

CITY OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2002

Prepared by

David W. Fairman

Director of Fiscal and Administrative Services

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CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2002

LEGISLATIVE

Daniel M. Pierce, Mayor

City Council

Michael D. Belsky

Steven W. Mandel

Michael C. Brenner

Mari A. Barnes

Peter J. Koukos

James R. Kirsch

David W. Fairman, City Clerk

ADMINISTRATIVE

David M. Limardi, City Manager

David W. Fairman

Director of Fiscal and Administrative Services

THE CITIZENS OF HIGHLAND PARK

Mayor and City Council

Daniel M. Pierce, Mayor

Mari A. Barnes James R. Kirsch
Michael D. Belsky Peter J. Koukos
Michael C. Brenner Steven W. Mandel

City Boards and Commissions

Business and Economic
Development Commission
Civil Service Commission
Cultural Arts Commission
Design Review Commission
Emergency Telephone System Board
Environmental Commission
Firefighters Pension Board
Historic Preservation Commission
Housing Commission
Human Relations Commission

Lakefront Task Force
Library Board
Plan Commission
Police Pension Board
Ravinia Festival Community
Relations Commission
Ravinia Strategic
Planning Commission
Telecommunications Commission
Traffic Commission
Zoning Board of Appeals

City Manager
David Limardi

Deputy City Manager
Tim Wiberg

City Clerk
David Fairman

City Treasurer
Jack Blane

Corporation Counsel
Steven Elrod

City Manager's Office
Tim Wiberg

Dir of Community Devel
Michael Blue

Fire Chief
David Campagni

Dir of Fiscal/Admin Serv
David Fairman

Chief of Police
Daniel Dahlberg

Director of Public Works
James Johnson

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Highland Park,
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
April 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas A. Crave
President

Jeffrey L. Esser
Executive Director



CITY OF HIGHLAND PARK

1707 ST. JOHNS AVENUE
HIGHLAND PARK, ILLINOIS 60035
(847) 432-0800

October 25, 2002

To: The Mayor and Members of the City Council and the Citizens
of the City of Highland Park

The Comprehensive Annual Financial Report (CAFR) of the City of Highland Park (City) for the fiscal year ended April 30, 2002 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of the independent public accountants on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a ten-year basis.

This report includes all funds and account groups of the City, as well as all of its component units (generally separate entities for which the City is financially accountable). The City provides a full range of services including: public safety; community and economic development; construction and maintenance of the City's streets and infrastructure; as well as youth, senior, cultural and library services. In addition to these general governmental services, the City also provides water and sewer service as well as maintaining an underground parking facility and several parking lots. The CAFR also includes the activities of both the Police and Fire Pension Funds although control of these funds rests with the independent boards.

ECONOMIC CONDITION AND OUTLOOK

The City has a long-standing heritage as one of the prestigious communities along Chicagoland's "north shore" of Lake Michigan. The economic outlook remains very strong as the City enters the 21st Century. The stable tax base increased by 13.4% during the fiscal year. Of the total tax base, 90% is residential property. This large proportion of residential property reflects the value that the market has placed on living in Highland Park. The 2000 Median Home Value in the City was \$380,000, which is more than twice the statewide median. Of the City's 8,888 single-family homes, over 23% were valued above \$500,000. The 1,958 homes valued in this category comprise 2.3% of all homes so valued in the entire State of Illinois.

The residents will continue to support these substantial home values as evidenced by the 2000 census which showed that of the 16,269 member civilian labor force, over 55% were employed in the "Managerial & Professional" category. The per capita income of this labor force according to the latest census data was \$55,331, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

While primarily a residential community, the City's business base has experienced excellent growth over the last ten years. Commercial property comprises 10% of the total tax base. Each of the three main commercial areas in the City, including the Central Business District, the Skokie Corridor, and the Ravinia Business District, has undergone significant planning and revitalization efforts. The Central Business District has been a major focus of the City's attention through the redevelopment of the "target block." With this project successfully completed, the City reduced the boundary of the tax increment financing district this year, thereby infusing over \$40 million of new commercial value to the tax base.

MAJOR INITIATIVES FOR THE FISCAL YEAR 2001-2002

The City continued its effort to update the official Master Plan, incorporating the valuable input received through an exhaustive public process into amendments adopted for several individual neighborhood districts. Public improvements identified through the planning process have been incorporated into the five-year capital improvement program.

A staff steering committee was formed to conduct a needs assessment and subsequently, a procurement process, to replace the City's financial reporting system with a new, citywide enterprise resource planning system (ERP). The system, expected to be acquired in the fourth quarter of 2002, will link City operations to the financial reporting system, thereby improving productivity and service delivery.

Several major capital projects were accomplished during the year. Through the assistance of an intergovernmental agreement with the County Forest Preserve District and Park District, the City entered into a real estate purchase agreement to acquire a major parcel of land to preserve open space. In addition to this purchase, the City also acquired real estate on the eastern edge of the central business district to be used for public parking.

FOR THE FUTURE

The City continues to plan for its future to preserve the outstanding quality of life enjoyed by the residents, and to ensure a high level of service to the community. Several planning initiatives are underway.

The City has taken action to ensure that funding for the existing infrastructure will be increased. Effective January 2, 2003, an additional one-half percent home-rule sales tax will be imposed on the sale of general merchandise. This incremental tax is expected to yield approximately \$2 million each year, with half of that amount pledged to storm water and sanitary sewer improvements. The remaining \$1 million will be used to abate the property tax levy for debt service planned for the projects described below.

Preliminary budget and design of a \$10 million recreation center has been approved. Funding for the project will be provided by a general obligation borrowing by the City, with \$4 million to be repaid by the Park District pursuant to an intergovernmental agreement.

Design is also underway for the construction of a new \$9 million police facility. With the financial assistance from both the state and federal government, the plans also include office space for the Northern Illinois Crime Laboratory, a multi-jurisdictional funded, state-of-the-art forensic center.

A request for design-build proposals for a new, two-level parking facility has been issued. Built on land currently owned by the city, this improvement will double the parking available for shoppers and employees in a critical area of the central business district.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Accounting Principles Generally Accepted in the United States of America (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained on an object basis for most City funds. Estimated revenues are based upon amounts expected to be received during the year. Appropriations are based upon anticipated cash needs for specifically identified projects. These appropriations lapse at year-end. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Enterprise Funds, and Internal Service Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

The basis of accounting for fund transactions is dictated by the specific type of fund utilized by the City. The modified accrual basis of accounting is followed by all governmental funds (i.e., General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds) and agency funds. The Enterprise Funds, Internal Service Funds, and Pension Trust Funds follow the accrual basis of accounting.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

GENERAL GOVERNMENT FUNCTIONS

The following schedule presents a summary of revenues for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds; and Component Unit - Library for the fiscal

year 2001-2002 and the amount and percentage of increases and decreases in relation to prior year revenues.

| <u>Source</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (Decrease) from 2001</u> | <u>Percent of Increase (Decrease) from 2001</u> |
|-----------------------------|---------------------|-------------------------|--------------------------------------|---|
| Property taxes | \$12,261,393 | 31.0% | \$448,274 | 3.8% |
| Other local taxes | 18,988,796 | 48.0 | (173,490) | (0.9) |
| Licenses, permits & fines | 2,462,913 | 6.2 | (75,977) | (3.0) |
| Interest on investments | 813,657 | 2.1 | (537,092) | (39.8) |
| Service charges | 1,813,583 | 4.6 | (15,278) | (0.8) |
| Revenue from other agencies | 1,677,720 | 4.2 | (52,494) | (3.0) |
| Miscellaneous revenue | <u>1,530,703</u> | <u>3.9</u> | <u>181,075</u> | 13.4 |
| Total | <u>\$39,548,765</u> | 100% | <u>(\$224,982)</u> | <u>(0.6%)</u> |

As indicated in the above table, total revenues decreased when compared to the prior year by 0.6%. The largest dollar increase was in the amount of \$448,274 in the category of property taxes. This increase is primarily attributable to the 13.4% increase in the equalized assessed value of property in the City revenues when compared to the prior year. The largest percentage decrease was in the interest on investment category. FY2002 interest on investments decreased by \$537,092 as a result of the decline in interest rates during the year.

The following schedule presents a summary of expenditures for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds; and Component Unit - Library for the fiscal year 2001-2002 and the amount and percentage of increases and decreases in relation to prior year expenditures.

| <u>Source</u> | <u>Amount</u> | <u>Percent of Total</u> | <u>Increase (Decrease) from 2001</u> | <u>Percent of Increase (Decrease) from 2002</u> |
|--------------------|---------------------|-------------------------|--------------------------------------|---|
| <u>Function</u> | | | | |
| Current: | | | | |
| General Government | \$8,432,815 | 19.6% | \$957,313 | 12.8% |
| Public Safety | 12,155,248 | 28.2 | 455,662 | 3.9 |
| Public Works | 7,212,971 | 16.7 | (1,358,008) | (15.8) |
| Other | 1,682,339 | 3.9 | 744,430 | 79.4 |
| Pensions | 1,807,131 | 4.2 | 245,316 | 15.70 |
| Library | 1,997,960 | 4.6 | (478,241) | (19.3) |
| Debt Service | 4,238,628 | 9.8 | 834,507 | 24.5 |
| Capital Outlay | <u>5,547,976</u> | <u>12.9</u> | <u>702,806</u> | 14.5 |
| Total | <u>\$43,075,068</u> | <u>100.0%</u> | <u>\$2,103,785</u> | <u>5.1%</u> |

In total, expenditures increased by 5.1% when compared to 2001. The largest increase from the prior year was in the category of other. This increase was due primarily to the earnest money paid of \$350,000 on the purchase of land in the current year. There was a major increase in the categories of general government. An increase of \$957,313 was attributable to increased legal defense costs and various general government initiatives. The \$1,358,008 decrease in Public Works expenditures is a result of the prior year's local windstorm that caused significant damage to trees throughout the community.

GENERAL FUND BALANCE

At year-end, the fund balance of the General Fund was \$6,634,700. This amount of fund balance was equal to approximately 90 working days of actual expenditures and interfund transfers. This amount should significantly reduce the likelihood of the City entering the short-term debt market to pay for current operating expenditures.

ENTERPRISE OPERATIONS

The City's enterprise operations are comprised of three separate activities: the Motor Vehicle Parking Fund, the Water Fund, and the Highland Park Country Club Fund. The following data illustrates the operating revenues and expenses, excluding depreciation, for the fiscal year 2001-2002 and the amount and percentage of increase in relation to the prior year.

| | <u>Amount</u> | <u>Increase (Decrease) from 2001</u> | <u>Percent of Increase (Decrease) from 2001</u> |
|---|--------------------|--|---|
| Operating revenues | 10,428,623 | (527,847) | (4.8%) |
| Operating expenses excluding depreciation and amortization | <u>6,773,325</u> | <u>163,433</u> | 2.5 |
| Net operating income before depreciation | <u>\$3,655,298</u> | <u>(\$691,280)</u> | <u>(15.9%)</u> |

The 4.8% decrease in operating revenues is primarily attributable to the Water Fund. Lower demand led to a decrease of over \$168,000. In addition, the other revenue category which includes interest income, decreased by over 66% due to declining interest rates. Slightly offsetting these decreases was an 11% increase in revenues from the Parking Fund. Each of the City's three Enterprise Funds experienced increased operating expenses during the year.

PENSION TRUST FUND OPERATIONS

Pension Plan net changes in assets for the year consisted of a \$1,227,770 decrease for the Police Pension Fund and a \$37,533 increase for the Firefighters' Pension Fund. The most recent actuarial determination for the unfunded actuarial accrued liability indicates funding levels of 97.28% for the Police Pension Fund and 83.87% for the Firefighters' Pension Fund.

DEBT ADMINISTRATION

The ratio of fiscal 2002 net bonded debt to 2001 equalized assessed valuation (the most recent available information) and the amount of bonded debt per capita are useful indicators of the

City's debt position to municipal management, citizens and investors. These data for the City at the end of the 2002 fiscal year were as follows:

| | <u>Amount</u> | <u>Ratio to Equalized Value</u> | <u>Per Capita</u> |
|------------------------|---------------|---|-----------------------|
| Net direct bonded debt | \$25,815,755 | 1.54% | \$823 |

On April 26, 1993, the City issued \$8,200,000 of bank-qualified, corporate purpose bonds (1993A Series) to provide funds for the acquisition of the Highland Park Country Club. Proceeds from this issue, along with a taxable, variable-rate line of credit, were used to fund the \$10,000,000 purchase.

On February 26, 1996, the City issued \$4,975,000 of bank-qualified, corporate purpose bonds (Series 1996) to provide funds for an aquatic center and street reconstruction for access thereto.

On December 15, 1997 the City issued \$4,870,000 of bank qualified, corporate purpose bonds (Series 1997A) to provide funds for water system and public facilities improvements. In addition, the City issued \$1,900,000 in general obligation refunding bonds (Series 1997B). The proceeds of which were used to refund certain maturities of the City's Series 1990 general obligation corporate purpose bonds.

On December 14, 1998, the City sold \$4,300,000 of bank qualified, corporate purpose bonds ("Series 1998"). Of the proceeds, \$1,100,000 was used for water system improvements, \$3,030,000 was used for facilities improvements, and \$170,000 was used for the installation of cart paths at the Highland Park Country Club.

On July 26, 1999, the City issued a \$3,000,000 general obligation note ("Series 1999") for the purpose of funding streetscape and infrastructure improvements in connection with the Renaissance Place project.

On November 22, 1999, the City sold \$2,000,000 of corporate purpose bonds ("Series 1999"). Of the proceeds of this issue of Series 1999 bonds, \$1,000,000 was used for the Highland Park Country Club renovation of the clubhouse, and \$1,000,000 was used for water system improvements.

On October 1, 2000, the City sold \$2,500,000 of bank-qualified, corporate purpose bonds (Series 2000). Of the proceeds, \$900,000 was used for an automated irrigation system for the Highland Park Country Club, and the remaining \$1,600,000 was used for water system improvements.

On December 10, 2001, the City refunded portions of the outstanding General Obligation Corporate Purpose Bonds Series 1993A, 1994B, and 1996 by issuing \$10,000,000 of General Obligation Refunding Bonds (Series 2001).

Since Highland Park is a home rule unit, there is presently no statutory limit on the amount of general obligation debt. However, if the City were subject to such a limitation, outstanding indebtedness could not exceed 8.625% of equalized assessed valuation. Using 2001 values, this

limitation would allow for over \$144,340,949 in debt as compared to the \$25,815,755 now outstanding. Maintaining significantly lower debt levels provides for greater flexibility in issuing additional bonds if the need arises.

The City of Highland Park has not used long-term debt to fund operating programs, but has used the proceeds of all bond issues for capital outlay purposes only. The City's bond rating on general obligation bonds by Moody's was upgraded to Aaa, the highest rating possible, during fiscal year 1996. This rating has been affirmed for all subsequent bond issues.

CASH MANAGEMENT

Cash, temporarily idle during the year, was invested in certificates of deposit, U.S. Treasury bills and notes, the Illinois Public Treasurer's Investment Pool, and other securities. Interest earned on investments during the year was \$838,520, a decrease of 78% from the prior year. Investments by fund held at year-end are as follows:

| <u>Fund</u> | <u>Amount</u> |
|-------------------|---------------------|
| General Corporate | \$8,523,523 |
| Special Revenue | 24,219 |
| Library | 793,101 |
| Debt Service | 0 |
| Capital Projects | 575,550 |
| Enterprise | 2,147,093 |
| Internal Service | 634,970 |
| Trust and Agency | <u>45,301,263</u> |
| Total | <u>\$57,999,719</u> |

GENERAL FIXED ASSETS

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of Enterprise and Internal Service Funds. As of April 30, 2002, the original cost of the City's general fixed assets amounted to \$48,005,234. Depreciation of general fixed assets is not recognized in the City's accounting system.

RISK MANAGEMENT

The City has initiated a self-insurance program for managing risks. Auto liability, general liability, police liability and property damage are self-insured to an exposure of \$100,000, at which time an excess coverage policy is in effect. The City continues to monitor the premium costs associated with these policies and their coverage bases to provide an efficient and effective risk management tool. The City continues to be self-insured for all unemployment and health care claims.

INDEPENDENT AUDIT

State Statutes require an annual audit by an independent certified public accountant. The accounting firm of Sikich Gardner and Company, LLP was selected by the City Council to conduct the annual audit for the fiscal year 2001-2002. The report of independent public

accountants on the general purpose financial statements and the combining and individual fund statements and schedules is included in the financial section of this report.

AWARDS

For the seventeenth consecutive year, the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended April 30, 2001. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without dedicated services of the staff of the Department of Fiscal and Administrative Services and the cooperation of the other operating departments of the City. We wish to express our appreciation to all who assisted in this endeavor. Most importantly, we wish to thank the Mayor and City Council for their leadership and interest in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,

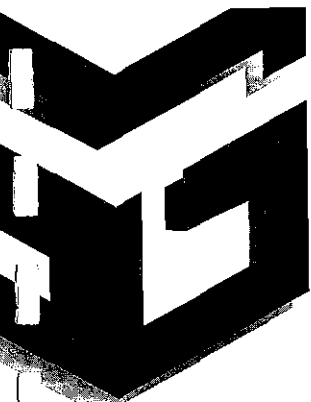


David W. Fairman
Director of Fiscal and
Administrative Services

DWF/pp

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INDEPENDENT AUDITOR'S REPORT



Sikich Gardner & Co, LLP

Accountants & Consultants

998 Corporate Boulevard
Aurora, IL 60504

A Member of Sikich Group, LLC

MEMBERS OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Highland Park, Illinois

We have audited the accompanying general purpose financial statements and the combining, individual fund and account group financial statements of the City of Highland Park, Illinois, as of and for the year ended April 30, 2002, as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Highland Park, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Highland Park, Illinois, as of April 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Highland Park, Illinois, as of April 30, 2002, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying financial information listed as supplemental and schedules in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Highland Park, Illinois. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements and each of the combining, individual fund, and account group financial statements taken as a whole.

The required supplementary information listed in the table of contents is not a required part of the general purpose financial statements but is 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.

The introductory and statistical information listed in the table of contents was not audited by us and, accordingly, we do not express an opinion thereon.

Dickie Gardner & Co. LLP

Aurora, Illinois
August 22, 2002

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CITY OF HIGHLAND PARK, ILLINOIS

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS AND
DISCRETELY PRESENTED COMPONENT UNIT

April 30, 2002

| | Governmental Fund Types | | | |
|--|-------------------------|---------------------|---------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| ASSETS AND OTHER DEBITS | | | | |
| ASSETS | | | | |
| Cash | \$ 838,330 | \$ 1,253 | \$ 202,216 | \$ 1,946,917 |
| Investments | 8,523,523 | 24,219 | - | 575,550 |
| Receivables | | | | |
| Property taxes | 1,338,815 | 3,598,064 | 3,062,538 | 1,163,813 |
| Utility customers, net | - | - | - | - |
| Motor fuel tax allotments | - | 68,659 | - | - |
| Intergovernmental | 172,756 | - | - | - |
| Accrued interest | - | - | - | - |
| Other | 854,369 | 113,556 | - | 15,472 |
| Due from other funds | 629,746 | 988,826 | 28,111 | 424,938 |
| Other assets | 43,436 | - | - | - |
| Advance to other funds | 300,000 | - | - | - |
| Property, plant, and equipment, net of accumulated depreciation | - | - | - | - |
| OTHER DEBITS | | | | |
| Amount to be provided for retirement of general long-term debt | - | - | - | - |
| TOTAL ASSETS AND OTHER DEBITS | <u>\$ 12,700,975</u> | <u>\$ 4,794,577</u> | <u>\$ 3,292,865</u> | <u>\$ 4,126,690</u> |

| Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals Primary Government (Memorandum Only) | Component Unit | Totals Reporting Entity (Memorandum Only) |
|------------------------|------------------|----------------------|----------------------|------------------------|---|----------------|---|
| Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-Term Debt | | | |
| \$ 55,030 | \$ 126,278 | \$ 3,566,995 | \$ - | \$ - | \$ 6,737,019 | \$ 180,487 | \$ 6,917,506 |
| 2,147,093 | 634,970 | 45,301,263 | - | - | 57,206,618 | 793,101 | 57,999,719 |
| - | - | - | - | - | 9,163,230 | 2,928,657 | 12,091,887 |
| 862,421 | - | - | - | - | 862,421 | - | 862,421 |
| - | - | - | - | - | 68,659 | - | 68,659 |
| - | - | - | - | - | 172,756 | - | 172,756 |
| - | - | 477,909 | - | - | 477,909 | - | 477,909 |
| 52,032 | 41,743 | 282,992 | - | - | 1,360,164 | - | 1,360,164 |
| 2,378,181 | 1,620,923 | 9,155 | - | - | 6,079,880 | - | 6,079,880 |
| 96,753 | - | - | - | - | 140,189 | 9,066 | 149,255 |
| - | - | - | - | - | 300,000 | - | 300,000 |
| 34,325,721 | 2,310,199 | - | 48,005,234 | - | 84,641,154 | 3,220,982 | 87,862,136 |
| - | - | - | - | 16,307,824 | 16,307,824 | 187,278 | 16,495,102 |
| \$ 39,917,231 | \$ 4,734,113 | \$ 49,638,314 | \$ 48,005,234 | \$ 16,307,824 | \$ 183,517,823 | \$ 7,319,571 | \$ 190,837,394 |

(This statement is continued on the following pages.)

CITY OF HIGHLAND PARK, ILLINOIS

COMBINED BALANCE SHEET (Continued)
 ALL FUND TYPES AND ACCOUNT GROUPS AND
 DISCRETELY PRESENTED COMPONENT UNIT

April 30, 2002

| | Governmental Fund Types | | | |
|--|-------------------------|--------------------|-----------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| LIABILITIES AND EQUITY AND OTHER CREDITS | | | | |
| LIABILITIES | | | | |
| Accounts payable | 223,359 | 155,065 | - | 112,900 |
| Accrued payroll | 81,898 | 133,342 | - | - |
| Accrued insurance claims | 593,218 | - | - | - |
| Accrued expenses | - | - | 3,800 | - |
| Due to other funds | 2,654,264 | 9,482 | 288,568 | 607,786 |
| Due to others | - | - | - | - |
| Bond discount | - | - | - | - |
| Interest payable | - | - | - | - |
| Deferred revenue | 1,338,815 | 3,598,064 | 3,062,538 | 1,139,375 |
| Advance to other funds | - | - | - | - |
| Compensated absences payable | 1,174,721 | - | - | - |
| Refundable deposits | - | - | - | 24,439 |
| General obligation bonds payable | - | - | - | - |
| Installment note payable | - | - | - | - |
| Total liabilities | 6,066,275 | 3,895,953 | 3,354,906 | 1,884,500 |
| EQUITY AND OTHER CREDITS | | | | |
| Investment in general fixed assets | - | - | - | - |
| Contributed capital | - | - | - | - |
| Retained earnings | - | - | - | - |
| Unreserved | - | - | - | - |
| Fund balances | - | - | - | - |
| Reserved for advances | 300,000 | - | - | - |
| Reserved for debt service | - | - | - | - |
| Reserved for retirement benefits | - | - | - | - |
| Reserved for gifts | - | - | - | - |
| Unreserved-undesignated | 6,334,700 | 898,624 | (62,041) | 2,242,190 |
| Total equity and other credits | 6,634,700 | 898,624 | (62,041) | 2,242,190 |
| TOTAL LIABILITIES AND OTHER CREDITS | \$ 12,700,975 | \$ 4,794,577 | \$ 3,292,865 | \$ 4,126,690 |

| Proprietary Fund Types | | Fiduciary | Account Groups | | Totals | | Totals |
|------------------------|--------------|---------------|----------------|---------------|----------------|--------------|----------------|
| Enterprise | Internal | Fund Types | General | General | Primary | Component | Reporting |
| | Service | Trust and | Fixed | Long-Term | Government | Unit | Entity |
| | | Agency | Assets | Debt | (Memorandum | | (Memorandum |
| | | | | | Only) | | Only) |
| 968,997 | - | 157,672 | - | - | 1,617,993 | 73,584 | 1,691,577 |
| 8,898 | 6,373 | - | - | - | 230,511 | 77,513 | 308,024 |
| - | 757,549 | - | - | - | 1,350,767 | - | 1,350,767 |
| - | - | 650 | - | - | 4,450 | - | 4,450 |
| 2,510,625 | - | 9,155 | - | - | 6,079,880 | - | 6,079,880 |
| - | - | 543,307 | - | - | 543,307 | - | 543,307 |
| (35,220) | - | - | - | - | (35,220) | - | (35,220) |
| 32,412 | - | - | - | - | 32,412 | - | 32,412 |
| 1,605 | - | 13,230 | - | - | 9,153,627 | 2,928,657 | 12,082,284 |
| 300,000 | - | - | - | - | 300,000 | - | 300,000 |
| 119,673 | 41,813 | - | - | 1,294,347 | 2,630,554 | - | 2,630,554 |
| - | - | 2,373,878 | - | - | 2,398,317 | - | 2,398,317 |
| 10,615,000 | - | - | - | 15,013,477 | 25,628,477 | - | 25,628,477 |
| - | - | - | - | - | - | 187,278 | 187,278 |
| 14,521,990 | 805,735 | 3,097,892 | - | 16,307,824 | 49,935,075 | 3,267,032 | 53,202,107 |
| - | - | - | 48,005,234 | - | 48,005,234 | 3,220,982 | 51,226,216 |
| 11,932,841 | - | - | - | - | 11,932,841 | - | 11,932,841 |
| 13,462,400 | 3,928,378 | - | - | - | 17,390,778 | - | 17,390,778 |
| - | - | - | - | - | 300,000 | - | 300,000 |
| - | - | - | - | - | - | - | - |
| - | - | 46,540,422 | - | - | 46,540,422 | - | 46,540,422 |
| - | - | - | - | - | - | 62,245 | 62,245 |
| - | - | - | - | - | 9,413,473 | 769,312 | 10,182,785 |
| 25,395,241 | 3,928,378 | 46,540,422 | 48,005,234 | - | 133,582,748 | 4,052,539 | 137,635,287 |
| \$ 39,917,231 | \$ 4,734,113 | \$ 49,638,314 | \$ 48,005,234 | \$ 16,307,824 | \$ 183,517,823 | \$ 7,319,571 | \$ 190,837,394 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND
DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended April 30, 2002

| | Governmental Fund Types | | | | Totals | |
|--|-------------------------|--------------------|------------------|---------------------|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Primary Government (Memorandum Only) | Reporting Entity (Memorandum Only) |
| REVENUES | | | | | | |
| Property taxes | \$ 1,087,205 | \$ 3,719,588 | \$ 2,999,100 | \$ 1,661,624 | \$ 9,467,517 | \$ 12,261,393 |
| Illinois state replacement taxes | 140,731 | 56,750 | - | - | 197,481 | 209,945 |
| Licenses and permits | 1,437,712 | 684,932 | - | - | 2,122,644 | 2,122,644 |
| Charges for current services | 991,023 | 818,508 | - | - | 1,809,531 | 1,809,531 |
| Municipal sales tax | 10,706,499 | - | - | - | 10,706,499 | 10,706,499 |
| Fines and forfeitures | 265,609 | - | - | - | 265,609 | 340,269 |
| Utility tax | 3,921,731 | - | - | - | 3,921,731 | 3,921,731 |
| Cable television franchise tax | 376,300 | - | - | - | 376,300 | 376,300 |
| Real estate transfer tax | 1,787,298 | - | - | - | 1,787,298 | 1,787,298 |
| Investment income | 705,161 | 22,096 | 4,567 | 37,968 | 769,792 | 813,657 |
| Illinois state income tax | 1,872,494 | - | - | - | 1,872,494 | 1,872,494 |
| Regional Transportation Authority reimbursement | 813,974 | - | - | - | 813,974 | 813,974 |
| Franchise tax | 114,529 | - | - | - | 114,529 | 114,529 |
| Reimbursement - Fort Sheridan expenditures | 4,052 | - | - | - | 4,052 | 4,052 |
| Motor fuel tax allotments | - | 863,746 | - | - | 863,746 | 863,746 |
| Miscellaneous | 960,829 | 235,341 | - | 235,700 | 1,431,870 | 1,530,704 |
| Total revenues | 25,185,147 | 6,400,961 | 3,003,667 | 1,935,292 | 36,525,067 | 39,548,766 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 7,646,491 | 156,776 | - | - | 7,803,267 | 8,432,817 |
| Public safety | 12,017,866 | 137,382 | - | - | 12,155,248 | 12,155,248 |
| Public works | 2,905,880 | 4,307,091 | - | - | 7,212,971 | 7,212,971 |
| Other | 1,682,339 | - | - | - | 1,682,339 | 1,682,339 |
| Employee retirement benefits | - | 1,807,131 | - | - | 1,807,131 | 1,807,131 |
| Library | - | - | - | - | - | 1,997,961 |

| | Governmental Fund Types | | | | Totals | | Reporting Entity |
|---|-------------------------|--------------------|-----------------|---------------------|---|-------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Primary Government (Memorandum Only) | Component Unit | |
| EXPENDITURES (Continued) | | | | | | | |
| Debt service | \$ - | \$ - | \$ 4,107,476 | \$ - | \$ 4,107,476 | \$ 131,152 | \$ 4,238,628 |
| Capital outlay | - | 661,819 | - | 4,825,499 | 5,487,318 | 60,658 | 5,547,976 |
| Total expenditures | 24,252,576 | 7,070,199 | 4,107,476 | 4,825,499 | 40,255,750 | 2,819,321 | 43,075,071 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 932,571 | (669,238) | (1,103,809) | (2,890,207) | (3,730,683) | 204,378 | (3,526,305) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Bond proceeds | - | - | 6,295,733 | - | 6,295,733 | - | 6,295,733 |
| Payments to escrow | - | - | (6,291,679) | - | (6,291,679) | - | (6,291,679) |
| Operating transfers in | 631,800 | 1,339,996 | - | 1,650,000 | 3,621,796 | - | 3,621,796 |
| Operating transfers (out) | (1,850,000) | (922,902) | - | - | (2,772,902) | - | (2,772,902) |
| Total other financing sources (uses) | (1,218,200) | 417,094 | 4,054,00 | 1,650,000 | 852,948 | - | 852,948 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (285,629) | (252,144) | (1,099,755) | (1,240,207) | (2,877,735) | 204,378 | (2,673,357) |
| FUND BALANCES, MAY 1 | 6,866,810 | 725,768 | 1,037,714 | 3,482,397 | 12,112,689 | 627,179 | 12,739,868 |
| Prior period adjustment | 53,519 | 425,000 | - | - | 478,519 | - | 478,519 |
| FUND BALANCES, MAY 1, RESTATED | 6,920,329 | 1,150,768 | 1,037,714 | 3,482,397 | 12,591,208 | 627,179 | 13,218,387 |
| Residual equity transfer in | - | - | 41,633 | - | 41,633 | - | 41,633 |
| Residual equity transfer (out) | - | - | (41,633) | - | (41,633) | - | (41,633) |
| FUND BALANCES, APRIL 30 | \$ 6,634,700 | \$ 898,624 | \$ (62,041) | \$ 2,242,190 | \$ 9,713,473 | \$ 831,557 | \$ 10,066,511 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUND TYPES

For the Year Ended April 30, 2002

| | General | | |
|---|----------------|--------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| REVENUES | | | |
| Property taxes | \$ 1,077,875 | \$ 1,087,205 | \$ 9,330 |
| Illinois state replacement taxes | 131,619 | 140,731 | 9,112 |
| Licenses and permits | 1,396,420 | 1,437,712 | 41,292 |
| Charges for current services | 1,100,540 | 991,023 | (109,517) |
| Municipal sales tax | 10,340,170 | 10,706,499 | 366,329 |
| Fines and forfeitures | 320,000 | 265,609 | (54,391) |
| Utility tax | 3,500,000 | 3,921,731 | 421,731 |
| Fire insurance tax | 52,000 | - | (52,000) |
| Cable television franchise tax | 330,000 | 376,300 | 46,300 |
| Real estate transfer tax | 1,860,000 | 1,787,298 | (72,702) |
| Investment income | 985,344 | 705,161 | (280,183) |
| Illinois state income tax | 2,403,051 | 1,872,494 | (530,557) |
| Regional Transportation Authority reimbursement | 836,126 | 813,974 | (22,152) |
| Franchise tax | 130,760 | 114,529 | (16,231) |
| Reimbursement - Fort Sheridan expenditures | - | 4,052 | 4,052 |
| Motor fuel tax allotments | - | - | - |
| Miscellaneous | 807,900 | 960,829 | 152,929 |
| Total revenues | 25,271,805 | 25,185,147 | (86,658) |
| EXPENDITURES | | | |
| Current | | | |
| General government | 6,309,900 | 7,646,491 | (1,336,591) |
| Public safety | 11,981,858 | 12,017,866 | (36,008) |
| Public works | 2,749,279 | 2,905,880 | (156,601) |
| Employee retirement benefits | - | - | - |
| Other | 8,427,069 | 1,682,339 | 6,744,730 |
| Debt service | - | - | - |
| Capital outlay | - | - | - |
| Total expenditures | 29,468,106 | 24,252,576 | 5,215,530 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (4,196,301) | 932,571 | 5,128,872 |
| OTHER FINANCING SOURCES (USES) | | | |
| Bond Proceeds | - | - | - |
| Payments to escrow | - | - | - |
| Operating transfers in | - | 631,800 | 631,800 |
| Operating transfers (out) | (2,045,000) | (1,850,000) | 195,000 |
| Total other financing sources (uses) | (2,045,000) | (1,218,200) | 826,800 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | \$ (6,241,301) | (285,629) | \$ 5,955,672 |
| FUND BALANCES, MAY 1 | | 6,866,810 | |
| Prior period adjustment | | 53,519 | |
| FUND BALANCES, MAY 1, RESTATED | | 6,920,329 | |
| FUND BALANCES, APRIL 30 | | \$ 6,634,700 | |

| Special Revenue Funds | | | Debt Service Funds | | | Total (Memorandum Only) | | |
|-----------------------|--------------|--|--------------------|--------------|--|-------------------------|--------------|--|
| Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 3,690,000 | \$ 3,719,588 | \$ 29,588 | \$ 3,000,037 | \$ 2,999,100 | \$ (937) | \$ 7,767,912 | \$ 7,805,893 | \$ 37,981 |
| 47,000 | 56,750 | 9,750 | - | - | - | 178,619 | 197,481 | 18,862 |
| 700,000 | 684,932 | (15,068) | - | - | - | 2,096,420 | 2,122,644 | 26,224 |
| 745,000 | 818,508 | 73,508 | - | - | - | 1,845,540 | 1,809,531 | (36,009) |
| - | - | - | - | - | - | 10,340,170 | 10,706,499 | 366,329 |
| - | - | - | - | - | - | 320,000 | 265,609 | (54,391) |
| - | - | - | - | - | - | 3,500,000 | 3,921,731 | 421,731 |
| - | - | - | - | - | - | 52,000 | - | (52,000) |
| - | - | - | - | - | - | 330,000 | 376,300 | 46,300 |
| - | - | - | - | - | - | 1,860,000 | 1,787,298 | (72,702) |
| 53,000 | 22,096 | (30,904) | 50,000 | 4,567 | (45,433) | 1,088,344 | 731,824 | (356,520) |
| - | - | - | - | - | - | 2,403,051 | 1,872,494 | (530,557) |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 836,126 | 813,974 | (22,152) |
| - | - | - | - | - | - | 130,760 | 114,529 | (16,231) |
| - | - | - | - | - | - | - | 4,052 | 4,052 |
| 925,000 | 863,746 | (61,254) | - | - | - | 925,000 | 863,746 | (61,254) |
| 177,190 | 235,341 | 58,151 | - | - | - | 985,090 | 1,196,170 | 211,080 |
| 6,337,190 | 6,400,961 | 63,771 | 3,050,037 | 3,003,667 | (46,370) | 34,659,032 | 34,589,775 | (69,257) |
| 841,171 | 156,776 | 684,395 | - | - | - | 7,151,071 | 7,803,267 | (652,196) |
| 166,211 | 137,382 | 28,829 | - | - | - | 12,148,069 | 12,155,248 | (7,179) |
| 4,142,057 | 4,307,091 | (165,034) | - | - | - | 6,891,336 | 7,212,971 | (321,635) |
| 1,941,883 | 1,807,131 | 134,752 | - | - | - | 1,941,883 | 1,807,131 | 134,752 |
| - | - | - | 348,004 | - | 348,004 | 8,775,073 | 1,682,339 | 7,092,734 |
| - | - | - | 4,070,037 | 4,107,476 | (37,439) | 4,070,037 | 4,107,476 | (37,439) |
| 420,219 | 661,819 | (241,600) | - | - | - | 420,219 | 661,819 | (241,600) |
| 7,511,541 | 7,070,199 | 441,342 | 4,418,041 | 4,107,476 | 310,565 | 41,397,688 | 35,430,251 | 5,967,437 |
| (1,174,351) | (669,238) | 505,113 | (1,368,004) | (1,103,809) | 264,195 | (6,738,656) | (840,476) | 5,898,180 |
| - | - | - | - | 6,295,733 | 6,295,733 | - | 6,295,733 | (6,295,733) |
| - | - | - | - | (6,291,679) | (6,291,679) | - | (6,291,679) | 6,291,679 |
| 1,641,477 | 1,339,996 | (301,481) | 100,000 | - | (100,000) | 1,741,477 | 1,971,796 | 230,319 |
| (1,018,881) | (922,902) | 95,979 | - | - | - | (3,063,881) | (2,772,902) | 290,979 |
| 622,596 | 417,094 | (205,502) | 100,000 | 4,054 | (95,946) | (1,322,404) | (797,052) | 517,244 |
| \$ (551,755) | (252,144) | \$ 299,611 | \$ (1,268,004) | (1,099,755) | \$ 168,249 | \$ (8,061,060) | (1,637,528) | \$ 6,423,532 |
| 725,768 | | | | 1,037,714 | | | 8,630,292 | |
| 425,000 | | | | - | | | 478,519 | |
| 1,150,768 | | | | 1,037,714 | | | 9,108,811 | |
| \$ 898,624 | | | | \$ (62,041) | | | \$ 7,471,283 | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES

For the Year Ended April 30, 2002

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|---|----------------------|---------------------|--------------------------------|
| OPERATING REVENUES | | | |
| Water sales | \$ 6,345,920 | \$ - | \$ 6,345,920 |
| Water permit fees | 65,892 | - | 65,892 |
| Parking lot collections | 551,611 | - | 551,611 |
| Parking violations | 236,339 | - | 236,339 |
| Golf fees | 1,498,904 | - | 1,498,904 |
| Charges for goods and services | 1,547,847 | 5,391,862 | 6,939,709 |
| Premium reimbursement | - | 127,109 | 127,109 |
| Other | 182,110 | 715,632 | 897,742 |
| Total operating revenues | 10,428,623 | 6,234,603 | 16,663,226 |
| OPERATING EXPENSES | | | |
| Personal services | 1,673,947 | 876,606 | 2,550,553 |
| Contractual services | 3,510,535 | 4,691,691 | 8,202,226 |
| Cost of goods sold | 571,332 | - | 571,332 |
| Materials and supplies | 343,035 | 463,257 | 806,292 |
| Repairs and maintenance | 648,311 | 390,751 | 1,039,062 |
| Claims | - | 1,774 | 1,774 |
| Miscellaneous | 26,165 | - | 26,165 |
| Total operating expenses | 6,773,325 | 6,424,079 | 13,197,404 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION | 3,655,298 | (189,476) | 3,465,822 |
| Depreciation and amortization | 2,478,218 | 438,968 | 2,917,186 |
| OPERATING INCOME (LOSS) | 1,177,080 | (628,444) | 548,636 |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Other income | - | - | - |
| Investment income | 109,744 | 4,370 | 114,114 |
| Interest expense and fiscal charges | (790,107) | - | (790,107) |
| Gain (loss) on sale of fixed assets | (6,485) | 15,680 | 9,195 |
| Total nonoperating revenue (expense) | (686,848) | 20,050 | (666,798) |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | 490,232 | (608,394) | (118,162) |
| OPERATING TRANSFERS | | | |
| Operating transfers (out) | (817,094) | (31,800) | (848,894) |
| Total operating transfers | (817,094) | (31,800) | (848,894) |
| NET INCOME (LOSS) | (326,862) | (640,194) | (967,056) |
| Add depreciation expense on contributed capital | 662,445 | - | 662,445 |
| INCREASE (DECREASE) IN RETAINED EARNINGS | 335,583 | (640,194) | (304,611) |
| RETAINED EARNINGS, MAY 1 | 13,551,817 | 4,568,572 | 18,120,389 |
| Prior period adjustment | (425,000) | - | (425,000) |
| RETAINED EARNINGS, MAY 1, AS RESTATED | 13,126,817 | 4,568,572 | 17,695,389 |
| RETAINED EARNINGS, APRIL 30 | \$ 13,462,400 | \$ 3,928,378 | \$ 17,390,778 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES

For the Year Ended April 30, 2002

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|---|--------------|---------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 1,177,080 | \$ (628,444) | \$ 548,636 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | |
| Depreciation and amortization | 2,478,218 | 438,968 | 2,917,186 |
| Changes in assets and liabilities | | | |
| Receivables | 126,151 | (9,296) | 116,855 |
| Other assets | 258,613 | - | 258,613 |
| Accounts payable and other liabilities | 93,859 | (33,402) | 60,457 |
| Accrued payroll | 1,805 | 3,430 | 5,235 |
| Compensated absences payable | 9,206 | (15,993) | (6,787) |
| Bond discounts | (35,220) | - | (35,220) |
| Deposits payable | (159,786) | - | (159,786) |
| Net cash from operating activities | 3,949,926 | (244,737) | 3,705,189 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Operating transfers (out) | (817,094) | (31,800) | (848,894) |
| Due from other funds | (176,562) | (1,620,923) | (1,797,485) |
| Due to other funds | 531,171 | - | 531,171 |
| Net cash from noncapital financing activities | (462,485) | (1,652,723) | (2,115,208) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Debt retirement | (958,520) | - | (958,520) |
| Interest paid | (796,592) | - | (796,592) |
| Proceeds from sale of assets | - | 15,680 | 15,680 |
| Purchase of fixed assets | (4,598,906) | (1,108,637) | (5,707,543) |
| Net cash from capital and related financing activities | (6,354,018) | (1,092,957) | (7,446,975) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments | (88,842) | (316,220) | (405,062) |
| Maturities of investments | 2,473,463 | - | 2,473,463 |
| Interest received | 109,744 | 4,370 | 114,114 |
| Net cash from investing activities | 2,494,365 | (311,850) | 2,182,515 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (372,212) | (3,302,267) | (3,674,479) |
| CASH AND CASH EQUIVALENTS, MAY 1 | 427,242 | 3,428,545 | 3,855,787 |
| CASH AND CASH EQUIVALENTS, APRIL 30 | \$ 55,030 | \$ 126,278 | \$ 181,308 |

Supplemental disclosure of noncash and related financing activities:

The Water Fund had \$3,830,000 of 2001 General Obligation Refunding bond proceeds were placed directly into escrow in order to refund the outstanding bonds for the 1994 Series B General Obligation Refunding bond series.

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
ALL PENSION TRUST FUNDS

For the Year Ended April 30, 2002

ADDITIONS

| | |
|---|------------------|
| Contributions - employer | |
| Taxes | \$ 1,109,620 |
| Contributions - plan members | <u>639,092</u> |
| Total contributions | <u>1,748,712</u> |
| Donations | <u>7,157</u> |
| Investment income | |
| Net appreciation (depreciation) in fair value of investments | (2,386,241) |
| Interest earned on investments | <u>2,301,360</u> |
| Total investment income (loss) | (84,881) |
| Less investment expenses | <u>(59,462)</u> |
| Net investment income (loss) | <u>(144,343)</u> |
| Total additions | <u>1,611,526</u> |

DEDUCTIONS

| | |
|-----------------------------------|------------------|
| Pensions and refunds | 2,747,937 |
| Miscellaneous | |
| Contractual professional services | <u>53,828</u> |
| Total deductions | <u>2,801,765</u> |

NET INCREASE (DECREASE) (1,190,239)

NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS

| | |
|----------|----------------------|
| May 1 | <u>47,730,661</u> |
| April 30 | <u>\$ 46,540,422</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Highland Park, Illinois (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 was incorporated in 1869. The City is a municipal corporation governed by an elected seven-member council. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; health, social and cultural services; water and sanitation; public improvements; planning and zoning; and general administrative services. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

The City's financial statements include pension trust funds:

Police Pension Employees Retirement System

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and PPERS participants are obligated to fund all PPERS 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 contribution levels. Although it possesses many of the characteristics of a legally separate government, the PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. The PPERS is reported as a pension trust fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a nine-member pension board. The City's Mayor, Treasurer, Clerk, Attorney, and Fire Chief, one pension beneficiary elected by the membership, and three fire employees elected by the membership constitute the pension board. The City and FPERS participants are obligated to fund all FPERS 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 contribution levels. Although it possesses many of the characteristics of a legally separate government, the FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters and because of the fiduciary nature of such activities. The FPERS is reported as a pension trust fund.

The Highland Park Public Library

This component unit has an appointed nine member board and provides services to residents, generally within the geographic boundaries of the City. This component unit is included within the reporting entity because the City approves the budget and annual tax levy. In addition, bond issuance authorizations are approved by the City and the legal liability for the general obligation portion of the Library's debt remains with the City.

A copy of the Library's Annual Financial Report may be obtained by written request to Highland Park Public Library, 494 Laurel Avenue, Highland Park, Illinois 60035.

b. Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations and cash flows. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed 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).

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 government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund, or an expendable trust fund is used. Agency funds generally are used to account for assets that the City holds on behalf of others as their agent.

The general fixed assets account group is used to account for fixed assets not accounted for in proprietary or trust funds. The general long-term debt account group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting (Continued)

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, and charges for services. Sales taxes owed to the state at year end on behalf of the City also are recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and pension trust funds. Under this method, revenues/additions are recorded when earned and expenses/deductions are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, 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 revenue is removed from the combined balance sheet and revenue is recognized.

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the general corporate, special revenue, debt service (on a total generic fund basis), enterprise, and internal service funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental funds. Material encumbrances outstanding at year end, if any, are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary fund types consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of one year or less when purchased and non-negotiable certificates of deposit are stated at amortized cost. Investments with a maturity greater than one year when purchased are reported at fair value. Investments in the pension trust funds are stated at fair value. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds, and contract values for insurance contracts.

f. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as "interfund receivables/payables."

g. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation on fixed assets acquired through intergovernmental grants, entitlements, or shared revenues externally restricted to capital acquisitions is closed to contributed capital.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, water/sewer systems, and vehicles in the proprietary fund types is computed using the straight-line method.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

i. Compensated Absences

The City's policy for vacation pay states that vacation time is earned as of the beginning of each calendar year. Vacation credits carry over into future years up to a maximum of 30 days. Any accumulated time in excess of 30 days is lost. Vested or accumulated vacation leave including related social security and medicare that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

k. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds prior to April 30, 2001. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

l. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

m. Interfund Transactions

Quasi-external 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 quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with GAAP. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

o. GASB Pronouncements

The City has elected, under the provisions of GASB Statement 20, titled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," to apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

a. Budgets

All departments of the City submit requests for appropriation to the City's Director of Fiscal and Administrative Services so that a budget may be prepared. The budget is prepared by fund and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget.

The manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund level. During the year no supplementary appropriations were necessary.

b. Deficit Fund Balances/Retained Earnings of Individual Funds

The following funds had a deficit in fund balance/retained earnings as of the date of this report:

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

b. Deficit Fund Balances/Retained Earnings of Individual Funds (Continued)

| <u>Fund</u> | <u>Deficit Balance</u> |
|-------------------------------|----------------------------|
| Insurance | \$ 96,796 |
| General Obligation Bonds | 62,041 |
| Illinois Municipal Retirement | 82,763 |
| Street and Bridge | 87,864 |
| Highland Park Country Club | 434,258 |

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

| <u>Fund</u> | <u>Excess</u> |
|-------------------|---------------|
| Street and Bridge | \$ 168,176 |

3. DEPOSITS AND INVESTMENTS

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

Permitted Deposits and Investments - Statutes authorize the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and The Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds, and equity securities.

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

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, which is the price the investment could be sold for.

a. Deposits

At year end, the carrying amount of the City's deposits totaled \$11,208 and the bank balances totaled \$823,107. The carrying amount of the Component Unit's deposits totaled \$575,086, and the bank balances totaled \$592,409.

| | Primary Government | Component Unit |
|--|-----------------------|-------------------|
| Category 1 | | |
| Deposits covered by federal depository insurance, or by collateral held by the City, or its agent, in the City's name. | \$ 823,107 | \$ 513,868 |
| Category 2 | | |
| Deposits covered by collateral held by the pledging financial institution's trust department, or by its agents, in the City's name. | - | - |
| Category 3 | | |
| Deposits covered by collateral held by the pledging financial institution, or its trust department, or its agent but not in the City's name, and deposits which are uninsured and uncollateralized. | - | 78,541 |
| TOTAL DEPOSITS | \$ 823,107 | \$ 592,409 |

b. Investments

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty in the City's name, or held by any third party but not in the City's name.

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

| | Primary Government | | | |
|--|----------------------------|------|------|---------------|
| | Fair Value/Carrying Amount | | | |
| | Category | | | |
| | 1 | 2 | 3 | Totals |
| U.S. Government Securities | \$ 31,868,678 | \$ - | \$ - | \$ 31,868,678 |
| * Illinois Metropolitan Investment Fund | | | | 1,874,321 |
| * Mutual Funds | | | | 25,086,423 |
| * Life insurance contracts and separate accounts | | | | 1,300,727 |
| * The Illinois Funds | | | | 3,802,280 |
| TOTAL INVESTMENTS | | | | \$ 63,932,429 |
| Component Unit | | | | |
| * Mutual Funds | | | | \$ 398,502 |

* (Not subject to risk categorization)

The pension trust funds own approximately 88 percent of the investments in Category 1.

4. RECEIVABLES - TAXES

Property taxes for 2001 attach as an enforceable lien on January 1, 2001 on property values assessed as of the same date. Taxes are levied in December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on May 1, 2002 and August 1, 2002 and are payable in two installments, on June 1, 2002 and September 1, 2002. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 0.5 percent of the tax levy to reflect actual collection experience.

5. FIXED ASSETS

a. General Fixed Assets Account Group

The following is a summary of changes in the general fixed assets account group during the fiscal year:

| | Balances May 1 | Additions | Retirements | Balances April 30 |
|---------------------------|-------------------|------------|-------------|----------------------|
| <u>Primary Government</u> | | | | |
| Land | \$ 5,819,149 | \$ 350,000 | \$ - | \$ 6,169,149 |
| Buildings | 28,603,954 | 100,129 | - | 28,704,083 |
| Equipment | 3,104,203 | 532,168 | - | 3,636,371 |
| Land improvements | 9,495,631 | - | - | 9,495,631 |
| TOTAL | \$ 47,022,937 | \$ 982,297 | \$ - | \$ 48,005,234 |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. FIXED ASSETS (Continued)

a. General Fixed Assets Account Group (Continued)

| | Balances May 1 | Additions | Retirements | Balances April 30 |
|-----------------------|---------------------|------------------|-------------|----------------------|
| <u>Component Unit</u> | | | | |
| Land | \$ 500,000 | \$ - | \$ - | \$ 500,000 |
| Buildings | 2,186,929 | 22,206 | - | 2,209,135 |
| Contents | 473,395 | 38,452 | - | 511,847 |
| TOTAL | \$ 3,160,324 | \$ 60,658 | \$ - | \$ 3,220,982 |

b. Proprietary Fixed Assets

The following is a summary of proprietary fund-type fixed assets as of the date of this report:

| | Enterprise Fund | Internal Service |
|----------------------------------|---------------------|---------------------|
| Land | \$ 4,981,323 | \$ - |
| Buildings, system, and equipment | 58,326,870 | 9,481,539 |
| Total | 63,308,193 | 9,481,539 |
| Less accumulated depreciation | 28,982,472 | 7,171,340 |
| NET FIXED ASSETS | \$34,325,721 | \$ 2,310,199 |

In proprietary funds, the following estimated useful lives are used to compute depreciation:

| | |
|----------------------------------|--------------|
| Buildings, system, and equipment | 4 - 60 years |
|----------------------------------|--------------|

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; illnesses of employees; and natural disasters. The City is self-insured for unemployment claims and partially self-insured for general liability, auto liability, paramedic liability, and police professional liability. The City has established a risk financing fund, Insurance (Fund) for various risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. Under this program, the Fund provides coverage up to a maximum of \$100,000 for each general liability claim, \$300,000 for each workers' compensation claim, \$50,000 for each property damage claim, and \$75,000 for each health claim.

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. RISK MANAGEMENT (Continued)

The City purchases commercial insurance for claims in excess of the coverages provided by the Fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate and make payments to the Fund based upon actuarial estimates of the amounts needed to pay prior and current-year claims. Liabilities of the Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and societal factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

| | 2002 | 2001 |
|--------------------------|---------------------|---------------------|
| CLAIMS PAYABLE, MAY 1 | \$ 1,317,599 | \$ 910,529 |
| Add claims incurred | 2,446,163 | 2,241,010 |
| Less claims paid | (2,412,995) | (1,833,940) |
| CLAIMS PAYABLE, APRIL 30 | <u>\$ 1,350,767</u> | <u>\$ 1,317,599</u> |

7. LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are expected to be repaid from proprietary revenues.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Debt Service General Obligation Bonds

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements/ Refunding | Balances April 30 |
|---|-------------------------|-------------------|-----------|---------------------------|----------------------|
| \$8,200,000, 1993 General Obligation Corporate Purpose Bonds, due in annual installments of \$260,000 to \$660,000 through 2023; interest at 4.8% to 8.0% | Debt Service | \$ 6,370,000 | \$ - | \$ 5,995,000 | \$ 375,000 |
| \$2,535,000, 1994 General Obligation Corporate Purpose Refunding Bonds, due in annual installments of \$21,480 to \$1,650,000 through 2008; interest at 4.60% to 4.75%. | Debt Service | 21,480 | - | 21,480 | - |
| \$4,975,000, 1996 General Obligation Corporate Purpose Bonds, due in annual installments of \$120,000 to \$1,225,000 through 2004; interest at 3.40% to 4.25% | Debt Service | 3,370,000 | - | 1,795,000 | 1,575,000 |
| \$3,450,000, 1997 General Obligation Corporate Purpose Bonds, due in annual installments of \$125,000 to \$575,000 through 2011; interest at 4.4% to 4.6% | Debt Service | 2,575,000 | - | 575,000 | 2,000,000 |
| \$3,030,000, 1998 General Obligation Corporate Purpose Bonds, due in annual installments of \$50,000 to \$800,000 through December 30, 2008, interest at 4.000% to 4.125% | Debt Service | 2,980,000 | - | 700,000 | 2,280,000 |
| \$3,000,000, 1999 General Obligation Corporate Purpose Bonds, due at maturity on December 31, 2002, interest at LIBOR plus .3% times 65.00%. | Debt Service | 3,000,000 | - | 501,523 | 2,498,477 |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Debt Service General Obligation Bonds (Continued)

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements/ Refunding | Balances April 30 |
|---|-------------------------|-------------------|--------------|---------------------------|----------------------|
| \$5,740,000, 2001 General Obligation Refunding Bonds, due at maturity on December 31, 2013, interest at 4.70% to 4.75%. | Debt Service | \$ - | \$ 5,740,000 | \$ - | \$ 5,740,000 |
| \$545,000, 2001 General Obligation Refunding Bonds, due at maturity on December 31, 2013, interest at 4.70% to 4.75%. | Debt Service | - | 545,000 | - | 545,000 |
| TOTAL | | \$18,316,480 | \$ 6,285,000 | \$ 9,588,003 | \$15,013,477 |

Water Fund General Obligation Bonds

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements | Balances April 30 |
|--|-------------------------|-------------------|-----------|--------------|----------------------|
| \$6,785,000, 1994 General Obligation Corporate Purpose Refunding Bonds, due in annual installments of \$80,000 to \$1,650,000 through 2008; interest at 4.60% to 4.75% | Water Fund | \$ 4,498,520 | \$ - | \$ 4,498,520 | \$ - |
| \$1,420,000, 1997 General Obligation Corporate Purpose Bonds, due in annual installments of \$45,000 to \$110,000 through 2018; interest at 4.40% to 4.75% | Water Fund | 1,330,000 | - | 45,000 | 1,285,000 |
| \$1,100,000, 1998 General Obligation Corporate Purpose Bonds, due in annual installments of \$25,000 to \$100,000, through December 30, 2021; interest at 4.00% to 4.25% | Water Fund | 1,075,000 | - | 20,000 | 1,055,000 |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Water Fund General Obligation Bonds (Continued)

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements | Balances April 30 |
|---|-------------------------|-------------------|--------------|--------------|----------------------|
| \$1,000,000, 1999 General Obligation Corporate Purpose Bonds, due in annual installments of \$55,000 to \$105,000 through 2013; interest at 4.80% to 5.00%. | Water Fund | \$ 1,000,000 | \$ - | \$ - | \$ 1,000,000 |
| \$1,600,000, 2000 General Obligation Corporate Purpose Bonds, due in annual installments of \$35,000 to \$125,000 through 2020; interest at 4.875% to 5.375%. | Water Fund | 1,600,000 | - | 35,000 | 1,565,000 |
| \$3,715,000, 2001 General Obligation Refunding Bonds, due at maturity on December 30, 2013, interest at 4.70% to 4.75%. | Water Fund | - | 3,715,000 | - | 3,715,000 |
| TOTAL | | \$ 9,503,520 | \$ 3,715,000 | \$ 4,598,520 | \$ 8,620,000 |

Country Club Fund General Obligation Bonds

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements | Balances April 30 |
|---|-------------------------|-------------------|-----------|-------------|----------------------|
| \$170,000, 1998 General Obligation Corporate Purpose Bonds, due in annual installments of \$5,000 to \$25,000 through December 30, 2013; interest at 4.10% to 4.125%. | Country Club Fund | \$ 170,000 | \$ - | \$ 5,000 | \$ 165,000 |
| \$1,000,000, 1999 General Obligation Corporate Purpose Bonds, due in annual installments of \$20,000 to \$195,000, through 2013; interest at 4.80% to 5.00%. | Country Club Fund | 1,000,000 | - | 55,000 | 945,000 |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Country Club Fund General Obligation Bonds (Continued)

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements | Balances April 30 |
|--|-------------------------|-------------------|-----------|-------------|----------------------|
| \$900,000, 2000 General Obligation Corporate Purpose Bonds, due in annual installments of \$15,000 to \$95,000 through 2011; interest at 4.875% to 5.375%. | Country Club Fund | \$ 900,000 | \$ - | \$ 15,000 | \$ 885,000 |
| TOTAL | | \$ 2,070,000 | \$ - | \$ 75,000 | \$ 1,995,000 |

Component Unit

| Issue | Fund Debt Retired by | Balances May 1 | Issuances | Retirements | Balances April 30 |
|---|-------------------------|-------------------|-----------|-------------|----------------------|
| \$700,000, 1998 Installment Note due in monthly installments of \$7,292 through April 19, 2006; interest at 4.40% | Public Library | \$ 313,813 | \$ - | \$ 126,535 | \$ 187,278 |

Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

| Fiscal Year Ending April 30 | General Obligation Bonds | |
|-----------------------------------|--------------------------|-------------------|
| | Primary Government | Component Unit |
| 2003 | \$ 5,963,602 | \$ 93,979 |
| 2004 | 4,662,771 | 90,129 |
| 2005 | 3,328,549 | 12,334 |
| 2006 | 2,725,356 | - |
| 2007 | 2,019,246 | - |
| 2008 | 1,997,139 | - |
| 2009 | 1,928,313 | - |
| 2010 | 1,604,663 | - |
| 2011 | 1,605,391 | - |
| 2012 | 1,412,759 | - |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

Debt Service Requirements to Maturity (Continued)

| Fiscal Year Ending April 30 | General Obligation Bonds | |
|-----------------------------------|--------------------------|-------------------|
| | Primary Government | Component Unit |
| 2013 | \$ 1,425,611 | \$ - |
| 2014 | 1,429,899 | - |
| 2015 | 320,769 | - |
| 2016 | 319,669 | - |
| 2017 | 343,044 | - |
| 2018 | 339,856 | - |
| 2019 | 361,038 | - |
| 2020 | 240,650 | - |
| 2021 | 240,219 | - |
| 2022 | 104,250 | - |
| TOTAL PRINCIPAL AND INTEREST | <u>\$32,372,794</u> | <u>\$ 196,442</u> |
| INTEREST PORTION | <u>\$ 6,744,317</u> | <u>\$ 9,164</u> |

Changes in Long-Term Liabilities

During the fiscal year the following changes occurred in liabilities reported in the general long-term debt account group:

| | Balances May 1 | Additions | Reductions | Balances April 30 |
|--------------------------|----------------------|---------------------|---------------------|----------------------|
| PRIMARY GOVERNMENT | | | | |
| Compensated absences | \$ 1,254,680 | \$ 39,667 | \$ - | \$ 1,294,347 |
| General obligation bonds | 18,316,480 | 6,285,000 | 9,588,003 | 15,013,477 |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 19,571,160</u> | <u>\$ 6,324,667</u> | <u>\$ 9,588,003</u> | <u>\$ 16,307,824</u> |
| COMPONENT UNIT | | | | |
| Installment contract | <u>\$ 313,813</u> | <u>\$ -</u> | <u>\$ 126,535</u> | <u>\$ 187,278</u> |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

Legal Debt Margin

The City is a home rule municipality.

Article VII, Section 6(k) of the 1970 Illinois Constitution governs computation of the legal debt margin.

"The General Assembly may limit by law the amount and require referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property ... (2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: ... indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum... shall not be included in the foregoing percentage amounts."

To date the General Assembly has set no limits for home rule municipalities.

Port Clinton Tax Increment Financing Project

On May 11, 1981, the City adopted a Downtown Redevelopment Plan and Project (Redevelopment Plan) and adopted tax increment financing pursuant to the Real Property Tax Increment Allocation Redevelopment Act of the State of Illinois (Act) as a means of inducing developer participation in the Redevelopment Plan.

The Redevelopment Plan provides that the redevelopment occur in phases. Phase I designated a target block to be developed into retail and office space. Future phases would depend on the success of the first phase.

On September 3, 1982, the City entered into a lease agreement (Lease) with a developer, Port Clinton Associates (PCA), to develop the target block. The Lease provides that PCA construct and manage the retail and office space, at its cost, for a 99-year period and construct for the City, at its cost, an underground parking facility and plaza. The Lease calls for the City to finance the operation and maintenance of the parking facility and plaza.

The Lease provides for a minimum rental payment of \$300,000 for the initial three-year period of the Lease, which payment was received during fiscal years 1983 and 1984 and recorded as revenue in the General Corporate Fund. In addition, rent during this period and for future periods was and shall be based upon 50% of the first \$400,000 of annual net cash flow of PCA, as defined in the Lease, plus 10% of annual net cash flow in excess of \$600,000. For the year ended April 30, 1993, \$2,032 was distributed to the City from PCA. No payments have been made by PCA since that time. The Lease provides for a purchase option of the land on which PCA facilities are constructed at various times during the Lease (beginning during the seventh year) at a price equal to the greater of \$3,000,000 or the fair market value of the land.

7. LONG-TERM DEBT (Continued)

Port Clinton Tax Increment Financing Project (Continued)

In order to finance the City's share of the construction costs and the purchase price of the land itself, the City issued two issues of general obligation bonds in December 1981 (1981 Series) and October 1982 (1982 Series) in the amounts of \$6,600,000 and \$5,250,000, respectively. On June 1, 1984, the City issued \$6,200,000 in general obligation bonds (1984 Series), \$5,991,900 of which was used for the in-substance defeasance of \$5,600,000 of the above mentioned 1981 Series. The 1984 Series bonds matured in 1997. On December 1, 1987, the City issued \$4,320,000 of general obligation bonds (1987 A Series), \$4,154,611 of which was used for the in-substance defeasance of \$4,950,000 of the above mentioned 1982 Series. The 1987A Series bonds matured during 1995.

As noted above, the City adopted tax increment financing as part of the Redevelopment Plan. In this regard, the incremental taxes attributable to the increase in the current equalized value of the target block property over and above the initial equalized value of the property will be used to fund the debt service on the above mentioned general obligation bonds and redevelopment costs.

Since inception of the project, the City has received approximately \$19,275,000 of incremental property taxes. These revenues have been recorded in the Tax Increment Financing G.O. Bonds 1981 Capital Projects Fund. In addition to the above, \$2,347,345 (representing the rental payments mentioned above and \$2,047,345 in sales tax receipts) has been transferred to this 1981 Fund from the General Corporate Fund. Prior to fiscal 1988, the City had recorded the \$2,347,345 as operating transfers from the General Corporate Fund. During fiscal 1988, the City reversed the operating transfers and established an interfund liability in accordance with its intent to reimburse the General Corporate Fund for these advances. During fiscal 2000, the Tax Increment Financing G.O. Bonds 1981 Capital Projects Fund reimbursed \$175,000 to the General Corporate Fund (\$1,739,558 has been reimbursed since inception). The net amount (\$607,787) is reflected as an interfund payable to the General Corporate Fund (\$579,676) and the Debt Service Fund (\$28,111) in the accompanying financial statements.

In December 1999, the City adopted an ordinance approving the second amendment to the District. This amendment reduced the boundary of the District, thereby releasing \$36,000,000 in equalized assessed valuations to the other taxing districts. In January 2000, the City adopted an ordinance approving the third amendment to the redevelopment plan. This amendment extended the life of the District to the year 2004 and added additional property.

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LONG-TERM DEBT (Continued)

Advance refunding

On December 15, 2001, the City issued \$10,000,000 General Obligation Refunding Bonds, Series 2001. The proceeds of the bonds were used to advance refund, through an in-substance defeasance, \$5,635,000 of the General Obligation Bond Series 1993A, \$3,830,000 of the general obligation refunding bond series 1994 and \$570,000 of the general obligation bond, Series 1996. Of the proceeds, \$10,126,949 has been deposited into an irrevocable trust to advance refund, through an in-substance defeasance, \$5,635,000 of the General Obligation Bond, Series 1993A, \$3,830,000 of the General Obligation Refunding Bond Series 1994 and \$570,000 of the General Obligation Bond Series 1996. As a result, the Series 1993A, the Series 1994 and the Series 1996 are considered defeased and the escrowed assets and the liability for the bonds have been removed from these financial statements.

The City advance refunded these bonds to reduce its total debt service by approximately \$245,070 and to provide for an economic gain of approximately \$213,309. At April 30, 2002, \$5,635,000 of the 1993A Series, \$3,830,000 of the 1994 Series, and \$570,000 of the 1996 series are outstanding.

Noncommitment Debt

a. Residential Mortgage Revenue Bonds

The City has issued residential mortgage revenue bonds in order to provide for low-cost mortgages for single-family residences within Highland Park, Illinois. In the opinion of the City's corporation counsel, these bonds are neither a debt of the City nor a pledge of its faith and credit, nor do they give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers. The bonds are special and limited obligations of the City and are payable solely from the payments under the mortgages in accordance with the indentures. As such, no liability for the bonds is recorded in the City's general purpose financial statements. The aggregate amount of all such obligations outstanding as of April 30, 2002 is \$335,000.

b. Special Assessment Bonds Payable

As of April 30, 2002, the City had outstanding \$150,000 of special assessment bonds representing the nonpublic benefit portion of the originally issued special assessment debt, which is to be repaid solely by collections from property owners. Accordingly, the City is not obligated in any manner for the portion of special assessments to be collected from property owners; as such, this portion is not recorded in the amounts of the City. The City's duties are limited to acting as an agent for the property owners in collecting the assessments and forwarding the collections to the bondholders. Repayment activity related to the nonpublic benefit portion of the special assessment debt is recorded in an agency fund.

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ASSETS/LIABILITIES

Due From/To Other Funds

| Receivable Fund | Payable Fund | Amount |
|---------------------------------------|------------------------------------|---------------------|
| General | | |
| General Corporate | Motor Vehicle Parking System | \$ 5,024 |
| | Tax Increment Financing G.O. Bonds | 579,676 |
| | Water | 45,046 |
| | | <u>629,746</u> |
| Special Revenue | | |
| Street and Bridge | Motor Vehicle Parking System | 11,811 |
| Crossing Guard | Motor Vehicle Parking System | 33,473 |
| Motor Fuel Tax | Motor Vehicle Parking System | 764 |
| Public Benefit | Motor Vehicle Parking System | 39,561 |
| Municipal Audit | Motor Vehicle Parking System | 21,944 |
| Working Cash | Motor Vehicle Parking System | 148,279 |
| | Illinois Municipal Retirement | 9,482 |
| | Debt Service | 288,568 |
| Emergency 911 System | Motor Vehicle Parking System | 434,944 |
| | | <u>988,826</u> |
| Debt Service | | |
| Debt Service | Tax Increment Financing G.O. Bonds | <u>28,111</u> |
| Capital Projects | | |
| Public Facilities | General Corporate | 422,141 |
| | Motor Vehicle Parking System | 2,797 |
| | | <u>424,938</u> |
| Enterprise | | |
| Motor Vehicle Parking System | General Corporate | 1,319,891 |
| Water | General Corporate | 912,232 |
| | Motor Vehicle Parking System | 23,545 |
| Highland Park Country Club | Motor Vehicle Parking System | 122,513 |
| | | <u>2,378,181</u> |
| Internal Service | | |
| Equipment Maintenance and Replacement | Motor Vehicle Parking System | 616,922 |
| | Water | 584,479 |
| Insurance | Motor Vehicle Parking System | 419,522 |
| | | <u>1,620,923</u> |
| Trust and Agency | | |
| Police Pension | Firefighters' Pension | <u>9,155</u> |
| | | <u>\$ 6,079,880</u> |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

8. INTERFUND ASSETS/LIABILITIES (Continued)

Advances To/From Other Funds

| Receivable Fund | Payable Fund | Amount |
|-----------------|----------------------------|-------------------|
| General | Highland Park Country Club | <u>\$ 300,000</u> |

9. SEGMENT INFORMATION - ENTERPRISE FUNDS

The City maintains the following enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of the date of this report and for the fiscal year is as follows:

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|---------------------------------------|---------------------------------------|--------------|-------------------------------------|---------------|
| Operating revenues | \$ 787,950 | \$ 6,457,091 | \$ 3,183,582 | \$ 10,428,623 |
| Depreciation expense | 132,817 | 1,928,473 | 416,928 | 2,478,218 |
| Operating income | 199,137 | 1,249,438 | (271,495) | 1,177,080 |
| Operating transfers (out) | (82,800) | (734,294) | - | (817,094) |
| Net income (loss) | 160,342 | (63,626) | (423,578) | (326,862) |
| Plant, property, and equipment | | | | |
| Additions | 343,028 | 4,016,676 | 239,202 | 4,598,906 |
| Deletions | - | - | (46,000) | (46,000) |
| Total assets | 8,503,398 | 21,595,145 | 9,818,688 | 39,917,231 |
| Net working capital | 1,255,226 | 878,257 | (184,183) | 1,949,300 |
| Bonds and other long-term liabilities | | | | |
| Payable from operating revenues | - | 8,612,261 | 1,967,519 | 10,579,780 |
| Total equity | 6,597,604 | 11,697,552 | 7,100,085 | 25,395,241 |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. CONTRIBUTED CAPITAL

During the fiscal year, contributed capital increased/decreased by the following amounts:

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|-------------------------|---------------------------------------|--------------|-------------------------------------|---------------|
| Increases | \$ - | \$ - | \$ - | \$ - |
| Decreases | | | | |
| Depreciation | 121,209 | 116,895 | 424,341 | 662,445 |
| Net Increase (Decrease) | (121,209) | (116,895) | (424,341) | (662,445) |
| Contributed Capital | | | | |
| May 1 | 2,849,412 | 1,787,190 | 7,958,684 | 12,595,286 |
| April 30 | \$ 2,728,203 | \$ 1,670,295 | \$ 7,534,343 | \$ 11,932,841 |

11. CONTINGENT LIABILITIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

12. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and, the Firefighters' Pension Plan which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly.

12. DEFINED BENEFIT PENSION PLANS (Continued)

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 or Firefighters' plans) 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 4.50% 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 for the year ended December 31, 2001 was 10.26% 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 plan as a pension trust fund. At April 30, 2002, the Police Pension Plan membership consisted of:

| | |
|--|-------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 40 |
| Current employees | |
| Vested | 57 |
| Nonvested | - |
| | <hr/> |
| TOTAL | 97 |
| | <hr/> |

12. DEFINED BENEFIT PENSION PLANS

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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.

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 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 April 30, 2001, the City's contribution was 19.64% of covered payroll.

Firefighters' Pension Plan

Fire sworn personnel are covered by the Firefighters' 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 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2002, the Firefighters' Pension Plan membership consisted of:

| | |
|--|-------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 34 |
| Current employees | |
| Vested | 54 |
| Nonvested | - |
| | <hr/> |
| TOTAL | 88 |
| | <hr/> |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

The Firefighters' 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 of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75.00% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching the age of at least 55 by 3.00% of the original pension and 3.00% compounded annually thereafter.

Covered employees are required to contribute 8.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance 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 services costs for the Firefighters' Pension Plan. For the year ended April 30, 2001, the City's contribution was 22.34% of covered payroll.

b. Significant Investments

There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets for either the Police or the Firefighters' Pension Plans. Information for the IMRF is not available.

c. Annual Pension Costs

Employer contributions have been determined as follows:

| | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|--------------------------|-------------------------------------|---------------------|--------------------------|
| Actuarial valuation date | December 31, 1999 | April 30, 2001 | April 30, 2001 |
| Actuarial cost method | Entry-age Normal | Entry-age Normal | Entry-age Normal |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

| | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|--|-------------------------------------|-----------------------------------|-----------------------------------|
| Asset valuation method | 5 Year Smoothed Market | 5 Year Smoothed Market | 5 Year Smoothed Market |
| Amortization method | Level Percentage of Payroll | Level Percentage of Payroll | Level Percentage of Payroll |
| Amortization period | 31 Years, Closed | 31 Years, Closed | 31 Years, Closed |
| Significant actuarial assumptions | | | |
| a) Rate of return on present and future assets | 7.50% Compounded Annually | 8.00% Compounded Annually | 8.00% Compounded Annually |
| b) Projected salary increase - Attributable to inflation | 4.00% Compounded Annually | 6.00% Compounded Annually | 6.00% Compounded Annually |
| c) Additional projected salary increases - seniority/merit | .40 to 11.60% | Not Available | Not Available |

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

| | Calendar Year | Illinois Municipal Retirement | Fiscal Year | Police Pension | Firefighters' Pension |
|------------------------------|------------------|-------------------------------------|----------------|-------------------|--------------------------|
| Annual Pension Cost (APC) | 1999 | \$ 719,580 | 2000 | \$ 417,061 | \$ 623,103 |
| | 2000 | 567,019 | 2001 | 297,802 | 711,655 |
| | 2001 | 1,021,646 | 2002 | 376,640 | 890,938 |
| Actual contribution | 1999 | \$ 719,580 | 2000 | \$ 629,234 | \$ 603,930 |
| | 2000 | 567,019 | 2001 | 735,964 | 671,875 |
| | 2001 | 1,021,646 | 2002 | 678,818 | 721,224 |

CITY OF HIGHLAND PARK, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

12. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

| | Calendar Year | Illinois Municipal Retirement | Fiscal Year | Police Pension | Firefighters' Pension |
|----------------------------------|------------------|-------------------------------------|----------------|-------------------|--------------------------|
| Percentage of APC contributed | 1999 | 100.00% | 2000 | 150.87% | 96.92% |
| | 2000 | 100.00 | 2001 | 247.13 | 94.41 |
| | 2001 | 100.00 | 2002 | 180.23 | 80.95 |
| NPO (Asset) | 1999 | \$ - | 2000 | \$ (277,444) | \$ (494,966) |
| | 2000 | - | 2001 | (715,606) | (455,186) |
| | 2001 | - | 2002 | (1,017,784) | (285,472) |

The net pension obligation (asset) at April 30, 2001, has been calculated as follows:

| | Police Pension | Firefighters' Pension |
|---|-------------------|--------------------------|
| Annual required contributions | \$ 376,157 | \$ 890,938 |
| Interest on net pension obligation | (57,248) | (36,415) |
| Adjustment to annual required contribution | 57,731 | 36,415 |
| Annual pension cost | 376,640 | 890,938 |
| Contributions made | 678,818 | 721,224 |
| Increase (decrease) in net pension obligation (asset) | (302,178) | (169,714) |
| Net pension obligation (asset) beginning of year | (715,606) | (455,186) |
| NET PENSION OBLIGATION (ASSET) END OF YEAR | \$ (1,017,784) | \$ (285,472) |

13. HIGHLAND PARK COUNTRY CLUB FUND

The Highland Park Country Club Fund was created in fiscal 1993 pursuant to City ordinance and classified as an enterprise fund. The Highland Park Country Club Fund is utilized for the purpose of recording the activity of the Highland Park Country Club (Club) which was purchased by the City on May 6, 1993.

As of June 1, 1998, the Club is managed by American Golf Corporation, pursuant to a consulting and management agreement between the City and American Golf Corporation dated May 28, 1998. The term of the lease is for a period of five years. American is paid a fixed monthly management fee (\$7,500) plus an incentive management fee.

13. HIGHLAND PARK COUNTRY CLUB FUND (Continued)

The City financed its purchase of the Club through the issuance of \$8,200,000 of general obligation bonds. As the debt service on the bonds is currently being met through a property tax levy, the liability for the bonds is recorded in the City's General Long-Term Debt Account Group. A corresponding amount of contributed capital is reflected on the balance sheet of the Highland Park Country Club Fund.

On December 21, 1995, the City sold approximately 26 acres of land adjacent to the Club to a local developer for \$3,500,000.

14. MAJOR CUSTOMERS

The Village of Deerfield and the Village of Lincolnshire purchase water from the City's available supply. During fiscal 2002, these purchases amounted to \$1,865,888, or 29%, and \$928,056 or 15%, respectively, of total operating revenues in the Water Fund.

15. PRIOR PERIOD ADJUSTMENT

Fund balance of the governmental funds in the fund financial statements have been restated as of the beginning of the year for the effect of implementing GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This resulted in a net increase of fund balance in the general fund of \$53,519. In addition, fund balance for the working cash fund, a special revenue fund, was restated to correct an error in the recording of an interfund loan to the Highland Park Country Club. This restatement resulted in an increase of fund balance of \$425,000 in the Working Cash Fund and a decrease of retained earnings in the Highland Park Country Club of \$425,000.

CITY OF HIGHLAND PARK, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2002

| 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) AAL (UAAL) (2) - (1) | (5) Covered Payroll | (6) Unfunded (Overfunded) AAL (UAAL) As a Percentage of Covered Payroll (4) / (5) |
|---|--|--|-------------------------------------|---|---------------------------|--|
| 1996 | \$ 18,503,449 | \$ 19,098,794 | 96.88% | \$ 595,345 | \$ 8,018,343 | 7.42% |
| 1997 | 21,804,281 | 21,371,906 | 102.02% | (432,375) | 8,216,799 | (5.26%) |
| 1998 | 24,217,374 | 22,895,891 | 105.77% | (1,321,483) | 8,527,119 | (15.50%) |
| 1999 | 22,370,583 | 22,445,186 | 99.67% | 74,603 | 9,039,959 | 0.83% |
| 2000 | 25,572,806 | 23,385,998 | 109.35% | (2,186,808) | 8,957,641 | (24.41%) |
| 2001 | 25,896,348 | 23,292,988 | 111.18% | (2,603,360) | 9,957,567 | (26.14%) |

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 POLICE PENSION FUND

April 30, 2002

| Actuarial Valuation Date April 30 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) AAL (UAAL) (2) - (1) | (5) Covered Payroll | (6) Unfunded (Overfunded) AAL (UAAL) As a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 1996 | N/A | N/A | N/A | N/A | N/A | N/A |
| 1997 | \$ 20,469,308 | \$ 24,090,956 | 84.97% | \$ 3,621,648 | \$ 3,384,792 | 107.00% |
| 1998 | 22,585,377 | 26,078,431 | 86.61% | 3,493,054 | 3,159,740 | 110.55% |
| 1999 | 24,854,667 | 26,972,975 | 92.15% | 2,118,308 | 3,157,705 | 67.08% |
| 2000 | 25,984,060 | 26,147,176 | 99.38% | 163,116 | 4,340,489 | 3.76% |
| 2001 | 25,967,286 | 26,693,713 | 97.28% | 726,427 | 3,456,949 | 21.01% |

N/A - Information is presented for as many of the six prior years as information according to the disclosure parameters is available. Information for these years is not available.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

April 30, 2002

| Actuarial Valuation Date April 30 | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) - Entry Age | (3) Funded Ratio (1) / (2) | (4) Unfunded (Overfunded) AAL (UAAL) (2) - (1) | (5) Covered Payroll | (6) Unfunded (Overfunded) AAL (UAAL) As a Percentage of Covered Payroll (4) / (5) |
|--|--|--|-------------------------------------|---|---------------------------|--|
| 1996 | N/A | N/A | N/A | N/A | N/A | N/A |
| 1997 | \$ 17,381,275 | \$ 19,851,399 | 87.56% | \$ 2,470,124 | \$ 2,560,035 | 96.49% |
| 1998 | 19,425,688 | 20,900,744 | 92.94% | 1,475,056 | 2,836,351 | 52.01% |
| 1999 | 20,464,015 | 21,857,090 | 93.63% | 1,393,075 | 3,003,840 | 46.38% |
| 2000 | 21,415,496 | 24,577,502 | 87.13% | 3,162,006 | 3,245,585 | 97.42% |
| 2001 | 21,763,375 | 25,949,396 | 83.87% | 4,186,021 | 3,227,978 | 129.68% |

N/A - Information is presented for as many of the six prior years as information according to the disclosure parameters is available. Information for these years is not available.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2002

| <u>Actuarial Valuation Date December 31</u> | <u>Employer Contributions</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage Contributed</u> |
|---|-----------------------------------|--|-----------------------------------|
| 1996 | \$ 799,290 | \$ 799,290 | 100.00% |
| 1997 | 751,604 | 751,604 | 100.00% |
| 1998 | 741,007 | 741,007 | 100.00% |
| 1999 | 719,580 | 719,580 | 100.00% |
| 2000 | 567,019 | 567,019 | 100.00% |
| 2001 | 1,021,646 | 1,021,646 | 100.00% |

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2002

| Actuarial Valuation Date April 30 | Employer Contributions | Annual Pension Cost (APC) | Percentage Contributed |
|--|---------------------------|------------------------------------|---------------------------|
| 1997 | \$ 530,036 | \$ 502,880 | 105.40% |
| 1998 | 532,415 | 675,598 | 78.81% |
| 1999 | 629,234 | 417,061 | 150.87% |
| 2000 | 735,964 | 297,802 | 247.13% |
| 2001 | 678,818 | 376,640 | 180.23% |
| 2002 | 337,684 | N/A | N/A |

N/A - Information for this year is not yet available.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

April 30, 2002

| Actuarial Valuation Date April 30 | Employer Contributions | Annual Pension Cost (APC) | Percentage Contributed |
|--|---------------------------|------------------------------------|---------------------------|
| 1997 | \$ 494,067 | \$ 492,933 | 100.23% |
| 1998 | 494,076 | 510,306 | 96.82% |
| 1999 | 603,930 | 623,103 | 96.92% |
| 2000 | 671,875 | 711,655 | 94.41% |
| 2001 | 721,224 | 890,938 | 80.95% |
| 2002 | 771,936 | N/A | N/A |

N/A - Information for this year is not yet available.

(See independent auditor's report.)

GENERAL CORPORATE FUND

The General Corporate Fund is used to account for most of the current day-to-day operations of the Government which are financed from property taxes and other general revenues. Activities financed by the General Corporate Fund include those of line and staff departments within the Government except for activities of the Enterprise Funds.

CITY OF HIGHLAND PARK, ILLINOIS

BALANCE SHEET
GENERAL CORPORATE FUND

April 30, 2002

ASSETS

| | |
|------------------------|----------------------|
| Cash | \$ 838,330 |
| Investments | 8,523,523 |
| Receivables | |
| Property taxes | 1,338,815 |
| State of Illinois | 172,756 |
| Other | 854,369 |
| Due from other funds | 629,746 |
| Other | 43,436 |
| Advance to other funds | <u>300,000</u> |
| TOTAL ASSETS | <u>\$ 12,700,975</u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | |
|------------------------------|------------------|
| Accounts payable | \$ 223,359 |
| Accrued payroll | 81,898 |
| Accrued insurance claims | 593,218 |
| Due to other funds | 2,654,264 |
| Deferred revenues | 1,338,815 |
| Compensated absences payable | <u>1,174,721</u> |
| Total liabilities | <u>6,066,275</u> |

FUND BALANCE

| | |
|---------------------------|------------------|
| Reserved for advances | 300,000 |
| Unreserved - undesignated | <u>6,334,700</u> |
| Total fund balance | <u>6,634,700</u> |

TOTAL LIABILITIES AND
FUND BALANCE

\$ 12,700,975

See accompanying notes to financial statements.

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CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------|--------------|--|
| REVENUES | | | |
| Property taxes | \$ 1,077,875 | \$ 1,087,205 | \$ 9,330 |
| Illinois state replacement taxes | 131,619 | 140,731 | 9,112 |
| Licenses | 136,150 | 162,792 | 26,642 |
| Permits | 1,260,270 | 1,274,920 | 14,650 |
| Charges for current services | 1,100,540 | 991,023 | (109,517) |
| Municipal sales tax | 10,340,170 | 10,706,499 | 366,329 |
| Fines and forfeitures | 320,000 | 265,609 | (54,391) |
| Utility tax | 3,500,000 | 3,921,731 | 421,731 |
| Fire insurance tax | 52,000 | - | (52,000) |
| Cable television franchise tax | 330,000 | 376,300 | 46,300 |
| Real estate transfer tax | 1,860,000 | 1,787,298 | (72,702) |
| Investment income | 985,344 | 705,161 | (280,183) |
| Illinois state income tax | 2,403,051 | 1,872,494 | (530,557) |
| Franchise tax | 130,760 | 114,529 | (16,231) |
| Other taxes | 768,400 | 668,085 | (100,315) |
| Reimbursement - Fort Sheridan expense | - | 4,052 | 4,052 |
| Miscellaneous | | | |
| PACE R.T.A. fare reimbursement | 836,126 | 813,974 | (22,152) |
| Sale of assets | - | 92,876 | 92,876 |
| Other | 39,500 | 199,868 | 160,368 |
| Total revenues | 25,271,805 | 25,185,147 | (86,658) |
| EXPENDITURES | | | |
| Current | | | |
| General government | 6,309,900 | 7,646,491 | (1,336,591) |
| Public safety | 11,981,858 | 12,017,866 | (36,008) |
| Public works | 2,749,279 | 2,905,880 | (156,601) |
| Other charges | 8,427,069 | 1,682,339 | 6,744,730 |
| Total expenditures | 29,468,106 | 24,252,576 | 5,215,530 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (4,196,301) | 932,571 | 5,128,872 |

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
GENERAL CORPORATE FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-----------------------|---------------------|--|
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | | | |
| Motor Vehicle Parking Fund | \$ - | \$ 82,800 | \$ 82,800 |
| Water Fund | - | 549,000 | 549,000 |
| Operating transfers (out) | | | |
| Street and Bridge Fund | (1,650,000) | (1,650,000) | - |
| Capital Projects Fund | (195,000) | - | 195,000 |
| IMRF Fund | (200,000) | (200,000) | - |
| Total other financing sources (uses) | (2,045,000) | (1,218,200) | 826,800 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>\$ (6,241,301)</u> | <u>(285,629)</u> | <u>\$ 5,955,672</u> |
| FUND BALANCE, MAY 1 | | 6,866,810 | |
| Prior period adjustment | | <u>53,519</u> | |
| FUND BALANCE, MAY 1, RESTATED | | <u>6,920,329</u> | |
| FUND BALANCE, APRIL 30 | | <u>\$ 6,634,700</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL CORPORATE FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-----------|-----------|--|
| GENERAL GOVERNMENT | | | |
| Legislative | | | |
| Personal services | \$ 73,673 | \$ 68,741 | \$ 4,932 |
| Contractual services | 15,510 | 18,801 | (3,291) |
| Materials and supplies | 16,200 | 9,577 | 6,623 |
| Total legislative | 105,383 | 97,119 | 8,264 |
| Executive | | | |
| Personal services | 541,113 | 577,451 | (36,338) |
| Contractual services | 158,563 | 198,968 | (40,405) |
| Materials and supplies | 5,420 | 6,791 | (1,371) |
| Capital outlay | - | 5 | (5) |
| Total executive | 705,096 | 783,215 | (78,119) |
| City Clerk | | | |
| Personal services | 72,481 | 67,419 | 5,062 |
| Contractual services | 30,124 | 15,041 | 15,083 |
| Materials and supplies | 400 | 60 | 340 |
| Total City Clerk | 103,005 | 82,520 | 20,485 |
| Legal department | | | |
| Personal services | 29,000 | 26,194 | 2,806 |
| Contractual services | 900,000 | 1,857,298 | (957,298) |
| Materials and supplies | - | 3,401 | (3,401) |
| Capital outlay | - | 5,618 | (5,618) |
| Total legal department | 929,000 | 1,892,511 | (963,511) |
| Finance administration and accounting | | | |
| Personal services | 530,142 | 538,438 | (8,296) |
| Contractual services | 120,599 | 129,982 | (9,383) |
| Materials and supplies | 32,118 | 57,617 | (25,499) |
| Total finance administration and accounting | 682,859 | 726,037 | (43,178) |

(This schedule is continued on the following pages.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|--|
| GENERAL GOVERNMENT (Continued) | | | |
| Boards and commissions | | | |
| Contractual services | \$ 245,520 | \$ 147,944 | \$ 97,576 |
| Materials and supplies | 12,545 | 9,265 | 3,280 |
| Total Boards and commissions | 258,065 | 157,209 | 100,856 |
| Youth and senior centers | | | |
| Personal services | 418,038 | 435,054 | (17,016) |
| Contractual services | 117,931 | 132,118 | (14,187) |
| Materials and supplies | 19,000 | 24,643 | (5,643) |
| Capital outlay | 7,500 | 8,447 | (947) |
| Total youth and senior centers | 562,469 | 600,262 | (37,793) |
| Community Development Department | | | |
| Personal services | 567,634 | 520,554 | 47,080 |
| Contractual services | 204,705 | 207,966 | (3,261) |
| Materials and supplies | 11,500 | 11,414 | 86 |
| Capital outlay | 1,300 | 359 | 941 |
| Total Community Development Department | 785,139 | 740,293 | 44,846 |
| Insurance | | | |
| Contractual services | | | |
| Payment to Insurance Fund | 1,950,650 | 2,304,019 | (353,369) |
| Liability insurance | 228,234 | 263,306 | (35,072) |
| Total insurance | 2,178,884 | 2,567,325 | (388,441) |
| TOTAL GENERAL GOVERNMENT | \$ 6,309,900 | \$ 7,646,491 | \$ (1,336,591) |
| PUBLIC SAFETY | | | |
| Police Department | | | |
| Personal services | \$ 5,083,462 | \$ 5,040,386 | \$ 43,076 |
| Contractual services | 649,832 | 758,542 | (108,710) |
| Materials and supplies | 119,400 | 133,678 | (14,278) |
| Capital outlay | 49,875 | 52,727 | (2,852) |
| Pension cost | 745,014 | 749,521 | (4,507) |
| Total Police Department | 6,647,583 | 6,734,854 | (87,271) |

(This schedule is continued on the following pages.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------------------|----------------------|--|
| PUBLIC SAFETY (Continued) | | | |
| Fire Department | | | |
| Personal services | \$ 3,682,530 | \$ 3,649,397 | \$ 33,133 |
| Contractual services | 342,823 | 350,726 | (7,903) |
| Materials and supplies | 49,185 | 50,911 | (1,726) |
| Capital outlay | - | 2,685 | (2,685) |
| Pension cost | 332,861 | 337,684 | (4,823) |
| Total Fire Department | 4,407,399 | 4,391,403 | 15,996 |
| Community Development Department | | | |
| Personal services | 795,900 | 766,071 | 29,829 |
| Contractual services | 114,916 | 109,693 | 5,223 |
| Materials and supplies | 15,060 | 15,595 | (535) |
| Capital outlay | 1,000 | 250 | 750 |
| Total Community Development Department | 926,876 | 891,609 | 35,267 |
| TOTAL PUBLIC SAFETY | \$ 11,981,858 | \$ 12,017,866 | \$ (36,008) |
| PUBLIC WORKS | | | |
| Public works administration | | | |
| Personal services | \$ 155,114 | \$ 147,211 | \$ 7,903 |
| Contractual services | 42,375 | 41,192 | 1,183 |
| Materials and supplies | 9,140 | 10,092 | (952) |
| Total public works administration | 206,629 | 198,495 | 8,134 |
| Building maintenance | | | |
| Personal services | 208,942 | 184,400 | 24,542 |
| Contractual services | 378,690 | 430,544 | (51,854) |
| Materials and supplies | 152,600 | 95,168 | 57,432 |
| Capital outlay | 90,000 | 196,175 | (106,175) |
| Total building maintenance | 830,232 | 906,287 | (76,055) |
| Transportation | | | |
| Personal services | 698,576 | 721,646 | (23,070) |
| Contractual services | 105,750 | 102,513 | 3,237 |
| Materials and supplies | 31,800 | 25,369 | 6,431 |
| Total transportation | 836,126 | 849,528 | (13,402) |

(This schedule is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------|--------------|--------------|--|
| PUBLIC WORKS (Continued) | | | |
| Engineering | | | |
| Personal services | \$ 750,305 | \$ 757,681 | \$ (7,376) |
| Contractual services | 123,887 | 188,836 | (64,949) |
| Materials and supplies | 2,100 | 5,053 | (2,953) |
| Total engineering | 876,292 | 951,570 | (75,278) |
| TOTAL PUBLIC WORKS | \$ 2,749,279 | \$ 2,905,880 | \$ (156,601) |
| OTHER CHARGES | | | |
| Nondepartmental expenditures | | | |
| Contractual services | \$ 1,039,619 | \$ 1,062,681 | \$ (23,062) |
| Taxes and special accounts | 7,387,450 | 619,658 | 6,767,792 |
| TOTAL OTHER CHARGES | \$ 8,427,069 | \$ 1,682,339 | \$ 6,744,730 |

(See independent auditor's report.)

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account are used to account for revenues derived from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government and which therefore cannot be diverted to other uses.

Street and Bridge - provides street lighting, street cleaning, snow removal, maintenance, and certain capital improvements to streets and bridges

Crossing Guard - to provide for school guards.

Illinois Municipal Retirement - to fund the contributions due to the state retirement fund for municipal employees.

Motor Fuel Tax - underwrites the cost of some major street and bridge improvements by a transfer to street and bridge. Allotments of gasoline taxes collected by the state are the primary revenue.

Public Benefit - to underwrite the public benefit portion of special assessments.

Municipal Audit - to pay for the annual audit by independent public accountants.

Working Cash - provides advances to other funds that require cash immediately but are temporarily short on working capital.

Emergency 911 System - to pay for the Government's "911" emergency telephone service.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

April 30, 2002

| | Street and Bridge | Crossing Guard | Illinois Municipal Retirement |
|--|----------------------|-------------------|-------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - |
| Investments | - | 7,659 | 283 |
| Receivables | | | |
| Property taxes | 2,309,455 | 100,411 | 1,104,522 |
| Motor fuel tax allotments | - | - | - |
| Due from other funds | 11,811 | 33,473 | - |
| Other | 113,556 | - | - |
| TOTAL ASSETS | \$ 2,434,822 | \$ 141,543 | \$ 1,104,805 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 81,501 | \$ - | \$ 73,564 |
| Due to other funds | - | - | 9,482 |
| Accrued payroll | 131,730 | 1,612 | - |
| Deferred revenue | 2,309,455 | 100,411 | 1,104,522 |
| Total liabilities | 2,522,686 | 102,023 | 1,187,568 |
| FUND BALANCES | | | |
| Unreserved - undesignated | (87,864) | 39,520 | (82,763) |
| Total fund balances | (87,864) | 39,520 | (82,763) |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,434,822 | \$ 141,543 | \$ 1,104,805 |

| Motor Fuel Tax | Public Benefit | Municipal Audit | Working Cash | Emergency 911 System | Totals |
|-------------------|-------------------|--------------------|-------------------|-------------------------|---------------------|
| \$ 1,253 | \$ - | \$ - | \$ - | \$ - | \$ 1,253 |
| - | 16,277 | - | - | - | 24,219 |
| - | 50,206 | 33,470 | - | - | 3,598,064 |
| 68,659 | - | - | - | - | 68,659 |
| 764 | 39,561 | 21,944 | 446,328 | 434,945 | 988,826 |
| - | - | - | - | - | 113,556 |
| <u>\$ 70,676</u> | <u>\$ 106,044</u> | <u>\$ 55,414</u> | <u>\$ 446,328</u> | <u>\$ 434,945</u> | <u>\$ 4,794,577</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 155,065 |
| - | - | - | - | - | 9,482 |
| - | - | - | - | - | 133,342 |
| - | 50,206 | 33,470 | - | - | 3,598,064 |
| - | 50,206 | 33,470 | - | - | 3,895,953 |
| 70,676 | 55,838 | 21,944 | 446,328 | 434,945 | 898,624 |
| 70,676 | 55,838 | 21,944 | 446,328 | 434,945 | 898,624 |
| <u>\$ 70,676</u> | <u>\$ 106,044</u> | <u>\$ 55,414</u> | <u>\$ 446,328</u> | <u>\$ 434,945</u> | <u>\$ 4,794,577</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS

For the Year Ended April 30, 2002

| | Street and Bridge | Crossing Guard | Illinois Municipal Retirement |
|---|----------------------|-------------------|-------------------------------------|
| REVENUES | | | |
| Property taxes | \$ 2,249,441 | \$ 102,910 | \$ 1,279,028 |
| Illinois replacement taxes | - | - | 56,750 |
| Licenses and permits | 684,932 | - | - |
| Charges for current services | 421,350 | - | - |
| Investment income | 1,659 | 212 | 357 |
| Motor fuel tax allotments | - | - | - |
| Miscellaneous | 235,341 | - | - |
| Total revenues | 3,592,723 | 103,122 | 1,336,135 |
| EXPENDITURES | | | |
| Current | | | |
| General government | - | - | - |
| Public safety | - | 137,382 | - |
| Public works | 4,307,091 | - | - |
| Employee retirement benefits | - | - | 1,807,131 |
| Capital outlay | 277,889 | - | - |
| Total expenditures | 4,584,980 | 137,382 | 1,807,131 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (992,257) | (34,260) | (470,996) |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | 875,520 | - | 464,476 |
| Operating transfers (out) | (47,382) | - | - |
| Total other financing sources (uses) | 828,138 | - | 464,476 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | (164,119) | (34,260) | (6,520) |
| FUND BALANCES (DEFICIT), MAY 1 | 76,255 | 73,780 | (76,243) |
| Prior period adjustment | - | - | - |
| FUND BALANCES (DEFICIT), MAY 1, RESTATED | 76,255 | 73,780 | (76,243) |
| FUND BALANCES (DEFICIT), APRIL 30 | \$ (87,864) | \$ 39,520 | \$ (82,763) |

| Motor Fuel Tax | Public Benefit | Municipal Audit | Working Cash | Emergency 911 System | Totals |
|-------------------|-------------------|--------------------|-----------------|-------------------------|--------------|
| \$ - | \$ 58,806 | \$ 29,403 | \$ - | \$ - | \$ 3,719,588 |
| - | - | - | - | - | 56,750 |
| - | - | - | - | - | 684,932 |
| - | - | - | - | 397,158 | 818,508 |
| 11,555 | 183 | 28 | 36 | 8,066 | 22,096 |
| 863,746 | - | - | - | - | 863,746 |
| - | - | - | - | - | 235,341 |
| 875,301 | 58,989 | 29,431 | 36 | 405,224 | 6,400,961 |
| - | - | 28,891 | - | 127,885 | 156,776 |
| - | - | - | - | - | 137,382 |
| - | - | - | - | - | 4,307,091 |
| - | - | - | - | - | 1,807,131 |
| - | - | - | - | 383,930 | 661,819 |
| - | - | 28,891 | - | 511,815 | 7,070,199 |
| 875,301 | 58,989 | 540 | 36 | (106,591) | (669,238) |
| - | - | - | - | - | 1,339,996 |
| (875,520) | - | - | - | - | (922,902) |
| (875,520) | - | - | - | - | 417,094 |
| (219) | 58,989 | 540 | 36 | (106,591) | (252,144) |
| 70,895 | (3,151) | 21,404 | 21,292 | 541,536 | 725,768 |
| - | - | - | 425,000 | - | 425,000 |
| 70,895 | (3,151) | 21,404 | 446,292 | 541,536 | 1,150,768 |
| \$ 70,676 | \$ 55,838 | \$ 21,944 | \$ 446,328 | \$ 434,945 | \$ 898,624 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET AND BRIDGE FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------|--------------|--|
| REVENUES | | | |
| Property taxes | \$ 2,250,000 | \$ 2,249,441 | \$ (559) |
| Vehicle licenses | 700,000 | 684,932 | (15,068) |
| Charges for current services | 420,000 | 421,350 | 1,350 |
| Investment income | 3,000 | 1,659 | (1,341) |
| Miscellaneous | | | |
| Miscellaneous | 177,190 | 235,341 | 58,151 |
| Total revenues | 3,550,190 | 3,592,723 | 42,533 |
| EXPENDITURES | | | |
| Public works | | | |
| Personal services | 1,851,333 | 1,843,545 | 7,788 |
| Contractual services | 1,912,404 | 1,998,150 | (85,746) |
| Material and supplies | 378,320 | 465,396 | (87,076) |
| Capital outlay | 296,265 | 277,889 | 18,376 |
| Total expenditures | 4,438,322 | 4,584,980 | (146,658) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (888,132) | (992,257) | (104,125) |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | | | |
| Motor Fuel Tax Fund | 950,000 | 875,520 | (74,480) |
| Operating transfers (out) | | | |
| Illinois Municipal Retirement Fund | (68,881) | (47,382) | 21,499 |
| Total other financing sources (uses) | 881,119 | 828,138 | (52,981) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | \$ (7,013) | (164,119) | \$ (157,106) |
| FUND BALANCE, MAY 1 | | 76,255 | |
| FUND BALANCE (DEFICIT), APRIL 30 | | \$ (87,864) | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CROSSING GUARD FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|------------------|--|
| REVENUES | | | |
| Property taxes | \$ 100,000 | \$ 102,910 | \$ 2,910 |
| Investment income | - | 212 | 212 |
| Total revenues | 100,000 | 103,122 | 3,122 |
| EXPENDITURES | | | |
| Public safety | | | |
| Personal services | 148,005 | 137,257 | 10,748 |
| Commodities | 750 | 125 | 625 |
| Reserve and contingencies | 17,456 | - | 17,456 |
| Total expenditures | 166,211 | 137,382 | 28,829 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ (66,211)</u> | <u>(34,260)</u> | <u>\$ 31,951</u> |
| FUND BALANCE, MAY 1 | | <u>73,780</u> | |
| FUND BALANCE, APRIL 30 | | <u>\$ 39,520</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------|--------------|--|
| REVENUES | | | |
| Property taxes | \$ 1,270,000 | \$ 1,279,028 | \$ 9,028 |
| Illinois replacement taxes | 47,000 | 56,750 | 9,750 |
| Investment income | 5,000 | 357 | (4,643) |
| Total revenues | 1,322,000 | 1,336,135 | 14,135 |
| EXPENDITURES | | | |
| Employee retirement benefits | | | |
| Payments to Illinois Municipal Retirement Fund | 1,941,883 | 1,807,131 | 134,752 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (619,883) | (470,996) | 148,887 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in | | | |
| Water Fund | 566,477 | 464,476 | (102,001) |
| Total other financing sources (uses) | 566,477 | 464,476 | (102,001) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | \$ (53,406) | (6,520) | \$ 46,886 |
| FUND BALANCE (DEFICIT), MAY 1 | | (76,243) | |
| FUND BALANCE (DEFICIT), APRIL 30 | | \$ (82,763) | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|------------|------------|--|
| REVENUES | | | |
| Motor fuel tax allotments | \$ 925,000 | \$ 863,746 | \$ (61,254) |
| Investment income | 25,000 | 11,555 | (13,445) |
| Total revenues | 950,000 | 875,301 | (74,699) |
| EXPENDITURES | - | - | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 950,000 | 875,301 | (74,699) |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers (out) | | | |
| Street and Bridge Fund | (950,000) | (875,520) | 74,480 |
| Total other financing sources (uses) | (950,000) | (875,520) | 74,480 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | \$ - | (219) | \$ (219) |
| FUND BALANCE, MAY 1 | | 70,895 | |
| FUND BALANCE, APRIL 30 | | \$ 70,676 | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-----------------|------------------|--|
| REVENUES | | | |
| Property taxes | \$ 50,000 | \$ 58,806 | \$ 8,806 |
| Investment income | - | 183 | 183 |
| Total revenues | 50,000 | 58,989 | 8,989 |
| EXPENDITURES | | | |
| Capital outlay | | | |
| Reserve | 47,030 | - | 47,030 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 2,970</u> | 58,989 | <u>\$ 56,019</u> |
| FUND BALANCE (DEFICIT), MAY 1 | | <u>(3,151)</u> | |
| FUND BALANCE, APRIL 30 | | <u>\$ 55,838</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL AUDIT FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|------------------|--|
| REVENUES | | | |
| Property taxes | \$ 20,000 | \$ 29,403 | \$ 9,403 |
| Investment income | - | 28 | 28 |
| Total revenues | 20,000 | 29,431 | 9,431 |
| EXPENDITURES | | | |
| General government | | | |
| Contractual services | 28,850 | 28,891 | (41) |
| Reserve and contingencies | 12,167 | - | 12,167 |
| Total expenditures | 41,017 | 28,891 | 12,126 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ (21,017)</u> | 540 | <u>\$ 21,557</u> |
| FUND BALANCE, MAY 1 | | <u>21,404</u> | |
| FUND BALANCE, APRIL 30 | | <u>\$ 21,944</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKING CASH FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|-------------------|--|
| REVENUES | | | |
| Investment income | \$ - | \$ 36 | \$ 36 |
| EXPENDITURES | | | |
| General government | | | |
| Reserves | 305,839 | - | 305,839 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (305,839) | 36 | 305,875 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfer in | 125,000 | - | (125,000) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | <u>\$ (180,839)</u> | 36 | <u>\$ 180,875</u> |
| FUND BALANCE, MAY 1 | | 21,292 | |
| Prior period adjustment | | <u>425,000</u> | |
| FUND BALANCE, MAY 1, RESTATED | | <u>446,292</u> | |
| FUND BALANCE, APRIL 30 | | <u>\$ 446,328</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY 911 SYSTEM FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------|-------------------|--|
| REVENUES | | | |
| Charges for current services | \$ 325,000 | \$ 397,158 | \$ 72,158 |
| Investment income | 20,000 | 8,066 | (11,934) |
| Total revenues | 345,000 | 405,224 | 60,224 |
| EXPENDITURES | | | |
| General government | | | |
| Contractual services | 800,154 | 127,885 | 672,269 |
| Capital outlay | 123,954 | 383,930 | (259,976) |
| Total expenditures | 924,108 | 511,815 | 412,293 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ (579,108)</u> | <u>(106,591)</u> | <u>\$ 472,517</u> |
| FUND BALANCE, MAY 1 | | <u>541,536</u> | |
| FUND BALANCE, APRIL 30 | | <u>\$ 434,945</u> | |

See accompanying notes to financial statements.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the payment of interest and principal on general and special obligation debt other than that payable from special assessments and debt issued for and serviced by a governmental enterprise.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS

April 30, 2002

| | Special Service Area Bonds | General Obligation Bonds | Totals |
|--|-------------------------------------|--------------------------------|--------------|
| <hr/> | | | |
| ASSETS | | | |
| Cash | \$ - | \$ 202,216 | \$ 202,216 |
| Property taxes receivable | - | 3,062,538 | 3,062,538 |
| Due from other funds | - | 28,111 | 28,111 |
| | <hr/> | | |
| TOTAL ASSETS | \$ - | \$ 3,292,865 | \$ 3,292,865 |
| <hr/> | | | |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Deferred revenue | \$ - | \$ 3,062,538 | \$ 3,062,538 |
| Due to other funds | - | 288,568 | 288,568 |
| Accrued interest payable | - | 3,800 | 3,800 |
| | <hr/> | | |
| Total liabilities | - | 3,354,906 | 3,354,906 |
| <hr/> | | | |
| FUND BALANCES | | | |
| Unreserved | - | (62,041) | (62,041) |
| | <hr/> | | |
| TOTAL LIABILITIES AND FUND BALANCES | - | \$ 3,292,865 | \$ 3,292,865 |
| | <hr/> | | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS

For the Year Ended April 30, 2002

| | Special Service Area Bonds | General Obligation Bonds | Totals | Budget |
|---|----------------------------------|--------------------------------|--------------------|-----------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ 2,999,100 | \$ 2,999,100 | \$ 3,000,037 |
| Investment income | 4,567 | - | 4,567 | 50,000 |
| Total revenues | 4,567 | 2,999,100 | 3,003,667 | 3,050,037 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | - | 3,360,000 | 3,360,000 | 3,260,000 |
| Interest and fiscal charges | - | 747,476 | 747,476 | 810,037 |
| Total debt service | \$ - | 4,107,476 | 4,107,476 | 4,070,037 |
| Reserve | - | - | - | 348,004 |
| Total expenditures | - | 4,107,476 | 4,107,476 | 4,418,041 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 4,567 | (1,108,376) | (1,103,809) | (1,368,004) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | - | 6,295,733 | 6,295,733 | - |
| Payments to escrow | - | (6,291,679) | (6,291,679) | - |
| Highland Park Country Club Fund | - | - | - | 100,000 |
| Total other financing sources (uses) | - | 4,054 | 4,054 | 100,000 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 4,567 | (1,104,322) | (1,099,755) | <u>\$ (1,268,004)</u> |
| FUND BALANCES, MAY 1 | 37,066 | 1,000,648 | 1,037,714 | |
| Residual equity transfer | (41,633) | 41,633 | - | |
| FUND BALANCES, MAY 1, RESTATED | (4,567) | 1,042,281 | 1,037,714 | |
| FUND BALANCES (DEFICIT), APRIL 30 | <u>\$ -</u> | <u>\$ (62,041)</u> | <u>\$ (62,041)</u> | |

See accompanying notes to financial statements.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for all resources used for the acquisition and/or construction of capital equipment and facilities by the Government except those financed by the Enterprise and Internal Service Funds.

Tax Increment Financing G.O. Bonds 1981 - to account for the Initial Phase acquisition, relocation, rehabilitation, and reconstruction related to the Downtown Redevelopment Plan and Project.

Street Improvements - to account for costs incurred to alleviate storm drainage problems, finance street improvements, and provide other infrastructure improvements.

General Obligation Bonds 1996 - to account for the bond proceeds from the 1996 bond issue and the costs associated with the construction of a new aquatic center and related facilities.

General Obligation Bonds 1997 - to account for the bond proceeds from the 1997 bond issue and costs associated with the construction of the fire station.

General Obligation Bonds 1998 - to account for the bond proceeds from the 1998 bond issue and costs associated with street improvements.

Working Capital Public Facility and Improvement - the assets in this fund are to be utilized for the acquisition and/or construction of public facilities.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS

April 30, 2002

| | Tax Increment Financing G.O. Bonds 1981 | Street Improvements | Working Capital Public Facility and Improvements | Totals |
|--|---|------------------------|--|---------------------|
| ASSETS | | | | |
| Cash | \$ - | \$ 1,932,703 | \$ 14,214 | \$ 1,946,917 |
| Investments | 575,550 | - | - | 575,550 |
| Receivables | | | | |
| Property taxes, net | 336,086 | 827,727 | - | 1,163,813 |
| Other | - | 2,972 | 12,500 | 15,472 |
| Due from other funds | - | - | 424,938 | 424,938 |
| TOTAL ASSETS | \$ 911,636 | \$ 2,763,402 | \$ 451,652 | \$ 4,126,690 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ 112,900 | \$ - | \$ 112,900 |
| Due to other funds | 331,174 | 276,612 | - | 607,786 |
| Deferred revenue | | | | |
| Property tax | 336,086 | 803,289 | - | 1,139,375 |
| Refundable deposits | - | 24,439 | - | 24,439 |
| Total liabilities | 667,260 | 1,217,240 | - | 1,884,500 |
| FUND BALANCES - UNRESERVED | 244,376 | 1,546,162 | 451,652 | 2,242,190 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 911,636 | \$ 2,763,402 | \$ 451,652 | \$ 4,126,690 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS

For the Year Ended April 30, 2002

| | Tax Increment Financing G.O. Bonds 1981 | Street Improvements | Working Capital Public Facility and Improvements | Totals |
|---|---|------------------------|--|--------------|
| REVENUES | | | | |
| Property taxes | \$ 828,610 | \$ 833,014 | \$ - | \$ 1,661,624 |
| Investment income | 34,814 | - | 3,154 | 37,968 |
| Miscellaneous | - | 223,200 | 12,500 | 235,700 |
| Total revenues | 863,424 | 1,056,214 | 15,654 | 1,935,292 |
| EXPENDITURES | | | | |
| Capital outlay | - | 4,825,499 | - | 4,825,499 |
| Total expenditures | - | 4,825,499 | - | 4,825,499 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 863,424 | (3,769,285) | 15,654 | (2,890,207) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in General Fund | - | 1,650,000 | - | 1,650,000 |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES | 863,424 | (2,119,285) | 15,654 | (1,240,207) |
| FUND BALANCES (DEFICIT), MAY 1 | (619,048) | 3,665,447 | 435,998 | 3,482,397 |
| FUND BALANCES, APRIL 30 | \$ 244,376 | \$ 1,546,162 | \$ 451,652 | \$ 2,242,190 |

See accompanying notes to financial statements.

ENTERPRISE FUNDS

Motor Vehicle Parking System Fund, Water Fund, and the Highland Park Country Club Fund - to account for the acquisition, operation, and maintenance of Government-owned parking, water facilities and services, golf course and other Government-owned facilities which are entirely or predominantly self-supported by user charges. The operation of these funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING BALANCE SHEET
ENTERPRISE FUNDS

April 30, 2002

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|---------------------------------------|---------------------------------------|----------------------|-------------------------------------|----------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash | \$ 11,977 | \$ 1 | \$ 43,052 | \$ 55,030 |
| Investments | 1,777,791 | 369,302 | - | 2,147,093 |
| Receivables | | | | |
| Billed | - | 202,570 | 4,583 | 207,153 |
| Unbilled | - | 655,268 | - | 655,268 |
| Other | 51,361 | 671 | - | 52,032 |
| Inventories | - | - | 92,953 | 92,953 |
| Other assets | - | - | 3,800 | 3,800 |
| Due from other funds | 1,319,891 | 935,777 | 122,513 | 2,378,181 |
| Total current assets | 3,161,020 | 2,163,589 | 266,901 | 5,591,510 |
| FIXED ASSETS | | | | |
| Land | 1,319,165 | 66,958 | 3,595,200 | 4,981,323 |
| Parking facilities and equipment | 7,152,901 | - | - | 7,152,901 |
| Water and sewer plant and equipment | - | 36,380,412 | - | 36,380,412 |
| Country club facilities and equipment | - | - | 925,364 | 925,364 |
| Buildings and building improvements | - | 5,631,362 | 8,236,831 | 13,868,193 |
| Less accumulated depreciation | (3,129,688) | (22,647,176) | (3,205,608) | (28,982,472) |
| Net fixed assets | 5,342,378 | 19,431,556 | 9,551,787 | 34,325,721 |
| TOTAL ASSETS | \$ 8,503,398 | \$ 21,595,145 | \$ 9,818,688 | \$ 39,917,231 |

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|--|---------------------------------------|----------------------|-------------------------------------|----------------------|
| LIABILITIES AND FUND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | \$ 21,619 | \$ 530,311 | \$ 417,067 | \$ 968,997 |
| Accrued payroll | 737 | 8,161 | - | 8,898 |
| Interest payable | - | - | 32,412 | 32,412 |
| Deferred revenue | - | - | 1,605 | 1,605 |
| Due to other funds | 1,881,101 | 629,524 | - | 2,510,625 |
| Compensated absences payable | 2,337 | 117,336 | - | 119,673 |
| Total current liabilities | 1,905,794 | 1,285,332 | 451,084 | 3,642,210 |
| LONG-TERM LIABILITIES | | | | |
| Advance from other funds | - | - | 300,000 | 300,000 |
| Bond (discount) | - | (7,739) | (27,481) | (35,220) |
| General obligation bonds payable | - | 8,620,000 | 1,995,000 | 10,615,000 |
| Total long-term liabilities | - | 8,612,261 | 2,267,519 | 10,879,780 |
| Total liabilities | 1,905,794 | 9,897,593 | 2,718,603 | 14,521,990 |
| FUND EQUITY | | | | |
| Contributed capital | 2,728,203 | 1,670,295 | 7,534,343 | 11,932,841 |
| Retained earnings | 3,869,401 | 10,027,257 | (434,258) | 13,462,400 |
| Total fund equity | 6,597,604 | 11,697,552 | 7,100,085 | 25,395,241 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 8,503,398 | \$ 21,595,145 | \$ 9,818,688 | \$ 39,917,231 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS

For the Year Ended April 30, 2002

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|--|---------------------------------------|--------------|-------------------------------------|--------------|
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Water sales | \$ - | \$ 6,345,920 | \$ - | \$ 6,345,920 |
| Water permit fees | - | 65,892 | - | 65,892 |
| Parking lot collections | 551,611 | - | - | 551,611 |
| Parking violations | 236,339 | - | - | 236,339 |
| Golf fees | - | - | 1,498,904 | 1,498,904 |
| Charges for goods and services | - | - | 1,547,847 | 1,547,847 |
| Miscellaneous | - | 45,279 | 136,831 | 182,110 |
| Total operating revenues | 787,950 | 6,457,091 | 3,183,582 | 10,428,623 |
| OPERATING EXPENSES | | | | |
| Personal services | 144,120 | 1,529,827 | - | 1,673,947 |
| Contractual services | 268,150 | 1,090,538 | 2,151,847 | 3,510,535 |
| Cost of goods sold | - | - | 571,332 | 571,332 |
| Materials and supplies | 7,803 | 335,232 | - | 343,035 |
| Repairs and maintenance | 9,758 | 323,583 | 314,970 | 648,311 |
| Reserve and contingencies | 26,165 | - | - | 26,165 |
| Total operating expenses | 455,996 | 3,279,180 | 3,038,149 | 6,773,325 |
| OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION | | | | |
| | 331,954 | 3,177,911 | 145,433 | 3,655,298 |
| Depreciation | 132,817 | 1,928,473 | 416,928 | 2,478,218 |
| OPERATING INCOME (LOSS) | 199,137 | 1,249,438 | (271,495) | 1,177,080 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 44,005 | 65,383 | 356 | 109,744 |
| Interest expense and fiscal charges | - | (644,153) | (145,954) | (790,107) |
| Miscellaneous reimbursement | - | - | (6,485) | (6,485) |
| Total nonoperating revenues (expenses) | 44,005 | (578,770) | (152,083) | (686,848) |

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS (Continued)
ENTERPRISE FUNDS

For the Year Ended April 30, 2002

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|--|---------------------------------------|----------------------|-------------------------------------|----------------------|
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | \$ 243,142 | \$ 670,668 | \$ (423,578) | \$ 490,232 |
| Operating transfers (out) | (82,800) | (734,294) | - | (817,094) |
| NET INCOME (LOSS) | 160,342 | (63,626) | (423,578) | (326,862) |
| Add depreciation expense on contributed capital | 121,209 | 116,895 | 424,341 | 662,445 |
| INCREASE IN RETAINED EARNINGS | 281,551 | 53,269 | 763 | 335,583 |
| RETAINED EARNINGS (DEFICIT), MAY 1 | 3,587,850 | 9,973,988 | (10,021) | 13,551,817 |
| Prior period adjustment | - | - | (425,000) | (425,000) |
| RETAINED EARNINGS (DEFICIT), MAY 1, RESTATED | 3,587,850 | 9,973,988 | (435,021) | 13,126,817 |
| RETAINED EARNINGS (DEFICIT), APRIL 30 | <u>\$ 3,869,401</u> | <u>\$ 10,027,257</u> | <u>\$ (434,258)</u> | <u>\$ 13,462,400</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

For the Year Ended April 30, 2002

| | Motor Vehicle Parking System | Water | Highland Park Country Club | Totals |
|---|---------------------------------------|--------------|-------------------------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Operating income (loss) | \$ 199,137 | \$ 1,249,438 | \$ (271,495) | \$ 1,177,080 |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | | |
| Depreciation | 132,817 | 1,928,473 | 416,928 | 2,478,218 |
| Changes in assets and liabilities | | | | |
| Receivables | - | 85,772 | 40,379 | 126,151 |
| Other assets | (51,192) | 135,447 | 174,358 | 258,613 |
| Accounts payable and other liabilities | 171,731 | (200,213) | 122,341 | 93,859 |
| Accrued payroll | 598 | 4,502 | (3,295) | 1,805 |
| Compensated absences payable | 2,337 | 6,869 | - | 9,206 |
| Bond discounts | - | (7,739) | (27,481) | (35,220) |
| Deposits payable | - | - | (159,786) | (159,786) |
| Net cash from operating activities | 455,428 | 3,202,549 | 291,949 | 3,949,926 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Operating transfers (out) | (82,800) | (734,294) | - | (817,094) |
| Due from other funds | - | (54,049) | (122,513) | (176,562) |
| Due to other funds | 26,647 | 629,524 | (125,000) | 531,171 |
| Net cash from noncapital financing activities | (56,153) | (158,819) | (247,513) | (462,485) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Debt retirement | - | (883,520) | (75,000) | (958,520) |
| Interest paid | - | (644,153) | (152,439) | (796,592) |
| Purchase of fixed assets | (343,028) | (4,016,676) | (239,202) | (4,598,906) |
| Net cash from capital and related financing activities | (343,028) | (5,544,349) | (466,641) | (6,354,018) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (88,842) | - | - | (88,842) |
| Maturities of investments | - | 2,435,200 | 38,263 | 2,473,463 |
| Interest received | 44,005 | 65,383 | 356 | 109,744 |
| Net cash from investing activities | (44,837) | 2,500,583 | 38,619 | 2,494,365 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 11,410 | (36) | (383,586) | (372,212) |
| CASH AND CASH EQUIVALENTS, MAY 1 | 567 | 37 | 426,638 | 427,242 |
| CASH AND CASH EQUIVALENTS, APRIL 30 | \$ 11,977 | \$ 1 | \$ 43,052 | \$ 55,030 |

Supplemental disclosure of noncash and related financing activities:

The Water Fund had \$3,830,000 of 2001 General Obligation Refunding bond proceeds were placed directly into escrow in order to refund the outstanding bonds for the 1994 Series B General Obligation Refunding bond series.

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
MOTOR VEHICLE PARKING SYSTEM FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-----------------------|---------------------|--|
| OPERATING REVENUES | | | |
| Parking collections | \$ 500,600 | \$ 551,611 | \$ 51,011 |
| Parking violations | 280,000 | 236,339 | (43,661) |
| Total operating revenues | 780,600 | 787,950 | 7,350 |
| OPERATING EXPENSES | | | |
| Personal services | 151,108 | 144,120 | 6,988 |
| Contractual services | 216,855 | 268,150 | (51,295) |
| Materials and supplies | 55,650 | 7,803 | 47,847 |
| Reserve and contingencies | 1,136,587 | 26,165 | 1,110,422 |
| Capital outlay | 638,000 | 9,758 | 628,242 |
| Total operating expenses | 2,198,200 | 455,996 | 1,742,204 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | (1,417,600) | 331,954 | 1,749,554 |
| Depreciation | - | 132,817 | (132,817) |
| OPERATING INCOME (LOSS) | (1,417,600) | 199,137 | 1,616,737 |
| NONOPERATING REVENUES | | | |
| Investment income | 75,000 | 44,005 | (30,995) |
| Total nonoperating revenues | 75,000 | 44,005 | 119,005 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (1,342,600) | 243,142 | 1,735,742 |
| OPERATING TRANSFERS (OUT) | | | |
| General Fund | (82,800) | (82,800) | - |
| Total operating transfers (out) | (82,800) | (82,800) | - |
| NET INCOME (LOSS) | <u>\$ (1,425,400)</u> | 160,342 | <u>\$ 1,735,742</u> |
| Add back depreciation expense on contributed capital | | 121,209 | |
| INCREASE IN RETAINED EARNINGS | | 281,551 | |
| RETAINED EARNINGS, MAY 1 | | 3,587,850 | |
| RETAINED EARNINGS, APRIL 30 | | <u>\$ 3,869,401</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
WATER FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-----------------------|----------------------|--|
| OPERATING REVENUES | | | |
| Water sales | \$ 6,727,978 | \$ 6,345,920 | \$ (382,058) |
| Water permit fees | 95,000 | 65,892 | (29,108) |
| Miscellaneous | 2,030,000 | 45,279 | (1,984,721) |
| Total operating revenues | 8,852,978 | 6,457,091 | (2,395,887) |
| OPERATING EXPENSES | | | |
| Personal services | 1,663,391 | 1,529,827 | 133,564 |
| Contractual services | 1,178,719 | 1,090,538 | 88,181 |
| Materials and supplies | 372,230 | 335,232 | 36,998 |
| Repairs and maintenance | 5,650,850 | 323,583 | 5,327,267 |
| Total operating expenses | 8,865,190 | 3,279,180 | 5,586,010 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | (12,212) | 3,177,911 | 3,190,123 |
| Depreciation | - | 1,928,473 | (1,928,473) |
| OPERATING INCOME (LOSS) | (12,212) | 1,249,438 | 1,261,650 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 110,170 | 65,383 | (44,787) |
| Interest expense | (422,591) | (644,153) | (221,562) |
| Reserve | (3,030,274) | - | 3,030,274 |
| Total nonoperating revenues (expenses) | (3,342,695) | (578,770) | 2,763,925 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (3,354,907) | 670,668 | 4,025,575 |
| OPERATING TRANSFERS (OUT) | | | |
| General Fund | (549,000) | (549,000) | - |
| Illinois Municipal Retirement Fund | (269,367) | (185,294) | 84,073 |
| Total operating transfers (out) | (818,367) | (734,294) | 84,073 |
| NET INCOME (LOSS) | <u>\$ (4,173,274)</u> | <u>(63,626)</u> | <u>\$ 4,109,648</u> |
| Add back depreciation expense on contributed capital | | 116,895 | |
| INCREASE IN RETAINED EARNINGS | | 53,269 | |
| RETAINED EARNINGS, MAY 1 | | 9,973,988 | |
| RETAINED EARNINGS, APRIL 30 | | <u>\$ 10,027,257</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
HIGHLAND PARK COUNTRY CLUB FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------|--------------|--|
| OPERATING REVENUES | | | |
| Golf fees | \$ - | \$ 1,498,904 | \$ 1,498,904 |
| Charges for goods and services | 3,495,989 | 1,547,847 | (1,948,142) |
| Other | 210,000 | 136,831 | (73,169) |
| Total operating revenues | 3,705,989 | 3,183,582 | (522,407) |
| OPERATING EXPENSES | | | |
| Contractual services | 3,073,634 | 2,151,847 | 921,787 |
| Cost of goods sold | - | 571,332 | (571,332) |
| Repairs and maintenance | 328,000 | 314,970 | 13,030 |
| Total operating expenses | 3,401,634 | 3,038,149 | 363,485 |
| OPERATING (LOSS) BEFORE DEPRECIATION AND AMORTIZATION | 304,355 | 145,433 | (158,922) |
| Depreciation and amortization | - | 416,928 | (416,928) |
| OPERATING INCOME (LOSS) | 304,355 | (271,495) | (575,850) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest expense | (311,779) | (145,954) | 165,825 |
| Investment income | 50,000 | 356 | (49,644) |
| Reserves | (52,116) | (6,485) | 45,631 |
| Total nonoperating revenues (expenses) | (313,895) | (152,083) | 161,812 |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (9,540) | (423,578) | (414,038) |
| OPERATING TRANSFERS IN (OUT) | | | |
| Debt Service Fund | (100,000) | - | 100,000 |
| Total operating transfers in (out) | (100,000) | - | 100,000 |
| NET INCOME (LOSS) | \$ (109,540) | (423,578) | \$ (314,038) |
| Add back depreciation expense on contributed capital | | 424,341 | |
| INCREASE IN RETAINED EARNINGS | | 763 | |
| RETAINED EARNINGS (DEFICIT), MAY 1 | | (10,021) | |
| Prior period adjustment | | (425,000) | |
| RETAINED EARNINGS (DEFICIT), MAY 1, RESTATED | | (435,021) | |
| RETAINED EARNINGS (DEFICIT), APRIL 30 | | \$ (434,258) | |

See accompanying notes to financial statements.

INTERNAL SERVICE FUNDS

Equipment Maintenance and Replacement Fund - to finance and account for services and/or commodities furnished by a designated program to other programs within the Government.

Insurance Fund - to account for the payment of premiums on insurance policies and employee benefit related claims.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS

April 30, 2002

| | Equipment Maintenance and Replacement | Insurance | Totals |
|--|--|-------------------|---------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash | \$ 94,236 | \$ 32,042 | \$ 126,278 |
| Investments | 461,108 | 173,862 | 634,970 |
| Due from other funds | 1,201,401 | 419,522 | 1,620,923 |
| Receivables - other | 890 | 40,853 | 41,743 |
| Total current assets | 1,757,635 | 666,279 | 2,423,914 |
| FIXED ASSETS | | | |
| Equipment | 9,481,539 | - | 9,481,539 |
| Accumulated depreciation | (7,171,340) | - | (7,171,340) |
| Net fixed assets | 2,310,199 | - | 2,310,199 |
| TOTAL ASSETS | \$ 4,067,834 | \$ 666,279 | \$ 4,734,113 |
| LIABILITIES AND RETAINED EARNINGS | | | |
| LIABILITIES | | | |
| Accrued salaries | \$ 5,799 | \$ 574 | \$ 6,373 |
| Accrued insurance claims | - | 757,549 | 757,549 |
| Compensated absences payable | 36,861 | 4,952 | 41,813 |
| Total liabilities | 42,660 | 763,075 | 805,735 |
| RETAINED EARNINGS | 4,025,174 | (96,796) | 3,928,378 |
| TOTAL LIABILITIES AND RETAINED EARNINGS | \$ 4,067,834 | \$ 666,279 | \$ 4,734,113 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2002

| | Equipment Maintenance and Replacement | Insurance | Totals |
|--|--|--------------|--------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 2,451,544 | \$ 2,940,318 | \$ 5,391,862 |
| Premium reimbursements | - | 127,109 | 127,109 |
| Miscellaneous | 24,292 | 691,340 | 715,632 |
| Total operating revenues | 2,475,836 | 3,758,767 | 6,234,603 |
| OPERATING EXPENSES | | | |
| Personal services | 802,915 | 73,691 | 876,606 |
| Contractual services | 352,087 | 4,339,604 | 4,691,691 |
| Materials and supplies | 463,147 | 110 | 463,257 |
| Repairs and maintenance | 22,041 | 368,710 | 390,751 |
| Insurance claims | - | 1,774 | 1,774 |
| Total operating expenses | 1,640,190 | 4,783,889 | 6,424,079 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | 835,646 | (1,025,122) | (189,476) |
| Depreciation | 438,968 | - | 438,968 |
| OPERATING INCOME (LOSS) | 396,678 | (1,025,122) | (628,444) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Gain on sale of assets | 15,680 | - | 15,680 |
| Investment income | 3,324 | 1,046 | 4,370 |
| Total nonoperating revenues (expenses) | 19,004 | 1,046 | 20,050 |
| INCOME (LOSS) BEFORE TRANSFERS | 415,682 | (1,024,076) | (608,394) |
| OPERATING TRANSFERS (OUT) | (31,800) | - | (31,800) |
| NET INCOME (LOSS) | 383,882 | (1,024,076) | (640,194) |
| RETAINED EARNINGS, MAY 1 | 3,641,292 | 927,280 | 4,568,572 |
| RETAINED EARNINGS (DEFICIT), APRIL 30 | \$ 4,025,174 | \$ (96,796) | \$ 3,928,378 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2002

| | Equipment Maintenance and Replacement | Insurance | Totals |
|---|--|----------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 396,678 | \$ (1,025,122) | \$ (628,444) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities | | | |
| Depreciation | 438,968 | - | 438,968 |
| Changes in assets and liabilities | | | |
| Receivables | 1,535 | (10,831) | (9,296) |
| Accounts payable | - | (33,402) | (33,402) |
| Accrued payroll | 3,113 | 317 | 3,430 |
| Compensated absences payable | (12,139) | (3,854) | (15,993) |
| Net cash from operating activities | 828,155 | (1,072,892) | (244,737) |
| CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Operating transfers (out) | (31,800) | - | (31,800) |
| Due from other funds | (1,201,401) | (419,522) | (1,620,923) |
| Net cash from noncapital and related financing activities | (1,233,201) | (419,522) | (1,652,723) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Proceeds from sale of assets | 15,680 | - | 15,680 |
| Purchase of capital assets | (1,108,637) | - | (1,108,637) |
| Net cash from capital and related financing activities | (1,092,957) | - | (1,092,957) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments | (258,961) | (57,259) | (316,220) |
| Interest received | 3,324 | 1,046 | 4,370 |
| Net cash flows from investing activities | (255,637) | (56,213) | (311,850) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,753,640) | (1,548,627) | (3,302,267) |
| CASH AND CASH EQUIVALENTS, MAY 1 | 1,847,876 | 1,580,669 | 3,428,545 |
| CASH AND CASH EQUIVALENTS, APRIL 30 | \$ 94,236 | \$ 32,042 | \$ 126,278 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
EQUIPMENT MAINTENANCE AND REPLACEMENT FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|-----------------------|---------------------|--|
| OPERATING REVENUES | | | |
| Charges for services | \$ 2,431,014 | \$ 2,451,544 | \$ 20,530 |
| Miscellaneous | 35,000 | 24,292 | (10,708) |
| Total operating revenues | 2,466,014 | 2,475,836 | 9,822 |
| OPERATING EXPENSES | | | |
| Personal services | 803,329 | 802,915 | 414 |
| Contractual services | 355,833 | 352,087 | 3,746 |
| Materials and supplies | 399,620 | 463,147 | (63,527) |
| Repairs and maintenance | 1,759,966 | 22,041 | 1,737,925 |
| Reserves | 859,824 | - | 859,824 |
| Total operating expenses | 4,178,572 | 1,640,190 | 2,538,382 |
| OPERATING INCOME (LOSS) BEFORE DEPRECIATION | (1,712,558) | 835,646 | 2,548,204 |
| Depreciation | - | 438,968 | (438,968) |
| OPERATING INCOME (LOSS) | (1,712,558) | 396,678 | 2,109,236 |
| NONOPERATING REVENUE (EXPENSES) | | | |
| Gain on sale of assets | 30,000 | 15,680 | (14,320) |
| Investment income | 20,000 | 3,324 | (16,676) |
| Total nonoperating revenues (expenses) | 50,000 | 19,004 | (30,996) |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (1,662,558) | 415,682 | 2,078,240 |
| OPERATING TRANSFERS (OUT) | | | |
| Illinois Municipal Retirement Fund | (46,229) | (31,800) | 14,429 |
| NET INCOME (LOSS) | <u>\$ (1,708,787)</u> | 383,882 | <u>\$ 2,092,669</u> |
| RETAINED EARNINGS, MAY 1 | | <u>3,641,292</u> | |
| RETAINED EARNINGS, APRIL 30 | | <u>\$ 4,025,174</u> | |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
INSURANCE FUND

For the Year Ended April 30, 2002

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------------|-----------------------|--------------------|--|
| OPERATING REVENUES | | | |
| Charges for current services | \$ 2,734,644 | \$ 2,940,318 | \$ 205,674 |
| Premium reimbursements | 750,000 | 127,109 | (622,891) |
| Miscellaneous revenue | - | 691,340 | 691,340 |
| Total operating revenues | 3,484,644 | 3,758,767 | 274,123 |
| OPERATING EXPENSES | | | |
| Personal services | 82,721 | 73,691 | 9,030 |
| Contractual services | 3,265,148 | 4,339,604 | (1,074,456) |
| Materials and supplies | 300 | 110 | 190 |
| Reserves for claims | 3,214,171 | 368,710 | 2,845,461 |
| Repairs and maintenance | - | 1,774 | (1,774) |
| Total operating expenses | 6,562,340 | 4,783,889 | 1,778,451 |
| OPERATING INCOME (LOSS) | (3,077,696) | (1,025,122) | 2,052,574 |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Investment income | - | 1,046 | 1,046 |
| NET INCOME (LOSS) | <u>\$ (3,077,696)</u> | <u>(1,024,076)</u> | <u>\$ 2,053,620</u> |
| RETAINED EARNINGS, MAY 1 | | <u>927,280</u> | |
| RETAINED EARNINGS (DEFICIT), APRIL 30 | | <u>\$ (96,796)</u> | |

(See independent auditor's report.)

TRUST AND AGENCY FUNDS

Trust and Agency Funds consist of resources received from the non-Government sources and held by the Government as trustee or agent to be expended or invested in accordance with the conditions of the trust or in its agency capacity.

Pension Trust

Police and Firefighter's Pension - provides for payment of retirement benefits. Funding comes from property taxes, Government contributions, and employee contributions.

Agency

General Deposit - consists of security deposits made by contractors performing services for the Government.

Payroll - the monies for the Government payroll is deposited and drawn on this fund.

Special Assessment - to account for the collection of special assessments from property owners. The collections are used to pay off special assessment debt, for which the Government is not obligated.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING BALANCE SHEET
TRUST AND AGENCY FUNDS

April 30, 2002

| | Pension Trust | Agency | Totals |
|--|----------------------|---------------------|----------------------|
| ASSETS | | | |
| Cash | \$ 761,900 | \$ 2,805,095 | \$ 3,566,995 |
| Investments | 45,301,263 | - | 45,301,263 |
| Receivables | | | |
| Accrued interest | 477,909 | - | 477,909 |
| Payroll withholding receivable | - | 109,386 | 109,386 |
| Accounts receivable | - | 173,606 | 173,606 |
| Due from other funds | 9,155 | - | 9,155 |
| TOTAL ASSETS | \$ 46,550,227 | \$ 3,088,087 | \$ 49,638,314 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ 157,672 | \$ 157,672 |
| Accrued expenses | 650 | - | 650 |
| Due to other funds | 9,155 | - | 9,155 |
| Due to others | - | 543,307 | 543,307 |
| Refundable deposits | - | 2,373,878 | 2,373,878 |
| Deferred revenue | - | 13,230 | 13,230 |
| Total liabilities | 9,805 | 3,088,087 | 3,097,892 |
| FUND BALANCES | | | |
| Reserved for employees' retirement systems | 46,540,422 | - | 46,540,422 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 46,550,227 | \$ 3,088,087 | \$ 49,638,314 |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS

April 30, 2002

| | Police Pension | Firefighters' Pension | Totals |
|---|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 316,551 | \$ 445,349 | \$ 761,900 |
| Receivables | | | |
| Accrued interest | 267,211 | 210,698 | 477,909 |
| Due from other funds | 9,155 | - | 9,155 |
| Total receivables | 276,366 | 210,698 | 487,064 |
| Investments, at fair value | | | |
| U.S. government obligations | 15,091,510 | 12,802,888 | 27,894,398 |
| Securities | 9,055,088 | 7,051,050 | 16,106,138 |
| Insurance contracts | - | 1,300,727 | 1,300,727 |
| Total investments | 24,146,598 | 21,154,665 | 45,301,263 |
| Total assets | 24,739,515 | 21,810,712 | 46,550,227 |
| LIABILITIES | | | |
| Accrued expenses | - | 650 | 650 |
| Due to other funds | - | 9,155 | 9,155 |
| Total liabilities | - | 9,805 | 9,805 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS (Schedules of fund fund progress are presented on pages 44 & 45) | | | |
| | <u>\$ 24,739,515</u> | <u>\$ 21,800,907</u> | <u>\$ 46,540,422</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2002

| | Police Pension | Firefighters' Pension | Totals |
|---|-------------------|--------------------------|---------------|
| ADDITIONS | | | |
| Contributions - employer | | | |
| Property taxes | \$ 337,684 | \$ 771,936 | \$ 1,109,620 |
| Contributions - plan members | 347,472 | 291,620 | 639,092 |
| Total contributions | 685,156 | 1,063,556 | 1,748,712 |
| Donations | - | 7,157 | 7,157 |
| Net appreciation (depreciation) in fair value of investments | (1,373,538) | (1,012,703) | (2,386,241) |
| Investment income | | | |
| Interest earned on investments | 1,210,785 | 1,090,575 | 2,301,360 |
| Total investment income (loss) | (162,753) | 77,872 | (84,881) |
| Less investment expense | (33,971) | (25,491) | (59,462) |
| Net investment income (loss) | (196,724) | 52,381 | (144,343) |
| Total additions | 488,432 | 1,123,094 | 1,611,526 |
| DEDUCTIONS | | | |
| Pensions and refunds | 1,681,815 | 1,066,122 | 2,747,937 |
| Miscellaneous | | | |
| Contractual professional services | 34,388 | 19,440 | 53,828 |
| Total deductions | 1,716,203 | 1,085,562 | 2,801,765 |
| NET INCREASE (DECREASE) | (1,227,771) | 37,532 | (1,190,239) |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | |
| May 1 | 25,967,286 | 21,763,375 | 47,730,661 |
| April 30 | \$ 24,739,515 | \$ 21,800,907 | \$ 46,540,422 |

See accompanying notes to financial statements.

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CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2002

| | Balances May 1 | Additions | Deductions | Balances April 30 |
|--------------------------------|---------------------|------------------|-------------------|----------------------|
| ALL FUNDS | | | | |
| ASSETS | | | | |
| Cash | \$ 2,742,910 | \$ 62,185 | \$ - | \$ 2,805,095 |
| Investments | 259,776 | - | 259,776 | - |
| Accounts receivable | 192,813 | - | 19,207 | 173,606 |
| Payroll withholding receivable | 248,340 | - | 138,954 | 109,386 |
| TOTAL ASSETS | \$ 3,443,839 | \$ 62,185 | \$ 417,937 | \$ 3,088,087 |
| LIABILITIES | | | | |
| Accounts payable | \$ 272,998 | \$ 12,140 | \$ 127,466 | \$ 157,672 |
| Refundable deposits | 2,612,331 | - | 238,453 | 2,373,878 |
| Deferred revenue | 16,684 | - | 3,454 | 13,230 |
| Due to others | 541,826 | 1,481 | - | 543,307 |
| TOTAL LIABILITIES | \$ 3,443,839 | \$ 13,621 | \$ 369,373 | \$ 3,088,087 |
| GENERAL DEPOSIT FUND | | | | |
| ASSETS | | | | |
| Cash | \$ 2,352,555 | \$ 21,323 | \$ - | \$ 2,373,878 |
| Investments | 259,776 | - | 259,776 | - |
| TOTAL ASSETS | \$ 2,612,331 | \$ 21,323 | \$ 259,776 | \$ 2,373,878 |
| LIABILITIES | | | | |
| Deposits payable | \$ 2,612,331 | \$ - | \$ 238,453 | \$ 2,373,878 |
| TOTAL LIABILITIES | \$ 2,612,331 | \$ - | \$ 238,453 | \$ 2,373,878 |

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)
AGENCY FUNDS

For the Year Ended April 30, 2002

| | Balances May 1 | Additions | Deductions | Balances April 30 |
|--------------------------------|-------------------|------------------|-------------------|----------------------|
| PAYROLL FUND | | | | |
| ASSETS | | | | |
| Cash | \$ 24,658 | \$ 23,628 | \$ - | \$ 48,286 |
| Payroll withholding receivable | 248,340 | - | 138,954 | 109,386 |
| TOTAL ASSETS | \$ 272,998 | \$ 23,628 | \$ 138,954 | \$ 157,672 |
| LIABILITIES | | | | |
| Accounts payable | \$ 272,998 | \$ 12,140 | \$ 127,466 | \$ 157,672 |
| TOTAL LIABILITIES | \$ 272,998 | \$ 12,140 | \$ 127,466 | \$ 157,672 |
| SPECIAL ASSESSMENT FUND | | | | |
| ASSETS | | | | |
| Cash | \$ 365,697 | \$ 17,234 | \$ - | \$ 382,931 |
| Accounts receivable | 192,813 | - | 19,207 | 173,606 |
| TOTAL ASSETS | \$ 558,510 | \$ 17,234 | \$ 19,207 | \$ 556,537 |
| LIABILITIES | | | | |
| Deferred revenue | \$ 16,684 | \$ - | \$ 3,454 | \$ 13,230 |
| Due to others | 541,826 | 1,481 | - | 543,307 |
| TOTAL LIABILITIES | \$ 558,510 | \$ 1,481 | \$ 3,454 | \$ 556,537 |

See accompanying notes to financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

General Fixed Assets are those fixed assets of a governmental jurisdiction which are not accounted for in an Enterprise, Internal Service, or Trust Fund.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
GENERAL FIXED ASSETS ACCOUNT GROUP

April 30, 2002

| | |
|----------------------------|----------------------|
| GENERAL FIXED ASSETS | |
| Land | \$ 6,169,149 |
| Buildings and improvements | 28,704,083 |
| Equipment | 3,636,371 |
| Land improvements | <u>9,495,631</u> |
| TOTAL GENERAL FIXED ASSETS | <u>\$ 48,005,234</u> |
| BALANCE, BEGINNING OF YEAR | \$ 47,022,937 |
| General revenues | 982,297 |
| BALANCE, END OF YEAR | <u>\$ 48,005,234</u> |

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
GENERAL FIXED ASSETS ACCOUNT GROUP

April 30, 2002

| | |
|---------------------------------------|----------------------|
| ACQUIRED PRIOR TO APRIL 30, 1993, NET | \$ 26,197,327 |
| ACQUIRED SUBSEQUENT TO APRIL 30, 1993 | |
| General government | 12,804,184 |
| Public safety | 8,894,655 |
| Streets and alleys | <u>109,068</u> |
| TOTAL GENERAL FIXED ASSETS | <u>\$ 48,005,234</u> |

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
GENERAL FIXED ASSETS ACCOUNT GROUP

April 30, 2002

| | Balances May 1 | Additions | Deletions | Balances April 30 |
|---------------------------------------|-------------------|------------|-----------|----------------------|
| ACQUIRED PRIOR TO APRIL 30, 1993 | \$ 26,197,327 | \$ - | \$ - | \$ 26,197,327 |
| ACQUIRED SUBSEQUENT TO APRIL 30, 1993 | | | | |
| General government | 12,202,649 | 601,535 | - | 12,804,184 |
| Public safety | 8,513,893 | 380,762 | - | 8,894,655 |
| Streets and alleys | 109,068 | - | - | 109,068 |
| TOTAL GENERAL FIXED ASSETS | \$ 47,022,937 | \$ 982,297 | \$ - | \$ 48,005,234 |

(See independent auditor's report.)

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group accounts for long-term debt legally payable from federal revenues and backed by the full faith and credit of the City.

CITY OF HIGHLAND PARK, ILLINOIS
SCHEDULE OF LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP

April 30, 2002

AMOUNT TO BE
PROVIDED FOR THE RETIREMENT
OF GENERAL LONG-TERM DEBT

Amount to be provided for retirement
of general long-term debt

\$ 16,307,824

GENERAL LONG-TERM DEBT PAYABLE

Compensated absences payable
General obligation bonds payable

\$ 1,294,347

15,013,477

\$ 16,307,824

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

TOTAL EXPENDITURES AND EXPENSES BY FUNCTION

Last Ten Fiscal Years

| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General government and other | \$ 9,485,606 | \$ 8,413,411 | \$ 8,743,912 | \$ 7,199,292 | \$ 7,029,356 | \$ 6,863,584 | \$ 6,799,755 | \$ 6,844,989 | \$ 6,903,737 | \$ 6,852,283 |
| Public safety | 12,155,248 | 11,699,586 | 12,452,890 | 11,107,541 | 10,783,735 | 8,628,837 | 8,702,129 | 8,469,986 | 8,610,521 | 8,248,844 |
| Public works and capital outlay | 12,700,289 | 13,171,353 | 21,813,889 | 13,193,075 | 13,272,560 | 13,392,675 | 7,771,924 | 7,167,889 | 5,837,461 | 8,061,643 |
| Debt service | 4,107,476 | 3,175,152 | 3,642,742 | 3,414,607 | 3,297,079 | 3,163,056 | 4,726,976 | 6,224,280 | 5,291,025 | 4,723,825 |
| Contributions to IMRF | | | | | | | | | | |
| and Police/Firefighters' Pension | | | | | | | | | | |
| employers retirement benefits | 1,807,131 | 1,561,815 | 1,358,117 | 805,864 | 2,578,663 | 1,494,770 | 1,516,662 | 1,498,152 | 1,486,324 | 1,493,622 |
| Total governmental | 40,255,750 | 38,021,317 | 48,011,550 | 35,720,379 | 36,961,393 | 33,542,922 | 29,517,446 | 30,205,296 | 28,129,068 | 29,380,217 |
| Enterprises | | | | | | | | | | |
| Motor Vehicle Parking System | 455,996 | 638,333 | 195,589 | 250,072 | 449,458 | 361,198 | 467,687 | 300,849 | 323,274 | 276,586 |
| Water | 3,279,180 | 3,144,440 | 2,554,068 | 3,199,782 | 3,722,124 | 3,822,008 | 3,555,406 | 3,331,230 | 4,635,421 | 2,572,908 |
| Sewer maintenance | - | - | - | - | - | - | - | 561,095 | 453,059 | 20,050 |
| Highland Park Country Club | 3,038,149 | 2,827,119 | 2,735,284 | 2,893,484 | 3,692,003 | 2,894,144 | 2,229,776 | 2,799,276 | 2,348,494 | - |
| Equipment maintenance and replacement | 1,640,190 | 1,664,206 | 1,531,696 | 1,950,200 | 1,606,071 | 1,467,653 | 1,457,181 | 1,423,305 | 1,307,973 | 1,256,892 |
| Liability insurance | 4,783,889 | 3,477,837 | 3,539,745 | 3,019,207 | 2,643,806 | 3,262,246 | 3,040,478 | - | - | - |
| TOTALS | \$ 53,453,154 | \$ 49,773,252 | \$ 58,547,932 | \$ 47,033,124 | \$ 49,074,855 | \$ 45,350,171 | \$ 40,267,974 | \$ 38,621,051 | \$ 37,197,289 | \$ 33,506,653 |

Notes:

- (1) Expenditures of Pension Funds and Public Library Funds are not included in this table.
 - (2) Expenditures for services of the Internal Service Funds are included in this table, but are offset by service charges reflected on pages 95-96
- Internal Service Fund charges for liability insurance were previously reflected as general government expenditures prior to the adoption of GASB Statement 10.

CITY OF HIGHLAND PARK, ILLINOIS

TOTAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE OTHER THAN PROPERTY TAXES

Last Ten Fiscal Years

| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 |
|-------------------------------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OTHER LOCAL TAXES | | | | | | | | | | |
| Municipal sales tax (3) | \$ 10,706,499 | \$ 10,492,993 | \$ 10,060,364 | \$ 8,692,201 | \$ 7,766,292 | \$ 7,557,962 | \$ 7,391,301 | \$ 5,787,769 | \$ 5,379,062 | \$ 5,280,121 |
| Motor fuel tax allotments | 863,746 | 890,950 | 830,957 | 732,313 | 706,770 | 718,257 | 713,411 | 678,346 | 691,232 | 620,138 |
| Utility tax | 3,921,731 | 3,648,778 | 3,301,140 | 3,051,006 | 2,934,825 | 3,105,766 | 2,972,377 | 2,610,443 | 2,781,521 | 2,657,067 |
| Illinois state income tax | 1,872,494 | 2,420,065 | 2,260,531 | 2,519,150 | 2,383,183 | 2,182,272 | 2,031,189 | 1,755,166 | 1,800,174 | 1,923,446 |
| Illinois state replacement tax (1) | 197,481 | 202,102 | 220,690 | 204,330 | 200,191 | 175,872 | 168,703 | 148,579 | 140,210 | 104,948 |
| Cable television franchise tax | 376,300 | 319,456 | 267,931 | 239,813 | 240,205 | 236,045 | 221,971 | 206,552 | 202,233 | 193,575 |
| Real estate transfer tax | 1,787,298 | 1,938,210 | 1,734,500 | 1,624,035 | 1,349,335 | 1,052,010 | 1,114,080 | 1,041,455 | 1,057,670 | 915,780 |
| Franchise tax | 114,529 | 128,218 | 123,532 | 365,130 | 338,305 | 305,888 | 281,636 | 266,189 | 246,571 | 242,391 |
| Total other local taxes | 19,840,078 | 20,040,772 | 18,799,645 | 17,427,978 | 15,919,106 | 15,334,072 | 14,894,668 | 12,494,499 | 12,298,673 | 11,937,466 |
| LICENSES, PERMITS, AND FINES | 2,388,253 | - | 3,321,035 | 2,285,104 | 1,779,386 | 1,760,076 | 1,999,577 | 2,054,547 | 1,525,180 | 1,740,590 |
| INTEREST AND RENTAL INCOME | | | | | | | | | | |
| Investment income | 883,906 | 1,265,945 | 1,317,693 | 1,057,618 | 761,039 | 1,045,344 | 1,201,859 | 894,102 | 844,330 | 720,266 |
| Total interest and rental income | 883,906 | 1,265,945 | 1,317,693 | 1,057,618 | 761,039 | 1,045,344 | 1,201,859 | 894,102 | 844,330 | 720,266 |
| SERVICE CHARGES (1) | | | | | | | | | | |
| Internal Service Funds (2) | 5,391,862 | 3,619,345 | 5,156,808 | 5,085,181 | 5,075,905 | 4,321,418 | 4,078,409 | 1,913,939 | 1,910,322 | 1,909,646 |
| Other charges | 2,652,272 | 2,451,545 | 1,665,892 | 1,587,969 | 1,686,313 | 1,420,475 | 1,011,584 | 962,616 | 968,212 | 896,560 |
| Sewer maintenance charges | - | - | - | - | - | - | 450,892 | 356,907 | 190,158 | 184,756 |
| Miscellaneous | 1,404,223 | 34,543 | 710,418 | 599,638 | 676,837 | 588,291 | 486,056 | 92,169 | 124,135 | 72,827 |
| Total service charges | 9,448,357 | 6,105,433 | 7,533,118 | 7,272,788 | 7,439,055 | 6,330,184 | 6,026,941 | 3,325,631 | 3,192,827 | 3,063,789 |
| REVENUE FROM ENTERPRISES | | | | | | | | | | |
| Parking collections | 551,611 | 476,753 | 460,574 | 446,113 | 463,476 | 467,683 | 468,183 | 485,346 | 476,147 | 484,794 |
| Parking violations | 236,339 | 233,250 | 256,702 | 189,441 | 233,995 | 232,568 | 251,761 | 219,683 | 199,128 | 215,260 |
| Water sales and tap permits | 6,457,091 | 6,830,496 | 7,142,318 | 6,325,835 | 5,504,520 | 5,697,552 | 5,696,619 | 6,116,818 | 4,816,554 | 5,151,786 |
| Highland Park Country Club | 3,183,582 | 3,415,971 | 3,323,791 | 3,435,523 | 3,646,528 | 3,024,270 | 2,325,161 | 3,106,019 | 2,083,843 | 28,415 |
| Total revenue from enterprises | 10,428,623 | 10,956,470 | 11,183,385 | 10,396,912 | 9,848,519 | 9,422,073 | 8,741,724 | 9,927,866 | 7,575,672 | 5,880,255 |

CITY OF HIGHLAND PARK, ILLINOIS

TOTAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE OTHER THAN PROPERTY TAXES (Continued)

Last Ten Fiscal Years

| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUE FROM OTHER AGENCIES | | | | | | | | | | |
| Fire insurance tax | \$ - | \$ - | \$ 45,855 | \$ 45,194 | \$ 40,853 | \$ 41,696 | \$ 41,624 | \$ 39,930 | \$ 36,425 | \$ 36,340 |
| Regional Transportation Authority | 813,974 | 839,264 | 768,874 | 710,766 | 748,393 | 734,872 | 741,005 | 723,659 | 660,687 | 598,584 |
| State Department of Transportation reimbursement | 27,647 | - | - | - | - | - | - | - | - | - |
| Total revenue from other agencies | 841,621 | 839,264 | 814,729 | 755,960 | 789,246 | 776,568 | 782,629 | 763,589 | 697,112 | 634,924 |
| MISCELLANEOUS REVENUE (1) | | | | | | | | | | |
| | - | 144,680 | 2,876,689 | 2,268,938 | 997,995 | 837,990 | - | 1,616,433 | 1,652,424 | 1,793,420 |
| OTHER SOURCES OF FINANCIAL RESOURCES | | | | | | | | | | |
| Sale of property | - | - | - | - | - | - | - | - | - | - |
| Real estate | - | - | - | - | - | 1,356,613 | - | - | - | - |
| Personal property | 9,195 | - | - | - | - | - | - | - | - | - |
| Reimbursement - Fort Sheridan expenses | 4,052 | 165,505 | 184,446 | 558,117 | 1,427,377 | - | - | - | - | - |
| Proceeds from sale of bonds | - | 3,000,000 | 3,000,000 | - | 3,030,000 | 3,450,000 | 4,894,214 | - | - | 777,684 |
| Contributions from property owners | - | - | - | - | - | - | - | 117,771 | 46,944 | 91,079 |
| Total other sources of financial resources | 13,247 | 3,165,505 | 3,184,446 | 558,117 | 4,457,377 | 4,806,613 | 4,894,214 | 117,771 | 46,944 | 868,763 |
| TOTAL REVENUES | \$ 43,844,085 | \$ 42,518,069 | \$ 49,030,740 | \$ 42,023,415 | \$ 41,991,723 | \$ 40,312,970 | \$ 38,541,612 | \$ 31,194,438 | \$ 27,833,162 | \$ 26,639,473 |

Notes:

- (1) Revenues of Pension Funds and Public Library Funds are not included in the table.
- (2) Service charges of Internal Service Funds included in this table are eliminated by expenditures reflected in related funds on page 94.
- (3) Municipal sales tax revenues for fiscal 1996 and 1995 include \$338,427 and \$265,000, respectively, of incremental sales tax.

CITY OF HIGHLAND PARK, ILLINOIS

TAX REVENUES BY SOURCE

Last Ten Fiscal Years

| Fiscal Year | Total Taxes | Property Taxes * | Municipal Sales Tax | Vehicle Licenses Tax | Utility Tax | Illinois State Income Tax | Fire Insurance Tax | Motor Fuel Tax | Illinois State Replacement Taxes * | Franchise Tax | Real Estate Transfer Tax |
|-------------|---------------|------------------|---------------------|----------------------|--------------|---------------------------|--------------------|----------------|------------------------------------|---------------|--------------------------|
| 1993 | \$ 23,692,127 | \$ 11,086,762 | \$ 5,280,121 | \$ 582,936 | \$ 2,657,067 | \$ 1,923,446 | \$ 36,340 | \$ 620,138 | \$ 153,571 | \$ 435,966 | \$ 915,780 |
| 1994 | 24,042,045 | 11,329,332 | 5,379,062 | 579,848 | 2,781,521 | 1,800,174 | 36,425 | 691,232 | 140,210 | 246,571 | 1,057,670 |
| 1995 | 24,957,749 | 12,223,533 | 5,522,769 | 671,339 | 2,610,443 | 1,755,166 | 39,930 | 678,346 | 148,579 | 266,189 | 1,041,455 |
| 1996 | 27,027,475 | 11,990,490 | 7,032,874 | 681,091 | 2,972,377 | 2,031,189 | 41,624 | 713,411 | 168,703 | 281,636 | 1,114,080 |
| 1997 | 28,284,303 | 12,444,861 | 7,557,962 | 687,255 | 3,105,766 | 2,182,272 | 41,696 | 718,257 | 188,336 | 305,888 | 1,052,010 |
| 1998 | 30,346,597 | 13,932,723 | 7,766,292 | 681,656 | 2,934,825 | 2,383,183 | 40,853 | 706,770 | 212,655 | 338,305 | 1,349,335 |
| 1999 | 31,669,656 | 13,737,618 | 8,692,201 | 686,215 | 3,051,006 | 2,519,150 | 45,194 | 732,313 | 216,794 | 365,130 | 1,624,035 |
| 2000 | 33,549,557 | 13,932,723 | 10,060,364 | 738,872 | 3,301,140 | 2,260,531 | 45,855 | 830,957 | 233,152 | 391,463 | 1,734,500 |
| 2001 | 32,610,787 | 11,813,119 | 10,492,993 | 744,432 | 3,648,778 | 2,420,065 | - | 890,950 | 214,566 | 447,674 | 1,938,210 |
| 2002 | 32,422,567 | 12,261,393 | 10,706,499 | 684,932 | 3,921,731 | 1,872,494 | - | 863,746 | 209,945 | 114,529 | 1,787,298 |

* includes Component Unit - Library

CITY OF HIGHLAND PARK, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

| Tax Levy Year | Tax Levy as Abated (2) | Current Taxes Collected | | Percent of Levy Collected | Delinquent Taxes Collected in Current Year | Total Collections | Percent of Total Collections to Tax Levy |
|---------------------|------------------------------|-----------------------------|---------------|---------------------------------|--|----------------------|---|
| | | Fiscal Year Collected | Amount | | | | |
| 1992 | \$ 11,317,264 | 1994 | \$ 11,265,288 | 99.54% | \$ 49 | \$ 11,265,337 | 99.54% |
| 1993 | 12,377,200 | 1995 | 12,322,296 | 99.56% | - | 12,322,296 | 99.56% |
| 1994 | 11,922,405 | 1996 | 11,932,063 | 100.08% | 187 | 11,932,250 | 100.08% |
| 1995 | 12,243,365 | 1997 | 12,444,668 | 101.64% | 193 | 12,444,861 | 101.65% |
| 1996 | 12,796,148 | 1998 | 12,761,865 | 99.73% | - | 12,761,865 | 99.73% |
| 1997 | 13,732,515 | 1999 | 13,737,608 | 100.04% | - | 13,737,608 | 100.04% |
| 1998 | 14,033,480 | 2000 | 13,921,143 | 99.20% | 12,731 | 13,933,874 | 99.29% |
| 1999 | 11,870,900 | 2001 | 11,840,448 | 99.74% | - | 11,840,448 | 99.74% |
| 2000 | 11,877,136 | 2002 | 12,261,276 | 103.23% | - | - | 0.00% |
| 2001 | 12,091,887 | 2003 | - | 0.00% | - | - | 0.00% |

Notes:

- (1) Lake County does not furnish information relating to delinquent taxes collected for the applicable levy year. Amounts shown in this column are collections in the year indicated of delinquent taxes applicable to prior years' tax levies.
- (2) Tax levy as abated represents total assessments extended by the City tax rate plus levies on the special service areas and the tax increment financing area.
- (3) The 2001 tax levy has not been collected as of the report date.

CITY OF HIGHLAND PARK, ILLINOIS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years

| Fiscal Year | Tax levy Year | Real Estate | Railroads | Total | Actual Value- Real Property Only (1) | Ratio of Total Assessed Valuation to Estimated Actual Value of Real Property |
|----------------|------------------|----------------|------------|----------------|--|---|
| 1993 | 1992 | \$ 993,436,944 | \$ 120,263 | \$ 993,557,207 | \$ 2,980,665,670 | 33% |
| 1994 | 1993 | 1,039,918,142 | 161,386 | 1,040,079,528 | 3,120,232,345 | 33% |
| 1995 | 1994 | 1,072,916,693 | 191,599 | 1,073,108,292 | 3,219,318,439 | 33% |
| 1996 | 1995 | 1,123,479,684 | 270,590 | 1,123,750,274 | 3,371,183,398 | 33% |
| 1997 | 1996 | 1,168,607,177 | 664,878 | 1,169,272,055 | 3,505,821,531 | 33% |
| 1998 | 1997 | 1,217,422,985 | 592,237 | 1,218,015,222 | 3,654,045,666 | 33% |
| 1999 | 1998 | 1,261,465,625 | 546,614 | 1,262,012,239 | 3,789,036,717 | 33% |
| 2000 | 1999 | 1,373,523,348 | 506,220 | 1,374,029,568 | 4,122,088,704 | 33% |
| 2001 | 2000 | 1,475,263,231 | 524,343 | 1,475,787,574 | 4,427,362,722 | 33% |
| 2002 | 2001 | 1,672,971,197 | 547,054 | 1,673,518,251 | 5,020,554,753 | 33% |

(1) Based on comparable 33% assessment ratios - real property only.

CITY OF HIGHLAND PARK, ILLINOIS

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years
(Cents per hundred dollars)

| Fiscal Year | Tax Levy Year | County | Forest Preserve | Township | Sanitary | College of Lake County | High School | Elementary School | Mosquito Abatement | City | Park District | Total Tax |
|-------------|---------------|--------|-----------------|----------|----------|------------------------|-------------|-------------------|--------------------|-------|---------------|-----------|
| 1994 | 1992 | 0.529 | 0.136 | 0.060 | 0.211 | 0.220 | 1.862 | 2.687 | 0.010 | 0.995 | 0.521 | 7.231 |
| 1995 | 1993 | 0.519 | 0.158 | 0.060 | 0.202 | 0.219 | 1.839 | 2.962 | 0.011 | 1.045 | 0.372 | 7.387 |
| 1996 | 1994 | 0.520 | 0.157 | 0.061 | 0.196 | 0.220 | 1.863 | 3.661 | 0.012 | 0.976 | 0.377 | 8.043 |
| 1997 | 1995 | 0.523 | 0.156 | 0.058 | 0.192 | 0.220 | 1.855 | 2.66 | 0.012 | 0.962 | 0.377 | 7.015 |
| 1998 | 1996 | 0.525 | 0.156 | 0.054 | 0.185 | 0.220 | 1.861 | 2.665 | 0.012 | 0.932 | 0.376 | 6.986 |
| 1999 | 1997 | 0.531 | 0.155 | 0.055 | 0.186 | 0.222 | 1.882 | 2.925 | 0.013 | 0.913 | 0.382 | 7.264 |
| 2000 | 1998 | 0.531 | 0.157 | 0.056 | 0.181 | 0.221 | 1.884 | 2.914 | 0.012 | 0.885 | 0.385 | 7.226 |
| 2001 | 1999 | 0.521 | 0.187 | 0.052 | 0.172 | 0.213 | 2.088 | 2.871 | 0.012 | 0.812 | 0.380 | 7.308 |
| 2002 | 2000 | 0.521 | 0.231 | 0.051 | 0.167 | 0.235 | 2.060 | 2.804 | 0.012 | 0.776 | 0.376 | 7.233 |
| 2003 | 2001 | 0.516 | 0.221 | 0.048 | 0.160 | 0.211 | 1.957 | 2.624 | 0.012 | 0.701 | 0.355 | 6.805 |

CITY OF HIGHLAND PARK, ILLINOIS

RATIO OF GENERAL BONDED DEBT TO EQUALIZED ASSESSED
VALUATION AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last Ten Fiscal Years

| Fiscal Year | (a) Estimated Population | | (b) Equalized Assessed Valuation | (c) General Bonded Debt | Ratio of General Bonded Debt to Equalized Assessed Valuation | General Bonded Debt Per Capita |
|----------------|--------------------------------|-----|---|----------------------------------|---|--------------------------------------|
| 1993 | 30,575 | (1) | \$ 993,557,207 | \$ 29,175,000 | 0.0294 | 954.21 |
| 1994 | 30,575 | (1) | 1,040,079,528 | 33,970,000 | 0.0327 | 1,111.04 |
| 1995 | 30,575 | (1) | 1,073,108,282 | 28,745,000 | 0.0268 | 940.15 |
| 1996 | 30,575 | (1) | 1,123,750,274 | 29,315,000 | 0.0261 | 958.79 |
| 1997 | 30,575 | (1) | 1,169,272,055 | 26,330,000 | 0.0225 | 861.16 |
| 1998 | 30,575 | (1) | 1,218,015,222 | 28,030,000 | 0.0230 | 916.76 |
| 1999 | 30,575 | (1) | 1,262,012,239 | 28,930,000 | 0.0229 | 946.20 |
| 2000 | 30,575 | (1) | 1,374,029,568 | 30,315,000 | 0.0221 | 991.50 |
| 2001 | 31,365 | (2) | 1,475,787,574 | 29,890,000 | 0.0203 | 952.97 |
| 2002 | 31,365 | (2) | 1,673,518,251 | 25,815,755 | 0.0154 | 823.08 |

Notes:

(1) 1990 census.

(2) 2000 census.

Data Sources

(a) U.S. Census Bureau

(b) County Clerk

(c) City of Highland Park Finance Department

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2002

Under the 1970 Illinois Constitution, there is no legal limit for home rule municipalities except as set by the General Assembly.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

April 30, 2002

| Governmental unit | Gross Debt | Percentage Debt Applicable to the City of Highland Park (1) | City of Highland Park Share of Debt |
|--------------------------------------|-----------------------|---|-------------------------------------|
| City of Highland Park (2) | \$ 25,815,755 | 100.00% | \$ 25,815,755 |
| Lake County | 39,740,742 | 9.18% | 3,648,200 |
| Lake County Forest Preserve District | 228,503,289 | 9.18% | 20,976,602 |
| North Shore Sanitary District | 13,751,921 | 26.13% | 3,593,377 |
| Schools | | | |
| Elementary | | | |
| District No. 106 | 1,660,000 | 3.39% | 56,274 |
| District No. 109 | 42,945,000 | 5.09% | 2,185,901 |
| District No. 112 | 63,255,000 | 93.78% | 59,320,539 |
| District No. 113 | 66,615,000 | 58.40% | 38,903,160 |
| College of Lake County | 14,853,146 | 9.68% | 1,437,785 |
| | <u>471,324,098</u> | | <u>130,121,838</u> |
| | <u>\$ 497,139,853</u> | | <u>\$ 155,937,593</u> |

(1) Determined by ratio of assessed valuation of property subject to taxation in the City of Highland Park to valuation of property subject to taxation in overlapping unit.

CITY OF HIGHLAND PARK, ILLINOIS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES

Last Ten Fiscal Years

| Fiscal Year | Principal* | Interest* | Total Debt Service on General Bonded Debt | Total General Governmental Expenditures | Ratio of Bonded Debt to General Governmental Expenditures |
|----------------|--------------|--------------|--|--|---|
| 1993 | \$ 3,103,000 | \$ 1,598,983 | \$ 4,701,983 | \$ 30,918,119 | 15.21% |
| 1994 | 4,275,000 | 1,933,247 | 6,208,247 | 29,837,346 | 20.81% |
| 1995 | 5,225,000 | 2,238,550 | 7,463,550 | 31,512,116 | 23.68% |
| 1996 | 4,405,000 | 1,531,437 | 5,936,437 | 31,322,520 | 18.95% |
| 1997 | 3,030,000 | 1,350,857 | 4,380,857 | 35,586,643 | 12.31% |
| 1998 | 5,070,000 | 1,292,808 | 6,362,808 | 34,739,311 | 18.32% |
| 1999 | 3,400,000 | 1,314,854 | 4,714,854 | 37,242,662 | 12.66% |
| 2000 | 2,565,000 | 1,012,579 | 3,577,579 | 48,011,550 | 7.45% |
| 2001 | 2,925,000 | 1,261,758 | 4,186,758 | 38,021,317 | 11.01% |
| 2002 | 3,725,000 | 1,274,159 | 4,999,159 | 40,255,750 | 12.42% |

* Excludes Special Service Area Bonds and in-substance defeasance of general obligation bonds.

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL TAXPAYERS

April 30, 2002

| (2) Taxpayer | Business/Service | (1) 2001 Equalized Assessed Valuation |
|--|------------------------|---|
| Toys R Us - Delaware Inc. | Retail Store | \$ 5,782,188 |
| Renaissance Place, LLC | Business/Retail Center | 4,993,498 |
| American NB Trust of Chicago - Americana Apartments | Real Property | 4,448,690 |
| Dayton Hudson Corporation | Retail Store | 4,205,207 |
| Port Clinton Associates | Business/Retail Center | 3,794,046 |
| Federal Realty Investment Trust | Business/Retail Center | 3,625,548 |
| Highland Park Hospital | Healthcare | 3,134,457 |
| Illinois Bell | Utility | 2,893,074 |
| Highland Park Convalescent Center Assoc. | Senior Care Facility | 2,771,741 |
| Solo Cup Company | Business | 2,548,701 |
| | | <u>\$ 38,197,150</u> |

Notes:

(1) Source: Lake County.

(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2001 EAV is the most current available for all taxpayers.

CITY OF HIGHLAND PARK, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year | (1) Population | (1) Per Capita Income | (2) School Enrollment | (3) Unemployment Rate | (1) Median Age | (1) College Degree |
|----------------|-------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|--------------------------|
| 1993 | 30,575 | \$ 43,394 | 5,745 | 3.8% | 37.8 | 47.0% |
| 1994 | 30,575 | 43,394 | 5,528 | 3.2% | 37.8 | 47.0% |
| 1995 | 30,575 | 43,394 | 5,749 | 2.2% | 37.8 | 47.0% |
| 1996 | 30,575 | 43,394 | 5,816 | 2.4% | 37.8 | 47.0% |
| 1997 | 30,575 | 43,394 | 5,759 | 2.0% | 38.1 | 47.0% |
| 1998 | 30,575 | 43,394 | 5,803 | 1.8% | 38.1 | 47.0% |
| 1999 | 30,575 | 43,394 | 5,907 | 1.5% | 38.1 | 47.0% |
| 2000 | 30,575 | 43,394 | 5,919 | 1.8% | 38.1 | 47.0% |
| 2001 | 31,365 | 80,128 | 6,034 | 2.3% | 36.1 | 61.6% |
| 2002 | 31,365 | 55,331 | 6,034 | 3.7% | 40.6 | 61.6% |

Notes:

(1) U.S. Census Bureau.

(2) Highland Park School Districts.

(3) Illinois Department of Employment Security.

CITY OF HIGHLAND PARK, ILLINOIS
PROPERTY VALUE AND BANK DEPOSITS

Last Ten Fiscal Years

| Fiscal Year | (1) Residential | (1) Farm | (1) Commercial | (1) Industrial | (1) Railroad | (1) Total Property Values | (2) Commercial Bank Deposits (in 00s) |
|----------------|--------------------|-------------|-------------------|-------------------|-----------------|------------------------------------|---|
| 1993 | \$ 902,154,554 | \$ 532,681 | \$ 89,362,184 | \$ 1,387,525 | \$ 120,263 | \$ 993,557,207 | \$ 771,849 |
| 1994 | 950,738,107 | 585,283 | 87,163,030 | 1,431,722 | 161,386 | 1,040,079,528 | 722,264 |
| 1995 | 983,533,623 | 601,252 | 87,077,532 | 1,704,286 | 191,599 | 1,073,108,292 | 706,028 |
| 1996 | 1,031,768,542 | 619,648 | 89,341,753 | 1,749,741 | 270,590 | 1,123,750,274 | 805,573 |
| 1997 | 1,076,596,142 | 637,731 | 89,580,072 | 1,793,232 | 664,878 | 1,169,272,055 | 782,687 |
| 1998 | 1,124,994,212 | 1,936 | 90,593,142 | 1,833,695 | 592,237 | 1,218,015,222 | NA |
| 1999 | 1,167,800,283 | 937,150 | 90,834,062 | 1,894,130 | 546,614 | 1,262,012,239 | NA |
| 2000 | 1,233,581,123 | 980,639 | 136,971,426 | 1,990,160 | 506,220 | 1,374,029,568 | NA |
| 2001 | 1,328,590,213 | 1,070,829 | 143,475,204 | 2,127,005 | 524,343 | 1,475,787,524 | NA |
| 2002 | 1,510,686,423 | 1,169,589 | 158,582,154 | 2,533,031 | 547,054 | 1,673,518,251 | NA |

NA - Not available

Notes:

- (1) Lake County Extension Office.
- (2) Federal Deposit Insurance Corporation.

CITY OF HIGHLAND PARK, ILLINOIS

MISCELLANEOUS STATISTICS

April 30, 2002

| | | | | |
|--|------|--------|------|-----------------|
| Date of incorporation | | | | March 11, 1869 |
| Form of government | | | | Council-Manager |
| Area - square miles | | | | 12 |
| Miles of streets | | | | |
| Paved | | | | 154 |
| Graded | | | | 2 |
| Total | | | | 156 |
| Miles of Sewers | | | | |
| Storm | | | | 150 |
| Sanitary | | | | 117 |
| Total | | | | 267 |
| Fire protection | | | | |
| Number of stations | | | | 3 |
| Number of employees | | | | 58 |
| Police protection | | | | |
| Number of stations | | | | 1 |
| Number of officers | | | | 60 |
| Recreation | | | | |
| Parks - number of acres | | | | 600 |
| Number of playgrounds | | | | 29 |
| Education | | | | |
| Number of public school buildings | | | | 12 |
| Number of certified teachers | | | | 560 |
| Number of students registered | | | | 6,270 |
| Municipal water system | | | | |
| Number of customers | | | | 10,392 |
| Average daily consumption (gallons) | | | | 10,000,000 |
| Plant capacity (rated) - per day (gallons) | | | | 21,000,000 |
| Miles of water mains (approximate) | | | | 150 |
| Number of fire hydrants (approximate) | | | | 1,650 |
| Number of street lights | | | | 1,420 |
| Employees | | | | 332 |
| Population | | | | |
| | 1880 | 1,154 | 1940 | 14,332 |
| | 1890 | 2,163 | 1950 | 16,808 |
| | 1900 | 2,906 | 1960 | 25,532 |
| | 1910 | 4,209 | 1970 | 32,263 |
| | 1920 | 6,167 | 1980 | 30,611 |
| | 1930 | 12,203 | 1990 | 30,575 |
| | | | 2000 | 31,365 |

Source of information: U.S. Census Bureau and city records.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF SPECIAL ASSESSMENT PRINCIPAL INSTALLMENT COLLECTIONS

Last Ten Fiscal Years

| Fiscal Year | Current Installments Due | Current Installments Paid | Percent of Current Installments Paid | Total Installments Paid* | Total Delinquent Installments Receivable |
|-------------|--------------------------|---------------------------|--------------------------------------|--------------------------|--|
| 1993 | \$ 36,382 | \$ 22,657 | 62.28 | \$ 120,871 | \$ 20,964 |
| 1994 | 28,435 | 19,416 | 68.28 | 53,339 | 23,129 |
| 1995 | 28,009 | 19,169 | 68.44 | 123,030 | 23,014 |
| 1996 | 17,549 | 10,880 | 62.00 | 55,605 | 21,113 |
| 1997 | 15,036 | 10,302 | 68.52 | 33,879 | 17,686 |
| 1998 | 14,011 | 9,523 | 67.97 | 24,840 | 19,529 |
| 1999 | 10,749 | 8,012 | 74.54 | 21,317 | 18,062 |
| 2000 | 8,724 | 5,373 | 61.59 | 6,704 | 18,567 |
| 2001 | 9,785 | 6,431 | 65.72 | 10,846 | 16,157 |
| 2002 | 5,541 | 3,843 | 69.35 | 6,284 | 1,649 |

* Includes amounts received on current, delinquent, and future installments.