

CITY OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Year Ended
April 30, 2004

Prepared by Finance Department

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CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2004

LEGISLATIVE

Michael D. Belsky, Mayor

City Council

Mari A. Barnes

Scott Levenfeld

Michael C. Brenner

Steven W. Mandel

James R. Kirsch

Lawrence E. Silberman

Shirley A. Fitzgerald, City Clerk

ADMINISTRATIVE

David M. Limardi, City Manager

Elizabeth A. Spencer, Finance Director

THE CITIZENS OF HIGHLAND PARK

Mayor and City Council
 Michael D. Belsky, Mayor
 Mari A. Barnes Scott Levenfeld
 Michael C. Brenner Steven W. Mandel
 James R. Kirsch Lawrence D. Silberman

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 Prevention Commission
 Housing Commission
 Human Relations Commission
 Lakefront Commission
 Library Board
 Plan Commission
 Police Pension Board
 Ravinia Festival Community Relations Commission
 Telecommunications Commission
 Traffic Commission
 Zoning Board of Appeals

City Manager
 David Limardi

City Treasurer
 Ronald Zweig

Corporation Counsel
 Steven Elrod

Asst. City Manager
 Patrick Brennan

Asst. City Manager
 William Jones

Dir of Community Devel
 Michael Blue

Fire Chief
 David Campagni

Director of Finance
 Elizabeth Spencer

Chief of Police
 Paul Shafer

Director of Public Works
 Mary Anderson

City Clerk
 Shirley Fitzgerald

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, 2003

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.



President

Executive Director



CITY OF HIGHLAND PARK

1707 ST. JOHN'S AVENUE
HIGHLAND PARK, ILLINOIS 60035
(847) 432-0800

November 10, 2004

To: Mayor and City Council
And the Citizens of Highland Park

The Comprehensive Annual Financial Report (CAFR) of the City of Highland Park (City) for the fiscal year ended April 30, 2004, is hereby submitted. The City's CAFR is presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The City's financial statements have been audited by Sikich Gardner & Co, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended April 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended April 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Highland Park, incorporated in 1869, has a long-standing heritage as one of the prestigious communities along Chicagoland's "north shore" of Lake Michigan. The City currently occupies a land area of 12.25 square miles, located 26 miles north of Chicago, and serves a population of 30,262. The City automatically became a home-rule unit of government when the 1970 Illinois Constitution was adopted because it had a population in excess of 25,000. As a home-rule entity, The City has no tax rate

or debt limits, nor is it required to conduct a referendum to authorize the issuance of debt or to increase property taxes.

The City has operated under the council-manager form of government since a 1951 referendum. Policy-making and legislative authority are vested in a seven-member Council composed of a mayor and six council members elected on an at-large basis for four year, staggered terms. The City Council appoints the City Manager, Treasurer, City Clerk, and Corporation Counsel. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City provides a full range of services, including police and fire protection; community and economic development; construction and maintenance of the City's streets and other infrastructure; water, sewer, and parking services; youth and senior services; local transit service; and operation of the Highland Park Country Club. The CAFR also includes the activities of the Police and Firefighters' Pension Funds, as well as the Highland Park Public Library, although control of these funds rests with independent boards.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's Director of Finance so that a budget may be prepared. The City Manager then presents a proposed budget to the City Council for review in March. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than April 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager is authorized to transfer budgeted amounts between departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. Also provided is a schedule of detailed expenditures comparing budget and actual information for the General Fund at the function, department, and object level.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the economic environment within which the City of Highland Park operates.

Local economy. The City currently enjoys a favorable economic environment and local indicators point to continued stability. The economic outlook remains very strong as the City's stable tax base increased by 9.0% this past fiscal year. The unemployment rate for the City is currently 3.3%, down from 3.5% in 2003. This rate compares favorably when compared to the 5.2% rate for Lake County and 6.1% rate for the State of Illinois. The total value of building permits in the City for fiscal year 2004 was \$127 million, nearly double the \$69 million recorded in fiscal year 2003. In 2004, 105 residential building permits were issued, compared to 72 for the prior year. The per capita income of the City's labor force was \$55,331 according to the latest census, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

Long-term financial planning. 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. The City has taken action to ensure that funding for the existing infrastructure will be increased. Effective January 1, 2003, an additional one-half percent home-rule sales tax was imposed on the sale of general merchandise. This incremental tax is expected to yield approximately \$2 million in additional sales tax revenue per year. This revenue is pledged to infrastructure improvements and the abatement of the debt service property tax levy planned for various projects, including the following:

- Construction has begun on a 55,000 square foot addition to the Highland Park Country Club clubhouse. The facility will house an indoor swimming pool, running track, basketball courts, fitness center and other amenities to replace the current Karger Center. The \$12.3 million project will be funded primarily by the Park District, but the City will serve as the construction contract administrator and contribute up to \$2 million towards the project.
- The City will soon begin construction of a 50,000 square foot state-of-the-art policing facility. Upon completion of the Police Headquarters, the City will have rebuilt or renovated all major City facilities.

The City continues an aggressive capital plan for infrastructure improvements, committing \$3.6 million per year for street, bridge, sanitary sewer, ravine remediation and storm sewer improvements. An additional \$1 million in water revenues are pledged for capital improvements to the water production and distribution systems.

Cash management policies and practices. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, repurchase agreements, the Illinois Public Treasurer's investment pool, and other securities. The majority of investments reported are in the Police and Firefighters' Pension Trust Funds, which earned rates of return of 8.86% and 7.36%, respectively, for the current fiscal year. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

Risk management. On May 1, 2002, the City became a member of the Intergovernmental Risk Management Agency (IRMA), a risk pool comprised of approximately 80 governmental entities throughout the Chicagoland area. IRMA's risk management program is administered in-house by IRMA staff, and all member agencies are required to make a strong commitment to effective public risk management. All covered losses of IRMA members, including those within the member's deductible, are processed by IRMA's professional, self-administered claims staff. IRMA provides a coverage limit of \$10,000,000 for all general, auto, and police liability; a \$30,000,000 coverage limit on workers' compensation; and a \$250,000,000 coverage limit on property. The City continues to be self-insured for all health care claims.

Pension and other postemployment benefits. The City sponsors two single-employer defined benefit pension plans for its public safety employees – a Police Pension Plan and a Firefighters' Pension Plan. Each year, an independent actuary calculates the amount of the annual contribution the City must make to the pension plans to ensure that they will be able to fully meet obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. The unfunded liability is being amortized in accordance with Illinois Statutes requiring plans to be fully funded by 2033.

The City also provides pension benefits for its non-public-safety employees through the Illinois Municipal Retirement Fund, an agent-multiple-employer plan managed by the State of Illinois. The City funds the plan via the required contribution employer rate determined annually by the State.

The City also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 126 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City's pension plans and postemployment benefits can be found in notes to the financial statements.

Awards and Acknowledgements

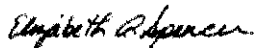
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2003. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied GAAP, applicable legal requirements, and specific program requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the Fiscal Year ending April 30, 2005. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department, as well as the cooperation of all operating departments of the City. Most importantly, the Mayor, City Council and City Manager are recognized for their leadership and interest in planning and conducting the financial operations of the City in a responsible and prudent manner.

Respectfully submitted,



Elizabeth A. Spencer
Finance Director



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 basic financial statements and the combining and individual fund financial statements of the City of Highland Park, Illinois, as of and for the year ended April 30, 2004, 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 basic 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, 2004, 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 and individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the City of Highland Park, Illinois, as of April 30, 2004, and the results of operations of such funds and cash flows of individual proprietary funds for the year then ended.

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

The Management's Discussion and Analysis and the other required supplementary information listed in the table of contents is not a required part of the basic financial statements and the combining and individual fund 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.

A handwritten signature in cursive script that reads "Sikich Gaudner & Co, LLP". The signature is written in dark ink and is positioned to the right of the date and location text.

Aurora, Illinois
September 10, 2004

Management's Discussion and Analysis

As management of the City of Highland Park (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-vii of this report. As this is the City's first year to report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, comparative financial data has not been provided. Such comparatives will be added in the Fiscal Year 2005 report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$86.6 million (net assets). Of this amount, \$16.8 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,070,404 during the 2004 fiscal year. Business-type activities resulted in a \$1,605,073 increase, while net assets of governmental activities decreased by \$534,669.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20.5 million, an increase of \$5.5 million in comparison with the prior year. It is important to note that this increase is due primarily to the sale of land which resulted in one-time revenue of \$3,876,013. \$17.5 million, representing 85% of the total, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance of the general fund was \$11,751,196, or 39% of total general fund revenues, exceeding the City's policy of 25-33%. With the one-time land sale proceeds excluded, the City's fund balance was 26% of general fund revenues.
- The City's total bonded debt increased by \$4.3 million (14%) during the current fiscal year. The key factor in this increase was the issuance of \$9 million in general obligation bonds for various capital improvements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the

change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, economic and physical development, transit, commissions and interest costs. The business-type activities of the City include a parking system, water utility, and operations of the Highland Park Country Club.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate library for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 14-16 of this report.

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

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *street and bridge fund*, *debt service fund*, and the 2002 general obligation bonds capital projects fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation labeled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the *combining statements and schedules* provided on pages 78-85 in this report.

The City adopts an annual appropriated budget for its governmental funds. Budgetary comparisons have been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Parking, Water, and Country Club operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment maintenance and replacement, as well as insurance activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the Parking, Water, and Country Club operations, all of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining and individual fund statements and schedules* on pages 89-93 in this report.

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-60 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Budgetary comparisons for the general fund and street and bridge fund are provided, as well as information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 61-70 of this report.

The combining statements and schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71-97 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$86.6 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (78%) is its investment in capital assets - land, buildings, machinery, and equipment - less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt

must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (3%) represents resources that are subject to external restrictions on how they may be used. The remaining \$16.8 million balance of *unrestricted net assets* (19% of total) may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Highland Park's Net Assets
April 30, 2004**

	Governmental Activities	Business-Type Activities	Total
Current and Other Assets	\$33,189,531	2,807,747	35,997,278
Capital Assets	59,525,294	42,719,103	102,244,397
Total Assets	92,714,825	45,526,850	138,241,675
Long-Term Liabilities Outstanding	28,321,644	10,093,770	38,415,414
Other Liabilities	12,516,969	757,047	13,274,016
Total Liabilities	40,838,613	10,850,817	51,689,430
Net Assets:			
Capital Assets, net of Debt	34,615,233	32,604,103	67,219,336
Restricted	2,549,447	0	2,549,447
Unrestricted	14,711,532	2,071,930	16,783,462
Total Net Assets	51,876,212	34,676,033	86,552,245

At the end of the current fiscal year, the City reports positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City has adopted a philosophy of funding capital improvements to a large extent on a pay-as-you-go basis, and retires debt obligations quickly, resulting in the positive net asset calculations.

The City's net assets increased by \$1,070,404 during the current fiscal year. A breakdown of the change in net assets follows:

Water Utility	\$1,103,275
Parking System	(179,790)
Country Club	681,588
Governmental Activities	(534,669)

City of Highland Park's Changes in Net Assets

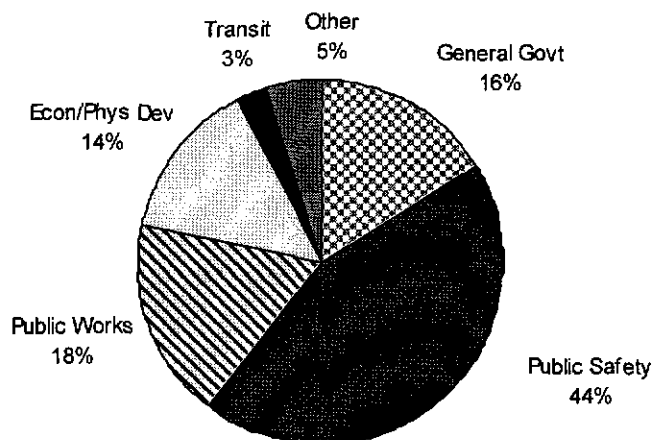
	Governmental Activities	Business-Type Activities	Total
Revenues			
Program Revenues			
Charges for Services	\$7,348,468	10,832,785	18,181,253
Operating Grants	858,067	0	858,067
Capital Grants	556,361	0	556,361
General Revenues			
Property Taxes	9,887,448	0	9,887,448
Sales Taxes	12,038,527	0	12,038,527
Other Taxes	9,415,910	0	9,415,910
Other	997,658	16,958	1,014,616
TOTAL REVENUES	41,102,439	10,849,743	51,952,182

City of Highland Park's Changes in Net Assets (continued)

	Governmental Activities	Business-Type Activities	Total
Expenses			
General Government	\$6,841,255	0	6,841,255
Public Safety	18,632,313	0	18,632,313
Public Works	7,489,204	0	7,489,204
Economic/Physical Development	5,889,721	0	5,889,721
Transit	1,148,215	0	1,148,215
Commissions	1,450,664	0	1,450,664
Interest	676,833	0	676,833
Parking	0	927,189	927,189
Water	0	5,285,414	5,285,414
Country Club	0	2,540,970	2,540,970
TOTAL EXPENSES	42,128,205	8,753,573	50,881,778
Increase in net assets before transfers	(1,025,766)	2,096,170	1,070,404
Transfers	491,097	(491,097)	0
Increase in Net Assets	(534,669)	1,605,073	1,070,404

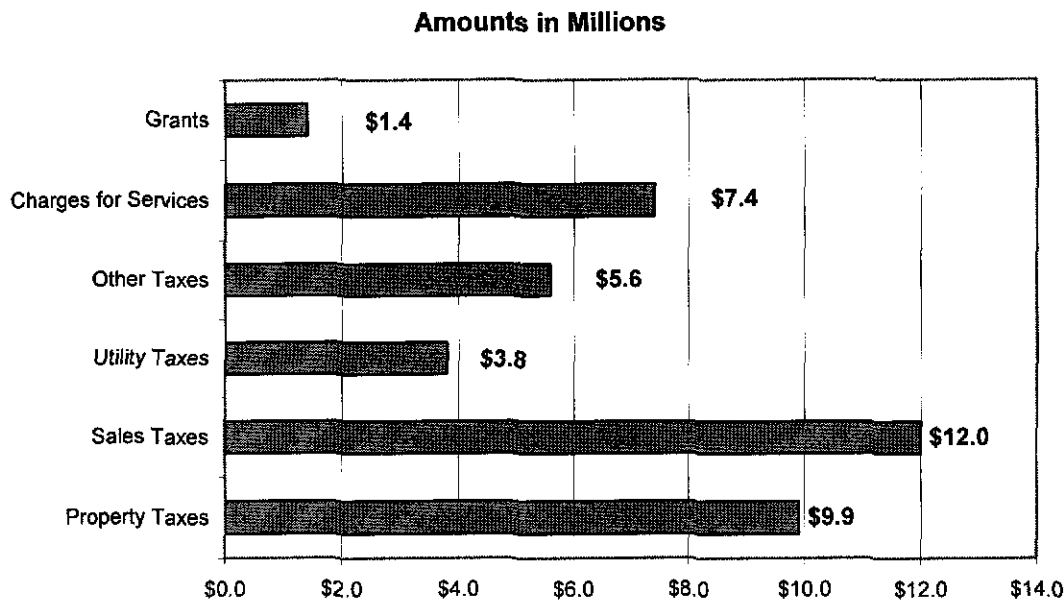
- Property tax revenue increased by \$23,293 (less than 1%) over the prior year. Although the City is a home-rule municipality and not subject to property tax limitations, the property tax levy has increased by an average of 1.1% per year over the past ten years.
- Sales tax revenue increased by \$2,024,169 (20%) over the prior year due to an increase in the home rule sales tax rate effective January 1, 2003. The increased sales tax revenue is dedicated to capital improvements and debt service associated with the City's five-year capital improvement plan.
- In addition to the residents of Highland Park, the City's water utility provides water to four neighboring jurisdictions by intergovernmental agreement. Outside water sales account for approximately 45% of the total water sales.

Expenses and Program Revenues — Governmental Activities



Public Safety expenses (police and fire) account for the greatest percent of governmental activities with 44%, followed by public works, general government, and economic/physical development.

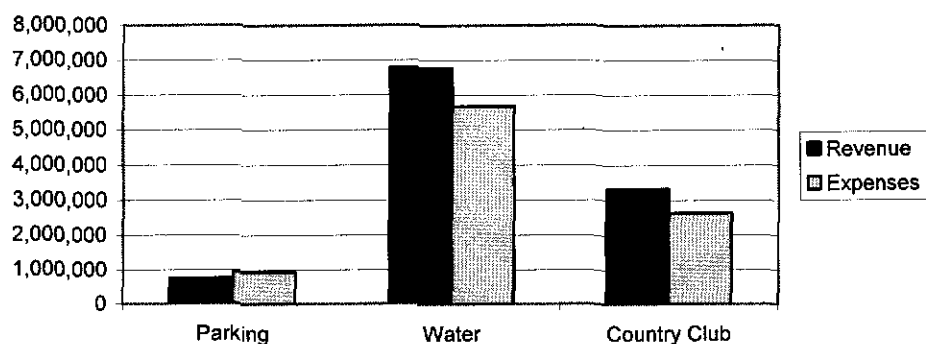
Revenues by Source – Governmental Activities



Sales taxes account for the greatest proportion of funding for governmental activities, followed by property taxes and charges for services. Growth in expenses has been closely monitored for four consecutive years, with operating departments mandated to contain non-personnel related costs. However, the City has continued an aggressive capital improvement plan, investing \$3.6 million annually in street, sewer and ravine improvements from governmental revenues. The City is constructing a new Police Headquarters and, with the Park District, is jointly funding construction of a Recreation Center adjacent to the Highland Park Country Club.

Business-Type Activities

Business-type activities increased the City's net assets by \$1.6 million, offsetting a reduction in net assets from governmental activities. As noted previously, business-type activities are intended to be self sufficient – charges for services should be sufficient to cover all costs associated with the operation. The following graph shows a comparison of Fiscal Year 2004 revenues and expenses of each business-type activity:



- Net assets of the parking fund decreased by \$(179,790), due primarily to depreciation expense. Management is considering whether parking fees should be adjusted to recover depreciation expense or the fund should be reclassified as a governmental activity.
- The water utility fund net assets increased by \$1.1 million. Net assets were also increased by a prior period adjustment to correct depreciation calculations made in previous years.
- Net assets of the country club fund increased by \$681,588 due in large part by a reduction in operating expenses compared to the prior year.

Financial Analysis of the City's Funds

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

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

As of April 30, 2004, the City's governmental funds reported combined ending fund balances of \$20.5 million, an increase of \$5.5 million in comparison with the prior year. As noted previously, a large portion of this increase is a result of one-time revenues from the sale of land. A large portion of the total fund balance (\$17.5 million) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The unreserved fund balance includes \$7.4 million of unexpended bond proceeds as of the fiscal year end. *Reserved fund balance* totaling \$3.0 million is not available for discretionary spending because it has already been committed for a variety of purposes, including payment of debt service, long-term loans receivable, and public safety expenditures (E-911 Fund). Please refer to page 18 for a detailed description and amounts of reserved fund balance.

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$11.75 million. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 37.7% of total general fund expenditures for the current fiscal year.

The fund balance of the City's general fund increased by \$3.7 million during fiscal year 2004. With the land sale proceeds excluded, the fund balance would have decreased by \$(202,179). This small decrease in the fund balance was significantly better than the \$2,365,031 reduction anticipated in the budget. The forecasted drawdown of fund balance was due primarily to increasing personnel costs, including pension and insurance, as well as operating transfers of \$3,650,000 to fund capital improvements.

The street and bridge fund has a total fund balance deficit of \$(508,917), the second consecutive year that the fund has recorded a deficit at year end. Most of the fund balance deficit is due to personnel costs exceeding the budget by \$484,000. In the Fiscal Year 2005 budget, the City is making a one-time transfer to eliminate the fund deficit and has increased many of the fees charged in this fund.

The debt service fund has a total fund balance of \$522,876, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was a result of the timing of transfers made for debt service payments on behalf of the TIF fund.

The 2002 general obligation bonds fund has a total fund balance of \$7.4 million, all of which is reserved for capital improvements. The balance represents bond proceeds that will be spent in the next fiscal year.

Nonmajor governmental funds combine for a total fund balance of \$1.3 million at year end.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets of the parking system totaled \$4.5 million at April 30, 2004. Net assets of the water utility fund amounted to \$20.5 million. Net assets of the country club operation amounted to \$9.7 million. The total growth in net assets for all proprietary funds was \$1.6 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The General Fund budget was not amended during fiscal year 2004. Actual revenues exceeded the budget by \$2.3 million, primarily in the permit and sales tax categories. Total general fund expenditures were \$460,000 under budget. A non-budgeted sale of capital assets contributed an additional \$3,876,000 to the balance of the fund.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of April 30, 2004, amounts to \$67.2 million, net of accumulated depreciation and outstanding related debt. This investment in capital assets includes land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, and water production and distribution systems. The net increase in the City's investment in capital assets for the current fiscal year was \$5.7 million, made up almost entirely by a 9% increase for governmental activities.

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

- Construction was completed on the Central Business District parking garage at a cost of \$5.3 million. The two-level parking structure added an additional 148 parking spaces.
- Reconstruction of the Ori parking lot adjacent to the theatre on Central Avenue, which provided an additional 38 parking spaces, improved storm drainage, and a new lighting system, at a total cost of \$600,000.
- Water system improvements totaling \$1.2 million, including improvements on Ridge Road and Beech Street.
- Widening and reconstruction of Central Avenue, from Green Bay Road to Hickory. A center turn lane was added, storm sewer mains were repaired, overhead utility lines were relocated underground, new streetlights were installed, and new sidewalks were constructed. Total cost of \$1.3 million.
- Infrastructure improvements totaled \$2.5 million, including storm sewer improvements on Sherwood Road, Cavell Avenue, Briar Lane, Trillium Lane, and Partridge Lane. A major electrical service upgrade was completed in the Central Business District.

City of Highland Park's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$8,495,790	\$11,427,706	\$4,981,323	\$4,981,323	\$13,477,113	\$16,409,029
Buildings and improvements	46,182,366	41,982,804	15,898,443	15,880,721	62,080,809	57,863,525
Machinery and equipment	3,942,229	3,780,966	1,914,668	2,059,129	5,856,897	5,840,095
Infrastructure	-	-	19,924,669	19,471,836	19,924,669	19,471,836
Construction in progress	904,909	-	-	-	904,909	-
Total	\$59,525,294	\$57,191,476	\$42,719,103	\$42,393,009	\$102,244,397	\$99,584,485

Additional information on the City's capital assets can be found in note 5 on pages 41-42 of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$35,055,000. Of this amount, \$24,940,000 comprises debt to be paid by the debt service fund from general governmental revenues. The remainder of the City's debt will be paid from revenue of business-type activities.

City of Highland Park's Outstanding Debt

General Obligation Bonds

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Total	\$24,940,000	\$19,625,635	\$10,115,000	\$11,150,000	\$35,055,000	\$30,775,635

The City's total bonded debt increased by \$4,279,365 (13%) during the current fiscal year. The key factor in this increase was a \$9 million general obligation bond issue to fund various capital improvements. The City's general obligations bonds maintain a "Aaa" rating from Moody's Investors Service.

Under the 1970 Illinois Constitution, there is no legal debt limit for home rule municipalities except as set by the General Assembly. If the City were subject to such a limitation, outstanding indebtedness could not exceed 8.625% of equalized assessed valuation. Currently, the City's direct bonded debt of \$35.055 million represents 2.00% of the City's equalized assessed valuation.

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

Economic Factors and Next Year's Budgets and Rates

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's stable tax base increased by 9.0% this past fiscal year. With more than 90% of the tax base consisting of residential property, property tax revenue derived is exceedingly stable. State revenues, including income and use taxes, have been affected by the general downturn in the economy. Municipal sales tax revenue increased during the year due primarily to an increase in the home rule sales tax rate. Adjusted sales tax figures show a 2.4% increase in sales for the first six months of 2004 compared to the prior year. Other economic factors impacting the City's budget are as follows:

- The unemployment rate for the City is currently 3.3%, down from 3.5% in 2003. This rate compares favorably when compared to the 5.2% rate for Lake County and 6.1% rate for the State of Illinois.
- The total value of building permits in the City for fiscal year 2004 was \$127 million, nearly double the \$69 million recorded in fiscal year 2003. In 2004, 105 residential building permits were issued, compared to 72 for the prior year.
- The per capita income of the City's labor force was \$55,331 according to the latest census, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

The Fiscal Year 2005 budget includes a modest 2.4% increase in the property tax levy. Building permit revenues are expected to increase due to continuing construction activity. Sales tax revenue is expected to remain stable. Vehicle sticker fees were increased from \$35 to \$40 to provide additional operating revenue to the street and bridge fund. An increase in water rates went into effect on May 1, 2004. Commuter parking lot fees will remain unchanged. As part of the development of the Fiscal Year 2005 budget, the City conducted a comprehensive review of charges for services. Several fees were adjusted to reflect the costs incurred by the City to provide the particular service.

Budgeted expenditures include increases for salary adjustments, estimated at 3.5%. Pension cost increases are projected for all three plans. The City is undergoing a comprehensive study of its health insurance plans in an effort to reduce the startling increases in health insurance costs the past few years. Expenditures for commodities and other contractual services have been reduced in an effort to offset these increases. However, City operating departments have been required to reduce non-personnel costs by a cumulative of 2.0% for Fiscal Years 2002-2005. As a result, year-end budgetary savings have been reduced as department budgets became leaner and discretionary items were removed from the budget.

The fiscal year 2005 budget projects a \$1.4 million decrease in unreserved fund balance of the general fund. However, appropriations include transfers of \$2.7 million to fund capital improvements. The City plans to eliminate all fund deficits reported at April 30, 2004, during the 2005 fiscal year.

As noted previously, water rates were adjusted effective May 1, 2004. The rate charged to Highland Park residential customers increased by 2.7%, while the rate charged outside municipal customers increased by 3.0%. The rate increase was necessary to ensure the financial stability of the water utility enterprise fund. It was the first water rate adjustment in three years. Customers continue to enjoy one of the lowest water rates in the area.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Office of the Finance Director, City of Highland Park, 1707 St. Johns Avenue, Highland Park, Illinois 60035-2922.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS

April 30, 2004

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Highland Park Public Library
ASSETS				
Cash	\$ 11,012,460	\$ 565,554	\$ 11,578,014	\$ 356,550
Investments	6,326,204	3,477,753	9,803,957	695,000
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	9,044,791	-	9,044,791	3,147,884
Motor fuel tax allotments	114,121	-	114,121	-
Intergovernmental	3,513,549	-	3,513,549	-
Loans	425,000	-	425,000	-
Accrued interest	350	-	350	-
Accounts	530,259	833,303	1,363,562	740
Prepaid expenses	43,436	4,100	47,536	-
Inventory	-	78,481	78,481	-
Due to/from other funds	2,151,444	(2,151,444)	-	-
Due from fiduciary funds	27,917	-	27,917	-
Capital assets not being depreciated	9,400,699	4,981,323	14,382,022	500,000
Capital assets being depreciated, net of accumulated depreciation	50,124,595	37,737,780	87,862,375	2,724,023
Total assets	92,714,825	45,526,850	138,241,675	7,424,197
LIABILITIES				
Accounts payable	2,609,392	301,852	2,911,244	230,433
Accrued payroll	269,847	152,258	422,105	32,992
Claims payable	388,111	-	388,111	-
Accrued interest payable	191,441	154,167	345,608	-
Deferred revenues	9,037,631	4,563	9,042,194	3,147,884
Refundable deposits	20,547	144,207	164,754	-
Noncurrent liabilities				
Due within one year	2,999,396	1,130,000	4,129,396	11,128
Due in more than one year	25,322,248	8,963,770	34,286,018	63,059
Total liabilities	40,838,613	10,850,817	51,689,430	3,485,496
NET ASSETS				
Investment in capital assets, net of related debt	34,615,233	32,604,103	67,219,336	3,224,023
Restricted for				
Debt service	522,876	-	522,876	-
Public facilities	453,454	-	453,454	-
Working cash	446,328	-	446,328	-
Public safety	1,061,309	-	1,061,309	-
Streets	65,480	-	65,480	-
Culture and recreation	-	-	-	488,271
Unrestricted	14,711,532	2,071,930	16,783,462	226,407
TOTAL NET ASSETS	\$ 51,876,212	\$ 34,676,033	\$ 86,552,245	\$ 3,938,701

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2004

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 6,841,255	\$ 940,539	\$ -	\$ -
Public safety	18,632,313	1,160,238	-	521,886
Public works	7,489,204	1,967,664	858,067	34,475
Economic and physical development	5,889,721	2,359,148	-	-
Transit	1,148,215	920,879	-	-
Commissions	1,450,664	-	-	-
Interest	676,833	-	-	-
Total governmental activities	42,128,205	7,348,468	858,067	556,361
Business-type activities				
Parking system	927,189	741,581	-	-
Water	5,285,414	6,768,646	-	-
Country club	2,540,970	3,322,558	-	-
Total business-type activities	8,753,573	10,832,785	-	-
TOTAL PRIMARY GOVERNMENT	\$ 50,881,778	\$ 18,181,253	\$ 858,067	\$ 556,361
COMPONENT UNIT				
Highland Park Public Library	\$ 3,159,997	\$ 90,967	\$ 75,106	\$ -

Net (Expense) Revenue and Change in Net Assets				
	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Highland Park Public Library
\$ (5,900,716)	\$ -	\$ (5,900,716)	\$ -	
(16,950,189)	-	(16,950,189)	-	
(4,628,998)	-	(4,628,998)	-	
(3,530,573)	-	(3,530,573)	-	
(227,336)	-	(227,336)	-	
(1,450,664)	-	(1,450,664)	-	
(676,833)	-	(676,833)	-	
(33,365,309)	-	(33,365,309)	-	
-	(185,608)	(185,608)	-	
-	1,483,232	1,483,232	-	
-	781,588	781,588	-	
-	2,079,212	2,079,212	-	
(33,365,309)	2,079,212	(31,286,097)	-	
-	-	-	(2,993,924)	
General revenues				
Taxes				
Property	9,887,448	-	9,887,448	3,061,937
Replacement	212,981	-	212,981	-
Home rule sales	4,266,487	-	4,266,487	-
Sales	7,772,040	-	7,772,040	-
Utility	3,469,014	-	3,469,014	-
Franchise	836,675	-	836,675	-
Real estate transfer	2,174,270	-	2,174,270	-
Income	1,823,033	-	1,823,033	-
Other	899,937	-	899,937	-
Investment income	159,639	16,958	176,597	18,630
Miscellaneous	-	-	-	36,588
Gain (loss) on sale of capital assets	838,019	-	838,019	-
Transfers	491,097	(491,097)	-	-
Total	32,830,640	(474,139)	32,356,501	3,117,155
CHANGE IN NET ASSETS	(534,669)	1,605,073	1,070,404	123,231
NET ASSETS, MAY 1	52,410,881	25,727,969	78,138,850	3,815,470
Prior period adjustment	-	7,342,991	7,342,991	-
NET ASSETS, MAY 1, RESTATED	52,410,881	33,070,960	85,481,841	3,815,470
NET ASSETS, APRIL 30	\$ 51,876,212	\$ 34,676,033	\$ 86,552,245	\$ 3,938,701

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2004

	2002					Total Governmental Funds
	General	Street and Bridge	Debt Service	General Obligation Bonds	Nonmajor Governmental Funds	
ASSETS						
Cash	\$ 3,112,230	\$ -	\$ -	\$ 5,030,394	\$ 2,297,359	\$ 10,439,983
Investments	3,438,134	-	576,854	1,604,227	397,906	6,017,121
Receivables						
Property taxes	2,995,259	2,327,526	3,071,571	-	650,435	9,044,791
Motor fuel tax allotments	-	-	-	-	114,121	114,121
Intergovernmental	3,513,549	-	-	-	-	3,513,549
Loans	-	-	-	-	425,000	425,000
Accrued interest	350	-	-	-	-	350
Accounts	193,337	221,306	-	34,764	-	449,407
Due from other funds	3,703,137	869,000	-	2,168,001	87,910	6,828,048
Due from fiduciary funds	27,917	-	-	-	-	27,917
Prepaid items	43,436	-	-	-	-	43,436
TOTAL ASSETS	\$ 17,027,349	\$ 3,417,832	\$ 3,648,425	\$ 8,837,386	\$ 3,972,731	\$ 36,903,723

2002

	General	Street and Bridge	Debt Service	Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
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LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable	\$ 1,010,135	\$ 79,562	\$ -	\$ 1,435,925	\$ 1,093	\$ 2,526,715
Accrued payroll	185,840	21,946	-	-	632	208,418
Due to other funds	1,020,946	1,497,715	53,978	-	2,037,001	4,609,640
Interest payable	-	-	-	3,160	-	3,160
Deferred revenue	2,995,249	2,327,526	3,071,571	-	643,285	9,037,631
Refundable deposits	20,547	-	-	-	-	20,547

Total liabilities

	5,232,717	3,926,749	3,125,549	1,439,085	2,682,011	16,406,111
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FUND BALANCES

Reserved for debt service	-	-	522,876	-	-	522,876
Reserved for prepaid items	43,436	-	-	-	-	43,436
Reserved for loans	-	-	-	-	425,000	425,000
Reserved for public facilities	-	-	-	-	453,454	453,454
Reserved for working cash	-	-	-	-	446,328	446,328
Reserved for public safety	-	-	-	-	1,061,309	1,061,309
Reserved for streets	-	-	-	-	65,480	65,480
Unreserved - undesignated (deficit)	11,751,196	(508,917)	-	7,398,301	(1,160,851)	17,479,729

Total fund balances

	11,794,632	(508,917)	522,876	7,398,301	1,290,720	20,497,612
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TOTAL LIABILITIES AND FUND BALANCES

\$ 17,027,349	\$ 3,417,832	\$ 3,648,425	\$ 8,837,386	\$ 3,972,731	\$ 36,903,723
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See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

April 30, 2004

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 20,497,612
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	56,544,633
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(24,940,000)
Unamortized discount on bonds is shown as a liability on the statement of net assets	29,939
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets	(188,281)
Net pension obligation for the fire and police pension funds is shown as a liability on the statement of net assets	(1,282,276)
The compensated absences liability for the City is not as a liability on the statement of net assets	(2,129,308)
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	<u>3,343,893</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 51,876,212</u></u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	2002					Total	
	General	Street and Bridge	Debt Service	General Obligation Bonds	Nonmajor Governmental Funds	Governmental Funds	
REVENUES							
Property taxes	\$ 2,772,222	\$ 2,287,241	\$ 3,032,327	\$ -	\$ 1,795,658	\$ 9,887,448	
Illinois state replacement taxes	212,981	-	-	-	-	212,981	
Licenses and permits	2,382,918	697,151	-	-	-	3,080,069	
Charges for current services	1,167,875	815,966	-	-	-	1,983,841	
Municipal sales tax	12,038,527	-	-	-	-	12,038,527	
Fines and forfeitures	358,690	1,785	-	-	-	360,475	
Utility tax	3,469,014	-	-	-	-	3,469,014	
Cable television franchise tax	333,133	-	-	-	-	333,133	
Real estate transfer tax	2,174,270	-	-	-	-	2,174,270	
Motor fuel tax allotment	-	-	-	-	-	-	
Intergovernmental	327,792	34,475	-	-	858,067	858,067	
Illinois state income tax	1,823,033	-	-	-	136,412	498,679	
Regional Transportation Authority reimbursement	920,879	-	-	-	-	920,879	
Franchise tax	503,542	-	-	-	-	503,542	
Other taxes	572,140	-	-	-	-	572,140	
Reimbursements - other agencies	383,390	-	-	-	-	383,390	
Investment income	135,042	-	4,159	-	20,439	159,640	
Miscellaneous	401,761	89,265	-	-	514,267	1,005,293	
Total revenues	29,977,209	3,925,883	3,036,486	-	3,324,843	40,264,421	

EXPENDITURES

Current

General government	6,308,791	-	-	-	-	6,308,791
Public safety	14,763,886	-	-	-	-	14,926,595
Public works	1,657,957	5,084,643	-	-	162,709	6,742,600
Economic and physical development	3,339,672	-	-	-	-	3,339,672
Transit	1,128,989	-	-	-	-	1,128,989
Commissions	271,750	-	-	-	-	271,750

EXPENDITURES (Continued)

	2002					Total	
	General	Street and Bridge	Debt Service	Obligation Bonds	Nonmajor Governmental Funds	Governmental Funds	
\$	-	\$ -	\$ 4,419,720	\$ -	\$ -	\$ -	\$ 4,419,720
Debt service	-	-	-	29,939	-	-	29,939
Bond issuance costs	-	203,397	-	7,406,427	3,359,605	10,969,429	
Capital outlay							
Total expenditures	27,471,045	5,288,040	4,419,720	7,436,366	3,522,314	48,137,485	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,506,164	(1,362,157)	(1,383,234)	(7,436,366)	(197,471)	(7,873,064)	
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	9,000,000	-	-	9,000,000
Proceeds from the sale of capital assets	3,876,013	-	-	-	-	-	3,876,013
Transfers in	941,657	1,369,000	600,000	-	2,650,000	5,560,657	
Transfers (out)	(3,650,000)	-	-	-	(1,419,560)	(5,069,560)	
Total other financing sources (uses)	1,167,670	1,369,000	600,000	9,000,000	1,230,440	13,367,110	
NET CHANGES IN FUND BALANCES	3,673,834	6,843	(783,234)	1,563,634	1,032,969	5,494,046	
FUND BALANCES (DEFICIT), MAY 1	8,638,274	(444,747)	1,306,110	5,834,667	259,362	15,593,666	
Prior period adjustment	(517,476)	(71,013)	-	-	(1,611)	(590,100)	
FUND BALANCES (DEFICIT), MAY 1, RESTATED	8,120,798	(515,760)	1,306,110	5,834,667	257,751	15,003,566	
FUND BALANCES (DEFICIT), APRIL 30	\$ 11,794,632	\$ (508,917)	\$ 522,876	\$ 7,398,301	\$ 1,290,720	\$ 20,497,612	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 5,494,046
Amounts reported for governmental activities in the statement activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	6,350,824
Sales of capital assets are reported as a proceed in governmental funds but as a gain (loss) from sale on the statement of activities	(3,037,994)
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(9,000,000)
The issuance costs on long-term debt is reported as an other financing source in governmental funds but as a decrease of principal outstanding in the statement of activities	29,939
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	3,685,635
The increase in accrued interest payable is shown as a reduction of expense on the statement of activities	57,252
Some expenses in the statement of activities (e.g. depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(1,328,645)
The change in compensated absences payable is shown as an expense on the statement of activities	(896,322)
The increase in net pension obligation is reported as an increase in expense on the statement of activities	(1,306,279)
The change in net assets of certain activities of internal service funds is in governmental funds	(583,125)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (534,669)</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

April 30, 2004

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Totals	
CURRENT ASSETS					
Cash	\$ -	\$ 563,654	\$ 1,900	\$ 565,554	\$ 572,477
Investments	854,527	1,952,170	671,056	3,477,753	309,083
Receivables					
Billed	2,428	185,148	5,025	192,601	80,852
Unbilled	-	640,702	-	640,702	-
Prepaid expenses	-	-	4,100	4,100	-
Inventories	-	-	78,481	78,481	-
Due from other funds	-	39,049	-	39,049	20,946
Total current assets	856,955	3,380,723	760,562	4,998,240	983,358
CAPITAL ASSETS					
Land	1,319,165	66,958	3,595,200	4,981,323	-
Parking facilities and equipment	3,536,100	-	-	3,536,100	-
Water and sewer plant and equipment	-	46,233,568	-	46,233,568	-
Country club facilities and equipment	-	-	9,788,950	9,788,950	-
Equipment	-	-	-	-	8,463,560
Less accumulated depreciation	(651,613)	(19,029,271)	(2,139,954)	(21,820,838)	(5,482,899)
Net capital assets	4,203,652	27,271,255	11,244,196	42,719,103	2,980,661
Total assets	5,060,607	30,651,978	12,004,758	47,717,343	3,964,019
CURRENT LIABILITIES					
Accounts payable	19,066	64,777	218,009	301,852	82,676
Accrued payroll	2,230	150,028	-	152,258	61,429
Claims payable	-	-	-	-	388,111
Due to other funds	569,425	1,452,542	168,526	2,190,493	87,910
Refundable deposits	-	-	144,207	144,207	-
Interest payable	-	124,822	29,345	154,167	-
Deferred revenue	-	-	4,563	4,563	-
Bonds payable - current	-	1,020,000	110,000	1,130,000	-
Total current liabilities	590,721	2,812,169	674,650	4,077,540	620,126
LONG-TERM LIABILITIES					
Bond premium (discount)	-	2,771	(24,001)	(21,230)	-
General obligation bonds payable	-	7,290,000	1,695,000	8,985,000	-
Total long-term liabilities	-	7,292,771	1,670,999	8,963,770	-
Total liabilities	590,721	10,104,940	2,345,649	13,041,310	620,126
NET ASSETS					
Invested in capital assets, net of related debt	4,203,652	18,961,255	9,439,196	32,604,103	2,980,661
Unrestricted	266,234	1,585,783	219,913	2,071,930	363,232
TOTAL NET ASSETS	\$ 4,469,886	\$ 20,547,038	\$ 9,659,109	\$ 34,676,033	\$ 3,343,893

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Business-Type Activities			Totals	Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club		
OPERATING REVENUES					
Charges for services					
Water sales	\$ -	\$ 6,646,968	\$ -	\$ 6,646,968	\$ -
Water permit fees	-	115,637	-	115,637	-
Parking lot collections	590,246	-	-	590,246	-
Parking violations	151,335	-	-	151,335	-
Golf fees	-	-	1,579,323	1,579,323	-
Charges for goods and services	-	-	1,524,290	1,524,290	6,381,325
Premium reimbursements	-	-	-	-	914,079
Miscellaneous	-	6,041	218,945	224,986	10,722
Total operating revenues	741,581	6,768,646	3,322,558	10,832,785	7,306,126
OPERATING EXPENSES					
Personal services	295,547	2,356,338	-	2,651,885	1,048,374
Contractual services	198,949	875,636	1,696,462	2,771,047	5,209,533
Cost of goods sold	-	-	437,193	437,193	-
Materials and supplies	4,465	327,903	-	332,368	572,267
Repairs and maintenance	109,413	60,606	-	170,019	187,255
Small tools and equipment	133,061	125,239	26,671	284,971	178,389
Other	12,891	-	-	12,891	-
Total operating expenses	754,326	3,745,722	2,160,326	6,660,374	7,195,818
OPERATING INCOME BEFORE DEPRECIATION	(12,745)	3,022,924	1,162,232	4,172,411	110,308
Depreciation	172,863	1,119,028	288,347	1,580,238	695,661
OPERATING INCOME (LOSS)	(185,608)	1,903,896	873,885	2,592,173	(585,353)
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,818	11,140	-	16,958	2,228
Interest expense and fiscal charges	-	(420,664)	(92,297)	(512,961)	-
Total nonoperating revenues (expenses)	5,818	(409,524)	(92,297)	(496,003)	2,228

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2004

	<u>Business-Type Activities</u>				<u>Governmental</u>
	Motor Vehicle Parking System	Water	Highland Park Country Club	Totals	<u>Activities</u> Internal Service
NET INCOME (LOSS) BEFORE TRANSFERS	\$ (179,790)	\$ 1,494,372	\$ 781,588	\$ 2,096,170	\$ (583,125)
TRANSFERS IN (OUT)					
Transfers (out)	-	(391,097)	(100,000)	(491,097)	-
Total transfers in (out)	-	(391,097)	(100,000)	(491,097)	-
CHANGE IN NET ASSETS	(179,790)	1,103,275	681,588	1,605,073	(583,125)
NET ASSETS, MAY 1	6,784,142	11,979,838	6,963,989	25,727,969	3,873,902
Prior period adjustment	(2,134,466)	7,463,925	2,013,532	7,342,991	53,116
NET ASSETS, MAY 1, RESTATED	4,649,676	19,443,763	8,977,521	33,070,960	3,927,018
NET ASSETS, APRIL 30	\$ 4,469,886	\$ 20,547,038	\$ 9,659,109	\$ 34,676,033	\$ 3,343,893

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2004

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 734,027	\$ 7,520,439	\$ 3,328,835	\$ 11,583,301	\$ 813,740
Receipts from interfund services	-	-	-	-	6,381,325
Payments to suppliers	(569,840)	(2,056,604)	(1,962,111)	(4,588,555)	(5,771,988)
Payments to employees	(179,908)	(1,674,416)	-	(1,854,324)	(875,144)
Net cash from operating activities	(15,721)	3,789,419	1,366,724	5,140,422	547,933
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers	-	(391,097)	(100,000)	(491,097)	-
Net cash from noncapital financing activities	-	(391,097)	(100,000)	(491,097)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on bonds	-	(935,000)	(132,399)	(1,067,399)	-
Interest paid	-	(295,842)	(93,901)	(389,743)	-
Net cash from capital and related financing activities	-	(1,230,842)	(226,300)	(1,457,142)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	5,819	11,140	-	16,959	2,228
Sale of investments	697,751	-	-	697,751	-
Purchase of investments	-	(366,482)	(312,679)	(679,161)	(309,083)
Purchase of capital assets	(687,850)	(1,248,485)	(765,826)	(2,702,161)	(1,073,183)
Net cash from investing activities	15,720	(1,603,827)	(1,078,505)	(2,666,612)	(1,380,038)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1)	563,653	(38,081)	525,571	(832,105)
CASH AND CASH EQUIVALENTS, MAY 1	1	1	39,981	39,983	1,404,582
CASH AND CASH EQUIVALENTS, APRIL 30	\$ -	\$ 563,654	\$ 1,900	\$ 565,554	\$ 572,477

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS

For the Year Ended April 30, 2004

	Business-Type Activities			Total	Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club		
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (185,608)	\$ 1,903,896	\$ 873,885	\$ 2,592,173	\$ (585,353)
Adjustments to reconcile operating income					
(loss) to net cash from operating activities					
Depreciation	172,863	1,119,028	288,347	1,580,238	695,661
Changes in assets and liabilities					
Accounts receivable	(2,259)	689,569	(5,336)	681,974	(80,853)
Prepaid items	-	-	(300)	(300)	-
Inventory	-	-	6,926	6,926	-
Due from other funds	(10,270)	(4,662,234)	-	(4,672,504)	(20,946)
Accrued expenses	-	37,188	-	37,188	388,111
Accounts payable	14,430	(238,826)	(142,945)	(367,341)	49,672
Refundable deposits	-	-	144,207	144,207	-
Unamortized bond discount	-	62,875	2,465	65,340	-
Unamortized bond premium	-	(40,436)	30,949	(9,487)	-
Accrued payroll	(1,669)	16,743	-	15,074	1,522
Due to other funds	(3,208)	4,901,616	168,526	5,066,934	100,119
NET CASH FROM OPERATING ACTIVITIES	\$ (15,721)	\$ 3,789,419	\$ 1,366,724	\$ 5,140,422	\$ 547,933

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

April 30, 2004

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 1,861,122	\$ 3,892,948
Investments		
U.S. government and agency obligations	28,543,061	-
Mutual funds	16,810,564	-
Insurance contracts	1,450,110	-
Receivables		
Accounts	-	149,876
Accrued interest	422,260	-
Prepaid items	16,773	-
	<hr/>	
Total assets	49,103,890	4,042,824
	<hr/>	
LIABILITIES		
Accounts payable	-	390,720
Accrued expenses	18,015	-
Due to others	-	836,031
Due to other funds	27,917	-
Deposits payable	-	2,782,387
Deferred revenue	-	33,686
	<hr/>	
Total liabilities	45,932	4,042,824
	<hr/>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 49,057,958	\$ -
	<hr/>	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Year Ended April 30, 2004

ADDITIONS

Contributions - employer	
Taxes	\$ 1,688,073
Contributions - plan members	675,788
Contributions - other	<u>2,328</u>
Total contributions	<u>2,366,189</u>

Investment income

Net appreciation (depreciation) in fair value of investments	1,685,367
Interest earned on investments	<u>2,040,414</u>

Total investment income	3,725,781
Less investment expenses	<u>(47,459)</u>

Net investment income	<u>3,678,322</u>
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Total additions	<u>6,044,511</u>
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DEDUCTIONS

Pension and refunds	3,080,649
Miscellaneous	<u>69,423</u>

Total deductions	<u>3,150,072</u>
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NET INCREASE	2,894,439
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NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS

May 1	<u>46,163,519</u>
April 30	<u><u>\$ 49,057,958</u></u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The City 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. The PPERS does not issue a separate annual financial report.

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 FPERS does not issue a separate annual financial report.

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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

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 capital assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund. The permanent fund is used to account for resources legally restricted to the extent that earnings, and not principal, may be used for governmental purposes.

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 is used. Agency funds generally are used to account for assets that the City holds on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City reports the following major governmental funds:

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

The Street and Bridge Fund is used to account for the activity that provides street lighting, street cleaning, snow removal, maintenance, and certain capital improvements to streets and bridges.

The Debt Service Fund is 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.

The 2002 General Obligation Bonds Fund accounts for all resources used for the acquisition and/or construction of capital equipment and facilities by the City except those financed by the Enterprise and Internal Service Funds.

The City reports the following major proprietary funds:

The Motor Vehicle Parking System Fund accounts for the acquisition, operation and maintenance of parking lots and other facilities owned by the city. These activities are entirely or predominantly self-supported by user charges.

The Water fund accounts for the water facilities and services owned and provided by the City to its residents. The activities are entirely or predominantly self-supported by user charges.

The Highland Park Country Club fund is used to account for the activities of the golf course and county club owned by the City.

d. Basis of Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting (Continued)

Governmental fund financial statements are reported using the 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.

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" or "earned" 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)

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, if any, 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.

h. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets greater than \$5,000 with an estimated useful life in excess of one year.

Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value or service of capacity of the asset or materially extend asset lives are not capitalized.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Public domain infrastructure	20-50
System infrastructure	40-50
Vehicles	3-20
Mobile equipment	10-30
Furniture and fixtures	10
Computer equipment	5

i. Compensated Absences

The City's policy for vacation pay states that vacation time is earned each pay period. Vacation credits carry over into future years up to a maximum of 30 days. Any accumulated time in excess of 30 days is lost. Unused sick time may be used toward time off and/or converted to pre-tax dollars and deposited into the Section 125 Flexible Spending Program. Vested or accumulated sick and vacation leave including related social security and medicare of proprietary funds and governmental activities is recorded as an expense and liability of those funds as benefits accrue to employees.

j. Long-Term Obligations

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

l. Interfund Transactions

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

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

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

Deficit Fund Balances of Individual Funds

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

Fund	Deficit Balance
Street and Bridge	\$ 508,917
Street Improvements	696,790
Tax Increment Financing General Obligation Bonds 1981	464,061
Insurance Fund	247,056

2. LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

The deficit in the Street and Bridge Fund was projected in the fiscal year 2005 budget and will be eliminated with a transfer from the Working Cash Fund. The City intends to eliminate the deficit in the Street Improvements Fund by April 30, 2005. The deficit in the Tax Increment Financing General Obligation Bonds 1981 Fund will be eliminated by TIF property tax revenues in fiscal year 2005. The deficit in the Insurance Fund will be eliminated with a transfer from the General Fund in fiscal year 2005.

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 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 for which the investment could be sold.

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 for which the investment could be sold.

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

3. DEPOSITS AND INVESTMENTS (Continued)

a. Deposits

At year end, the carrying amount of the City's deposits totaled \$1,908,917 and the bank balances totaled \$1,823,382. The carrying amount of the Component Unit's deposits totaled \$635,459 and the bank balances totaled \$735,021.

	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.	\$ 1,823,385	\$ 735,021
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.	-	-
TOTAL DEPOSITS	\$ 1,823,385	\$ 735,021

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)

	Fair Value/Carrying Amount			
	Category			
	1	2	3	Totals
<u>Primary Government</u>				
U.S. Government obligations	\$ 22,140,862	\$ -	\$ -	\$ 22,140,862
U.S. Government agencies	10,215,706	-	-	10,215,706
	<u>\$ 32,356,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>32,356,568</u>
* Negotiable CDs				49,766
* Mutual Funds				23,672,631
* <i>Life insurance contracts and separate accounts</i>				1,450,110
* Illinois Metropolitan Investment Fund				1,996,585
* Illinois Funds				<u>12,505,199</u>
TOTAL INVESTMENTS				<u>\$ 72,030,859</u>
<u>Component Unit</u>				
* Mutual Funds				\$ 416,091

* (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 2003 attach as an enforceable lien on January 1, 2003 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, 2004 and August 1, 2004 and are payable in two installments, on June 1, 2004 and September 1, 2004. 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. The 2003 taxes are intended to finance the 2005 fiscal year and are not considered available for current operations and are, therefore, shown as deferred revenue. The 2004 tax levy has not been recorded as a receivable at April 30, 2004, as the tax attached as a lien on property as of January 1, 2004, however, the tax will not be levied until December 2004 and, accordingly, is not measurable at April 30, 2004.

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

5. CAPITAL ASSETS

a. Primary Government

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 11,427,706	\$ 106,078	\$ 3,037,994	\$ 8,495,790
Construction in progress	-	904,909	-	904,909
Total capital assets not being depreciated	11,427,706	1,010,987	3,037,994	9,400,699
Capital assets being depreciated				
Buildings and land improvements	52,867,700	5,331,287	-	58,198,987
Machinery and equipment	9,484,533	1,053,844	88,614	10,449,763
Total capital assets being depreciated	62,352,233	6,385,131	88,614	68,648,750
Less accumulated depreciation for				
Buildings and land improvements	10,884,896	1,131,725	-	12,016,621
Machinery and equipment	5,703,567	892,581	88,614	6,507,534
Total accumulated depreciation	16,588,463	2,024,306	88,614	18,524,155
Total capital assets being depreciated, net	45,763,770	4,360,825	-	50,124,595
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 57,191,476	\$ 5,371,812	\$ 3,037,994	\$ 59,525,294
GOVERNMENTAL ACTIVITIES				
General government				\$ 229,382
Public safety				525,137
Public works				495,124
Economic development				525,590
Commissions				249,073
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES				\$ 2,024,306

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,981,323	\$ -	\$ -	\$ 4,981,323
Total capital assets not being depreciated	4,981,323	-	-	4,981,323
Capital assets being depreciated				
Building	23,786,822	638,083	-	24,424,905
Infrastructure	29,258,729	1,199,292	-	30,458,021
Machinery and equipment	4,606,735	68,957	-	4,675,692
Total capital assets being depreciated	57,652,286	1,906,332	-	59,558,618

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

5. CAPITAL ASSETS (Continued)

a. Primary Government (Continued)

	Beginning Balance, Restated	Increases	Decreases	Ending Balance
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Building	\$ 7,906,101	\$ 620,361	\$ -	\$ 8,526,462
Infrastructure	9,786,893	746,459	-	10,533,352
Machinery and equipment	2,547,606	213,418	-	2,761,024
Total accumulated depreciation	20,240,600	1,580,238	-	21,820,838
 Total capital assets being depreciated, net	37,411,686	326,094	-	37,737,780
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET				
	\$ 42,393,009	\$ 326,094	\$ -	\$ 42,719,103

b. Component Unit

	Beginning Balances Restated	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Total capital assets not being depreciated	500,000	-	-	500,000
 Capital assets being depreciated				
Land improvements	34,659	-	-	34,659
Buildings and improvements	3,830,512	254,816	-	4,085,328
Machinery	321,361	27,998	-	349,359
Total capital assets being depreciated	4,186,532	282,814	-	4,469,346
 Less accumulated depreciation for				
Land improvements	23,046	1,733	-	24,779
Buildings and improvements	1,444,974	75,572	-	1,520,546
Machinery	177,303	22,695	-	199,998
Total accumulated depreciation	1,645,323	100,000	-	1,745,323
 Total capital assets being depreciated, net	2,541,209	182,814	-	2,724,023
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET				
	\$ 3,041,209	\$ 182,814	\$ -	\$ 3,224,023

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES

Culture and recreation \$ 100,000

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

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 the employees' health and dental claims and is involved in a risk management agency for all other insurance. The City had 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 health claim.

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:

	2004	2003
CLAIMS PAYABLE, MAY 1	\$ 311,843	\$ 1,350,767
Add claims incurred	3,065,403	1,377,931
Less claims paid	2,989,135	(2,416,855)
CLAIMS PAYABLE, APRIL 30	<u>\$ 388,111</u>	<u>\$ 311,843</u>

Intergovernmental Risk Management Agency (IRMA)

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

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. Each member assumes the first \$2,500 of each occurrence, and IRMA has a mix of self-insurance and commercial insurance at various amounts above that level.

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

6. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA) (Continued)

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

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

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.

7. LONG-TERM DEBT

a. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds 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:

Debt Service General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current
\$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	\$ 465,000	\$ -	\$ 460,000	\$ 5,000	\$ 5,000
\$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	1,700,000	-	270,000	1,430,000	230,000

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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Debt Service General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current
\$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	\$ 1,480,000	\$ -	\$ 255,000	\$ 1,225,000	\$ 255,000
\$3,000,000, 1999 General Obligation Corporate Purpose Bonds, due at maturity on December 31, 2003, interest at LIBOR plus .3% times 65.00%	Debt Service	1,200,635	-	1,200,635	-	-
\$6,285,000, 2001 General Obligation Refunding Bonds, due at maturity on December 31, 2013, interest at 4.70% to 4.75%	Debt Service	6,280,000	-	410,000	5,870,000	970,000
\$8,500,000, 2002 General Obligation Bonds, due at maturity on December 31, 2023, interest at 3.00% to 4.00%	Debt Service	8,500,000	-	1,090,000	7,410,000	605,000
\$9,000,000, 2003 General Obligation Corporate Purpose Bonds, due in annual installments of \$615,000 to \$900,000 through 2016; interest at 1.6% to 3.6%	Debt Service	-	9,000,000	-	9,000,000	615,000
TOTAL		\$ 19,625,635	\$ 9,000,000	\$ 3,685,635	\$ 24,940,000	\$ 2,680,000

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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Water Fund General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current
\$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	\$ 1,235,000	\$ -	\$ 50,000	\$ 1,185,000	\$ 55,000
\$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	1,010,000	-	40,000	970,000	40,000
\$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	980,000	-	40,000	940,000	30,000
\$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	1,510,000	-	55,000	1,455,000	60,000
\$3,715,000, 2001 General Obligation Refunding Bonds, due at maturity on December 30, 2013, interest at 4.70% to 4.75%	Water Fund	3,010,000	-	750,000	2,260,000	795,000
\$1,500,000, 2002 General Obligation Bonds, due at maturity on December 31, 2023, interest at 3.00% to 4.00%	Water Fund	1,500,000	-	-	1,500,000	40,000
TOTAL		\$ 9,245,000	\$ -	\$ 935,000	\$ 8,310,000	\$ 1,020,000

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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Country Club Fund General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current
\$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	\$ 160,000	\$ -	\$ 5,000	\$ 155,000	\$ 5,000
\$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	890,000	-	60,000	830,000	65,000
\$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	855,000	-	35,000	820,000	40,000
TOTAL		\$ 1,905,000	\$ -	\$ 100,000	\$ 1,805,000	\$ 110,000

Component Unit

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances April 30	Current
\$700,000, 1998 Installment Note due in monthly installments of \$7,292 through April 19, 2006; interest at 4.40%	Public Library	\$ 187,278	\$ -	\$ 117,617	\$ 69,661	\$ 69,661

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

7. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity

Fiscal Year Ending	General Obligation			Enterprise			Total Principal and Interest
	Principal	Interest	Total	Principal	Interest	Total	
2005	\$ 2,680,000	\$ 897,186	\$ 3,577,186	\$ 1,130,000	\$ 462,500	\$ 1,592,500	\$ 5,169,686
2006	2,200,000	788,445	2,988,445	1,210,000	407,500	1,617,500	4,605,945
2007	2,295,000	712,139	3,007,139	590,000	351,035	941,035	3,948,174
2008	2,310,000	636,070	2,946,070	620,000	325,644	945,644	3,891,714
2009	2,325,000	558,761	2,883,761	640,000	298,989	938,989	3,822,750
2010	2,180,000	476,805	2,656,805	565,000	271,283	836,283	3,493,088
2011	2,290,000	401,218	2,691,218	595,000	245,336	840,336	3,531,554
2012	2,130,000	320,285	2,450,285	635,000	217,406	852,406	3,302,691
2013	1,995,000	244,018	2,239,018	670,000	187,224	857,224	3,096,242
2014	1,895,000	169,965	2,064,965	705,000	155,299	860,299	2,925,264
2015	1,290,000	97,675	1,387,675	310,000	121,581	431,581	1,819,256
2016	1,350,000	50,400	1,400,400	325,000	107,281	432,281	1,832,681
2017	-	-	-	360,000	92,257	452,257	452,257
2018	-	-	-	375,000	75,670	450,670	450,670
2019	-	-	-	415,000	58,520	473,520	473,520
2020	-	-	-	315,000	39,300	354,300	354,300
2021	-	-	-	330,000	25,119	355,119	355,119
2022	-	-	-	210,000	11,000	221,000	221,000
2023	-	-	-	115,000	3,450	118,450	118,450
TOTAL	\$24,940,000	\$ 5,352,967	\$30,292,967	\$10,115,000	\$ 3,456,394	\$13,571,394	\$43,864,361

c. Changes in Long-Term Liabilities

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

	Balances May 1	Additions	Reductions	Balances April 30	Current
<u>Primary Government</u>					
Unamortized discount	\$ (29,939)	\$ -	\$ -	\$ (29,939)	\$ -
Compensated absences	1,232,985	896,322	-	2,129,307	319,396
Net pension obligation	189,515	1,092,761	-	1,282,276	-
General obligation bonds	19,625,635	9,000,000	3,685,635	24,940,000	2,680,000
TOTAL PRIMARY GOVERNMENT	\$ 21,018,196	\$ 10,989,083	\$ 3,685,635	\$ 28,321,644	\$ 2,999,396
<u>Component Unit</u>					
Compensated absences	\$ 69,304	\$ 4,883	\$ -	\$ 74,187	\$ 11,128
Installment contract	69,661	-	69,661	-	-
	\$ 138,965	\$ 4,883	\$ 69,661	\$ 74,187	\$ 11,128

7. LONG-TERM DEBT (Continued)

d. 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.

e. 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.

Since inception of the project, the City has received approximately \$20,420,000 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 (\$471,211) is reflected as an interfund payable to the 2002 General Obligation Bonds Fund in the accompanying financial statements.

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

7. LONG-TERM DEBT (Continued)

e. Port Clinton Tax Increment Financing Project (Continued)

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. The District is scheduled to expire on December 31, 2004.

f. Noncommitment Debt

Special Assessment Bonds Payable

As of April 30, 2004, the City had outstanding \$130,000 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.

8. INTERFUND ACCOUNTS

Due From/To Other Funds

Fund	Due From	Due To
MAJOR GOVERNMENTAL		
General		
Street and Bridge	\$ 1,497,715	\$ -
Debt Service	53,978	-
2002 General Obligation Bonds	-	1,000,000
Motor Vehicle Parking System	530,376	-
Water	1,452,542	-
Highland Park Country Club	168,526	-
Insurance	-	20,946
Police Pension	6,042	-
Fire Pension	21,875	-
Total General	3,731,054	1,020,946
Debt Service		
General	-	53,978

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

8. INTERFUND ACCOUNTS (Continued)

Due From/To Other Funds (Continued)

Fund	Due From	Due To
MAJOR GOVERNMENTAL (Continued)		
Street and Bridge		
Motor Fuel Tax	\$ 869,000	\$ -
General	-	1,497,715
Total Street and Bridge	869,000	1,497,715
2002 General Obligation Bonds		
General	1,000,000	-
Tax Increment Financing General Obligation Bonds	471,211	-
Street Improvements	696,790	-
Total 2002 General Obligation Bonds	2,168,001	-
NONMAJOR GOVERNMENTAL		
Motor Fuel Tax		
Street and Bridge	-	869,000
Emergency 911 System		
Insurance	87,910	-
Tax Increment Financing General Obligation Bonds 1981		
2002 General Obligation Bonds	-	471,211
Street Improvements		
2002 General Obligation Bonds	-	696,790
BUSINESS-TYPE ACTIVITIES		
Motor Vehicle Parking System		
General	-	530,376
Water	-	39,049
Total Motor Vehicle Parking System	-	569,425
Highland Park Country Club		
General	-	168,526
Water		
Motor Vehicle Parking System	39,049	-
General	-	1,452,542
Total Water	39,049	1,452,542
INTERNAL SERVICE		
Insurance		
General	20,946	-
Emergency 911 System	-	87,910
Total Internal Service	20,946	87,910

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

8. INTERFUND ACCOUNTS (Continued)

Due From/To Other Funds (Continued)

Fund	Due From	Due To
FIDUCIARY		
Police Pension		
General	\$ -	\$ 6,042
Fire Pension		
General	-	21,875
Total Internal Service	-	27,917
Total	\$ 6,915,960	\$ 6,915,960

The purpose of the significant Due From/To Other Funds is as follows:

- The \$1,497,715 due to the General Fund from the Street and Bridge Fund is for interfund operations. Repayment is expected within one year.
- The \$1,000,000 due to the Capital Projects Fund from the General Fund is for interfund operations. Repayment is expected within one year.
- The \$530,376 due to the General Fund from the Motor Vehicle Parking System Fund is for interfund operations. Repayment is expected within one year.
- The \$1,452,542 due to the General Fund from the Water Fund is for interfund operations. Repayment is expected within one year.
- The \$168,526 due to the General Fund from the Highland Park Country Club is for interfund operations. Repayment is expected within one year.

Transfers

	Transfers In	Transfers Out
MAJOR		
General		
Street and Bridge	\$ -	\$ 500,000
Tax Increment Financing General Obligation Bonds	550,560	-
Street Improvements	-	2,650,000
Debt Service	-	500,000
Water	391,097	-
Total General	941,657	3,650,000

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

8. INTERFUND ACCOUNTS (Continued)

Transfers (Continued)

	Transfers In	Transfers Out
MAJOR (Continued)		
Street and Bridge		
Motor Fuel Tax	\$ 869,000	\$ -
General	500,000	-
Total Street and Bridge	<u>1,369,000</u>	<u>-</u>
Debt Service		
General	500,000	-
Highland Park County Club	100,000	-
Total Debt Service	<u>600,000</u>	<u>-</u>
NONMAJOR GOVERNMENTAL		
Motor Fuel Tax		
Street and Bridge	-	<u>869,000</u>
Tax Increment Financing General Obligation Bonds		
General	-	<u>550,560</u>
Street Department		
General	<u>2,650,000</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES		
Water		
General	-	<u>391,097</u>
Highland Park Country Club		
Debt Service	-	<u>100,000</u>
TOTAL	<u>\$ 5,560,657</u>	<u>\$ 5,560,657</u>

The purpose of the significant transfers is as follows:

- \$500,000 transfer to the Street and Bridge Fund from the General Fund is to fund operations.
- \$550,560 transfer to the General Fund from the Tax Increment Financing General Obligation Bonds is to fund the repayment of an interfund loan.
- \$2,650,000 transfer to the Street Improvements Fund from the General Fund is to fund operations.

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

8. INTERFUND ACCOUNTS (Continued)

Transfers (Continued)

- \$500,000 transfer to the Debt Service Fund from the General Fund is to fund principal and interest and fiscal charges related to debt service.
- \$391,097 transfer to the General Fund from the Water Fund is to fund operations.
- \$869,000 transfer to the Street and Bridge Fund from the Motor Fuel Tax Fund is to fund street improvement projects.
- \$100,000 transfer to the Debt Service Fund from the Highland Park Country Club is to fund principal and interest and fiscal charges related to the Country Club.

9. 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.

c. Municipal Infrastructure Maintenance Fee

Effective January 1, 1998, the City imposed a municipal telecommunications infrastructure maintenance fee (IMF) on persons in the business of transmitting, supplying, or furnishing telecommunications and all associated services (e.g., telecommunications retailers) in Illinois for the "use of public right-of-ways". The fee was authorized by state statute (35 ILCS 635). In March 2001, a wireless telecommunications provider brought action against an Illinois government challenging the constitutionality of the municipal telecommunications infrastructure maintenance fee. The Illinois Supreme Court (Court) found the IMF to be unconstitutional as applied to wireless carriers. The Court's decision held upon appeal. The municipal IMF fee was eliminated effective December 31, 2002. Potential damages to the City under this case precedent could aggregate the total of amounts remitted to the City for IMF by all carriers during the period from January 1, 1998 through December 31, 2002.

9. CONTINGENT LIABILITIES (Continued)

c. Municipal Infrastructure Maintenance Fee (Continued)

The City has not estimated a liability under potential IMF lawsuits for amounts paid under protest during this time.

10. 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.

The Police and Firefighters' pension plans issue separate reports on the pension plans. IMRF issues 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, 2003 was 5.86% 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, 2003, the Police Pension Plan membership consisted of:

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Retirees and beneficiaries currently receiving benefits	48
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	58
Nonvested	-
	<hr/>
TOTAL	<hr/> 107 <hr/>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

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, 2003, the City's contribution was 11.27% 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, 2003, the Firefighters' Pension Plan membership consisted of:

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Retirees and beneficiaries currently receiving benefits	34
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	53
Nonvested	-
	<hr/>
TOTAL	<u>87</u>

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, 2003, the City's contribution was 26.32% 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.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2001	April 30, 2002	April 30, 2002
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
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	10 Years, Closed	30 Years, Closed	30 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.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

	Calendar Year	Illinois Municipal Retirement	Fiscal Year	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2001	\$ 1,021,646	2002	\$ 376,640	\$ 890,938
	2002	600,600	2003	1,141,952	1,246,923
	2003	689,166	2004	1,436,843	1,231,641
Actual contribution	2001	\$ 1,021,646	2002	\$ 678,818	\$ 721,224
	2002	600,600	2003	337,684	771,936
	2003	689,166	2004	408,430	953,777
Percentage of APC contributed	2001	100.00%	2002	180.23%	80.95%
	2002	100.00	2003	29.57	61.91
	2003	100.00	2004	28.43	77.44
NPO (asset)	2001	\$ -	2002	\$ (1,017,784)	\$ (285,472)
	2002	-	2003	(213,517)	189,515
	2003	-	2004	814,897	467,379

The net pension obligation (asset) at April 30, 2003, has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contributions	\$ 1,436,843	\$ 1,231,768
Interest on net pension obligation	(17,081)	15,162
Adjustment to annual required contribution	17,081	(15,289)
Annual pension cost	1,436,843	1,231,641
Contributions made	408,430	953,777
Increase (decrease) in net pension obligation (asset)	1,028,414	277,864
Net pension obligation (asset) beginning of year	(213,517)	189,515
NET PENSION OBLIGATION (ASSET) END OF YEAR	\$ 814,897	\$ 467,379

11. 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 (the Club) which was purchased by the City on May 6, 1993.

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

11. HIGHLAND PARK COUNTRY CLUB FUND (Continued)

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.

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 not recorded in the Club. It is being retired by the Debt Service Fund.

12. MAJOR CUSTOMERS

The Village of Deerfield and the Village of Lincolnshire purchase water from the City's available supply. During fiscal 2004, these purchases amounted to \$1,410,708, or 20.8%, and \$1,020,060 or 15.1%, respectively, of total operating revenues in the Water Fund.

13. PRIOR PERIOD ADJUSTMENT

The City restated beginning net assets in the Motor Vehicle Parking System Fund (\$2,134,466), the Water Fund (\$7,463,925), the Highland Park Country Club (\$2,013,532), and the Equipment Maintenance and Replacement Fund (\$53,116) to properly record fixed assets at their historical cost. The City also restated General Fund balance by \$517,476, the Street and Bridge Fund by \$71,013, and the Emergency 911 System Fund by \$1,611 to correct errors in prior year payroll accruals.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,780,152	\$ 2,772,222
Illinois state replacement taxes	190,000	212,981
Licenses	143,512	158,054
Permits	1,532,160	2,224,864
Charges for current services	898,280	1,167,875
Municipal sales tax	11,500,000	12,038,527
Fines and forfeitures	304,914	358,690
Utility tax	3,757,678	3,469,014
Cable television franchise tax	360,500	333,133
Real estate transfer tax	1,887,185	2,174,270
Intergovernmental	290,084	327,792
Illinois state income tax	1,982,508	1,823,033
PACE R.T.A. fare reimbursement	870,000	920,879
Franchise tax	307,000	503,542
Other taxes	55,000	572,140
Reimbursements	179,971	383,390
Investment income	286,384	135,042
Miscellaneous		
Other	332,183	401,761
Total revenues	27,657,511	29,977,209
EXPENDITURES		
Current		
General government	7,452,978	6,308,791
Public safety	14,773,397	14,763,886
Economic and physical development	2,824,215	3,339,672
Public works	1,503,630	1,657,957
Transit	983,395	1,128,989
Commissions	394,764	271,750
Total expenditures	27,932,379	27,471,045
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(274,868)	2,506,164

(This schedule is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of capital assets	\$ -	\$ 3,876,013
Transfers in	1,559,837	941,657
Transfers (out)	<u>(3,650,000)</u>	<u>(3,650,000)</u>
Total other financing sources (uses)	<u>(2,090,163)</u>	<u>1,167,670</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,365,031)</u>	<u>3,673,834</u>
FUND BALANCE, MAY 1		8,638,274
Prior period adjustment		<u>(517,476)</u>
FUND BALANCE, MAY 1, RESTATED		<u>8,120,798</u>
FUND BALANCE, APRIL 30		<u>\$ 11,794,632</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 2,300,000	\$ 2,287,241
Vehicle licenses	680,000	697,151
Charges for current services	850,000	815,966
Fines and forfeitures	8,080	1,785
Investment income	3,000	-
Intergovernmental	37,860	34,475
Miscellaneous	95,950	89,265
Total revenues	3,974,890	3,925,883
EXPENDITURES		
Public works		
Personal services	2,173,774	2,658,250
Contractual services	1,697,366	1,630,452
Material and supplies	762,355	795,941
Capital outlay	199,000	203,397
Total expenditures	4,832,495	5,288,040
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(857,605)	(1,362,157)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,363,401	1,369,000
Transfers (out)	(68,881)	-
Total other financing sources (uses)	1,294,520	1,369,000
NET CHANGE IN FUND BALANCE	\$ 436,915	6,843
FUND BALANCE (DEFICIT), MAY 1		(444,747)
Prior period adjustment		(71,013)
FUND BALANCE (DEFICIT), MAY 1, RESTATED		(515,760)
FUND BALANCE (DEFICIT), APRIL 30		\$ (508,917)

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2004

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)
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%)
2002	27,941,596	26,008,090	107.43%	(1,933,506)	10,763,436	(17.96%)
2003	29,197,470	28,432,100	102.69%	(765,370)	11,760,505	(6.51%)

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

April 30, 2004

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)
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%
2002	24,787,364	31,486,500	78.72%	6,699,136	3,595,205	186.34%
2003	23,253,511	32,806,570	70.88%	9,553,059	3,623,625	263.63%

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

April 30, 2004

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)
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%
2002	21,805,487	28,942,586	75.34%	7,137,099	3,430,569	208.04%
2003	22,742,428	29,463,243	77.19%	6,720,815	3,491,412	192.50%

(See independent auditor's report.)

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

April 30, 2004

<u>Actuarial Valuation Date December 31</u>	<u>Employer Contributions</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>
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%
2002	600,600	600,600	100.00%
2003	689,166	689,166	100.00%

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

April 30, 2004

Actuarial Valuation Date <u>April 30</u>	<u>Employer Contributions</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>
1999	\$ 629,234	\$ 417,061	150.87%
2000	735,964	297,802	247.13%
2001	678,818	376,640	180.23%
2002	337,684	1,141,952	29.57%
2003	408,430	1,436,843	28.43%
2004	817,169	N/A	N/A

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

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

April 30, 2004

Actuarial Valuation Date April 30	Employer Contributions	Annual Pension Cost (APC)	Percentage Contributed
1999	\$ 603,930	\$ 623,103	96.92%
2000	671,875	711,655	94.41%
2001	721,224	890,938	80.95%
2002	771,936	1,246,923	61.91%
2003	953,777	1,231,641	77.44%
2004	870,905	N/A	N/A

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

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2004

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), capital projects, enterprise, and internal service funds. All annual appropriations lapse at fiscal year end.

All departments of the City submit requests for appropriation to the City's Director of Finance 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.

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	\$ 293,038

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
GENERAL GOVERNMENT		
City Council		
Personal services	\$ 97,041	\$ 90,734
Contractual services	1,480	525
Materials and supplies	25,350	26,349
Total City Council	123,871	117,608
Administration		
Personal services	487,905	674,657
Contractual services	7,588	(3,771)
Materials and supplies	40,558	42,661
Total administration	536,051	713,547
Human resources		
Personal services	132,302	121,187
Contractual services	51,275	111,520
Materials and supplies	82,214	76,933
Total human resources	265,791	309,640
Communications		
Personal services	149,979	206,113
Contractual services	6,360	10,614
Materials and supplies	159,780	114,447
Total communications	316,119	331,174
City Clerk		
Personal services	125,158	118,958
Contractual services	18,244	13,339
Materials and supplies	2,800	4,066
Total City Clerk	146,202	136,363
Youth		
Operations		
Personal services	262,309	271,019
Contractual services	12,730	12,809
Materials and supplies	27,770	27,525
Total youth operations	302,809	311,353

(This schedule is continued on the following pages.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
GENERAL GOVERNMENT (Continued)		
Senior		
Operations		
Personal services	\$ 293,690	\$ 288,108
Contractual services	30,154	30,258
Materials and supplies	125,025	130,175
Capital outlay	5,000	4,509
Total senior operations	453,869	453,050
Youth and Senior Services		
Facilities		
Personal services	48,275	34,556
Contractual services	18,640	20,901
Materials and supplies	2,100	2,068
Capital outlay	21,000	24,355
Total facilities	90,015	81,880
Total youth and senior services	846,693	846,283
Legal department		
Contractual services	1,508,250	1,495,233
Materials and supplies	1,200	2,060
Total legal department	1,509,450	1,497,293
Finance administration and accounting		
Personal services	2,395,969	939,975
Contractual services	126,274	188,656
Materials and supplies	76,800	81,155
Administrative charges	(289,800)	(289,800)
Total finance administration and accounting	2,309,243	919,986
Facilities		
Personal services	58,216	101,365
Contractual services	100,000	90,092
Materials and supplies	37,050	106,248
Capital outlay	65,000	73,642
Total facilities	260,266	371,347

(This schedule is continued on the following pages.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
GENERAL GOVERNMENT (Continued)		
Insurance		
Contractual services		
Professional services	\$ 278,539	\$ 138,140
Membership dues	852,000	836,741
Total insurance	1,130,539	974,881
Other charges		
Personal services	8,703	7,237
Contractual services	50	14,768
Capital outlay	-	68,664
Total other charges	8,753	90,669
TOTAL GENERAL GOVERNMENT	\$ 7,452,978	\$ 6,308,791
PUBLIC SAFETY		
Police department		
Operations		
Personal services	\$ 7,473,308	\$ 7,296,309
Contractual services	486,890	563,970
Materials and supplies	379,974	264,659
Capital outlay	62,858	23,762
Total operations	8,403,030	8,148,700
Facilities		
Personal services	17,406	16,593
Contractual services	74,679	66,722
Materials and supplies	26,045	23,299
Total facilities	118,130	106,614
Total police department	8,521,160	8,255,314
Fire department		
Operations		
Personal services	\$ 5,734,930	\$ 5,938,921
Contractual services	308,908	370,623

(This schedule is continued on the following pages.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
PUBLIC SAFETY (Continued)		
Fire department (Continued)		
Operations (Continued)		
Materials and supplies	\$ 99,929	\$ 111,550
Capital outlay	45,212	19,949
Total operations	6,188,979	6,441,043
Facilities		
Personal services	8,703	8,296
Contractual services	17,005	21,895
Materials and supplies	8,375	12,427
Capital outlay	29,175	24,911
Total facilities	63,258	67,529
Total fire department	6,252,237	6,508,572
TOTAL PUBLIC SAFETY	\$ 14,773,397	\$ 14,763,886
ECONOMIC AND PHYSICAL DEVELOPMENT		
Community development department		
Personal services	\$ 1,897,674	\$ 2,054,480
Contractual services	173,140	152,894
Materials and supplies	104,081	80,123
Capital outlay	2,200	1,298
Total community development department	2,177,095	2,288,795
Economic development		
Personal services	50,295	52,088
Contractual services	3,850	4,619
Materials and supplies	73,975	63,469
Revenue sharing	519,000	930,701
Total economic development	647,120	1,050,877
TOTAL ECONOMIC AND PHYSICAL DEVELOPMENT	\$ 2,824,215	\$ 3,339,672
PUBLIC WORKS		
Public works administration		
Personal services	\$ 278,979	\$ 421,190
Contractual services	29,270	39,609
Materials and supplies	23,444	30,830
Total public works administration	331,693	491,629

(This schedule is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
PUBLIC WORKS (Continued)		
Facilities		
Personal services	\$ 64,725	\$ 50,181
Contractual services	47,340	60,562
Materials and supplies	32,000	22,953
Capital outlay	26,000	27,543
Total facilities	170,065	161,239
Engineering		
Personal services	876,495	845,579
Contractual services	119,865	159,714
Materials and supplies	4,912	(664)
Capital outlay	600	460
Total engineering	1,001,872	1,005,089
TOTAL PUBLIC WORKS	\$ 1,503,630	\$ 1,657,957
TRANSIT		
Operations		
Personal services	\$ 805,912	\$ 956,139
Contractual services	105,300	108,692
Materials and supplies	32,300	21,612
Total operations	943,512	1,086,443
Facilities		
Personal services	8,703	8,296
Contractual services	30,280	30,986
Materials and supplies	800	816
Capital outlay	100	2,448
Total facilities	39,883	42,546
TOTAL TRANSIT	\$ 983,395	\$ 1,128,989
COMMISSIONS		
Contractual services	\$ 190,745	\$ 98,314
Materials and supplies	204,019	173,436
TOTAL COMMISSIONS	\$ 394,764	\$ 271,750

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
Property taxes	\$ 3,000,000	\$ 3,032,327
Investment income	1,000	4,159
Total revenues	3,001,000	3,036,486
EXPENDITURES		
Debt service		
Principal	3,685,636	3,685,635
Interest and fiscal charges	1,287,266	734,085
Total expenditures	4,972,902	4,419,720
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,971,902)	(1,383,234)
OTHER FINANCING SOURCES (USES)		
Transfers in	1,800,636	600,000
Total other financing sources (uses)	1,800,636	600,000
NET CHANGE IN FUND BALANCE	\$ (171,266)	(783,234)
FUND BALANCE, MAY 1		1,306,110
FUND BALANCE, APRIL 30		\$ 522,876

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
2002 GENERAL OBLIGATION BONDS FUND

For the Year Ended April 30, 2004

	Original and Final Budget	Actual
REVENUES		
Investment income	\$ 100,000	\$ -
Total revenues	100,000	-
EXPENDITURES		
Bond issuance costs	-	29,939
Capital outlay	15,720,000	7,406,427
Total expenditures	15,720,000	7,436,366
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,620,000)	(7,436,366)
OTHER FINANCING SOURCES (USES)		
Bonds issued	8,500,000	9,000,000
Total other financing sources (uses)	8,500,000	9,000,000
NET CHANGE IN FUND BALANCE	<u>\$ (7,120,000)</u>	1,563,634
FUND BALANCE, MAY 1		<u>5,834,667</u>
FUND BALANCE, APRIL 30		<u>\$ 7,398,301</u>

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

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.

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

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

Tax Increment Financing General Obligation 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.

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
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2004

	Special Revenue		Permanent		Capital Projects					Totals
	Motor Fuel Tax	Emergency 911 System	Working Cash	Tax Increment		Working Capital				
				General Obligation Bonds 1981	Street Improvements	Facility and Improvement				
ASSETS										
Cash and cash equivalents	\$ 869,612	\$ 577,731	\$ 446,328	\$ -	\$ -	\$ -	\$ -	\$ 403,688	\$ 2,297,359	
Investments	-	348,140	-	-	-	-	-	49,766	397,906	
Receivables	-	-	-	-	650,435	-	-	-	650,435	
Property taxes	-	-	-	-	-	-	-	-	-	
Intergovernmental	64,868	49,253	-	-	-	-	-	-	114,121	
Loans	-	-	-	-	-	-	-	425,000	425,000	
Due from other funds	-	87,910	-	-	-	-	-	-	87,910	
TOTAL ASSETS	\$ 934,480	\$ 1,063,034	\$ 446,328	\$ 650,435	\$ -	\$ -	\$ -	\$ 878,454	\$ 3,972,731	
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	\$ -	\$ 1,093	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,093	
Accrued payroll	-	632	-	-	-	-	-	-	632	
Due to other funds	869,000	-	-	471,211	696,790	-	-	-	2,037,001	
Deferred revenue	-	-	-	643,285	-	-	-	-	643,285	
Total liabilities	869,000	1,725	-	1,114,496	696,790	-	-	-	2,682,011	
FUND BALANCES										
Reserved for loans receivable	-	-	-	-	-	-	-	425,000	425,000	
Reserved for public facilities	-	-	-	-	-	-	-	453,454	453,454	
Reserved for working cash	-	-	446,328	-	-	-	-	-	446,328	
Reserved for public safety	-	1,061,309	-	-	-	-	-	-	1,061,309	
Reserved for streets	65,480	-	-	-	-	-	-	-	65,480	
Unreserved (deficit) - capital projects	-	-	-	(464,061)	(696,790)	-	-	-	(1,160,851)	
Total fund balances	65,480	1,061,309	446,328	(464,061)	(696,790)	-	-	878,454	1,290,720	
TOTAL LIABILITIES AND FUND BALANCES										
FUND BALANCES	\$ 934,480	\$ 1,063,034	\$ 446,328	\$ 650,435	\$ -	\$ -	\$ -	\$ 878,454	\$ 3,972,731	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Special Revenue		Permanent	Capital Projects				Totals
	Motor Fuel Tax	Emergency 911 System	Working Cash	Tax Increment Financing General Obligation Bonds 1981	Street Improvements	Working Capital Public Facility and Improvement		
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ 1,145,658	\$ 650,000	\$ -	\$ -	\$ 1,795,658
Intergovernmental	-	136,412	-	-	-	-	-	136,412
Motor fuel tax allotments	858,067	-	-	-	-	-	-	858,067
Investment income	5,469	2,510	-	7,379	4,186	895	-	20,439
Miscellaneous	-	385,473	-	25,042	103,752	-	-	514,267
Total revenues	863,536	524,395	-	1,178,079	757,938	895	-	3,324,843
EXPENDITURES								
Current								
Public safety	-	162,709	-	-	-	-	-	162,709
Capital outlay	-	7,406	-	-	3,352,199	-	-	3,359,605
Total expenditures	-	170,115	-	-	3,352,199	-	-	3,522,314
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	863,536	354,280	-	1,178,079	(2,594,261)	895	-	(197,471)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	2,650,000	-	-	2,650,000
Transfers (out)	(869,000)	-	-	(550,560)	-	-	-	(1,419,560)
Total other financing sources (uses)	(869,000)	-	-	(550,560)	2,650,000	-	-	1,230,440
NET CHANGE IN FUND BALANCES	(5,464)	354,280	-	627,519	55,739	895	-	1,032,969
FUND BALANCES (DEFICIT), MAY 1	70,944	708,640	446,328	(1,091,580)	(752,529)	877,559	-	259,362
Prior period adjustment	-	(1,611)	-	-	-	-	-	(1,611)
FUND BALANCES (DEFICIT), MAY 1, RESTATED	70,944	707,029	446,328	(1,091,580)	(752,529)	877,559	-	257,751
FUND BALANCES (DEFICIT), APRIL 30	\$ 65,480	\$ 1,061,309	\$ 446,328	\$ (464,061)	\$ (696,790)	\$ 878,454	\$ 1,290,720	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
Motor fuel tax allotments	\$ 859,401	\$ 858,067
Investment income	4,000	5,469
Total revenues	<u>863,401</u>	<u>863,536</u>
EXPENDITURES		
None	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>863,401</u>	<u>863,536</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	<u>(863,401)</u>	<u>(869,000)</u>
Total other financing sources (uses)	<u>(863,401)</u>	<u>(869,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(5,464)
FUND BALANCE, MAY 1		<u>70,944</u>
FUND BALANCE, APRIL 30		<u>\$ 65,480</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
Intergovernmental	\$ -	\$ 136,412
Investment income	8,000	2,510
Other	390,000	385,473
Total revenues	398,000	524,395
EXPENDITURES		
Public safety		
Personal services	40,182	55,051
Contractual services	1,053,564	107,658
Capital outlay	39,562	7,406
Total expenditures	1,133,308	170,115
NET CHANGE IN FUND BALANCE	\$ (735,308)	354,280
FUND BALANCE, MAY 1		708,640
Prior period adjustment		(1,611)
FUND BALANCE, MAY 1, RESTATED		707,029
FUND BALANCE, APRIL 30		\$ 1,061,309

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
None	\$ -	\$ -
EXPENDITURES		
None	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	-
FUND BALANCE, MAY 1		<u>446,328</u>
FUND BALANCE, APRIL 30		<u>\$ 446,328</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT FINANCING GENERAL OBLIGATION BONDS 1981 FUND

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
Property taxes	\$ 1,161,507	\$ 1,145,658
Investment income	1,000	7,379
Miscellaneous	25,740	25,042
Total revenues	<u>1,188,247</u>	<u>1,178,079</u>
EXPENDITURES		
None	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,188,247</u>	<u>1,178,079</u>
OTHER FINANCING SOURCES (USES)		
Transfers (out)	<u>(1,751,196)</u>	<u>(550,560)</u>
Total other financing sources (uses)	<u>(1,751,196)</u>	<u>(550,560)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (562,949)</u>	627,519
FUND BALANCES (DEFICIT), MAY 1		<u>(1,091,580)</u>
FUND BALANCES (DEFICIT), APRIL 30		<u>\$ (464,061)</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
Property taxes	\$ 674,433	\$ 650,000
Intergovernmental	1,300,000	-
Investment income	1,000	4,186
Miscellaneous	-	103,752
Total revenues	1,975,433	757,938
EXPENDITURES		
Capital outlay	4,482,011	3,352,199
Total expenditures	4,482,011	3,352,199
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,506,578)	(2,594,261)
OTHER FINANCING SOURCES (USES)		
Transfers in	2,650,000	2,650,000
Total other financing sources (uses)	\$ 143,422	2,650,000
NET CHANGE IN FUND BALANCES		55,739
FUND BALANCES (DEFICIT), MAY 1		(752,529)
FUND BALANCES (DEFICIT), APRIL 30		\$ (696,790)

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKING CAPITAL PUBLIC FACILITY AND IMPROVEMENT FUND

For the Year Ended April 30, 2004

	Final Budget	Actual
REVENUES		
Investment income	\$ -	\$ 895
Reimbursements	12,500	-
Total revenues	12,500	895
EXPENDITURES		
Capital outlay	39,214	-
Total expenditures	39,214	-
NET CHANGE IN FUND BALANCE	<u>\$ (26,714)</u>	895
FUND BALANCE, MAY 1		<u>877,559</u>
FUND BALANCE, APRIL 30		<u>\$ 878,454</u>

(See independent auditor's report.)

MAJOR 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

SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
MOTOR VEHICLE PARKING SYSTEM FUND

For the Year Ended April 30, 2004

	Final Budget	Actual
OPERATING REVENUES		
Parking collections	\$ 493,215	\$ 590,246
Parking violations	212,223	151,335
Total operating revenues	705,438	741,581
OPERATING EXPENSES		
Personal services	292,152	295,547
Contractual services	171,955	198,949
Materials and supplies	200	4,465
Repairs and maintenance	88,400	109,413
Small tools and equipment	724,100	133,061
Other	836,210	12,891
Total operating expenses	2,113,017	754,326
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,407,579)	(12,745)
Depreciation	-	172,863
OPERATING INCOME (LOSS)	(1,407,579)	(185,608)
NONOPERATING REVENUES		
Investment income	20,000	5,818
Total nonoperating revenues	20,000	5,818
CHANGE IN NET ASSETS	\$ (1,387,579)	(179,790)
NET ASSETS, MAY 1		6,784,142
Prior period adjustment		(2,134,466)
NET ASSETS, MAY 1, RESTATED		4,649,676
NET ASSETS, APRIL 30		\$ 4,469,886

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
WATER FUND

For the Year Ended April 30, 2004

	Final Budget	Actual
OPERATING REVENUES		
Water sales	\$ 6,683,934	\$ 6,646,968
Water permit fees	90,885	115,637
Miscellaneous	-	6,041
Total operating revenues	<u>6,774,819</u>	<u>6,768,646</u>
OPERATING EXPENSES		
Personal services	2,097,362	2,356,338
Contractual services	975,262	875,636
Materials and supplies	406,375	327,903
Repairs and maintenance	78,500	60,606
Small tools and equipment	2,304,750	125,239
Other	863,538	-
Total operating expenses	<u>6,725,787</u>	<u>3,745,722</u>
OPERATING INCOME BEFORE DEPRECIATION	49,032	3,022,924
Depreciation	-	1,119,028
OPERATING INCOME	<u>49,032</u>	<u>1,903,896</u>
NONOPERATING REVENUES (EXPENSES)		
Bonds issued	1,500,000	-
Investment income	8,000	11,140
Interest expense	(1,357,666)	(420,664)
Total nonoperating revenues (expenses)	<u>150,334</u>	<u>(409,524)</u>
NET INCOME BEFORE TRANSFERS	<u>199,366</u>	<u>1,494,372</u>
TRANSFERS (OUT)		
Transfers (out)	(611,367)	(391,097)
Total transfers (out)	<u>(611,367)</u>	<u>(391,097)</u>
CHANGE IN NET ASSETS	<u>\$ (412,001)</u>	<u>1,103,275</u>
NET ASSETS, MAY 1		11,979,838
Prior period adjustment		<u>7,463,925</u>
NET ASSETS, MAY 1, RESTATED		<u>19,443,763</u>
NET ASSETS, APRIL 30		<u>\$ 20,547,038</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
HIGHLAND PARK COUNTRY CLUB FUND

For the Year Ended April 30, 2004

	Final Budget	Actual
OPERATING REVENUES		
Golf fees	\$ -	\$ 1,579,323
Charges for goods and services	3,364,675	1,524,290
Other	150,000	218,945
Total operating revenues	3,514,675	3,322,558
OPERATING EXPENSES		
Contractual services	3,100,000	1,696,462
Cost of goods sold	-	437,193
Small tools and equipment	20,000	26,671
Other	100,921	-
Total operating expenses	3,220,921	2,160,326
OPERATING INCOME BEFORE DEPRECIATION	293,754	1,162,232
Depreciation	-	288,347
OPERATING INCOME	293,754	873,885
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,000	-
Interest expense	(192,886)	(92,297)
Total nonoperating revenues (expenses)	(190,886)	(92,297)
NET INCOME BEFORE TRANSFERS	102,868	781,588
TRANSFERS IN (OUT)		
Transfers (out)	(300,000)	(100,000)
Total operating transfers in (out)	(300,000)	(100,000)
CHANGE IN NET ASSETS	\$ (197,132)	681,588
NET ASSETS, MAY 1		6,963,989
Prior period adjustment		2,013,532
NET ASSETS, MAY 1, RESTATED		8,977,521
NET ASSETS, APRIL 30		\$ 9,659,109

(See independent auditor's report.)

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 City.

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

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

April 30, 2004

	Equipment Maintenance and Replacement	Insurance	Totals
CURRENT ASSETS			
Cash	\$ 457,045	\$ 115,432	\$ 572,477
Investments	282,416	26,667	309,083
Accounts receivable	3,312	77,540	80,852
Due from other funds	-	20,946	20,946
Total current assets	742,773	240,585	983,358
CAPITAL ASSETS			
Equipment	8,463,560	-	8,463,560
Accumulated depreciation	(5,482,899)	-	(5,482,899)
Net capital assets	2,980,661	-	2,980,661
Total assets	3,723,434	240,585	3,964,019
LIABILITIES			
Accounts payable	80,815	1,861	82,676
Accrued salaries	51,670	9,759	61,429
Claims payable	-	388,111	388,111
Due to other funds	-	87,910	87,910
Total liabilities	132,485	487,641	620,126
NET ASSETS			
Invested in capital assets, net of related debt	2,980,661	-	2,980,661
Unrestricted	610,288	(247,056)	363,232
TOTAL NET ASSETS	\$ 3,590,949	\$ (247,056)	\$ 3,343,893

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS

For the Year Ended April 30, 2004

	Equipment Maintenance and Replacement	Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 2,457,112	\$ 3,924,213	\$ 6,381,325
Premium reimbursements	-	914,079	914,079
Miscellaneous	10,722	-	10,722
Total operating revenues	2,467,834	4,838,292	7,306,126
OPERATING EXPENSES			
Personal services	949,315	99,059	1,048,374
Contractual services	223,514	4,986,019	5,209,533
Materials and supplies	571,805	462	572,267
Repairs and maintenance	187,255	-	187,255
Small tools and equipment	178,389	-	178,389
Total operating expenses	2,110,278	5,085,540	7,195,818
OPERATING INCOME BEFORE DEPRECIATION	357,556	(247,248)	110,308
Depreciation	695,661	-	695,661
OPERATING INCOME (LOSS)	(338,105)	(247,248)	(585,353)
NONOPERATING REVENUES (EXPENSES)			
Investment income	2,036	192	2,228
Total nonoperating revenues (expenses)	2,036	192	2,228
CHANGE IN NET ASSETS	(336,069)	(247,056)	(583,125)
NET ASSETS, MAY 1	3,873,902	-	3,873,902
Prior period adjustment	53,116	-	53,116
NET ASSETS, MAY 1, RESTATED	3,927,018	-	3,927,018
NET ASSETS, APRIL 30	\$ 3,590,949	\$ (247,056)	\$ 3,343,893

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, 2004

	Equipment Maintenance and Replacement	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 7,409	\$ 806,331	\$ 813,740
Receipts from interfund services	2,457,112	3,924,213	6,381,325
Payments to suppliers	(1,272,651)	(4,499,337)	(5,771,988)
Payments to employees	(785,844)	(89,300)	(875,144)
Net cash from operating activities	406,026	141,907	547,933
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers	-	-	-
Net cash from noncapital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None	-	-	-
Net cash from capital and related financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	2,036	192	2,228
Purchase of investments	(282,416)	(26,667)	(309,083)
Purchase of capital assets	(1,073,183)	-	(1,073,183)
Net cash from investing activities	(1,353,563)	(26,475)	(1,380,038)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(947,537)	115,432	(832,105)
CASH AND CASH EQUIVALENTS, MAY 1	1,404,582	-	1,404,582
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 457,045	\$ 115,432	\$ 572,477
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (338,105)	\$ (247,248)	\$ (585,353)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	695,661	-	695,661
Changes in assets and liabilities			
Accounts receivable	(3,312)	(77,541)	(80,853)
Due from other funds	-	(20,946)	(20,946)
Accrued expenses	-	388,111	388,111
Accounts payable	47,810	1,862	49,672
Accrued payroll	(8,237)	9,759	1,522
Due to other funds	12,209	87,910	100,119
NET CASH FROM OPERATING ACTIVITIES	\$ 406,026	\$ 141,907	\$ 547,933

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
EQUIPMENT MAINTENANCE AND REPLACEMENT FUND

For the Year Ended April 30, 2004

	Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 2,451,545	\$ 2,457,112
Miscellaneous	50,000	10,722
Total operating revenues	2,501,545	2,467,834
OPERATING EXPENSES		
Personal services	924,217	949,315
Contractual services	986,128	223,514
Materials and supplies	480,285	571,805
Repairs and maintenance	124,840	187,255
Small tools and equipment	1,452,216	178,389
Total operating expenses	3,967,686	2,110,278
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(1,466,141)	357,556
Depreciation	-	695,661
OPERATING INCOME (LOSS)	(1,466,141)	(338,105)
NONOPERATING REVENUE (EXPENSES)		
Investment income	2,000	2,036
Total nonoperating revenues (expenses)	2,000	2,036
NET INCOME (LOSS) BEFORE TRANSFERS	(1,464,141)	(336,069)
TRANSFERS IN (OUT)		
Transfers (out)	(46,229)	-
Total transfers in (out)	(46,229)	-
CHANGE IN NET ASSETS	\$ (1,510,370)	(336,069)
NET ASSETS, MAY 1		3,873,902
Prior period adjustment		53,116
NET ASSETS, MAY 1, RESTATED		3,927,018
NET ASSETS, APRIL 30		\$ 3,590,949

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2004

	Final Budget	Actual
OPERATING REVENUES		
Charges for current services	\$ 3,870,395	\$ 3,924,213
Premium reimbursements	900,000	914,079
Total operating revenues	4,770,395	4,838,292
OPERATING EXPENSES		
Personal services	88,583	99,059
Contractual services	5,220,042	4,986,019
Materials and supplies	3,151	462
Total operating expenses	5,311,776	5,085,540
OPERATING INCOME (LOSS)	(541,381)	(247,248)
NONOPERATING REVENUES (EXPENSES)		
Investment income	1,000	192
Total nonoperating revenues (expenses)	1,000	192
CHANGE IN NET ASSETS	\$ (540,381)	(247,056)
NET ASSETS, MAY 1		-
NET ASSETS, APRIL 30		\$ (247,056)

(See independent auditor's report.)

FIDUCIARY FUNDS

Trust and Agency Funds consist of resources received from the non-Government sources and held by the City 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, City contributions, and employee contributions.

Agency

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

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 City is not obligated.

Housing Trust - to provide financial resources to address the needs of individuals and families of low and moderate income households who live or work in the City by promoting, preserving and producing long-term affordable housing, providing housing-related services and providing support for not-for-profit organizations that support the fund's objectives. Distribution of funds from the Housing Trust Fund shall be in the form of grants, loans or other funding mechanisms.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF PLAN NET ASSETS
PENSION TRUST FUNDS

April 30, 2004

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 1,352,974	\$ 508,148	\$ 1,861,122
Investments, at fair value			
U.S. government obligations	14,088,624	14,454,437	28,543,061
Mutual funds	9,732,589	7,077,975	16,810,564
Insurance contracts	-	1,450,110	1,450,110
Total investments	23,821,213	22,982,522	46,803,735
Prepaid items	16,773	-	16,773
Receivables			
Accrued interest	226,231	196,029	422,260
Total receivables	226,231	196,029	422,260
Total assets	25,417,191	23,686,699	49,103,890
LIABILITIES			
Due to other funds	6,042	21,875	27,917
Accrued expenses	17,315	700	18,015
Total liabilities	23,357	22,575	18,015
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 25,393,834	\$ 23,664,124	\$ 49,057,958

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, 2004

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions - employer			
Property taxes	\$ 796,899	\$ 849,029	\$ 1,645,928
Replacement taxes	20,270	21,875	42,145
Contributions - plan members	363,592	312,196	675,788
Contributions - other	-	2,328	2,328
Total contributions	1,180,761	1,185,428	2,366,189
Investment income			
Net appreciation (depreciation) in fair value of investments	1,158,076	527,291	1,685,367
Investment income			
Interest earned on investments	940,777	1,099,637	2,040,414
Total investment income	2,098,853	1,626,928	3,725,781
Less investment expense	(18,242)	(29,217)	(47,459)
Net investment income	2,080,611	1,597,711	3,678,322
Total additions	3,261,372	2,783,139	6,044,511
DEDUCTIONS			
Pensions and refunds	1,876,046	1,204,603	3,080,649
Miscellaneous			
Contractual professional services	51,861	17,562	69,423
Total deductions	1,927,907	1,222,165	3,150,072
NET INCREASE	1,333,465	1,560,974	2,894,439
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	24,060,369	22,103,150	46,163,519
April 30	\$ 25,393,834	\$ 23,664,124	\$ 49,057,958

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended April 30, 2004

	Balances May 1	Additions	Deductions	Balances April 30
ALL FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,967,017	\$ 1,925,931	\$ -	\$ 3,892,948
Accounts receivable	151,285	-	1,409	149,876
Due from other funds	1,360,902	-	1,360,902	-
TOTAL ASSETS	\$ 3,479,204	\$ 1,925,931	\$ 1,362,311	\$ 4,042,824
LIABILITIES				
Accounts payable	\$ 383,121	\$ 7,599	\$ -	\$ 390,720
Due to others	359,405	646,626	170,000	836,031
Deposits payable	2,702,992	79,395	-	2,782,387
Deferred revenue	33,686	-	-	33,686
TOTAL LIABILITIES	\$ 3,479,204	\$ 733,620	\$ 170,000	\$ 4,042,824
GENERAL DEPOSIT FUND				
ASSETS				
Cash	\$ 1,348,384	\$ 1,447,896	\$ -	\$ 2,796,280
Due from other funds	1,360,902	-	1,360,902	-
TOTAL ASSETS	\$ 2,709,286	\$ 1,447,896	\$ 1,360,902	\$ 2,796,280
LIABILITIES				
Accounts payable	\$ 6,294	\$ 7,599	\$ -	\$ 13,893
Deposits payable	2,702,992	79,395	-	2,782,387
TOTAL LIABILITIES	\$ 2,709,286	\$ 86,994	\$ -	\$ 2,796,280

(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, 2004

	Balances May 1	Additions	Deductions	Balances April 30
SPECIAL ASSESSMENT FUND				
ASSETS				
Cash and cash equivalents	\$ 389,228	\$ 2,942	\$ -	\$ 392,170
Accounts receivable	151,285	-	1,409	149,876
TOTAL ASSETS	\$ 540,513	\$ 2,942	\$ 1,409	\$ 542,046
LIABILITIES				
Accounts payable	\$ 376,827	\$ -	\$ -	\$ 376,827
Deferred revenue	33,686	-	-	33,686
Due to others	130,000	1,533	-	131,533
TOTAL LIABILITIES	\$ 540,513	\$ 1,533	\$ -	\$ 542,046
HOUSING TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 229,405	\$ 475,093	\$ -	\$ 704,498
TOTAL ASSETS	\$ 229,405	\$ 475,093	\$ -	\$ 704,498
LIABILITIES				
Due to others	\$ 229,405	\$ 645,093	\$ 170,000	\$ 704,498
TOTAL LIABILITIES	\$ 229,405	\$ 645,093	\$ 170,000	\$ 704,498

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

GOVERNMENT-WIDE REVENUES

For the Year Ended April 30, 2004

PROGRAM REVENUES

Charges for services	\$ 18,181,253
Operating grants	858,067
Capital grants	556,361

GENERAL REVENUES

Taxes	31,341,885
Investment income	176,597
Gain on sale of capital assets	<u>838,019</u>

TOTAL REVENUES	<u><u>\$ 51,952,182</u></u>
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NOTE: The City implemented GASB S-34 for the fiscal year ended April 30, 2004.

Data Source

City Records

CITY OF HIGHLAND PARK, ILLINOIS

GOVERNMENT-WIDE EXPENSES BY FUNCTION

For the Year Ended April 30, 2004

GOVERNMENTAL ACTIVITIES

General government	\$ 6,841,255
Public safety	18,632,313
Public works	7,489,204
Economic and physical development	5,889,721
Transit	1,148,215
Commissions	1,450,664
Interest	676,833

Total governmental activities	<u>42,128,205</u>
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BUSINESS-TYPE ACTIVITIES

Water	5,285,414
Parking	927,189
Country club	<u>2,540,970</u>

Total business-type activities	<u>8,753,573</u>
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TOTAL PRIMARY GOVERNMENT	<u><u>\$ 50,881,778</u></u>
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NOTE: The City implemented GASB S-34 for the fiscal year ended April 30, 2004.

Data Source

City Records

CITY OF HIGHLAND PARK, ILLINOIS

TOTAL EXPENDITURES AND EXPENSES BY FUNCTION

Last Ten Fiscal Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
General government and other	\$ 6,308,791	\$ 9,416,856	\$ 9,485,606	\$ 8,413,411	\$ 8,743,912	\$ 7,199,292	\$ 7,029,356	\$ 6,863,584	\$ 6,799,755	\$ 6,844,989
Public safety	14,926,595	12,849,750	12,155,248	11,699,586	12,452,890	11,107,541	10,783,735	8,628,837	8,702,129	8,469,986
Public works and capital outlay	17,712,029	18,719,832	12,700,289	13,171,353	21,813,889	13,193,075	13,272,560	13,392,675	7,771,924	7,167,889
Debt service	4,449,659	4,464,514	4,107,476	3,175,152	3,642,742	3,414,607	3,297,079	3,163,056	4,726,976	6,224,280
Economic and physical development (3)	3,339,672	-	-	-	-	-	-	-	-	-
Transit (3)	1,128,989	-	-	-	-	-	-	-	-	-
Commissions (3)	271,750	-	-	-	-	-	-	-	-	-
Contributions to IMRF and Police/Firefighters' Pension employers retirement benefits	-	1,618,747	1,807,131	1,561,815	1,358,117	805,864	2,578,663	1,494,770	1,516,562	1,498,152
Total governmental	48,137,485	47,069,699	40,255,750	38,021,317	48,011,550	35,720,379	36,961,393	33,542,922	29,517,446	30,205,296
Enterprises										
Motor vehicle parking system	671,526	396,881	455,996	638,333	195,589	250,072	449,458	361,198	467,687	300,849
Water	3,538,722	3,004,070	3,279,180	3,144,440	2,534,068	3,199,782	3,722,124	3,822,008	3,555,406	3,331,230
Sewer maintenance	-	-	-	-	-	-	-	-	-	561,095
Highland Park Country Club	2,160,326	2,541,603	3,038,149	2,827,119	2,735,284	2,893,484	3,692,003	2,894,144	2,229,776	2,799,276
Equipment maintenance and replacement	2,110,278	1,848,752	1,640,190	1,664,206	1,531,696	1,950,200	1,606,071	1,467,653	1,457,181	1,423,305
Liability insurance	4,716,418	4,032,533	4,783,889	3,477,837	3,539,745	3,019,207	2,643,806	3,262,246	3,040,478	-
TOTALS	\$ 61,334,755	\$ 58,893,538	\$ 53,453,154	\$ 49,773,252	\$ 58,547,932	\$ 47,033,124	\$ 49,074,855	\$ 45,350,171	\$ 40,267,974	\$ 38,621,051

(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.

(3) The City began using these functions in 2004.

CITY OF HIGHLAND PARK, ILLINOIS

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

Last Ten Fiscal Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
OTHER LOCAL TAXES										
Municipal sales tax (3)	\$ 12,038,527	\$ 10,014,358	\$ 10,706,499	\$ 10,492,993	\$ 10,060,364	\$ 8,692,201	\$ 7,766,292	\$ 7,557,962	\$ 7,391,301	\$ 5,787,769
Motor fuel tax allotments	858,067	974,586	863,746	890,950	830,957	732,313	706,770	718,257	713,411	678,346
Utility tax	3,469,014	3,743,805	3,921,731	3,648,778	3,301,140	3,051,006	2,934,825	3,105,766	2,972,377	2,610,443
Illinois state income tax	1,823,033	1,913,363	1,872,494	2,420,065	2,260,531	2,519,150	2,383,183	2,182,272	2,031,189	1,755,166
Illinois state replacement tax (1)	212,981	147,631	197,481	202,102	220,690	204,330	200,191	175,872	168,703	148,579
Cable television franchise tax	333,133	359,946	376,300	319,456	267,931	239,813	240,205	236,045	221,971	206,552
Real estate transfer tax	2,174,270	2,008,860	1,787,298	1,938,210	1,734,500	1,624,035	1,349,335	1,052,010	1,114,080	1,041,455
Franchise tax	503,542	44,385	114,529	128,218	123,532	365,130	338,305	305,888	281,636	266,189
Total other local taxes	21,412,567	19,206,934	19,840,078	20,040,772	18,799,645	17,427,978	15,919,106	15,334,072	14,894,668	12,494,499
LICENSES, PERMITS, AND FINES	2,382,180	2,264,264	2,388,253	-	3,321,035	2,285,104	1,779,386	1,760,076	1,999,577	2,054,547
INTEREST AND RENTAL INCOME										
Investment income	135,042	518,514	883,906	1,265,945	1,317,693	1,057,618	761,039	1,045,344	1,201,859	894,102
SERVICE CHARGES (1)										
Internal Service Funds (2)	7,306,693	6,442,128	5,391,862	3,619,345	5,156,808	5,085,181	5,075,905	4,321,418	4,078,409	1,913,939
Other charges	-	1,914,404	2,652,272	2,451,545	1,665,892	1,587,969	1,686,313	1,420,475	1,011,584	962,616
Sewer maintenance charges	-	-	-	-	-	-	-	-	450,892	356,907
Miscellaneous	5,696,319	4,835,247	1404223	34,543	710,418	599,638	676,837	588,291	486,056	92,169
Total service charges	13,003,012	13,191,779	9,448,357	6,105,433	7,533,118	7,272,788	7,439,055	6,330,184	6,026,941	3,325,631
REVENUE FROM ENTERPRISES										
Parking collections	590,246	525,636	551,611	476,753	460,574	446,113	463,476	467,683	468,183	485,346
Parking violations	151,335	204,847	236,339	233,250	256,702	189,441	233,995	232,568	251,761	219,683
Water sales and tap permits	6,768,446	7,300,274	6,457,091	6,830,496	7,142,318	6,325,835	5,504,520	5,697,552	5,696,619	6,116,818
Highland Park Country Club	3,009,879	3,364,511	3,183,582	3,415,971	3,323,791	3,435,523	3,646,528	3,024,270	2,325,161	3,106,919
Total revenue from enterprises	10,519,906	11,395,268	10,428,623	10,956,470	11,183,385	10,396,912	9,848,519	9,422,073	8,741,724	9,927,866

CITY OF HIGHLAND PARK, ILLINOIS

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

Last Ten Fiscal Years

	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
REVENUE FROM OTHER AGENCIES										
Fire insurance tax	\$ -	\$ -	\$ -	\$ -	\$ 45,855	\$ 45,194	\$ 40,853	\$ 41,696	\$ 41,624	\$ 39,930
Regional Transportation Authority	920,879	892,506	813,974	839,264	768,874	710,766	748,393	734,872	741,005	723,659
State Department of Transportation reimbursement	-	-	27,647	-	-	-	-	-	-	-
Total revenue from other agencies	920,879	892,506	841,621	839,264	814,729	755,960	789,246	776,568	782,629	763,589
MISCELLANEOUS REVENUE (1)	-	-	-	144,680	2,876,689	2,268,938	997,995	837,990	-	1,616,433
OTHER SOURCES OF FINANCIAL RESOURCES										
Sale of property										
Real estate	3,876,013	327,325	-	-	-	-	-	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	8,970,061	-	-	3,000,000	3,000,000	-	3,030,000	3,450,000	4,894,214	-
Contributions from property owners	-	-	-	-	-	-	-	-	-	117,771
Total other sources of financial resources	12,846,074	327,325	13,247	3,165,505	3,184,446	558,117	4,457,377	4,806,613	4,894,214	117,771
TOTAL REVENUES	\$ 61,219,660	\$ 47,796,590	\$ 43,844,085	\$ 42,518,069	\$ 49,030,740	\$ 42,023,415	\$ 41,991,723	\$ 40,312,920	\$ 38,541,612	\$ 31,194,438

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 96.
- (3) Municipal sales tax revenues for fiscal 1996 and 1995 include \$358,427 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
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	758,872	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	32,798,867	12,261,393	10,706,499	684,932	3,921,731	1,872,494	-	863,746	209,945	490,829	1,787,298
2003	32,634,710	12,761,565	10,014,358	661,747	3,743,805	1,913,363	-	974,586	160,095	404,331	2,000,860
2004	34,725,970	12,949,385	12,038,527	697,151	3,469,014	1,823,033	-	858,067	212,981	503,542	2,174,270

* 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				
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	11,628,014	96.16%	-	11,628,014	96.16%
2002	12,310,786	2004	11,799,711	95.85%	-	11,799,711	95.85%
2003	12,582,843	2005	-	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 2003 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
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%
2003	2002	1,749,129,216	649,027	1,749,778,243	5,249,334,729	33%
2004	2003	1,907,107,167	701,090	1,907,808,257	5,723,424,771	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	College of Lake County										Park District	Total Tax
		County	Forest Preserve	Township	Sanitary	County	High School	Elementary School	Mosquito Abatement	City			
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	
2004	2002	0.502	0.232	0.050	0.152	0.208	1.908	2.658	0.012	0.681	0.359	6.762	
2005	2003	0.490	0.225	0.048	0.144	0.201	1.825	2.538	0.012	0.640	0.433	6.556	

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
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	30,262	(2)	1,475,787,574	29,890,000	0.0203	987.71
2002	30,262	(2)	1,673,518,251	25,815,755	0.0154	853.07
2003	30,262	(2)	1,749,778,243	30,775,635	0.0176	1,016.97
2004	30,262	(2)	1,907,808,257	35,055,000	0.0184	1,158.38

Notes:

(1) 1990 census.

(2) Revised 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, 2004

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, 2004

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	\$ 35,055,000	100.00%	\$ 35,055,000
Lake County	9,273,000	9.18%	851,261
Lake County Forest Preserve District	184,794,166	9.18%	16,964,104
North Shore Sanitary District	11,522,771	26.13%	3,010,900
Schools			
Elementary			
District No. 106	4,620,000	3.39%	156,618
District No. 109	36,830,000	5.09%	1,874,647
District No. 112	69,140,000	93.78%	64,839,492
District No. 113	61,605,000	58.40%	35,977,320
College of Lake County	10,990,473	9.68%	1,063,878
	<u>388,775,410</u>		<u>124,738,220</u>
	<u>\$ 423,830,410</u>		<u>\$ 159,793,220</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
1995	\$ 5,225,000	\$ 2,238,550	\$ 7,463,550	\$ 30,205,296	24.71%
1996	4,405,000	1,531,437	5,936,437	29,517,446	20.11%
1997	3,030,000	1,350,857	4,380,857	33,542,922	13.06%
1998	5,070,000	1,292,808	6,362,808	36,961,393	17.21%
1999	3,400,000	1,314,854	4,714,854	35,720,379	13.20%
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%
2003	3,887,841	576,673	4,464,514	47,069,699	9.48%
2004	3,685,636	1,287,266	4,972,902	48,137,485	10.33%

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

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL TAXPAYERS

April 30, 2004

(2) Taxpayer	Business/Service	(1) 2003 Equalized Assessed Valuation
Renaissance Place, LLC	Business/Retail Center	\$ 8,753,500
Federal Realty Investment Trust	Business/Retail Center	5,733,300
American NB Trust of Chicago - Americana Apartments	Real Property	4,385,084
Target Corporation	Retail Store	3,823,888
LaSalle Bank	Bank	3,771,989
American Stores Company	Business/Retail Center	3,129,599
Klairmont Enterprises, Inc.	Business/Retail Center	2,570,514
Toys R Us - Delaware Inc.	Retail Store	2,497,083
Dayton Hudson Corporation	Retail Store	4,205,207
Dominick's	Retail Center	2,468,977
Michael and Juanita Jordan	Residence	2,425,744
		<u>\$ 17,297,124</u>

Notes:

(1) Source: Lake County Clerk

(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2003 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
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	30,262	80,128	6,034	2.3%	36.1	61.6%
2002	30,262	55,331	6,034	3.7%	40.6	61.6%
2003	30,262	55,331	6,198	3.0%	40.6	61.6%
2004	30,262	55,331	6,304	3.5%	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)
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	1,475,787,594	NA
2002	1,510,686,423	1,169,589	158,582,154	2,533,031	547,054	1,673,518,251	NA
2003	1,579,524,820	1,207,347	165,789,879	2,607,170	649,027	1,749,778,243	NA
2004	1,763,725,693	440,178	141,268,775	1,672,521	701,090	1,907,808,257	NA

NA - Not available

Notes:

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

CITY OF HIGHLAND PARK, ILLINOIS

MISCELLANEOUS STATISTICS

April 30, 2004

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	30,262

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
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
2003	1,936	1,334	68.89%	2,320	992
2004	2,402	1,340	55.79%	1,340	1,062

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