,364	1,048
Accounts payable	28,481	(38,126)	(9,645)	(63,661)
Accrued liabilities	-	-	-	48,206
Accrued salaries	27,002	1,599	28,601	-
Deferred inflows related to pensions	692,644	12,369	705,013	231,345
Deferred inflows related to OPEB	9,194	160	9,354	3,034
Deferred revenue	(5,581)	(58,857)	(64,438)	-
Compensated absences	4,382	2,087	6,469	(3,152)
Total OPEB liability	<u>(12,000)</u>	<u>(156)</u>	<u>(12,156)</u>	<u>(3,692)</u>
Net cash flows from operating activities	<u>\$ 5,206,382</u>	<u>\$ (212,042)</u>	<u>\$ 4,994,340</u>	<u>\$ (1,109,555)</u>

### **Noncash Capital and Related Financing Activities**

None

## City of Lake Forest

### Statement of Fiduciary Net Position

#### Fiduciary Funds

April 30, 2022

	Private Purpose Trust Fund	Pension Trust Funds
<b>Assets</b>		
Cash	\$ -	\$ 962,467
Money markets	33,801	242,727
Investments:		
U.S. Treasury obligations	-	7,961,878
Municipal/corporate bonds	-	5,822,089
Equity securities	389,404	-
Mutual funds	297,451	22,987,786
Real estate investment fund	-	5,072,527
Firefighters pension investment fund	-	46,304,968
Receivables:		
Interest	-	74,197
Prepaid items	-	11,968
Due from other funds	-	74,076
Total assets	<u>720,656</u>	<u>89,514,683</u>
<b>Liabilities</b>		
Accounts payable	-	26,794
Due to primary government	<u>38,713</u>	<u>-</u>
Total liabilities	<u>38,713</u>	<u>26,794</u>
<b>Net Position</b>		
Restricted for pension benefits	-	89,487,889
Restricted for other purposes	<u>681,943</u>	<u>-</u>
Total net position	<u>\$ 681,943</u>	<u>\$ 89,487,889</u>

See notes to financial statements

## City of Lake Forest

### Statement of Changes in Fiduciary Net Position

#### Fiduciary Funds

Year Ended April 30, 2022

	Private Purpose Trust Fund	Pension Trust Funds
<b>Additions</b>		
Contributions:		
Employer	\$ -	\$ 5,778,247
Employee	-	818,428
Total contributions	-	6,596,675
Investment income:		
Interest	10,249	1,178,996
Net appreciation (depreciation) in fair value of investments	(94,434)	(4,490,387)
Total Investment Income (loss)	(84,185)	(3,311,391)
Less Investment expense	-	(145,496)
Net Investment Income (loss)	(84,185)	(3,456,887)
Miscellaneous	-	100
Total additions	(84,185)	3,139,888
<b>Deductions</b>		
Pension benefits and refunds	-	6,593,092
Other administrative expenses	38,915	103,650
Total deductions	38,915	6,696,742
Change in fiduciary net position	(123,100)	(3,556,854)
<b>Net Position, Beginning</b>	805,043	93,044,743
<b>Net Position, Ending</b>	<u>\$ 681,943</u>	<u>\$ 89,487,889</u>

See notes to financial statements

# City of Lake Forest

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April 30, 2022

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## 1. Summary of Significant Accounting Policies

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

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

### Reporting Entity

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

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

### Discretely Presented Component Unit

#### Lake Forest Library

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

## **Fiduciary Component Units**

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor with approval of the City Council, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. PPERS is reported as a fiduciary component unit pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor with approval of the City Council, one pension beneficiary elected by the membership; and two fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

## **Government-Wide and Fund Financial Statements**

### **Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

### **Fund Financial Statements**

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

## City of Lake Forest

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Notes to Financial Statements  
April 30, 2022

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

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

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

The City reports the following major governmental funds:

### **General Fund**

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

### **Special Revenue Funds**

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

General Cemetery Fund is used to account for the operations of the cemetery commission. Financing is provided by the proceeds from cemetery lot sales, user charges and donations.

### **Capital Projects Fund**

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

### **Enterprise Fund**

The City reports the following major enterprise fund:

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

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

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The City reports the following nonmajor governmental and enterprise funds:

## **Special Revenue Funds**

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

- Police Restricted
- Foreign Fire Insurance Tax
- Emergency Telephone
- Parks and Public Land
- Motor Fuel Tax
- Senior Resources Commission
- Housing Trust

## **Debt Service Fund**

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

## **Capital Projects Fund**

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

- Laurel/Western Redevelopment TIF

## **Enterprise Fund**

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

- Deerpath Golf Course

In addition, the City reports the following fund types:

## **Internal Service Funds**

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

- Fleet
- Self Insurance
- Liability Insurance

## **Private-Purpose Trust Fund**

Private-Purpose Trust Fund is used to account for and report any trust arrangement not properly reported in a pension trust fund or investment trust fund under which principal and income benefit individuals, private organizations or other governments.

- Cemetery Trust



**Pension Trust Funds**

Pension Trust Funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans.

Police Pension  
Firefighters' Pension

**Measurement Focus, Basis of Accounting and Financial Statement Presentation****Government-Wide Financial Statements**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues, except for property taxes and income taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Revenues for property taxes are considered to be available if they are collected within 60 days of the end of the current fiscal year. Revenues for income taxes are considered to be available if they are collected within 120 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

## **Proprietary and Fiduciary Funds**

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks and Sewerage Fund and the Deerpath Golf Course Fund are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**

### **Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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

- Bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America;
- Bonds, notes, debentures or other similar obligations of U.S. Government or its agencies;
- Interest bearing bonds of any county, township, city, incorporated town, municipal corporation or school district and the bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank, provided the bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of both states and their political subdivisions;
- Interest bearing savings accounts, interest bearing certificates of deposit, interest bearing deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act (205 ILCS 5/1 et. seq.), provided, however, that such investments may be made in only banks which are insured by the Federal Deposit Insurance Corporation;

## City of Lake Forest

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### Notes to Financial Statements

April 30, 2022

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

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

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

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

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

## City of Lake Forest

### Notes to Financial Statements

April 30, 2022

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

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

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

Illinois Public Act 101-0610 consolidated the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required the Firefighters' Pension Funds to pool their funds for investment purposes. Thus, the investments of the Firefighters' Pension Fund were transferred to Illinois Firefighters' Pension Investment Fund during the fiscal year. The Illinois Firefighters' Pension Investment Fund is an external investment pool valued at share price, the price for which the investments could be sold.

The Police Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

<b>Asset Class</b>	<b>Target</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed income	35.00 %	1.60 %
Domestic equities	39.00	5.20
International equities	15.00	5.60
Real estate	10.00	4.90
Cash and cash equivalents	1.00	0.20

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

The long-term expected rate of return on the Police Pension Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Police Pension Fund's target asset allocation are listed in the table above.

## City of Lake Forest

Notes to Financial Statements

April 30, 2022

The Firefighters' Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

<b>Asset Class</b>	<b>Target</b>	<b>Long-Term Expected Real Rate of Return</b>
Illinois Firefighters Pension Investment Fund	100 %	4.20 %

The long-term expected rate of return on the Firefighters' Pension Fund's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Firefighters' Pension Fund's target asset allocation are listed in the table above.

### Interest Rate Risk

Although the City and Cemetery Fund's investment policy does not specifically limit the length of maturity of investments, it requires that the City and Cemetery Funds 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.

### Credit Risk

The City's investment policy limits the City's exposure to credit risk by limiting investments to the safest types as described above.

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

### Concentration of Credit Risk

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.

### Custodial Credit Risk, Deposits

The City's investment policy requires that deposits that exceed the amount insured by FDIC, NCUA and/or SPIC insurance should 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.

**Custodial Credit Risk, Investments**

The investment policies for the City, Cemetery and Police Pension Fund require investment securities be held by an authorized custodial bank pursuant to a written custodial agreement.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

See Note 3 for further information.

**Receivables**

Property taxes for levy year 2021 attaches as an enforceable lien on January 1, 2021, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2022 tax levy, which attached as an enforceable lien on the property as of January 1, 2022, has not been recorded as a receivable as of April 30, 2022, as the tax has not yet been levied by the City and will not be levied until December 2022 and therefore, the levy is not measurable at April 30, 2022.

Tax bills for levy year 2021 are prepared by Lake County and issued on or about May, 2022 and are payable in two installments, on or about June 1, 2022 and September 1, 2022 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2021 property tax levy is recognized as a receivable and deferred inflows in fiscal 2022, net the 1.5% allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At April 30, 2022, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2021 levy.

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

**Inventories and Prepaid Items**

Inventories are recorded at cost and are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## Capital Assets

### Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

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

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

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

### Fund Financial Statements

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

### Deferred Outflows of Resources

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

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

## Compensated Absences

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

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

## Long-Term Obligations

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

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

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

## Deferred Inflows of Resources

A deferred inflow of resources represent an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

## Equity Classifications

### Government-Wide Statements

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

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.



## Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent is expressed by: a) The City Council itself; or b) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes. Annually, the City Council approves the fiscal policy which delegates this authority to the City's Finance Director. Within the other governmental fund types (special revenue, debt service, capital projects) resources are assigned in accordance with the established fund purpose and approved budget/appropriation. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

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

See Note 3 for further information.

Fiduciary fund net position is classified as restricted for pension benefits and other purposes on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income and the City believes it is in compliance with all significant restrictions.

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### 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 adopted budgets which are generally in accordance with GAAP.

#### Excess Expenditures Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Self Insurance	\$ 6,367,900	\$ 6,475,190	\$ 107,290
Police Pension	3,529,869	3,559,221	29,352

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### 3. Detailed Notes on All Funds

#### Deposits and Investments

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 82,608,924	\$ 83,068,516	Custodial Credit Risk, Deposits
Mutual funds, other than bonds	24,534,188	24,534,188	N/A
U.S. treasury obligations	7,961,878	7,961,878	Custodial Credit Risk, Investments, Interest Rate Risk
Real estate investment fund	5,072,527	5,072,527	Custodial Credit Risk, Investments Credit Risk, Custodial Credit Risk, Investments, Concentration of Credit Risk, Interest Rate Risk
Municipal/corporate bonds	5,822,089	5,822,089	Credit Risk
Firefighters' investment pension fund	46,304,968	46,304,968	Credit Risk
Illinois funds	12,667,356	12,667,356	Credit Risk Custodial Credit Risk, Investments, Foreign Currency Risk
Equity securities	5,776,442	5,776,442	Credit Risk, Interest Rate Risk
Mutual funds, bond funds	2,422,593	2,422,594	Risk
Petty cash	<u>11,325</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$193,182,290</u>	<u>\$193,630,558</u>	

## City of Lake Forest

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Notes to Financial Statements  
April 30, 2022

### Reconciliation to financial statements

#### Per statement of net position:

Cash and cash equivalents, primary government	\$ 86,855,499
Investments, primary government	9,058,582
Cash and cash equivalents, Lake Forest Library	7,193,111

#### Per statement of net position, fiduciary funds:

Private Purpose Trust, money markets	33,801
Private Purpose Trust, equity securities	389,404
Private Purpose Trust, mutual funds	297,451
Pension Trusts, cash	962,467
Pension Trusts, money markets	242,727
Pension Trusts, U.S. treasury obligations	7,961,878
Pension Trusts, Firefighters' pension investment fund	46,304,968
Pension Trusts, Municipal/corporate bonds	5,822,089
Pension Trusts, mutual funds	22,987,786
Pension Trusts, real estate investment fund	<u>5,072,527</u>

Total deposits and investments \$193,182,290

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# City of Lake Forest

Notes to Financial Statements

April 30, 2022

The valuation methods for recurring fair value measurements are as follows:

- For Level 2 inputs, the City utilizes investments valued by a pricing service that uses matrix pricing. A Level 2 input would be a price or yield of a similar investment.
- The Police Pension Fund holds an investment in a real estate investment fund that is measured at the net asset value per share (or its equivalent). The fair value of this investment is \$5,072,527 with no unfunded commitments. The investment is in one real-estate fund which invests in high quality, well-leased real estate properties in multifamily, industrial, office, retail and hotel sectors. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent).
- The Firefighters' Pension Fund's investment in the Illinois Firefighters' Pension Investment Fund is measured at the net asset value.

## City

Investment Type	April 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 5,387,038	\$ -	\$ -	\$ 5,387,038
Mutual funds, bond funds	2,253,127	-	-	2,253,127
Mutual funds, other than bond funds	1,418,417	-	-	1,418,417
Total	<u>\$ 9,058,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,058,582</u>

## Private Purpose Trust

Investment Type	April 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity securities	\$ 389,404	\$ -	\$ -	\$ 389,404
Mutual funds, bond funds	169,466	-	-	169,466
Mutual funds, other than bond funds	127,985	-	-	127,985
Total	<u>\$ 686,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,855</u>

## Police Pension Fund

Investment Type	April 30, 2022			
	Level 1	Level 2	Level 3	Total
U.S. treasury obligations	\$ 7,961,878	\$ -	\$ -	\$ 7,961,878
Mutual funds, other than bond funds	22,987,786	-	-	22,987,786
Municipal/corporate bonds	-	5,822,089	-	5,822,089
Total	<u>\$ 30,949,664</u>	<u>\$ 5,822,089</u>	<u>\$ -</u>	<u>\$ 36,771,753</u>

## Custodial Credit Risk

### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

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

### Investments

For an investment, 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 an outside party.

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

### Credit Risk

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

As of April 30, 2022, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>	<u>Moody's Investors Services</u>
Illinois funds	AAAm	Not rated
U.S. government agencies - implicitly guaranteed		
Municipal/corporate bonds	BBB- to AAA	Baa3 to Aaa
Mutual funds, bond funds	Not rated	Not rated
Illinois Firefighters Pension Investment Fund	Not rated	Not rated

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of April 30, 2022, the City's investments in mutual funds - bond funds were due in less than one year and the Police Pension Fund investments were as follows:

### Police Pension Fund

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>		
		<u>Less Than One Year</u>	<u>1 - 5 Years</u>	<u>6-10 Years</u>
U.S. treasury obligations	\$ 7,961,878	\$ 197,446	\$ 5,531,768	\$ 2,232,664
Municipal/Corporate bonds	<u>5,822,089</u>	<u>-</u>	<u>3,096,608</u>	<u>2,725,481</u>
Total	<u>\$ 13,783,967</u>	<u>\$ 197,446</u>	<u>\$ 8,628,376</u>	<u>\$ 4,958,145</u>

### Money-Weighted Rate of Return

#### Police Pension Fund

For the year ended April 30, 2022, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was (1.89)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Firefighters' Pension Fund

For the year ended April 30, 2022, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was (5.19)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

### Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report unearned revenue to defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<b>Unearned</b>
Vehicle licenses for subsequent year	\$ 1,018,258
Coronavirus Local Fiscal Recovery Funds	1,331,775
Recreation fees	623,513
Parking ticket fees	309,171
Miscellaneous	<u>595,030</u>
Total unearned/unavailable revenue for governmental funds	<u><u>\$ 3,877,747</u></u>

### Capital Assets

Capital asset activity for the year ended April 30, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land and land improvements	\$ 40,599,439	\$ 2,308,361	\$ -	\$ 42,907,800
Infrastructure - land	66,740,770	-	-	66,740,770
Construction in progress	<u>135,800</u>	<u>-</u>	<u>116,240</u>	<u>19,560</u>
Total capital assets not being depreciated	<u>107,476,009</u>	<u>2,308,361</u>	<u>116,240</u>	<u>109,668,130</u>
Capital assets being depreciated:				
Infrastructure	188,294,958	-	-	188,294,958
Buildings	30,002,059	574,600	-	30,576,659
Improvements other than buildings	35,079,673	193,678	-	35,273,351
Machinery and equipment	<u>20,178,154</u>	<u>1,174,015</u>	<u>47,112</u>	<u>21,305,057</u>
Total capital assets being depreciated	<u>273,554,844</u>	<u>1,942,293</u>	<u>47,112</u>	<u>275,450,025</u>
Total capital assets	<u>381,030,853</u>	<u>4,250,654</u>	<u>163,352</u>	<u>385,118,155</u>

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Less accumulated depreciation for:				
Infrastructure	\$ (137,361,250)	\$ (2,347,856)	\$ -	\$ (139,709,106)
Buildings	(13,695,400)	(665,411)	-	(14,360,811)
Improvements other than buildings	(20,863,069)	(1,192,366)	-	(22,055,435)
Machinery and equipment	(15,945,189)	(1,056,583)	47,112	(16,954,660)
Total accumulated depreciation	(187,864,908)	(5,262,216)	47,112	(193,080,012)
Net capital assets being depreciated	85,689,936	(3,319,923)	-	82,370,013
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 193,165,945</u>	<u>\$ (1,011,562)</u>	<u>\$ 116,240</u>	<u>\$ 192,038,143</u>

Depreciation expense was charged to functions as follows:

## Governmental Activities

General Government	\$ 1,305,735
Highways and streets	2,497,115
Sanitation	120,864
Culture and recreation	973,606
Public safety	<u>364,896</u>

Total governmental activities depreciation expense \$ 5,262,216

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 441,413	\$ 302,236	\$ -	\$ 743,649
Construction in progress	-	874,375	-	874,375
Total capital assets not being depreciated	441,413	1,176,611	-	1,618,024
Capital assets being depreciated:				
Buildings	27,020,235	-	-	27,020,235
Improvements other than buildings	57,920,654	460,804	-	58,381,458
Machinery and equipment	5,593,614	46,334	-	5,639,948
Sanitary sewers and related property	31,057,754	-	-	31,057,754
Total capital assets being depreciated	121,592,257	507,138	-	122,099,395
Total capital assets	122,033,670	1,683,749	-	123,717,419
Less accumulated depreciation for:				
Buildings	(18,613,134)	(1,003,574)	-	(19,616,708)
Improvements other than buildings	(26,849,355)	(1,430,368)	-	(28,279,723)
Machinery and equipment	(4,192,669)	(338,719)	-	(4,531,388)
Sanitary sewers and related property	(19,480,303)	(522,676)	-	(20,002,979)
Total accumulated depreciation	(69,135,461)	(3,295,337)	-	(72,430,798)
Net capital assets being depreciated	52,456,796	(2,788,199)	-	49,668,597
Business-type capital assets, net of accumulated depreciation	<u>\$ 52,898,209</u>	<u>\$ (1,611,588)</u>	<u>\$ -</u>	<u>\$ 51,286,621</u>



# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

## Component Unit

Capital assets not being depreciated:

Land	\$ 70,000	\$ -	\$ -	\$ 70,000
Art	<u>168,500</u>	<u>-</u>	<u>-</u>	<u>168,500</u>

Total capital assets not being depreciated

<u>238,500</u>	<u>-</u>	<u>-</u>	<u>238,500</u>
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Capital assets being depreciated:

Buildings	1,180,907	-	-	1,180,907
Improvements other than buildings	2,271,093	-	2	2,271,091
Machinery and equipment	<u>3,821,804</u>	<u>290,089</u>	<u>355,403</u>	<u>3,756,490</u>

Total capital assets being depreciated

<u>7,273,804</u>	<u>290,089</u>	<u>355,405</u>	<u>7,208,488</u>
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Total capital assets

<u>7,512,304</u>	<u>290,089</u>	<u>355,405</u>	<u>7,446,988</u>
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Less accumulated depreciation for:

Buildings	(786,642)	(19,713)	-	(806,355)
Improvements other than buildings	(1,670,056)	(63,615)	-	(1,733,671)
Machinery and equipment	<u>(2,371,073)</u>	<u>(341,312)</u>	<u>355,405</u>	<u>(2,356,980)</u>

Total accumulated depreciation

<u>(4,827,771)</u>	<u>(424,640)</u>	<u>355,405</u>	<u>(4,897,006)</u>
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Net capital assets being depreciated

<u>2,446,033</u>	<u>(134,551)</u>	<u>-</u>	<u>2,311,482</u>
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Total component units capital assets, net of accumulated depreciation

<u>\$ 2,684,533</u>	<u>\$ (134,551)</u>	<u>\$ -</u>	<u>\$ 2,549,982</u>
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## Interfund Receivables/Payables and Transfers

### Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Parks and Recreation	Deerpath Golf Course	\$ <u>125,000</u>
Total, fund financial statements		125,000
Less interfund receivables created with internal service fund eliminations		<u>(1,181,992)</u>
Total internal balances, government-wide statement of net position		<u>\$ (1,056,992)</u>

All amounts are due within one year.

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

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

## Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Parks and Recreation	General	\$ 23,500	Funding for budgeted salary amounts
Nonmajor enterprise	Parks and Recreation	50,000	Funding for debt service payment
Water and Sewer	General	2,500	Funding for budgeted salary amounts
Internal service	General	650,000	Transfer to restore reserves
Nonmajor government	General	756,481	Funding for debt service payment
Nonmajor government	Nonmajor government	361,313	Funding for debt service payment
			Funding for projects relating to the purposes of the Housing Trust as well as Parks and Public Land funds
Nonmajor government	General	1,000,000	Funding for capital outlay projects
Capital Improvement	General	3,650,000	Transfer for capital outlay
Capital Improvement	Nonmajor government	500,000	Funding for debt service payment
Capital Improvement	Nonmajor government	<u>500,000</u>	
Total, fund financial statements		7,493,794	
Less government-wide eliminations		<u>(7,441,294)</u>	
Total transfers, government-wide statement of activities		<u>\$ 52,500</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

## Long-Term Obligations

Long-term obligations activity for the year ended April 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 27,631,868	\$ 7,590,000	\$ 10,029,665	\$ 25,192,203	\$ 2,192,956
Premiums	<u>707,380</u>	<u>511,784</u>	<u>184,123</u>	<u>1,035,041</u>	<u>-</u>
Total bonds and notes payable	<u>28,339,248</u>	<u>8,101,784</u>	<u>10,213,788</u>	<u>26,227,244</u>	<u>2,192,956</u>
Other liabilities:					
Compensated absences	2,167,764	2,776,519	2,806,205	2,138,078	175,000
Total OPEB liability	<u>2,058,647</u>	<u>200,429</u>	<u>309,237</u>	<u>1,949,839</u>	<u>-</u>
Net pension liability	<u>44,127,517</u>	<u>11,489,279</u>	<u>2,984,406</u>	<u>52,632,390</u>	<u>-</u>
Total other liabilities	<u>48,353,928</u>	<u>14,466,227</u>	<u>6,099,848</u>	<u>56,720,307</u>	<u>175,000</u>
Total governmental activities long-term liabilities	<u>\$ 76,693,176</u>	<u>\$ 22,568,011</u>	<u>\$ 16,313,636</u>	<u>\$ 82,947,551</u>	<u>\$ 2,367,956</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 14,414,565	\$ -	\$ 1,871,947	\$ 12,542,618	\$ 1,976,252
Premium	<u>341,465</u>	<u>-</u>	<u>182,318</u>	<u>159,147</u>	<u>-</u>
Total bonds and notes payable	<u>14,756,030</u>	<u>-</u>	<u>2,054,265</u>	<u>12,701,765</u>	<u>1,976,252</u>
Other liabilities:					
Compensated absences	267,604	283,694	277,225	274,073	5,000
Total OPEB liability	<u>193,556</u>	<u>18,647</u>	<u>30,803</u>	<u>181,400</u>	<u>-</u>
Total other liabilities	<u>461,160</u>	<u>302,341</u>	<u>308,028</u>	<u>455,473</u>	<u>5,000</u>
Total business-type activities long-term liabilities	<u>\$ 15,217,190</u>	<u>\$ 302,341</u>	<u>\$ 2,362,293</u>	<u>\$ 13,157,238</u>	<u>\$ 1,981,252</u>
<b>Component Unit</b>					
Other liabilities:					
Compensated absences	\$ 108,922	\$ 128,676	\$ 138,571	\$ 99,027	\$ 5,000
Capital leases	<u>48,065</u>	<u>-</u>	<u>34,756</u>	<u>13,309</u>	<u>13,309</u>
Total OPEB liability	<u>159,877</u>	<u>5,693</u>	<u>36,077</u>	<u>129,493</u>	<u>-</u>
Total other liabilities	<u>316,864</u>	<u>134,369</u>	<u>209,404</u>	<u>241,829</u>	<u>18,309</u>
Total component units long-term liabilities	<u>\$ 316,864</u>	<u>\$ 134,369</u>	<u>\$ 209,404</u>	<u>\$ 241,829</u>	<u>\$ 18,309</u>

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies accumulated by the Debt Service Fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

#### Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2022</u>
Special Service Area 25	5/1/2003	12/15/2022	1.95-2.95%	\$ 1,050,000	\$ 75,000
Special Service Area 26	10/7/2003	12/15/2022	2.50-3.40%	276,500	20,701
Special Service Area 29	12/20/2004	12/15/2023	2.55-3.65%	2,000,000	294,120
2015 Series	8/3/2015	12/15/2036	2.50-3.75%	9,780,000	8,420,000
2019 Series Refunding	12/19/2019	12/15/2032	2.00-5.00%	10,751,022	8,792,382
2021 Series Refunding	9/15/2021	12/15/2032	2.00%	7,590,000	<u>7,590,000</u>

Total governmental activities, general obligation debt \$ 25,192,203

#### Business-Type Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance April 30, 2022</u>
2017 Series	6/5/2017	12/15/2037	2.00-3.50%	\$ 9,295,000	\$ 9,295,000
2019 Series Refunding	12/15/2019	12/15/2032	2.00-5.00%	6,913,978	<u>3,247,618</u>

Total business-type activities, general obligation debt \$ 12,542,618

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,192,956	\$ 769,116	\$ 1,976,252	\$ 433,540
2024	2,209,247	650,841	1,786,366	334,721
2025	1,615,000	569,363	525,000	260,853
2026	1,680,000	516,238	535,000	247,728
2027	1,720,000	460,813	550,000	234,352
2028-2032	10,790,000	1,558,887	2,975,000	948,442
2033-2037	4,985,000	314,787	3,435,000	479,087
2038	-	-	760,000	26,600
Total	<u>\$ 25,192,203</u>	<u>\$ 4,840,045</u>	<u>\$ 12,542,618</u>	<u>\$ 2,965,323</u>

### Other Debt Information

Estimated payments of compensated absences, total OPEB liability and net pension liability are not included in the debt service requirement schedules. The 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. Total OPEB liability and the Police and Firefighters' net pension liability attributable to governmental activities will be liquidated primarily by the General Fund.

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Current Refunding

On September 15, 2021, the City issued \$7,590,000 in general obligation bonds with an average coupon rate of 2.00% to refund \$8,020,000 of outstanding bonds with an average coupon rate of 3.87%.

The cash flow requirements on the refunded debt prior to the current refunding was \$10,248,400 from 2022 through 2032. The cash flow requirements on the 2021 refunding bonds are \$8,614,250 from 2022 through 2032. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,480,390.

### Lease Disclosures

#### Lessee, Capital Leases

In 2020, the library acquired capital assets through a lease/purchase agreement. The gross amount of these assets under capital leases is \$105,225, which are included in capital assets in the discretely presented component unit activities. The future minimum lease obligations and the net present value on these minimum lease payments as of April 30, 2022, are as follows:

<u>Years</u>	<u>Component Unit</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,309	\$ 30	\$ 13,339
Total	<u>\$ 13,309</u>	<u>\$ 30</u>	<u>\$ 13,339</u>

### Net Position/Fund Balances

Net position reported on the government-wide statement of net position at April 30, 2022, includes the following:

#### Governmental Activities

Net investment in capital assets:

Capital assets not being depreciated	\$ 109,668,130
Capital assets being depreciated, net of accumulated depreciation	82,370,013
Less long-term debt outstanding	(25,192,203)
Less unamortized debt premium	(1,035,041)
Plus unamortized deferred charge	<u>151</u>

Total net investment in capital assets \$ 165,811,050

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

## Governmental Funds

Governmental fund balances reported on the fund financial statements at April 30, 2022, include the following:

	<u>General Fund</u>	<u>Parks and Recreation Fund</u>	<u>Capital Improvements Fund</u>	<u>General Cemetery Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Fund Balances</b>						
<b>Nonspendable:</b>						
Inventories	\$ 91,038	\$ -	\$ -	\$ -	\$ -	\$ 91,038
Subtotal	<u>91,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,038</u>
<b>Restricted for:</b>						
Culture and recreation	-	1,881,221	-	-	2,497,386	4,378,607
Highway and streets	-	-	-	-	2,395,746	2,395,746
Public safety, fire	-	-	-	-	215,927	215,927
Public safety, police	-	-	-	-	1,416,951	1,416,951
Cemetery perpetual care	-	-	-	10,643,506	-	10,643,506
Affordable housing	-	-	-	-	2,183,485	2,183,485
Capital projects	-	-	22,340,775	-	5,999	22,346,774
Debt service	-	-	-	-	1,594,460	1,594,460
Subtotal	<u>-</u>	<u>1,881,221</u>	<u>22,340,775</u>	<u>10,643,506</u>	<u>10,309,954</u>	<u>45,175,456</u>
<b>Unassigned:</b>	<u>28,872,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,872,687</u>
Total fund balances	<u>\$ 28,963,725</u>	<u>\$ 1,881,221</u>	<u>\$ 22,340,775</u>	<u>\$ 10,643,506</u>	<u>\$ 10,309,954</u>	<u>\$ 74,139,181</u>

## Business-Type Activities

Net investment in capital assets:

Capital assets not being depreciated	\$ 1,618,024
Capital assets being depreciated, net of accumulated depreciation	49,668,597
Less Long-term debt outstanding	(12,542,618)
Less unamortized debt premium	(159,147)
Plus unamortized deferred charge	<u>214</u>

Total net investment in capital assets \$ 38,585,070

## 4. Other Information

### Employees' Retirement System

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. This report is also available for download at [www.imrf.org](http://www.imrf.org).

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

For the year ended April 30, 2022, the City recognized the following balances in the government-wide financial statements:

	<b>Total Pension Liability</b>	<b>Net Pension Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Pension Expense</b>
IMRF	\$ 107,135,715	\$ -	\$ 1,810,007	\$ 15,258,500	\$ (4,210,324)
Police Pension Plan	75,529,445	32,917,571	2,906,127	819,757	3,917,352
Firefighters' Pension Plan	<u>66,590,834</u>	<u>19,714,819</u>	<u>3,780,084</u>	<u>-</u>	<u>2,709,565</u>
Total	<u>\$249,255,994</u>	<u>\$ 52,632,390</u>	<u>\$ 8,496,218</u>	<u>\$ 16,078,257</u>	<u>\$ 2,416,593</u>

### Illinois Municipal Retirement Fund

#### Plan Description

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3% for each year thereafter to a maximum of 75% of their final rate of earnings.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate of earnings for the first 15 years of service credit, plus 2% for each year of service after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Under the employer number within IMRF, both the City and Library contribute to the plan. As a result, IMRF is considered to be an agent multiple-employer plan through which cost-sharing occurs between the City and Library.

#### Plan Membership

At December 31, 2021, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	306
Inactive, nonretired members	191
Active members	<u>191</u>
Total	<u><u>688</u></u>

**Contributions**

As set by statute, City and Library employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the City and Library to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City and Library's actuarially determined contribution rate for calendar year 2021 was 11.66% of annual covered payroll for IMRF. The City and Library also contribute for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability/(Asset)**

The net pension liability/(asset) was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

**Summary of Significant Accounting Policies**

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Actuarial Assumptions**

The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2021 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Salary increases	2.85% to 13.75%, including inflation
Price inflation	2.25%

**Mortality**

For nondisabled retirees, the Pub-2010, Amount-Weighted, below median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below median income, General, Disabled Retiree, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below median income, General, Employee, Male and Female (both unadjusted) tables and future mortality improvements projected using scale MP-2020.



## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	39.00 %	5.85 %	4.50 %
International equities	15.00	7.40	5.75
Fixed income	25.00	2.10	2.00
Real estate	10.00	6.80	5.90
Alternatives	10.00		
Private equity		11.45	8.10
Hedge funds		-	-
Commodities		5.50	4.30
Cash equivalents	1.00	1.70	1.70

### Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2020 measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City and Library contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

### Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the City and Library calculated using the discount rate of 7.25% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<b>City:</b>			
Total pension liability	\$ 119,155,018	\$ 107,135,715	\$ 97,477,155
Plan fiduciary net position	121,937,634	121,937,634	121,937,634
Net pension liability/(asset)	<u>\$ (2,782,616)</u>	<u>\$ (14,801,919)</u>	<u>\$ (24,460,479)</u>

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<b>Library:</b>			
Total pension liability	\$ 15,238,872	\$ 13,701,711	\$ 12,466,466
Plan fiduciary net position	<u>15,179,647</u>	<u>15,179,647</u>	<u>15,179,647</u>
Net pension liability/(asset)	<u>\$ 59,225</u>	<u>\$ (1,477,936)</u>	<u>\$ (2,713,181)</u>
<b>Total:</b>			
Total pension liability	\$ 134,393,890	\$ 120,837,426	\$ 109,943,621
Plan fiduciary net position	<u>137,117,281</u>	<u>137,117,281</u>	<u>137,117,281</u>
Net pension liability/(asset)	<u>\$ (2,723,391)</u>	<u>\$ (16,279,855)</u>	<u>\$ (27,173,660)</u>

## Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2021 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a) - (b)</u>
<b>City:</b>			
Balances at December 31, 2020	\$ 102,234,444	\$ 106,588,373	\$ (4,353,929)
Service cost	1,192,260	-	1,192,260
Interest on total pension liability	7,443,020	-	7,443,020
Differences between expected and actual experience of the total pension liability	2,050,858	-	2,050,858
Change of assumptions	(14,992)	-	(14,992)
Benefit payments, including refunds of employee contributions	(5,769,875)	(5,769,875)	-
Contributions, employer	-	1,553,376	(1,553,376)
Contributions, employee	-	645,521	(645,521)
Net investment income	-	18,659,240	(18,659,240)
Other (net transfer)	-	260,999	(260,999)
Balances at December 31, 2021	<u>\$ 107,135,715</u>	<u>\$ 121,937,634</u>	<u>\$ (14,801,919)</u>

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
<b>Library:</b>			
Balances at December 31, 2020	\$ 13,195,841	\$ 13,647,060	\$ (451,219)
Service cost	119,044	-	119,044
Interest on total pension liability	743,169	-	743,169
Differences between expected and actual experience of the total pension liability	204,773	-	204,773
Change of assumptions	14,992	-	14,992
Benefit payments, including refunds of employee contributions	(576,108)	(576,108)	-
Contributions, employer	-	155,101	(155,101)
Contributions, employee	-	64,454	(64,454)
Net investment income	-	1,863,080	(1,863,080)
Other (net transfer)	-	26,060	(26,060)
Balances at December 31, 2021	<u>\$ 13,701,711</u>	<u>\$ 15,179,647</u>	<u>\$ (1,477,936)</u>
<b>Total:</b>			
Balances at December 31, 2020	\$ 115,430,285	\$ 120,235,433	\$ (4,805,148)
Service cost	1,311,304	-	1,311,304
Interest on total pension liability	8,186,189	-	8,186,189
Differences between expected and actual experience of the total pension liability	2,255,631	-	2,255,631
Benefit payments, including refunds of employee contributions	(6,345,983)	(6,345,983)	-
Contributions, employer	-	1,708,477	(1,708,477)
Contributions, employee	-	709,975	(709,975)
Net investment income	-	20,522,320	(20,522,320)
Other (net transfer)	-	287,059	(287,059)
Balances at December 31, 2021	<u>\$ 120,837,426</u>	<u>\$ 137,117,281</u>	<u>\$ (16,279,855)</u>
Plan fiduciary net position as a percentage of the total pension liability			113.47 %

## Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City and Library recognized pension expense of \$(4,210,324) and \$(420,391), respectively. The City and Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>City:</b>		
Difference between expected and actual experience	\$ 1,402,201	\$ 284,299
Assumption changes	-	290,481
Net difference between projected and actual earnings on pension plan investments	-	14,683,720
Contributions subsequent to the measurement date	<u>407,806</u>	<u>-</u>
Total	<u>\$ 1,810,007</u>	<u>\$ 15,258,500</u>

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Library:</b>		
Difference between expected and actual experience	\$ 156,657	\$ 28,387
Assumption changes	-	29,004
Net difference between projected and actual earnings on pension plan investments	-	1,466,135
Contributions subsequent to the measurement date	<u>45,561</u>	<u>-</u>
Total	<u>\$ 202,218</u>	<u>\$ 1,523,526</u>
<b>Total:</b>		
Difference between expected and actual experience	\$ 1,558,858	\$ 312,686
Assumption changes	-	319,485
Net difference between projected and actual earnings on pension plan investments	-	16,149,855
Contributions subsequent to the measurement date	<u>453,367</u>	<u>-</u>
Total	<u>\$ 2,012,225</u>	<u>\$ 16,782,026</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending April 30, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to pensions is \$(15,223,168) and will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2022	\$ (3,029,026)	\$ (298,801)	\$ (3,327,827)
2023	(5,032,037)	(496,391)	(5,528,428)
2024	(3,622,159)	(357,312)	(3,979,471)
2025	<u>(2,173,077)</u>	<u>(214,365)</u>	<u>(2,387,442)</u>
Total	<u>\$ (13,856,299)</u>	<u>\$ (1,366,869)</u>	<u>\$ (15,223,168)</u>

## Police Pension

### Plan Description

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

## City of Lake Forest

Notes to Financial Statements

April 30, 2022

*Tier 1* - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

### Plan Membership

At April 30, 2022, the Police Pension membership consisted of:

Retirees and beneficiaries	45
Inactive, nonretired members	10
Active members	<u>40</u>
Total	<u><u>95</u></u>

### Contributions

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2041. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2022 was 74.64% of annual covered payroll.

### Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of April 30, 2022 and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

**Summary of Significant Accounting Policies**

The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed as of April 30, 2022 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Actuarial assumptions	
Interest rate	6.50%
Inflation	2.50%
Projected salary increases	Service Based
Cost-of-living adjustments	Tier 1: 3.00% Tier 2: 1.25%

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality Table with generational improvement Scale MP-2020. Ten percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated March 4, 2022.

**Discount Rate**

The discount rate used to measure the total pension liability for the Police Pension Plan was 6.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## City of Lake Forest

Notes to Financial Statements  
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### Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.50% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total pension liability	\$ 86,527,885	\$ 75,529,445	\$ 66,607,183
Plan fiduciary net position	<u>42,611,874</u>	<u>42,611,874</u>	<u>42,611,874</u>
Net pension liability	<u><u>\$ 43,916,011</u></u>	<u><u>\$ 32,917,571</u></u>	<u><u>\$ 23,995,309</u></u>

### Changes in Net Pension Liability/(Asset)

The City's changes in net pension liability/(asset) for the year ended April 30, 2022 was as follows:

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/Asset (a) - (b)</b>
Balances at April 30, 2021	\$ 73,432,245	\$ 43,199,932	\$ 30,232,313
Service cost	948,636	-	948,636
Interest on total pension liability	4,721,027	-	4,721,027
Differences between expected and actual experience of the total pension liability	(360,851)	-	(360,851)
Change of assumptions	287,776	-	287,776
Benefit payments, including refunds of employee contributions	(3,499,388)	(3,499,388)	-
Contributions, employer	-	3,379,444	(3,379,444)
Contributions, employee	-	474,816	(474,816)
Net investment income	-	(888,628)	888,628
Administration	-	(54,302)	54,302
Balances at April 30, 2022	<u><u>\$ 75,529,445</u></u>	<u><u>\$ 42,611,874</u></u>	<u><u>\$ 32,917,571</u></u>
Plan fiduciary net position as a percentage of the total pension liability			56.42 %

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized pension expense of \$3,917,352. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,025,804	\$ 819,757
Assumption changes	1,872,242	-
Net difference between projected and actual earnings on pension plan investments	8,081	-
Total	<u>\$ 2,906,127</u>	<u>\$ 819,757</u>

The amounts reported as deferred outflows and inflows of resources related to pensions is \$2,086,370 and will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2023	\$ 1,491,525
2024	241,270
2025	(363,345)
2026	729,101
2027	(12,181)
Total	<u>\$ 2,086,370</u>

### Firefighters' Pension

#### Plan Description

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.



## City of Lake Forest

Notes to Financial Statements

April 30, 2022

*Tier 1* - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

### Plan Membership

At April 30, 2022, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	46
Inactive, nonretired members	2
Active members	<u>33</u>
Total	<u><u>81</u></u>

### Contributions

Participants contribute a fixed percentage of their base salary to the plans. At April 30, 2022, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending April 30, 2022 was 68.08% of annual covered payroll.

### Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of April 30, 2022 and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

**Summary of Significant Accounting Policies**

The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation performed as of April 30, 2022 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age
Asset valuation method	5-year average Fair Value
Actuarial assumptions	
Interest rate	6.50%
Inflation	2.50%
Projected salary increases	Service based
Cost-of-living adjustments	Tier 1: 3.00% Tier 2: 1.25%

Mortality rates for active lives, inactive lives, survivor lives and disabled lives were based on the PubS-2010 Employee Mortality Table with generational improvement Scale MP-2020. Twenty percent of active deaths are assumed to be in the line of duty. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated December 1, 2021.

**Discount Rate**

The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 6.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# City of Lake Forest

Notes to Financial Statements  
April 30, 2022

## Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.50% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 76,088,830	\$ 66,590,834	\$ 58,864,655
Plan fiduciary net position	<u>46,876,015</u>	<u>46,876,015</u>	<u>46,876,015</u>
Net pension liability	<u>\$ 29,212,815</u>	<u>\$ 19,714,819</u>	<u>\$ 11,988,640</u>

## Changes in Net Pension Liability/(Asset)

The City's changes in net pension liability/(asset) for the year ended April 30, 2022 was as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/Asset (a) - (b)</u>
Balances at April 30, 2021	\$ 63,740,015	\$ 49,844,811	\$ 13,895,204
Service cost	1,006,247	-	1,006,247
Interest on total pension liability	4,107,962	-	4,107,962
Differences between expected and actual experience of the total pension liability	150,101	-	150,101
Change of assumptions	680,212	-	680,212
Benefit payments, including refunds of employee contributions	(3,093,703)	(3,093,703)	-
Contributions, employer	-	2,398,803	(2,398,803)
Contributions, employee	-	343,611	(343,611)
Net investment income	-	(2,576,122)	2,576,122
Administration	-	(41,385)	41,385
Balances at April 30, 2022	<u>\$ 66,590,834</u>	<u>\$ 46,876,015</u>	<u>\$ 19,714,819</u>

Plan fiduciary net position as a percentage of  
the total pension liability 70.39 %

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized pension expense of \$2,709,565. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,003,186	\$ -
Assumption changes	2,551,030	-
Net difference between projected and actual earnings on pension plan investments	<u>225,868</u>	<u>-</u>
Total	<u>\$ 3,780,084</u>	<u>\$ -</u>

The amounts reported as deferred outflows and inflows of resources related to pensions is \$3,780,084 and will be recognized in pension expense as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2023	\$ 959,694
2024	1,033,371
2025	168,065
2026	1,480,572
2027	<u>138,382</u>
Total	<u>\$ 3,780,084</u>

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Pension Segment Information

#### Fiduciary Net Position

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>Assets</b>			
Cash	\$ 413,924	\$ 548,543	\$ 962,467
Money markets	242,727	-	242,727
Investments:			
U.S. treasury obligations	7,961,878	-	7,961,878
Municipal/corporate bonds	5,822,089	-	5,822,089
Mutual funds	22,987,786	-	22,987,786
Real estate investment fund	5,072,527	-	5,072,527
Firefighters pension investment fund	-	46,304,968	46,304,968
Receivables			
Interest	74,197	-	74,197
Prepaid items	7,630	4,338	11,968
Due from primary government	47,235	26,841	74,076
Total assets	<u>42,629,993</u>	<u>46,884,690</u>	<u>89,514,683</u>
<b>Liabilities</b>			
Accounts payable	<u>18,119</u>	<u>8,675</u>	<u>26,794</u>
Total liabilities	<u>18,119</u>	<u>8,675</u>	<u>26,794</u>
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 42,611,874</u>	<u>\$ 46,876,015</u>	<u>\$ 89,487,889</u>

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Changes in Plan Net Position

	<b>Pension Trust</b>		
	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 3,379,444	\$ 2,398,803	\$ 5,778,247
Employee	<u>474,817</u>	<u>343,611</u>	<u>818,428</u>
Total contributions	<u>3,854,261</u>	<u>2,742,414</u>	<u>6,596,675</u>
Investment income:			
Interest	706,565	472,431	1,178,996
Net appreciation in fair value of investments	<u>(1,500,952)</u>	<u>(2,989,435)</u>	<u>(4,490,387)</u>
Total investment income	(794,387)	(2,517,004)	(3,311,391)
Less investment expense	<u>(88,811)</u>	<u>(56,685)</u>	<u>(145,496)</u>
Net investment income	(883,198)	(2,573,689)	(3,456,887)
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>
Total additions	<u>2,971,163</u>	<u>168,725</u>	<u>3,139,888</u>
<b>Deductions</b>			
Pension benefits and refunds	3,499,389	3,093,703	6,593,092
Other administrative expenses	<u>59,832</u>	<u>43,818</u>	<u>103,650</u>
Total deductions	<u>3,559,221</u>	<u>3,137,521</u>	<u>6,696,742</u>
Change in net position	(588,058)	(2,968,796)	(3,556,854)
<b>Net Position, Beginning</b>	<u>43,199,932</u>	<u>49,844,811</u>	<u>93,044,743</u>
<b>Net Position, Ending</b>	<u><u>\$ 42,611,874</u></u>	<u><u>\$ 46,876,015</u></u>	<u><u>\$ 89,487,889</u></u>

### Risk Management

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

The City has also purchased insurance from private insurance companies. For insured programs, there have been no significant reductions in insurance coverage. For all programs, settlement amounts have not exceeded insurance coverage for the current or three prior years.

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Public Entity Risk Pool

#### IRMA

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

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

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

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

	<b>Beginning of Fiscal Year Liability</b>	<b>Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
2020-2021	\$ 202,739	\$ 307,508	\$ 292,523	\$ 217,724
2021-2022	217,724	166,981	169,316	215,389

#### City of Lake Forest Medical and Dental Plan

The City established the City of Lake Forest Medical and Dental Plan, a self-insurance plan providing health insurance for all employees of the City, effective January 1, 2000. Administration of the Plan is provided by Professional Benefit Administrators, Inc. (an outside agency). Liabilities are reported when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers total claims in excess of \$100,000 per participant in a plan year. Liabilities include all amounts for claims, including incremental costs that have been incurred but not reported (IBNR) and are reported in the Self Insurance Fund (internal service fund). The City has not had significant reductions in insurance coverage in any of the last three years.

Changes in the balances of claims liabilities for the years ended April 30, 2022 and 2021 are as follows:

	<b>Beginning of Fiscal Year Liability</b>	<b>Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
2020-2021	\$ 569,284	\$ 4,737,417	\$ 4,530,320	\$ 776,381
2021-2022	776,381	6,452,051	6,389,054	839,378

### Joint Ventures

#### **Solid Waste Agency of Lake County**

The City of Lake Forest and 41 other municipalities jointly operate the Solid Waste Agency of Lake County, which is called the Solid Waste Agency of Lake County (the Agency). The purpose of the Agency is to implement a regional approach to solid waste management which addresses the economic, political and environmental issues in Lake County.

The Agency is governed by a Board of Directors consisting of one official elected by each member. Each director has one vote. The governing body has authority to adopt its own budget and control the financial affairs of the the Agency. The Executive Committee of the Agency consists of nine members of the Board of Directors elected by the Board. Each member is entitled to one vote on the committee. The Executive Committee may take any action not specifically reserved on the Board of Directors by the Act, the Agency agreement or the by-laws.

To obtain the Agency's financial statements, contact the Solid Waste Agency of Lake County, Illinois at 1311 N. Estes Street, Gurnee Illinois 60031

The City does not have an equity interest in the Agency.

#### **Northern Suburban Special Recreation Association**

The City is a member of the Northern Suburban Special Recreation Association (NSSRA), which was organized by ten organizations in order to provide special recreation programs to the physically and mentally handicapped within their districts and to share the expenses of such programs on a cooperative basis. Each member's 1999 contribution was determined based upon the ratio of the members' assessed valuations.

The NSSRA is governed by a Board of Directors which consists of one representative from each participating organization. Each Director has an equal vote. The representatives of NSSRA are appointed by the Board of Directors. The Board of Directors is the governing body of the NSSRA and is responsible for establishing all major policies and changes therein and for approving all budgets, capital outlay, programming and master plans.

The City does not have an equity interest in NSSRA although there does exist a residual interest in NSSRA's assets upon dissolution of the joint venture. The City has an ongoing financial responsibility for its share of the NSSRA's liabilities. Each participant is liable for their share of any of the NSSRA contracts entered into while bound by the intergovernmental agreement until those contracts are paid off.

To obtain NSSRA's financial statements, contact Northern Suburban Special Recreation Association at 3105 MacArthur Blvd., Northbrook, Illinois 60062.



## City of Lake Forest

Notes to Financial Statements  
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### Other Postemployment Benefits

#### General Information about the OPEB Plan

##### Plan Description

The City's defined benefit OPEB plan, City Plan, and the Library's defined benefit OPEB plan, Library Plan, provide insurance coverage for eligible retirees and their dependents through the City's and Library's group health insurance plans, which covers both active employees and retired members participating in the plan at blended rates.

The City and Library Plans, which are single-employer plans, are funded on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

##### Benefits Provided

The City Plan provides healthcare and dental coverage for retirees and their dependents. Non-PSEBA employees before the age of 65 may remain on the City's insurance plan and pay the full cost of coverage. Dependent coverage may continue under COBRA should the Retiree coverage terminate. For PSEBA employees, the City will pay the full cost of coverage prior to the age of 65. Eligible dependent coverage may continue with the City paying full cost of coverage should Retiree coverage terminate due to death until the dependent reaches Medicare eligibility or in the case of an underage dependent, until the maximum age of 26 is reached. Once a retiree turns 65, they may elect a separate policy that is not administered by the City.

The Library Plan provides healthcare and dental coverage for retirees and their dependents. Employees before the age of 65 may remain on the Library's insurance plan and pay the full cost of coverage. Dependent coverage may continue under COBRA should the Retiree coverage terminate. Once a retiree turns 65, they may elect a separate policy that is not administered by the Library.

#### Employees Covered by Benefit Terms

At April 30, 2022, the following employees were covered by the benefit terms:

	<u>City</u>	<u>Library</u>
Inactive plan members or beneficiaries currently receiving benefit payments	46	5
Active plan members	<u>196</u>	<u>24</u>
Total	<u><u>242</u></u>	<u><u>29</u></u>

#### Total OPEB Liability

The City's total OPEB liability of \$2,131,239 was measured as of April 30, 2022 and was determined by an actuarial valuation as of that date. The Library's total OPEB liability of \$129,493 was measured as of April 30, 2022 and was determined by an actuarial valuation as of that date.

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Actuarial Assumptions and Other Inputs

For both the City and Library, the total OPEB liability in the April 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	2.50%
Healthcare cost trend rates	6.00% - 5.50% for Medical, 4.00% for dental
Retirees' share of benefit-related costs	100%

The discount rate was based on Bond Buyer 20-Bond G.O. Index.

Mortality rates were based on the PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020, for IMRF members. For police and fire members, mortality rates were based on the PubS-2010(A) Study improved to 2017 using MP-2019 improvement rates.

The actuarial assumptions used in the April 30, 2022 valuation were based on the results of an actuarial experience study dated December 14, 2020.

### Changes in the Total OPEB Liability

	<b>City- Total OPEB Liability</b>	<b>Library- Total OPEB Liability</b>
Balances at April 30, 2021	<u>\$ 2,252,203</u>	<u>\$ 159,877</u>
Changes for the year:		
Service cost	169,870	2,435
Interest	49,206	3,258
Changes in assumptions or other inputs	(170,973)	(3,354)
Benefit payments	<u>(169,067)</u>	<u>(32,723)</u>
Net changes	<u>(120,964)</u>	<u>(30,384)</u>
Balances at April 30, 2022	<u><u>\$ 2,131,239</u></u>	<u><u>\$ 129,493</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.27% in 2021 to 3.21% in 2022 for both the City and the Library.

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and the Library, as well as what the total OPEB liability would be for each if it were calculated using a discount rate that is 1-percentage-point lower (2.21%) or 1-percentage-point higher (4.21%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
Total OPEB liability, City	<u>\$ 2,266,924</u>	<u>\$ 2,131,239</u>	<u>\$ 2,002,196</u>
Total OPEB liability, Library	<u>\$ 130,986</u>	<u>\$ 129,493</u>	<u>\$ 127,999</u>

## City of Lake Forest

Notes to Financial Statements  
April 30, 2022

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City and the Library, as well as what the total OPEB liability would be for each if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.0% decreasing to 4.5%) or 1-percentage-point higher (7.0% decreasing to 6.5%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability, City	<u>\$ 1,888,051</u>	<u>\$ 2,131,239</u>	<u>\$ 2,418,374</u>
Total OPEB liability, Library	<u>\$ 125,616</u>	<u>\$ 129,493</u>	<u>\$ 133,591</u>

### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended April 30, 2022, the City recognized OPEB expense of \$198,534. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 389,925
Changes of assumptions or other inputs	<u>292,483</u>	<u>155,842</u>
Total	<u>\$ 292,483</u>	<u>\$ 545,767</u>

For the year ended April 30, 2022, the Library recognized OPEB expense of \$2,336. At April 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 13,671
Changes of assumptions or other inputs	<u>5,301</u>	<u>5,463</u>
Total	<u>\$ 5,301</u>	<u>\$ 19,134</u>

## City of Lake Forest

### Notes to Financial Statements

April 30, 2022

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b><u>Year Ended April 30:</u></b>	<b><u>City</u></b>	<b><u>Library</u></b>
2023	\$ (20,542)	\$ (3,357)
2024	(20,542)	(3,357)
2025	(20,542)	(3,357)
2026	(20,542)	(3,357)
2027	(20,542)	(1,372)
Thereafter	(150,574)	967
Total	<u><u>\$ (253,284)</u></u>	<u><u>\$ (13,833)</u></u>

### Subsequent Event

Effective January 1, 2020, Illinois Public Act 101-0610 consolidates the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds. The investments of the police pension plan were transferred to the consolidated funds in June 2022.

### Laurel and Western Tax Increment Financing (TIF) District

The City approved the Laurel and Western TIF in January 2015. The TIF district is comprised of 10.6 acres. The City acquired the single parcel not previously owned by the City and prepared the site for a mix of housing options. Demolition of the seven structures was completed in preparation for the development of the site. The City entered into a Property Purchase Agreement with Focus Acquisition Company LLC for the sale and redevelopment of all the developable land within the district. Following environmental remediation and site preparation required by the City, as well as the completion of contingency and inspection periods under the agreement, the sale of the property was closed in September 2016. The purchase price of the City property was \$12 million, consisting of \$5.625 million paid to the City at closing and a TIF Note of \$6.375 million executed between the City and the developer. The TIF Note was subsequently assigned by the developer to the City to allow repayment of the note from future TIF increment. As of April 30, 2022, the City received \$1,290,630 in TIF increment property tax revenue. Because the TIF Note does not meet the definition of an asset pursuant to GASB Concept Statement 4 as of the financial statement date, the Note receivable has not been reported on the City's financial statements. Revenue will be recognized as payments on the TIF Note are made. The first payment of \$500,000 on the TIF Note was made as of April 30, 2022.

A redevelopment agreement between the City and developer was also executed in September 2016. As of April 30, 2022, the City has received the development fees of \$2,368,712 (FY17), as well as a payment in lieu of affordable housing in the amount of \$650,000 (FY18). As of April 30 2022, construction of the three apartment buildings is complete and the buildings are fully occupied with a normal rate of turnover as leases expire. The first of two condominiums is complete with all twenty-four (24) condominiums sold. Construction of the second condominium building has not yet started. Seven (7) single family homes are completed and have been sold. Permits for two additional homes have been issued and plans are under review for another home. Two (2) vacant single family lots remain.

### Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended April 30, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Property	\$ 20,885,192	\$ 20,885,192	\$ 20,785,656	\$ (99,536)
Other taxes	2,522,426	2,522,426	2,900,697	378,271
Intergovernmental	5,495,015	5,495,015	8,058,224	2,563,209
Licenses and permits	2,426,879	2,426,879	3,460,452	1,033,573
Fines, forfeitures and penalties	210,000	210,000	256,681	46,681
Charges for services	4,718,416	4,718,416	4,893,680	175,264
Grants and contributions	4,900	4,900	238,424	233,524
Investment income	150,050	150,050	122,020	(28,030)
Miscellaneous revenues	1,258,500	1,258,500	1,341,542	83,042
Total revenues	37,671,378	37,671,378	42,057,376	4,385,998
Expenditures				
General government	11,943,349	12,060,268	10,913,887	1,146,381
Highways and streets	3,031,047	3,055,930	2,853,140	202,790
Sanitation	2,563,065	2,565,565	2,573,258	(7,693)
Public safety	19,316,593	19,363,462	18,965,034	398,428
Capital outlay	150,000	150,000	62,779	87,221
Contingency	3,777,849	3,777,849	-	3,777,849
Total expenditures	40,781,903	40,973,074	35,368,098	5,604,976
Excess (deficiency) of revenues over (under) expenditures	(3,110,525)	(3,301,696)	6,689,278	9,990,974
Other Financing Sources (Uses)				
Transfers out	(667,864)	(583,260)	(6,082,481)	(5,499,221)
Total other financing sources (uses)	(667,864)	(583,260)	(6,082,481)	(5,499,221)
Net change in fund balance	\$ (3,778,389)	\$ (3,884,956)	606,797	\$ 4,491,753
Fund Balance, Beginning			28,356,928	
Fund Balance, Ending			\$ 28,963,725	

See notes to required supplementary information

## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Parks and Recreation Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 6,473,131	\$ 6,473,131	\$ 6,434,953	\$ (38,178)
Intergovernmental	40,000	40,000	124,753	84,753
Charges for services	2,927,252	2,927,252	2,746,614	(180,638)
Grants and contributions	257,190	257,190	249,707	(7,483)
Investment income	15,000	15,000	15,739	739
Miscellaneous revenues	<u>30,500</u>	<u>30,500</u>	<u>59,880</u>	<u>29,380</u>
Total revenues	<u>9,743,073</u>	<u>9,743,073</u>	<u>9,631,646</u>	<u>(111,427)</u>
<b>Expenditures</b>				
Current:				
Culture and recreation	9,266,798	9,326,598	8,979,517	347,081
Capital outlay	414,847	449,847	180,176	269,671
Contingency	<u>982,645</u>	<u>982,645</u>	<u>-</u>	<u>982,645</u>
Total expenditures	<u>10,664,290</u>	<u>10,759,090</u>	<u>9,159,693</u>	<u>1,599,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(921,217)</u>	<u>(1,016,017)</u>	<u>471,953</u>	<u>1,487,970</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,000	20,000	23,500	3,500
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(30,000)</u>	<u>(30,000)</u>	<u>(26,500)</u>	<u>3,500</u>
Net change in fund balance	<u><u>\$ (951,217)</u></u>	<u><u>\$ (1,046,017)</u></u>	<u>445,453</u>	<u><u>\$ 1,491,470</u></u>
<b>Fund Balance, Beginning</b>			<u>1,435,768</u>	
<b>Fund Balance, Ending</b>			<u><u>\$ 1,881,221</u></u>	



## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Cemetery Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 774,500	\$ 774,500	\$ 1,354,260	\$ 579,760
Grants and contributions	12,000	12,000	15,325	3,325
Investment income (loss)	50,000	50,000	(1,182,676)	(1,232,676)
Miscellaneous revenues	-	-	50	50
Total revenues	<u>836,500</u>	<u>836,500</u>	<u>186,959</u>	<u>(649,541)</u>
<b>Expenditures</b>				
Current:				
General government	761,599	761,599	734,653	26,946
Capital outlay	260,000	1,931,556	161,954	1,769,602
Contingency	<u>269,316</u>	<u>269,316</u>	-	<u>269,316</u>
Total expenditures	<u>1,290,915</u>	<u>2,962,471</u>	<u>896,607</u>	<u>2,065,864</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(454,415)</u>	<u>(2,125,971)</u>	<u>(709,648)</u>	<u>1,416,323</u>
<b>Other Financing Sources (Uses)</b>				
Refunding debt issued	-	1,600,000	-	(1,600,000)
Total other financing sources (uses)	-	1,600,000	-	(1,600,000)
Net change in fund balance	<u>\$ (454,415)</u>	<u>\$ (525,971)</u>	<u>(709,648)</u>	<u>\$ (183,677)</u>
<b>Fund Balance, Beginning</b>			<u>11,353,154</u>	
<b>Fund Balance, Ending</b>			<u>\$ 10,643,506</u>	

See notes to required supplementary information

**City of Lake Forest**

Illinois Municipal Retirement Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Past Seven Fiscal Years

	2016			2017			2018		
	City	Library	Total	City	Library	Total	City	Library	Total
<b>Total pension liability</b>									
Service cost	\$ 1,549,831	\$ 208,143	\$ 1,757,974	\$ 1,315,386	\$ 160,837	\$ 1,476,223	\$ 1,230,871	\$ 146,913	\$ 1,377,784
Interest on total pension liability	7,086,670	951,742	8,038,412	6,584,652	668,406	7,253,058	6,690,906	767,094	7,458,000
Differences between expected and actual experience of the total pension liability	796,382	106,954	903,336	(689,342)	(84,288)	(773,630)	79,717	9,515	89,232
Changes of assumptions	103,436	13,891	117,327	(209,390)	(25,603)	(234,993)	(2,740,693)	(327,120)	(3,067,813)
Transfer of liability	(13,798,877)	(1,853,193)	(15,652,070)	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(4,968,065)	(667,212)	(5,635,277)	(4,566,385)	(558,348)	(5,124,733)	(4,708,228)	(561,958)	(5,270,186)
<b>Net change in total pension liability</b>	(9,230,623)	(1,239,675)	(10,470,298)	2,434,921	161,004	2,595,925	552,573	34,444	587,017
<b>Total pension liability - beginning</b>	96,324,203	12,936,367	109,260,570	87,093,580	11,696,692	98,790,272	89,528,501	11,857,696	101,386,197
<b>Total pension liability - ending (a)</b>	<u>\$ 87,093,580</u>	<u>\$ 11,696,692</u>	<u>\$ 98,790,272</u>	<u>\$ 89,528,501</u>	<u>\$ 11,857,696</u>	<u>\$ 101,386,197</u>	<u>\$ 90,081,074</u>	<u>\$ 11,892,140</u>	<u>\$ 101,973,214</u>
<b>Plan fiduciary net position</b>									
Employer contributions	\$ 1,757,095	\$ 235,978	\$ 1,993,073	\$ 1,494,964	\$ 182,795	\$ 1,677,759	\$ 1,485,109	\$ 177,258	\$ 1,662,367
Employee contributions	664,444	89,235	753,679	558,977	68,348	627,325	532,665	63,577	596,242
Net investment income	442,808	59,469	502,277	5,250,256	641,968	5,892,224	14,307,003	1,707,636	16,014,639
Benefit payments, including refunds of member contributions	(4,968,065)	(667,212)	(5,635,277)	(4,566,385)	(558,348)	(5,124,733)	(4,708,228)	(561,958)	(5,270,186)
Other (net transfer)	(12,005,830)	(1,612,386)	(13,618,216)	262,841	32,138	294,979	(1,329,766)	(158,716)	(1,488,482)
<b>Net change in plan fiduciary net position</b>	(14,109,548)	(1,894,916)	(16,004,464)	3,000,653	366,901	3,367,554	10,286,783	1,227,797	11,514,580
<b>Plan fiduciary net position - beginning</b>	89,834,842	12,064,844	101,899,686	75,725,294	10,169,928	85,895,222	78,725,947	10,536,829	89,262,776
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 75,725,294</u>	<u>\$ 10,169,928</u>	<u>\$ 85,895,222</u>	<u>\$ 78,725,947</u>	<u>\$ 10,536,829</u>	<u>\$ 89,262,776</u>	<u>\$ 89,012,730</u>	<u>\$ 11,764,626</u>	<u>\$ 100,777,356</u>
<b>Employer's net pension liability - ending (a) - (b)</b>	<u>\$ 11,368,286</u>	<u>\$ 1,526,764</u>	<u>\$ 12,895,050</u>	<u>\$ 10,802,554</u>	<u>\$ 1,320,867</u>	<u>\$ 12,123,421</u>	<u>\$ 1,068,344</u>	<u>\$ 127,514</u>	<u>\$ 1,195,858</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>			86.95%			88.04%			98.83%
<b>Covered payroll</b>			\$ 13,391,112			\$ 13,135,941			\$ 13,224,884
<b>Employer's net pension liability as a percentage of covered payroll</b>			96.30%			92.29%			9.04%

**Notes to Schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

See notes to required supplementary information

**City of Lake Forest**

Illinois Municipal Retirement Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Past Seven Fiscal Years

	2019			2020			2021		
	City	Library	Total	City	Library	Total	City	Library	Total
<b>Total pension liability</b>									
Service cost	\$ 1,162,585	\$ 120,326	\$ 1,282,911	\$ 1,244,941	\$ 134,702	\$ 1,379,643	1,268,902	131,502	\$ 1,400,404
Interest on total pension liability	6,788,684	702,616	7,491,300	6,990,156	756,331	7,746,487	7,326,612	759,293	8,085,905
Differences between expected and actual experience of the total pension liability	819,901	84,858	904,759	1,465,195	158,533	1,623,728	(786,697)	(81,529)	(868,226)
Changes of assumptions	2,657,676	258,123	2,915,799	(58,022)	58,022	-	(783,863)	(103,244)	(887,107)
Transfer of liability	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(4,949,110)	(512,224)	(5,461,334)	(5,321,027)	(575,732)	(5,896,759)	(5,672,563)	(587,876)	(6,260,439)
<b>Net change in total pension liability</b>	6,479,736	653,699	7,133,435	4,321,243	531,856	4,853,099	1,352,391	118,146	1,470,537
<b>Total pension liability - beginning</b>	90,081,074	11,892,140	101,973,214	96,560,810	12,545,839	109,106,649	100,882,053	13,077,695	113,959,748
<b>Total pension liability - ending (a)</b>	<u>\$ 96,560,810</u>	<u>\$ 12,545,839</u>	<u>\$ 109,106,649</u>	<u>\$ 100,882,053</u>	<u>\$ 13,077,695</u>	<u>\$ 113,959,748</u>	<u>\$ 102,234,444</u>	<u>\$ 13,195,841</u>	<u>\$ 115,430,285</u>
<b>Plan fiduciary net position</b>									
Employer contributions	\$ 1,535,144	\$ 158,885	\$ 1,694,029	\$ 1,224,123	\$ 132,449	\$ 1,356,572	1,525,544	158,100	\$ 1,683,644
Employee contributions	557,075	57,656	614,731	575,110	62,227	637,337	610,488	63,268	673,756
Net investment income	(5,144,778)	(532,475)	(5,677,253)	16,063,705	1,738,084	17,801,789	14,246,702	1,476,456	15,723,158
Benefit payments, including refunds of member contributions	(4,949,110)	(512,224)	(5,461,334)	(5,321,027)	(575,732)	(5,896,759)	(5,672,563)	(587,876)	(6,260,439)
Other (net transfer)	1,872,470	193,797	2,066,267	635,098	68,717	703,815	(182,338)	(18,898)	(201,236)
<b>Net change in plan fiduciary net position</b>	(6,129,199)	(634,361)	(6,763,560)	13,177,009	1,425,745	14,602,754	10,527,833	1,091,050	11,618,883
<b>Plan fiduciary net position - beginning</b>	89,012,730	11,764,626	100,777,356	82,883,531	11,130,265	94,013,796	96,060,540	12,556,010	108,616,550
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 82,883,531</u>	<u>\$ 11,130,265</u>	<u>\$ 94,013,796</u>	<u>\$ 96,060,540</u>	<u>\$ 12,556,010</u>	<u>\$ 108,616,550</u>	<u>\$ 106,588,373</u>	<u>\$ 13,647,060</u>	<u>\$ 120,235,433</u>
<b>Employer's net pension liability - ending (a) - (b)</b>	<u>\$ 13,677,279</u>	<u>\$ 1,415,574</u>	<u>\$ 15,092,853</u>	<u>\$ 4,821,513</u>	<u>\$ 521,685</u>	<u>\$ 5,343,198</u>	<u>\$ (4,353,929)</u>	<u>\$ (451,219)</u>	<u>\$ (4,805,148)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>			86.17%			95.31%			104.16%
<b>Covered payroll</b>			\$ 13,522,211			\$ 14,163,049			14,122,896
<b>Employer's net pension liability as a percentage of covered payroll</b>			111.62%			37.73%			-34.02%

**Notes to Schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

See notes to required supplementary information

**City of Lake Forest**

Illinois Municipal Retirement Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Past Seven Fiscal Years

	2022		
	City	Library	Total
<b>Total pension liability</b>			
Service cost	\$ 1,192,260	\$ 119,044	\$ 1,311,304
Interest on total pension liability	7,443,020	743,169	8,186,189
Differences between expected and actual experience of the total pension liability	2,050,858	204,773	2,255,631
Changes of assumptions	(14,992)	14,992	-
Transfer of liability	-	-	-
Benefit payments, including refunds of member contributions	(5,769,875)	(576,108)	(6,345,983)
<b>Net change in total pension liability</b>	4,901,272	505,869	5,407,141
<b>Total pension liability - beginning</b>	102,234,444	13,195,841	115,430,285
<b>Total pension liability - ending (a)</b>	<u>\$ 107,135,715</u>	<u>\$ 13,701,711</u>	<u>\$ 120,837,426</u>
<b>Plan fiduciary net position</b>			
Employer contributions	\$ 1,553,376	\$ 155,101	\$ 1,708,477
Employee contributions	645,521	64,454	709,975
Net investment income	18,659,240	1,863,080	20,522,320
Benefit payments, including refunds of member contributions	(5,769,875)	(576,108)	(6,345,983)
Other (net transfer)	260,999	26,060	287,059
<b>Net change in plan fiduciary net position</b>	15,349,261	1,532,587	16,881,848
<b>Plan fiduciary net position - beginning</b>	106,588,373	13,647,060	120,235,433
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 121,937,634</u>	<u>\$ 15,179,647</u>	<u>\$ 137,117,281</u>
<b>Employer's net pension liability - ending (a) - (b)</b>	<u>\$ (14,801,919)</u>	<u>\$ (1,477,936)</u>	<u>\$ (16,279,855)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>			113.47%
<b>Covered payroll</b>			14,653,276
<b>Employer's net pension liability as a percentage of covered payroll</b>			-111.10%

**Notes to Schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

See notes to required supplementary information

# City of Lake Forest

Illinois Municipal Retirement Fund  
Schedule of Employer Contributions  
Past Seven Fiscal Years

	2022			2021			2020		
	City	Library	Total	City	Library	Total	City	Library	Total
Actuarially determined contribution	\$ 1,553,462	155,110	\$ 1,708,572	\$ 1,525,367	158,082	\$ 1,683,449	\$ 1,217,957	\$ 131,782	\$ 1,349,739
Contributions in relation to the actuarially determined contribution	(1,553,376)	(155,101)	(1,708,477)	(1,525,544)	(158,100)	(1,683,644)	(1,224,123)	(132,449)	(1,356,572)
Contribution deficiency (excess)	<u>\$ 86</u>	<u>\$ 9</u>	<u>\$ 95</u>	<u>\$ (177)</u>	<u>\$ (18)</u>	<u>\$ (195)</u>	<u>\$ (6,166)</u>	<u>\$ (667)</u>	<u>\$ (6,833)</u>
Covered payroll			14,880,617			15,519,529			\$ 14,612,252
Contributions as a percentage of covered payroll			11.48%			10.85%			9.28%

	2019			2018			2017		
	City	Library	Total	City	Library	Total	City	Library	Total
Actuarially determined contribution	\$ 1,514,588	\$ 156,757	\$ 1,671,345	\$ 1,447,303	\$ 172,745	\$ 1,620,048	\$ 1,454,901	\$ 177,896	\$ 1,632,797
Contributions in relation to the actuarially determined contribution	(1,535,144)	(158,885)	(1,694,029)	(1,485,109)	(177,258)	(1,662,367)	(1,494,964)	(182,795)	(1,677,759)
Contribution deficiency (excess)	<u>\$ (20,556)</u>	<u>\$ (2,128)</u>	<u>\$ (22,684)</u>	<u>\$ (37,806)</u>	<u>\$ (4,513)</u>	<u>\$ (42,319)</u>	<u>\$ (40,063)</u>	<u>\$ (4,899)</u>	<u>\$ (44,962)</u>
Covered payroll			\$ 14,446,880			\$ 13,247,776			\$ 13,135,941
Contributions as a percentage of covered payroll			11.73%			12.55%			12.77%

## Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

## Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 6 months prior to the beginning of the fiscal year in which contributions are reported.

2016		
City	Library	Total
\$ 1,741,632	\$ 233,902	\$ 1,975,534
(1,757,095)	(235,978)	(1,993,073)
<u>\$ (15,463)</u>	<u>\$ (2,076)</u>	<u>\$ (17,539)</u>

\$ 13,391,112

## Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	5-Year Smoothed Fair Value, 20% corridor
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Table, adjusted to match current IMRF experience

14.88%

## Other information:

There were no benefit changes during the year.

See notes to required supplementary information

**City of Lake Forest**

Police Pension Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total pension liability</b>								
Service cost	\$ 845,979	\$ 883,178	\$ 931,083	\$ 895,320	\$ 900,450	\$ 908,951	\$ 1,053,151	\$ 948,636
Interest on total pension liability	3,219,893	3,657,765	3,660,514	3,908,626	4,051,210	4,435,870	4,511,442	4,721,027
Change on benefit terms	-	-	-	-	-	231,490	-	-
Differences between expected and actual experience of the total pension liability	2,713	(2,129,040)	306,030	(39,964)	2,043,281	(1,297,619)	1,028,579	(360,851)
Changes of assumptions	3,568,719	-	1,248,764	-	3,709,450	2,226,349	-	287,776
Benefit payments, including refunds of member contributions	(2,193,705)	(2,320,588)	(2,520,473)	(2,611,864)	(2,852,542)	(2,888,907)	(3,029,156)	(3,499,388)
Other	(16,057)	-	-	-	-	-	-	-
<b>Net change in total pension liability</b>	<b>5,427,542</b>	<b>91,315</b>	<b>3,625,918</b>	<b>2,152,118</b>	<b>7,851,849</b>	<b>3,616,134</b>	<b>3,564,016</b>	<b>2,097,200</b>
<b>Total pension liability - beginning</b>	<b>47,103,353</b>	<b>52,530,895</b>	<b>52,622,210</b>	<b>56,248,128</b>	<b>58,400,246</b>	<b>66,252,095</b>	<b>69,868,229</b>	<b>73,432,245</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 52,530,895</b>	<b>\$ 52,622,210</b>	<b>\$ 56,248,128</b>	<b>\$ 58,400,246</b>	<b>\$ 66,252,095</b>	<b>\$ 69,868,229</b>	<b>\$ 73,432,245</b>	<b>\$ 75,529,445</b>
<b>Plan fiduciary net position</b>								
Employer contributions	\$ 1,706,203	\$ 1,806,270	\$ 1,895,500	\$ 2,094,124	\$ 2,504,581	\$ 2,589,534	\$ 3,581,389	\$ 3,379,444
Employee contributions	360,156	373,216	371,695	379,500	392,258	404,985	427,305	474,816
Net investment income	1,669,508	(475,655)	2,635,379	2,064,885	1,716,441	158,635	8,702,747	(888,628)
Benefit payments, including refunds of member contributions	(2,193,705)	(2,320,588)	(2,520,473)	(2,611,864)	(2,852,542)	(2,888,907)	(3,029,156)	(3,499,388)
Administrative expenses	(4,150)	(4,835)	(27,816)	(34,158)	(60,847)	(52,357)	(45,069)	(54,302)
<b>Net change in plan fiduciary net position</b>	<b>1,538,012</b>	<b>(621,592)</b>	<b>2,354,285</b>	<b>1,892,487</b>	<b>1,699,891</b>	<b>211,890</b>	<b>9,637,216</b>	<b>(588,058)</b>
<b>Plan fiduciary net position - beginning</b>	<b>26,487,743</b>	<b>28,025,755</b>	<b>27,404,163</b>	<b>29,758,448</b>	<b>31,650,935</b>	<b>33,350,826</b>	<b>33,562,716</b>	<b>43,199,932</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 28,025,755</b>	<b>\$ 27,404,163</b>	<b>\$ 29,758,448</b>	<b>\$ 31,650,935</b>	<b>\$ 33,350,826</b>	<b>\$ 33,562,716</b>	<b>\$ 43,199,932</b>	<b>\$ 42,611,874</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 24,505,140</b>	<b>\$ 25,218,047</b>	<b>\$ 26,489,680</b>	<b>\$ 26,749,311</b>	<b>\$ 32,901,269</b>	<b>\$ 36,305,513</b>	<b>\$ 30,232,313</b>	<b>\$ 32,917,571</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>53.35%</b>	<b>52.08%</b>	<b>52.91%</b>	<b>54.20%</b>	<b>50.34%</b>	<b>48.04%</b>	<b>58.83%</b>	<b>56.42%</b>
<b>Covered payroll</b>	<b>\$ 3,590,934</b>	<b>\$ 3,759,611</b>	<b>\$ 3,750,706</b>	<b>\$ 3,800,841</b>	<b>\$ 3,940,419</b>	<b>\$ 4,059,797</b>	<b>\$ 4,077,656</b>	<b>\$ 4,527,537</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>682.42%</b>	<b>670.76%</b>	<b>706.26%</b>	<b>703.77%</b>	<b>834.97%</b>	<b>894.27%</b>	<b>741.41%</b>	<b>727.05%</b>

**Notes to Schedule:**
*Changes of assumptions.*

There were no assumption or method changes since the prior valuation.

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

See notes to required supplementary information

# City of Lake Forest

Police Pension Fund  
Schedule of Employer Contributions  
Last Ten Fiscal Years

	2013	2014	2015	2016
Actuarially determined contribution	\$ 1,375,906	\$ 1,384,307	\$ 1,508,450	\$ 1,810,315
Contributions in relation to the actuarially determined contribution	1,502,075	1,563,964	1,706,203	1,806,270
Contribution deficiency (excess)	\$ (126,169)	\$ (179,657)	\$ (197,753)	\$ 4,045
Covered payroll	\$ 3,170,518	\$ 3,518,797	\$ 3,590,934	\$ 3,759,611
Contributions as a percentage of covered payroll	47.38%	44.45%	47.51%	48.04%

## Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of May 1, two years prior to the year in which contributions are reported.

## Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years (as of 5/1/2015 valuation); 23 years (as of 5/1/2016 valuation); 22 years (as of 5/1/2019 valuation); 21 years (as of 5/1/2020 valuation)
Asset valuation method	Investment gains and losses are smoothed over a 5-year period
Inflation	2.50%
Salary increases	Varies by service
Investment rate of return	6.50%, net of pension plan investment expense
Retirement age	50-70
Mortality	PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019.

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,737,445	\$ 1,832,059	\$ 2,505,888	\$ 2,594,845	\$ 3,090,726	\$ 3,388,076
<u>1,895,500</u>	<u>2,094,124</u>	<u>2,504,581</u>	<u>2,589,534</u>	<u>3,581,389</u>	<u>3,379,444</u>
<u>\$ (158,055)</u>	<u>\$ (262,065)</u>	<u>\$ 1,307</u>	<u>\$ 5,311</u>	<u>\$ (490,663)</u>	<u>\$ 8,632</u>
\$ 3,750,706	\$ 3,800,841	\$ 3,940,419	\$ 4,059,797	\$ 4,077,656	\$ 4,527,537
50.54%	55.10%	63.56%	63.78%	87.83%	74.64%



**City of Lake Forest**

Police Pension Fund

Schedule of Investment Returns

Last Eight Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	6.79%	-1.44%	9.67%	7.03%	5.48%	0.59%	25.29%	-1.89%

**Notes to Schedule:**

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**City of Lake Forest**
**Firefighters' Pension Fund**
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**

Last Eight Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total pension liability</b>								
Service cost	\$ 912,154	\$ 926,420	\$ 860,148	\$ 854,245	\$ 891,741	\$ 876,151	\$ 1,017,451	\$ 1,006,247
Interest on total pension liability	2,754,242	3,072,945	3,190,325	3,425,477	3,564,977	3,779,365	3,912,242	4,107,962
Changes in benefit terms	-	-	-	-	-	172,556	-	-
Differences between expected and actual experience								
actual experience of the total pension liability	(213,530)	(186,474)	227,730	176,286	166,664	134,069	1,089,198	150,101
Changes of assumptions	2,024,054	-	1,401,097	-	3,101,793	1,900,513	-	680,212
Benefit payments, including refunds of member contributions	<u>(1,769,849)</u>	<u>(1,931,047)</u>	<u>(2,208,471)</u>	<u>(2,419,682)</u>	<u>(2,581,621)</u>	<u>(2,712,864)</u>	<u>(2,899,533)</u>	<u>(3,093,703)</u>
<b>Net change in total pension liability</b>	3,707,071	1,881,844	3,470,829	2,036,326	5,143,554	4,149,790	3,119,358	2,850,819
<b>Total pension liability - beginning</b>	<u>40,231,243</u>	<u>43,938,314</u>	<u>45,820,158</u>	<u>49,290,987</u>	<u>51,327,313</u>	<u>56,470,867</u>	<u>60,620,657</u>	<u>63,740,015</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 43,938,314</u>	<u>\$ 45,820,158</u>	<u>\$ 49,290,987</u>	<u>\$ 51,327,313</u>	<u>\$ 56,470,867</u>	<u>\$ 60,620,657</u>	<u>\$ 63,740,015</u>	<u>\$ 66,590,834</u>
<b>Plan fiduciary net position</b>								
Employer contributions	\$ 1,168,287	\$ 1,216,585	\$ 1,211,587	\$ 1,308,348	\$ 1,719,445	\$ 1,822,064	\$ 2,567,216	\$ 2,398,803
Employee contributions	296,676	297,946	290,383	296,202	311,675	330,725	349,655	343,611
Net investment income	1,871,817	60,335	3,053,497	2,897,100	3,032,134	988,063	10,796,842	(2,576,122)
Miscellaneous revenue	-	100	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(1,769,849)	(1,931,047)	(2,208,471)	(2,419,682)	(2,581,621)	(2,712,864)	(2,899,533)	(3,093,703)
Administrative expenses	<u>(4,150)</u>	<u>(4,835)</u>	<u>(34,006)</u>	<u>(35,547)</u>	<u>(52,598)</u>	<u>(44,220)</u>	<u>(38,657)</u>	<u>(41,385)</u>
<b>Net change in plan fiduciary net position</b>	1,562,781	(360,916)	2,312,990	2,046,421	2,429,035	383,768	10,775,523	(2,968,796)
<b>Plan fiduciary net position - beginning</b>	<u>30,695,209</u>	<u>32,257,990</u>	<u>31,897,074</u>	<u>34,210,064</u>	<u>36,256,485</u>	<u>38,685,520</u>	<u>39,069,288</u>	<u>49,844,811</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 32,257,990</u>	<u>\$ 31,897,074</u>	<u>\$ 34,210,064</u>	<u>\$ 36,256,485</u>	<u>\$ 38,685,520</u>	<u>\$ 39,069,288</u>	<u>\$ 49,844,811</u>	<u>\$ 46,876,015</u>
<b>City's net pension liability - ending (a) - (b)</b>	<u>\$ 11,680,324</u>	<u>\$ 13,923,084</u>	<u>\$ 15,080,923</u>	<u>\$ 15,070,828</u>	<u>\$ 17,785,347</u>	<u>\$ 21,551,369</u>	<u>\$ 13,895,204</u>	<u>\$ 19,714,819</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	73.42%	69.61%	69.40%	70.64%	68.51%	64.45%	78.20%	70.39%
<b>Covered payroll</b>	\$ 3,111,216	\$ 2,924,893	\$ 3,071,211	\$ 3,237,410	\$ 3,338,448	\$ 3,440,901	\$ 3,527,518	\$ 3,523,737
<b>City's net pension liability as a percentage of covered payroll</b>	375.43%	476.02%	491.04%	465.52%	532.74%	626.33%	393.91%	559.49%

**Notes to Schedule:**
*Changes of assumptions.*

There were no assumption or method changes since the prior valuation.

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

See notes to required supplementary information

# City of Lake Forest

Firefighters' Pension Fund  
Schedule of Employer Contributions  
Last Ten Fiscal Years

	2013	2014	2015	2016
Actuarially determined contribution	\$ 894,551	\$ 894,384	\$ 950,325	\$ 1,217,702
Contributions in relation to the actuarially determined contribution	1,026,345	1,090,695	1,168,287	1,216,585
Contribution deficiency (excess)	<u>\$ (131,794)</u>	<u>\$ (196,311)</u>	<u>\$ (217,962)</u>	<u>\$ 1,117</u>
Covered payroll	\$ 3,049,732	\$ 3,004,889	\$ 3,111,216	\$ 2,924,893
Contributions as a percentage of covered payroll	33.65%	36.30%	37.55%	41.59%

## Notes to Schedule:

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

Valuation date: Actuarially determined contributions are calculated as of May 1, two years prior to the year in which contributions are reported.

## Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years (as of 05/01/2015 valuation), 23 years (as of the 05/01/2016 valuation), and 22 years (as of the 05/01/2019 valuation); 21 years (as of 5/1/2020 valuation)
Asset valuation method	5-year average fair value
Salary increases	5.90%
Investment rate of return	6.50%, net of pension plan investment expense
Retirement age	50-70
Mortality	PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019.

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<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,137,826	\$ 1,298,188	\$ 1,721,953	\$ 1,826,568	\$ 2,075,171	\$ 2,406,318
<u>1,211,587</u>	<u>1,308,348</u>	<u>1,719,445</u>	<u>1,822,064</u>	<u>2,567,216</u>	<u>2,398,803</u>
<u>\$ (73,761)</u>	<u>\$ (10,160)</u>	<u>\$ 2,508</u>	<u>\$ 4,504</u>	<u>\$ (492,045)</u>	<u>\$ 7,515</u>
\$ 3,071,211	\$ 3,237,410	\$ 3,388,448	\$ 3,440,901	\$ 3,527,518	\$ 3,523,737
39.45%	40.41%	50.74%	52.95%	72.78%	68.08%

See notes to required supplementary information

**City of Lake Forest**

Firefighters' Pension Fund

Schedule of Investment Returns

Last Eight Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual money-weighted rate of return, net of investment expense	6.48%	0.26%	9.66%	8.65%	8.56%	2.63%	28.13%	-5.19%

**Notes to Schedule:**

The Pension implemented GASB Statement No. 67 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**City of Lake Forest**

Other Postemployment Benefits Plan

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

Last Four Fiscal Years

	2019		2020		2021		2022	
	City	Library	City	Library	City	Library	City	Library
<b>Total OPEB liability</b>								
Service cost	\$ 46,323	\$ 1,620	\$ 49,721	\$ 1,718	\$ 64,125	\$ 2,014	\$ 169,870	\$ 2,435
Interest	93,093	8,019	89,145	7,379	68,569	4,829	49,206	3,258
Differences between expected and actual experience	-	-	-	-	(473,423)	(19,803)	-	-
Changes of assumptions	32,177	1,221	365,319	6,686	6,339	(3,818)	(170,973)	(3,354)
Benefit payments, including refunds of member contributions	<u>(157,993)</u>	<u>(16,545)</u>	<u>(171,388)</u>	<u>(19,768)</u>	<u>(183,715)</u>	<u>(23,925)</u>	<u>(169,067)</u>	<u>(32,723)</u>
<b>Net change in total OPEB liability</b>	13,600	(5,685)	332,797	(3,985)	(518,105)	(40,703)	(120,964)	(30,384)
<b>Total OPEB liability - beginning</b>	<u>2,423,911</u>	<u>210,250</u>	<u>2,437,511</u>	<u>204,565</u>	<u>2,770,308</u>	<u>200,580</u>	<u>2,252,203</u>	<u>159,877</u>
<b>Total OPEB liability - ending (a)</b>	<u>\$ 2,437,511</u>	<u>\$ 204,565</u>	<u>\$ 2,770,308</u>	<u>\$ 200,580</u>	<u>\$ 2,252,203</u>	<u>\$ 159,877</u>	<u>\$ 2,131,239</u>	<u>\$ 129,493</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Covered-employee payroll</b>	\$ 20,233,763	\$ 1,467,746	\$ 20,794,094	\$ 1,382,150	\$ 22,059,672	\$ 1,458,298	\$ 21,774,034	\$ 1,380,692
<b>City's total OPEB liability as a percentage of covered-employee payroll</b>	12.05%	13.94%	13.32%	14.51%	10.21%	10.96%	9.79%	9.38%

**Notes to Schedule:**

The District implemented GASB Statement No. 75 in fiscal year 2019. Information prior to fiscal year 2019 is not available.

There are no assets accumulated in a trust that meets the criteria of GASB codification P52.101 to pay related benefits for the OPEB plan.

See notes to required supplementary information

## **City of Lake Forest**

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Notes to Required Supplementary Information  
Year Ended April 30, 2022

### **Budgetary Information**

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

## **SUPPLEMENTARY INFORMATION**



### **Nonmajor Special Revenue Funds**

**Police Restricted Fund** – This fund accounts for revenues received from drug arrests (convicted property). Used solely for drug prevention programs administered by the Lake Forest Police Department.

**Foreign Fire Insurance Tax Fund** – This fund accounts for revenues received from the 2% tax on fire insurance companies. Administered by members of the Fire Department to benefit the Fire Department.

**Emergency Telephone Fund** – This fund accounts for the operations and maintenance of the emergency 911 telephone system. Financing is provided by a specific monthly surcharge on customer telephone bills.

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

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

**Senior Resources Commission Fund** – This fund accounts for gifts, activity fees, and investments used to finance senior citizens' programs and activities.

**Housing Trust Fund** – This fund accounts for half of the revenues received from the demolition tax. Revenues will be used for affordable housing projects in Lake Forest.

### **Nonmajor Debt Service Fund**

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

### **Nonmajor Capital Projects Fund**

**Laurel/Western Redevelopment TIF Fund** – This fund accounts for tax increment revenues to be used for the improvements in the TIF district.

### **Major Capital Projects Fund**

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

# City of Lake Forest

Combining Balance Sheet  
Nonmajor Governmental Funds  
April 30, 2022

	Special Revenue Funds				
	Police Restricted	Foreign Fire Insurance Tax	Emergency Telephone	Parks and Public Land	Motor Fuel Tax
<b>Assets</b>					
Cash and cash equivalents	\$ 117,580	\$ 215,927	\$ 293,186	\$ 2,408,933	\$ 2,362,891
Receivables:					
Property taxes	-	-	-	-	-
Other	80	-	1,023,410	-	-
Due from other governments	-	-	-	139,997	65,015
Total assets	<u>\$ 117,660</u>	<u>\$ 215,927</u>	<u>\$ 1,316,596</u>	<u>\$ 2,548,930</u>	<u>\$ 2,427,906</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 17,305	\$ 536	\$ 32,160
Accrued liabilities	-	-	-	-	-
Deposits	-	-	-	-	-
Unearned revenues	-	-	-	139,997	-
Total liabilities	<u>-</u>	<u>-</u>	<u>17,305</u>	<u>140,533</u>	<u>32,160</u>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for a future period	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted for capital projects	-	-	-	-	-
Restricted for culture and recreation	-	-	-	2,408,397	-
Restricted for highways and streets	-	-	-	-	2,395,746
Restricted for public safety	117,660	215,927	1,299,291	-	-
Restricted for affordable housing	-	-	-	-	-
Restricted for debt service purposes	-	-	-	-	-
Total fund balances	<u>117,660</u>	<u>215,927</u>	<u>1,299,291</u>	<u>2,408,397</u>	<u>2,395,746</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 117,660</u>	<u>\$ 215,927</u>	<u>\$ 1,316,596</u>	<u>\$ 2,548,930</u>	<u>\$ 2,427,906</u>

Special Revenue Funds		Debt Service Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Senior Resources Commission	Housing Trust	Debt Service	Laurel/Western Redevelopment TIF	
\$ 112,475	\$ 2,201,485	\$ 1,594,462	\$ 123,664	\$ 9,430,603
-	-	2,062,352	-	2,062,352
82,363	-	-	-	1,105,853
-	-	-	-	205,012
<u>\$ 194,838</u>	<u>\$ 2,201,485</u>	<u>\$ 3,656,814</u>	<u>\$ 123,664</u>	<u>\$ 12,803,820</u>
\$ 100,704	\$ -	\$ -	\$ 117,665	\$ 268,370
5,145	-	-	-	5,145
-	18,000	-	-	18,000
-	-	-	-	139,997
<u>105,849</u>	<u>18,000</u>	<u>-</u>	<u>117,665</u>	<u>431,512</u>
-	-	2,062,354	-	2,062,354
-	-	2,062,354	-	2,062,354
-	-	-	5,999	5,999
88,989	-	-	-	2,497,386
-	-	-	-	2,395,746
-	-	-	-	1,632,878
-	2,183,485	-	-	2,183,485
-	-	1,594,460	-	1,594,460
<u>88,989</u>	<u>2,183,485</u>	<u>1,594,460</u>	<u>5,999</u>	<u>10,309,954</u>
<u>\$ 194,838</u>	<u>\$ 2,201,485</u>	<u>\$ 3,656,814</u>	<u>\$ 123,664</u>	<u>\$ 12,803,820</u>

# City of Lake Forest

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Nonmajor Governmental Funds  
Year Ended April 30, 2022

	Special Revenue Funds				
	Police Restricted	Foreign Fire Insurance Tax	Emergency Telephone	Parks and Public Land	Motor Fuel Tax
<b>Revenues</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	-
Intergovernmental	679	-	-	-	1,198,009
Charges for services	29,073	151,490	429,954	23,635	-
Grants and contributions	-	-	-	-	1,344
Investment income	622	63	2,378	6,707	8,281
Miscellaneous revenues	-	-	375,501	-	-
Total revenues	<u>30,374</u>	<u>151,553</u>	<u>807,833</u>	<u>30,342</u>	<u>1,207,634</u>
<b>Expenditures</b>					
Current:					
General government	-	-	-	-	-
Culture and recreation	-	-	-	110,032	-
Public safety	-	286,290	213,286	-	-
Capital outlay	30,981	-	80,053	-	156,160
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>30,981</u>	<u>286,290</u>	<u>293,339</u>	<u>110,032</u>	<u>156,160</u>
Excess (deficiency) of revenues over expenditures	<u>(607)</u>	<u>(134,737)</u>	<u>514,494</u>	<u>(79,690)</u>	<u>1,051,474</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	-	1,000,000	-
Transfers out	-	-	-	-	-
Refunding debt issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balances	(607)	(134,737)	514,494	920,310	1,051,474
<b>Fund Balances (Deficit), Beginning</b>	<u>118,267</u>	<u>350,664</u>	<u>784,797</u>	<u>1,488,087</u>	<u>1,344,272</u>
<b>Fund Balances, Ending</b>	<u><u>\$ 117,660</u></u>	<u><u>\$ 215,927</u></u>	<u><u>\$ 1,299,291</u></u>	<u><u>\$ 2,408,397</u></u>	<u><u>\$ 2,395,746</u></u>

<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Senior Resources Commission</u>	<u>Housing Trust</u>	<u>Debt Service</u>	<u>Laurel/Western Redevelopment TIF</u>	
\$ -	\$ -	\$ 2,095,213	\$ 1,290,630	\$ 3,385,843
-	36,000	695,377	-	731,377
-	-	-	-	1,198,688
88,541	-	-	-	722,693
236,093	-	-	-	237,437
741	7,831	10,374	1,102	38,099
-	-	-	-	375,501
<u>325,375</u>	<u>43,831</u>	<u>2,800,964</u>	<u>1,291,732</u>	<u>6,689,638</u>
-	7,413	1,312	120,205	128,930
646,223	-	-	-	756,255
-	-	-	-	499,576
-	-	-	-	267,194
-	-	2,009,665	-	2,009,665
-	-	957,831	-	957,831
<u>646,223</u>	<u>7,413</u>	<u>2,968,808</u>	<u>120,205</u>	<u>4,619,451</u>
<u>(320,848)</u>	<u>36,418</u>	<u>(167,844)</u>	<u>1,171,527</u>	<u>2,070,187</u>
256,481	500,000	361,313	-	2,117,794
-	-	(500,000)	(861,313)	(1,361,313)
-	-	7,590,000	-	7,590,000
-	-	511,784	-	511,784
-	-	(8,101,528)	-	(8,101,528)
<u>256,481</u>	<u>500,000</u>	<u>(138,431)</u>	<u>(861,313)</u>	<u>756,737</u>
(64,367)	536,418	(306,275)	310,214	2,826,924
<u>153,356</u>	<u>1,647,067</u>	<u>1,900,735</u>	<u>(304,215)</u>	<u>7,483,030</u>
<u>\$ 88,989</u>	<u>\$ 2,183,485</u>	<u>\$ 1,594,460</u>	<u>\$ 5,999</u>	<u>\$ 10,309,954</u>

## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Police Restricted Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 4,000	\$ 4,000	\$ 679	\$ (3,321)
Charges for services	34,000	34,000	29,073	(4,927)
Investment income	<u>500</u>	<u>500</u>	<u>622</u>	<u>122</u>
Total revenues	<u>38,500</u>	<u>38,500</u>	<u>30,374</u>	<u>(8,126)</u>
<b>Expenditures</b>				
Current:				
Public safety	91,000	91,000	-	91,000
Capital outlay	-	-	30,981	(30,981)
Contingency	<u>9,100</u>	<u>9,100</u>	<u>-</u>	<u>9,100</u>
Total expenditures	<u>100,100</u>	<u>100,100</u>	<u>30,981</u>	<u>69,119</u>
Net change in fund balance	<u><u>\$ (61,600)</u></u>	<u><u>\$ (61,600)</u></u>	(607)	<u><u>\$ 60,993</u></u>
<b>Fund Balance, Beginning</b>			<u>118,267</u>	
<b>Fund Balance, Ending</b>			<u><u>\$ 117,660</u></u>	

## City of Lake Forest

### Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual - Foreign Fire Insurance Tax Fund

Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 125,000	\$ 125,000	\$ 151,490	\$ 26,490
Investment income	<u>500</u>	<u>500</u>	<u>63</u>	<u>(437)</u>
Total revenues	<u>125,500</u>	<u>125,500</u>	<u>151,553</u>	<u>26,053</u>
<b>Expenditures</b>				
Public safety	<u>300,000</u>	<u>300,000</u>	<u>286,290</u>	<u>13,710</u>
Total expenditures	<u>300,000</u>	<u>300,000</u>	<u>286,290</u>	<u>13,710</u>
Net change in fund balance	<u><u>\$ (174,500)</u></u>	<u><u>\$ (174,500)</u></u>	<u>(134,737)</u>	<u><u>\$ 39,763</u></u>
<b>Fund Balance, Beginning</b>			<u>350,664</u>	
<b>Fund Balance, Ending</b>			<u><u>\$ 215,927</u></u>	

## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Emergency Telephone Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 440,000	\$ 440,000	\$ 429,954	\$ (10,046)
Investment income	3,000	3,000	2,378	(622)
Miscellaneous revenues	<u>-</u>	<u>-</u>	<u>375,501</u>	<u>375,501</u>
Total revenues	<u>443,000</u>	<u>443,000</u>	<u>807,833</u>	<u>364,833</u>
<b>Expenditures</b>				
Public safety	218,000	218,000	213,286	4,714
Capital outlay	86,357	86,357	80,053	6,304
Contingency	<u>30,436</u>	<u>30,436</u>	<u>-</u>	<u>30,436</u>
Total expenditures	<u>334,793</u>	<u>334,793</u>	<u>293,339</u>	<u>41,454</u>
Net change in fund balance	<u>\$ 108,207</u>	<u>\$ 108,207</u>	514,494	<u>\$ 406,287</u>
<b>Fund Balance, Beginning</b>			<u>784,797</u>	
<b>Fund Balance, Ending</b>			<u>\$ 1,299,291</u>	



## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Parks and Public Land Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 31,336	\$ 31,336	\$ 23,635	\$ (7,701)
Investment income	<u>2,500</u>	<u>2,500</u>	<u>6,707</u>	<u>4,207</u>
Total revenues	<u>33,836</u>	<u>33,836</u>	<u>30,342</u>	<u>(3,494)</u>
<b>Expenditures</b>				
Culture and recreation	-	400,000	110,032	289,968
Contingency	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Total expenditures	<u>-</u>	<u>440,000</u>	<u>110,032</u>	<u>329,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,836</u>	<u>(406,164)</u>	<u>(79,690)</u>	<u>326,474</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Net change in fund balance	<u>\$ 33,836</u>	<u>\$ (406,164)</u>	<u>920,310</u>	<u>\$ 1,326,474</u>
<b>Fund Balance, Beginning</b>			<u>1,488,087</u>	
<b>Fund Balance, Ending</b>			<u>\$ 2,408,397</u>	

## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Motor Fuel Tax Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ 758,271	\$ 758,271	\$ 1,198,009	\$ 439,738
Grants and contributions	-	-	1,344	1,344
Investment income	<u>3,000</u>	<u>3,000</u>	<u>8,281</u>	<u>5,281</u>
Total revenues	<u>761,271</u>	<u>761,271</u>	<u>1,207,634</u>	<u>446,363</u>
<b>Expenditures</b>				
Capital outlay	267,697	417,697	156,160	261,537
Contingency	<u>26,770</u>	<u>26,770</u>	-	<u>26,770</u>
Total expenditures	<u>294,467</u>	<u>444,467</u>	<u>156,160</u>	<u>288,307</u>
Net change in fund balance	<u>\$ 466,804</u>	<u>\$ 316,804</u>	1,051,474	<u>\$ 734,670</u>
<b>Fund Balance, Beginning</b>			<u>1,344,272</u>	
<b>Fund Balance, Ending</b>			<u>\$ 2,395,746</u>	

## City of Lake Forest

### Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual - Senior Resources Commission Fund

Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 143,500	\$ 143,500	\$ 88,541	\$ (54,959)
Grants and contributions	174,325	232,475	236,093	3,618
Investment income	<u>3,500</u>	<u>3,500</u>	<u>741</u>	<u>(2,759)</u>
Total revenues	<u>321,325</u>	<u>379,475</u>	<u>325,375</u>	<u>(54,100)</u>
<b>Expenditures</b>				
Culture and recreation	603,740	717,000	646,223	70,777
Contingency	<u>71,700</u>	<u>71,700</u>	<u>-</u>	<u>71,700</u>
Total expenditures	<u>675,440</u>	<u>788,700</u>	<u>646,223</u>	<u>142,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(354,115)</u>	<u>(409,225)</u>	<u>(320,848)</u>	<u>88,377</u>
<b>Other Financing Sources</b>				
Transfers in	<u>282,760</u>	<u>282,760</u>	<u>256,481</u>	<u>(26,279)</u>
Total other financing sources	<u>282,760</u>	<u>282,760</u>	<u>256,481</u>	<u>(26,279)</u>
Net change in fund balance	<u>\$ (71,355)</u>	<u>\$ (126,465)</u>	<u>(64,367)</u>	<u>\$ 62,098</u>
<b>Fund Balance, Beginning</b>			<u>153,356</u>	
<b>Fund Balance, Ending</b>			<u>\$ 88,989</u>	

## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Housing Trust Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other taxes	\$ 30,000	\$ 30,000	\$ 36,000	\$ 6,000
Investment income	15,000	15,000	7,831	(7,169)
Total revenues	45,000	45,000	43,831	(1,169)
<b>Expenditures</b>				
General government	650,000	674,965	7,413	667,552
Contingency	67,497	67,497	-	67,497
Total expenditures	717,497	742,462	7,413	735,049
Excess (deficiency) of revenues over (under) expenditures	(672,497)	(697,462)	36,418	733,880
<b>Other Financing Sources</b>				
Transfers in	-	-	500,000	500,000
Total other financing sources	-	-	500,000	500,000
Net change in fund balance	<u>\$ (672,497)</u>	<u>\$ (697,462)</u>	536,418	<u>\$ 1,233,880</u>
<b>Fund Balance, Beginning</b>			1,647,067	
<b>Fund Balance, Ending</b>			<u>\$ 2,183,485</u>	

# City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Debt Service Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues</b>				
Taxes:				
Property	\$ 2,082,950	\$ 2,082,950	\$ 2,095,213	\$ 12,263
Other taxes	530,400	530,400	695,377	164,977
Investment income	9,900	9,900	10,374	474
Total revenues	<u>2,623,250</u>	<u>2,623,250</u>	<u>2,800,964</u>	<u>177,714</u>
<b>Expenditures</b>				
Current:				
General government	3,500	3,500	1,312	2,188
Debt service:				
Principal retirement	2,009,666	2,009,666	2,009,665	1
Interest and fiscal charges	<u>957,822</u>	<u>957,822</u>	<u>957,831</u>	<u>(9)</u>
Total expenditures	<u>2,970,988</u>	<u>2,970,988</u>	<u>2,968,808</u>	<u>2,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(347,738)</u>	<u>(347,738)</u>	<u>(167,844)</u>	<u>179,894</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	361,313	361,313	361,313	-
Transfers out	(500,000)	(500,000)	(500,000)	-
Refunding debt issued	-	-	7,590,000	7,590,000
Premium on debt issued	-	-	511,784	511,784
Payment to refunded bonds escrow agent	<u>-</u>	<u>-</u>	<u>(8,101,528)</u>	<u>(8,101,528)</u>
Total other financing sources (uses)	<u>(138,687)</u>	<u>(138,687)</u>	<u>(138,431)</u>	<u>256</u>
Net change in fund balance	<u>\$ (486,425)</u>	<u>\$ (486,425)</u>	<u>(306,275)</u>	<u>\$ 180,150</u>
<b>Fund Balance, Beginning</b>			<u>1,900,735</u>	
<b>Fund Balance, Ending</b>			<u>\$ 1,594,460</u>	

# City of Lake Forest

## Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual - Laurel/Western Redevelopment TIF Fund

Year Ended April 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,190,000	\$ 1,190,000	\$ 1,290,630	\$ 100,630
Investment income	-	-	1,102	1,102
Total revenues	<u>1,190,000</u>	<u>1,190,000</u>	<u>1,291,732</u>	<u>101,732</u>
<b>Expenditures</b>				
General government	490,500	490,500	120,205	370,295
Capital outlay	100,000	100,000	-	100,000
Contingency	<u>95,182</u>	<u>95,182</u>	-	<u>95,182</u>
Total expenditures	<u>685,682</u>	<u>685,682</u>	<u>120,205</u>	<u>565,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>504,318</u>	<u>504,318</u>	<u>1,171,527</u>	<u>667,209</u>
<b>Other Financing Sources (Uses)</b>				
Transfers out	<u>(361,315)</u>	<u>(361,315)</u>	<u>(861,313)</u>	<u>(499,998)</u>
Total other financing sources (uses)	<u>(361,315)</u>	<u>(361,315)</u>	<u>(861,313)</u>	<u>(499,998)</u>
Net change in fund balance	<u>\$ 143,003</u>	<u>\$ 143,003</u>	310,214	<u>\$ 167,211</u>
<b>Fund Balance (Deficit), Beginning</b>			<u>(304,215)</u>	
<b>Fund Balance, Ending</b>			<u>\$ 5,999</u>	

## City of Lake Forest

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - Capital Improvements Fund  
Year Ended April 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes				
Property	\$ 1,551,489	\$ 1,551,489	\$ 1,543,453	\$ (8,036)
Other taxes	1,960,400	1,960,400	3,788,550	1,828,150
Charges for services	102,760	102,760	198,013	95,253
Grants and contributions	77,962	269,152	62,411	(206,741)
Investment income	26,969	26,969	87,418	60,449
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>960</u>	<u>(4,040)</u>
Total revenues	<u>3,724,580</u>	<u>3,915,770</u>	<u>5,680,805</u>	<u>1,765,035</u>
<b>Expenditures</b>				
Current:				
General government	394,500	597,960	535,401	62,559
Highways and streets	1,500,000	1,515,226	1,141,352	373,874
Sanitation	28,000	60,999	10,423	50,576
Culture and recreation	-	-	4,911	(4,911)
Capital outlay	7,483,952	7,833,784	2,488,782	5,345,002
Contingency	<u>1,007,042</u>	<u>1,007,042</u>	<u>-</u>	<u>1,007,042</u>
Total expenditures	<u>10,413,494</u>	<u>11,015,011</u>	<u>4,180,869</u>	<u>6,834,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,688,914)</u>	<u>(7,099,241)</u>	<u>1,499,936</u>	<u>8,599,177</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	750,000	750,000	4,650,000	3,900,000
Proceeds from capital asset sales	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
Total other financing sources (uses)	<u>770,000</u>	<u>770,000</u>	<u>4,650,000</u>	<u>3,880,000</u>
Net change in fund balance	<u>\$ (5,918,914)</u>	<u>\$ (6,329,241)</u>	<u>6,149,936</u>	<u>\$ 12,479,177</u>
<b>Fund Balance, Beginning</b>			<u>16,190,839</u>	
<b>Fund Balance, Ending</b>			<u>\$ 22,340,775</u>	

### **Major Enterprise Fund**

**Waterworks and Sewerage Fund** – This fund accounts for the provision of water and sewer service to the residents of the City.

### **Nonmajor Enterprise Fund**

**Deerpath Golf Course Fund** – This fund accounts for operations of the City golf course. Financing is provided by user charges from utilizing the golf course.



## City of Lake Forest

Schedule of Revenues, Expenses and Nonoperating Revenues (Expenses) - Budget and Actual (Budgetary Basis) - Waterworks and Sewerage Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>				
Charges for services	\$ 8,557,368	\$ 8,557,368	\$ 9,845,800	\$ 1,288,432
Connection fees	95,000	95,000	219,227	124,227
Miscellaneous	7,927	7,927	4,576	(3,351)
Total operating revenues	<u>8,660,295</u>	<u>8,660,295</u>	<u>10,069,603</u>	<u>1,409,308</u>
<b>Operating Expenses</b>				
General and administrative	2,593,871	2,593,871	1,771,706	822,165
Operations and maintenance	3,204,122	3,564,122	2,402,363	1,161,759
Contingency	975,479	975,479	-	975,479
Total operating expenses	<u>6,773,472</u>	<u>7,133,472</u>	<u>4,174,069</u>	<u>2,959,403</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	37,100	37,100	54,316	17,216
Principal retirement	(1,782,347)	(1,782,347)	(1,782,347)	-
Interest expense	(513,448)	(513,448)	(305,982)	207,466
Paying agent fees	(1,000)	(1,000)	(905)	95
Total nonoperating revenues (expenses)	<u>(2,259,695)</u>	<u>(2,259,695)</u>	<u>(2,034,918)</u>	<u>224,777</u>
<b>Contribution and Transfers</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Net contribution and transfers	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>

## City of Lake Forest

Schedule of Revenues, Expenses and Nonoperating Revenues (Expenses) - Budget and Actual (Budgetary Basis) - Deerpath Golf Course Fund  
Year Ended April 30, 2022

	<b>Budgeted Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Operating Revenues</b>				
Charges for services	\$ 1,631,291	\$ 1,631,291	\$ 1,822,996	\$ 191,705
Miscellaneous	5,033	5,033	1,688	(3,345)
Total operating revenues	<u>1,636,324</u>	<u>1,636,324</u>	<u>1,824,684</u>	<u>188,360</u>
<b>Operating Expenses</b>				
General and administrative	716,620	716,620	694,959	21,661
Operations and maintenance	1,634,646	1,634,646	1,169,159	465,487
Contingency	245,465	245,465	-	245,465
Total operating expenses	<u>2,596,731</u>	<u>2,596,731</u>	<u>1,864,118</u>	<u>732,613</u>
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	-	-	2,441	2,441
Principal retirement	(89,600)	(89,600)	(89,600)	-
Interest expense	(13,285)	(13,285)	(3,729)	9,556
Paying agent fees	(500)	(500)	(8)	492
Other	-	-	4,137	4,137
Total nonoperating revenues (expenses)	<u>(103,385)</u>	<u>(103,385)</u>	<u>(86,759)</u>	<u>16,626</u>
<b>Contribution and Transfers</b>				
Capital contributions	693,083	693,083	554,466	(138,617)
Transfers in	50,000	50,000	50,000	-
Net contribution and transfers	<u>743,083</u>	<u>743,083</u>	<u>604,466</u>	<u>(138,617)</u>

### **Internal Service Funds**

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

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

**Liability Insurance Fund**– This fund accounts for the costs of liability insurance.

## City of Lake Forest

Combining Statement of Net Position  
Internal Service Funds  
April 30, 2022

	<u>Fleet</u>	<u>Self Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 580,977	\$ 5,563,828	\$ 2,060,532	\$ 8,205,337
Receivables:				
Other	5,940	30,584	5,700,916	5,737,440
Inventories	498,271	-	-	498,271
Prepaid items	-	-	748,187	748,187
	<u>1,085,188</u>	<u>5,594,412</u>	<u>8,509,635</u>	<u>15,189,235</u>
Total current assets				
Noncurrent assets:				
Net pension asset	623,708	-	-	623,708
Capital assets (net of accumulated depreciation):				
Property and equipment	48,047	-	-	48,047
Accumulated depreciation	<u>(48,047)</u>	<u>-</u>	<u>-</u>	<u>(48,047)</u>
Total noncurrent assets	<u>623,708</u>	<u>-</u>	<u>-</u>	<u>623,708</u>
Total assets	<u>1,708,896</u>	<u>5,594,412</u>	<u>8,509,635</u>	<u>15,812,943</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pensions	77,171	-	-	77,171
Deferred outflows related to total OPEB liability	<u>7,972</u>	<u>-</u>	<u>-</u>	<u>7,972</u>
Total deferred outflows of resources	<u>85,143</u>	<u>-</u>	<u>-</u>	<u>85,143</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	24,515	778,899	120,162	923,576
Accrued liabilities	<u>11,143</u>	<u>839,378</u>	<u>95,227</u>	<u>945,748</u>
Total current liabilities	<u>35,658</u>	<u>1,618,277</u>	<u>215,389</u>	<u>1,869,324</u>
Noncurrent liabilities:				
Compensated absences	35,186	-	-	35,186
Total OPEB liability	<u>58,091</u>	<u>-</u>	<u>-</u>	<u>58,091</u>
Total noncurrent liabilities	<u>93,277</u>	<u>-</u>	<u>-</u>	<u>93,277</u>
Total liabilities	<u>128,935</u>	<u>1,618,277</u>	<u>215,389</u>	<u>1,962,601</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pensions	642,948	-	-	642,948
Deferred inflows related to total OPEB liability	<u>14,876</u>	<u>-</u>	<u>-</u>	<u>14,876</u>
Total deferred inflows of resources	<u>657,824</u>	<u>-</u>	<u>-</u>	<u>657,824</u>
<b>Net Position</b>				
Restricted for:				
Employee retirement	623,708	-	-	623,708
Unrestricted	<u>383,572</u>	<u>3,976,135</u>	<u>8,294,246</u>	<u>12,653,953</u>
Total net position	<u>\$ 1,007,280</u>	<u>\$ 3,976,135</u>	<u>\$ 8,294,246</u>	<u>\$ 13,277,661</u>

## City of Lake Forest

Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Internal Service Funds  
Year Ended April 30, 2022

	<u>Fleet</u>	<u>Self Insurance</u>	<u>Liability Insurance</u>	<u>Totals</u>
<b>Operating Revenues</b>				
Charges for services	\$ 1,877,530	\$ 5,514,731	\$ 2,595,333	\$ 9,987,594
Total operating revenues	<u>1,877,530</u>	<u>5,514,731</u>	<u>2,595,333</u>	<u>9,987,594</u>
<b>Operating Expenses</b>				
General and administrative	<u>1,720,475</u>	<u>6,475,190</u>	<u>1,165,352</u>	<u>9,361,017</u>
Total operating expenses	<u>1,720,475</u>	<u>6,475,190</u>	<u>1,165,352</u>	<u>9,361,017</u>
Operating income	<u>157,055</u>	<u>(960,459)</u>	<u>1,429,981</u>	<u>626,577</u>
<b>Nonoperating Revenues</b>				
Investment income	<u>3,337</u>	<u>21,627</u>	<u>10,671</u>	<u>35,635</u>
Total nonoperating revenues	<u>3,337</u>	<u>21,627</u>	<u>10,671</u>	<u>35,635</u>
Income before transfers	<u>160,392</u>	<u>(938,832)</u>	<u>1,440,652</u>	<u>662,212</u>
<b>Transfers</b>				
Transfers in	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Total transfers	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Change in net position	160,392	(288,832)	1,440,652	1,312,212
<b>Net Position, Beginning</b>	<u>846,888</u>	<u>4,264,967</u>	<u>6,853,594</u>	<u>11,965,449</u>
<b>Net Position, Ending</b>	<u>\$ 1,007,280</u>	<u>\$ 3,976,135</u>	<u>\$ 8,294,246</u>	<u>\$ 13,277,661</u>

## City of Lake Forest

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended April 30, 2022

	<u>Fleet</u>	<u>Self Insurance</u>	<u>Liability Insurance</u>	<u>Total</u>
<b>Cash Flows From Operating Activities</b>				
Received from customers	\$ 1,871,590	\$ 5,512,157	\$ 1,327,356	\$ 8,711,103
Paid to suppliers for goods and services	(1,204,616)	(6,501,014)	(1,291,597)	(8,997,227)
Paid to employees for services	(823,431)	-	-	(823,431)
Net cash flows from operating activities	<u>(156,457)</u>	<u>(988,857)</u>	<u>35,759</u>	<u>(1,109,555)</u>
<b>Cash Flows From Investing Activities</b>				
Investment income	<u>3,337</u>	<u>21,627</u>	<u>10,671</u>	<u>35,635</u>
Net cash flows from investing activities	<u>3,337</u>	<u>21,627</u>	<u>10,671</u>	<u>35,635</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers from (to) other funds	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Net cash flows from noncapital financing activities	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Net change in cash and cash equivalents	(153,120)	(317,230)	46,430	(423,920)
<b>Cash and Cash Equivalents, Beginning</b>	<u>734,097</u>	<u>5,881,058</u>	<u>2,014,102</u>	<u>8,629,257</u>
<b>Cash and Cash Equivalents, Ending</b>	<u><u>\$ 580,977</u></u>	<u><u>\$ 5,563,828</u></u>	<u><u>\$ 2,060,532</u></u>	<u><u>\$ 8,205,337</u></u>
<b>Reconciliation of Operating Income to Net Cash Flows From Operating Activities</b>				
Operating income	\$ 157,055	\$ (960,459)	\$ 1,429,981	\$ 626,577
Changes in assets and liabilities:				
Accounts receivable	(5,940)	(2,574)	(1,267,977)	(1,276,491)
Inventories	(82,392)	-	-	(82,392)
Prepaid items	-	-	(123,910)	(123,910)
Net pension asset	(441,796)	-	-	(441,796)
Deferred outflows related to pensions	(24,671)	-	-	(24,671)
Accounts payable	12,415	(88,821)	12,745	(63,661)
Accrued liabilities	289	62,997	(15,080)	48,206
Deferred inflows related to pensions	231,345	-	-	231,345
Compensated absences	(3,152)	-	-	(3,152)
Deferred outflows related to total OPEB liability	1,048	-	-	1,048
Deferred inflows related to total OPEB liability	3,034	-	-	3,034
Total OPEB liability	<u>(3,692)</u>	<u>-</u>	<u>-</u>	<u>(3,692)</u>
Net cash flows from operating activities	<u><u>\$ (156,457)</u></u>	<u><u>\$ (988,857)</u></u>	<u><u>\$ 35,759</u></u>	<u><u>\$ (1,109,555)</u></u>

## City of Lake Forest

### Schedule of Revenues, Expenses and Nonoperating Revenues - Budget and Actual (Budgetary Basis)

Fleet Fund

Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>				
Charges for services	<u>\$ 1,868,437</u>	<u>\$ 1,868,437</u>	<u>\$ 1,877,530</u>	<u>\$ 9,093</u>
Total operating revenues	<u>1,868,437</u>	<u>1,868,437</u>	<u>1,877,530</u>	<u>9,093</u>
<b>Operating Expenses</b>				
General and administrative	1,967,728	1,967,728	1,720,475	247,253
Contingency	<u>196,773</u>	<u>196,773</u>	<u>-</u>	<u>196,773</u>
Total operating expenses	<u>2,164,501</u>	<u>2,164,501</u>	<u>1,720,475</u>	<u>444,026</u>
<b>Nonoperating Revenues</b>				
Investment income	<u>3,200</u>	<u>3,200</u>	<u>3,337</u>	<u>137</u>
Total nonoperating revenues	<u>3,200</u>	<u>3,200</u>	<u>3,337</u>	<u>137</u>
Net income	<u>(292,864)</u>	<u>(292,864)</u>	<u>160,392</u>	<u>453,256</u>
Change in net position	<u><u>\$ (292,864)</u></u>	<u><u>\$ (292,864)</u></u>	<u>160,392</u>	<u><u>\$ 453,256</u></u>
<b>Net Position, Beginning</b>			<u>846,888</u>	
<b>Net Position, Ending</b>			<u><u>\$ 1,007,280</u></u>	

**City of Lake Forest****Schedule of Revenues, Expenses and Nonoperating Revenues - Budget and Actual (Budgetary Basis)**

Self Insurance Fund

Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>				
Charges for services	\$ 5,611,500	\$ 5,611,500	\$ 5,514,731	\$ (96,769)
Total operating revenues	5,611,500	5,611,500	5,514,731	(96,769)
<b>Operating Expenses</b>				
General and administrative	5,789,000	5,789,000	6,475,190	(686,190)
Contingency	578,900	578,900	-	578,900
Total operating expenses	6,367,900	6,367,900	6,475,190	(107,290)
<b>Nonoperating Revenues</b>				
Investment income	40,000	40,000	21,627	(18,373)
Total nonoperating revenues	40,000	40,000	21,627	(18,373)
Net loss	(716,400)	(716,400)	(938,832)	(222,432)
<b>Contribution and Transfers</b>				
Transfers in	-	-	650,000	650,000
Net contribution and transfers	-	-	650,000	650,000
Change in net position	\$ (716,400)	\$ (716,400)	(288,832)	\$ 427,568
<b>Net Position, Beginning</b>			4,264,967	
<b>Net Position, Ending</b>			\$ 3,976,135	



**City of Lake Forest**

Schedule of Revenues, Expenses and Nonoperating Revenues - Budget and Actual (Budgetary Basis)

Liability Insurance Fund

Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Operating Revenues</b>				
Charges for services	<u>\$ 1,327,348</u>	<u>\$ 1,327,348</u>	<u>\$ 2,595,333</u>	<u>\$ 1,267,985</u>
Total operating revenues	<u>1,327,348</u>	<u>1,327,348</u>	<u>2,595,333</u>	<u>1,267,985</u>
<b>Operating Expenses</b>				
General and administrative	1,250,000	1,250,000	1,165,352	84,648
Contingency	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total operating expenses	<u>1,375,000</u>	<u>1,375,000</u>	<u>1,165,352</u>	<u>209,648</u>
<b>Nonoperating Revenues</b>				
Investment income	<u>10,000</u>	<u>10,000</u>	<u>10,671</u>	<u>671</u>
Total nonoperating revenues	<u>10,000</u>	<u>10,000</u>	<u>10,671</u>	<u>671</u>
Change in net position	<u><u>\$ (37,652)</u></u>	<u><u>\$ (37,652)</u></u>	1,440,652	<u><u>\$ 1,478,304</u></u>
<b>Net Position, Beginning</b>			<u>6,853,594</u>	
<b>Net Position, Ending</b>			<u><u>\$ 8,294,246</u></u>	

### **Pension Trust Funds**

**Police Pension Fund** – This fund accounts for the accumulation of resources to be used for disability or retirement annuity payments to uniformed police department personnel at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an independent actuary from a specific property tax levy.

**Firefighters' Pension Fund** – This fund accounts for the accumulation of resources to be used for disability or retirement annuity payments to uniformed fire department personnel at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an independent actuary from a specific property tax levy.

### **Private Purpose Trust Fund**

**Cemetery Trust Fund** – This fund accounts for monies provided by private donations. The investment earnings are expended for the operations of the cemetery.

## City of Lake Forest

Combining Statement of Fiduciary Net Position

Pension Trust Funds

April 30, 2022

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 413,924	\$ 548,543	\$ 962,467
Money markets	242,727	-	242,727
Investments:			
U.S. Treasury obligations	7,961,878	-	7,961,878
Municipal/corporate bonds	5,822,089	-	5,822,089
Mutual funds	22,987,786	-	22,987,786
Real estate investment fund	5,072,527	-	5,072,527
Firefighters pension investment fund	-	46,304,968	46,304,968
Receivables	74,197	-	74,197
Prepaid items	7,630	4,338	11,968
Due from primary government	47,235	26,841	74,076
	<u>42,629,993</u>	<u>46,884,690</u>	<u>89,514,683</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	<u>18,119</u>	<u>8,675</u>	<u>26,794</u>
Total liabilities	<u>18,119</u>	<u>8,675</u>	<u>26,794</u>
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 42,611,874</u>	<u>\$ 46,876,015</u>	<u>\$ 89,487,889</u>

## City of Lake Forest

Combining Statement of Changes in Fiduciary Net Position

Pension Trust Funds

Year Ended April 30, 2022

	<b>Police Pension</b>	<b>Firefighters' Pension</b>	<b>Total</b>
<b>Additions</b>			
Contributions:			
Employer	\$ 3,379,444	\$ 2,398,803	\$ 5,778,247
Employee	<u>474,817</u>	<u>343,611</u>	<u>818,428</u>
Total contributions	<u>3,854,261</u>	<u>2,742,414</u>	<u>6,596,675</u>
Investment income:			
Interest	706,565	472,431	1,178,996
Net appreciation (depreciation) in fair value of investments	<u>(1,500,952)</u>	<u>(2,989,435)</u>	<u>(4,490,387)</u>
Total Investment income (loss)	(794,387)	(2,517,004)	(3,311,391)
Less investment expense	<u>(88,811)</u>	<u>(56,685)</u>	<u>(145,496)</u>
Net investment income	<u>(883,198)</u>	<u>(2,573,689)</u>	<u>(3,456,887)</u>
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>
Total additions	<u>2,971,163</u>	<u>168,725</u>	<u>3,139,888</u>
<b>Deductions</b>			
Pension benefits and refunds	3,499,389	3,093,703	6,593,092
Other administrative expenses	<u>59,832</u>	<u>43,818</u>	<u>103,650</u>
Total deductions	<u>3,559,221</u>	<u>3,137,521</u>	<u>6,696,742</u>
Change in net position	(588,058)	(2,968,796)	(3,556,854)
<b>Net Position, Beginning</b>	<u>43,199,932</u>	<u>49,844,811</u>	<u>93,044,743</u>
<b>Net Position, Ending</b>	<u><u>\$ 42,611,874</u></u>	<u><u>\$ 46,876,015</u></u>	<u><u>\$ 89,487,889</u></u>

## City of Lake Forest

### Schedule of Changes in Fiduciary Net Position - Budget and Actual

Police Pension Fund

Year Ended April 30, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Additions</b>				
Contributions:				
Employer	\$ 3,388,076	\$ 3,388,076	\$ 3,379,444	\$ (8,632)
Employee	<u>402,326</u>	<u>402,326</u>	<u>474,817</u>	<u>72,491</u>
Total contributions	<u>3,790,402</u>	<u>3,790,402</u>	<u>3,854,261</u>	<u>63,859</u>
Investment income:				
Interest	615,000	615,000	706,565	91,565
Net appreciation (depreciation) in fair value of investments	<u>2,050,379</u>	<u>2,050,379</u>	<u>(1,500,952)</u>	<u>(3,551,331)</u>
Total investment income	2,665,379	2,665,379	(794,387)	(3,459,766)
Less investment expense	<u>(150,000)</u>	<u>(150,000)</u>	<u>(88,811)</u>	<u>61,189</u>
Net investment income	2,515,379	2,515,379	(883,198)	(3,398,577)
Miscellaneous	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Total additions	<u>6,305,781</u>	<u>6,305,781</u>	<u>2,971,163</u>	<u>(3,334,618)</u>
<b>Deductions</b>				
Pension benefits and refunds	3,125,000	3,125,000	3,499,389	(374,389)
Other administrative expenses	70,335	70,335	59,832	10,503
Contingency	<u>334,534</u>	<u>334,534</u>	<u>-</u>	<u>334,534</u>
Total deductions	<u>3,529,869</u>	<u>3,529,869</u>	<u>3,559,221</u>	<u>(29,352)</u>
Change in net position	<u>\$ 2,775,912</u>	<u>\$ 2,775,912</u>	<u>(588,058)</u>	<u>\$ (3,363,970)</u>
<b>Net Position, Beginning</b>			<u>43,199,932</u>	
<b>Net Position, Ending</b>			<u>\$ 42,611,874</u>	

## City of Lake Forest

### Schedule of Changes in Fiduciary Net Position - Budget and Actual

#### Firefighters' Pension Fund

Year Ended April 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Additions</b>				
Contributions:				
Employer	\$ 2,406,318	\$ 2,406,318	\$ 2,398,803	\$ (7,515)
Employee	325,337	325,337	343,611	18,274
Total contributions	2,731,655	2,731,655	2,742,414	10,759
Investment income:				
Interest	768,000	768,000	472,431	(295,569)
Net appreciation (depreciation) in fair value of investments	2,332,973	2,332,973	(2,989,435)	(5,322,408)
Total investment income	3,100,973	3,100,973	(2,517,004)	(5,617,977)
Less Investment expense	(80,000)	(80,000)	(56,685)	23,315
Net investment income	3,020,973	3,020,973	(2,573,689)	(5,594,662)
Total additions	5,752,628	5,752,628	168,725	(5,583,903)
<b>Deductions</b>				
Pension benefits and refunds	3,004,000	3,004,000	3,093,703	(89,703)
Other administrative expenses	65,335	65,335	43,818	21,517
Contingency	314,934	314,934	-	314,934
Total deductions	3,384,269	3,384,269	3,137,521	246,748
Change in net position	\$ 2,368,359	\$ 2,368,359	(2,968,796)	\$ (5,337,155)
<b>Net Position, Beginning</b>			49,844,811	
<b>Net Position, Ending</b>			\$ 46,876,015	

**Discretely Presented Component Unit**

**Lake Forest Library – General Fund** – This fund accounts for the operation and maintenance of the Lake Forest Library. Financing is provided by a specific annual property tax levy, charges for services, fines and forfeits, interest earned on investments and other miscellaneous revenues.

# City of Lake Forest

Discretely Presented Component Unit - Lake Forest Library  
Statement of Net Position and General Fund Balance Sheet  
April 30, 2022

	General Fund	Adjustments	Statement of Net Position
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 7,193,111	\$ -	\$ 7,193,111
Receivables (net of allowance for uncollectibles)			
Property taxes	4,417,017	-	4,417,017
Other taxes	24,562	-	24,562
Net pension asset	-	1,477,936	1,477,936
Capital assets			
Capital assets not depreciated	-	238,500	238,500
Capital assets depreciated, net of accumulated depreciation	-	2,311,482	2,311,482
Total assets	11,634,690	4,027,918	15,662,608
<b>Deferred outflows of Resources</b>			
Deferred outflows related to pensions	-	202,218	202,218
Deferred outflows related to total OPEB liability	-	5,301	5,301
Total deferred outflows of resources	-	207,519	207,519
Total assets and deferred outflows of resources	\$ 11,634,690	\$ 4,235,437	\$ 15,870,127
<b>Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 85,718	\$ -	\$ 85,718
Accrued liabilities	60,348	-	60,348
Long-term obligations			
Due within one year	-	18,309	18,309
Due in more than one year	-	223,520	223,520
Total liabilities	146,066	241,829	387,895
<b>Deferred Inflows of Resources</b>			
Property taxes levied for future periods	4,417,017	-	4,417,017
Deferred inflows related to pensions		1,523,526	1,523,526
Deferred inflows related to total OPEB liability	-	19,134	19,134
Total deferred inflows of resources	4,417,017	1,542,660	5,959,677
<b>Fund Balance/Net Position</b>			
Unassigned	7,071,607	(7,071,607)	-
Net position			
Net investment in capital assets	-	2,536,673	2,536,673
Restricted for employee retirement	-	1,477,936	1,477,936
Unrestricted	-	5,507,946	5,507,946
Total fund balance/net position	7,071,607	2,450,948	9,522,555
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 11,634,690	\$ 4,235,437	\$ 15,870,127



## City of Lake Forest

Discretely Presented Component Unit - Lake Forest Library

Statement of Activities and General Fund Statement of Revenues, Expenditures and

Changes in Fund Balance

Year Ended April 30, 2022

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Property taxes	\$ 4,375,175	\$ -	\$ 4,375,175
Intergovernmental	101,341	-	101,341
Charges for services	57,000	-	57,000
Grants and contributions	44,898	-	44,898
Fines	2,895	-	2,895
Investment Income	<u>37,504</u>	<u>-</u>	<u>37,504</u>
Total revenues	<u>4,618,813</u>	<u>-</u>	<u>4,618,813</u>
<b>Expenditures/expenses</b>			
Current	3,523,888	(358,468)	3,165,420
Capital outlay	<u>173,737</u>	<u>(173,737)</u>	<u>-</u>
Total expenditures/expenses	<u>3,697,625</u>	<u>(532,205)</u>	<u>3,165,420</u>
Net change in fund balance/net position	<u>921,188</u>	<u>532,205</u>	<u>1,453,393</u>
<b>Fund Balance/Net Position, Beginning</b>	<u>6,150,419</u>	<u>1,918,743</u>	<u>8,069,162</u>
<b>Fund Balance/Net Position, Ending</b>	<u>\$ 7,071,607</u>	<u>\$ 2,450,948</u>	<u>\$ 9,522,555</u>

## City of Lake Forest

Summary of Debt Service Requirements to Maturity  
April 30, 2022

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<b>Fiscal Year</b>	<b>General Obligation Bonds</b>
2023	\$ 5,371,865
2024	4,981,175
2025	2,970,216
2026	2,978,966
2027	2,965,164
2028	2,979,115
2029	3,240,927
2030	3,262,836
2031	3,389,887
2032	3,399,562
2033	3,366,723
2034	2,402,563
2035	1,149,063
2036	1,150,250
2037	1,145,275
2038	786,600
	<hr/>
	<u>\$ 45,540,187</u>

**City of Lake Forest**

Debt Service Requirements to Maturity - General Obligation Bonds  
April 30, 2022

<b>Fiscal Year</b>	<b>Special Service Area 25 Tax Bonds</b>		<b>Special Service Area 26 Tax Bonds</b>		<b>Special Service Area 29 Tax Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 75,000	\$ 2,213	\$ 20,701	\$ 704	\$ 143,508	\$ 10,448
2024	-	-	-	-	150,612	5,497
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
	<u>\$ 75,000</u>	<u>\$ 2,213</u>	<u>\$ 20,701</u>	<u>\$ 704</u>	<u>\$ 294,120</u>	<u>\$ 15,945</u>

**City of Lake Forest****Debt Service Requirements to Maturity - General Obligation Bonds**

April 30, 2022

<b>Fiscal Year</b>	<b>Series 2015 Obligation Bonds</b>		<b>Series 2017 Obligation Bonds</b>		<b>Series 2019 Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2023	\$ 355,000	\$ 260,925	\$ -	\$ 271,153	\$ 3,030,000	\$ 467,463
2024	370,000	252,050	515,000	271,153	2,370,000	315,963
2025	385,000	242,800	525,000	260,853	630,000	197,463
2026	405,000	233,175	535,000	247,728	660,000	165,963
2027	410,000	223,050	550,000	234,352	695,000	132,962
2028	435,000	212,800	565,000	220,602	730,000	98,213
2029	650,000	200,837	580,000	206,477	735,000	83,613
2030	695,000	181,337	590,000	191,687	755,000	68,912
2031	740,000	160,488	610,000	173,987	780,000	53,812
2032	705,000	136,438	630,000	155,687	810,000	37,237
2033	720,000	113,525	645,000	136,787	845,000	19,011
2034	1,530,000	90,125	665,000	117,438	-	-
2035	330,000	36,575	685,000	97,488	-	-
2036	340,000	25,025	710,000	75,225	-	-
2037	350,000	13,125	730,000	52,150	-	-
2038	-	-	760,000	26,600	-	-
	<u>\$ 8,420,000</u>	<u>\$ 2,382,275</u>	<u>\$ 9,295,000</u>	<u>\$ 2,739,367</u>	<u>\$ 12,040,000</u>	<u>\$ 1,640,612</u>

**City of Lake Forest**

Debt Service Requirements to Maturity - General Obligation Bonds  
April 30, 2022

<b>Fiscal Year</b>	<b>Series 2021 Obligation Bonds</b>		<b>Total Requirements</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 545,000	\$ 189,750	\$ 4,169,209	\$ 1,202,656	\$ 5,371,865
2024	590,000	140,900	3,995,612	985,563	4,981,175
2025	600,000	129,100	2,140,000	830,216	2,970,216
2026	615,000	117,100	2,215,000	763,966	2,978,966
2027	615,000	104,800	2,270,000	695,164	2,965,164
2028	625,000	92,500	2,355,000	624,115	2,979,115
2029	705,000	80,000	2,670,000	570,927	3,240,927
2030	715,000	65,900	2,755,000	507,836	3,262,836
2031	820,000	51,600	2,950,000	439,887	3,389,887
2032	890,000	35,200	3,035,000	364,562	3,399,562
2033	870,000	17,400	3,080,000	286,723	3,366,723
2034	-	-	2,195,000	207,563	2,402,563
2035	-	-	1,015,000	134,063	1,149,063
2036	-	-	1,050,000	100,250	1,150,250
2037	-	-	1,080,000	65,275	1,145,275
2038	-	-	760,000	26,600	786,600
	<u>\$ 7,590,000</u>	<u>\$ 1,024,250</u>	<u>\$37,734,821</u>	<u>\$ 7,805,366</u>	<u>\$45,540,187</u>

**City of Lake Forest**

Special Service Area 25 Special Tax Bonds – 2003 Series  
 April 30, 2022

Date of issue:	May 1, 2003
Date of maturity:	December 15, 2022
Authorized issue:	\$ 1,050,000
Denomination of bonds:	\$ 5,000
Interest rate:	1.95-2.95%
Interest dates:	June 15 and December 15
Payable at:	Lake Forest Bank and Trust Lake Forest, Illinois

**Redeemable Annually  
 on December 15**  
 2022

<b>Amount</b>
<u>75,000</u>
<u>\$ 75,000</u>

**Bond Principal and Interest Requirements**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Coupons Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2021	\$ 75,000	\$ 2,213	\$ 77,213	2022	1,107	2022	1,106
	<u>\$ 75,000</u>	<u>\$ 2,213</u>	<u>\$ 77,213</u>				

**City of Lake Forest**

Special Service Area 26 Special Tax Bonds – 2003 Series  
 April 30, 2022

Date of issue:	October 7, 2003
Date of maturity:	December 15, 2022
Authorized issue:	\$ 276,500
Denomination of bonds:	One bond per maturity
Interest rates:	2.5-3.4%
Interest dates:	June 15 and December 15
Payable at:	Lake Forest Bank and Trust Lake Forest, Illinois

**Redeemable Annually  
 on December 15**  
 2022

<b>Amount</b>
20,701
<u>\$ 20,701</u>

**Bond Principal and Interest Requirements**

Tax Levy Year	Tax Levy			Coupons Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2021	\$ 20,701	\$ 704	\$ 21,405	2022	\$ 352	2022	\$ 352
	<u>\$ 20,701</u>	<u>\$ 704</u>	<u>\$ 21,405</u>				

**City of Lake Forest**

Special Service Area 29 Special Tax Bonds - 2004 Series  
 April 30, 2022

Date of issue:	December 20, 2004
Date of maturity:	December 15, 2023
Authorized issue:	\$ 2,000,000
Denomination of bonds:	One bond per maturity
Interest rates:	2.55-3.65%
Interest dates:	June 15 and December 15
Payable at:	Lake Forest Bank and Trust Lake Forest, Illinois

**Redeemable Annually  
on December 15**

<b>Amount</b>	
2022	\$ 143,508
2023	150,612
	<u>\$ 294,120</u>

**Bond Principal and Interest Requirements**

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Coupons Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2021	\$ 143,508	\$ 10,448	\$ 153,956	2022	5,224	2022	5,224
2022	150,612	5,497	156,109	2023	2,749	2023	2,748
	<u>\$ 294,120</u>	<u>\$ 15,945</u>	<u>\$ 310,065</u>				



# City of Lake Forest

General Obligation Bonds – 2015  
April 30, 2022

Date of issue:	August 3, 2015
Date of maturity:	December 15, 2036
Authorized issue:	\$ 9,780,000
Denomination of bonds:	\$ 5,000
Interest rates:	2.50 - 3.75%
Interest dates:	June 15 and December 15
Payable at:	Wells Fargo Bank Chicago, Illinois

<b>Redeemable Annually on December 15</b>	<b>Amount</b>
2022	\$ 355,000
2023	370,000
2024	385,000
2025	405,000
2,026	410,000
Thereafter	6,495,000
	<u>\$ 8,420,000</u>

## Bond Principal and Interest Requirements

<b>Tax Levy Year</b>	<b>Tax Levy</b>			<b>Coupons Due on</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>June 15</b>	<b>Amount</b>	<b>December 15</b>	<b>Amount</b>
2021	\$ 355,000	\$ 260,925	\$ 615,925	2022	\$ 130,463	2022	\$ 130,462
2022	370,000	252,050	622,050	2023	126,025	2023	126,025
2023	385,000	242,800	627,800	2024	121,400	2024	121,400
2024	405,000	233,175	638,175	2025	116,588	2025	116,587
2025	410,000	223,050	633,050	2026	111,525	2026	111,525
Thereafter	6,495,000	1,170,275	7,665,275	Thereafter	585,138	Thereafter	585,137
	<u>\$ 8,420,000</u>	<u>\$ 2,382,275</u>	<u>\$10,802,275</u>				

# City of Lake Forest

General Obligation Bonds – 2017  
April 30, 2022

Date of issue:	June 5, 2017
Date of maturity:	December 15, 2037
Authorized issue:	\$ 9,295,000
Denomination of bonds:	\$ 5,000
Interest rates:	2.00 - 3.50%
Interest dates:	June 15 and December 15
Payable at:	Bank of New York Mellon Chicago, Illinois

## Redeemable Annually on December 15

## Amount

2022	\$ -
2023	515,000
2024	525,000
2025	535,000
2026	550,000
Thereafter	7,170,000
	<u>\$ 9,295,000</u>

## Bond Principal and Interest Requirements

Tax levy year	Tax levy			Coupons due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2021	\$ -	\$ 271,153	\$ 271,153	2022	\$ 135,577	2022	\$ 135,576
2022	515,000	271,153	786,153	2023	135,577	2023	135,576
2023	525,000	260,853	785,853	2024	130,426	2024	130,427
2024	535,000	247,728	782,728	2025	123,864	2025	123,864
2025	550,000	234,352	784,352	2026	117,176	2026	117,176
Thereafter	7,170,000	1,454,128	8,624,128	Thereafter	727,064	Thereafter	727,064
	<u>\$ 9,295,000</u>	<u>\$ 2,739,367</u>	<u>\$12,034,367</u>				

# City of Lake Forest

General Obligation Bonds – 2019  
April 30, 2022

Date of issue:	December 19, 2019
Date of maturity:	December 15, 2032
Authorized issue:	\$ 17,655,000
Denomination of bonds:	\$ 5,000
Interest rates:	2.25 - 5.00%
Interest dates:	June 15 and December 15
Payable at:	Amalgamated Bank Chicago, Illinois

## Redeemable Annually on December 15

	Amount
2022	\$ 3,030,000
2023	2,370,000
2024	630,000
2025	660,000
2026	695,000
Thereafter	4,655,000
	<u>\$12,040,000</u>

## Bond Principal and Interest Requirements

Tax Levy Year	Tax Levy			Coupons Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2021	\$ 3,030,000	\$ 467,462	\$ 3,497,462	2022	\$ 233,731	2022	\$ 233,731
2022	2,370,000	315,962	2,685,962	2023	157,981	2023	157,981
2023	630,000	197,462	827,462	2024	98,731	2024	98,731
2024	660,000	165,963	825,963	2025	82,982	2025	82,981
2025	695,000	132,963	827,963	2026	66,482	2026	66,481
Thereafter	4,655,000	360,800	5,015,800	Thereafter	180,400	Thereafter	180,400
	<u>\$12,040,000</u>	<u>\$ 1,640,612</u>	<u>\$13,680,612</u>				

## City of Lake Forest

General Obligation Bonds – 2021  
April 30, 2022

Date of issue:	September 15, 2021
Date of maturity:	December 15, 2032
Authorized issue:	\$ 7,590,000
Denomination of bonds:	\$ 5,000
Interest rates:	2.00%
Interest dates:	June 15 and December 15
Payable at:	Amalgamated Bank Chicago, Illinois

### Redeemable Annually on December 15

	<u>Amount</u>
2022	\$ 545,000
2023	590,000
2024	600,000
2025	615,000
2026	615,000
Thereafter	4,625,000
	<u>\$ 7,590,000</u>

### Bond Principal and Interest Requirements

Tax Levy Year	Tax Levy			Coupons Due on			
	Principal	Interest	Total	June 15	Amount	December 15	Amount
2021	\$ 545,000	\$ 189,750	\$ 734,750	2022	\$ 94,875	2022	\$ 94,875
2022	590,000	140,900	730,900	2023	70,450	2023	70,450
2023	600,000	129,100	729,100	2024	64,550	2024	64,550
2024	615,000	117,100	732,100	2025	58,550	2025	58,550
2025	615,000	104,800	719,800	2026	52,400	2026	52,400
Thereafter	4,625,000	342,600	4,967,600	Thereafter	171,300	Thereafter	171,300
	<u>\$ 7,590,000</u>	<u>\$ 1,024,250</u>	<u>\$ 8,614,250</u>				

# City of Lake Forest

Debt Service Fund  
Combining Balance Sheet  
April 30, 2022

	Special Service Area 25 General Obligation Bonds	Special Service Area 26 General Obligation Bonds	Special Service Area 29 General Obligation Bonds	2004 Series B 2011B/2019 General Obligation Bonds
<b>Assets</b>				
Cash and cash equivalents	\$ 18,890	\$ 8,126	\$ 9,850	\$ 1,416,454
Receivables (net of allowance for uncollectibles):				
Property taxes	76,547	21,575	152,139	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 95,437</u>	<u>\$ 29,701</u>	<u>\$ 161,989</u>	<u>\$ 1,416,454</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Property taxes levied for future periods	<u>76,547</u>	<u>21,576</u>	<u>152,139</u>	<u>-</u>
<b>Fund Balance</b>				
Fund balance- restricted for debt service	<u>18,890</u>	<u>8,125</u>	<u>9,850</u>	<u>1,416,454</u>
Total deferred inflows of resources, liabilities and fund balances	<u>\$ 95,437</u>	<u>\$ 29,701</u>	<u>\$ 161,989</u>	<u>\$ 1,416,454</u>

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<b>2009/2019 General Obligation Bonds</b>	<b>2010/2019 General Obligation Bonds</b>	<b>2013/2021 General Obligation Bonds</b>	<b>2015 General Obligation Bonds</b>	<b>Total</b>
\$ 35,278	\$ 59,637	\$ 40,921	\$ 5,306	\$ 1,594,462
252,396	574,794	730,975	253,926	2,062,352
-	-	-	-	-
<u>\$ 287,674</u>	<u>\$ 634,431</u>	<u>\$ 771,896</u>	<u>\$ 259,232</u>	<u>\$ 3,656,814</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
252,397	574,794	730,975	253,926	2,062,354
35,277	59,637	40,921	5,306	1,594,460
<u>\$ 287,674</u>	<u>\$ 634,431</u>	<u>\$ 771,896</u>	<u>\$ 259,232</u>	<u>\$ 3,656,814</u>

**City of Lake Forest****Debt Service Fund****Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**

Year Ended April 30, 2022

	<b>Special Service Area 25 General Obligation Bonds</b>	<b>Special Service Area 26 General Obligation Bonds</b>	<b>Special Service Area 29 General Obligation Bonds</b>	<b>2004 Series B 2011B/2019 General Obligation Bonds</b>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 79,849	\$ 23,129	\$ 152,403	\$ -
Other	-	-	-	695,377
Investment income	194	64	223	7,436
Total revenues	80,043	23,193	152,626	702,813
<b>Expenditures</b>				
General government	-	-	-	45
Debt Service:				
Principal	75,000	19,743	136,869	453,053
Interest	4,350	1,375	15,033	71,672
Total expenditures	79,350	21,118	151,902	524,770
Excess (deficiency) of revenues over expenditures	693	2,075	724	178,043
<b>Other financing sources:</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(500,000)
Refunding debt issued	-	-	-	-
Premium on debt issued	-	-	-	-
Payments to refunding escrow	-	-	-	-
Total other financing sources (uses)	-	-	-	(500,000)
Net change in fund balances	693	2,075	724	(321,957)
<b>Fund Balances, Beginning</b>	18,197	6,050	9,126	1,738,411
<b>Fund Balances, Ending</b>	<u>\$ 18,890</u>	<u>\$ 8,125</u>	<u>\$ 9,850</u>	<u>\$ 1,416,454</u>

<b>2009/2019 General Obligation Bonds</b>	<b>2010/2019 General Obligation Bonds</b>	<b>2013/2021 General Obligation Bonds</b>	<b>2015 General Obligation Bonds</b>	<b>Total</b>
\$ 252,643	\$ 585,536	\$ 751,983	\$ 249,670	\$ 2,095,213
-	-	-	-	695,377
<u>438</u>	<u>863</u>	<u>943</u>	<u>213</u>	<u>10,374</u>
<u>253,081</u>	<u>586,399</u>	<u>752,926</u>	<u>249,883</u>	<u>2,800,964</u>
56	211	-	1,000	1,312
180,000	370,000	435,000	340,000	2,009,665
<u>72,700</u>	<u>211,263</u>	<u>312,013</u>	<u>269,425</u>	<u>957,831</u>
<u>252,756</u>	<u>581,474</u>	<u>747,013</u>	<u>610,425</u>	<u>2,968,808</u>
<u>325</u>	<u>4,925</u>	<u>5,913</u>	<u>(360,542)</u>	<u>(167,844)</u>
-	-	-	361,313	361,313
-	-	-	-	(500,000)
-	-	7,590,000	-	7,590,000
-	-	511,784	-	511,784
<u>-</u>	<u>-</u>	<u>(8,101,528)</u>	<u>-</u>	<u>(8,101,528)</u>
<u>-</u>	<u>-</u>	<u>256</u>	<u>361,313</u>	<u>(138,431)</u>
325	4,925	6,169	771	(306,275)
<u>34,952</u>	<u>54,712</u>	<u>34,752</u>	<u>4,535</u>	<u>1,900,735</u>
<u>\$ 35,277</u>	<u>\$ 59,637</u>	<u>\$ 40,921</u>	<u>\$ 5,306</u>	<u>\$ 1,594,460</u>



## Statistical Section

This portion of the City of Lake Forest's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall economic condition and financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	143
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	148
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt.	156
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and other governments.	161
<b>Operating Information</b> These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	164

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

# City of Lake Forest

Net Position by Component  
Last Ten Fiscal Years  
April 30, 2022

	2013	2014	2015	2016*	2017	2018	2019	2020	2021	2022
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 187,500,531	\$ 184,270,349	\$ 181,056,601	\$ 181,481,470	\$ 170,568,584	\$ 166,607,491	\$ 164,675,251	\$ 165,179,598	\$ 164,798,332	\$ 165,811,050
Restricted	16,064,099	16,860,362	15,737,797	18,506,073	15,476,976	20,193,505	26,714,972	27,807,934	36,509,516	57,740,630
Unrestricted	<u>21,126,818</u>	<u>23,689,130</u>	<u>26,747,317</u>	<u>(18,479,928)</u>	<u>(9,068,405)</u>	<u>(11,006,718)</u>	<u>(14,809,677)</u>	<u>(18,261,240)</u>	<u>(14,713,066)</u>	<u>(21,655,117)</u>
Total governmental activities net position	<u>\$ 224,691,448</u>	<u>\$ 224,819,841</u>	<u>\$ 223,541,715</u>	<u>\$ 181,507,615</u>	<u>\$ 176,977,155</u>	<u>\$ 175,794,278</u>	<u>\$ 176,580,546</u>	<u>\$ 174,726,292</u>	<u>\$ 186,594,782</u>	<u>\$ 201,896,563</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 36,077,752	\$ 36,163,443	\$ 36,617,378	\$ 37,582,505	\$ 37,504,482	\$ 40,729,712	\$ 39,610,155	\$ 39,052,272	\$ 38,142,896	\$ 38,585,070
Restricted	-	-	-	-	-	-	-	-	580,012	1,957,016
Unrestricted	<u>9,880,856</u>	<u>9,739,336</u>	<u>8,941,920</u>	<u>8,323,401</u>	<u>7,696,321</u>	<u>8,950,670</u>	<u>9,508,483</u>	<u>9,692,010</u>	<u>10,288,805</u>	<u>11,424,910</u>
Total business-type activities	<u>\$ 45,958,608</u>	<u>\$ 45,902,779</u>	<u>\$ 45,559,298</u>	<u>\$ 45,905,906</u>	<u>\$ 45,200,803</u>	<u>\$ 49,680,382</u>	<u>\$ 49,118,638</u>	<u>\$ 48,744,282</u>	<u>\$ 49,011,713</u>	<u>\$ 51,966,996</u>
<b>Total Primary Government</b>										
Net investment in capital assets	\$ 223,578,283	\$ 220,433,792	\$ 217,673,979	\$ 219,063,975	\$ 208,073,066	\$ 207,337,203	\$ 204,285,406	\$ 204,231,870	\$ 202,941,228	\$ 204,396,120
Restricted	16,064,099	16,860,362	15,737,797	18,506,073	15,476,976	20,193,505	26,714,972	27,807,934	37,089,528	59,697,646
Unrestricted	<u>31,007,674</u>	<u>33,428,466</u>	<u>35,689,237</u>	<u>(10,156,527)</u>	<u>(1,372,084)</u>	<u>(2,056,048)</u>	<u>(5,301,194)</u>	<u>(8,569,230)</u>	<u>(4,424,261)</u>	<u>(10,230,207)</u>
Total primary government net position	<u>\$ 270,650,056</u>	<u>\$ 270,722,620</u>	<u>\$ 269,101,013</u>	<u>\$ 227,413,521</u>	<u>\$ 222,177,958</u>	<u>\$ 225,474,660</u>	<u>\$ 225,699,184</u>	<u>\$ 223,470,574</u>	<u>\$ 235,606,495</u>	<u>\$ 253,863,559</u>

\*Beginning in 2016, the City implemented GASB 68 which resulted in the inclusion of a net pension liability.

## City of Lake Forest

Change in Net Position

Last Ten Fiscal years

Year Ended April 30, 2022

	2013	2014	2015*	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 16,176,326	\$ 12,311,198	\$ 12,604,331	\$ 11,675,363	\$ 16,882,976	\$ 9,884,646	\$ 13,773,790	\$ 13,865,425	\$ 12,863,134	\$ 11,182,027
Highway and streets	7,536,444	7,762,403	8,839,231	9,230,548	10,923,639	9,621,569	9,081,471	8,677,958	7,457,325	6,929,008
Sanitation	2,512,559	2,586,125	2,474,355	2,208,326	2,611,231	2,585,940	2,580,043	2,678,876	2,438,916	1,959,547
Culture and recreation	10,352,252	10,397,593	10,172,391	8,463,259	10,023,195	10,003,119	8,859,391	8,977,855	9,453,397	9,205,623
Public safety	13,748,855	14,430,151	15,303,399	16,360,830	17,048,209	17,017,092	19,769,395	23,338,259	16,854,590	20,578,227
Interest	1,362,715	1,333,267	1,357,552	1,293,742	1,559,100	1,271,181	1,231,944	1,115,802	920,485	871,548
Total governmental activities expenses	<u>51,689,151</u>	<u>48,820,737</u>	<u>50,751,259</u>	<u>49,232,068</u>	<u>59,048,350</u>	<u>50,383,547</u>	<u>55,296,034</u>	<u>58,654,175</u>	<u>49,987,847</u>	<u>50,725,980</u>
<b>Business-Type Activities</b>										
Waterworks and sewerage	8,287,297	7,476,752	8,353,825	7,239,042	8,510,811	8,122,998	7,832,615	8,168,879	8,486,272	7,441,106
Golf	1,459,394	1,554,678	1,642,121	1,868,252	2,095,510	1,604,261	1,875,677	1,861,393	2,042,874	2,161,621
Total business-type activities	<u>9,746,691</u>	<u>9,031,430</u>	<u>9,995,946</u>	<u>9,107,294</u>	<u>10,606,321</u>	<u>9,727,259</u>	<u>9,708,292</u>	<u>10,030,272</u>	<u>10,529,146</u>	<u>9,602,727</u>
Total primary government expenses	<u>\$ 61,435,842</u>	<u>\$ 57,852,167</u>	<u>\$ 60,747,205</u>	<u>\$ 58,339,362</u>	<u>\$ 69,654,671</u>	<u>\$ 60,110,806</u>	<u>\$ 65,004,326</u>	<u>\$ 68,684,447</u>	<u>\$ 60,516,993</u>	<u>\$ 60,328,707</u>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
Charges for services:										
General government	\$ 4,838,151	\$ 4,756,948	\$ 5,442,475	\$ 8,191,440	\$ 8,860,169	\$ 5,203,210	\$ 5,007,655	\$ 4,077,609	\$ 3,754,897	\$ 4,296,082
Highway and streets	753,487	741,334	710,795	990,840	782,953	1,006,644	2,730,122	2,183,456	2,476,794	2,726,225
Sanitation	58,564	77,147	682,062	697,435	734,111	721,276	749,620	1,040,121	1,053,692	1,040,338
Culture and recreation	3,342,913	3,314,856	3,156,699	3,257,796	2,810,762	3,491,365	3,117,795	2,594,119	1,733,927	2,885,644
Public safety	1,861,619	1,950,998	1,795,521	1,552,567	1,689,547	1,992,985	2,117,186	2,525,439	2,517,398	2,946,021
Operating grants and contributions	1,777,734	1,105,191	1,345,670	1,368,451	1,088,579	1,298,006	985,676	1,529,863	1,097,399	1,164,031
Capital grants and contributions	25,000	757,239	468,255	280,675	1,174,000	356,178	505,988	448,694	777,054	2,368,237
Total governmental activities program revenues	<u>12,657,468</u>	<u>12,703,713</u>	<u>13,601,477</u>	<u>16,339,204</u>	<u>17,140,121</u>	<u>14,069,664</u>	<u>15,214,042</u>	<u>14,399,301</u>	<u>13,411,161</u>	<u>17,426,578</u>
<b>Business-Type Activities</b>										
Charges for services:										
Waterworks and sewerage	8,598,079	7,521,323	8,034,469	7,477,558	7,873,741	8,083,554	7,818,777	7,512,450	8,569,806	9,695,464
Golf	1,320,455	1,397,836	1,414,217	1,759,271	1,606,661	1,480,618	1,524,654	1,459,127	1,864,338	1,824,684
Operating grants and contributions	-	-	-	-	-	-	228,332	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	554,466
Total business-type activities program revenues	<u>9,918,534</u>	<u>8,919,159</u>	<u>9,448,686</u>	<u>9,236,829</u>	<u>9,480,402</u>	<u>9,564,172</u>	<u>9,571,763</u>	<u>8,971,577</u>	<u>10,434,144</u>	<u>12,074,614</u>
Total government program revenues	<u>\$ 22,576,002</u>	<u>\$ 21,622,872</u>	<u>\$ 23,050,163</u>	<u>\$ 25,576,033</u>	<u>\$ 26,620,523</u>	<u>\$ 23,633,836</u>	<u>\$ 24,785,805</u>	<u>\$ 23,370,878</u>	<u>\$ 23,845,305</u>	<u>\$ 29,501,192</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	<u>\$ (39,031,683)</u>	<u>\$ (36,117,024)</u>	<u>\$ (37,149,782)</u>	<u>\$ (32,892,864)</u>	<u>\$ (41,908,229)</u>	<u>\$ (36,313,883)</u>	<u>\$ (40,081,992)</u>	<u>\$ (44,254,874)</u>	<u>\$ (36,576,686)</u>	<u>\$ (33,299,402)</u>
<b>Business-Type Activities</b>	<u>171,843</u>	<u>(112,271)</u>	<u>(547,260)</u>	<u>129,535</u>	<u>(1,125,919)</u>	<u>(163,087)</u>	<u>(136,529)</u>	<u>(1,058,695)</u>	<u>(95,002)</u>	<u>2,471,887</u>
Total primary government net expense	<u>\$ (38,859,840)</u>	<u>\$ (36,229,295)</u>	<u>\$ (37,697,042)</u>	<u>\$ (32,763,329)</u>	<u>\$ (43,034,148)</u>	<u>\$ (36,476,970)</u>	<u>\$ (40,218,521)</u>	<u>\$ (45,313,569)</u>	<u>\$ (36,671,688)</u>	<u>\$ (30,827,515)</u>

# City of Lake Forest

Change in Net Position

Last Ten Fiscal years

Year Ended April 30, 2022

	2013	2014	2015*	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Taxes:										
Property	\$ 25,051,411	\$ 23,744,650	\$ 24,468,769	\$ 25,006,224	\$ 25,928,864	\$ 26,193,444	\$ 27,591,773	\$ 28,569,827	\$ 30,459,112	\$ 32,149,905
Sales	3,183,479	3,047,529	2,851,103	2,889,306	2,829,607	2,105,736	2,095,938	2,597,218	1,081,489	1,795,817
Income and use	2,131,711	2,182,325	2,386,567	2,251,828	2,306,546	2,272,639	2,593,506	2,584,198	3,223,407	3,829,655
Telecommunications and utility	3,736,586	4,026,972	3,954,001	3,551,491	3,596,175	3,440,365	3,603,381	3,170,895	3,102,515	3,285,771
Real estate transfer tax	1,209,113	1,633,580	1,224,610	1,288,175	1,398,160	1,622,900	1,471,595	1,256,265	2,735,405	2,652,110
Other	493,418	581,443	534,625	514,231	636,368	2,178,246	2,410,453	2,717,862	4,308,631	5,824,190
Investment earnings	491,196	637,193	547,118	145,329	1,042,049	1,665,391	2,215,202	1,664,355	3,564,117	(883,765)
Miscellaneous	573,705	669,145	73,613	-	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	(3,874)	7,775	38,500	-	-
Transfers	(77,100)	(97,000)	(168,750)	(924,496)	(360,000)	(4,343,841)	786,850	(198,500)	(29,500)	(52,500)
Total governmental activities	36,793,519	36,425,837	35,871,656	34,722,088	37,377,769	35,131,006	42,776,473	42,400,620	48,445,176	48,601,183
<b>Business-Type Activities</b>										
Investment earnings	37,853	38,550	33,408	40,362	58,366	236,990	279,189	175,969	42,285	56,757
Other	-	-	1,621	6,033	2,450	61,835	299,176	309,870	290,648	374,139
Transfers	77,100	97,000	168,750	924,496	360,000	4,343,841	(786,850)	198,500	29,500	52,500
Total business-type activities	114,953	135,550	203,779	970,891	420,816	4,642,666	(208,485)	684,339	362,433	483,396
Total primary government	\$ 36,908,472	\$ 36,561,387	\$ 36,075,435	\$ 35,692,979	\$ 37,798,585	\$ 39,773,672	\$ 42,567,988	\$ 43,084,959	\$ 48,807,609	\$ 49,084,579
<b>Changes in Net Position</b>										
Governmental activities	\$ (2,238,164)	\$ 308,813	\$ (1,278,126)	\$ 1,829,224	\$ (4,530,460)	\$ (1,182,877)	\$ 2,694,481	\$ (1,854,254)	\$ 11,868,490	\$ 15,301,781
Business-type activities	286,796	23,279	(343,481)	1,100,426	(705,103)	4,479,579	(345,014)	(374,356)	267,431	2,955,283
Total primary government change in net position	\$ (1,951,368)	\$ 332,092	\$ (1,621,607)	\$ 2,929,650	\$ (5,235,563)	\$ 3,296,702	\$ 2,349,467	\$ (2,228,610)	\$ 12,135,921	\$ 18,257,064

\*Starting in 2015, all taxes administered by the State and disbursed to the City are reported as intergovernmental revenues on the face of the financial statements. They have been grouped by tax type for comparison purposes above.

## City of Lake Forest

Fund Balances of Governmental Funds

Last Ten Fiscal Years

April 30, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>General Fund</b>										
Nonspendable	\$ 2,775,449	\$ 2,126,990	\$ 1,648,832	\$ 1,272,224	\$ 778,160	\$ 150,038	\$ 129,280	\$ 143,703	\$ 208,661	\$ 91,038
Restricted	957,420	957,420	957,420	-	-	-	-	-	-	-
Unassigned	<u>11,020,723</u>	<u>14,530,550</u>	<u>17,910,037</u>	<u>22,509,969</u>	<u>28,799,288</u>	<u>29,130,844</u>	<u>28,815,904</u>	<u>29,433,682</u>	<u>28,148,267</u>	<u>28,872,687</u>
Total general fund	<u>\$ 14,753,592</u>	<u>\$ 17,614,960</u>	<u>\$ 20,516,289</u>	<u>\$ 23,782,193</u>	<u>\$ 29,577,448</u>	<u>\$ 29,280,882</u>	<u>\$ 28,945,184</u>	<u>\$ 29,577,385</u>	<u>\$ 28,356,928</u>	<u>\$ 28,963,725</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 43,333	\$ -	\$ 381,173	\$ 408,539	\$ 536,121	\$ 28,688	\$ 32,837	\$ 29,139	\$ 28,878	\$ -
Restricted	15,605,203	16,127,257	14,726,999	20,337,111	19,420,288	20,806,879	26,656,696	27,693,271	36,738,128	45,175,456
Assigned	1,598,819	1,449,284	1,448,736	1,456,053	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>(1,022,136)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,686)</u>	<u>(743,104)</u>	<u>(304,215)</u>	<u>-</u>
governmental funds	<u>\$ 17,247,355</u>	<u>\$ 17,576,541</u>	<u>\$ 15,534,772</u>	<u>\$ 22,201,703</u>	<u>\$ 19,956,409</u>	<u>\$ 20,835,567</u>	<u>\$ 26,685,847</u>	<u>\$ 26,979,306</u>	<u>\$ 36,462,791</u>	<u>\$ 45,175,456</u>
Total governmental funds	<u>\$ 32,000,947</u>	<u>\$ 35,191,501</u>	<u>\$ 36,051,061</u>	<u>\$ 45,983,896</u>	<u>\$ 49,533,857</u>	<u>\$ 50,116,449</u>	<u>\$ 55,631,031</u>	<u>\$ 56,556,691</u>	<u>\$ 64,819,719</u>	<u>\$ 74,139,181</u>

# City of Lake Forest

Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
Year Ended April 30, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Property taxes	\$25,051,411	\$ 23,744,650	\$ 24,468,769	\$ 25,006,224	\$ 25,928,864	\$ 26,193,444	\$ 27,591,773	\$ 28,569,827	\$ 30,459,112	\$32,149,905
Other taxes	10,754,307	11,471,849	4,641,466	4,317,316	4,609,057	4,786,506	4,775,587	4,702,203	6,236,640	7,420,624
Intergovernmental revenues	612,357	576,125	6,972,923	6,680,193	6,656,768	6,331,183	6,717,794	7,274,602	7,982,783	9,381,665
Grants and contributions	1,190,377	962,249	950,823	1,056,523	1,419,736	997,289	2,220,550	1,082,083	1,959,289	803,304
Charges for services	7,319,673	7,373,500	7,935,973	8,506,756	8,005,317	8,833,079	8,759,327	8,749,224	7,611,794	9,915,260
Licenses and permits	2,450,194	2,477,338	2,821,066	5,222,568	5,157,398	3,232,276	3,456,703	2,954,115	3,133,137	3,460,452
Fines and forfeitures	368,941	297,005	287,333	260,407	321,168	345,438	355,304	271,985	260,726	256,681
Investment income (loss)	462,579	610,601	524,150	115,462	989,515	1,553,167	2,043,136	1,534,251	3,531,497	(919,400)
Miscellaneous revenue	1,225,082	759,384	790,344	779,137	841,731	1,831,152	1,511,534	1,360,723	1,346,521	1,777,933
Total revenues	49,434,921	48,272,701	49,392,847	51,944,586	53,929,554	54,103,534	57,431,708	56,499,013	62,521,499	64,246,424
<b>Expenditures</b>										
General government	14,242,768	10,112,393	10,248,830	10,811,408	11,581,286	10,469,740	11,657,265	11,960,755	13,142,471	12,312,871
Highways and streets	2,044,225	2,293,840	2,371,461	2,157,463	3,118,461	2,354,587	4,577,657	3,393,599	3,232,159	3,994,492
Sanitation	2,193,091	2,212,166	2,235,135	2,276,433	2,311,435	2,290,986	2,480,420	2,619,476	2,653,638	2,583,681
Culture and recreation	9,282,695	8,686,298	8,457,043	8,338,284	8,532,289	8,853,547	9,319,869	9,398,508	9,260,377	9,740,683
Public safety	13,826,732	14,299,583	14,469,408	15,090,712	15,126,874	15,520,779	16,900,348	18,456,208	18,449,813	19,464,610
Capital outlay	4,586,574	5,527,772	7,582,668	10,992,926	5,439,469	8,746,881	3,971,995	6,753,993	4,568,295	3,160,885
Debt service:										
Principal	1,377,736	1,400,950	1,623,436	1,791,579	7,906,696	1,782,156	1,429,625	1,730,850	1,910,089	2,009,665
Interest	1,392,342	1,319,276	1,400,609	1,293,634	1,639,191	1,277,596	1,242,498	1,202,730	1,026,472	957,831
Total expenditures	48,946,163	45,852,278	48,388,590	52,752,439	55,655,701	51,296,272	51,579,677	55,516,119	54,243,314	54,224,718
Excess (deficiency) of revenues over expenditures	488,758	2,420,423	1,004,257	(807,853)	(1,726,147)	2,807,262	5,852,031	982,894	8,278,185	10,021,706
<b>Other Financing Sources (Uses)</b>										
Transfers in	2,829,243	3,224,306	2,020,085	2,846,321	7,776,661	4,799,274	7,280,685	4,627,667	6,804,841	6,791,294
Transfers out	(2,906,343)	(3,321,306)	(2,188,835)	(2,895,321)	(8,136,661)	(7,050,020)	(7,644,685)	(4,826,167)	(6,834,841)	(7,493,794)
Bonds issued	-	-	-	9,780,000	-	-	-	-	-	-
Loan proceeds	-	-	-	830,080	-	-	-	-	-	-
Premium (discount) on bonds issued	-	26,093	-	106,384	-	-	-	797,619	-	511,784
Proceeds from refunding G.O. bonds	-	9,715,000	-	-	-	-	-	10,751,022	-	7,590,000
Payments for refunding G.O. bonds	-	(9,665,000)	-	-	-	-	-	(11,445,875)	-	(8,101,528)
Sale of capital assets	64,549	791,038	24,053	73,224	5,636,108	26,076	26,551	38,500	14,843	-
Total other financing sources (uses)	(12,551)	770,131	(144,697)	10,740,688	5,276,108	(2,224,670)	(337,449)	(57,234)	(15,157)	(702,244)
Net changes in fund balances	\$ 476,207	\$ 3,190,554	\$ 859,560	\$ 9,932,835	\$ 3,549,961	\$ 582,592	\$ 5,514,582	\$ 925,660	\$ 8,263,028	\$ 9,319,462
Debt service as a percentage of noncapital expenditures	5.85%	6.17%	6.43%	6.54%	17.36%	6.49%	5.42%	5.78%	5.76%	5.92%

## City of Lake Forest

Assessed Value and Actual Value of Taxable Property

Last Ten Levy Years

Levy Year	Residential Property	Commercial Property	Industrial Property	Other Property	Tax Increment Financing	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2012	\$ 2,166,702,992	\$ 207,360,589	\$ 65,556	\$ 3,918,002	\$ -	\$ 2,378,047,139	1.1480	\$ 7,134,141,417	33.333%
2013	2,047,760,158	200,625,492	62,064	5,099,690	-	2,253,547,404	1.2480	6,760,642,212	33.333%
2014	2,047,998,906	196,562,054	61,541	5,846,135	-	2,250,468,636	1.2741	6,751,405,908	33.333%
2015	2,105,361,682	196,233,065	46,548	6,294,764	-	2,307,936,059	1.2794	6,923,808,177	33.333%
2016	2,226,672,717	209,668,706	49,445	6,591,173	90,630	2,443,072,671	1.2268	7,329,218,013	33.333%
2017	2,309,650,453	215,722,819	51,936	6,841,694	1,690,541	2,533,957,443	1.2366	7,601,872,329	33.333%
2018	2,305,181,606	214,536,978	52,832	7,152,663	4,202,435	2,531,126,514	1.2782	7,593,379,542	33.333%
2019	2,222,762,174	228,895,482	53,502	6,085,440	16,133,495	2,473,930,093	1.3721	7,421,790,279	33.333%
2020	2,168,305,007	221,826,768	55,722	6,474,628	22,935,969	2,419,598,094	1.4638	7,258,794,282	33.333%
2021	2,149,678,467	225,662,484	55,419	6,476,640	25,028,375	2,406,901,385	1.5217	7,220,704,155	33.333%

### Data Source

Office of the County Clerk

Note : Property is assessed at 33 1/3% of actual value; property tax rates per \$100 of assessed valuation.

The City's TIF Increment Financing district expired for 2012

A new City TIF Increment Financing district initiated for 2016

## City of Lake Forest

Property Tax Rates - Direct and Overlapping Governments

Based on Shields Township

Last Ten Levy Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bonds	0.071	0.088	0.090	0.067	0.059	0.060	0.066	0.074	0.077	0.077
Corporate	0.544	0.580	0.590	0.619	0.603	0.600	0.620	0.646	0.663	0.683
Firemen's Pension	0.046	0.052	0.054	0.053	0.050	0.061	0.065	0.077	0.093	0.098
IMRF	0.035	0.037	0.038	0.037	0.035	0.035	0.035	0.037	0.039	0.040
Library	0.141	0.152	0.155	0.153	0.146	0.145	0.149	0.157	0.166	0.170
Library Sites & Building	0.016	0.017	0.017	0.017	0.016	0.016	0.016	0.017	0.018	0.018
Parks/Park Maintenance	0.123	0.191	0.194	0.196	0.187	0.184	0.188	0.197	0.139	0.229
Playground & Recreation **	0.055	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.086	0.000
Police Pension	0.066	0.076	0.080	0.082	0.078	0.083	0.087	0.109	0.125	0.134
Ptab/CE Recapture	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.011
Recreation for Handicapped Rec.	0.016	0.018	0.018	0.018	0.018	0.018	0.019	0.020	0.021	0.021
Social Security	0.035	0.037	0.038	0.037	0.035	0.035	0.035	0.037	0.039	0.040
City Direct Rates *	1.148	1.248	1.274	1.279	1.227	1.237	1.280	1.371	1.464	1.522
Overlapping Rates										
College of Lake County	0.272	0.296	0.306	0.299	0.285	0.281	0.282	0.282	0.290	0.293
County of Lake	0.608	0.663	0.682	0.663	0.632	0.622	0.612	0.597	0.598	0.598
Lake County Forest Preserve	0.212	0.218	0.210	0.208	0.193	0.187	0.182	0.180	0.182	0.179
North Shore Sanitary District	0.150	0.164	0.169	0.166	0.157	0.153	0.153	0.153	0.157	0.158
School District 67, Elem.	1.322	1.424	1.452	1.429	1.367	1.355	1.391	1.472	1.551	1.606
School District 115, High School	1.322	1.420	1.450	1.409	1.329	1.314	1.336	1.375	1.445	1.494
Township	0.036	0.037	0.039	0.038	0.036	0.035	0.035	0.036	0.037	0.037
Township Road and Bridge	0.029	0.032	0.033	0.032	0.031	0.030	0.031	0.032	0.033	0.034
Total tax rate	5.099	5.502	5.615	5.523	5.257	5.214	5.302	5.498	5.757	5.922
City's share of total tax rate	23%	23%	23%	23%	23%	24%	24%	25%	25%	26%

### Data Source

Office of the County Clerk - Shields Township

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

All of Moraine Township is in Lake Forest and parts of Shields and West Deerfield Townships in Lake Forest lie in the North Shore Sanitary District.

\* Excludes rates for the Special Service Areas

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

\*\* Parks and Playgrounds combined in 2013



## City of Lake Forest

Principal Property Taxpayers  
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Valuation
Hospira Inc	\$ 17,184,303	1	0.71%	\$ 18,771,220	1	0.79%
Kelmscott Park Apartments LLC	15,721,450	2	0.65%			
Abbot Laboratories	14,493,994	3	0.60%			
Chicago Title Land Trust Company	12,969,071	4	0.54%			
Lake Forest Place LLC	12,431,475	5	0.52%			
Chicago Bears Football Club, Inc	11,495,453	6	0.48%	5,402,161	10	0.23%
Conway Gateway LLC	10,634,216	7	0.44%			
Chicago Title Land Trust Co	10,628,487	8	0.44%			
CAI Investment Lake Forest Global	10,022,781	9	0.42%			
Lake Forest Investments	7,616,280	10	0.32%			
Lake Products, Inc				13,929,128	2	0.59%
The Presbyterian Home				13,749,270	3	0.58%
CBIZ Property Tax Solutions				11,196,536	4	0.47%
Trustmark Insurance Co				7,750,771	5	0.33%
Lake Forest Landmark Co. LLC				6,962,512	6	0.29%
Northwestern Lake Forest Hospital				6,918,325	7	0.29%
Lake Forest Landmark II				5,928,948	8	0.25%
Shawgate Lake Forest, LLC				5,440,583	9	0.23%
	<u>\$ 123,197,510</u>		<u>5.12%</u>	<u>\$ 96,049,454</u>		<u>4.05%</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.

2022 Column is 2021 Assessed Valuation

2013 Column is 2012 Assessed Valuation

## City of Lake Forest

### Property Tax Levies and Collections

#### Last Ten Levy Years

Levy Year	Tax Levied	Collected within the Fiscal Year after the Levy		Subsequent Year Collections	Total Collections Per Levy	
		Amount	Percentage of Levy		Taxes Received	Percentage of Levy
2012	\$ 27,299,981	\$ 27,198,985	99.63%	\$ 384	\$ 27,199,369	99.63%
2013	28,124,272	28,002,008	99.57%	14,464	28,016,472	99.62%
2014	28,673,693	28,608,680	99.77%	14,056	28,622,736	99.82%
2015	29,528,749	29,468,310	99.80%	10,693	29,479,003	99.83%
2016	29,970,699	29,839,108	99.56%	781	29,839,889	99.56%
2017	31,313,227	31,250,130	99.80%	9,178	31,259,308	99.83%
2018	32,533,539	32,427,323	99.67%	1,981	32,429,304	99.68%
2019	33,955,313	33,779,271	99.48%	151	33,779,422	99.48%
2020	35,081,741	35,150,336	100.20%	960	35,151,295	100.20%
2021	36,244,390	N/A	N/A	N/A	N/A	N/A

#### Data Source

Lake County Treasurer and City

Note: Property is assessed at 33 1/3 % of actual value.

## City of Lake Forest

Tax Extensions for City Funds

Last Ten Levy Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General	0.544	0.580	0.590	0.619	0.603	0.600	0.617	0.646	0.663	0.683
IMRF/Social Security	0.070	0.074	0.076	0.074	0.070	0.070	0.071	0.074	0.078	0.079
Firefighter Pension	0.046	0.052	0.054	0.053	0.050	0.061	0.065	0.077	0.093	0.098
Police Pension	0.066	0.076	0.080	0.082	0.078	0.083	0.087	0.109	0.125	0.134
Parks and Recreation	0.178	0.191	0.194	0.196	0.187	0.184	0.188	0.196	0.224	0.229
Special Recreation	0.016	0.018	0.018	0.018	0.018	0.018	0.019	0.020	0.021	0.021
General Obligation Bond 2008	0.036	0.037	0.037	0.026	0.000	0.000	-	-	-	-
General Obligation Bond 2009	0.012	0.013	0.013	0.009	0.012	0.012	0.011	0.011	0.011	0.011
General Obligation Bond 2010	0.023	0.012	0.025	0.015	0.020	0.020	0.019	0.019	0.019	0.019
General Obligation Bond 2013	0.000	0.026	0.015	0.010	0.018	0.018	0.027	0.027	0.027	0.027
General Obligation Bond 2015	-	-	-	0.008	0.009	0.010	0.009	0.009	0.009	0.009
Total tax rate	0.991	1.079	1.102	1.110	1.065	1.076	1.113	1.188	1.269	1.311

### Data Source

Office of the County Clerk

The tax rate for the City's component unit, Lake Forest Library is excluded from this table.

This table excludes the tax rates for the Special Service Areas.

## City of Lake Forest

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Merchandise	\$ 9,722	\$ 7,005	\$ 7,471	\$ 5,072	\$ 4,358	\$ 4,215	\$ 5,854	\$ 4,980	\$ 2,427
Food	93,952	105,771	96,009	92,936	93,838	95,457	144,134	189,599	203,271
Drinking and Eating Places	165,386	180,023	163,447	173,473	182,278	177,620	261,770	216,636	290,619
Apparel	68,135	68,291	75,606	73,785	72,540	67,069	116,944	115,308	181,680
Furniture & H.H. & Radio	38,821	39,494	36,526	32,774	28,424	29,524	47,907	62,235	111,261
Lumber, Building, Hardware	9,862	-	-	7,537	8,238	9,633	17,362	27,244	30,082
Automobile and Filling Stations	37,025	34,895	28,267	26,735	30,895	35,146	48,650	45,234	65,741
Drugs and Miscellaneous Retail	110,554	117,262	118,740	117,224	102,558	103,843	154,528	179,191	551,958
Agriculture and All Others	121,651	105,139	129,721	116,945	105,670	66,743	146,885	148,739	217,430
Manufacturers	-	7,095	(3,818)	-	-	-	-	-	12,293
Censored categories	-	-	-	-	-	-	-	-	-
Total	\$ 655,108	\$ 664,975	\$ 651,969	\$ 646,481	\$ 628,799	\$ 589,250	\$ 944,034	\$ 989,166	\$ 1,666,760
Total Number of Payers	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%	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.

Effective July 2003, a .5% home rule sales tax was imposed.

Effective July 1 2019, an additional .5% home rule sales tax was imposed.

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

## City of Lake Forest

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

	2012	2013	2014	2015	2016	2017	2018	2019*	2020	2021
General Merchandise	\$ 24,726	\$ 19,656	\$ 14,010	\$ 14,930	\$ 11,412	\$ 10,496	\$ 10,069	\$ 8,964	\$ 5,204	\$ 2,465
Food	585,517	593,446	673,803	591,893	564,049	550,591	535,167	528,469	615,073	594,801
Drinking and Eating Places	317,291	338,382	364,221	329,303	350,024	372,173	362,713	349,961	224,312	297,355
Apparel	128,633	136,270	136,582	151,212	147,576	145,141	134,201	146,455	115,423	182,571
Furniture & H.H. & Radio	75,071	77,642	78,988	73,061	65,571	56,848	59,046	66,569	62,239	111,580
Lumber, Building, Hardware	13,742	19,724	-	-	15,076	16,479	19,267	21,891	27,245	30,893
Automobile and Filling Stations	146,865	241,339	178,178	133,684	139,764	141,260	131,243	575,290	134,743	170,053
Drugs and Miscellaneous Retail	400,096	433,159	430,482	414,407	431,966	399,115	381,239	393,920	391,545	879,413
Agriculture and All Others	274,807	285,401	255,189	295,974	271,061	246,697	166,637	222,162	170,645	248,950
Manufacturers	-	-	14,415	(5,107)	-	-	-	-	-	13,645
Censored categories	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,966,748	\$ 2,145,019	\$ 2,145,868	\$ 1,999,357	\$ 1,996,499	\$ 1,938,800	\$ 1,799,582	\$ 2,313,681	\$ 1,746,430	\$ 2,531,724
Total Number of Payers	647	637	637	673	687	687	604	578	510	2897
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

\* A onetime estimated payment of \$400,000 was received in November 2019

## City of Lake Forest

Direct and Overlapping Sales Tax Rates  
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	State Rate	Metra Rate	Special County Rate	Total
2013	1.50%	5.00%	0.50%	0.50%	7.50%
2014	1.50%	5.00%	0.50%	0.50%	7.50%
2015	1.50%	5.00%	0.50%	0.50%	7.50%
2016	1.50%	5.00%	0.50%	0.50%	7.50%
2017	1.50%	5.00%	0.50%	0.50%	7.50%
2018	1.50%	5.00%	0.50%	0.50%	7.50%
2019	1.50%	5.00%	0.50%	0.50%	7.50%
2020	2.00%	5.00%	0.50%	0.50%	8.00%
2021	2.00%	5.00%	0.50%	0.50%	8.00%
2022	2.00%	5.00%	0.50%	0.50%	8.00%

### Data Source

City records

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

The City increased the home rules sales tax by .5% July 1, 2019

## City of Lake Forest

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended	Governmental Activities		Business-Type Activities		Total Primary Government	Ratio of Total Outstanding Debt To Equalized Assessed Valuation*	Percentage of Personal Income*	Total Outstanding Debt Per Capita*
	General Obligation Bonds	Installment Purchase Contracts	General Obligation Bonds	Revenue Bonds				
2013	\$ 37,203,146	\$ -	\$ 21,060,000	\$ -	\$ 58,263,146	2.45%	3.90%	\$ 3,007.13
2014	35,852,197	-	19,245,000	-	55,097,197	2.44%	3.69%	2,843.73
2015	34,258,902	-	17,602,838	-	51,861,740	2.30%	3.47%	2,676.73
2016	42,510,566	-	15,679,654	-	58,190,220	2.52%	3.90%	3,003.37
2017	34,775,542	-	13,737,111	-	48,512,653	1.99%	3.25%	2,503.88
2018	33,460,538	-	21,111,864	-	54,572,402	2.15%	3.65%	2,816.64
2019	32,016,478	-	19,090,324	-	51,106,802	2.02%	3.42%	2,637.77
2020	30,340,954	-	16,863,419	-	47,204,373	1.92%	3.16%	2,436.35
2021	28,339,248	-	14,756,030	-	43,095,278	1.80%	2.89%	2,224.27
2022	26,227,244	-	12,701,765	-	38,929,009	1.63%	2.61%	2,009.24

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

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

## City of Lake Forest

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
2013	\$ 58,263,146	\$ 1,908,750	\$ 55,855,871	0.78%	\$ 2,882.88
2014	55,097,197	1,144,118	53,953,079	0.80%	2,784.68
2015	51,861,740	1,316,900	50,544,840	0.75%	2,608.77
2016	58,190,220	1,201,300	56,988,920	0.82%	2,941.36
2017	48,512,653	1,067,027	47,073,830	0.64%	2,429.62
2018	54,572,402	1,161,697	53,410,705	0.70%	2,756.68
2019	51,106,802	1,292,816	49,813,986	0.66%	2,571.04
2020	47,204,373	1,596,241	45,608,132	0.61%	2,353.97
2021	43,095,278	1,640,674	41,454,604	0.57%	2,139.59
2022	38,929,009	1,289,569	37,639,440	0.52%	1,942.68

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

Direct and Overlapping Governmental Activities Debt

April 30, 2022

Governmental Unit	Gross Debt	Percentage Debt Applicable to the City of Lake Forest*	City of Lake Forest Share of Debt
Lake County	\$ 137,310,000	9.94%	\$ 13,648,614
Lake County Community College #532	90,210,000	10.48%	9,454,008
Lake County Forest Preserve District	181,865,000	9.94%	18,077,381
School District #67	3,040,000	100.00%	3,040,000
School District #103	6,595,000	0.01%	679
High School District #115	17,415,000	79.50%	13,844,925
Subtotal, overlapping debt	436,435,000		58,065,607
City of Lake Forest direct debt	26,227,244	100.00%	26,227,244
Total direct and overlapping debt	<u>\$ 462,662,244</u>		<u>\$ 84,292,851</u>

Source: Lake County Clerk

District Bond Principal Payments Report

\* Determined by ratio of assessed valuation of property subject to taxation in the City of

Lake Forest to valuation of property subject to taxation in overlapping unit. The Percentage of debt is calculated by the percentage of the City's EAV in relation to the overlapping government's EAV. The gross debt is found on the Lake County website.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

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

## City of Lake Forest

### Legal Debt Margin Information Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Legal debt margin	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total net debt applicable to the limit as a percentage of debt limit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

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

## City of Lake Forest

Pledged Revenue Coverage

Last Ten Fiscal Years

Waterworks and Sewerage and Golf Course Bonds								
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage		
				Principal	Interest			
2013	\$ 9,956,387	\$ 6,938,272	\$ 3,018,115	\$ 1,744,000	\$ 482,866	1.36		
2014	9,043,227	5,406,022	3,637,205	1,815,000	433,125	1.62		
2015	8,918,081	5,445,461	3,472,620	1,847,000	402,951	1.54		
2016	10,190,948	5,826,164	4,364,784	1,877,000	373,266	1.94		
2017	9,881,831	6,438,798	3,443,033	1,902,000	339,386	1.54		
2018	10,022,069	5,644,942	4,377,127	1,952,000	544,461	1.75		
2019	10,357,788	6,992,668	3,365,120	1,987,000	580,023	1.31		
2020	9,655,908	6,253,668	3,402,240	2,067,000	530,673	1.31		
2021	10,796,575	6,752,827	4,043,748	1,934,413	607,064	1.59		
2022	12,543,737	5,821,671	6,722,067	1,871,947	523,002	2.81		

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

## City of Lake Forest

Demographic and Economic Information  
Last Ten Fiscal Years

Fiscal Year	Population		Equalized Accessed Valuation (EAV)		Per Capita EAV		Personal Income	Per Capita Personal Income	Unemployment Rate
2013 *	19,375	(A)	\$ 2,378,047,139	\$	122,738	\$	1,493,657,500	\$ 77,092	6.9%
2014 *	19,375	(A)	2,253,547,404		116,312		1,493,657,500	77,092	6.7%
2015 *	19,375	(A)	2,250,468,636		116,153		1,493,657,500	77,092	5.5%
2016 *	19,375	(A)	2,307,936,059		119,119		1,493,657,500	77,092	4.7%
2017 *	19,375	(A)	2,443,072,671		126,094		1,493,657,500	77,092	4.6%
2018 *	19,375	(A)	2,533,957,443		130,785		1,493,657,500	77,092	4.0%
2019 *	19,375	(A)	2,526,924,079		130,422		1,493,657,500	77,092	3.9%
2020 *	19,375	(A)	2,457,796,598		126,854		1,493,657,500	77,092	3.4%
2021 *	19,375	(A)	2,396,662,125		123,699		1,493,657,500	77,092	6.4%
2022 *	19,375	(A)	2,381,873,010		122,935		1,493,657,500	77,092	3.8%

(A) Actual

(E) Estimate by City of Lake Forest

### Data Source

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

\* The State of Illinois revised the annual unemployment rates for small communities back to 2010 in 2014

Census information for 2022 was not available from the City as of issuance date

## City of Lake Forest

Principal Employers

Current Year and Nine Years Ago

Employer	2022			2013		
	Employees	Rank	% of Total City Population	Employees	Rank	% of Total City Population
Northwestern Medicine Lake Forest Hospital	1,545	1	7.97%	1,600	1	8.26%
Abbott	1,136	2	5.86%			
Hospira Inc.	921	3	4.75%	1,350	2	6.97%
Pfizer	**					
Trustmark Insurance Company	498	4	2.57%	800	3	4.13%
Pactiv Corporation	492	5	2.54%	300	7	1.55%
Solo Cup Co.				600	4	3.10%
Lake Forest College excludes student employees	438	6	2.26%	500	5	2.58%
Lake Forest H.S. District 115 teacher, support staff	321	7	1.66%	350	6	1.81%
Lake Forest Elem. S.D. No. 67	304	8	1.57%			
Packaging Corporation of America	298	9	1.54%	200	10	1.03%
City of Lake Forest	210	10	1.08%	275	8	1.42%
Brunswick Corporation      Packaging Corp	-			200	9	1.03%

### Data Source

City staff contacted companies via mail.

\*\* No response received

## City of Lake Forest

Full-Time Equivalent Employees

Last Ten Fiscal Years

Full-Time-Equivalent Budgeted Employees as of April 30										
Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Administration	25	25	25	25.0	25.4	23.5	23.8	23.75	24.75	24.75
Community Development	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Public Safety										
Fire Protection										
Firefighters	33	33	33	33	33	32	32	32	32	32
Administrative	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Police										
Officers	40	40	40	40	40	40	40	40	40	40
Civilians	18.0	18.0	18.0	8.0	9.0	7.0	7.0	7.0	7.0	7.0
Public Works										
Public Works Administration	4	4	4	4	4	4	4	4	4	4
Building Maintenance	6	7	7	7	7	7	7	7	7	7
Engineering	5	5	5	5	5	5	5	5	5	5
Streets	8	8	7.5	7.5	8.0	8.0	8.0	8.0	8.0	8.0
Sanitation	12	11	10.5	10.5	10.0	10.0	10.0	10.0	10.0	10.0
Forestry	0	0	0	0	0	0	0	0	0	0
Fleet (vehicle) Maintenance	6	6	6	6	6	6	6	6	6	6
Water										
Water Plant	7	7	7	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Water and Sewer	10	9	9	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Parks	15.4	15.4	15.4	15.4	15.0	15.0	15.0	15.0	15.0	15.0
Recreation	15.4	15.4	15.4	15.4	16.0	16.0	16.0	16.0	16.0	16.0
Golf Course	2.2	2.2	2.2	2.2	0.0	0.0	0.0	0.0	0.0	0.0
Cemetery	2	2	2	2	2	3	3	3	3	3
Senior Resources	3	3	3	3	3	3	3	3	3	3
Sub - total City	226	224	224	214	213.4	209.5	209.75	209.75	210.75	210.75
Library	27.8	28.2	28.2	29.2	30.5	30.5	31.0	30.0	31.0	30.0
Total all	253.8	252.2	252.2	243.2	243.9	240	240.75	239.75	241.75	240.75

### Data Source

City Departments and employee totals as of April 30th

## City of Lake Forest

Operating Indicators

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
City Clerk										
Real Estate Transfer Tax (1)										
Number of Transactions	382	440	394	355	361	425	418	369	663	637
Rebates Issued	40	67	40	44	37	40	45	33	63	67
Birth Certificates Issued	2,675	2,250	2,556	2,575	2,474	2,807	2,759	2,525	2,617	3,212
Passports Issued (2)	0	0	0	0	0	0	0	0	0	0
Community Development										
Building permits issued	3,197	3,418	3,667	3,855	3,632	3,753	4,275	3,716	3,847	4,446
Residential construction	7	13	20	27	21	9	13	18	29	32
Commercial construction	2	1	1	1	1	4	-	1	2	2
Building inspections conducted	8,925	8,651	9,657	11,009	11,707	10,798	11,214	10,586	10,466	10,065
Public Safety										
Fire protection										
I.S.O. rating	4	4	4	4	3	3	3	3	3	3
Number of calls answered										
EMS	1,726	1,574	1,785	1,712	1,923	1,909	1,839	2,232	1,868	2,159
Fire	1,403	1,497	1,503	1,367	1,385	1,448	1,450	1,448	1,127	1,403
Police (calendar year)										
Non traffic arrests	237	191	89	166	129	76	157	83	80	95
Parking violations	7,013	5,979	5,250	3,907	5,396	4,325	6,891	3,748	1,107	2,242
Traffic violations	2,220	1,877	1,741	1,985	1,718	949	1,909	1,583	1,487	1,336
Public Works										
Streets										
Street resurfacing (miles) (calendar year)	5.92	5.00	5.50	2.40	3.28	2.63	2.20	3.40	1.90	1.20
Number of snow events										
Salting	23	27	21	24	15	10	9	6	5	5
Plowing	12	21	20	10	5	10	9	10	14	13
Inches of snow	36	48	50	24	22	45	46	26	63	37
Sanitation										
Refuse collection customers	6,472	6,462	6,654	6,295	6,467	6,467	6,484	6,503	6,527	6,550
Parks and Recreation (3)										
Fitness										
Number of programs	264	336	181	346	215	200	257	246	682	70
Units of participation	1,060	1,587	1,216	1,271	1,473	1,430	1,446	1,442	2,079	1,502
Athletics										
Number of programs	283	270	341	168	275	237	466	460	792	213
Units of Participation	2,704	2,524	2,282	1,348	2,006	2,026	1,931	1,958	561	1,901
Lakefront, Early Childhood Education and Lifetime Activities										
Number of programs	319	294	126	130	176	161	228	223	298	124
Units of participation	1,576	1,380	752	1,393	1,221	1,385	1,679	1,685	443	1,233
Cultural Arts/Special Events										
Number of programs	306	286	87	147	286	246	310	312	550	259
Units of participation	1,972	1,999	1,329	1,579	4,133	4,743	5,064	5,078	1,698	5,269

## City of Lake Forest

Operating Indicators (Continued)  
Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Wildlife Discovery Center, Ridge Teams Course and Adventure										
Number of programs	37	47	20	20	26	34	31	33	24	23
Units of participation	301	360	2,263	2,802	3,685	2,148	2,233	2,224	98	698
Developed parks and recreation areas	10	10	10	11	11	11	10	11	11	11
Developed park acreage	404	404	404	405	405	405	344	344	344	344
Sites with playgrounds	9	9	9	9	9	9	9	9	9	9
Sites with baseball diamonds	8	8	8	8	8	8	8	7	7	7
Sites with soccer fields	7	7	7	7	7	7	7	7	7	7
Sites with basketball standards	5	5	5	5	5	5	5	4	4	4
Sites with tennis courts	6	6	6	6	6	6	6	6	6	6
Deer Path Golf Course										
Size	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes	18 holes
Rounds of Play	30,321	29,435	27,956	29,445	27,101	24,631	26,184	24,666	24,508	26,293
Daily fee	13,646	17,449	17,646	20,478	19,755	18,660	21,172	20,089	20,380	22,112
Seasonal	16,675	11,986	10,310	8,967	7,346	5,971	5,012	4,577	4,128	4,181
Water										
New Connections (tap-ons)	20	28	33	66	30	23	29	21	27	15
Meters in operation	6,754	6,751	6,764	6,810	6,854	6,854	6,840	6,850	6,899	6,911
Meters connected to sewerage system	6,584	6,587	6,577	6,645	6,718	6,778	6,766	6,789	6,832	6,842
Average daily consumption (MGD)	4.202	3.652	3.250	3.162	3.499	3.550	3.430	3.132	3.400	3.802
Peak daily consumption (MGD)	10.298	8.611	7.345	8.268	8.315	8.926	7.247	7.916	8.180	9.216
Rated daily pumping capacity (MGD)	14	14	14	14	14	14	14	14	14	14
Total gallons pumped during fiscal year (in millions)	1,534.0	1,332.8	1,187.6	1,157.2	1,277.0	1,296.0	1,252.0	1,146.4	1,241.0	1,387.8
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	147,330	148,318	146,214	146,153	221,568	248,598	147,024	149,026	350,692	366,063
Registered borrowers	15,160	15,403	15,440	15,460	15,518	13,588	13,946	7,908	9,408	9,377
Fiscal yearbooks, items or materials circulation	457,632	450,876	410,852	383,561	376,144	551,232	366,128	346,603	262,366	350,541

### Data Source

City departments

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

(2) The City began to issue passports in FY2003 and stopped in FY2012.

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

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

N/A equals data not available



## City of Lake Forest

### Capital Asset Statistics

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	25	23	23	21	24	24	23	23	23	23
Fire protection										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles	14	17	15	17	17	15	18	18	19	23
Public Works										
Bridges										
Vehicle	14	14	14	14	14	14	14	14	14	14
Pedestrian	12	12	12	12	12	12	13	13	13	13
Streets										
Streets (centerline miles)	119.00	119.24	119.24	119.24	119.24	119.24	119.24	119.24	119.24	119.24
Streetlights										
Gas	438	438	438	438	438	438	438	438	438	438
Electric	1,526	1,536	1,570	1,570	1,570	1,570	1,570	1,570	1,570	1,570
Storm sewer (miles)	219.41	219.41	219.41	219.43	219.43	219.46	219.54	219.54	219.54	219.54
Parks and Recreation										
Acreage	404	404	404	405	405	405	344	344	344	344
Water										
Water mains (miles)	165.25	165.79	166.44	166.44	166.89	167.68	167.68	167.73	167.84	167.84
Fire hydrants	1,362	1,362	1,511	1,511	1,511	1,519	1,374	1,400	1,400	1,400
Wastewater										
Sanitary sewers (miles)	138.90	138.95	138.95	139.43	139.43	140.25	140.25	140.25	140.25	140.25

#### Data Source

City departments

N/A = data not available

## **APPENDIX B**

### **DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]  
[TO BE DATED CLOSING DATE]

City of Lake Forest  
Lake County, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the City Council of the City of Lake Forest, Lake County, Illinois (the “*City*”), passed preliminary to the issue by the City of its fully registered 5.00% General Obligation Bonds, Series 2023 (the “*Bonds*”), to the amount of \$10,770,000, dated April 27, 2023, due serially on December 15 of the years and in the principal amounts as follows:

2023	\$ 935,000
2024	780,000
2025	820,000
2026	860,000
2027	905,000
2028	950,000
2029	1,000,000
2030	1,050,000
2031	1,100,000
2032	1,155,000
2033	1,215,000

the Bonds maturing on and after December 15, 2031, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 15, 2030, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. For tax years beginning after December 31, 2022, interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

## **APPENDIX D**

### **CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12**

**CONTINUING DISCLOSURE UNDERTAKING  
FOR THE PURPOSE OF PROVIDING  
CONTINUING DISCLOSURE INFORMATION  
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (the “*Agreement*”) is executed and delivered by the City of Lake Forest, Lake County, Illinois (the “*Issuer*”), in connection with the issuance of \$10,770,000 General Obligation Bonds, Series 2023 (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance passed by the City Council of the Issuer on the 17th day of April, 2023 (the “*Ordinance*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

1. The table under the heading “Retailers’ Occupation, Service Occupation and Use Tax” within the Official Statement;
2. All of the tables under the heading “PROPERTY ASSESSMENT AND TAX INFORMATION” within the Official Statement;
3. All of the tables under the heading “DEBT INFORMATION” within the Official Statement; and
4. All of the tables under the heading “FINANCIAL INFORMATION” within the Official Statement.

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent's successors and assigns.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Financial Obligation* of the Issuer means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Final Official Statement, dated April 17, 2023, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBERS The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the Issuer will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the Issuer remains legally liable for the payment of such Bonds; *provided, however*, that the Issuer will not be required to make such filings under new CUSIP Numbers unless the Issuer has been notified in writing by the Participating Underwriter or the Issuer's financial advisor



that new CUSIP Numbers have been assigned to the Bonds. The Issuer will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Issuer will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. The Issuer shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

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

Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Issuer (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the Issuer has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Issuer shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the Issuer shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

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

12. **BENEFICIARIES.** This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. **RECORDKEEPING.** The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. **ASSIGNMENT.** The Issuer shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF LAKE FOREST,  
LAKE COUNTY, ILLINOIS

By \_\_\_\_\_  
Mayor

Date: April 27, 2023

**EXHIBIT I**  
**ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED**  
**FINANCIAL STATEMENTS**

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the Issuer's fiscal year (currently April 30), beginning with the fiscal year ending April 30, 2023. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statement will be submitted to EMMA within 30 days after availability to the Issuer.

Audited Financial Statements will be prepared in accordance with the accounting principles described in the Official Statement.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

**EXHIBIT II**  
**EVENTS WITH RESPECT TO THE BONDS**  
**FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED**

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

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

**EXHIBIT III**  
**CUSIP NUMBERS**

YEAR OF MATURITY	CUSIP NUMBERS (509696)
2023	WN6
2024	WP1
2025	WQ9
2026	WR7
2027	WS5
2028	WT3
2029	WU0
2030	WV8
2031	WW6
2032	WX4
2033	WY2