

CITY OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
April 30, 2005

Prepared by Finance Department

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CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

April 30, 2005

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LEGISLATIVE

Michael D. Belsky, Mayor

City Council

Michael C. Brenner

Steven W. Mandel

James R. Kirsch

Terri R. Olian

Scott Levenfeld

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

Michael C. Brenner Steven W. Mandel

James R. Kirsch Terri Olian

Scott Levenfeld Lawrence D. Silberman

## City Boards and Commissions

Business and Economic

Development Commission

Civil Service Commission

Cultural Arts Commission

Design Review Commission

Environmental Commission

Firefighters Pension Board

Fort Sheridan Joint Plan

Commission

Historic Preservation 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 Linardi

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

Alan Wax

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, 2004

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.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director



## CITY OF HIGHLAND PARK

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

November 28, 2005

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, 2005, 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, 2005, 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, 2005, 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 Fire 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 7.0% this past fiscal year. The unemployment rate for the City is currently 3.2%, down from 3.9% in 2004. This rate compares favorably when compared to the 4.5% rate for Lake County and 5.7% rate for the State of Illinois. The total value of building permits in the City for fiscal year 2005 was \$137 million, nearly double the \$69 million recorded in fiscal year 2003. In 2005, 130 residential building permits were issued, compared to 105 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 was completed recently on a 55,000 square foot addition to the Highland Park Country Club clubhouse. The Recreation Center facility, opened in October,

houses an indoor swimming pool, running track, basketball courts, fitness center and other amenities to replace the current Karger Center. The \$12.3 million project was a joint project of the City and Park District, with the City serving as the construction contract administrator and contributing up to \$2 million towards the project.

- The City has begun 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, increasing its annual commitment from \$3.6 million to \$3.8 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 Fire Pension Trust Funds, which earned rates of return of 5.69% and 6.04%, 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 Fire 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 the 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, 2004. This was the twentieth 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, 2006. 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



# Silich Gardner & Co, LLP<sup>TM</sup>

Accountants & Consultants

A Member of Silich Group, LLC

998 Corporate Boulevard • Aurora, IL 60502-9102

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, 2005, as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City of Highland Park, Illinois' management. Our responsibility is to express an opinion on these basic 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, 2005, and the results of its operations and cash flows of its proprietary funds 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, 2005, 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 are 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 "Sibish Gaudner & Co, LLP".

Aurora, Illinois  
September 9, 2005

## 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 April 30, 2005. 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 beginning on page iv of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$142 million (net assets).
- The government's total net assets increased by \$5,265,656 during the 2005 fiscal year. Business-type activities resulted in a \$1,392,830 increase, while net assets of governmental activities increased by \$3,872,826, due primarily to a special item.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35.8 million, an increase of \$15.2 million in comparison with the prior year. It is important to note that this increase is due primarily to the sale of pension funding bonds, assets which are held in the General Fund for the benefit of the police and fire pension funds. Of the total fund balance, \$10.2 million is available for spending in the General Fund at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance of the general fund was \$10,188,720, or 34% of total general fund revenues, exceeding the City's policy to maintain a balance of 25-33%.
- The City's total bonded debt increased by \$12.8 million during the current fiscal year. The key factor in this increase was the issuance of \$16,590,000 in general obligation pension funding bonds for the benefit of the police and fire pension funds.

### 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 3 - 5 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, street improvements fund, and the 2002 general obligation bonds capital projects fund, all of which are considered to be major funds. Data from the other 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 62 - 75 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 6 - 11 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 79 - 83 in this report.

The basic proprietary fund financial statements can be found on pages 12 - 16 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 17 - 18 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 19 - 51 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 52 - 61 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 62 - 87 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 \$142 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (84.4%) 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 (7.5%) represents resources that are subject to external restrictions on how they may be used. The remaining \$11.4 million balance of *unrestricted net assets* (8.1% 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, 2005**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2004</b>	<b>FY 2005</b>
Current and Other Assets	\$33,189,531	53,247,545	2,807,747	4,007,217	35,997,278	57,254,762
Capital Assets	59,525,294	117,537,206	42,719,103	33,952,935	102,244,397	151,490,141
<b>Total Assets</b>	<b>92,714,825</b>	<b>170,784,751</b>	<b>45,526,850</b>	<b>37,960,152</b>	<b>138,241,675</b>	<b>208,744,903</b>
Long-Term Liabilities Outstanding	28,321,644	42,897,463	10,093,770	8,926,573	38,415,414	51,824,036
Other Liabilities	12,516,969	12,818,727	757,047	2,096,110	13,274,016	14,914,837
<b>Total Liabilities</b>	<b>40,838,613</b>	<b>55,716,190</b>	<b>10,850,817</b>	<b>11,022,683</b>	<b>51,689,430</b>	<b>66,738,873</b>
Net Assets:						
Capital Assets, net of Debt	34,615,233	94,907,427	32,604,103	24,967,935	67,219,336	119,875,362
Restricted	2,549,447	10,706,878	0	0	2,549,447	10,706,878
Unrestricted	14,711,532	9,454,256	2,071,930	1,969,534	16,783,462	11,423,790
<b>Total Net Assets</b>	<b>51,876,212</b>	<b>115,068,561</b>	<b>34,676,033</b>	<b>26,937,469</b>	<b>86,552,245</b>	<b>142,006,030</b>

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 increase in "Current and Other Assets," as well as "Long-Term Liabilities Outstanding", is due to the FY2005 issue of pension bonds, the proceeds of which are held in the General Fund on behalf of the fire and police pension funds. The increase in restricted assets is due primarily to bond proceeds from a FY2004 issue being reported as restricted assets for the current fiscal year, but were reported as unrestricted assets for the prior fiscal year.

The City's net assets increased significantly in Fiscal Year 2005 due to the implementation of GASB Statement No. 34, resulting in previously unrecorded infrastructure assets being recorded at estimated historical cost. The City's net assets increased by \$55,935,917 during the current fiscal year. However, with the prior period adjustment totaling \$50,670,261, the City's net assets increased by \$ 5,265,656. Governmental activities accounted for 74% of the change in net assets. A breakdown of the change in net assets follows:

Water Utility	\$1,652,549
Parking System	(30,575)
Country Club	(229,144)
Governmental Activities	3,872,826

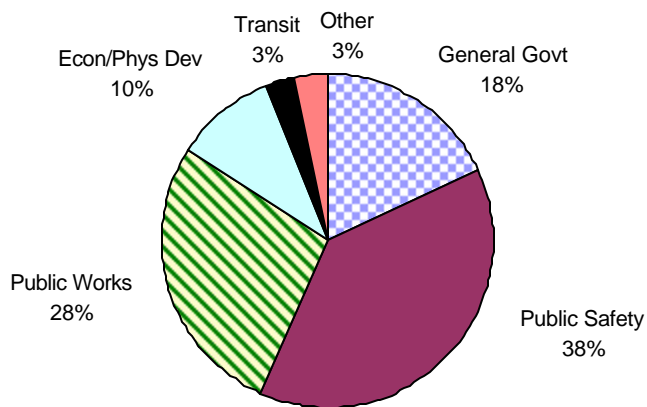
### City of Highland Park's Changes in Net Assets

Revenues	Governmental Activities		Business-Type Activities		Total	
	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005
Program Revenues						
Charges for Services	\$7,348,468	8,250,084	10,832,785	10,686,739	18,181,253	18,936,823
Operating Grants	858,067	884,766	0	0	858,067	884,766
Capital Grants	556,361	551,346	0	0	556,361	551,346
General Revenues						
Property Taxes	9,887,448	10,001,506	0	0	9,887,448	10,001,506
Sales Taxes	12,038,527	12,092,028	0	0	12,038,527	12,092,028
Other Taxes	9,415,910	9,887,466	0	0	9,415,910	9,887,466
Special Item	0	4,079,569	0	0	0	4,079,569
Other	997,658	329,109	16,958	(20,818)	1,014,616	308,291
<b>TOTAL REVENUES</b>	<b>41,102,439</b>	<b>46,075,874</b>	<b>10,849,743</b>	<b>10,665,921</b>	<b>51,952,182</b>	<b>56,741,795</b>
Expenses						
General Government	6,841,255	7,709,170	0	0	6,841,255	7,709,170
Public Safety	18,632,313	16,671,814	0	0	18,632,313	16,671,814
Public Works	7,489,204	11,784,555	0	0	7,489,204	11,784,555
Economic/Physical Dev	5,889,721	4,093,676	0	0	5,889,721	4,093,676
Transit	1,148,215	1,219,866	0	0	1,148,215	1,219,866
Commissions	1,450,664	640,026	0	0	1,450,664	640,026
Interest	676,833	858,741	0	0	676,833	858,741
Parking	0	0	927,189	857,921	927,189	857,921
Water	0	0	5,285,414	4,533,636	5,285,414	4,533,636
Country Club	0	0	2,540,970	3,106,734	2,540,970	3,106,734
<b>TOTAL EXPENSES</b>	<b>42,128,205</b>	<b>42,977,848</b>	<b>8,753,573</b>	<b>8,498,291</b>	<b>50,881,778</b>	<b>51,476,139</b>
Increase in Net Assets before						
Transfers	(1,025,766)	3,098,026	2,096,170	2,167,630	1,070,404	5,265,656
Transfers	491,097	774,800	(491,097)	(774,800)	0	0
<b>Increase in Net Assets</b>	<b>(534,669)</b>	<b>3,872,826</b>	<b>1,605,073</b>	<b>1,392,830</b>	<b>1,070,404</b>	<b>5,265,656</b>

- Property tax revenue increased by \$114,058 (1.1%) 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 eleven years.
- Sales tax revenue increased by only \$53,501 (.4%), but other taxes increased by \$471,556 (5%). The growth in other taxes occurred primarily in utility taxes and real estate transfer tax.

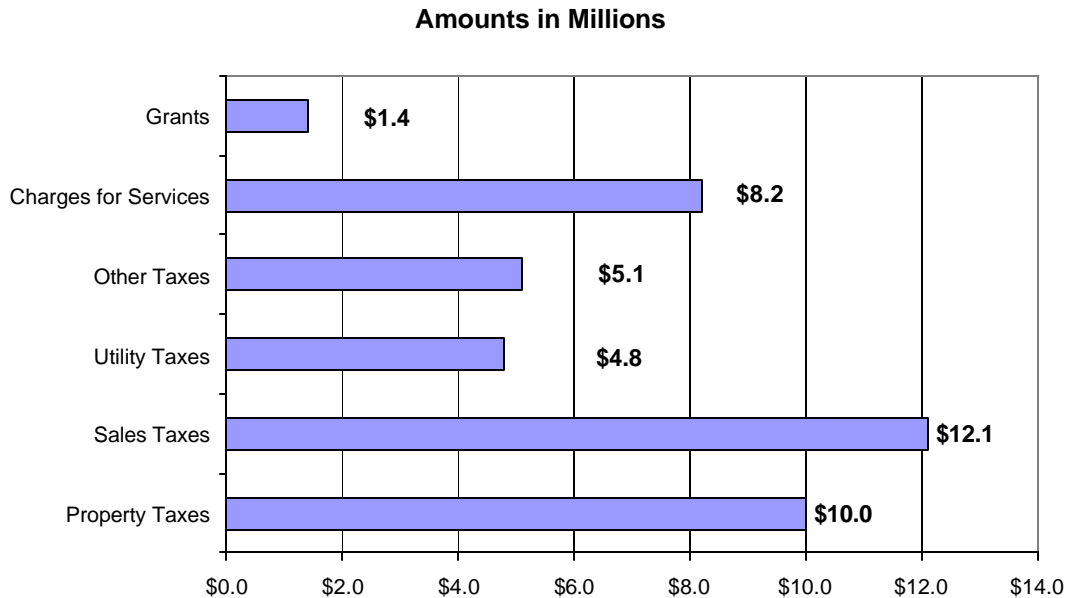
- In addition to the residents of Highland Park, the City's water utility provides water to four neighboring jurisdictions by intergovernmental agreement. Outside water sales account for approximately 45% of the total water sales.
- A special item is reported in FY2004 of \$4 million, reflecting a correction in the reporting of the net pension obligation for the police and fire pension trust funds. Please see the notes to the financial statements for more information.
- Expenses totaled \$51.5 million for fiscal year 2005, reflecting a modest increase of 1.1% over the previous year.

### Expenses and Program Revenues — Governmental Activities



Public Safety expenses (police and fire) account for the greatest percent of governmental activities with 38%, followed by public works, general government, and economic/physical development.

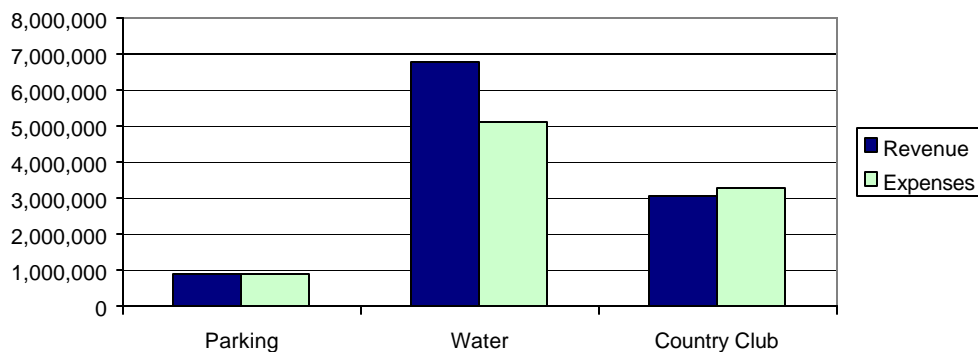
### Revenues by Source — Governmental Activities



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 five consecutive years, with operating departments mandated to contain non-personnel related costs. However, the City has continued an aggressive capital improvement plan, investing \$3.8 million annually in street, sewer and ravine improvements from governmental revenues. The City is constructing a new Police Headquarters and, with the Park District, jointly funded 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 \$1.4 million. 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 2005 revenues and expenses of each business-type activity:



- Net assets of the parking fund decreased by \$(30,575), 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 \$1.7 million.
- Net assets of the country club fund decreased by \$(229,144) due in large part to revenues down approximately \$300,000 compared to the previous year.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal year, a small investment income was offset by a loss on the sale of capital assets.

### **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, 2005, the City's governmental funds reported combined ending fund balances of \$35.8 million, an increase of \$15.2 million in comparison with the prior year. As noted previously, a large portion of this increase is the result of one-time revenue from the sale of pension bonds. Of the total fund balance, \$10.2 million constitutes *unreserved fund balance* in the General Fund, which is available for spending at the government's discretion. *Reserved fund balance* totaling \$26.1 million is not available for discretionary spending because it has already been committed for a variety of purposes, including police and fire pension obligations, payment of debt service, long-term loans receivable, public facilities, and public safety expenditures (E-911 Fund). Please refer to page 7 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 \$10.2 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 35% of total general fund expenditures for the current fiscal year.

The unreserved fund balance of the City's general fund decreased by \$1.6 million during fiscal year 2005. The decrease in fund balance was projected in the fiscal year 2005 budget adopted by the City Council. The forecasted drawdown of fund balance was due primarily to increasing personnel costs, including pension and insurance, as well as operating transfers totaling \$2.7 million to fund capital improvements.

The street and bridge fund has a total fund balance of \$329,274, eliminating the deficit fund balance that has been recorded at the close of the previous two fiscal years. In Fiscal Year



2005, the City made 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 \$543,630, all of which is reserved for the payment of debt service. During the current fiscal year, the fund posted a \$20,754 increase in fund balance.

The street improvements fund has a fund balance of \$247,753 at April 30, 2005. One time transfers allowed for the elimination of the fund deficit reported as of April 30, 2004.

The 2002 general obligation bonds fund has a total fund balance of \$4.9 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 \$1.8 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 \$4.4 million at April 30, 2005. Net assets of the water utility fund amounted to \$13.3 million. Net assets of the country club operation amounted to \$9.2 million. The total growth in net assets for all proprietary funds was \$1.4 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 amended during fiscal year 2005 to transfer appropriations between operating departments. Actual revenues exceeded the budget by \$725,000, primarily in the real estate transfer tax and utility/franchise tax categories. Total general fund expenditures were \$362,612 over budget due primarily to insurance costs and revenue sharing payments exceeding budget projections.

### **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, 2005, amounts to \$120 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 decrease in the City's investment in capital assets for the current fiscal year was nearly \$2 million.

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

- Water system improvements totaling \$1.3 million, including improvements on Moraine Road, Lynn Terrace, and Lake Cook Road.
- Deerfield Road from the Route 41 interchange to Old Deerfield Road was reconstructed and new signals were installed at the Richfield Avenue intersection. Total cost of the project was \$2.1 million.

- Construction began on the new Police Headquarters, with completion of the project expected during the summer of 2006.
- Infrastructure improvements totaled \$1 million, including St. Johns Avenue streetscape, Pine Point Drive storm sewer, Dean Avenue Bridge structural steel repairs, and Linden Avenue storm sewer replacement.

### City of Highland Park's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2004	2005	2004	2005	2004	2005
Land	\$8,495,790	\$8,484,190	\$4,981,323	\$4,981,323	\$13,477,113	\$ 13,465,513
Buildings and improvements	46,182,366	45,588,980	15,898,443	15,383,063	62,080,809	60,972,043
Machinery and equipment	3,942,229	4,141,497	1,914,668	1,761,975	5,856,897	5,903,472
Infrastructure	59,619,359	57,360,973	11,298,644	11,826,574	70,918,003	69,187,547
Construction in progress	904,909	1,961,566	-	-	904,909	1,961,566
Total	\$119,144,653	\$117,537,206	\$34,093,078	\$33,952,935	\$153,237,731	\$151,490,141

Additional information on the City's capital assets can be found in note 5 on pages 31 - 32 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$47,835,000. Of this amount, \$38,850,000 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	2005	2004	2005	2004	2005
Total	\$24,940,000	\$38,850,000	\$10,115,000	\$8,985,000	\$35,055,000	\$47,835,000

The City's total bonded debt increased by \$12,780,000 during the current fiscal year. The key factor in this increase was a \$16,590,000 million general obligation bond issue to fund police and fire pension obligations. The City's general obligation 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 \$47.835 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 7.0% 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 in fiscal year 2005 remained unchanged compared to the previous year. However, sales tax figures show a 4.4% increase in sales for the first six months of 2005 compared to the prior year. Other economic factors impacting the City's budget are as follows:

- The unemployment rate for the City is currently 3.2%, down from 3.9% in 2004. This rate compares favorably when compared to the 4.5% rate for Lake County and 5.7% rate for the State of Illinois.
- The total value of building permits in the City for fiscal year 2005 was \$137 million, nearly double the \$69 million recorded in fiscal year 2003 and a 7% increase over the \$127 million recorded in the previous fiscal year. In 2005, 130 residential building permits were issued, compared to 105 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 2006 budget includes a modest 1.3% increase in the property tax levy. Building permit revenues are expected to remain at an all-time high due to continuing construction activity. Sales tax revenue is expected to remain stable, with collections increasing by 3% over the prior year. Sanitary sewer fees were increased to provide additional operating revenue to the street and bridge fund. An increase in water rates went into effect on May 1, 2005. Commuter parking lot fees will remain unchanged at the current time, but a comprehensive analysis of all parking fees is anticipated in the coming year. As part of the development of the Fiscal Year 2006 budget, the City conducted a comprehensive review of charges for services. Several fees were adjusted to reflect the costs to provide the particular service.

Budgeted expenditures include increases for salary adjustments, estimated at 3.0%. Pension cost increases are projected for all three plans. The City made significant changes to its health insurance plans effective April 1, 2005, and instituted employee premium cost sharing for the first time to offset the significant increases in 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 2002-2006. As a result, year-end budgetary savings have been reduced as department budgets have become leaner and discretionary items are removed from the budget.

The fiscal year 2006 budget projects a \$509,641 decrease in unreserved fund balance of the general fund. However, appropriations include transfers of \$2.1 million to fund capital improvements.

As noted previously, water rates were adjusted effective May 1, 2005. The rate charged to Highland Park residential customers increased by 2.6%, while the rate charged outside municipal customers increased by 3.6%. The rate increase was necessary to ensure the financial stability of the water utility enterprise fund. 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, 2005

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Highland Park Public Library
<b>ASSETS</b>				
Cash	\$ 15,332,867	\$ 484,303	\$ 15,817,170	\$ 333,520
Investments	20,468,628	397,270	20,865,898	571,864
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	10,191,602	-	10,191,602	3,431,642
Motor fuel tax allotments	121,101	-	121,101	-
Intergovernmental	3,707,249	-	3,707,249	-
Loans	577,177	-	577,177	-
Accrued interest	350	-	350	-
Accounts	526,317	1,226,800	1,753,117	2,352
Prepaid expenses	43,436	4,850	48,286	1,440
Inventory	-	66,352	66,352	-
Due to/from other funds	(1,827,642)	1,827,642	-	-
Due from primary government	-	-	-	32,636
Due from component unit	5,142	-	5,142	-
Land held for resale	1,160,000	-	1,160,000	-
Net pension asset	2,941,318	-	2,941,318	-
Capital assets not being depreciated	10,706,083	4,981,323	15,687,406	500,000
Capital assets being depreciated, net of accumulated depreciation	106,831,123	28,971,612	135,802,735	2,802,839
Total assets	170,784,751	37,960,152	208,744,903	7,676,293
<b>LIABILITIES</b>				
Accounts payable	1,396,555	632,387	2,028,942	84,292
Accrued payroll	248,290	202,656	450,946	39,239
Claims payable	507,819	-	507,819	-
Accrued interest payable	262,815	135,897	398,712	-
Due to fiduciary funds	53,037	1,012,068	1,065,105	-
Due to primary government	-	-	-	5,142
Deferred revenues	10,250,553	19,115	10,269,668	3,431,642
Refundable deposits	99,658	93,987	193,645	-
Noncurrent liabilities				
Due within one year	3,984,307	1,210,000	5,194,307	12,862
Due in more than one year	38,913,156	7,716,573	46,629,729	72,882
Total liabilities	55,716,190	11,022,683	66,738,873	3,646,059
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	94,907,427	24,967,935	119,875,362	3,302,839
Restricted for				
Debt service	543,630	-	543,630	-
Public safety	1,333,460	-	1,333,460	-
Public facilities	5,390,621	-	5,390,621	-
Highways and streets	497,849	-	497,849	-
Culture and recreation	-	-	-	471,804
Net pension obligation	2,941,318	-	2,941,318	-
Unrestricted	9,454,256	1,969,534	11,423,790	255,591
TOTAL NET ASSETS	\$ 115,068,561	\$ 26,937,469	\$ 142,006,030	\$ 4,030,234

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

## STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2005

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 7,709,170	\$ 949,822	\$ -	\$ -
Public safety	16,671,814	1,112,236	-	535,319
Public works	11,784,555	3,577,575	884,766	-
Economic and physical development	4,093,676	1,659,090	-	7,527
Transit	1,219,866	951,361	-	-
Commissions	640,026	-	-	8,500
Interest	858,741	-	-	-
Total governmental activities	42,977,848	8,250,084	884,766	551,346
Business-Type Activities				
Parking system	857,921	901,451	-	-
Water	4,533,636	6,737,818	-	-
Country club	3,106,734	3,047,470	-	-
Total business-type activities	8,498,291	10,686,739	-	-
TOTAL PRIMARY GOVERNMENT	\$ 51,476,139	\$ 18,936,823	\$ 884,766	\$ 551,346
COMPONENT UNIT				
Highland Park Public Library	\$ 3,274,678	\$ 126,566	\$ 50,655	\$ -

Net (Expense) Revenue and Change in Net Assets				
	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Highland Park Public Library
\$ (6,759,348)	\$ -	\$ (6,759,348)	\$ -	
(15,024,259)	-	(15,024,259)	-	
(7,322,214)	-	(7,322,214)	-	
(2,427,059)	-	(2,427,059)	-	
(268,505)	-	(268,505)	-	
(631,526)	-	(631,526)	-	
(858,741)	-	(858,741)	-	
(33,291,652)	-	(33,291,652)	-	
-	43,530	43,530	-	
-	2,204,182	2,204,182	-	
-	(59,264)	(59,264)	-	
-	2,188,448	2,188,448	-	
(33,291,652)	2,188,448	(31,103,204)	-	
-	-	-	(3,097,457)	
General Revenues				
Taxes				
Property	10,001,506	-	10,001,506	3,125,013
Replacement	208,941	-	208,941	-
Home rule sales	4,316,071	-	4,316,071	-
Sales	7,775,957	-	7,775,957	-
Utility	2,785,652	-	2,785,652	-
Franchise	2,072,215	-	2,072,215	-
Real estate transfer	2,420,485	-	2,420,485	-
Income	2,048,727	-	2,048,727	-
Other	351,446	-	351,446	-
Investment income	329,109	58,162	387,271	27,933
Miscellaneous	-	-	-	36,045
Gain (loss) on sale of capital assets	-	(78,980)	(78,980)	-
Transfers	774,800	(774,800)	-	-
Special item	4,079,569	-	4,079,569	-
Total	37,164,478	(795,618)	36,368,860	3,188,991
CHANGE IN NET ASSETS	3,872,826	1,392,830	5,265,656	91,534
NET ASSETS, MAY 1	51,394,080	34,676,033	86,070,113	3,938,700
Prior period adjustment	59,801,655	(9,131,394)	50,670,261	-
NET ASSETS, MAY 1, RESTATED	111,195,735	25,544,639	136,740,374	3,938,700
NET ASSETS, APRIL 30	\$ 115,068,561	\$ 26,937,469	\$ 142,006,030	\$ 4,030,234

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

April 30, 2005

	General	Street and Bridge	Debt Service	Street Improvements	2002 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 10,268,711	\$ 118,228	\$ 150,067	\$ -	\$ 3,068,696	\$ 744,352	\$ 14,350,054
Investments	18,676,415	-	354,133	-	984,842	263,491	20,278,881
Land held for resale	1,160,000	-	-	-	-	-	1,160,000
Receivables							
Property taxes	3,079,548	2,434,646	3,063,230	735,351	-	878,827	10,191,602
Motor fuel tax allotments	-	-	-	-	-	121,101	121,101
Intergovernmental	3,707,249	-	-	-	-	-	3,707,249
Loans	-	-	-	152,177	-	425,000	577,177
Accrued interest	350	-	-	-	-	-	350
Accounts	-	299,242	-	-	-	-	299,242
Due from other funds	-	34	39,430	1,000,000	1,096,040	732,939	2,868,443
Due from component unit	5,142	-	-	-	-	-	5,142
Prepaid items	43,436	-	-	-	-	-	43,436
TOTAL ASSETS	\$ 36,940,851	\$ 2,852,150	\$ 3,606,860	\$ 1,887,528	\$ 5,149,578	\$ 3,165,710	\$ 53,602,677



2002

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

## LIABILITIES

\$	731,413	\$ 66,284	\$ -	\$ 298,925	\$ 213,689	\$ 3,220	\$ 1,313,531
Accounts payable	155,097	21,946	-	-	-	632	177,675
Accrued payroll	3,620,991	-	-	605,499	-	490,541	4,717,031
Due to other funds	53,037	-	-	-	-	-	53,037
Due to fiduciary funds	3,138,499	2,434,646	3,063,230	735,351	-	878,827	10,250,553
Deferred revenue	99,658	-	-	-	-	-	99,658
Refundable deposits	1,160,000	-	-	-	-	-	1,160,000
Note payable							

## Total liabilities

8,958,695	2,522,876	3,063,230	1,639,775	213,689	1,373,220	17,771,485
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## FUND BALANCES

Reserved for debt service	-	-	543,630	-	-	-	543,630
Reserved for land held for resale	1,160,000	-	-	-	-	-	1,160,000
Reserved for prepaid items	43,436	-	-	-	-	-	43,436
Reserved for loans	-	-	-	152,177	-	425,000	577,177
Reserved for public facilities	-	-	-	-	4,935,889	454,732	5,390,621
Reserved for employee retirement	16,590,000	-	-	-	-	-	16,590,000
Reserved for public safety	-	-	-	-	-	1,333,460	1,333,460
Reserved for streets	-	329,274	-	95,576	-	72,999	497,849
Unreserved - undesignated (deficit)							
General Fund	10,188,720	-	-	-	-	-	10,188,720
Capital Projects Fund	-	-	-	-	-	(493,701)	(493,701)

## Total fund balances

27,982,156	329,274	543,630	247,753	4,935,889	1,792,490	35,831,192
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TOTAL LIABILITIES AND  
FUND BALANCES

\$ 36,940,851	\$ 2,852,150	\$ 3,606,860	\$ 1,887,528	\$ 5,149,578	\$ 3,165,710	\$ 53,602,677
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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, 2005

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 35,831,192
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	114,218,855
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(38,850,000)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets	(262,815)
Net pension obligation for the fire and police pension funds is shown as a liability on the statement of net assets	2,941,318
The compensated absences liability for the City is not due and payable in the current period and, therefore, not reported in the governmental funds.	(2,517,684)
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	<u>3,707,695</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 115,068,561</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, 2005

	2002					
	General	Street and Bridge	Debt Service	Street Improvements	General Obligation Bonds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 2,929,472	\$ 2,286,587	\$ 2,969,609	\$ 660,707	\$ -	\$ 10,001,506
Illinois state replacement taxes	208,941	-	-	-	-	208,941
Licenses and permits	1,916,083	808,812	-	-	-	2,724,895
Charges for current services	1,042,650	979,231	-	-	-	2,028,915
Municipal sales tax	12,092,027	-	-	-	-	12,092,027
Fines and forfeitures	250,725	9,081	-	-	-	259,806
Utility tax	2,785,652	-	-	-	-	2,785,652
Cable television franchise tax	369,172	-	-	-	-	369,172
Real estate transfer tax	2,420,485	-	-	-	-	2,420,485
Motor fuel tax allotment	-	-	-	-	-	884,766
Intergovernmental	433,295	-	-	-	-	457,372
Illinois state income tax	2,048,727	-	-	-	-	2,048,727
Regional Transportation Authority reimbursement	951,361	-	-	-	-	951,361
Franchise tax	1,703,043	-	-	-	-	1,703,043
Other taxes	2,165	-	-	-	-	2,165
Reimbursements - other agencies	429,838	-	-	1,684,139	-	2,113,977
Investment income	313,424	-	1,745	-	4,853	329,106
Miscellaneous	108,295	62,837	-	-	-	614,389
<b>Total revenues</b>	<b>30,005,355</b>	<b>4,146,548</b>	<b>2,971,354</b>	<b>2,344,846</b>	<b>4,853</b>	<b>41,996,305</b>
<b>EXPENDITURES</b>						
Current						
General government	7,027,043	-	-	-	-	7,027,043
Public safety	15,429,305	-	-	-	-	15,589,024
Public works	1,669,828	4,202,531	-	-	-	6,756,359
Economic and physical development	3,467,023	-	-	-	-	3,467,023
Transit	1,212,533	-	-	-	-	1,212,533
Commissions	280,372	-	-	-	-	280,372

	2002					
	General	Street and Bridge	Debt Service	Street Improvements	General Obligation Bonds	Total Nonmajor Governmental Funds
EXPENDITURES (Continued)						
Debt service						
Principal	\$ -	\$ -	\$ 2,680,000	\$ -	\$ -	\$ 2,680,000
Interest and fiscal charges	-	-	898,711	-	-	898,711
Capital outlay	-	202,154	-	5,250,303	167,265	6,790,817
Total expenditures	29,086,104	4,404,685	3,578,711	5,250,303	167,265	44,701,882
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	919,251	(258,137)	(607,357)	(2,905,457)	(162,412)	(2,705,577)
OTHER FINANCING SOURCES (USES)						
Bonds issued	16,590,000	-	-	-	-	16,590,000
Proceeds from the sale of capital assets	492,061	-	-	-	-	492,061
Transfers in	703,916	1,096,328	628,111	4,500,000	-	6,928,355
Transfers (out)	(2,700,000)	-	-	(650,000)	(2,300,000)	(6,153,555)
Total other financing sources (uses)	15,085,977	1,096,328	628,111	3,850,000	(2,300,000)	17,856,861
NET CHANGES IN FUND BALANCES	16,005,228	838,191	20,754	944,543	(2,462,412)	15,151,284
FUND BALANCES (DEFICIT), MAY 1	11,794,632	(508,917)	522,876	(696,790)	7,398,301	20,497,612
Prior period adjustment	182,296	-	-	-	-	182,296
FUND BALANCES (DEFICIT), MAY 1, RESTATED	11,976,928	(508,917)	522,876	(696,790)	7,398,301	20,679,908
FUND BALANCES, APRIL 30	\$ 27,982,156	\$ 329,274	\$ 543,630	\$ 247,753	\$ 4,935,889	\$ 35,831,192

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, 2005

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NET CHANGE IN FUND BALANCES -	
TOTAL GOVERNMENTAL FUNDS	\$ 15,151,284
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	2,881,414
Sales of capital assets are reported as a proceed in governmental funds but as a gain (loss) from sale on the statement of activities	(90,884)
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	(16,590,000)
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	2,680,000
The decrease in accrued interest payable is shown as an reduction of expense on the statement of activities	39,970
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	(4,397,977)
The change in compensated absences payable is shown as an expense on the statement of activities	(388,377)
The increase in net pension obligation is reported as an increase in expense on the statement of activities	144,025
The special item for the change in actuarial amortization period is	4,079,569
The change in net assets of certain activities of internal service funds is in governmental funds	363,802
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,872,826</u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

April 30, 2005

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Totals	
<b>CURRENT ASSETS</b>					
Cash	\$ -	\$ 30,700	\$ 453,603	\$ 484,303	\$ 982,813
Investments	-	397,270	-	397,270	189,747
Receivables					
Billed	169	541,937	10,324	552,430	227,075
Unbilled	-	674,370	-	674,370	-
Prepaid expenses	-	-	4,850	4,850	-
Inventories	-	-	66,352	66,352	-
Due from other funds	1,487,896	1,111,734	-	2,599,630	236,414
<b>Total current assets</b>	<b>1,488,065</b>	<b>2,756,011</b>	<b>535,129</b>	<b>4,779,205</b>	<b>1,636,049</b>
<b>CAPITAL ASSETS</b>					
Land	1,319,165	66,958	3,595,200	4,981,323	-
Parking facilities and equipment	3,544,381	-	-	3,544,381	-
Water and sewer plant and equipment	-	38,952,491	-	38,952,491	-
Country club facilities and equipment	-	-	9,647,687	9,647,687	-
Equipment	-	-	-	-	8,949,044
Less accumulated depreciation	(843,750)	(20,028,832)	(2,300,365)	(23,172,947)	(5,630,693)
<b>Net capital assets</b>	<b>4,019,796</b>	<b>18,990,617</b>	<b>10,942,522</b>	<b>33,952,935</b>	<b>3,318,351</b>
<b>Total assets</b>	<b>5,507,861</b>	<b>21,746,628</b>	<b>11,477,651</b>	<b>38,732,140</b>	<b>4,954,400</b>
<b>CURRENT LIABILITIES</b>					
Accounts payable	15,203	217,959	399,225	632,387	83,024
Accrued payroll	2,230	149,084	51,342	202,656	70,615
Claims payable	-	-	-	-	507,819
Due to other funds	39,049	732,939	-	771,988	215,468
Due to fiduciary funds	1,012,068	-	-	1,012,068	-
Refundable deposits	-	-	93,987	93,987	-
Interest payable	-	108,332	27,565	135,897	-
Deferred revenue	-	-	19,115	19,115	-
Capital lease payable - current	-	-	-	-	131,655
Bonds payable - current	-	1,070,000	140,000	1,210,000	-
<b>Total current liabilities</b>	<b>1,068,550</b>	<b>2,278,314</b>	<b>731,234</b>	<b>4,078,098</b>	<b>1,008,581</b>
<b>LONG-TERM LIABILITIES</b>					
Bond premium (discount)	-	(37,925)	(20,502)	(58,427)	-
Capital lease payable - long-term	-	-	-	-	238,124
General obligation bonds payable	-	6,220,000	1,555,000	7,775,000	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>6,182,075</b>	<b>1,534,498</b>	<b>7,716,573</b>	<b>238,124</b>
<b>Total liabilities</b>	<b>1,068,550</b>	<b>8,460,389</b>	<b>2,265,732</b>	<b>11,794,671</b>	<b>1,246,705</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	4,019,796	11,700,617	9,247,522	24,967,935	2,948,572
Unrestricted	419,515	1,585,622	(35,603)	1,969,534	759,123
<b>TOTAL NET ASSETS</b>	<b>\$ 4,439,311</b>	<b>\$ 13,286,239</b>	<b>\$ 9,211,919</b>	<b>\$ 26,937,469</b>	<b>\$ 3,707,695</b>

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, 2005

	Business-Type Activities			Totals	Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club		
OPERATING REVENUES					
Charges for services					
Water sales	\$ -	\$ 6,619,404	\$ -	\$ 6,619,404	\$ -
Water permit fees	-	96,294	-	96,294	-
Parking lot collections	616,745	-	-	616,745	-
Parking violations	284,706	-	-	284,706	-
Charges for goods and services	-	-	2,889,998	2,889,998	6,251,874
Miscellaneous	-	22,120	157,472	179,592	1,012,815
Total operating revenues	901,451	6,737,818	3,047,470	10,686,739	7,264,689
OPERATING EXPENSES					
Personal services	235,881	1,962,799	-	2,198,680	1,109,909
Contractual services	200,646	958,301	2,697,886	3,856,833	5,379,275
Premium reimbursements	-	-	-	-	(1,356,141)
Materials and supplies	20,218	315,253	-	335,471	667,428
Repairs and maintenance	93,834	83,568	-	177,402	253,660
Small tools and equipment	115,205	(295,393)	26,775	(153,413)	99,812
Total operating expenses	665,784	3,024,528	2,724,661	6,414,973	6,153,943
OPERATING INCOME BEFORE DEPRECIATION	235,667	3,713,290	322,809	4,271,766	1,110,746
Depreciation	192,137	1,155,215	292,044	1,639,396	747,880
OPERATING INCOME	43,530	2,558,075	30,765	2,632,370	362,866
NONOPERATING REVENUES (EXPENSES)					
Investment income	8,695	40,367	9,100	58,162	936
Loss on sale of capital assets	-	-	(78,980)	(78,980)	-
Interest expense and fiscal charges	-	(353,893)	(90,029)	(443,922)	-
Total nonoperating revenues (expenses)	8,695	(313,526)	(159,909)	(464,740)	936

(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, 2005

	Business-Type Activities				Governmental Activities
	Motor Vehicle Parking System	Water	Highland Park Country Club	Totals	Internal Service
NET INCOME (LOSS) BEFORE TRANSFERS	\$ 52,225	\$ 2,244,549	\$ (129,144)	\$ 2,167,630	\$ 363,802
TRANSFERS					
Transfers (out)	(82,800)	(592,000)	(100,000)	(774,800)	-
Total transfers	(82,800)	(592,000)	(100,000)	(774,800)	-
CHANGE IN NET ASSETS	(30,575)	1,652,549	(229,144)	1,392,830	363,802
NET ASSETS, MAY 1	4,469,886	20,547,038	9,659,109	34,676,033	3,343,893
Prior period adjustment	-	(8,913,348)	(218,046)	(9,131,394)	-
NET ASSETS, MAY 1, RESTATED	4,469,886	11,633,690	9,441,063	25,544,639	3,343,893
NET ASSETS, APRIL 30	\$ 4,439,311	\$ 13,286,239	\$ 9,211,919	\$ 26,937,469	\$ 3,707,695

See accompanying notes to financial statements.



## CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended April 30, 2005

	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	\$ 903,711	\$ 6,381,943	\$ 3,057,049	\$ 10,342,703	\$ 1,254,102
Receipts from interfund services	-	-	-	-	7,132,595
Payments for interfund services	(923,414)	(1,787,548)	(168,526)	(2,879,488)	-
Payments to suppliers	(433,757)	(1,271,541)	(2,527,771)	(4,233,069)	(6,280,121)
Payments to employees	(318,681)	(1,963,742)	-	(2,282,423)	(1,100,723)
Net cash from operating activities	(772,141)	1,359,112	360,752	947,723	1,005,853
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund transfers	(82,800)	(592,000)	(100,000)	(774,800)	-
Net cash from noncapital financing activities	(82,800)	(592,000)	(100,000)	(774,800)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from capital lease	-	-	-	-	394,968
Principal payments on capital lease obligation	-	-	-	-	(25,189)
Principal payments on bonds	-	(1,020,000)	(110,000)	(1,130,000)	-
Interest paid	-	(370,383)	(91,785)	(462,168)	-
Sale of capital assets	-	-	(78,980)	(78,980)	79,284
Purchase of capital assets	(8,281)	(1,500,602)	(69,350)	(1,578,233)	(1,164,854)
Net cash from capital and related financing activities	(8,281)	(2,890,985)	(350,115)	(3,249,381)	(715,791)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	8,695	40,366	9,100	58,161	936
Sale of investments	854,527	2,115,935	531,966	3,502,428	119,338
Purchase of investments	-	(565,382)	-	(565,382)	-
Net cash from investing activities	863,222	1,590,919	541,066	2,995,207	120,274
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(532,954)	451,703	(81,251)	410,336
CASH AND CASH EQUIVALENTS, MAY 1	-	563,654	1,900	565,554	572,477
CASH AND CASH EQUIVALENTS, APRIL 30	\$ -	\$ 30,700	\$ 453,603	\$ 484,303	\$ 982,813

(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, 2005

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES					
Operating income	\$ 43,530	\$ 2,558,075	\$ 30,765	\$ 2,632,370	\$ 362,866
Adjustments to reconcile operating income to net cash from operating activities					
Depreciation	192,137	1,155,215	292,044	1,639,396	747,880
Changes in assets and liabilities					
Accounts receivable	2,259	(390,457)	(5,299)	(393,497)	(146,223)
Prepaid items	-	-	(750)	(750)	-
Inventory	-	-	12,129	12,129	-
Due from other funds	(161,993)	(502,869)	-	(664,862)	(215,468)
Accrued expenses	-	(360,325)	-	(360,325)	119,708
Accounts payable	(3,863)	151,048	181,216	328,401	346
Deferred revenues	-	46,132	14,552	60,684	-
Refundable deposits	-	-	(50,220)	(50,220)	-
Unamortized bond discount	-	(50,952)	3,499	(47,453)	-
Unamortized bond premium	-	43,608	-	43,608	-
Accrued payroll	-	(944)	51,342	50,398	9,186
Due to other funds	(844,211)	(1,289,419)	(168,526)	(2,302,156)	127,558
NET CASH FROM OPERATING ACTIVITIES	\$ (772,141)	\$ 1,359,112	\$ 360,752	\$ 947,723	\$ 1,005,853

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

April 30, 2005

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 2,425,570	\$ 3,812,278
Investments		
U.S. government and agency obligations	28,325,856	-
Mutual funds	18,144,186	-
Insurance contracts	1,452,670	-
Receivables		
Accounts	-	18,883
Accrued interest	364,080	-
Prepaid items	667	-
Due from other funds	53,037	1,012,068
	<hr/>	
Total assets	50,766,066	4,843,229
	<hr/>	
LIABILITIES		
Accounts payable	27,316	757,080
Due to others	-	832,408
Deposits payable	-	3,220,055
Deferred revenue	-	33,686
	<hr/>	
Total liabilities	27,316	4,843,229
	<hr/>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 50,738,750	\$ -
	<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, 2005

ADDITIONS

Contributions - employer	
Taxes	\$ 1,839,458
Contributions - plan members	709,776
Contributions - other	<u>1,955</u>

Total contributions	<u>2,551,189</u>
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Investment income

Net appreciation in fair value of investments	978,065
Interest earned on investments	<u>1,859,738</u>

Total investment income	2,837,803
Less investment expenses	<u>(42,573)</u>

Net investment income	<u>2,795,230</u>
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Total additions	<u>5,346,419</u>
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DEDUCTIONS

Pension and refunds	3,582,592
Miscellaneous	<u>83,035</u>

Total deductions	<u>3,665,627</u>
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NET INCREASE	1,680,792
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NET ASSETS HELD IN TRUST FOR  
PENSION BENEFITS

May 1	<u>49,057,958</u>
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April 30	<u><u>\$ 50,738,750</u></u>
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See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

April 30, 2005

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### 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.

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

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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.

Highland Park Public Library (the 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.

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)

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

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 country club owned by the City.

Additionally, the city reports the following fund types:

Internal Service Funds account for self-insurance and equipment replacement services that are provided to other departments of the city on a cost-reimbursement basis.



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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pension Trust Funds account for the accumulation of retirement and disability benefits for police and firefighters' pension plans.

Agency Funds accumulate resources received from nongovernment 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.

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.

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 fiduciary 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 funds 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 funds, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable, available and earned). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period. The City considers revenues to be available if they are collected within 60 days (except sales and telecommunications taxes which are 90 days) of the end of the current fiscal 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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Accounting (Continued)

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 City reports deferred revenue on its financial statements. 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.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds 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."

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$50,000 for infrastructure and \$5,000 for other assets 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.

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 is recorded as an expense and liability of those funds and in the governmental activities column in the government-wide financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

k. Fund Balance/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. 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.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. 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.

o. Special Item

Effective July 1, 1993, the Illinois State Legislature extended the deadline for municipalities to fully fund the past service costs of its police and fire pension funds from 2020 to 2033. At that time, the City opted to have its actuary calculate tax levy funding requirements using the previous deadline (2020) and the current deadline (2033), with the intent that when feasible the 2020 calculation would be used, although not statutorily required. Calculations of the net pension obligation have previously been reported using the 2020 formula. The City has recorded a special item in the current fiscal year to restate the net pension obligation from \$2,280,641 to a net pension asset of \$2,941,318 to reflect the calculation that conforms to the statutory funding requirement. The City believes it is inappropriate to record a net pension obligation that is based on a more conservative funding approach than that which is legally required. Due to the magnitude of the change, the City believes that continuing to report an NPO is misleading and that amortizing this change would also be misleading. Therefore, the City has chosen to reflect this change as a special item on the statement of activities.

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
Tax Increment Financing General Obligation Bonds 1981	\$ 493,701
Insurance Fund	398,910

The deficit in the Tax Increment Financing General Obligation Bonds 1981 Fund will be eliminated by TIF property tax revenues in fiscal year 2006. The deficit in the Insurance Fund will be eliminated with a transfer from the General Fund in fiscal year 2006.

2. LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

Related Party Transactions

The City entered into an agreement with the Village of Northbrook, Illinois in which each entity issued \$16,590,000 in taxable general obligation bonds and transferred the bonds to other entity. The City is currently recording these bonds as an investment in the General Fund and a reservation of fund balance for employee retirement on behalf of the Police and Firefighters' Pension Funds.

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 financial statements 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 \$6,115,085 and the bank balances totaled \$5,098,592. The carrying amount of the Component Unit's deposits totaled \$217,153 and the bank balances totaled \$265,128.

	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.	\$ 4,422,086	\$ 265,128
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.	676,506	-
TOTAL DEPOSITS	<u>\$ 5,098,592</u>	<u>\$ 265,128</u>

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			Totals
	1	2	3	
<u>Primary Government</u>				
U.S. Government obligations	\$ 21,659,235	\$ -	\$ -	\$ 21,659,235
U.S. Government agencies	11,036,591	-	-	11,036,591
Negotiable CDs	49,766	-	-	49,766
Local Obligation	16,590,000	-	-	16,590,000
	<u>\$ 49,335,592</u>	<u>\$ -</u>	<u>\$ -</u>	<u>49,335,592</u>
* Mutual Funds				21,774,195
* Life insurance contracts and separate accounts				1,452,670
* Illinois Metropolitan Investment Fund				2,016,962
* Illinois Funds				10,149,124
TOTAL INVESTMENTS				<u>\$ 84,728,543</u>
<u>Component Unit</u>				
* Mutual Funds				\$ 688,231

\* (Not subject to risk categorization)

The pension trust funds own approximately 57 percent of the investments in Category 1.

4. RECEIVABLES - TAXES

Property taxes for 2004 attach as an enforceable lien on January 1, 2004 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, 2005 and August 1, 2005 and are payable in two installments, on June 1, 2005 and September 1, 2005. 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 2004 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 2005 tax levy has not been recorded as a receivable at April 30, 2005, as the tax attached as a lien on property as of January 1, 2005, however, the tax will not be levied until December 2005 and, accordingly, is not measurable at April 30, 2005.



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	\$ 8,495,790	\$ -	\$ 11,600	\$ 8,484,190
Land right of way	260,327	-	-	260,327
Construction in progress	904,909	1,056,657	-	1,961,566
Total capital assets not being depreciated	9,661,026	1,056,657	11,600	10,706,083
Capital assets being depreciated				
Buildings and land improvements	58,198,987	599,416	-	58,798,403
Machinery and equipment	10,449,763	1,225,341	679,370	10,995,734
Infrastructure	106,010,613	-	-	106,010,613
Total capital assets being depreciated	174,659,363	1,824,757	679,370	175,804,750
Less accumulated depreciation for				
Buildings and land improvements	12,016,621	1,192,802	-	13,209,423
Machinery and equipment	6,507,534	946,789	600,086	6,854,237
Infrastructure	46,651,581	2,258,386	-	48,909,967
Total accumulated depreciation	65,175,736	4,397,977	600,086	68,973,627
Total capital assets being depreciated, net	109,483,627	(2,573,220)	79,284	106,831,123
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$119,144,653	\$ (1,516,563)	\$ 90,884	\$117,537,206
GOVERNMENTAL ACTIVITIES				
General government				\$ 318,782
Public safety				490,802
Public works				2,754,865
Economic development				584,455
Commissions				249,073
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES				<u>\$ 4,397,977</u>

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
<b>BUSINESS-TYPE ACTIVITIES</b>				
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	24,424,905	194,900	210,614	24,409,191
Infrastructure	21,676,343	1,305,702	-	22,982,045
Machinery and equipment	4,675,692	77,631	-	4,753,323
Total capital assets being depreciated	50,776,940	1,578,233	210,614	52,144,559
Less accumulated depreciation for				
Building	8,526,462	631,300	131,634	9,026,128
Infrastructure	10,377,699	777,772	-	11,155,471
Machinery and equipment	2,761,024	230,324	-	2,991,348
Total accumulated depreciation	21,665,185	1,639,396	131,634	23,172,947
Total capital assets being depreciated, net	29,111,755	(61,163)	78,980	28,971,612
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 34,093,078</b>	<b>\$ (61,163)</b>	<b>\$ 78,980</b>	<b>\$ 33,952,935</b>

b. Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>				
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	4,085,328	114,915	-	4,200,243
Machinery	349,359	69,601	-	418,960
Total capital assets being depreciated	4,469,346	184,516	-	4,653,862
Less accumulated depreciation for				
Land improvements	24,779	1,733	-	26,512
Buildings and improvements	1,520,546	81,950	-	1,602,496
Machinery	199,998	22,016	-	222,014
Total accumulated depreciation	1,745,323	105,699	-	1,851,022
Total capital assets being depreciated, net	2,724,023	78,817	-	2,802,840
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$ 3,224,023</b>	<b>\$ 78,817</b>	<b>\$ -</b>	<b>\$ 3,302,840</b>

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

5. CAPITAL ASSETS (Continued)

b. Component Unit (Continued)

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

GOVERNMENTAL ACTIVITIES

Culture and recreation	<u>\$ 105,699</u>
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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:

	2005	2004
CLAIMS PAYABLE, MAY 1	\$ 388,111	\$ 311,843
Add claims incurred	3,898,317	3,065,403
Less claims paid	<u>(3,778,609)</u>	<u>(2,989,135)</u>
CLAIMS PAYABLE, APRIL 30	<u>\$ 507,819</u>	<u>\$ 388,111</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.

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

6. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA) (Continued)

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.

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	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ -

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
\$3,450,000, 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	\$ 1,430,000	\$ -	\$ 230,000	\$ 1,200,000	\$ 200,000
\$3,030,000, 1998 General Obligation Corporate Purpose Bonds, due in annual installments of \$50,000 to \$800,000 through December 30, 2008, interest at 4.000% to 4.125%	Debt Service	1,225,000	-	255,000	970,000	255,000
\$6,285,000, 2001 General Obligation Refunding Bonds, due at maturity on December 31, 2013, interest at 4.70% to 4.75%	Debt Service	5,870,000	-	970,000	4,900,000	445,000
\$8,500,000, 2002 General Obligation Bonds, due at maturity on December 31, 2023, interest at 3.00% to 4.00%	Debt Service	7,410,000	-	605,000	6,805,000	630,000
\$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	-	615,000	8,385,000	670,000
\$10,175,000, 2004A Taxable General Obligation Pension Funding Bonds, due in annual installments of \$70,000 to \$5,390,000 through 2034; interest at 4.8%	Debt Service	-	10,175,000	-	10,175,000	70,000
\$6,415,000, 2004B Taxable General Obligation Pension Funding Bonds, due in annual installments of \$45,000 to \$3,400,000 through 2034; interest at 4.80%	Debt Service	-	6,415,000	-	6,415,000	45,000
TOTAL		\$ 24,940,000	\$ 16,590,000	\$ 2,680,000	\$ 38,850,000	\$ 2,315,000

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	\$ 1,185,000	\$ -	\$ 55,000	\$ 1,130,000	\$ 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	970,000	-	40,000	930,000	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	940,000	-	30,000	910,000	25,000
\$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	1,455,000	-	60,000	1,395,000	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	2,260,000	-	795,000	1,465,000	850,000
\$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	-	40,000	1,460,000	40,000
<b>TOTAL</b>		<b>\$ 8,310,000</b>	<b>\$ -</b>	<b>\$ 1,020,000</b>	<b>\$ 7,290,000</b>	<b>\$ 1,070,000</b>

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	\$ 155,000	\$ -	\$ 5,000	\$ 150,000	\$ 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	830,000	-	65,000	765,000	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	820,000	-	40,000	780,000	70,000
TOTAL		\$ 1,805,000	\$ -	\$ 110,000	\$ 1,695,000	\$ 140,000

b. Debt Service Requirements to Maturity

Fiscal Year Ending	Governmental Activities			Business-Type Activities			Total Principal and Interest
	Principal	Interest	Total	Principal	Interest	Total	
2006	\$ 2,446,655	\$ 1,260,023	\$ 3,706,678	\$ 1,210,000	\$ 407,690	\$ 1,617,690	\$ 5,324,368
2007	2,561,655	1,505,573	4,067,228	590,000	351,036	941,036	5,008,264
2008	2,556,469	1,422,520	3,978,989	620,000	325,646	945,646	4,924,635
2009	2,475,000	1,336,362	3,811,362	640,000	298,991	938,991	4,750,353
2010	2,335,000	1,247,206	3,582,206	565,000	271,284	836,284	4,418,490
2011	2,455,000	1,164,178	3,619,178	595,000	245,337	840,337	4,459,515
2012	2,300,000	1,075,325	3,375,325	635,000	217,407	852,407	4,227,732
2013	2,175,000	990,898	3,165,898	670,000	187,225	857,225	4,023,123
2014	2,080,000	908,205	2,988,205	705,000	155,300	860,300	3,848,505
2015	1,485,000	827,035	2,312,035	310,000	121,582	431,582	2,743,617
2016	1,555,000	770,400	2,325,400	325,000	107,282	432,282	2,757,682
2017	220,000	710,160	930,160	360,000	92,258	452,258	1,382,418
2018	230,000	699,600	929,600	375,000	75,671	450,671	1,380,271
2019	240,000	688,560	928,560	415,000	58,251	473,251	1,401,811
2020	250,000	677,040	927,040	315,000	39,300	354,300	1,281,340
2021	265,000	665,040	930,040	330,000	25,119	355,119	1,285,159
2022	275,000	652,320	927,320	210,000	11,000	221,000	1,148,320
2023	290,000	639,120	929,120	115,000	3,450	118,450	1,047,570
2024	300,000	625,200	925,200	-	-	-	925,200

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

7. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity (Continued)

Fiscal Year Ending	Governmental Activities			Business-Type Activities			Total Principal and Interest
	Principal	Interest	Total	Principal	Interest	Total	
2025	\$ 315,000	\$ 610,800	\$ 925,800	\$ -	\$ -	\$ -	\$ 925,800
2026	335,000	595,680	930,680	-	-	-	930,680
2027	345,000	579,600	924,600	-	-	-	924,600
2028	360,000	563,040	923,040	-	-	-	923,040
2029	380,000	545,760	925,760	-	-	-	925,760
2030	400,000	527,520	927,520	-	-	-	927,520
2031	415,000	508,320	923,320	-	-	-	923,320
2032	440,000	488,400	928,400	-	-	-	928,400
2033	460,000	467,280	927,280	-	-	-	927,280
2034	485,000	445,200	930,200	-	-	-	930,200
2035	8,790,000	421,920	9,211,920	-	-	-	9,211,920
TOTAL	\$39,219,779	\$23,618,285	\$62,838,064	\$ 8,985,000	\$2,993,829	\$11,978,829	\$74,816,893

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>					
GOVERNMENTAL ACTIVITIES					
Unamortized discount	\$ (29,939)	\$ 29,939	\$ -	\$ -	\$ -
Compensated absences*	2,129,307	2,517,683	2,129,306	2,517,684	377,652
Net pension obligation	1,282,276	-	1,282,276	-	-
Capital lease obligations	-	394,968	25,189	369,779	131,655
Note payable	-	1,160,000	-	1,160,000	1,160,000
General obligation bonds	24,940,000	16,590,000	2,680,000	38,850,000	2,315,000
TOTAL GOVERNMENTAL ACTIVITIES	\$ 28,321,644	\$ 20,692,590	\$ 6,116,771	\$ 42,897,463	\$ 3,984,307
BUSINESS-TYPE ACTIVITIES					
General obligation bonds	\$ 10,115,000	\$ -	\$ 1,130,000	\$ 8,985,000	\$ 1,210,000
Unamortized bond discount	(55,595)	(2,833)	-	(58,427)	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 10,059,405	\$ (2,833)	\$ 1,130,000	\$ 8,926,573	\$ 1,210,000
<u>Component Unit</u>					
Compensated absences	\$ 74,187	\$ 85,744	\$ 74,187	\$ 85,744	\$ 12,862

\* retired primarily by the General Fund



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

7. LONG-TERM DEBT (Continued)

d. Capital Leases

The City entered into 21 capital leases for vehicles.

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances April 30	Current Portion
Lease obligations due in monthly installments of \$522 (per vehicle) for a period of 36 months commencing on February 23, 2005 and ending on February 23, 2008.	Equipment Replacement	\$ -	\$ 394,968	\$ 25,189	\$ 369,779	\$ 131,655

e. Note Payable

The City entered into an agreement with the Lake County Health Department (the Health Department) for a parcel of land known as the Hyacinth Parcel. Through an intergovernmental agreement, the City has purchased the land from the Health Department and is holding the land with the intent to sell the parcel in fiscal year 2006. Upon the sale of the parcel, the City has an obligation to pay the Health Department \$1,160,000. This is recognized as a liability on the General Fund of the City.

f. 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.

7. LONG-TERM DEBT (Continued)

g. 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 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.

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 2005 and added additional property. The District expired on December 31, 2004.

h. Noncommitment Debt

Special Assessment Bonds Payable

During the fiscal year ended April 30, 2005, the City had retired the remaining special assessment bonds representing the nonpublic benefit portion of the originally issued special assessment debt, which were to be repaid solely by collections from property owners. Accordingly, the City was not obligated in any manner for the portion of special assessments to be collected from property owners; as such, this portion was not recorded in the amounts of the City. The City's duties were 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 was recorded in an agency fund.

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

8. INTERFUND ACCOUNTS

Due From/To Other Funds

Fund	Due From	Due To
<b>MAJOR GOVERNMENTAL</b>		
General		
Motor Vehicle Parking System	\$ -	\$ 1,487,896
Water	-	1,072,685
Insurance	-	1,000,000
Street and Bridge	-	34
Police Pension	-	27,374
Fire Pension	-	25,663
Insurance	-	20,946
Debt Service	-	39,430
Street Improvements	-	1,000,000
Total General	-	3,674,028
Debt Service		
General	39,430	-
Street and Bridge		
General	34	-
Street Improvements		
General	1,000,000	-
<b>NONMAJOR GOVERNMENTAL</b>		
Emergency 911 System		
Water	732,939	-
<b>BUSINESS-TYPE ACTIVITIES</b>		
Motor Vehicle Parking System		
General	1,487,896	-
Water	-	39,049
Guaranteed Deposits	-	1,012,068
Total Motor Vehicle Parking System	1,487,896	1,051,117
Water		
Motor Vehicle Parking System	39,049	-
General	1,072,685	-
Emergency 911 System	-	732,939
Total Water	1,111,734	732,939
<b>INTERNAL SERVICE</b>		
Insurance		
General	20,946	-

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	\$ 27,374	\$ -
Fire Pension		
General	25,663	-
Guaranteed Deposits		
Motor Vehicle Parking System	1,012,068	-
Total Fiduciary	<u>1,065,105</u>	<u>-</u>
Total	<u>\$ 5,458,084</u>	<u>\$ 5,458,084</u>

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

- The \$1,487,896 due to the Motor Vehicle Parking System from the General Fund is for interfund operations. Repayment is expected within one year.
- The \$1,072,685 due to the Water Fund from the General Fund is for interfund operations. Repayment is expected within one year.
- The \$1,000,000 due to the Insurance Fund from the General Fund is for interfund operations. Repayment is expected within one year.
- The \$1,000,000 due to the Street Improvement Fund from the General 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.
- The \$732,939 due to the Emergency 911 System from the Water Fund is for interfund operations. Repayment is expected within one year.
- The \$1,012,068 due to the Guaranteed Deposits Fund from the Motor Vehicle Parking System is for interfund operations. Repayment is expected within one year.

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

8. INTERFUND ACCOUNTS (Continued)

Transfers

	Transfers In	Transfers Out
<b>MAJOR GOVERNMENTAL</b>		
General		
Water	\$ 592,000	\$ -
Tax Increment Financing General Obligation Bonds	29,116	-
Motor Vehicle Parking System	82,800	-
Debt Service	-	500,000
Street Improvements	-	2,200,000
Total General	703,916	2,700,000
Street and Bridge		
Working Cash	446,328	-
Street Improvements	650,000	-
Total Street and Bridge	1,096,328	-
Debt Service		
General	500,000	-
Tax Increment Financing General Obligation Bonds	28,111	-
Highland Park Country Club	100,000	-
Total Debt Service	628,111	-
2002 General Obligation Bonds		
Street Improvements	-	2,300,000
Street Improvements		
Street and Bridge	-	650,000
2002 General Obligation Bonds	2,300,000	-
General	2,200,000	-
Total Street Improvements	4,500,000	650,000
<b>NONMAJOR GOVERNMENTAL</b>		
Working Cash		
Street and Bridge	-	446,328
Tax Increment Financing General Obligation Bonds		
Debt Service	-	28,111
General	-	29,116
Total Tax Increment Financing General Obligation	-	57,227

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

8. INTERFUND ACCOUNTS (Continued)

Transfers (Continued)

	Transfers In	Transfers Out
BUSINESS-TYPE ACTIVITIES		
Motor Vehicle Parking System		
General	\$ -	\$ 82,800
Water Fund		
General	-	592,000
Highland Park Country Club		
Debt Service	-	100,000
Total	\$ 6,928,355	\$ 6,928,355

The purpose of the significant transfers is as follows:

- \$592,000 transfer to the General Fund from the Water Fund is to fund operations.
- \$500,000 transfer to the General Fund from the Debt Service Fund is to fund operations.
- \$2,200,000 transfer to the Street Improvements Fund from the General Fund is to fund operations.
- \$884,000 transfer to the Street and Bridge Fund from the General Fund is to fund operations.
- \$446,328 transfer to the Street and Bridge Fund from the Working Cash Fund is to fund operations.
- \$650,000 transfer to the Street and Bridge Fund from the Street Improvement 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.
- \$2,300,000 transfer to the Street Improvements Fund from the 2002 General Obligation Bonds Fund is to fund operations.

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.

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.

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

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10. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2004 was 6.83% 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, 2004, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	50
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	59
Nonvested	-
	<hr/>
TOTAL	<hr/> <hr/> 109



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

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10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past service cost for the Police Pension Plan. For the year ended April 30, 2004, the City's contribution was 9.00% 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, 2004, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	37
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	53
Nonvested	-
	<hr/>
TOTAL	<hr/> <u>90</u>

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

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

Covered employees are required to contribute 8.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 1993, the City has until the year 2033 to fully fund the past services costs for the Firefighters' Pension Plan. For the year ended April 30, 2004, 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, 2002	April 30, 2003	April 30, 2003
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	29 Years, Closed	29 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)	2002	\$ 600,600	2003	\$ 281,023	\$ 554,004
	2003	689,166	2004	327,740	641,569
	2004	804,791	2005	745,301	801,055
Actual contribution	2002	\$ 600,600	2003	\$ 337,684	\$ 771,936
	2003	689,166	2004	408,430	953,777
	2004	804,791	2005	817,169	870,905
Percentage of APC contributed	2002	100.00%	2003	120.16%	139.34%
	2003	100.00	2004	124.62	148.66
	2004	100.00	2005	109.64	108.72
NPO (asset)	2002	\$ -	2003	\$ (213,517)	\$ 189,515
	2003	-	2004	814,897	467,379
	2004	-	2005	(1,429,542)	(1,511,776)

The net pension obligation (asset) at April 30, 2004, has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contributions	\$ 795,690	\$ 854,462
Interest on net pension obligation	(108,616)	(115,168)
Adjustment to annual required contribution	58,247	61,761
Annual pension cost	745,321	801,055
Contributions made	817,169	873,232
Increase (decrease) in net pension obligation (asset)	(71,848)	(72,177)
Net pension obligation (asset) beginning of year	814,897	467,379
Special item	(2,172,591)	(1,906,978)
NET PENSION OBLIGATION (ASSET) END OF YEAR	\$ (1,429,542)	\$ (1,511,776)

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)

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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.

As of January 1, 2005, the Club is managed by Kemper Golf Corporation.

12. MAJOR CUSTOMERS

The Village of Deerfield and the Village of Lincolnshire purchase water from the City's available supply. During fiscal 2005, these purchases amounted to \$2,022,905, or 30.0%, and \$921,008 or 13.7%, respectively, of total operating revenues in the Water Fund.

13. PRIOR PERIOD ADJUSTMENT

The City restated beginning net assets in the Water Fund (\$8,913,348), the Highland Park Country Club (\$218,046) to properly record capital assets at their historical cost. The City also restated General Fund balance by \$182,296, to correct errors in the recording of compensated absences in prior years and to correct errors in revenue recognition in prior years. Further, the City restated net assets at the government-wide level to account for the inclusion of infrastructure used in the operations of governmental activities. This resulted in a restatement of net assets of \$59,619,359.

14. SUBSEQUENT EVENT

The City has passed ordinances authorizing the sale of \$10,000,000 of general obligation bonds on November 28, 2005. The general obligation bonds will be used to complete the financing of the new police headquarters and to fund capital improvements identified in the five-year capital improvement plan.

## 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, 2005

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 2,977,021	\$ 2,977,021	\$ 2,929,472
Illinois state replacement taxes	192,300	192,300	208,941
Licenses	145,295	145,295	231,910
Permits	2,457,502	2,457,502	1,684,173
Charges for current services	816,650	816,650	1,042,650
Municipal sales tax	12,098,000	12,098,000	12,092,027
Fines and forfeitures	320,000	320,000	250,725
Utility tax	3,914,000	3,914,000	2,785,652
Cable television franchise tax	350,000	350,000	369,172
Real estate transfer tax	1,900,000	1,900,000	2,420,485
Intergovernmental	300,300	300,300	433,295
Illinois state income tax	1,950,000	1,950,000	2,048,727
PACE R.T.A. fare reimbursement	895,000	895,000	951,361
Franchise tax	326,000	326,000	1,703,043
Other taxes	-	-	2,165
Reimbursements	175,000	175,000	429,838
Investment income	123,000	123,000	313,424
Miscellaneous			
Other	310,000	310,000	108,295
Total revenues	29,250,068	29,250,068	30,005,355
<b>EXPENDITURES</b>			
Current			
General government	6,964,337	6,520,133	7,027,043
Public safety	15,197,281	15,528,922	15,429,305
Public works	1,707,552	1,744,162	1,669,828
Economic and physical development	3,364,915	3,425,892	3,467,023
Transit	1,099,284	1,114,260	1,212,533
Commissions	390,123	390,123	280,372
Total expenditures	28,723,492	28,723,492	29,086,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	526,576	526,576	919,251

(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, 2005

	Original Budget	Final Budget	Actual
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	\$ -	\$ -	\$ 492,061
Bonds issued	-	-	16,590,000
Transfers in	703,916	703,916	703,916
Transfers (out)	(2,700,000)	(2,700,000)	(2,700,000)
Total other financing sources (uses)	(1,996,084)	(1,996,084)	15,085,977
NET CHANGE IN FUND BALANCE	<u>\$ (1,469,508)</u>	<u>\$ (1,469,508)</u>	16,005,228
FUND BALANCE, MAY 1			11,794,632
Prior period adjustment			<u>182,296</u>
FUND BALANCE, MAY 1, RESTATED			<u>11,976,928</u>
FUND BALANCE, APRIL 30			<u><u>\$ 27,982,156</u></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, 2005

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 2,310,000	\$ 2,310,000	\$ 2,286,587
Vehicle licenses	800,000	800,000	808,812
Charges for current services	990,000	990,000	979,231
Fines and forfeitures	2,500	2,500	9,081
Intergovernmental	34,475	34,475	-
Miscellaneous	1,000	1,000	62,837
Total revenues	4,137,975	4,137,975	4,146,548
<b>EXPENDITURES</b>			
Public works			
Personal services	2,649,505	2,649,505	2,581,270
Contractual services	1,211,684	1,211,684	766,417
Material and supplies	816,664	816,664	854,844
Capital outlay	249,000	249,000	202,154
Total expenditures	4,926,853	4,926,853	4,404,685
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(788,878)	(788,878)	(258,137)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,096,328	1,096,328	1,096,328
Total other financing sources (uses)	1,096,328	1,096,328	1,096,328
NET CHANGE IN FUND BALANCE	\$ 307,450	\$ 307,450	838,191
FUND BALANCE (DEFICIT), MAY 1			(508,917)
FUND BALANCE, APRIL 30			\$ 329,274

(See independent auditor's report.)



CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2005

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial 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)
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%)
2004	30,459,245	29,942,741	101.72%	(516,504)	13,783,171	(3.75%)

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

April 30, 2005

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)
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%
2004	25,348,683	34,743,385	72.96%	9,394,702	3,851,458	243.93%

The actuarial value of assets shown above does not include \$8,295,000 of general obligation bonds currently held by the General Fund and pledged to the Pension Fund.

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND

April 30, 2005

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)
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%
2004	23,426,216	30,620,533	76.50%	7,194,317	3,487,039	206.32%

The actuarial value of assets shown above does not include \$8,295,000 of general obligation bonds currently held by the General Fund and pledged to the Pension Fund.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2005

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<u>Actuarial Valuation Date December 31</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2004	804,791	804,791	100.00%

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

April 30, 2005

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<u>Actuarial Valuation Date April 30</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2000	\$ 735,964	\$ 458,141	160.64%
2001	678,818	438,972	154.64%
2002	337,684	328,633	102.75%
2003	408,430	376,377	108.52%
2004	817,102	795,690	102.69%
2005	932,753	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, 2005

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Actuarial Valuation Date <u>April 30</u>	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2000	\$ 671,875	\$ 506,781	132.58%
2001	721,224	533,974	135.07%
2002	771,936	588,923	131.08%
2003	953,777	684,233	139.39%
2004	870,890	854,462	101.92%
2005	898,615	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, 2005

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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.

Fund	Excess
General Fund	\$ 362,612
Tax Increment Financing General Obligation Bonds 1981 Fund	1,134,578

## MAJOR GOVERNMENTAL FUNDS

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

**Debt Service** - 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.

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

**2002 General Obligation Bonds** - to account for \$8.5 million in bond proceeds and other intergovernmental revenue to finance land acquisition, a downtown parking structure, phase 1 of a new recreation center, and phase 1 of a new police headquarters.



## CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL  
GENERAL FUND

For the Year Ended April 30, 2005

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT</b>			
City Council			
Personal services	\$ 260,584	\$ 261,083	\$ 331,452
Contractual services	1,000	1,000	67
Materials and supplies	26,600	26,600	58,580
Total City Council	288,184	288,683	390,099
Administration			
Personal services	544,427	559,208	544,106
Contractual services	7,288	7,288	7,481
Materials and supplies	40,850	40,850	30,027
Total administration	592,565	607,346	581,614
Human resources			
Personal services	158,103	162,381	175,288
Contractual services	40,600	40,600	36,515
Materials and supplies	92,875	92,875	72,515
Total human resources	291,578	295,856	284,318
Communications			
Personal services	238,022	244,510	227,363
Contractual services	20,770	20,770	18,131
Materials and supplies	162,488	162,488	132,988
Capital outlay	-	-	1,455
Total communications	421,280	427,768	379,937
City Clerk			
Personal services	143,646	147,631	142,893
Contractual services	18,244	18,244	19,758
Materials and supplies	2,800	2,800	1,119
Total City Clerk	164,690	168,675	163,770
Youth			
Operations			
Personal services	265,722	271,264	273,872
Contractual services	12,930	12,930	13,215
Materials and supplies	29,670	29,670	28,549
Total youth operations	308,322	313,864	315,636

(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, 2005

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT (Continued)</b>			
Senior			
Operations			
Personal services	\$ 366,682	\$ 376,232	\$ 366,014
Contractual services	30,154	30,154	30,483
Materials and supplies	144,596	144,596	144,846
Capital outlay	5,000	5,000	8,546
Total senior operations	546,432	555,982	549,889
Youth and Senior Services			
Facilities			
Personal services	57,505	59,277	44,211
Contractual services	18,640	18,640	12,824
Materials and supplies	2,100	2,100	3,976
Capital outlay	26,200	26,200	37,849
Total facilities	104,445	106,217	98,860
Total youth and senior services	959,199	976,063	964,385
Legal department			
Contractual services	1,439,250	1,439,250	1,566,764
Materials and supplies	2,400	2,400	1,332
Total legal department	1,441,650	1,441,650	1,568,096
Finance administration and accounting			
Personal services	1,250,113	757,347	842,810
Contractual services	118,274	118,274	210,090
Materials and supplies	90,100	90,100	80,034
Total finance administration and accounting	1,458,487	965,721	1,132,934
Facilities			
Personal services	67,125	68,516	107,678
Contractual services	100,000	100,000	86,080
Materials and supplies	37,050	37,050	52,020
Capital outlay	44,000	44,000	20,056
Total facilities	248,175	249,566	265,834

(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, 2005

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT (Continued)</b>			
Insurance			
Contractual services			
Professional services	\$ 288,039	\$ 288,039	\$ 334,313
Membership dues	800,000	800,000	947,682
Total insurance	1,088,039	1,088,039	1,281,995
Other charges			
Personal services	10,440	10,716	-
Contractual services	50	50	7,265
Capital outlay	-	-	6,796
Total other charges	10,490	10,766	14,061
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 6,964,337</b>	<b>\$ 6,520,133</b>	<b>\$ 7,027,043</b>
<b>PUBLIC SAFETY</b>			
Police department			
Operations			
Personal services	\$ 7,844,507	\$ 8,028,056	\$ 7,857,360
Contractual services	488,390	488,390	466,409
Materials and supplies	377,456	377,456	455,319
Capital outlay	61,500	61,500	74,850
Total operations	8,771,853	8,955,402	8,853,938
Facilities			
Personal services	20,880	21,432	28,426
Contractual services	73,939	73,939	73,969
Materials and supplies	27,045	27,045	22,891
Total facilities	121,864	122,416	125,286
Total police department	8,893,717	9,077,818	8,979,224
Fire department			
Operations			
Personal services	5,790,371	5,937,635	5,860,333
Contractual services	308,908	308,908	373,372
Materials and supplies	145,865	145,865	162,189
Capital outlay	12,000	12,000	10,999
Total operations	6,257,144	6,404,408	6,406,893

(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, 2005

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Facilities			
Personal services	\$ 10,440	\$ 10,716	\$ 14,213
Contractual services	18,133	18,133	14,224
Materials and supplies	11,347	11,347	8,676
Capital outlay	6,500	6,500	6,075
Total facilities	46,420	46,696	43,188
Total fire department	6,303,564	6,451,104	6,450,081
TOTAL PUBLIC SAFETY	\$ 15,197,281	\$ 15,528,922	\$ 15,429,305
PUBLIC WORKS			
Public works administration			
Personal services	\$ 318,242	\$ 326,789	\$ 301,043
Contractual services	29,270	29,270	28,657
Materials and supplies	23,444	23,444	24,101
Total public works administration	370,956	379,503	353,801
PUBLIC WORKS (Continued)			
Facilities			
Personal services	\$ 68,115	\$ 69,506	\$ 66,790
Contractual services	47,080	47,080	53,721
Materials and supplies	32,000	32,000	38,868
Capital outlay	60,000	60,000	29,700
Total facilities	207,195	208,586	189,079
Engineering			
Personal services	1,003,799	1,030,471	999,420
Contractual services	119,265	119,265	121,405
Materials and supplies	5,737	5,737	5,347
Capital outlay	600	600	776
Total engineering	1,129,401	1,156,073	1,126,948
TOTAL PUBLIC WORKS	\$ 1,707,552	\$ 1,744,162	\$ 1,669,828

(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, 2005

	Original Budget	Final Budget	Actual
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>			
Community development department			
Personal services	\$ 2,192,361	\$ 2,251,695	\$ 2,129,431
Contractual services	179,245	179,245	175,154
Materials and supplies	106,500	106,500	85,629
Total community development department	2,478,106	2,537,440	2,390,214
Economic development			
Personal services	58,984	60,627	69,759
Contractual services	4,450	4,450	23,235
Materials and supplies	73,375	73,375	68,456
Revenue sharing	750,000	750,000	915,359
Total economic development	886,809	888,452	1,076,809
<b>TOTAL ECONOMIC AND PHYSICAL DEVELOPMENT</b>	<b>\$ 3,364,915</b>	<b>\$ 3,425,892</b>	<b>\$ 3,467,023</b>
<b>TRANSIT</b>			
Operations			
Personal services	\$ 919,664	\$ 934,364	\$ 1,037,740
Contractual services	105,300	105,300	101,137
Materials and supplies	32,300	32,300	22,984
Capital outlay	-	-	9
Total operations	1,057,264	1,071,964	1,161,870
Facilities			
Personal services	10,440	10,716	14,213
Contractual services	30,280	30,280	31,188
Materials and supplies	800	800	3,171
Capital outlay	500	500	2,091
Total facilities	42,020	42,296	50,663
<b>TOTAL TRANSIT</b>	<b>\$ 1,099,284</b>	<b>\$ 1,114,260</b>	<b>\$ 1,212,533</b>
<b>COMMISSIONS</b>			
Contractual services	\$ 184,075	\$ 184,075	\$ 123,270
Materials and supplies	206,048	206,048	157,102
<b>TOTAL COMMISSIONS</b>	<b>\$ 390,123</b>	<b>\$ 390,123</b>	<b>\$ 280,372</b>

(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, 2005

	Final Budget	Actual
REVENUES		
Property taxes	\$ 3,000,000	\$ 2,969,609
Investment income	-	1,745
Total revenues	3,000,000	2,971,354
EXPENDITURES		
Debt service		
Principal	2,680,000	2,680,000
Interest and fiscal charges	900,187	898,711
Total expenditures	3,580,187	3,578,711
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(580,187)	(607,357)
OTHER FINANCING SOURCES (USES)		
Transfers in	628,111	628,111
Total other financing sources (uses)	628,111	628,111
NET CHANGE IN FUND BALANCE	\$ 47,924	20,754
FUND BALANCE, MAY 1		522,876
FUND BALANCE, APRIL 30		\$ 543,630

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended April 30, 2005

	Final Budget	Actual
REVENUES		
Property taxes	\$ 674,433	\$ 660,707
Reimbursements	1,450,000	1,684,139
Total revenues	2,124,433	2,344,846
EXPENDITURES		
Capital outlay	5,317,000	5,250,303
Total expenditures	5,317,000	5,250,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,192,567)	(2,905,457)
OTHER FINANCING SOURCES (USES)		
Transfers in	4,500,000	4,500,000
Transfers (out)	(650,000)	(650,000)
Total other financing sources (uses)	3,850,000	3,850,000
NET CHANGE IN FUND BALANCES	\$ 657,433	944,543
FUND BALANCES (DEFICIT), MAY 1		(696,790)
FUND BALANCES, APRIL 30		\$ 247,753

(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, 2005

	Final Budget	Actual
REVENUES		
Investment income	\$ 50,000	\$ 4,853
Reimbursements	11,111,830	-
Total revenues	11,161,830	4,853
EXPENDITURES		
Capital outlay	16,883,033	167,265
Total expenditures	16,883,033	167,265
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,721,203)	(162,412)
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(1,777,223)	(2,300,000)
Total other financing sources (uses)	(1,777,223)	(2,300,000)
NET CHANGE IN FUND BALANCE	<u>\$ (7,498,426)</u>	(2,462,412)
FUND BALANCE, MAY 1		<u>7,398,301</u>
FUND BALANCE, APRIL 30		<u>\$ 4,935,889</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. The Working Cash Fund was closed during the fiscal year.

**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.

**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, 2005

Special Revenue		Permanent		Capital Projects			Totals
				Tax Incremental Financing	Working Capital	Public Facility and Improvement	
Motor Fuel Tax	Emergency 911 System	Working Cash	Obligation Bonds 1981				

## ASSETS

Cash and cash equivalents	\$ 1,151	\$ 338,235	\$ -	\$ -	\$ -	\$ 404,966	\$ 744,352
Investments	-	213,725	-	-	-	49,766	263,491
Receivables	-	-	-	-	-	-	-
Property taxes	-	-	-	878,827	-	-	878,827
Intergovernmental Loans	71,848	49,253	-	-	-	-	121,101
Due from other funds	-	-	-	-	-	425,000	425,000
	-	732,939	-	-	-	-	732,939
<b>TOTAL ASSETS</b>	<b>\$ 72,999</b>	<b>\$ 1,334,152</b>	<b>\$ -</b>	<b>\$ 878,827</b>	<b>\$ 879,732</b>	<b>\$ 3,165,710</b>	

## LIABILITIES AND FUND BALANCES

LIABILITIES							
Accounts payable	\$ -	\$ 60	\$ -	\$ 3,160	\$ -	\$ -	\$ 3,220
Accrued payroll	-	632	-	-	-	-	632
Due to other funds	-	-	-	490,541	-	-	490,541
Deferred revenues	-	-	-	878,827	-	-	878,827
<b>Total liabilities</b>	<b>-</b>	<b>692</b>	<b>-</b>	<b>1,372,528</b>	<b>-</b>	<b>-</b>	<b>1,373,220</b>
<b>FUND BALANCES</b>							
Reserved for loans receivable	-	-	-	-	-	425,000	425,000
Reserved for public facilities	-	-	-	-	-	454,732	454,732
Reserved for public safety	-	1,333,460	-	-	-	-	1,333,460
Reserved for streets	72,999	-	-	-	-	-	72,999
Unreserved (deficit) - capital projects	-	-	-	(493,701)	-	-	(493,701)
<b>Total fund balances</b>	<b>72,999</b>	<b>1,333,460</b>	<b>-</b>	<b>(493,701)</b>	<b>879,732</b>	<b>1,792,490</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 72,999</b>	<b>\$ 1,334,152</b>	<b>\$ -</b>	<b>\$ 878,827</b>	<b>\$ 879,732</b>	<b>\$ 3,165,710</b>	

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, 2005

	Special Revenue		Permanent		Capital Projects			
	Motor Fuel Tax	Emergency 911 System	Working Cash	Tax Incremental General Obligation Bonds 1981	Working Capital Public Facility and Improvement	Totals		
<b>REVENUES</b>								
Property taxes	\$ -	\$ -	\$ -	\$ 1,155,131	\$ -	\$ 1,155,131		
Charges for services	-	-	-	7,034	-	7,034		
Intergovernmental	-	24,077	-	-	-	24,077		
Motor fuel tax allotments	884,766	-	-	-	-	884,766		
Investment income	6,753	1,053	-	-	1,278	9,084		
Miscellaneous	-	443,257	-	-	-	443,257		
Total revenues	891,519	468,387	-	1,162,165	1,278	2,523,349		
<b>EXPENDITURES</b>								
Current								
Public safety	-	159,719	-	-	-	159,719		
Public works	884,000	-	-	-	-	884,000		
Capital outlay	-	36,517	-	1,134,578	-	1,171,095		
Total expenditures	884,000	196,236	-	1,134,578	-	2,214,814		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	7,519	272,151	-	27,587	1,278	308,535		
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers (out)	-	-	(446,328)	(57,227)	-	(503,555)		
Total other financing sources (uses)	-	-	(446,328)	(57,227)	-	(503,555)		
<b>NET CHANGE IN FUND BALANCES</b>	7,519	272,151	(446,328)	(29,640)	1,278	(195,020)		
<b>FUND BALANCES (DEFICIT), MAY 1</b>	65,480	1,061,309	446,328	(464,061)	878,454	1,987,510		
<b>FUND BALANCES (DEFICIT), APRIL 30</b>	\$ 72,999	\$ 1,333,460	\$ -	\$ (493,701)	\$ 879,732	\$ 1,792,490		

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, 2005

	Final Budget	Actual
REVENUES		
Motor fuel tax allotments	\$ 880,000	\$ 884,766
Investment income	4,000	6,753
Total revenues	884,000	891,519
EXPENDITURES		
Reserves and contingencies	1,550	-
Contractual services	884,000	884,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	885,550	884,000
NET CHANGE IN FUND BALANCE	<u>\$ (1,550)</u>	7,519
FUND BALANCE, MAY 1		<u>65,480</u>
FUND BALANCE, APRIL 30		<u>\$ 72,999</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, 2005

	Final Budget	Actual
REVENUES		
Intergovernmental	\$ -	\$ 24,077
Investment income	5,000	1,053
Other	390,000	443,257
Total revenues	395,000	468,387
EXPENDITURES		
Public safety		
Personal services	52,015	61,389
Contractual services	107,206	98,330
Capital outlay	38,200	36,517
Total expenditures	197,421	196,236
NET CHANGE IN FUND BALANCE	<u>\$ 197,579</u>	272,151
FUND BALANCE, MAY 1		<u>1,061,309</u>
FUND BALANCE, APRIL 30		<u>\$ 1,333,460</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, 2005

	Final Budget	Actual
REVENUES		
Property taxes	\$ 1,098,000	\$ 1,155,131
Charges for services	-	7,034
Total revenues	1,098,000	1,162,165
EXPENDITURES		
Capital outlay	-	1,134,578
Total expenditures	-	1,134,578
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,098,000	27,587
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(465,550)	(57,227)
Total other financing sources (uses)	(465,550)	(57,227)
NET CHANGE IN FUND BALANCE	<u>\$ 632,450</u>	(29,640)
FUND BALANCE (DEFICIT), MAY 1		<u>(464,061)</u>
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (493,701)</u>

(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, 2005

	Final Budget	Actual
REVENUES		
Investment income	\$ -	\$ 1,278
Total revenues	-	1,278
EXPENDITURES		
Capital outlay	17,918	-
Total expenditures	17,918	-
NET CHANGE IN FUND BALANCE	<u>\$ (17,918)</u>	1,278
FUND BALANCE, MAY 1		<u>878,454</u>
FUND BALANCE, APRIL 30		<u>\$ 879,732</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 City-owned parking, water facilities and services, golf course and other City-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, 2005

	Final Budget	Actual
OPERATING REVENUES		
Parking collections	\$ 505,000	\$ 616,745
Parking violations	150,000	284,706
Total operating revenues	655,000	901,451
OPERATING EXPENSES		
Personal services	240,418	235,881
Contractual services	183,855	200,646
Materials and supplies	200	20,218
Repairs and maintenance	85,400	93,834
Small tools and equipment	315,100	115,205
Total operating expenses	824,973	665,784
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(169,973)	235,667
Depreciation	-	192,137
OPERATING INCOME (LOSS)	(169,973)	43,530
NONOPERATING REVENUES (EXPENSES)		
Investment income	5,000	8,695
Total nonoperating revenues (expenses)	5,000	8,695
NET INCOME BEFORE TRANSFERS	(164,973)	52,225
TRANSFERS		
Transfers (out)	(82,800)	(82,800)
Total transfers	(82,800)	(82,800)
CHANGE IN NET ASSETS	\$ (247,773)	(30,575)
NET ASSETS, MAY 1		4,469,886
NET ASSETS, APRIL 30		\$ 4,439,311

(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, 2005

	Final Budget	Actual
OPERATING REVENUES		
Water sales	\$ 7,170,000	\$ 6,619,404
Water permit fees	90,000	96,294
Miscellaneous	-	22,120
Total operating revenues	7,260,000	6,737,818
OPERATING EXPENSES		
Personal services	2,156,549	1,962,799
Contractual services	970,762	958,301
Materials and supplies	378,690	315,253
Repairs and maintenance	76,500	83,568
Small tools and equipment	1,619,866	(295,393)
Total operating expenses	5,202,367	3,024,528
OPERATING INCOME BEFORE DEPRECIATION	2,057,633	3,713,290
Depreciation	-	1,155,215
OPERATING INCOME	2,057,633	2,558,075
NONOPERATING REVENUES (EXPENSES)		
Investment income	3,500	40,367
Interest expense	(1,394,465)	(353,893)
Total nonoperating revenues (expenses)	(1,390,965)	(313,526)
NET INCOME (LOSS) BEFORE TRANSFERS	666,668	2,244,549
TRANSFERS		
Transfers (out)	(592,000)	(592,000)
Total transfers	(592,000)	(592,000)
CHANGE IN NET ASSETS	\$ 74,668	1,652,549
NET ASSETS, MAY 1		20,547,038
Prior period adjustment		(8,913,348)
NET ASSETS, MAY 1, RESTATED		11,633,690
NET ASSETS, APRIL 30		\$ 13,286,239

(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, 2005

	Final Budget	Actual
OPERATING REVENUES		
Charges for goods and services	\$ 2,877,420	\$ 2,889,998
Other	145,510	157,472
Total operating revenues	3,022,930	3,047,470
OPERATING EXPENSES		
Contractual services	2,655,134	2,697,886
Small tools and equipment	-	26,775
Total operating expenses	2,655,134	2,724,661
OPERATING INCOME BEFORE DEPRECIATION	367,796	322,809
Depreciation	-	292,044
OPERATING INCOME	367,796	30,765
NONOPERATING REVENUES (EXPENSES)		
Investment income	-	9,100
Loss on sale of capital assets	-	(78,980)
Interest expense and fiscal charges	(198,035)	(90,029)
Total nonoperating revenues (expenses)	(198,035)	(159,909)
NET INCOME (LOSS) BEFORE TRANSFERS	169,761	(129,144)
TRANSFERS		
Transfers (out)	(100,000)	(100,000)
Total transfers	(100,000)	(100,000)
CHANGE IN NET ASSETS	\$ 69,761	(229,144)
NET ASSETS, MAY 1		9,659,109
Prior period adjustment		(218,046)
NET ASSETS, MAY 1, RESTATED		9,441,063
NET ASSETS, APRIL 30		\$ 9,211,919

(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, 2005

	Equipment Maintenance and Replacement	Insurance	Totals
<b>CURRENT ASSETS</b>			
Cash	\$ 906,880	\$ 75,933	\$ 982,813
Investments	173,376	16,371	189,747
Accounts receivable	3,921	223,154	227,075
Due from other funds	215,468	20,946	236,414
Total current assets	1,299,645	336,404	1,636,049
<b>CAPITAL ASSETS</b>			
Equipment	8,949,044	-	8,949,044
Accumulated depreciation	(5,630,693)	-	(5,630,693)
Net capital assets	3,318,351	-	3,318,351
Total assets	4,617,996	336,404	4,954,400
<b>CURRENT LIABILITIES</b>			
Accounts payable	80,632	2,392	83,024
Accrued salaries	60,980	9,635	70,615
Claims payable	-	507,819	507,819
Due to other funds	-	215,468	215,468
Capital lease payable - current	131,655	-	131,655
Total current liabilities	273,267	735,314	1,008,581
<b>LONG-TERM LIABILITIES</b>			
Capital lease payable - long-term	238,124	-	238,124
Total liabilities	511,391	735,314	1,246,705
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,948,572	-	2,948,572
Unrestricted (deficit)	1,158,033	(398,910)	759,123
TOTAL NET ASSETS	\$ 4,106,605	\$ (398,910)	\$ 3,707,695

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, 2005

	Equipment Maintenance and Replacement	Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 2,460,352	\$ 3,791,522	\$ 6,251,874
Miscellaneous	1,012,815	-	1,012,815
Total operating revenues	3,473,167	3,791,522	7,264,689
OPERATING EXPENSES			
Personal services	992,221	117,688	1,109,909
Contractual services	199,890	5,179,385	5,379,275
Premium reimbursements	-	(1,356,141)	(1,356,141)
Materials and supplies	664,903	2,525	667,428
Repairs and maintenance	253,660	-	253,660
Small tools and equipment	99,812	-	99,812
Total operating expenses	2,210,486	3,943,457	6,153,943
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	1,262,681	(151,935)	1,110,746
Depreciation	747,880	-	747,880
OPERATING INCOME (LOSS)	514,801	(151,935)	362,866
NONOPERATING REVENUES (EXPENSES)			
Investment income	855	81	936
Total nonoperating revenues (expenses)	855	81	936
CHANGE IN NET ASSETS	515,656	(151,854)	363,802
NET ASSETS, MAY 1	3,590,949	(247,056)	3,343,893
NET ASSETS, APRIL 30	\$ 4,106,605	\$ (398,910)	\$ 3,707,695

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, 2005

	Equipment Maintenance and Replacement	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 1,012,206	\$ 241,896	\$ 1,254,102
Receipts from interfund services	2,244,884	4,887,711	7,132,595
Payments to suppliers	(1,218,448)	(5,061,673)	(6,280,121)
Payments to employees	(982,911)	(117,812)	(1,100,723)
Net cash from operating activities	1,055,731	(49,878)	1,005,853
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
None	-	-	-
Net cash from noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from capital lease	394,968	-	394,968
Principal payments on capital lease obligation	(25,189)	-	(25,189)
Sale of capital assets	79,284	-	79,284
Purchase of capital assets	(1,164,854)	-	(1,164,854)
Net cash from capital and related financing activities	(715,791)	-	(715,791)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	855	81	936
Sale of investments	109,040	10,298	119,338
Net cash from investing activities	109,895	10,379	120,274
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	449,835	(39,499)	410,336
CASH AND CASH EQUIVALENTS, MAY 1	457,045	115,432	572,477
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 906,880	\$ 75,933	\$ 982,813
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 514,801	\$ (151,935)	\$ 362,866
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	747,880	-	747,880
Changes in assets and liabilities			
Accounts receivable	(609)	(145,614)	(146,223)
Due from other funds	(215,468)	-	(215,468)
Accrued expenses	-	119,708	119,708
Accounts payable	(183)	529	346
Accrued payroll	9,310	(124)	9,186
Due to other funds	-	127,558	127,558
NET CASH FROM OPERATING ACTIVITIES	\$ 1,055,731	\$ (49,878)	\$ 1,005,853

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, 2005

	Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 2,451,545	\$ 2,460,352
Miscellaneous	1,103,000	1,012,815
Total operating revenues	3,554,545	3,473,167
OPERATING EXPENSES		
Personal services	1,008,691	992,221
Contractual services	1,070,316	199,890
Materials and supplies	622,135	664,903
Repairs and maintenance	247,005	253,660
Small tools and equipment	1,319,562	99,812
Total operating expenses	4,267,709	2,210,486
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	(713,164)	1,262,681
Depreciation	-	747,880
OPERATING INCOME (LOSS)	(713,164)	514,801
NONOPERATING REVENUE (EXPENSES)		
Investment income	1,000	855
Total nonoperating revenues (expenses)	1,000	855
CHANGE IN NET ASSETS	<u>\$ (712,164)</u>	515,656
NET ASSETS, MAY 1		3,590,949
NET ASSETS, APRIL 30		<u>\$ 4,106,605</u>

(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, 2005

	Final Budget	Actual
OPERATING REVENUES		
Charges for current services	\$ 4,099,918	\$ 3,791,522
Total operating revenues	4,099,918	3,791,522
OPERATING EXPENSES		
Personal services	104,965	117,688
Contractual services	5,828,911	5,179,385
Premium reimbursements	(900,000)	(1,356,141)
Materials and supplies	3,147	2,525
Total operating expenses	5,037,023	3,943,457
OPERATING INCOME (LOSS)	(937,105)	(151,935)
NONOPERATING REVENUES (EXPENSES)		
Investment income	-	81
Total nonoperating revenues (expenses)	-	81
CHANGE IN NET ASSETS	\$ (937,105)	(151,854)
NET ASSETS, MAY 1		(247,056)
NET ASSETS, APRIL 30		\$ (398,910)

(See independent auditor's report.)

## FIDUCIARY FUNDS

### **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, 2005

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,225,044	\$ 200,526	\$ 2,425,570
Investments, at fair value			
U.S. government obligations	13,108,764	15,217,092	28,325,856
Mutual funds	10,434,672	7,709,514	18,144,186
Insurance contracts	-	1,452,670	1,452,670
Total investments	23,543,436	24,379,276	47,922,712
Prepaid items	667	-	667
Receivables			
Accrued interest	195,602	168,478	364,080
Total receivables	195,602	168,478	364,080
Due from other funds	27,374	25,663	53,037
Total assets	25,992,123	24,773,943	50,766,066
<b>LIABILITIES</b>			
Accounts payable	846	26,470	27,316
Total liabilities	846	26,470	27,316
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<u>\$ 25,991,277</u>	<u>\$ 24,747,473</u>	<u>\$ 50,738,750</u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended April 30, 2005

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions - employer			
Property taxes	\$ 905,379	\$ 872,952	\$ 1,778,331
Replacement taxes	27,374	33,753	61,127
Contributions - plan members	387,858	321,918	709,776
Contributions - other	-	1,955	1,955
Total contributions	1,320,611	1,230,578	2,551,189
Investment income			
Net appreciation (depreciation) in fair value of investments	450,500	527,565	978,065
Interest earned on investments	970,051	889,687	1,859,738
Total investment income	1,420,551	1,417,252	2,837,803
Less investment expense	(5,852)	(36,721)	(42,573)
Net investment income	1,414,699	1,380,531	2,795,230
Total additions	2,735,310	2,611,109	5,346,419
<b>DEDUCTIONS</b>			
Pensions and refunds	2,074,692	1,507,900	3,582,592
Miscellaneous			
Contractual professional services	63,175	19,860	83,035
Total deductions	2,137,867	1,527,760	3,665,627
NET INCREASE	597,443	1,083,349	1,680,792
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
May 1	25,393,834	23,664,124	49,057,958
April 30	\$ 25,991,277	\$ 24,747,473	\$ 50,738,750

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, 2005

	Balances May 1	Additions	Deductions	Balances April 30
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,892,948	\$ 448,903	\$ 529,573	\$ 3,812,278
Accounts receivable	149,876	-	130,993.00	18,883
Due from other funds	-	1,012,068	-	1,012,068
<b>TOTAL ASSETS</b>	<b>\$ 4,042,824</b>	<b>\$ 1,460,971</b>	<b>\$ 660,566</b>	<b>\$ 4,843,229</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 390,720	\$ 366,360	\$ -	\$ 757,080
Due to others	836,031	611,119	614,742	832,408
Deposits payable	2,782,387	437,668	-	3,220,055
Deferred revenue	33,686	-	-	33,686
<b>TOTAL LIABILITIES</b>	<b>\$ 4,042,824</b>	<b>\$ 1,415,147</b>	<b>\$ 614,742</b>	<b>\$ 4,843,229</b>
<b>GENERAL DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash	\$ 2,796,280	\$ -	\$ 529,573	\$ 2,266,707
Due from other funds	-	1,012,068	-	1,012,068
<b>TOTAL ASSETS</b>	<b>\$ 2,796,280</b>	<b>\$ 1,012,068</b>	<b>\$ 529,573</b>	<b>\$ 3,278,775</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 13,893	\$ 44,827	\$ -	\$ 58,720
Deposits payable	2,782,387	437,668	-	3,220,055
<b>TOTAL LIABILITIES</b>	<b>\$ 2,796,280</b>	<b>\$ 482,495</b>	<b>\$ -</b>	<b>\$ 3,278,775</b>

(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, 2005

	Balances May 1	Additions	Deductions	Balances April 30
<b>SPECIAL ASSESSMENT FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 392,170	\$ 4,966	\$ -	\$ 397,136
Accounts receivable	149,876	-	130,993	18,883
<b>TOTAL ASSETS</b>	<b>\$ 542,046</b>	<b>\$ 4,966</b>	<b>\$ 130,993</b>	<b>\$ 416,019</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 376,827	\$ 1,533	\$ -	\$ 378,360
Deferred revenue	33,686	-	-	33,686
Due to others	131,533	132,440	260,000	3,973
<b>TOTAL LIABILITIES</b>	<b>\$ 542,046</b>	<b>\$ 133,973</b>	<b>\$ 260,000</b>	<b>\$ 416,019</b>
<b>HOUSING TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 704,498	\$ 443,937	\$ -	\$ 1,148,435
<b>TOTAL ASSETS</b>	<b>\$ 704,498</b>	<b>\$ 443,937</b>	<b>\$ -</b>	<b>\$ 1,148,435</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 320,000	\$ -	\$ 320,000
Due to others	704,498	478,679	354,742	828,435
<b>TOTAL LIABILITIES</b>	<b>\$ 704,498</b>	<b>\$ 798,679</b>	<b>\$ 354,742</b>	<b>\$ 1,148,435</b>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

GOVERNMENT-WIDE REVENUES

For the Year Ended April 30, 2005

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	2005	2004
<hr/>		
PROGRAM REVENUES		
Charges for services	\$ 18,936,823	\$ 18,181,253
Operating grants	884,766	858,067
Capital grants	551,346	556,361
 GENERAL REVENUES		
Taxes	31,981,000	31,341,885
Investment income	387,271	176,597
Gain (loss) on sale of capital assets	(78,980)	838,019
 TOTAL REVENUES	 \$ 52,662,226	 \$ 51,952,182

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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, 2005

	2005	2004
<b>GOVERNMENTAL ACTIVITIES</b>		
General government	\$ 7,709,170	\$ 6,841,255
Public safety	16,671,814	18,632,313
Public works	11,784,555	7,489,204
Economic and physical development	4,093,676	5,889,721
Transit	1,219,866	1,148,215
Commissions	640,026	1,450,664
Interest	858,741	676,833
Total governmental activities	42,977,848	42,128,205
<b>BUSINESS-TYPE ACTIVITIES</b>		
Water	4,533,636	5,285,414
Parking	857,921	927,189
Country club	3,106,734	2,540,970
Total business-type activities	8,498,291	8,753,573
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 51,476,139</b>	<b>\$ 50,881,778</b>

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>GOVERNMENTAL ACTIVITIES</b>										
General government and other	\$ 7,027,043	\$ 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
Public safety	15,589,024	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
Public works and capital outlay	13,547,176	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
Debt service	3,578,711	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
Economic and physical development (3)	3,467,023	3,339,672	-	-	-	-	-	-	-	-
Transit (3)	1,212,533	1,128,989	-	-	-	-	-	-	-	-
Commissions (3)	280,372	271,750	-	-	-	-	-	-	-	-
Contributions to IMRF and Police/Firefighters' Pension and employers retirement benefits	-	-	1,618,747	1,807,131	1,561,815	1,358,117	805,864	2,578,663	1,494,770	1,516,662
<b>Total governmental</b>	<b>44,701,882</b>	<b>48,137,485</b>	<b>47,069,699</b>	<b>40,255,750</b>	<b>38,021,317</b>	<b>48,011,550</b>	<b>35,720,379</b>	<b>36,961,393</b>	<b>33,542,922</b>	<b>29,517,446</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Enterprise										
Motor vehicle parking system	665,784	671,526	396,881	455,996	638,333	195,589	250,072	449,458	361,198	467,687
Water	3,024,528	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
Highland Park Country Club	2,724,661	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
Equipment maintenance and replacement	2,210,486	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
Liability insurance	3,943,457	4,716,418	4,032,533	4,783,889	3,477,837	3,539,745	3,019,207	2,643,806	3,262,246	3,040,478.00
<b>Total business-type activities</b>	<b>12,568,916</b>	<b>13,197,270</b>	<b>11,823,839</b>	<b>13,197,404</b>	<b>11,751,935</b>	<b>10,536,382</b>	<b>11,312,745</b>	<b>12,113,462</b>	<b>11,807,249</b>	<b>10,750,528</b>
<b>TOTALS</b>	<b>\$ 57,270,798</b>	<b>\$ 61,334,755</b>	<b>\$ 58,893,538</b>	<b>\$ 53,453,154</b>	<b>\$ 49,773,252</b>	<b>\$ 58,547,932</b>	<b>\$ 47,033,124</b>	<b>\$ 49,074,855</b>	<b>\$ 45,350,171</b>	<b>\$ 40,267,974</b>

(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 81-82.

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>OTHER LOCAL TAXES</b>										
Municipal sales tax (3)	\$ 12,092,027	\$ 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
Motor fuel tax allotments	884,766	858,067	974,586	863,746	890,950	830,957	732,313	706,770	718,257	713,411
Utility tax	2,785,652	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
Illinois state income tax	2,048,727	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
Illinois state replacement tax (1)	208,941	212,981	147,631	197,481	202,102	220,690	204,330	200,191	175,872	168,703
Cable television franchise tax	369,172	333,133	359,946	376,300	319,456	267,931	239,813	240,205	236,045	221,971
Real estate transfer tax	2,420,485	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
Franchise tax	1,703,043	503,542	44,385	114,529	128,218	123,532	365,130	338,305	305,888	281,636
<b>Total other local taxes</b>	<b>22,512,813</b>	<b>21,412,567</b>	<b>19,206,934</b>	<b>19,840,078</b>	<b>20,040,772</b>	<b>18,799,645</b>	<b>17,427,978</b>	<b>15,919,106</b>	<b>15,334,072</b>	<b>14,894,668</b>
<b>LICENSES, PERMITS, AND FINES</b>	<b>2,984,701</b>	<b>2,382,180</b>	<b>2,264,264</b>	<b>2,388,253.00</b>	<b>-</b>	<b>3,321,035</b>	<b>2,285,104</b>	<b>1,779,386</b>	<b>1,760,076</b>	<b>1,999,577</b>
<b>INTEREST AND RENTAL INCOME</b>	<b>329,106</b>	<b>135,042</b>	<b>518,514</b>	<b>883,906</b>	<b>1,265,945</b>	<b>1,317,693</b>	<b>1,057,618</b>	<b>761,039</b>	<b>1,045,344</b>	<b>1,201,859</b>
<b>SERVICE CHARGES (1)</b>										
Internal Service Funds (2)	7,264,689	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
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
Sewer maintenance charges	-	-	-	-	-	-	-	-	-	450,892
Miscellaneous	-	5,696,319	483,5247	1,404,223	34,543	710,418	599,638	676,837	588,291	486,056
<b>Total service charges</b>	<b>7,264,689</b>	<b>13,003,012</b>	<b>13,191,779</b>	<b>9,448,357</b>	<b>6,105,433</b>	<b>7,533,118</b>	<b>7,272,788</b>	<b>7,439,055</b>	<b>6,330,184</b>	<b>6,026,941</b>
<b>REVENUE FROM ENTERPRISES</b>										
Parking collections	616,745	590,246	525,636	551,611	476,753	460,574	446,113	463,476	467,683	468,183
Parking violations	284,706	151,335	204,847	236,339	233,250	256,702	189,441	233,995	232,568	251,761
Water sales and tap permits	6,715,698	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
Highland Park Country Club	3,047,470	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
<b>Total revenue from enterprises</b>	<b>10,664,619</b>	<b>10,519,906</b>	<b>11,395,268</b>	<b>10,428,623</b>	<b>10,956,470</b>	<b>11,183,385</b>	<b>10,396,912</b>	<b>9,848,519</b>	<b>9,422,073</b>	<b>8,741,724</b>

CITY OF HIGHLAND PARK, ILLINOIS

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

Last Ten Fiscal Years

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>REVENUE FROM OTHER AGENCIES</b>										
Fire insurance tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,855	\$ 45,194	\$ 40,853	\$ 41,696	\$ 41,624
Regional Transportation Authority	951,361	920,879	892,506	813,974	839,264	768,874	710,766	748,393	734,872	741,005
State Department of Transportation reimbursement	-	-	-	27,647	-	-	-	-	-	-
<b>Total revenue from other agencies</b>	<b>951,361</b>	<b>920,879</b>	<b>892,506</b>	<b>841,621</b>	<b>839,264</b>	<b>814,729</b>	<b>755,960</b>	<b>789,246</b>	<b>776,568</b>	<b>782,629</b>
<b>MISCELLANEOUS REVENUE (1)</b>	-	-	-	-	144,680	2,876,689	2,268,938	997,995	837,990	-
<b>OTHER SOURCES OF FINANCIAL RESOURCES</b>										
Sale of property	-	3,876,013	327,325	-	-	-	-	-	1,356,613	-
Real estate	-	-	-	9,195	-	-	-	-	-	-
Personal property	492,061	-	-	4,052	165,505	184,446	558,117	1,427,377	-	-
Reimbursement - Fort Sheridan expenses	-	-	-	-	3,000,000	3,000,000	-	3,030,000	3,450,000	4,894,214
Proceeds from sale of bonds	16,590,000	8,970,061	-	-	-	-	-	-	-	-
Contributions from property owners	-	-	-	-	-	-	-	-	-	-
<b>Total other sources of financial resources</b>	<b>17,082,061</b>	<b>12,846,074</b>	<b>327,325</b>	<b>13,247</b>	<b>3,165,505</b>	<b>3,184,446</b>	<b>558,117</b>	<b>4,457,377</b>	<b>4,806,613</b>	<b>4,894,214</b>
<b>TOTAL REVENUES</b>	<b>\$ 61,789,350</b>	<b>\$ 13,766,953</b>	<b>\$ 48,672,538</b>	<b>\$ 47,431,627</b>	<b>\$ 47,138,666</b>	<b>\$ 45,244,484</b>	<b>\$ 45,737,891</b>	<b>\$ 44,685,018</b>	<b>\$ 42,168,276</b>	<b>\$ 39,568,592</b>

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 pages 81-82.
- (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
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
2005	35,270,160	13,126,519	12,092,027	808,812	2,785,652	2,048,727	-	884,766	208,941	894,231	2,420,485

\* 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 (1)	Total Collections	Percent of Total Collections to Tax Levy
		Fiscal Year Collected	Amount				
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%	-	12,261,276	103.23%
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	11,941,338	94.90%	-	11,941,338	94.90%
2004	12,746,097	2006	-	0.00%	-	-	0.00%

Notes:

- (1) Lake County does not furnish information relating to delinquent taxes collected for the applicable levy year. Amounts shown in this column are collections in the year indicated of delinquent taxes applicable to prior years' tax levies.
- (2) Tax levy as abated represents total assessments extended by the City tax rate plus levies on the special service areas and the tax increment financing area.
- (3) The 2004 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
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%
2005	2004		2,041,854,559	789,193	2,042,643,752	6,127,931,256	33%

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

CITY OF HIGHLAND PARK, ILLINOIS

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years  
(Cents per hundred dollars)

Fiscal Year	Tax Levy Year	County	Forest Preserve	Township	Sanitary	College of Lake County	High School	Elementary School	Mosquito Abatement	City	Park District	Total Tax
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
2006	2004	0.465	0.219	0.047	0.139	0.200	1.758	2.457	0.012	0.624	0.422	6.343

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
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
2005	30,262	(2)	2,042,643,752	38,850,000	0.0190	1,283.79

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, 2005

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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, 2005

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	\$ 38,850,000	100.00%	\$ 38,850,000
Lake County	6,375,000	8.88%	566,100
Lake County Forest Preserve District	171,701,852	8.88%	15,247,124
North Shore Sanitary District	8,884,179	26.05%	2,314,329
Deerfield Park District	8,480,000	0.004%	339
Park District of Highland Park	1,275,000	98.46%	1,255,365
Schools			
Elementary			
District No. 106	3,170,000	3.44%	109,048
District No. 109	23,240,000	5.16%	1,199,184
District No. 112	37,890,000	98.86%	37,458,054
District No. 113	58,860,000	58.01%	34,144,686
College of Lake County	13,097,532	9.35%	1,224,619
	<u>332,973,563</u>		<u>93,518,848</u>
	<u>\$ 371,823,563</u>		<u>\$ 132,368,848</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
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%
2005	2,680,000	898,711	3,578,711	44,701,882	8.01%

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

## CITY OF HIGHLAND PARK, ILLINOIS

## PRINCIPAL TAXPAYERS

April 30, 2005

(2) Taxpayer	Business/Service	(1) 2004 Equalized Assessed Valuation
Renaissance Place, LLC	Business/Retail Center	\$ 7,669,630
Federal Realty Investment Trust	Business/Retail Center	6,883,716
American NB Trust of Chicago - Americana Apartments	Real Property	4,444,000
Klairmont Family Associates	Business/Retail Center	4,337,825
Solo Cup Company	Business	4,180,442
Target Corporation	Retail Store	3,350,000
LaSalle Bank	Bank	3,344,726
American Stores Company	Business/Retail Center	3,207,839
Sunset Food Mart, Inc.	Retail Store	3,035,972
Hillco Realty Management	Property Managemetn	2,931,452
		<u>\$ 43,385,602</u>
	Percentage of Total	2.12%

## 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 2004 EAV is the most current available for all taxpayers.

## CITY OF HIGHLAND PARK, ILLINOIS

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

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Fiscal Year	(1) Population	(1) Per Capita Income	(2) School Enrollment	(3) Unemployment Rate	(1) Median Age	(1) College Degree
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	1.9%	38.1	47.0%
1999	30,575	43,394	5,907	1.8%	38.1	47.0%
2000	30,575	43,394	5,919	1.8%	38.1	47.0%
2001	30,262	80,128	6,034	2.4%	36.1	61.6%
2002	30,262	55,331	6,034	3.3%	40.6	61.6%
2003	30,262	55,331	6,198	3.5%	40.6	61.6%
2004	30,262	55,331	6,304	3.9%	40.6	61.6%
2005	30,262	55,331	6,256	3.2%	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)
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
2005	1,889,593,213	482,657	149,974,820	1,803,869	789,193	2,042,643,752		NA

NA - Not available

Notes:

(1) Lake County Extension Office

(2) Federal Deposit Insurance Corporation

## CITY OF HIGHLAND PARK, ILLINOIS

## MISCELLANEOUS STATISTICS

April 30, 2005

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	569			
Number of students registered	6,256			
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	321 FTEs			
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
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
2005	N/A	N/A	N/A	1,062	-

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