

CITY OF LOCKPORT, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
June 30, 2009

Prepared by: Finance Department
Ken Stanish
Finance Director

CITY OF LOCKPORT, ILLINOIS
TABLE OF CONTENTS

	<u>Page(s)</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis	MD&A 1-9
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	6
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets	7
Statement of Revenues, Expenditures and Changes in Fund Balances.....	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Governmental Activities in the Statement of Activities.....	9
Proprietary Funds	
Statement of Net Assets.....	10
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	11
Statement of Cash Flows	12-13

CITY OF LOCKPORT, ILLINOIS
 TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Statement of Fiduciary Net Assets	14
Statement of Changes in Fiduciary Net Assets.....	15
Notes to Financial Statements	16-46

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund	47
Schedule of Funding Progress	
Illinois Municipal Retirement Fund.....	48
Police Pension Fund.....	49
Other Postemployment Benefit Plan	50
Schedule of Employer Contributions	
Illinois Municipal Retirement Fund.....	51
Police Pension Fund.....	52
Other Postemployment Benefit Plan	53
Notes to Required Supplementary Information.....	54

COMBINING AND INDIVIDUAL FUND FINANCIAL
 STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund	
Balance Sheet	55
Schedule of Expenditures - Budget and Actual.....	56-57
Bond Sinking Fund	
Balance Sheet	58
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	59

CITY OF LOCKPORT, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES (Continued)

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	61
Motor Fuel Tax Fund	
Balance Sheet	62
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	63
Public Benefit Fund	
Balance Sheet	64
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	65
Public Works Facility Fund	
Balance Sheet	66
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	67
Parker Ridge Subdivision Capital Projects Fund	
Balance Sheet	68
151 st Street Project Capital Projects Fund	
Balance Sheet	69
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	70
8 th Street Wall Project Capital Projects Fund	
Balance Sheet	71
159 th and Adelman Capital Projects Fund	
Balance Sheet	72
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	73

CITY OF LOCKPORT, ILLINOIS
TABLE OF CONTENTS (Continued)

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES (Continued)

MAJOR ENTERPRISE FUNDS

Waterworks and Sewerage Subfunds	
Combining Schedule of Net Assets.....	74
Combining Schedule of Revenues, Expenses and Changes in Net Assets.....	75
Waterworks and Sewerage Subfund	
Schedule of Net Assets	76
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	77
Wastewater Treatment Plant Expansion Subfund	
Schedule of Net Assets	78
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	79
Water and Sewer Improvement Subfund	
Schedule of Net Assets	80
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	81
Special Rehabilitation Subfund	
Statement of Net Assets.....	82
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	83
Garbage Fund	
Schedule of Net Assets	84
Schedule of Revenues, Expenses and Changes in Net Assets - Budget and Actual	85

FIDUCIARY FUND

Pension Trust Fund	
Statement of Fiduciary Net Assets.....	86
Statement of Changes in Fiduciary Net Assets.....	87



998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Lockport, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Lockport, Illinois as of and for the year ended June 30, 2009, which collectively comprise the City of Lockport, Illinois' basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Lockport, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Bonnie Brae Forest Manor Sanitary District and the Lockport Heights Sanitary District, which represent 100% of the assets and revenues of the discretely presented component units. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Bonnie Brae Forest Manor Sanitary District and the Lockport Heights Sanitary District is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Bonnie Brae Forest Manor Sanitary District and the Lockport Heights Sanitary District were not audited in accordance with government auditing standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the basic 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 units, each major fund and the aggregate remaining fund information of the City of Lockport, Illinois as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 1, 2010 on our consideration of the City of Lockport, Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City of Lockport, Illinois adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and 27)*, for the year ended June 30, 2009.

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Aurora, Illinois
February 1, 2010

A handwritten signature in cursive script, appearing to read "Mike 228".

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

CITY OF LOCKPORT, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

The management of the City of Lockport (City) presents this discussion and analysis to provide its readers with a narrative overview and analysis of the City's financial activities for the year ended June 30, 2009.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the Required Supplementary Information that is provided in addition to the MD&A.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of this year by \$133,242,528 (net assets). Of this amount, \$10,896,493 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$2,926,672, or twenty-three percent (23%) of total General Fund expenditures.
- The City's long-term debt increased by \$6,126,248 during this year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lockport's finances, in a manner similar to a private-sector business. The government-wide financial statements can be found on pages 3 – 5 of this report.

The statement of net assets presents information of all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lockport is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, i.e. uncollected taxes and earned but unused vacation leave.

Government-wide financial statements distinguish functions of the City of Lockport that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general administration; police and animal control; buildings, planning and development; civil defense; streets and yard waste; and public works and special projects. The business-type activities of the City include water, sewer and garbage services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lockport, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Lockport can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lockport maintains ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Bond Sinking Fund. Data from the other eight (8) non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the City's full report.

The City of Lockport adopts an annual Appropriation Ordinance (Budget) for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

Proprietary Funds

Proprietary funds are comprised of two fund types, enterprise funds and internal service funds. The City maintains two major enterprise funds. These funds are used to report the water and sewer functions and garbage services presented as business-type activities in the government-wide financial statements. The City uses an internal service fund to account for compensated absences earned by employees and the funding of those benefits. The internal service fund is consolidated with the governmental activities as it provides services to the departments of the City's general fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewerage Fund and Garbage Fund, which are considered the major proprietary funds of the City. The basic proprietary fund financial statements can be found on pages 10-13 of this report.

Fiduciary Funds

A Fiduciary fund is used to account for resources held for the pension benefit payments to qualified police personnel. This fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the City's own programs. The accounting used for the fiduciary fund is much

like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 14-15 of this report.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 16-46 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 47-54 of this report. The combining statements referred to earlier in connection with non-major governmental funds, proprietary funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statement and schedules can be found on pages 55-87 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the government's financial position. The following tables show that as of June 30, 2009, the City's assets exceeded liabilities by \$133,242,528.

NET ASSETS

	Government Activities		Business Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and Other Assets	\$17,030,788	\$17,608,366	\$6,423,939	\$7,956,211	\$23,454,727	\$25,564,577
Capital Assets	\$84,657,158	\$27,952,393	\$53,678,677	\$45,719,857	\$138,335,835	\$73,672,250
Total Assets	\$101,687,946	\$45,560,759	\$60,102,616	\$53,676,068	\$161,790,562	\$99,236,827
Long-Term liabilities	\$4,597,604	\$2,156,280	\$14,377,159	\$8,478,101	\$18,974,763	\$10,634,381
Other Liabilities	\$7,212,442	\$6,628,211	\$2,360,829	\$3,431,633	\$9,573,271	\$10,059,844
Total Liabilities	\$11,810,046	\$8,784,491	\$16,737,988	\$11,909,734	\$28,548,034	\$20,694,225
Net Assets:						
Invested in Capital Assets Net of Related Debt	\$81,786,336	\$23,987,393	\$38,571,539	\$37,032,956	\$120,357,875	\$61,020,349
Restricted	\$1,988,160	\$3,100,261	\$0	\$0	\$1,988,160	\$3,100,261
Unrestricted	\$6,103,404	\$9,688,614	\$4,793,089	\$4,733,378	\$10,896,493	\$14,421,992
Total Net Assets	\$89,877,900	\$36,776,268	\$43,364,628	\$41,766,334	\$133,242,528	\$78,542,602

The chart above shows the changes in Net Assets. Overall, Net Assets increased for the year ended June 30, 2009.

- Capital assets in the Government Activities increased in 2009 due to the inclusion of GASB 34. This required the City to include all of its existing streets, right-of-ways and storm sewers as part of its capital assets. Capital assets also increased in the Business-Type Activities primarily due to the expansion of the wastewater treatment plant.
- Long-term liabilities increased in the Government Activities because of the issuance of the 2009 G.O. Bonds in the amount of \$2,305,000. Long-term liabilities increased in the Business-Type Activities due the IEPA low interest loan that was used to fund the wastewater treatment plant expansion.

Normal Impacts

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

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

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

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

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

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

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

The following table will focus on the changes in net assets of the governmental and business-type activities.

CHANGE IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Program Revenues:						
Charges for Service	\$2,085,044	\$2,617,107	\$7,264,794	\$7,880,778	\$9,349,838	\$10,497,885
Operating Grants & Contributions	\$1,106,077	\$281,154	\$122,050	\$33,337	\$1,228,127	\$314,491
Capital Grants & Contributions	\$1,556,666	\$233,850	\$511,895	\$2,000	\$2,068,561	\$235,850
Total Program Revenues	\$4,747,787	\$3,132,111	\$7,898,739	\$7,916,115	\$12,646,526	\$11,048,226
General Revenues:						
Property Taxes	\$5,886,774	\$6,059,941	\$0	\$0	\$5,886,774	\$6,059,941
Other Taxes	\$4,867,256	\$5,634,054	\$0	\$0	\$4,867,256	\$5,634,054
Other	\$203,623	\$614,511	\$166,783	\$306,611	\$370,406	\$921,122
Total Revenues	\$15,705,440	\$15,440,617	\$8,065,522	\$8,222,726	\$23,770,962	\$23,663,343

Program Expenses:						
General Admin.	\$1,331,303	\$1,425,730	\$0	\$0	\$1,331,303	\$1,425,730
Police & Animal Control	\$5,796,713	\$5,604,917	\$0	\$0	\$5,796,713	\$5,604,917
Building, Planning & Development	\$1,473,315	\$1,624,820	\$0	\$0	\$1,473,315	\$1,624,820
Civil Defense	\$18,084	\$13,426	\$0	\$0	\$18,084	\$13,426
Streets & Yard Waste	\$2,885,896	\$3,152,818	\$0	\$0	\$2,885,896	\$3,152,818
Public Works & Special Projects	\$1,452,174	\$503,637	\$0	\$0	\$1,452,174	\$503,637
Interest Long-term Debt	\$151,180	\$187,652	\$0	\$108,975	\$151,180	\$296,627
Water & Sewer	\$0	\$0	\$6,790,565	\$5,617,074	\$6,790,565	\$5,617,074
Garbage	\$0	\$0	\$1,623,795	\$1,532,502	\$1,623,795	\$1,532,502
Total Expenses	\$13,108,665	\$12,513,000	\$8,414,360	\$7,258,551	\$21,523,025	\$19,771,551
Transfers	\$0	\$200,000	\$0	(\$200,000)	\$0	\$0
Change in Net Assets	\$2,596,775	\$3,127,617	(\$348,838)	\$764,175	\$2,247,937	\$3,891,792
Net Assets July 1	\$36,776,268	\$34,209,800	\$41,766,334	\$41,002,159	\$78,542,602	\$75,211,959
Prior Period Adjustments	\$50,504,857	(\$561,149)	\$1,947,132	\$0	\$52,451,989	(\$561,149)
Net Assets, July 1 Restated	\$87,281,125	\$33,648,651	\$43,713,466	\$41,002,159	\$130,994,591	\$74,650,810
Net Assets June 30	\$89,877,900	\$36,776,268	\$43,364,628	\$41,766,334	\$133,242,528	\$78,542,602

- The prior period adjustment of \$50,504,857 for the Governmental Activities primarily relates to the inclusion of GASB 34 (recording of retroactive infrastructure assets, such as existing road, right-of-ways and storm sewers).
- The prior period adjustment of \$1,947,132 for the Business-Type Activities primarily relates to correcting the reporting of the 2005 Debt Certificates (from the Bond Sinking fund into the Water Fund) and the recording of developer-contributed capital assets.

Normal Impacts

Revenues:

Economic Condition—which can reflect a declining, stable, or growing economic environment and has a substantial impact on state income and sales 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 significant authority to impose and periodically increase/decrease rates (property taxes, water, building fees, utility tax rates, 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 Interest Income—the City’s investment portfolio is managed using a shorter average maturity than most governments and the market condition may cause interest income to fluctuate more than alternative longer-term options.

Expenses:

Introduction of New Programs/Reduction of Existing Programs—within the functional expense categories (General Government, Police, Public Services, 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.

Salary Adjustments (annual adjustments and merit)—the ability to attract and retain human and intellectual resources requires the Village to strive to approach a competitive salary range in the market place.

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

The City’s investment in capital assets, i.e. buildings and equipment, less any related outstanding debt used to acquire those assets represents ninety percent (90%) of the City’s net assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (i.e. water/sewer rates), since the capital assets themselves cannot be used to liquidate these liabilities.

An additional one percent (1%) of the City’s net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,896,493 represents unrestricted net assets, which may be used to meet the City’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Program and general revenues are those available for the City of Lockport to use to pay for the governmental activities described above. The following table and chart shows the City’s general revenues.

	<u>Amount</u>	<u>Percentage</u>
Taxes		
Property taxes	\$5,886,774	53.7%
Sales taxes	2,710,233	24.7%
Income taxes	2,079,374	19.0%
State Replacement taxes	77,649	0.7%
Earnings on investments	114,167	1.0%
Other income	89,456	0.9%
Total general revenues	\$10,957,653	100.0%

Property tax is the largest revenue sources for the City comprising of fifty-four percent (54%) of general governmental revenues. However, the tax rate decreased from .8475 to .7198 per \$100 of equalized assessed valuation. The main reason for the decrease was the retirement of the 1997 G.O. Bonds, the 2001 G.O. Refunding Bonds, and the 2004A G.O. Refunding Bonds. Infrastructure donations including streets, curbs and gutters, and storm sewers provide a significant addition to the City’s capital assets.

Business-type Activities

The water and sewer business-type activities of the City charge a fee to customers to help cover the cost of the services provided. The operating loss for the Waterworks and Sewerage Fund was (\$866,367). The City is currently evaluating its water and sewer rates. Garbage service is provided to City residents for a fee, to cover the cost of the service provided through an outside contractor. The operating income for the Garbage fund was \$37,511 for the current year.

Financial Analysis of the Government's Funds

As noted earlier, the City of Lockport uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Lockport's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure in the City's net resources available for spending at the end of the fiscal year.

As of June 30, 2009, the City of Lockport's governmental funds reported combined ending fund balances of \$11,058,012. Approximately forty-six percent (46%) of this total amount, or \$5,132,701 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remaining \$5,925,311 of the fund balance is reserved for various other projects. Reserved funds are not available for new spending because they have already been committed for these items.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the General Fund was \$8,166,649, of which \$2,926,672 is unreserved.

During the year, the fund balance of the City of Lockport's General Fund increased by \$1,605,167.

Proprietary Funds

Net assets of the Waterworks and Sewerage Fund decreased during the current fiscal year by (\$388,960) to \$43,153,101. The Garbage Fund's net assets increased during the current fiscal year by \$40,122 to \$211,527.

General Fund Budgetary Highlights

During the year, the actual revenues came in \$1,121,761 less than the budget and actual expenditures came in \$3,008,959 below the budgeted amount.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$138,335,835 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, vehicles, machinery and equipment, water distribution system, sanitary sewers, storm sewer and infrastructure including streets, and right of way.

CAPITAL ASSETS (net of depreciation) for 2009

	Governmental Activities	Business-Type Activities	Total Primary Government
Land & Land Right of Way	\$20,438,567	\$301,115	\$20,739,682
Building & Improvements	\$3,525,073	\$322,109	\$3,847,182
Transportation Equipment	\$1,369,861	\$498,424	\$1,868,285
Water Distribution, Storm & Sanitary System	\$0	\$41,195,844	\$41,195,844
Infrastructure	\$52,937,096	\$0	\$52,937,096
Construction in Progress	\$6,386,561	\$11,361,185	\$17,747,746
Total Capital Assets (Net of Depreciation)	\$84,657,158	\$53,678,677	\$138,335,835

Major capital asset events during the current fiscal year included the following:

- The purchase of vehicles and equipment to provide services to the citizens of our community
- 19th Street and 20th Court Reconstruction
- Washington Street Reconstruction
- 13th Street Reconstruction
- Parkview and Hamilton Reconstruction
- 151st Street Reconstruction
- Metra Parking Lot Expansion
- Expansion of our Wastewater Treatment Facility to 5.0 MGD

Additional information on the City of Lockport's capital assets can be found in Note 4 on pages 27-28 of this report.

Long-term Debt

The City of Lockport has total outstanding debt of \$21,280,407 as of June 30, 2009. This total debt includes general obligation bonds of \$3,290,000, which are backed by the full faith and credit of the City of Lockport, debt certificates of \$1,110,000, Illinois EPA revolving loans of \$13,997,138 and compensated absences of \$476,515.

The City has improved its rating from a AA- to a AA rating from Standard and Poor's on general obligation bond issues. Under current Illinois Compiled Statutes, the City's general obligation bonded debt issuances are subject to a legal limitation based on 8.625% of the total assessed value of real estate property. As of June 30, 2009, the City's net general obligation bonded debt of \$3,290,000 was below the legal limit of \$61,211,941 with a legal debt margin of \$57,921,941.

Additional information on the City's long-term debt can be found in Note 7 on pages 30-35 of this report.

Economic Factors and Next Year's Budget

Sales tax revenue continues to increase annually due to the increase in commercial growth in our community. During FY 2008-09 the City had an increase of \$143,737 or 5.6%. Development related fees have declined due to economic related factors, from a high in FY 2005-06. State shared revenues have also continued to decline. The City will need to carefully track the economic conditions and properly track the revenues, both local and state shared, as well as the expenditures to ensure that next year's budget would be as close to balanced as practical.

Requests for Information

This financial report is designed to provide a general overview of the City of Lockport's finances for all those with an interest in the government's finances. Questions concerning any of this information provided in this report or requests for additional information should be directed to Ken Stanish, Finance Director, City of Lockport, 222 E. 9th Street, Lockport, Illinois 60441.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government			Component Units	
	Governmental	Business-Type	Total	Bonnie Brae	Lockport
	Activities	Activities		Forest Manor Sanitary District	Heights Sanitary District
ASSETS					
Cash and cash equivalents	\$ 9,996,377	\$ 7,570,555	\$ 17,566,932	\$ 345,228	\$ 227,683
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	2,857,672	-	2,857,672	32,946	7,442
Sales tax	707,499	-	707,499	-	-
Income tax	449,493	-	449,493	-	-
Motor fuel tax	34,908	-	34,908	-	-
Due from customers	-	867,170	867,170	-	-
Other	286,375	129,089	415,464	-	-
Due to/from other funds	(183,466)	183,466	-	-	-
Due from fiduciary fund	63,525	-	63,525	-	-
Due from component units	-	76,337	76,337	-	-
Due from primary government	-	-	-	63,208	-
Advances to/from other funds	2,552,084	(2,552,084)	-	-	-
Inventory	6,889	40,760	47,649	-	-
Deposits	-	12,600	12,600	-	-
Deferred charges	26,663	-	26,663	-	-
Prepaid expenses	232,769	96,046	328,815	-	-
Capital assets not being depreciated	26,825,128	11,662,300	38,487,428	19,146	18,200
Capital assets, net of accumulated depreciation	57,832,030	42,016,377	99,848,407	1,089,116	588,341
Total assets	101,687,946	60,102,616	161,790,562	1,549,644	841,666
LIABILITIES					
Accounts payable	1,466,332	918,264	2,384,596	66,754	117,255
Retainage payable	5,000	27,182	32,182	-	-
Accrued payroll	293,734	119,591	413,325	-	-
Accrued interest payable	95,565	213,911	309,476	-	-
Unearned revenue	2,831,569	139,600	2,971,169	-	-
Due to fiduciary fund	15,435	-	15,435	-	-
Due to component units	-	63,208	63,208	-	-
Due to primary government	-	-	-	46,402	29,935
Other liabilities	882,631	-	882,631	1,598	-
Noncurrent liabilities					
Due within one year	1,426,571	879,073	2,305,644	-	-
Due in more than one year	4,597,604	14,377,159	18,974,763	-	-
Unamortized bond premium	195,605	-	195,605	-	-
Total liabilities	11,810,046	16,737,988	28,548,034	114,754	147,190
NET ASSETS					
Investment in capital assets, net of related debt	81,786,336	38,571,539	120,357,875	1,108,262	606,541
Restricted for					
Debt service	54,508	-	54,508	-	-
Streets and yard waste	245,306	-	245,306	-	-
Public Benefit	385,520	-	385,520	-	-
Other purposes	1,302,826	-	1,302,826	-	-
Unrestricted	6,103,404	4,793,089	10,896,493	326,628	87,935
TOTAL NET ASSETS	\$ 89,877,900	\$ 43,364,628	\$ 133,242,528	\$ 1,434,890	\$ 694,476

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General administration	\$ 1,331,303	\$ 688,575	\$ 67,480	\$ -
Police and animal control	5,796,713	736,103	31,154	25,000
Civil defense	18,084	-	-	-
Buildings, planning and development	1,473,315	579,191	-	-
Streets and yard waste	2,885,896	-	-	1,279,666
Public works and special projects	1,452,174	81,175	1,007,443	252,000
Interest	151,180	-	-	-
Total governmental activities	13,108,665	2,085,044	1,106,077	1,556,666
Business-Type Activities				
Waterworks and Sewerage	6,790,565	5,603,488	122,050	511,895
Garbage	1,623,795	1,661,306	-	-
Total business-type activities	8,414,360	7,264,794	122,050	511,895
TOTAL PRIMARY GOVERNMENT	\$ 21,523,025	\$ 9,349,838	\$ 1,228,127	\$ 2,068,561
COMPONENT UNIT				
Bonnie Brae Forest Manor Sanitary District	467,931	194,493	-	-
Lockport Heights Sanitary District	272,647	159,252	-	-
TOTAL COMPONENT UNITS	\$ 740,578	\$ 353,745	\$ -	\$ -

Net (Expense) Revenue and Change in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Bonnie Brae Forest Manor Sanitary District	Lockport Heights Sanitary District	
\$ (575,248)	\$ -	\$ (575,248)	\$ -	\$ -	
(5,004,456)	-	(5,004,456)	-	-	
(18,084)	-	(18,084)	-	-	
(894,124)	-	(894,124)	-	-	
(1,606,230)	-	(1,606,230)	-	-	
(111,556)	-	(111,556)	-	-	
(151,180)	-	(151,180)	-	-	
(8,360,878)	-	(8,360,878)	-	-	
-	(553,132)	(553,132)	-	-	
-	37,511	37,511	-	-	
-	(515,621)	(515,621)	-	-	
(8,360,878)	(515,621)	(8,876,499)	-	-	
-	-	-	(273,438)	-	
-	-	-	-	(113,395)	
-	-	-	(273,438)	(113,395)	
General Revenues					
Taxes					
Property	5,886,774	-	5,886,774	64,695	15,036
Sales	2,710,233	-	2,710,233	-	-
Income	2,079,374	-	2,079,374	-	-
Personal property replacement	77,649	-	77,649	-	232
Investment income	114,167	130,219	244,386	4,716	2,228
Miscellaneous	89,456	36,564	126,020	78,433	14,548
Total	10,957,653	166,783	11,124,436	147,844	32,044
CHANGE IN NET ASSETS	2,596,775	(348,838)	2,247,937	(125,594)	(81,351)
NET ASSETS, JULY 1	36,776,268	41,766,334	78,542,602	1,560,484	775,827
Prior period adjustment	50,504,857	1,947,132	52,451,989	-	-
NET ASSETS, JULY 1, RESTATED	87,281,125	43,713,466	130,994,591	1,560,484	775,827
NET ASSETS, JUNE 30	\$ 89,877,900	\$ 43,364,628	\$ 133,242,528	\$ 1,434,890	\$ 694,476

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2009

	General	Bond Sinking	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,076,968	\$ 308,714	\$ 3,235,478	\$ 9,621,160
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	2,462,917	394,755	-	2,857,672
Sales tax	707,499	-	-	707,499
Income tax	449,493	-	-	449,493
Motor fuel tax	-	-	34,908	34,908
Other	286,375	-	-	286,375
Due from other funds	1,166	1,166	109,704	112,036
Due from fiduciary fund	63,525	-	-	63,525
Advances to other funds	2,552,084	-	-	2,552,084
Inventory	6,889	-	-	6,889
Prepaid items	232,769	-	-	232,769
TOTAL ASSETS	\$ 12,839,685	\$ 704,635	\$ 3,380,090	\$ 16,924,410
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 930,929	\$ -	\$ 535,403	\$ 1,466,332
Retainage payable	-	-	5,000	5,000
Accrued payroll	293,734	-	-	293,734
Accrued interest payable	-	76,195	-	76,195
Deferred revenue	2,441,103	390,466	-	2,831,569
Due to other funds	109,204	183,466	2,832	295,502
Due to fiduciary funds	15,435	-	-	15,435
Other liabilities	882,631	-	-	882,631
Total liabilities	4,673,036	650,127	543,235	5,866,398
FUND BALANCES				
Reserved for prepaid items	232,769	-	-	232,769
Reserved for advances	2,552,084	-	-	2,552,084
Reserved for capital projects	1,152,298	-	-	1,152,298
Reserved for debt service	-	54,508	-	54,508
Reserved for streets and yard waste	-	-	245,306	245,306
Reserved for public benefit	-	-	385,520	385,520
Reserved for other purposes	1,302,826	-	-	1,302,826
Unreserved, Undesignated				
General Fund	2,926,672	-	-	2,926,672
Capital Projects Funds	-	-	2,206,029	2,206,029
Total fund balances	8,166,649	54,508	2,836,855	11,058,012
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,839,685	\$ 704,635	\$ 3,380,090	\$ 16,924,410

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS

June 30, 2009

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 11,058,012
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	84,657,158
Long-term liabilities, including bonds payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(4,934,756)
Deferred charges such as bond premiums and discounts, issue costs and losses on refundings are expenditures in the governmental funds but shown as an asset on the statement of net assets	(168,942)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets	(19,370)
Net pension obligation for the police pension fund is shown as a liability on the statement of net assets	(555,605)
The net other postemployment benefit obligation is shown as a liability on the statement of net assets	<u>(158,597)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 89,877,900</u></u>

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	General	Bond Sinking	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Property levies, net	\$ 4,675,785	\$ 1,210,990	\$ -	\$ 5,886,775
Sales	2,710,233	-	-	2,710,233
Income	2,079,374	-	-	2,079,374
Motor fuel	-	-	649,868	649,868
Personal property replacement	77,649	-	-	77,649
Licenses, permits and inspections	1,570,680	-	-	1,570,680
Fines, forfeitures and penalties	449,625	-	-	449,625
Refunds and reimbursements	165,406	-	-	165,406
Contributions and donations	95,257	-	252,000	347,257
Grants	225,919	-	-	225,919
Investment income	81,215	7,610	25,342	114,167
Miscellaneous	145,966	-	2,855	148,821
Total revenues	12,277,109	1,218,600	930,065	14,425,774
EXPENDITURES				
Current				
General administration	1,314,144	12,956	-	1,327,100
Police and animal control	5,602,517	-	-	5,602,517
Civil defense	17,189	-	-	17,189
Building, planning and development	1,397,385	-	-	1,397,385
Streets and yard waste	1,792,761	-	260,851	2,053,612
Public works and special projects	494,491	-	306,240	800,731
Capital outlay	1,895,774	-	1,031,616	2,927,390
Debt service				
Principal retirement	-	1,735,000	-	1,735,000
Interest and fiscal charges	-	177,870	-	177,870
Total expenditures	12,514,261	1,925,826	1,598,707	16,038,794
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(237,152)	(707,226)	(668,642)	(1,613,020)
OTHER FINANCING SOURCES (USES)				
Transfers in	404,095	-	1,285,041	1,689,136
Transfers (out)	(1,285,041)	-	(404,095)	(1,689,136)
Bonds issued at par	2,305,000	-	-	2,305,000
Premium on bonds issued	195,605	-	-	195,605
Proceeds from capital lease	222,660	-	-	222,660
Total other financing sources (uses)	1,842,319	-	880,946	2,723,265
NET CHANGE IN FUND BALANCES	1,605,167	(707,226)	212,304	1,110,245
FUND BALANCES, JULY 1	6,535,190	761,734	2,343,711	9,640,635
Prior period adjustment	26,292	-	280,840	307,132
FUND BALANCES, JULY 1, RESTATED	6,561,482	761,734	2,624,551	9,947,767
FUND BALANCES, JUNE 30	\$ 8,166,649	\$ 54,508	\$ 2,836,855	\$ 11,058,012

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 1,110,245
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the statement of activities	3,241,460
Contributions of capital assets are reported only in the statement of activities	1,279,666
The repayment of the principal portion of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	1,812,904
The issuance of long-term debt is reported as an other financing source in governmental funds, but as an increase of principal outstanding in the statement of activities	(2,527,660)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	(168,942)
The decrease in accrued interest payable is shown as an addition to expense on the statement of activities	26,690
Changes in the net pension assets/obligations are reported only in the statement of activities	63,401
The increase in net other postemployment benefits obligation is reported as an expense on the statement of activities	(158,597)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Depreciation	<u>(2,082,392)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 2,596,775</u>

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2009

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Garbage	Total	Internal
				Service Fund
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,111,265	\$ 459,290	\$ 7,570,555	\$ 375,217
Receivables (net where applicable, of allowances for uncollectibles)				
Accounts	702,005	165,165	867,170	-
Other	129,089	-	129,089	-
Due from other funds	183,466	-	183,466	-
Due from component units	76,337	-	76,337	-
Inventory	40,760	-	40,760	-
Deposits	12,600	-	12,600	-
Prepaid insurance	96,046	-	96,046	-
Total current assets	8,351,568	624,455	8,976,023	375,217
NONCURRENT ASSETS				
Capital assets				
Land	301,115	-	301,115	-
Construction in progress	11,361,185	-	11,361,185	-
Infrastructure	50,605,187	-	50,605,187	-
Buildings and improvements	1,016,807	-	1,016,807	-
Vehicles and equipment	750,105	-	750,105	-
Total capital assets	64,034,399	-	64,034,399	-
Less accumulated depreciation	(10,355,722)	-	(10,355,722)	-
Net capital assets	53,678,677	-	53,678,677	-
Total assets	62,030,245	624,455	62,654,700	375,217
CURRENT LIABILITIES				
Accounts payable	644,936	273,328	918,264	-
Retainage payable	27,182	-	27,182	-
Accrued payroll	119,591	-	119,591	-
Compensated absences	92,208	-	92,208	-
Accrued interest payable	213,911	-	213,911	-
Deferred revenue	-	139,600	139,600	-
Due to component units	63,208	-	63,208	-
Current portion of long-term debt	786,865	-	786,865	327,227
Total current liabilities	1,947,901	412,928	2,360,829	327,227
NONCURRENT LIABILITIES				
Compensated absences	9,090	-	9,090	-
Advances from other funds	2,552,084	-	2,552,084	-
Net other postemployment benefit obligation	47,796	-	47,796	-
Long-term debt, less current portion	14,320,273	-	14,320,273	47,990
Total noncurrent liabilities	16,929,243	-	16,929,243	47,990
Total liabilities	18,877,144	412,928	19,290,072	375,217
NET ASSETS				
Invested in capital assets, net of related debt	38,571,539	-	38,571,539	-
Unrestricted	4,581,562	211,527	4,793,089	-
TOTAL NET ASSETS	\$ 43,153,101	\$ 211,527	\$ 43,364,628	\$ -

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Garbage	Total	Internal Service Fund
OPERATING REVENUES				
Charges for services	\$ 5,520,748	\$ 1,661,306	\$ 7,182,054	\$ 129,402
Penalties and meters	82,740	-	82,740	-
Total operating revenues	5,603,488	1,661,306	7,264,794	129,402
OPERATING EXPENSES				
Water administration	277,636	-	277,636	-
Water operations	2,322,837	-	2,322,837	-
Sewer operations	2,734,267	-	2,734,267	-
Garbage operations	-	1,623,795	1,623,795	-
Personnel services	-	-	-	129,402
Depreciation	1,135,115	-	1,135,115	-
Total operating expenses	6,469,855	1,623,795	8,093,650	129,402
OPERATING INCOME (LOSS)	(866,367)	37,511	(828,856)	-
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(320,710)	-	(320,710)	-
Investment income	128,108	2,111	130,219	-
Intergovernmental income	122,050	-	122,050	-
Miscellaneous income	36,064	500	36,564	-
Total nonoperating revenues (expenses)	(34,488)	2,611	(31,877)	-
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	(900,855)	40,122	(860,733)	-
CONTRIBUTIONS	511,895	-	511,895	-
CHANGE IN NET ASSETS	(388,960)	40,122	(348,838)	-
NET ASSETS, JULY 1	41,519,724	246,610	41,766,334	-
Prior period adjustment	2,022,337	(75,205)	1,947,132	-
NET ASSETS, JULY 1, RESTATED	43,542,061	171,405	43,713,466	-
NET ASSETS, JUNE 30	\$ 43,153,101	\$ 211,527	\$ 43,364,628	\$ -

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Garbage	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	\$ 5,558,475	\$ 1,659,307	\$ 7,217,782	\$ -
Receipts from miscellaneous revenues	36,064	500	36,564	-
Payments to employees	(1,745,952)	-	(1,745,952)	-
Payments to suppliers	(3,374,972)	(1,610,127)	(4,985,099)	-
Net cash from operating activities	473,615	49,680	523,295	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental income	122,050	-	122,050	-
Transfers in (out)	-	-	-	375,217
Advances to/from other funds	(2,058,607)	-	(2,058,607)	-
Due to/from component units	45,540	-	45,540	-
Due to/from other funds	(183,466)	7,410	(176,056)	-
Net cash from noncapital financing activities	(2,074,483)	7,410	(2,067,073)	375,217
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases and construction of capital assets	(7,332,506)	-	(7,332,506)	-
Principal paid on long-term debt	(343,800)	-	(343,800)	-
Proceeds from long-term debt	5,439,386	-	5,439,386	-
Interest paid on long-term debt	(153,316)	-	(153,316)	-
Net cash from capital and related financing activities	(2,390,236)	-	(2,390,236)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	128,108	2,111	130,219	-
Net cash from investing activities	128,108	2,111	130,219	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,862,996)	59,201	(3,803,795)	375,217
CASH AND CASH EQUIVALENTS, JULY 1	10,974,261	400,089	11,374,350	-
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 7,111,265	\$ 459,290	\$ 7,570,555	\$ 375,217

(This statement is continued on the following page.)

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities			Governmental
	Waterworks and Sewerage	Garbage	Total	Internal Service Fund
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (866,367)	\$ 37,511	\$ (828,856)	\$ -
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation	1,135,115	-	1,135,115	-
Miscellaneous income	36,064	500	36,564	-
Changes in assets and liabilities				
Current assets	(58,170)	(9,282)	(67,452)	-
Current liabilities	226,973	20,951	247,924	-
NET CASH FROM OPERATING ACTIVITIES	\$ 473,615	\$ 49,680	\$ 523,295	\$ -
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developer contributions	\$ 511,896	\$ -	\$ 511,896	\$ -
Capital asset purchases financed with accounts payable	66,770	-	66,770	-

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

June 30, 2009

	<u>Pension Trust</u>
	Police
	<u>Pension</u>
ASSETS	
Cash and cash equivalents	\$ 268,369
Investments, at fair value	
Certificates of deposit	392,840
Insurance company contracts	750,528
Money market mutual funds	233,764
Mutual funds	3,511,640
U.S. Government and agency obligations	4,089,493
Accrued interest receivable	32,158
Due from primary government	<u>15,435</u>
Total assets	<u>9,294,227</u>
LIABILITIES	
Accounts payable	7,221
Pension benefits payable	14,059
Due to primary government	<u>63,525</u>
Total liabilities	<u>84,805</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 9,209,422</u></u>

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND

For the Year Ended June 30, 2009

	<u>Pension Trust</u> <u>Police</u> <u>Pension</u>
ADDITIONS	
Contributions	
Employer	\$ 451,005
Employee	<u>261,964</u>
Total contributions	<u>712,969</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	(947,924)
Interest	<u>289,964</u>
Total investment income	(657,960)
Less investment expense	<u>(9,417)</u>
Net investment income	<u>(667,377)</u>
Total additions	<u>45,592</u>
DEDUCTIONS	
Retirement and disability benefits	497,202
Refunds of contributions	72,630
Administrative expenses	<u>16,165</u>
Total deductions	<u>585,997</u>
NET INCREASE (DECREASE)	<u>(540,405)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
July 1	9,712,743
Prior period adjustment	<u>37,084</u>
July 1, restated	<u>9,749,827</u>
June 30	<u>\$ 9,209,422</u>

See accompanying notes to financial statements.

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lockport, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City, a non-home rule city, was founded in 1830. The City is governed by a mayor-council form of government. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government. A blended component unit, although legally separate, is in substance, part of the City's operations and so data from this unit is combined with the data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column on the combined financial statements to emphasize it is legally separate from the City.

Blended Component Unit

The City's financial statements include the Police Pension System (PPS) as a Pension Trust Fund. The City's sworn police employees participate in the PPS. The PPS functions for the benefit of those employees and is governed by a five-member Pension Board. Two members appointed by the Mayor, one elected pension beneficiary and two elected police officers constitute the Pension Board. The City and PPS participants are obligated to fund all PPS costs based upon actuarial valuations. 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 the contribution levels. The PPS is reported as a pension trust fund because of the City's fiduciary responsibility. Separate financial statements are not available for the PPS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Discretely Presented Component Unit

The City has included Bonnie Brae Forest Manor Sanitary District and Lockport Heights Sanitary District as discretely presented component units in the basic financial statements. The City and the two sanitary districts entered into an intergovernmental agreement on August 16, 2000, under which the City assumed day-to-day operation of the two districts. Additionally, the City provides monthly subsidies to the districts as they are responsible for the maintenance of their respective systems. Separately issued financial statements may be obtained from Bonnie Brae Forest Manor Sanitary District, 1113 Highland Avenue, Lockport, Illinois 60441 and Lockport Heights Sanitary District, 16611 W. 164th Place, Lockport, Illinois 60441.

b. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of a City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the City (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in a fiduciary capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. The costs for interfund services provided/used between funds are not eliminated in the process of the consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 shared revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bond Sinking Fund, a debt service fund, accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major proprietary fund:

The Waterworks and Sewerage Fund, an enterprise fund, is comprised of three subfunds. The subfunds account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in these subfunds including, but not limited to, administration, operation, maintenance, financing and related debt service and billing and collection

The Garbage Fund, an enterprise fund, accounts for the provision of solid waste disposal services to the residents of the City.

Additionally, the City reports the following proprietary fund:

The internal service fund accounts for the City's employee benefits, including vacation and sick leave provided to other departments of the City on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as the fund provides these services to the City's governmental funds/activities.

The City reports the following fiduciary fund:

The Police Pension Fund, a Pension Trust Fund, is used to accumulate resources for pension benefit payments to qualified police personnel.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both “measurable” and “available.” Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunication taxes which use a 90-day period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Property taxes, sales taxes and telecommunication taxes owed to the state at year end, utility taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The City reports deferred/unearned revenue on its financial statements. Deferred/unearned revenues arise when a potential revenue does not meet both the “measurable” and “available” or “earned” criteria for recognition in the current period. Deferred/unearned revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred/unearned revenue is removed from the financial statements and revenue is recognized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Deposits and Investments

The City's cash and cash equivalents are considered cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Cash and investments of the City are pooled into a common pooled account in order to maximize investment opportunities. Each fund whose monies are deposited into the pooled account has equity herein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled account is available upon demand and is considered to be a cash equivalent when preparing these financial statements. Each fund's portion of the pool is displayed on its respective balance sheet/statement of net assets as cash and cash equivalents.

f. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These short-term receivables and payables are classified as "due from other funds" or "due to other funds" on the financial statements. Long-term portions, if any, are classified as "advances to other funds" or "advances from other funds."

g. Inventories

Inventories are valued at cost using the first-in first-out (FIFO) method and are accounted for on the consumption method.

h. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses.

i. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess \$20,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Capital Assets (Continued)

The costs of normal maintenance and repairs, including street overlays that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	10-50 years
Machinery and equipment	5-20 years
Transportation equipment	5-10 years
Infrastructure	30-50 years

j. Compensated Absences

Accumulated unpaid vacation, sick pay and other employee benefit amounts for governmental fund types are accrued in these funds as a current liability to the extent that employees have retired or terminated at year end but have not been paid.

In the government-wide financial statements and the proprietary funds financial statements accumulated unpaid vacation, sick pay and other employee benefit amounts are recorded as earned by employees.

k. Long-Term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the City's net assets are restricted as a result of enabling legislation adopted by the City. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

m. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

2. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds, excluding the pension trust fund. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." In addition, deposits and investments are separately held by several of the City's funds.

The City's investment policy authorizes the City to make deposits/invest in insured financial institutions, obligations of the U. S. Treasury and U.S. agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations and Illinois Funds.

The Police Pension Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political divisions (rated Aa or better), Illinois insurance company general and separate accounts, equity mutual funds and equity securities.

2. DEPOSITS AND INVESTMENTS (Continued)

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity and yield.

a. City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a banks failure, the City’s deposits may not be returned to it. The City’s investment policy requires pledging of collateral with a fair value of 105% of all bank balances in excess of federal depository insurance with the collateral held by the City or the City’s agent in the City’s name.

b. City Investments

In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a two-year period. The investment policy limits the maximum maturity length of investments two years from date of purchase, except for reserve funds. Investments in reserve funds may be purchased with maturities to match future projects or liability requirements.

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in certificates of deposit at \$100,000 or less each and money market mutual funds. Illinois Funds and money market mutual funds are rated AAA by Standard and Poor’s.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City’s agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the City’s name. Illinois Funds and money market mutual funds are not subject to custodial credit risk.

Concentration of Credit Risk - The City’s investment policy limits the amount of the portfolio that can be invested in any one investment vehicle to 50% of the portfolio, excluding U.S. Treasury obligations.

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. City Investments (Continued)

The City's investment policy does not specifically prohibit the use of or the investment in derivatives.

c. Police Pension Fund's Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Police Pension Fund's deposits may not be returned to them. The Police Pension Fund's investment policies do not require pledging of collateral for all bank balances in excess of federal depository insurance, since flow-through FDIC insurance is available for the Police Pension Fund's deposits with financial institutions.

d. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities and money market mutual funds as of June 30, 2009:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 964,516	\$ -	\$ 722,797	\$ 241,719	\$ -
U.S. agency obligations	3,124,977	-	711,078	860,487	1,553,412
Money market mutual funds	233,764	233,764	-	-	-
TOTAL	\$ 4,323,257	\$ 233,764	\$ 1,433,875	\$ 1,102,206	\$ 1,553,412

In accordance with its investment policy, the Police Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations are rated AAA and the money market mutual funds are rated AAA.

2. DEPOSITS AND INVESTMENTS (Continued)

d. Police Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased in the Police Pension Fund's name. The money market mutual funds are not subject to custodial credit risk.

The Police Pension Fund's investment policy specifically prohibits the use of or the investment in derivatives.

3. RECEIVABLES - PROPERTY TAXES

Property taxes for the 2008 levy year attach as an enforceable lien on January 1, 2008, on property values assessed as of the same date. Taxes are levied by December of the same year by passage of a Tax Levy Ordinance. Tax bills are prepared by the County and issued on or about May 1, 2009 and August 1, 2009, and are payable in two installments, on or about June 1, 2009 and September 1, 2009. The County collects such taxes and remits them periodically.

For governmental funds, property taxes collected, which are used to finance the current year's operations, are recognized as revenue. Property taxes uncollected, which are to be used to finance the subsequent year's operations, are reported as net taxes receivable and deferred revenue. The 2009 tax levy, which attached as an enforceable lien on property as of January 1, 2009, has not been recorded as a receivable as of June 30, 2009 as the tax has not yet been levied by the City and will not be levied until December 2009 and, therefore, the levy is not measurable at June 30, 2009.

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 is as follows:

	Balances July 1, Restated	Additions	Retirements	Balances June 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 993,827	\$ -	\$ -	\$ 993,827
Land right of way	18,630,666	814,074	-	19,444,740
Construction in progress	6,671,338	1,856,726	2,141,503	6,386,561
Total capital assets not being depreciated	26,295,831	2,670,800	2,141,503	26,825,128
Capital assets being depreciated				
Building and improvements	5,032,535	-	-	5,032,535
Transportation equipment	1,593,940	526,606	126,563	1,993,983
Infrastructure	69,041,576	3,465,223	-	72,506,799
Total capital assets being depreciated	75,668,051	3,991,829	126,563	79,533,317
Less accumulated depreciation for				
Building and improvements	1,349,372	158,090	-	1,507,462
Transportation equipment	535,419	215,266	126,563	624,122
Infrastructure	17,860,667	1,709,036	-	19,569,703
Total accumulated depreciation	19,745,458	2,082,392	126,563	21,701,287
Total capital assets being depreciated, net	55,922,593	1,909,437	-	57,832,030
TOTAL GOVERNMENTAL ACTIVITIES, NET	\$ 82,218,424	\$ 4,580,237	\$ 2,141,503	\$ 84,657,158
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 301,115	\$ -	\$ -	\$ 301,115
Construction in progress	7,998,078	4,401,523	1,038,416	11,361,185
Total capital assets not being depreciated	8,299,193	4,401,523	1,038,416	11,662,300
Capital assets being depreciated				
Building and improvements	920,305	96,502	-	1,016,807
Transportation equipment	567,764	195,671	-	763,435
Water distribution, storm and sanitary system infrastructure	48,561,708	2,030,148	-	50,591,856
Total capital assets being depreciated	50,049,777	2,322,321	-	52,372,098

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Balances July 1, Restated	Additions	Retirements	Balances June 30
BUSINESS-TYPE ACTIVITIES				
(Continued)				
Less accumulated depreciation for				
Building and improvements	\$ 676,079	\$ 18,619	\$ -	\$ 694,698
Transportation equipment	200,979	64,032	-	265,011
Water distribution, storm and sanitary system infrastructure	8,343,549	1,052,463	-	9,396,012
Total accumulated depreciation	<u>9,220,607</u>	<u>1,135,114</u>	-	<u>10,355,721</u>
 Total capital assets being depreciated, net	 <u>40,829,170</u>	 <u>1,187,207</u>	 -	 <u>42,016,377</u>
 TOTAL BUSINESS-TYPE ACTIVITIES, NET	 <u>\$ 49,128,363</u>	 <u>\$ 5,588,730</u>	 <u>\$ 1,038,416</u>	 <u>\$ 53,678,677</u>

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES	
General administration	\$ 15,658
Police and animal control	184,179
Buildings, planning and development	2,043
Streets and yard waste	1,229,069
Public works and special projects	<u>651,443</u>
 TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	 <u>\$ 2,082,392</u>
 BUSINESS-TYPE ACTIVITIES	
Waterworks and sewerage	<u>\$ 1,135,114</u>

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. CONSTRUCTION COMMITMENTS

The City has entered into significant contracts for various road projects. As of June 30, 2009, the City was committed for the following:

Project	Total Contract Amount	Work Completed as of June 30, 2009	Total Contract Outstanding at June 30, 2009
19 th Street and 20 th Court Reconstruction	\$ 684,986	\$ 668,202	\$ 16,784
Washington Street Reconstruction	850,194	818,424	31,770
13 th Street Reconstruction	1,269,763	1,170,826	98,937
Parkview and Hamilton Reconstruction	1,396,322	245,229	1,151,093
151 st Street Reconstruction	2,955,322	-	2,955,322
Metra Parking Lot Expansion	369,336	-	369,336
TOTAL	\$ 7,525,923	\$ 2,902,681	\$ 4,623,242

6. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In response to this exposure the City has purchased insurance through traditional policies. Settled risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The City is a member of the Southwest Agency for Health Management (SWAHM), an agency comprised of five communities formed to be a single member in the Intergovernmental Personnel Benefits Cooperative (IPBC) which administers personnel benefits (primarily medical, dental and life insurance coverage) on behalf of its members. Premiums are paid monthly to another member of SWAHM, which is responsible for collecting all monies and remitting them to IPBC.

IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs offered by these members to their officers and employees and to the officers and employees of certain governmental, quasi-governmental and nonprofit public service entities. The IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers; a Benefit Administrator and a Treasurer. The City, through its membership in SWAHM, does not exercise any control over the activities of the IPBC beyond SWAHM's representation on the Board of Directors.

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT

a. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledges the full faith and credit of the City and are payable from governmental activities/funds and business-type activities/enterprise funds. General obligation bonds currently outstanding are as follows:

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$2,965,000 General Obligation Bonds of 1997, annual installments of \$540,000 to \$130,000 through February 1, 2009, interest at 4.35% to 4.95% payable each February 1 and August 1.	Bond Sinking	\$ 130,000	\$ -	\$ 130,000	\$ -	\$ -
\$2,615,000 General Obligation Refunding Bonds of 2001, annual installments of \$30,000 to \$705,000 through February 1, 2009, interest at 4.00% to 4.375% payable each February 1 and August 1.	Bond Sinking	705,000	-	705,000	-	-
\$2,490,000 General Obligation Refunding Bonds of 2004A, annual installments of \$60,000 to \$725,000 through February 1, 2009, interest at 2.625% payable each February 1 and August 1.	Bond Sinking	720,000	-	720,000	-	-
\$1,500,000 General Obligation Limited Bonds of 2005A, annual installments of \$165,000 to \$195,000 through January 1, 2014, interest at 3.55% to 4.10% payable each January 1 and July 1.	Bond Sinking	1,165,000	-	180,000	985,000	185,000

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$2,305,000 General Obligation Limited Tax Bonds of 2008, annual installments of \$415,000 to \$330,000 through January 1, 2015, interest at 6.00% to 6.50% payable each January 1 and July 1.	Bond Sinking	\$ -	\$ 2,305,000	\$ -	\$ 2,305,000	\$ 415,000
TOTAL		\$ 2,720,000	\$ 2,305,000	\$ 1,735,000	\$ 3,290,000	\$ 600,000

b. Debt Certificates

The City issued debt certificates to provide funds for the construction of a public works facility (Waterworks and Sewerage Fund portion of project).

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
\$1,500,000 Debt Certificates of 2005B, annual installments of \$125,000 to \$180,000 through January 1, 2016, interest at 3.55% to 4.20% payable each January 1 and July 1.	Waterworks and Sewerage	\$ 1,245,000	\$ -	\$ 135,000	\$ 1,110,000	\$ 140,000

c. IEPA Loans

The City, through the Illinois Environmental Protection Agency (IEPA), received low interest loans for the construction of water system improvements and wastewater treatment facilities payable from water and sewer fees. IEPA loans currently outstanding are as follows:

	Fund Debt Retired by	Balances July 1, Restated	Additions	Retirements	Balances June 30	Current Portion
EPA Loan I	Waterworks and Sewerage	\$ 4,205,938	\$ -	\$ 208,800	\$ 3,997,138	\$ 214,053
EPA Loan II	Waterworks and Sewerage	4,560,614	5,439,386	-	10,000,000	432,812
TOTAL		\$ 8,766,552	\$ 5,439,386	\$ 208,800	\$ 13,997,138	\$ 646,865

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

d. Capital Leases

The City entered into a lease for ten police squad cars.

Issue	Fund Debt Retired by	Balances July 1	Issuances	Retirements	Balances June 30	Current Portion
Lease obligation due in annual installments of \$77,904, including interest at 5.05%, for a period of three years commencing on September 2, 2008, and ending on September 2, 2010.	General	\$ -	\$ 222,660	\$ 77,904	\$ 144,756	\$ 70,596

e. Intergovernmental Note Payable

The City has entered into a note payable with the Illinois State Toll Highway Authority for the construction of certain entrance and exit ramps. The note payable currently outstanding is as follows:

Issue	Fund Debt Retired by	Balances July 1, Restated	Issuances	Retirements	Balances June 30	Current Portion
\$2,300,000 note payable dated July 5, 2006, due in annual installments of principal through December 31, 2014.	Debt Service	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ 428,571
TOTAL NOTE PAYABLE		\$ 1,500,000	\$ -	\$ -	\$ 1,500,000	\$ 428,571

f. Debt Service Requirements to Maturity

Debt service requirements to maturity are as follows:

Governmental Activities

Fiscal Year Ending June 30,	Capital Lease			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 77,904	\$ 7,309	\$ 77,904	\$ 428,571	\$ -	\$ 428,571
2011	74,160	3,744	77,904	214,286	-	214,286
2012	-	-	-	214,286	-	214,286
2013	-	-	-	214,286	-	214,286
2014	-	-	-	214,286	-	214,286
2015	-	-	-	214,285	-	214,285
TOTAL	\$ 144,756	\$ 11,053	\$ 155,809	\$ 1,500,000	\$ -	\$ 1,500,000

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

f. Debt Service Requirements to Maturity (Continued)

Governmental Activities (Continued)

Fiscal Year Ending June 30,	General Obligation Limited Bonds, Series 2005A			General Obligation Limited Tax Bonds, Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 185,000	\$ 38,740	\$ 223,740	\$ 415,000	\$ 145,870	\$ 560,870
2011	195,000	31,803	226,803	445,000	115,050	560,050
2012	200,000	24,295	224,295	470,000	88,350	558,350
2013	210,000	16,395	226,395	500,000	60,150	560,150
2014	195,000	7,995	202,995	145,000	30,150	175,150
2015	-	-	-	330,000	21,450	351,450
TOTAL	\$ 985,000	\$ 119,228	\$ 1,104,228	\$ 2,305,000	\$ 461,020	\$ 2,766,020

Business-Type Activities

Fiscal Year Ending June 30,	Debt Certificates, Series 2005B			IEPA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 140,000	\$ 44,538	\$ 184,538	\$ 646,865	\$ 476,006	\$ 1,122,871
2011	145,000	39,287	184,287	621,181	329,899	951,080
2012	150,000	33,705	183,705	636,807	314,273	951,080
2013	160,000	27,780	187,780	652,828	298,252	951,080
2014	165,000	21,380	186,380	669,250	281,830	951,080
2015	170,000	14,615	184,615	686,085	264,995	951,080
2016	180,000	7,560	187,560	703,345	247,735	951,080
2017	-	-	-	721,039	230,041	951,080
2018	-	-	-	739,177	211,903	951,080
2019	-	-	-	757,772	193,308	951,080
2020	-	-	-	776,835	174,245	951,080
2021	-	-	-	796,378	154,702	951,080
2022	-	-	-	816,411	134,669	951,080
2023	-	-	-	836,949	114,131	951,080
2024	-	-	-	858,004	93,076	951,080
2025	-	-	-	723,263	71,492	794,755
2026	-	-	-	583,177	55,251	638,428
2027	-	-	-	597,847	40,581	638,428
2028	-	-	-	612,887	25,541	638,428
2029	-	-	-	561,038	10,127	571,165
TOTAL	\$ 1,110,000	\$ 188,865	\$ 1,298,865	\$ 13,997,138	\$ 3,722,057	\$ 17,719,195

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

g. Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in liabilities reported in the governmental activities:

	Balance July 1, Restated	Issuances	Retired	Balance June 30	Current Portion
General obligation bonds payable	\$ 2,720,000	\$ 2,305,000	\$ 1,735,000	\$ 3,290,000	\$ 600,000
Capital lease payable	-	222,660	77,904	144,756	70,596
Note payable	1,500,000	-	-	1,500,000	428,571
Net other postemployment benefit obligation	-	158,597	-	158,597	-
Net pension obligation	619,006	-	63,401	555,605	-
Compensated absences	242,517	328,654	195,954	375,217	327,227
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,081,523	\$ 3,014,911	\$ 2,072,259	\$ 6,024,175	\$ 1,426,571

During the fiscal year the following changes occurred in liabilities reported in the business-type activities:

	Balance July 1, Restated	Issuances	Retired	Balance June 30	Current Portion
Debt certificates payable	\$ 1,245,000	\$ -	\$ 135,000	\$ 1,110,000	\$ 140,000
IEPA loans	8,766,552	5,439,386	208,800	13,997,138	646,865
Net other postemployment benefit obligation	-	47,796	-	47,796	-
Compensated absences	61,084	101,298	61,084	101,298	92,208
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 10,072,636	\$ 5,588,480	\$ 404,884	\$ 15,256,232	\$ 879,073

h. Legal Debt Margin

The schedule of the District's legal debt margin as of June 30, 2009 is as follows:

ASSESSED VALUATION - 2008 (Latest Information Available)	<u>\$ 709,703,671</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 61,211,941
Less General Obligation Bonds	<u>(3,290,000)</u>
LEGAL DEBT MARGIN	<u>\$ 57,921,941</u>

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

i. Conduit Debt

The City, through participation in an intergovernmental agreement with several other Illinois municipalities, has issued \$250,000,000 in Collateralized Single Family Mortgage Revenue Bonds to provide financial assistance to low and moderate income residents for the purchase of single family homes. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the subject property is transferred to the purchaser. None of the participating municipalities are obligated in any manner for the repayment of the bonds and, accordingly, no liability is recorded in the accompanying financial statements.

8. INTERFUND ACCOUNTS

Due from/to other funds at June 30, 2009 consist of the following:

	Due From	Due To
General		
Nonmajor Governmental	\$ 1,166	\$ 109,204
Bond Sinking		
Nonmajor Governmental	1,166	-
Waterworks and Sewerage	-	183,466
Waterworks and Sewerage		
Bond Sinking	183,466	-
Nonmajor Governmental		
General	109,204	1,166
Bond Sinking	-	1,166
Nonmajor Governmental	500	500
TOTAL	<u>\$ 295,502</u>	<u>\$ 295,502</u>

The purposes of significant due from/to other funds are as follows:

- \$109,204 due to the 151st Street Project Fund from the General Fund. This balance relates to expenditures incurred by the 151st Street Project Fund, which are reimbursable from the General Fund. The City expects the obligation will be liquidated within one year.
- \$183,466 due to the Waterworks and Sewerage Fund from the Bond Sinking Fund. This balance relates to excess transfers made by the Waterworks and Sewerage Fund to the Bond Sinking Fund for debt service payments related to the 2005B Debt Certificates. The City expects the obligation will be liquidated within one year.

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ACCOUNTS (Continued)

Advances to/from other funds at June 30, 2009 consisted of the following:

	<u>Advance From</u>	<u>Advance To</u>
General		
Waterworks and Sewerage	\$ 2,552,084	\$ -
Waterworks and Sewerage		
General	-	2,552,084
TOTAL	<u>\$ 2,552,084</u>	<u>\$ 2,552,084</u>

The purposes of the advance to/from other funds is as follows:

- \$2,552,084 advance between the General Fund and the Waterworks and Sewerage Fund. This advance represents a loan given by the General Fund to supplement the Waterworks and Sewerage Fund due to expenses exceeding revenues.

Interfund transfers during the year ended June 30, 2009 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 404,095	\$ 1,285,041
Nonmajor Governmental	1,285,041	404,095
TOTAL	<u>\$ 1,689,136</u>	<u>\$ 1,689,136</u>

The purposes of significant interfund transfers are as follows:

- \$404,095 transferred to the General Fund from the Working Cash Fund. This transfer was made in order to close out the Working Cash Fund as of June 30, 2009.
- \$1,285,041 transferred to the Nonmajor Governmental Funds from the General Fund. This amount relates to a) \$1,010,000 reimbursement to the 151st Street Project Fund for prior year expenditures determined to be payable from the General Fund and b) \$275,041 transfer for the payment of certain sales tax rebates.

9. DEFINED BENEFIT PENSION PLANS

The City contributes to two defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. None of the pension plans issue separate reports on the pension plans. However, 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.

a. Plan Descriptions

Illinois Municipal Retirement Fund

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited 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 each year of credited service up to 15 years and 2.00% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the IMRF as specified by statute. The employer contribution rate for the calendar year ended 2008 was 9.35% of covered payroll.

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund.

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

At June 30, 2008, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	13
Current employees	
Vested	17
Nonvested	21
	<hr/>
TOTAL	51
	<hr/> <hr/>
Number of participating employers	1
	<hr/> <hr/>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. 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 equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly benefit 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 be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Employees are required by ILCS 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 Police Pension Plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended June 30, 2009, the City's contribution was 17.11% of covered payroll.

b. Significant Investments

The following are investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan. Information for IMRF is not available.

Organization	Amount
The Hartford	\$ 551,942
American Funds AMCAP A	575,835
American Funds Fundamental Investors A	453,417
Vanguard 500 Index Signal	770,162
	<u>2,351,356</u>
	<u>\$ 2,351,356</u>

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension
Actuarial valuation date	December 31, 2006	June 30, 2007
Actuarial cost method	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	26 Years, Closed	25 Years, Closed
Significant actuarial assumptions		
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected salary increase attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases for seniority/merit	.40% to 11.60%	Not Available

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

	December 31,	Illinois Municipal Retirement	June 30,	Police Pension
Annual pension costs (APC)	2008	\$ 312,079	2008	\$ 351,213
	2007	306,065	2007	500,149
	2006	276,352	2006	489,379
Actual contribution	2008	\$ 312,079	2008	\$ 414,614
	2007	306,065	2007	335,164
	2006	276,352	2006	272,871
Percentage of APC contributed	2008	100.0%	2008	118.1%
	2007	100.0%	2007	67.0%
	2006	100.0%	2006	55.8%
NPO (asset)	2008	\$ -	2008	\$ 555,605
	2007	-	2007	619,006
	2006	-	2006	454,021

CITY OF LOCKPORT, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

The NPO at June 30, 2009 for the Police Pension Plan has been calculated as follows:

	<u>Police Pension</u>
Annual required contribution	\$ 335,164
Interest on net pension obligation	46,425
Adjustment to annual required contribution	<u>(30,376)</u>
Annual pension cost	351,213
Contributions made	<u>414,614</u>
Increase (decrease) in net pension obligation (asset)	(63,401)
Net pension obligation (asset) beginning of year	<u>619,006</u>
NET PENSION OBLIGATION (ASSET) END OF YEAR	<u>\$ 555,605</u>

d. Funded Status

The funded status of the plans as of June 30, 2009, based on actuarial valuations performed as of December 31, 2008 and June 30, 2008, is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 9-c:

	<u>Illinois Municipal Retirement</u>	<u>Police Pension</u>
Actuarial accrued liability (AAL)	\$ 6,172,249	\$ 14,719,079
Actuarial value of plan assets	4,506,682	9,712,743
Unfunded actuarial accrued liability (UAAL)	1,665,567	5,006,336
Funded ratio (actuarial value of plan assets/AAL)	73.02%	65.99%
Covered payroll (active plan members)	\$ 3,337,748	\$ 2,422,823
UAAL as a percentage of covered payroll	49.90%	206.63%

See the schedules of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plans.

The actuarial value of plan assets for the Police Pension Plan above is as of June 30, 2008. The Police Pension Fund experienced significant declines in fair value (actuarial value) of assets for the year ended June 30, 2009, which are not reflected in the funded ratio.

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the City provides postemployment health benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan does not issue a separate report.

Benefits Provided

The City provides postemployment 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 or meet COBRA requirements.

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. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

Membership

At June 30, 2009 (latest information available), membership consisted of:

Retirees and beneficiaries currently receiving benefits	9
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>95</u>
TOTAL	<u>104</u>
Participating employers	<u><u>1</u></u>

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. Retirees contribute 0%-100% of the premium and the City contributes any remainder to cover the cost of providing the benefits to the retirees via the insured plan. Retirees are responsible for any premium increases after retirement. Once eligible for Medicare, retirees pay the full amount of the Medicare supplement premium. For the fiscal year ended June 30, 2009, retirees contributed \$23,207 and the City contributed \$97,033. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of June 30, 2008 to determine the employer's annual required contribution (ARC) for the fiscal year ended June 30, 2009. The City's annual OPEB cost (expense) of \$303,426 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of June 30, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2009 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 303,426	\$ 97,033	31.98%	\$ 206,393

The net OPEB obligation (NOPEBO) as June 30, 2009 (latest information available), was calculated as follows:

Annual required contribution	\$ 303,426
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	<hr/>
Annual OPEB cost	303,426
Contributions made	97,033
	<hr/>
Increase (decrease) in net OPEB obligation	206,393
Net OPEB obligation beginning of year	-
	<hr/>
NET OPEB OBLIGATION END OF YEAR	<u>\$ 206,393</u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009 (latest information available), was as follows:

Actuarial accrued liability (AAL)	\$	3,373,698
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		3,373,698
Funded ratio (actuarial value of plan assets/AAL)		0.0%
Covered payroll (active plan members)	\$	5,960,681
UAAL as a percentage of covered payroll		56.60%

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

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

In the June 30, 2009 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.74% initially, reduced by decrements to an ultimate rate of 4.50%. Both rates include a 3.0% inflation assumption. The actuarial value of assets was \$0. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for all employees except for a 30-year closed amortization period commencing July 1, 2008 for the explicit subsidy provided to current employees of one union and non-union retirees. The remaining amortization period at June 30, 2009, was 29 years.

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

11. RESERVED FUND BALANCE

At June 30, 2009, fund balance reserved for other purposes was comprised of the following:

Annexation fees	\$ 507,147
Road improvement fees	299,053
Commuter lot	231,980
Federal asset seizures	117,671
Tort liability	56,571
Stormwater improvement	33,873
State asset forfeitures	25,871
DUI Fund	22,445
Police auxiliary	8,215
	<u>8,215</u>
 TOTAL	 <u><u>\$ 1,302,826</u></u>

12. PRIOR PERIOD ADJUSTMENT

The City has restated fund balances/net assets of governmental activities as of July 1, 2008 as follows:

	Governmental Activities	General Fund	Nonmajor Governmental
NET ASSETS, JULY 1	\$ 36,776,268	\$ 6,535,190	\$ 2,343,711
RESTATEMENTS			
a) Correct reporting of 2005 Debt Certificates	1,269,733	-	-
b) Correct interfund transfer	280,840	-	280,840
c) Recognize income tax in the proper period	(216,817)	(216,817)	-
d) Correct recognition of sales tax revenue	243,109	243,109	-
e) Correct recognition of property tax revenue	(3,280,313)	-	-
f) Correct reporting of compensated absences	61,280	-	-
g) Correct the reporting of the net pension obligation	(619,006)	-	-
h) Record note payable	(1,500,000)	-	-
i) Record retroactive infrastructure assets	54,266,031	-	-
	<u>50,504,857</u>	<u>26,292</u>	<u>280,840</u>
Subtotal	50,504,857	26,292	280,840
NET ASSETS, JULY 1, RESTATED	<u><u>\$ 87,281,125</u></u>	<u><u>\$ 6,561,482</u></u>	<u><u>\$ 2,624,551</u></u>

CITY OF LOCKPORT, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. PRIOR PERIOD ADJUSTMENT (Continued)

The City has restated net assets of business-type activities as of July 1, 2008 as follows:

	Business- Type Activities	Water and Sewer	Garbage
NET ASSETS, JULY 1	\$ 41,766,334	\$ 41,519,724	\$ 246,610
RESTATEMENTS			
a) Correct reporting of 2005 Debt Certificates	(1,269,733)	(1,269,733)	-
b) Record construction-period interest related to IEPA loans	(101,436)	(101,436)	-
c) Correct understatement of deferred revenue	(75,205)	-	(75,205)
d) Change in fixed asset capitalization threshold	(168,042)	(168,042)	-
e) Correct recording of component unit contributions	(15,000)	(15,000)	-
f) Record developer-contributed capital assets	3,576,548	3,576,548	-
Subtotal	1,947,132	2,022,337	(75,205)
NET ASSETS, JULY 1, RESTATED	\$ 43,713,466	\$ 43,542,061	\$ 171,405

The City has restated net assets of the Police Pension Fund as of July 1, 2008 by \$37,084 to correct the timing of pension benefit payments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property levies, net	\$ 4,460,000	\$ 4,460,000	\$ 4,675,785	\$ 215,785
Sales	2,485,000	2,485,000	2,710,233	225,233
Income	2,270,000	2,270,000	2,079,374	(190,626)
Personal property replacement	78,000	78,000	77,649	(351)
Licenses, permits and inspections	2,043,250	2,043,250	1,570,680	(472,570)
Fines, forfeitures and penalties	417,500	417,500	449,625	32,125
Refunds and reimbursements	84,000	84,000	165,406	81,406
Contributions and donations	120,500	120,500	95,257	(25,243)
Grants	1,240,020	1,240,020	225,919	(1,014,101)
Investment income	115,000	115,000	81,215	(33,785)
Miscellaneous	85,600	85,600	145,966	60,366
Total revenues	13,398,870	13,398,870	12,277,109	(1,121,761)
EXPENDITURES				
Current				
General administration	1,757,100	1,757,100	1,314,144	(442,956)
Police and animal control	5,646,600	5,646,600	5,602,517	(44,083)
Civil defense	34,300	34,300	17,189	(17,111)
Building, planning and development	1,611,200	1,611,200	1,397,385	(213,815)
Streets and yard waste	1,970,820	1,970,820	1,792,761	(178,059)
Public works and special projects	541,900	541,900	494,491	(47,409)
Capital outlay	3,961,300	3,961,300	1,895,774	(2,065,526)
Total expenditures	15,523,220	15,523,220	12,514,261	(3,008,959)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,124,350)	(2,124,350)	(237,152)	1,887,198
OTHER FINANCING SOURCES (USES)				
Transfers in	405,000	405,000	404,095	(905)
Transfers (out)	(1,225,000)	(1,225,000)	(1,285,041)	(60,041)
Bonds issued at par	3,000,000	3,000,000	2,305,000	(695,000)
Premium on bonds issued	-	-	195,605	195,605
Proceeds from capital lease	-	-	222,660	222,660
Total other financing sources (uses)	2,180,000	2,180,000	1,842,319	(337,681)
NET CHANGE IN FUND BALANCE	\$ 55,650	\$ 55,650	1,605,167	\$ 1,549,517
FUND BALANCE, JULY 1			6,535,190	
Prior period adjustment			<u>26,292</u>	
FUND BALANCE, JULY 1, RESTATED			<u>6,561,482</u>	
FUND BALANCE, JUNE 30			<u><u>\$ 8,166,649</u></u>	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2009

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) UAAL/ (OAAL) (2) - (1)	(5) Covered Payroll	UAAL/ (OAAL) as a Percentage of Covered Payroll (4) / (5)
2003	\$ 4,459,459	\$ 4,693,014	95.02%	\$ 233,555	\$ 2,067,677	11.30%
2004	4,250,280	4,802,636	88.50%	552,356	2,167,675	25.48%
2005	4,719,353	5,278,465	89.41%	559,112	2,695,979	20.74%
2006	5,051,955	5,533,469	91.30%	481,514	2,744,311	17.55%
2007	5,938,202	6,619,075	89.71%	680,873	3,165,095	21.51%
2008	4,506,682	6,172,249	73.02%	1,665,567	3,337,748	49.90%

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 POLICE PENSION FUND

June 30, 2009

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2003	\$ 6,490,749	\$ 9,851,615	65.89%	\$ 3,360,866	\$ 1,356,521	247.76%
2004	7,351,868	10,823,630	67.92%	3,471,762	1,534,042	226.31%
2005	7,917,244	11,922,801	66.40%	4,005,557	1,705,192	234.90%
2006	8,573,593	12,957,273	66.17%	4,383,680	2,008,192	218.29%
2007	9,728,669	13,091,908	74.31%	3,363,239	2,244,744	149.83%
2008	9,712,743	14,719,079	65.99%	5,006,336	2,422,823	206.63%

The actuarial value of plan assets for the Police Pension Plan above is as of June 30, 2008. As disclosed in note 9d, the Pension Fund experienced significant deficiencies in the fair value (actuarial value) of assets for the year ended June 30, 2009, which are not reflected in these funded ratios.

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2009

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	\$ -	\$ 3,135,863	0.00%	\$ 3,135,863	\$ 5,731,424	54.71%
2009	-	3,373,698	0.00%	3,373,698	5,960,681	56.60%

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

June 30, 2009

<u>Actuarial Valuation Date December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 104,418	\$ 104,418	100.00%
2004	198,342	198,342	100.00%
2005	247,760	247,760	100.00%
2006	276,352	276,352	100.00%
2007	306,065	306,065	100.00%
2008	312,079	312,079	100.00%

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

June 30, 2009

<u>Actuarial Valuation Date June 30,</u>	<u>Employer Contributions</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage Contributed</u>
2003	\$ 259,797	\$ 305,717	84.98%
2004	265,405	361,412	73.44%
2005	268,497	395,256	67.93%
2006	272,871	446,264	61.15%
2007	335,164	489,379	68.49%
2008	414,614	335,164	123.70%

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

June 30, 2009

<u>Actuarial Valuation Date June 30,</u>	<u>Employer Contributions</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage Contributed</u>
2009	\$ 97,033	\$ 303,426	31.98%

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

1. BUDGETS

The annual appropriations ordinance (budget) is adopted on a basis consistent with U.S. generally accepted accounting principles for all funds except certain capital projects funds, which are not budgeted.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The City Council adopts a Budget Ordinance which includes a budget for all funds utilized by the City. This ordinance serves as an appropriate authorization.
- b. Public budget hearings are conducted to obtain taxpayer comments.
- c. The budget is legally enacted through passage of an ordinance.
- d. The City Administration is authorized to transfer budgeted amounts between departments within any funds. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. Budgets are adopted on the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for enterprise funds. The level of control (level at which expenditures may not exceed budget/appropriations) is the fund. Appropriations lapse at the end of the fiscal year.

2. EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year:

Fund	Excess
Bond Sinking	\$ 65,337
Motor Fuel Tax	24,749
Garbage	77,795

MAJOR GOVERNMENTAL FUNDS

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
GENERAL FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 6,076,968
Receivables (net, where applicable, of allowances for uncollectibles)	
Property taxes	2,462,917
Sales tax	707,499
Income tax	449,493
Accrued interest	-
Other	286,375
Due from other funds	1,166
Due from fiduciary fund	63,525
Advances to other funds	2,552,084
Inventory	6,889
Prepaid items	<u>232,769</u>
 TOTAL ASSETS	 <u><u>\$ 12,839,685</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 930,929
Accrued payroll	293,734
Deferred revenue	2,441,103
Due to other funds	109,204
Due to fiduciary fund	15,435
Other liabilities	<u>882,631</u>
 Total liabilities	 <u>4,673,036</u>
FUND BALANCES	
Reserved for prepaid items	232,769
Reserved for advances	2,552,084
Reserved for capital projects	1,152,298
Reserved for other purposes	1,302,826
Unreserved	<u>2,926,672</u>
 Total fund balances	 <u>8,166,649</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 12,839,685</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL ADMINISTRATION				
Personnel	\$ 340,000	\$ 340,000	\$ 367,874	\$ 27,874
Supplies	69,400	69,400	75,538	6,138
Maintenance	295,500	295,500	324,009	28,509
Contractual services	1,052,200	1,052,200	546,723	(505,477)
Capital outlay	605,000	605,000	-	(605,000)
Total general administration	2,362,100	2,362,100	1,314,144	(1,047,956)
POLICE AND ANIMAL CONTROL				
Personnel	3,663,500	3,663,500	3,747,471	83,971
Supplies	289,100	289,100	278,481	(10,619)
Maintenance	520,400	520,400	511,050	(9,350)
Contractual services	1,173,600	1,173,600	1,065,515	(108,085)
Capital outlay	72,000	72,000	327,671	255,671
Total police and animal control	5,718,600	5,718,600	5,930,188	211,588
CIVIL DEFENSE				
Supplies	12,400	12,400	2,032	(10,368)
Maintenance	17,100	17,100	13,671	(3,429)
Contractual services	4,800	4,800	1,486	(3,314)
Capital outlay	10,000	10,000	895	(9,105)
Total civil defense	44,300	44,300	18,084	(26,216)
BUILDING, PLANNING AND DEVELOPMENT				
Personnel	789,500	789,500	606,211	(183,289)
Supplies	64,650	64,650	32,985	(31,665)
Maintenance	556,350	556,350	586,832	30,482
Contractual services	200,700	200,700	170,815	(29,885)
Miscellaneous	-	-	542	542
Capital outlay	2,795,000	2,795,000	1,072,671	(1,722,329)
Total building, planning and development	4,406,200	4,406,200	2,470,056	(1,936,144)
STREETS AND YARD WASTE				
Personnel	937,000	937,000	917,230	(19,770)
Supplies	190,020	190,020	139,080	(50,940)
Maintenance	406,800	406,800	364,785	(42,015)
Contractual services	437,000	437,000	371,666	(65,334)
Capital outlay	222,300	222,300	315,489	93,189
Total streets and yard waste	2,193,120	2,193,120	2,108,250	(84,870)

(This schedule is continued on the following page.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS AND SPECIAL PROJECTS				
Personnel	\$ 209,000	\$ 209,000	\$ 209,268	\$ 268
Supplies	18,000	18,000	29,237	11,237
Maintenance	269,900	269,900	217,872	(52,028)
Contractual services	45,000	45,000	38,114	(6,886)
Capital outlay	257,000	257,000	179,048	(77,952)
Total public works and special projects	798,900	798,900	673,539	(125,361)
TOTAL EXPENDITURES	\$ 15,523,220	\$ 15,523,220	\$ 12,514,261	\$ (3,008,959)

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
BOND SINKING FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 308,714
Receivables	
Property taxes, net of allowance	394,755
Due from other funds	<u>1,166</u>
TOTAL ASSETS	<u><u>\$ 704,635</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accrued interest payable	\$ 76,195
Deferred revenue	390,466
Due to other funds	<u>183,466</u>
Total liabilities	650,127
FUND BALANCES	
Reserved for debt service	<u>54,508</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 704,635</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BOND SINKING FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property levies, net	\$ 1,636,854	\$ 1,636,854	\$ 1,210,990	\$ (425,864)
Investment income	12,000	12,000	7,610	(4,390)
Total revenues	<u>1,648,854</u>	<u>1,648,854</u>	<u>1,218,600</u>	<u>(430,254)</u>
EXPENDITURES				
Current				
Other charges	20,000	20,000	12,956	(7,044)
Debt service				
Principal retirement	1,735,000	1,735,000	1,735,000	-
Interest and fees	105,489	105,489	177,870	72,381
Total expenditures	<u>1,860,489</u>	<u>1,860,489</u>	<u>1,925,826</u>	<u>65,337</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(211,635)</u>	<u>(211,635)</u>	<u>(707,226)</u>	<u>(495,591)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	200,000	200,000	-	(200,000)
Total other financing sources (uses)	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (11,635)</u>	<u>\$ (11,635)</u>	<u>(707,226)</u>	<u>\$ (695,591)</u>
FUND BALANCE, JULY 1			<u>761,734</u>	
FUND BALANCE, JUNE 30			<u>\$ 54,508</u>	

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF LOCKPORT, ILLINOIS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

June 30, 2009

	Special	Debt	Capital Projects					CDBG	Total
	Revenue	Service	Public Works	Parker	151st Street	8th Street	159th and		
	Motor	Public	Facility	Ridge	Project	Wall Project	Adelmann	Grant	Governmental
	Fuel Tax	Benefit		Subdivision					Funds
ASSETS									
Cash and cash equivalents	\$ 314,037	\$ 385,520	\$ 899,630	\$ 4,589	\$ 932,079	\$ 132,121	\$ 567,502	\$ -	\$ 3,235,478
Receivables									
Motor fuel tax	34,908	-	-	-	-	-	-	-	34,908
Due from other funds	-	-	-	-	109,704	-	-	-	109,704
TOTAL ASSETS	\$ 348,945	\$ 385,520	\$ 899,630	\$ 4,589	\$ 1,041,783	\$ 132,121	\$ 567,502	\$ -	\$ 3,380,090
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 103,639	\$ -	\$ 125,524	\$ -	\$ -	\$ -	\$ 306,240	\$ -	\$ 535,403
Retainage payable	-	-	5,000	-	-	-	-	-	5,000
Due to other funds	-	-	-	-	-	-	-	2,832	2,832
Total liabilities	103,639	-	130,524	-	-	-	306,240	2,832	543,235
FUND BALANCES									
Reserved for streets and yard waste	245,306	-	-	-	-	-	-	-	245,306
Reserved for public benefit	-	385,520	-	-	-	-	-	-	385,520
Unreserved, Undesignated									
Capital Projects Funds	-	-	769,106	4,589	1,041,783	132,121	261,262	(2,832)	2,206,029
Total fund balances (deficit)	245,306	385,520	769,106	4,589	1,041,783	132,121	261,262	(2,832)	2,836,855
TOTAL LIABILITIES AND FUND BALANCES	\$ 348,945	\$ 385,520	\$ 899,630	\$ 4,589	\$ 1,041,783	\$ 132,121	\$ 567,502	\$ -	\$ 3,380,090

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2009

	Special Revenue		Debt	Capital Projects					CDBG	Total Nonmajor Governmental Funds
	Motor Fuel Tax	Working Cash	Service Public Benefit	Public Works Facility	Parker Ridge Subdivision	151st Street Project	8th Street Wall Project	159th and Adelmann		
REVENUES										
Taxes	\$ 649,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 649,868
Investment income	3,829	3,635	3,554	8,498	745	216	1,609	3,256	-	25,342
Contributions	-	-	-	-	-	-	-	252,000	-	252,000
Miscellaneous	2,855	-	-	-	-	-	-	-	-	2,855
Total revenues	656,552	3,635	3,554	8,498	745	216	1,609	255,256	-	930,065
EXPENDITURES										
Current										
Streets and yard waste	260,851	-	-	-	-	-	-	-	-	260,851
Public works and special projects	-	-	-	-	-	-	-	306,240	-	306,240
Capital outlay	719,398	-	-	246,302	-	65,916	-	-	-	1,031,616
Total expenditures	980,249	-	-	246,302	-	65,916	-	306,240	-	1,598,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(323,697)	3,635	3,554	(237,804)	745	(65,700)	1,609	(50,984)	-	(668,642)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	1,010,000	-	275,041	-	1,285,041
Transfers (out)	-	(404,095)	-	-	-	-	-	-	-	(404,095)
Total other financing sources (uses)	-	(404,095)	-	-	-	1,010,000	-	275,041	-	880,946
NET CHANGE IN FUND BALANCES	(323,697)	(400,460)	3,554	(237,804)	745	944,300	1,609	224,057	-	212,304
FUND BALANCES, JULY 1	569,003	400,460	381,966	1,006,910	3,844	97,483	130,512	(243,635)	(2,832)	2,343,711
Prior period adjustment	-	-	-	-	-	-	-	280,840	-	280,840
FUND BALANCES, JULY 1, RESTATED	569,003	400,460	381,966	1,006,910	3,844	97,483	130,512	37,205	(2,832)	2,624,551
FUND BALANCES (DEFICIT), JUNE 30	\$ 245,306	\$ -	\$ 385,520	\$ 769,106	\$ 4,589	\$ 1,041,783	\$ 132,121	\$ 261,262	\$ (2,832)	\$ 2,836,855

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
MOTOR FUEL TAX FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 314,037
Receivables	
Motor fuel tax	<u>34,908</u>
TOTAL ASSETS	<u><u>\$ 348,945</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 103,639
FUND BALANCES	
Reserved for streets and yard waste	<u>245,306</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 348,945</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Motor fuel	\$ 660,000	\$ 660,000	\$ 649,868	\$ (10,132)
Investment income	10,000	10,000	3,829	(6,171)
Miscellaneous	5,000	5,000	2,855	(2,145)
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>656,552</u>	<u>(18,448)</u>
EXPENDITURES				
Current				
Streets and yard waste	195,500	195,500	260,851	65,351
Capital outlay	760,000	760,000	719,398	(40,602)
Total expenditures	<u>955,500</u>	<u>955,500</u>	<u>980,249</u>	<u>24,749</u>
NET CHANGE IN FUND BALANCE	<u>\$ (280,500)</u>	<u>\$ (280,500)</u>	(323,697)	<u>\$ (43,197)</u>
FUND BALANCE, JULY 1			<u>569,003</u>	
FUND BALANCE, JUNE 30			<u>\$ 245,306</u>	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
PUBLIC BENEFIT FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	<u>\$ 385,520</u>
TOTAL ASSETS	<u><u>\$ 385,520</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
FUND BALANCES	
Reserved for public benefit	<u>385,520</u>
Total fund balances	<u>385,520</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 385,520</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC BENEFIT FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Investment income	\$ 13,300	\$ 13,300	\$ 3,554	\$ (9,746)
Total revenues	<u>13,300</u>	<u>13,300</u>	<u>3,554</u>	<u>(9,746)</u>
EXPENDITURES				
None	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 13,300</u></u>	<u><u>\$ 13,300</u></u>	<u>3,554</u>	<u><u>\$ (9,746)</u></u>
FUND BALANCE, JULY 1			<u>381,966</u>	
FUND BALANCE, JUNE 30			<u><u>\$ 385,520</u></u>	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
BALANCE SHEET
PUBLIC WORKS FACILITY FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	<u>\$ 899,630</u>
TOTAL ASSETS	<u><u>\$ 899,630</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 125,524
Retainage payable	<u>5,000</u>
Total liabilities	<u>130,524</u>
FUND BALANCES	
Unreserved	<u>769,106</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 899,630</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC WORKS FACILITY FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Investment income	\$ -	\$ -	\$ 8,498	\$ 8,498
Total revenues	-	-	8,498	8,498
EXPENDITURES				
Capital outlay	700,000	700,000	246,302	(453,698)
Total expenditures	700,000	700,000	246,302	(453,698)
NET CHANGE IN FUND BALANCE	<u>\$ (700,000)</u>	<u>\$ (700,000)</u>	(237,804)	<u>\$ 462,196</u>
FUND BALANCE, JULY 1			<u>1,006,910</u>	
FUND BALANCE, JUNE 30			<u>\$ 769,106</u>	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
PARKER RIDGE SUBDIVISION CAPITAL PROJECTS FUND

June 30, 2009

ASSETS	
Cash	<u>\$ 4,589</u>
TOTAL ASSETS	<u><u>\$ 4,589</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
FUND BALANCES	
Unreserved	<u>4,589</u>
Total fund balances	<u>4,589</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 4,589</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
BALANCE SHEET
151ST STREET PROJECT CAPITAL PROJECTS FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 932,079
Due from other funds	<u>109,704</u>
TOTAL ASSETS	<u><u>\$ 1,041,783</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
FUND BALANCES	
Unreserved	<u>1,041,783</u>
Total fund balances	<u>1,041,783</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,041,783</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
151ST STREET PROJECT CAPITAL PROJECTS FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Grants	\$ 1,900,000	\$ 1,900,000	\$ -	\$ (1,900,000)
Investment income	40,000	40,000	216	(39,784)
Total revenues	1,940,000	1,940,000	216	(1,939,784)
EXPENDITURES				
Capital outlay	3,500,000	3,500,000	65,916	(3,434,084)
Total expenditures	3,500,000	3,500,000	65,916	(3,434,084)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(1,560,000)	(1,560,000)	(65,700)	1,494,300
OTHER FINANCING SOURCES (USES)				
Transfers in	1,560,000	1,560,000	1,010,000	(550,000)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	944,300	\$ 944,300
FUND BALANCE, JULY 1			97,483	
FUND BALANCE, JUNE 30			\$ 1,041,783	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

BALANCE SHEET
8TH STREET WALL PROJECT CAPITAL PROJECTS FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 132,121
Due from other funds	<u>-</u>
TOTAL ASSETS	<u><u>\$ 132,121</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
None	<u>\$ -</u>
Total liabilities	<u>-</u>
FUND BALANCES	
Unreserved	<u>132,121</u>
Total fund balances	<u>132,121</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 132,121</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
BALANCE SHEET
159TH AND ADELMAN CAPITAL PROJECTS FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 567,502
Due from other funds	<u>-</u>
TOTAL ASSETS	<u><u>\$ 567,502</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accrued expenditures	<u>\$ 306,240</u>
Total liabilities	<u>306,240</u>
FUND BALANCES	
Unreserved (deficit)	<u>261,262</u>
Total fund balances (deficit)	<u>261,262</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 567,502</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
159TH AND ADELMAN CAPITAL PROJECTS FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Investment income	\$ -	\$ -	\$ 3,256	\$ 3,256
Contributions	-	-	252,000	252,000
Total revenues	-	-	255,256	255,256
EXPENDITURES				
Current				
Public works and special projects	325,000	325,000	306,240	(18,760)
Total expenditures	325,000	325,000	306,240	(18,760)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(325,000)	(325,000)	(50,984)	274,016
OTHER FINANCING SOURCES (USES)				
Transfers in	325,000	325,000	275,041	(49,959)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	224,057	\$ 224,057
FUND BALANCE (DEFICIT), JULY 1			(243,635)	
Prior period adjustment			280,840	
FUND BALANCE, JULY 1, RESTATED			37,205	
FUND BALANCE, JUNE 30			\$ 261,262	

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

CITY OF LOCKPORT, ILLINOIS

COMBINING SCHEDULE OF NET ASSETS
WATERWORKS AND SEWERAGE SUBFUNDS

June 30, 2009

	Waterworks and Sewerage	Wastewater Treatment Plant Expansion	Water and Sewer Improvement	Special Rehabilitation	Eliminations	Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,003,266	\$ 945,939	\$ 4,127,183	\$ 1,034,877	\$ -	\$ 7,111,265
Receivables						
Due from customers	646,435	-	55,570	-	-	702,005
Other	10,126	-	118,963	-	-	129,089
Due from other funds	-	76,844	8,043,753	-	(7,937,131)	183,466
Due from component units	-	-	76,337	-	-	76,337
Inventory	40,760	-	-	-	-	40,760
Deposits	12,600	-	-	-	-	12,600
Prepaid insurance	96,046	-	-	-	-	96,046
Total current assets	1,809,233	1,022,783	12,421,806	1,034,877	(7,937,131)	8,351,568
CAPITAL ASSETS						
Land	301,115	-	-	-	-	301,115
Construction in progress	11,361,185	-	-	-	-	11,361,185
Infrastructure	50,605,187	-	-	-	-	50,605,187
Building and improvements	1,016,807	-	-	-	-	1,016,807
Vehicles and equipment	750,105	-	-	-	-	750,105
Total	64,034,399	-	-	-	-	64,034,399
Less accumulated depreciation	(10,355,722)	-	-	-	-	(10,355,722)
Net capital assets	53,678,677	-	-	-	-	53,678,677
Total assets	55,487,910	1,022,783	12,421,806	1,034,877	(7,937,131)	62,030,245
CURRENT LIABILITIES						
Accounts payable	517,106	14,055	113,775	-	-	644,936
Retainage payable	-	-	27,182	-	-	27,182
Accrued payroll	119,591	-	-	-	-	119,591
Compensated absences	92,208	-	-	-	-	92,208
Accrued interest payable	22,269	170,939	20,703	-	-	213,911
Due to other funds	7,937,131	-	-	-	(7,937,131)	-
Due to component units	-	-	63,208	-	-	63,208
Current portion of long-term debt	140,000	432,812	214,053	-	-	786,865
Total current liabilities	8,828,305	617,806	438,921	-	(7,937,131)	1,947,901
NONCURRENT LIABILITIES						
Compensated absences	9,090	-	-	-	-	9,090
Advances from other funds	-	-	2,552,084	-	-	2,552,084
Net other postemployment benefit obligation	47,796	-	-	-	-	47,796
Long-term debt, less current portion	970,000	9,567,188	3,783,085	-	-	14,320,273
Total noncurrent liabilities	1,026,886	9,567,188	6,335,169	-	-	16,929,243
Total liabilities	9,855,191	10,184,994	6,774,090	-	(7,937,131)	18,877,144
NET ASSETS						
Invested in capital assets, net of related debt	52,568,677	(10,000,000)	(3,997,138)	-	-	38,571,539
Unrestricted	(6,935,958)	837,789	9,644,854	1,034,877	-	4,581,562
TOTAL NET ASSET	\$ 45,632,719	\$ (9,162,211)	\$ 5,647,716	\$ 1,034,877	\$ -	\$ 43,153,101

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 WATERWORKS AND SEWERAGE SUBFUNDS

For the Year Ended June 30, 2009

	Waterworks and Sewerage	Wastewater Treatment Plant Expansion	Water and Sewer Improvement	Special Rehabilitation	Eliminations	Total
OPERATING REVENUES						
Charges for sales and services						
Charges for services	\$ 4,148,374	\$ 491,705	\$ 804,973	\$ 75,696	\$ -	\$ 5,520,748
Penalties and meters	82,740	-	-	-	-	82,740
Total operating revenues	4,231,114	491,705	804,973	75,696	-	5,603,488
OPERATING EXPENSES						
Water administration	277,636	-	-	-	-	277,636
Water operations	2,322,837	-	-	-	-	2,322,837
Sewer operations	2,524,475	16,007	193,785	-	-	2,734,267
Depreciation	1,135,115	-	-	-	-	1,135,115
Total operating expenses	6,260,063	16,007	193,785	-	-	6,469,855
OPERATING INCOME (LOSS)	(2,028,949)	475,698	611,188	75,696	-	(866,367)
NONOPERATING REVENUES (EXPENSES)						
Interest expense	(47,001)	(170,939)	(102,770)	-	-	(320,710)
Investment income	19,918	16,976	82,335	8,879	-	128,108
Intergovernmental income	11,509	-	110,541	-	-	122,050
Miscellaneous income	36,057	-	7	-	-	36,064
Total nonoperating revenues (expenses)	20,483	(153,963)	90,113	8,879	-	(34,488)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(2,008,466)	321,735	701,301	84,575	-	(900,855)
TRANSFERS						
Transfers in	6,217,333	-	-	-	(6,217,333)	-
Transfers (out)	-	(5,163,812)	(1,053,521)	-	6,217,333	-
Total transfers	6,217,333	(5,163,812)	(1,053,521)	-	-	-
CONTRIBUTIONS	511,895	-	-	-	-	511,895
CHANGE IN NET ASSETS	4,720,762	(4,842,077)	(352,220)	84,575	-	(388,960)
NET ASSETS, JULY 1	38,773,184	(4,320,134)	6,116,372	950,302	-	41,519,724
Prior period adjustment	2,138,773	-	(116,436)	-	-	2,022,337
NET ASSETS, JULY 1, RESTATED	40,911,957	(4,320,134)	5,999,936	950,302	-	43,542,061
NET ASSETS, JUNE 30	\$ 45,632,719	\$ (9,162,211)	\$ 5,647,716	\$ 1,034,877	\$ -	\$ 43,153,101

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
SCHEDULE OF NET ASSETS
WATERWORKS AND SEWERAGE SUBFUND

June 30, 2009

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,003,266
Receivables	
Due from customers	646,435
Accrued interest	-
Miscellaneous	10,126
Inventory	40,760
Deposits	12,600
Prepaid insurance	96,046
	<u>1,809,233</u>
NONCURRENT ASSETS	
Capital assets	
Land	301,115
Constuction in progress	11,361,185
Infrastructure	50,605,187
Buildings and improvements	1,016,807
Vehicles and equipment	750,105
	<u>64,034,399</u>
Less accumulated depreciation	<u>(10,355,722)</u>
	<u>53,678,677</u>
	<u>55,487,910</u>
CURRENT LIABILITIES	
Accounts payable	517,106
Accrued payroll	119,591
Compensated absences	92,208
Accrued interest payable	22,269
Due to other funds	7,937,131
Current portion of long-term debt	140,000
	<u>8,828,305</u>
NONCURRENT LIABILITIES	
Compensated absences	9,090
Net other postemployment benefit obligation	47,796
Long-term debt, less current portion	970,000
	<u>1,026,886</u>
	<u>9,855,191</u>
NET ASSETS	
Invested in capital assets, net of related debt	52,568,677
Unrestricted	<u>(6,935,958)</u>
	<u>\$ 45,632,719</u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
WATERWORKS AND SEWERAGE SUBFUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for sales and services				
Water and sewer services	\$ 4,502,000	\$ 4,502,000	\$ 4,148,374	\$ (353,626)
Penalties and meter	192,500	192,500	82,740	(109,760)
Total operating revenues	<u>4,694,500</u>	<u>4,694,500</u>	<u>4,231,114</u>	<u>(463,386)</u>
OPERATING EXPENSES				
Water administration	383,400	383,400	277,636	(105,764)
Water operations	2,184,500	2,184,500	2,322,837	138,337
Sewer operations	3,007,350	3,007,350	2,524,475	(482,875)
Total operating expenses	<u>5,575,250</u>	<u>5,575,250</u>	<u>5,124,948</u>	<u>(450,302)</u>
OPERATING INCOME (LOSS)	<u>(880,750)</u>	<u>(880,750)</u>	<u>(893,834)</u>	<u>(13,084)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	10,000	10,000	19,918	9,918
Debt principal payments	(135,000)	(135,000)	(135,000)	-
Interest expense	(49,465)	(49,465)	(47,001)	2,464
Intergovernmental income	-	-	11,509	11,509
Miscellaneous income	14,000	14,000	36,057	22,057
Total nonoperating revenues (expenses)	<u>(160,465)</u>	<u>(160,465)</u>	<u>(114,517)</u>	<u>45,948</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,041,215)</u>	<u>(1,041,215)</u>	<u>(1,008,351)</u>	<u>32,864</u>
TRANSFERS				
Transfers in	-	-	6,217,333	6,217,333
Transfers (out)	(200,000)	(200,000)	-	200,000
Total transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>6,217,333</u>	<u>6,417,333</u>
NET INCOME - BUDGET BASIS	<u>(1,241,215)</u>	<u>(1,241,215)</u>	<u>5,208,982</u>	<u>6,450,197</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation	-	-	(1,135,115)	(1,135,115)
Principal paid	-	-	135,000	135,000
Contributions	-	-	511,895	511,895
Total adjustments to GAAP basis	<u>-</u>	<u>-</u>	<u>(488,220)</u>	<u>(488,220)</u>
CHANGE IN NET ASSETS	<u>\$ (1,241,215)</u>	<u>\$ (1,241,215)</u>	<u>4,720,762</u>	<u>\$ 5,961,977</u>
NET ASSETS, JULY 1			38,773,184	
Prior period adjustment			<u>2,138,773</u>	
NET ASSETS, JULY 1, RESTATED			<u>40,911,957</u>	
NET ASSETS, JUNE 30			<u>\$ 45,632,719</u>	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF NET ASSETS
WASTEWATER TREATMENT PLANT EXPANSION SUBFUND

June 30, 2009

CURRENT ASSETS	
Cash and cash equivalents	\$ 945,939
Due from other funds	<u>76,844</u>
Total current assets	<u>1,022,783</u>
CURRENT LIABILITIES	
Accounts payable	14,055
Accrued interest payable	170,939
Current portion of long-term debt	<u>432,812</u>
Total current liabilities	<u>617,806</u>
NONCURRENT LIABILITIES	
Long-term debt, less current portion	<u>9,567,188</u>
Total noncurrent liabilities	<u>9,567,188</u>
Total liabilities	<u>10,184,994</u>
NET ASSETS	
Invested in capital assets, net of related debt	(10,000,000)
Unrestricted	<u>837,789</u>
TOTAL NET ASSETS	<u><u>\$ (9,162,211)</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN NET ASSETS - BUDGET AND ACTUAL
 WASTEWATER TREATMENT PLANT EXPANSION SUBFUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for sales and services	\$ 745,900	\$ 745,900	\$ 491,705	\$ (254,195)
Total operating revenues	745,900	745,900	491,705	(254,195)
OPERATING EXPENSES				
Sewer operations	5,102,500	5,102,500	16,007	(5,086,493)
Total operating expenses	5,102,500	5,102,500	16,007	(5,086,493)
OPERATING INCOME (LOSS)	(4,356,600)	(4,356,600)	475,698	4,832,298
NONOPERATING REVENUES (EXPENSES)				
Investment income	115,000	115,000	16,976	(98,024)
Interest expense	-	-	(170,939)	(170,939)
Total nonoperating revenues (expenses)	115,000	115,000	(153,963)	(268,963)
INCOME (LOSS) BEFORE TRANSFERS	(4,241,600)	(4,241,600)	321,735	4,563,335
TRANSFERS (OUT)	-	-	(5,163,812)	(5,163,812)
CHANGE IN NET ASSETS	<u>\$ (4,241,600)</u>	<u>\$ (4,241,600)</u>	(4,842,077)	<u>\$ (600,477)</u>
NET ASSETS, JULY 1			<u>(4,320,134)</u>	
NET ASSETS, JUNE 30			<u>\$ (9,162,211)</u>	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS
SCHEDULE OF NET ASSETS
WATER AND SEWER IMPROVEMENT SUBFUND

June 30, 2009

CURRENT ASSETS	
Cash and cash equivalents	\$ 4,127,183
Receivables (net where applicable, of allowances for uncollectibles)	
Due from customers	55,570
Accrued interest	24,163
Miscellaneous	94,800
Due from other funds	8,043,753
Due from component units	<u>76,337</u>
Total current assets	<u>12,421,806</u>
CURRENT LIABILITIES	
Accounts payable	113,775
Retainage payable	27,182
Accrued interest payable	20,703
Current portion of long-term debt	<u>214,053</u>
Total current liabilities	<u>438,921</u>
NONCURRENT LIABILITIES	
Advances from other funds	2,552,084
Long-term debt, less current portion	<u>3,783,085</u>
Total noncurrent liabilities	<u>6,335,169</u>
Total liabilities	<u>6,774,090</u>
NET ASSETS	
Invested in capital assets, net of related debt	(3,997,138)
Unrestricted	<u>9,644,854</u>
TOTAL NET ASSETS	<u><u>\$ 5,647,716</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
WATER AND SEWER IMPROVEMENT SUBFUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for sales and services	\$ 1,465,000	\$ 1,465,000	\$ 804,973	\$ (660,027)
Total operating revenues	1,465,000	1,465,000	804,973	(660,027)
OPERATING EXPENSES				
Sewer operations	4,310,000	4,310,000	193,785	(4,116,215)
Total operating expenses	4,310,000	4,310,000	193,785	(4,116,215)
OPERATING INCOME (LOSS)	(2,845,000)	(2,845,000)	611,188	3,456,188
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(315,000)	(315,000)	(102,770)	212,230
Investment income	160,000	160,000	82,335	(77,665)
Intergovernmental income	-	-	110,541	110,541
Miscellaneous income	-	-	7	7
Total nonoperating revenues (expenses)	(155,000)	(155,000)	90,113	245,113
INCOME (LOSS) BEFORE TRANSFERS	(3,000,000)	(3,000,000)	701,301	3,701,301
TRANSFERS (OUT)	-	-	(1,053,521)	(1,053,521)
CHANGE IN NET ASSETS	\$ (3,000,000)	\$ (3,000,000)	(352,220)	\$ 2,647,780
NET ASSETS, JULY 1			6,116,372	
Prior period adjustment			(116,436)	
NET ASSETS, JULY 1, RESTATED			5,999,936	
NET ASSETS, JUNE 30			\$ 5,647,716	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF NET ASSETS
SPECIAL REHABILITATION SUBFUND

June 30, 2009

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,034,877
Due from other funds	<u>-</u>
Total current assets	<u>1,034,877</u>
CURRENT LIABILITIES	
None	<u>-</u>
Total current liabilities	<u>-</u>
NET ASSETS	
Unrestricted	<u>1,034,877</u>
TOTAL NET ASSETS	<u><u>\$ 1,034,877</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
SPECIAL REHABILITATION SUBFUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for sales and services	\$ 75,000	\$ 75,000	\$ 75,696	\$ 696
Total operating revenues	75,000	75,000	75,696	696
OPERATING EXPENSES				
None	-	-	-	-
Total operating expenses	-	-	-	-
OPERATING INCOME	75,000	75,000	75,696	696
NONOPERATING REVENUES (EXPENSES)				
Investment income	-	-	8,879	8,879
Total nonoperating revenues (expenses)	-	-	8,879	8,879
CHANGE IN NET ASSETS	\$ 75,000	\$ 75,000	84,575	\$ 9,575
NET ASSETS, JULY 1			950,302	
NET ASSETS, JUNE 30			\$ 1,034,877	

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF NET ASSETS
GARBAGE FUND

June 30, 2009

CURRENT ASSETS	
Cash and cash equivalents	\$ 459,290
Receivables	
Due from customers	<u>165,165</u>
Total current assets	<u>624,455</u>
CURRENT LIABILITIES	
Accounts payable	273,328
Deferred revenue	<u>139,600</u>
Total current liabilities	<u>412,928</u>
NET ASSETS	
Unrestricted	<u>211,527</u>
TOTAL NET ASSETS	<u><u>\$ 211,527</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL
GARBAGE FUND

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES				
Charges for sales and services	\$ 1,590,000	\$ 1,590,000	\$ 1,661,306	\$ 71,306
Total operating revenues	1,590,000	1,590,000	1,661,306	71,306
OPERATING EXPENSES				
Garbage operations	1,546,000	1,546,000	1,623,795	77,795
Total operating expenses	1,546,000	1,546,000	1,623,795	77,795
OPERATING INCOME (LOSS)	44,000	44,000	37,511	(6,489)
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,000	5,000	2,111	(2,889)
Miscellaneous income	-	-	500	500
Total nonoperating revenues (expenses)	5,000	5,000	2,611	(2,389)
CHANGE IN NET ASSETS	<u>\$ 49,000</u>	<u>\$ 49,000</u>	40,122	<u>\$ (8,878)</u>
NET ASSETS, JULY 1			246,610	
Prior period adjustment			<u>(75,205)</u>	
NET ASSETS, JULY 1, RESTATED			<u>171,405</u>	
NET ASSETS, JUNE 30			<u>\$ 211,527</u>	

(See independent auditor's report.)

FIDUCIARY FUND

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND

June 30, 2009

ASSETS	
Cash and cash equivalents	\$ 268,369
Investments, at fair value	
Certificates of deposit	392,840
Insurance company contracts	750,528
Money market mutual funds	233,764
Mutual funds	3,511,640
U.S. Government and agency obligations	4,089,493
Accrued interest receivable	32,158
Due from primary government	<u>15,435</u>
Total assets	<u>9,294,227</u>
LIABILITIES	
Accounts payable	7,221
Pension benefits payable	14,059
Due to primary government	<u>63,525</u>
Total liabilities	<u>84,805</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 9,209,422</u></u>

(See independent auditor's report.)

CITY OF LOCKPORT, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND

For the Year Ended June 30, 2009

ADDITIONS	
Contributions	
Employer	\$ 451,005
Employee	<u>261,964</u>
Total contributions	<u>712,969</u>
Investment income	
Net appreciation in fair value of investments	(947,924)
Interest	<u>289,964</u>
Total investment income	(657,960)
Less investment expense	<u>(9,417)</u>
Net investment income	<u>(667,377)</u>
Total additions	<u>45,592</u>
DEDUCTIONS	
Retirement and disability benefits	497,202
Refunds of contributions	72,630
Administrative expenses	<u>16,165</u>
Total deductions	<u>585,997</u>
NET INCREASE	<u>(540,405)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
July 1	9,712,743
Prior period adjustment	<u>37,084</u>
July 1, restated	<u>9,749,827</u>
June 30	<u>\$ 9,209,422</u>

(See independent auditor's report.)