

CITY OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

For the Eight Months Ended
December 31, 2007

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CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2007

LEGISLATIVE

Michael D. Belsky, Mayor

City Council

Michael C. Brenner

Steven W. Mandel

James R. Kirsch

Terri R. Olian

Scott Levenfeld

Lawrence D. Silberman

ADMINISTRATIVE

David M. Limardi, City Manager

Elizabeth A. Holleb, Finance Director

Shirley A. Fitzgerald, City Clerk

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 Manager

David Limardi

City Treasurer

Ronald Zweig

Corporation Counsel

Steven Elrod

City Boards, Commissions, and Task Forces

Beautification Task Force
Board of Police and Fire Commissioners
Business and Economic
Development Commission
Civil Service Commission
Cultural Arts Commission
Design Review Commission
Environmental Commission
Firefighters Pension Board
Healthy Highland Park / Highwood
Task Force
Historic Preservation Commission
Housing Commission
Human Relations Commission
Intra-City Parking Commission
Joint Plan Commission
Lakefront Commission
Library Board
Plan Commission
Police Pension Board
Ravina Festival Community
Relations Commission
Traffic Commission
Zoning Board of Appeals

Deputy City Manager

Patrick Brennan

City Clerk

Shirley Fitzgerald

Asst. City Manager

William Jones

Dir of Community Devel

Michael Blue

Fire Chief

Alan Wax

Director of Finance

Elizabeth Holleb

Chief of Police

Paul Shafer

Director of Public Works

Mary Anderson

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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Enen

Executive Director



CITY OF HIGHLAND PARK

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

May 30, 2008

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

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the eight months ended December 31, 2007. Due to the City's change in fiscal year effective December 31, 2007, these financial statements are for the eight month period from May 1, 2007 through December 31, 2007.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of the information presented herein. 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 City'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 Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their anticipated benefits, the City's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Sikich LLP, Independent Certified Public Accountants, have issued an unqualified opinion on the City's financial statements for the eight months ended December 31, 2007. The independent auditor's report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Highland Park, incorporated in 1869, has a long-standing heritage as one of the prestigious communities along Chicagoland's "north shore" of Lake Michigan. The City currently occupies a land area of 12.25 square miles, located 26 miles north of Chicago, and serves a population of 30,262. The City automatically became a home-rule unit of government when the 1970 Illinois Constitution was adopted because it had a population in excess of 25,000.

As a home-rule entity, the City has no tax rate or debt limits, nor is it required to conduct a referendum to authorize the issuance of debt or to increase property taxes.

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

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's Director of Finance so that a budget may be prepared. The City Manager then presents a proposed budget to the City Council for review in November. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than December 31, 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.

Local economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability over the long-term. The economic outlook remains strong as the City's stable property tax base increased by 6.6% this year. The unemployment rate for the City is currently 3.3%, which compares favorably to the 5.0% rate for Lake County and 5.0% rate for the State of Illinois. 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 City has been impacted by national economic conditions recently, noting a slight decrease in sales tax revenues in 2007 compared to 2006 and significant declines in real estate transfer taxes, indicative of the current state of the housing market nationwide. The total value of building permits in the City for fiscal year 2007 was \$149 million, more than double the \$69 million recorded in fiscal year 2003. However, this trend has recently slowed. In calendar year 2007, 5,499 building permits were issued, compared to 5,802 for the prior year, a decline of 5.2%.

These trends are being monitored closely to gauge the potential impact on the City's budget in 2008.

Major industries located within the City include a hospital, music festival, manufacturer of plastic containers, and two school districts, as well as several financial institutions and automobile dealerships. Retail trade accounts for nearly 11% of the employment in the City.

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 yields more than \$2 million in additional sales tax revenue per year, and is pledged to infrastructure improvements and the abatement of the debt service property tax levy planned for various projects. Such projects included a new 50,000 square foot state-of-the-art police headquarters facility, which completed the City's goal to rebuild or renovate all major City facilities.

The City continues an aggressive capital plan for infrastructure improvements, committing \$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 each year. Incorporated within the annual budget preparation process is the development of a five-year capital improvement program to ensure adequate long-term financial planning.

Relevant financial policies

Unreserved, undesignated fund balance in the general fund is currently 40% of annualized general fund expenditures, exceeding the City's policy guidelines set by the Council for budgetary and planning purposes (25-33 percent of general fund expenditures).

During Fiscal Year 2007, the City early implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The City Council has set aside nearly \$2.4 million to meet future requirements associated with other postemployment benefits and has budgeted an additional \$1.2 million in the 2008 budget. Please refer to the notes to the financial statements for additional information.

Major initiatives

The City is preparing to initiate a \$23 million project to improve its water filtration plant, which was originally constructed in 1929. The project will include replacement of aging infrastructure, address regulatory requirements, improve reliability, and increase the capacity of the water plant from 21 million gallons per day to 30 million gallons. The overall cost of the project will be financed by the issuance of general obligation bonds paid from water revenues. Due to the significant portion of water revenues received from contract customers, the City is re-negotiating its service contracts with the Villages of Deerfield, Lincolnshire, and Bannockburn,

as well as Glenbrook Sanitary District, to ensure that these contracts are secured through the expected term of the bonds.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Park for its comprehensive annual financial report (CAFR) for the fiscal year ended April 30, 2007. This was the twenty-third 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 that satisfied both generally accepted accounting principles and applicable legal requirements.

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

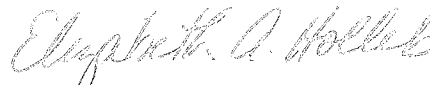
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated May 1, 2007, which authorizes budget appropriations through December 31, 2008. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient 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 service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also goes to the Mayor and the City Council for their unwavering support for maintaining the highest standards of professionalism in the management of the City of Highland Park's finances.

Respectfully submitted,



David M. Limardi
City Manager



Elizabeth A. Holleb
Finance Director



998 Corporate Boulevard • Aurora, IL 60502

*Members of American Institute of
Certified Public Accountants &
Illinois CPA Society*

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of and for the eight months ended December 31, 2007, which collectively comprise the City of Highland Park, Illinois' basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Highland Park, Illinois' management. Our responsibility is to express opinions 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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the eight months then ended, in conformity with accounting principles generally accepted in the United States of America.

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

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

We did not audit the information contained in the introductory and statistical sections. Accordingly, we do not express an opinion thereon.

Aurora, Illinois
April 18, 2008

A handwritten signature in cursive script, appearing to read "A. L. 2008".

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 eight months ended December 31, 2007. 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 in the Introductory Section of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at December 31, 2007 by \$161.6 million (net assets).
- The government's total net assets increased by \$9,253,452 during the eight months ended December 31, 2007. Business-type activities resulted in a \$1,961,576 increase, while net assets of governmental activities increased by \$7,291,876. The significant increase in governmental activities is due to several factors, including a full year property tax levy in a shortened fiscal period, an unrealized gain on investments held in the General Fund and reported at market value, and special item of \$1.3 million associated with the City's withdrawal from the Intergovernmental Risk Management Agency (IRMA).
- As of December 31, 2007, the City's governmental funds reported combined ending fund balances of \$43.6 million, an increase of \$5.3 million in comparison with the prior fiscal period. This increase is due in part to the unrealized gain on investments noted above as well as the issuance of general obligation bonds to fund capital improvements in the next fiscal year. Of the total fund balance, \$14.7 million is available for spending in the General Fund at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal period, unreserved and undesignated fund balance of the general fund was \$14,686,688, or 40% of total general fund annual expenditures, exceeding the City's policy to maintain a minimum balance of 25-33%.
- The City's total bonded debt increased by \$6.6 million during the current fiscal period due to a \$10 million issue in December 2007.

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 nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street and bridge fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data for 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 75 - 80 in this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of the Foreign Fire Insurance Tax Fund. 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 certain 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 84 - 88 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 - 55 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 and other post employment benefits to its employees. Required supplementary information can be found on pages 56 - 67 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 68 - 92 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 \$161.6 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (73.6%) 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 (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (20.7% of total) may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Highland Park's Net Assets
December 31, 2007**

	Governmental Activities		Business-Type Activities		Total	
	12/31/2007	4/30/2007	12/31/2007	4/30/2007	12/31/2007	4/30/2007
Current and Other Assets	\$63,675,530	56,082,897	12,741,929	5,259,064	76,417,459	61,341,961
Capital Assets	124,490,798	124,392,034	36,658,750	35,892,758	161,149,548	160,284,792
Total Assets	188,166,328	180,474,931	49,400,679	41,151,822	237,567,007	221,626,753
Long-Term Liabilities Outstanding	47,615,718	47,348,989	13,944,403	7,134,308	61,560,121	54,483,297
Other Liabilities	13,776,792	13,686,619	669,828	1,192,642	14,446,620	14,879,261
Total Liabilities	61,392,510	61,035,608	14,614,231	8,326,950	76,006,741	69,362,558
Net Assets:						
Capital Assets, net of Debt	96,339,097	93,387,691	22,483,153	28,707,758	118,822,250	122,095,449
Restricted	9,225,744	10,461,157	0	0	9,225,744	10,461,157
Unrestricted	21,208,977	15,590,474	12,303,295	4,117,114	33,512,272	19,707,588
Total Net Assets	126,773,818	119,439,322	34,786,448	32,824,872	161,560,266	152,264,194

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.

Within the governmental activities, the City increased "Capital Assets, net of Debt" due to the expenditure of bonds issued in a previous fiscal year for capital improvements. "Current and Other Assets", as well as "Unrestricted Net Assets", increased primarily as a result of increased cash balances. Within the business-type activities, changes noted in Current and Other Assets, Long-Term Liabilities, Capital Assets net of Debt, and Unrestricted Net Assets are attributable to December 2007 bond proceeds issued to fund water system improvements in 2008.

A breakdown of the change in net assets follows:

Water Utility	\$1,488,951
Parking System	347,884
Country Club	124,741
Governmental Activities	7,291,876
Govtl. Activities Prior Period Adj.	<u>42,620</u>
Change in Net Assets	<u>\$9,296,072</u>

City of Highland Park's Changes in Net Assets

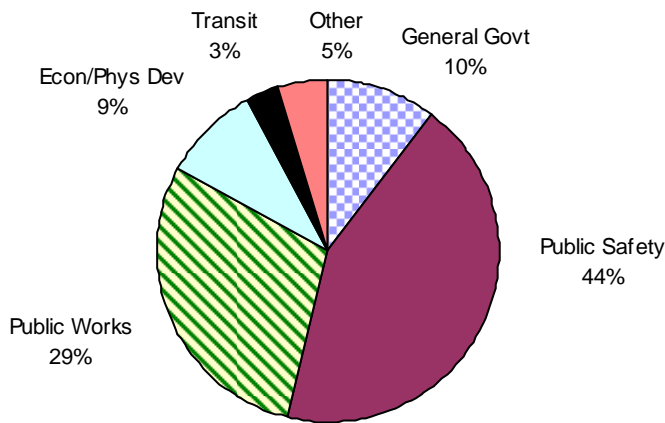
	Governmental Activities		Business-Type Activities		Total	
	12/31/2007	4/30/2007	12/31/2007	4/30/2007	12/31/2007	4/30/2007
Program Revenues						
Charges for Services	\$6,799,111	9,016,687	8,597,308	11,016,492	15,396,419	20,033,179
Operating Grants	652,180	891,528	0	0	652,180	891,528
Capital Grants	408,052	2,450,790	297,608	214,392	705,660	2,665,182
General Revenues						
Property Taxes	9,952,745	9,376,023	0	0	9,952,745	9,376,023
Sales Taxes	9,397,328	13,335,043	0	0	9,397,328	13,335,043
Other Taxes	8,011,821	13,089,692	0	0	8,011,821	13,089,692
Other	2,609,554	1,911,975	127,500	337,866	2,737,054	2,249,841
TOTAL REVENUES	37,830,791	50,071,738	9,022,416	11,568,750	46,853,207	61,640,488
Expenses						
General Government	3,291,348	5,430,237	0	0	3,291,348	5,430,237
Public Safety	13,931,034	19,286,651	0	0	13,931,034	19,286,651
Public Works	9,309,655	12,824,653	0	0	9,309,655	12,824,653
Economic/Physical Dev	2,929,461	4,341,647	0	0	2,929,461	4,341,647
Transit	967,852	1,199,521	0	0	967,852	1,199,521
Commissions	354,650	650,680	0	0	354,650	650,680
Interest	1,161,404	1,874,859	0	0	1,161,404	1,874,859
Parking	0	0	568,121	893,709	568,121	893,709
Water	0	0	4,387,664	5,613,619	4,387,664	5,613,619
Country Club	0	0	2,414,382	3,223,794	2,414,382	3,223,794
TOTAL EXPENSES	31,945,404	45,608,248	7,370,167	9,731,122	39,315,571	55,339,370
Increase in Net Assets before Transfers, Special Items and Contributions						
Contributions	5,885,387	4,463,490	1,652,249	1,837,628	7,537,636	6,301,118
Special Items	1,306,489	0	0	0	1,306,489	0
Contributions	0	0	409,327	0	409,327	0
Prior Period Adjustment	42,620	0	0	0	42,620	0
Transfers	100,000	100,000	(100,000)	(100,000)	0	0
Increase in Net Assets	7,334,496	4,563,490	1,961,576	1,737,628	9,296,072	6,301,118

- Variances exist in nearly all categories due to the 8-month fiscal period reported as of December 31, 2007, compared to a 12-month fiscal year reported as of April 30, 2007.
- Property tax revenue increased by \$576,722 (6.2%) over the prior year, due to a small increase in the annual levy and the first year of receiving Tax Increment Financing (TIF) revenue associated with the Ravinia TIF district. 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 only 2.3% per year over the past ten years.
- Sales tax revenue for calendar year 2007, compared to calendar year 2006, decreased by \$117,648 (.9%), reflective of national economic conditions. Comparison of other taxes for the eight month period ending December 31, 2007, compared to the same eight month period in 2006, reveal increases in income taxes (7.71%), local use tax (6.17%), personal property replacement tax (23.4%), telecommunication taxes (8.03%) and cable television

franchise fees (12.6%). However, declines were reported in hotel taxes (5.3%), utility tax on natural gas (24.7%), and real estate transfer taxes (43.4%).

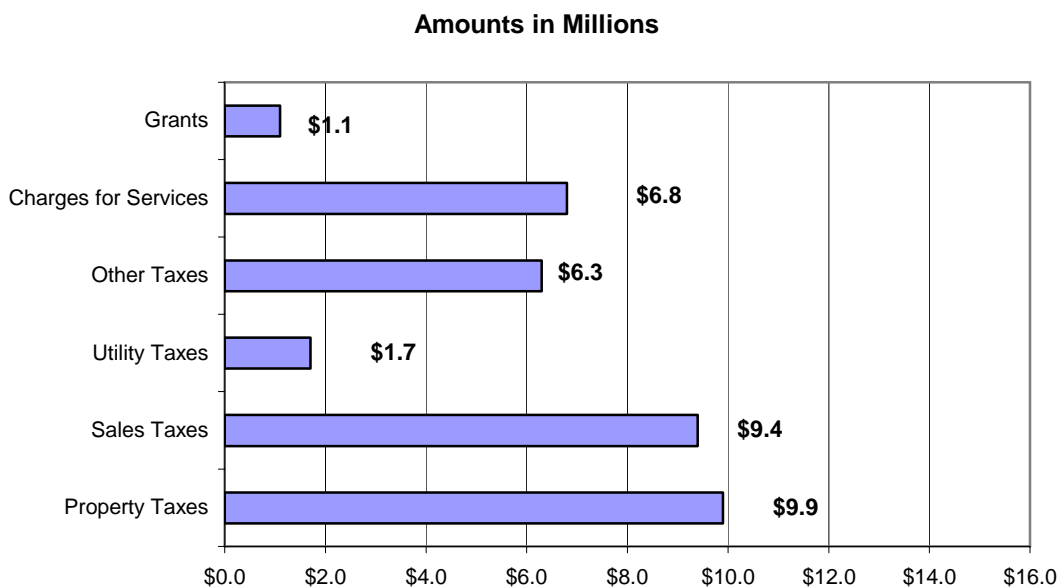
- The increase in other revenues is attributable in large part to an unrealized gain of \$928,260 to reflect General Fund investments at market value.
- Expenses totaled \$39.3 million for the eight months ended December 31, 2007, which represents 71% of expenses for the 12-month fiscal year 2007.
- A \$1,306,489 special item related to the City's withdrawal from IRMA is reported in governmental activities, and contributed assets of \$409,327 in the Water Fund are reported under business-type activities.

Expenses and Program Revenues – Governmental Activities



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

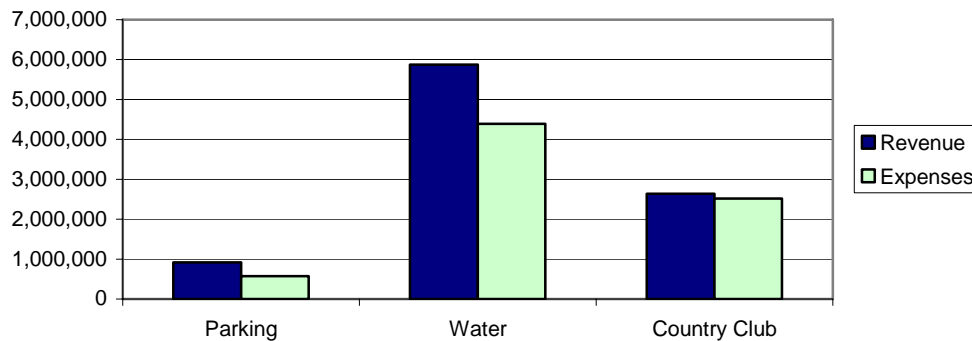
Revenues by Source – Governmental Activities



For the eight months ended December 31, 2007, property taxes exceed sales tax revenues due to the timing difference associated with the shortened fiscal period. Sales taxes account for the greatest proportion of funding for governmental activities on an annualized basis, followed by property taxes and charges for services. Growth in expenses has been closely monitored for eight consecutive years, with operating departments mandated to contain non-personnel related operating 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 completed construction of a new Police Headquarters facility during this fiscal period.

Business-Type Activities

Business-type activities increased the City's net assets by \$1.96 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 revenues and expenses of each business-type activity:



- Net assets of the parking fund increased by \$347,884 in the current fiscal year, the majority of which is due to an intergovernmental grant received for the Braeside commuter lot improvement project. A comprehensive analysis of parking fees was completed in FY 2006 to ensure that rates charged are sufficient to cover expenses on an ongoing basis.
- The water utility fund net assets increased by \$1,488,951, which includes a \$409,327 contribution associated with the Lincolnshire transmission main dedicated to the City.
- Net assets of the country club fund increased by \$124,741.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal period, non-operating revenues/expenses totaled \$213,243.

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 December 31, 2007, the City's governmental funds reported combined ending fund balances of \$43.6 million, an increase of \$5.3 million in comparison with the prior fiscal year. As noted previously, a large portion of this increase is the result of an unrealized gain of \$928,260 included in investment income of the General Fund associated with the reporting of investments at market value, as well as bond proceeds of \$2.5 million to be expended in the next fiscal year. Of the total fund balance, \$14.7 million constitutes *unreserved, undesignated fund balance* in the General Fund, which is available for spending at the government's discretion. *Reserved fund balance* totaling \$26.4 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, street improvements, and public safety expenditures (E-911 Fund). The City also reports a *designated fund balance* of \$2.4 million in the General Fund to meet future obligations for other post-employment benefits. 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 period, unreserved and undesignated fund balance of the general fund was \$14.7 million. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 40% of total general fund expenditures for the 2008 fiscal year. The unreserved, undesignated fund balance of the general fund increased by \$1.2 million during the current fiscal period.

The street and bridge fund has a total fund balance of \$1,148,022. For the current fiscal year, fund balance increased by \$259,215.

The debt service fund has a total fund balance of \$824,562, all of which is reserved for the payment of debt service. During the current fiscal year, the fund posted a \$124,765 increase in fund balance.

The capital projects fund has a fund balance of \$5.2 million at December 31, 2007. The \$1.8 million increase in fund balance for the current fiscal period is due primarily to the issuance of bonds in December 2007 for expenditure in a future fiscal year for infrastructure improvements identified in the five-year capital improvement plan.

Nonmajor governmental funds combined for a total fund balance of \$2.2 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 \$5.2 million at December 31, 2007. Net assets of the water utility fund amounted to \$18.8 million. Net assets of the country club operation amounted to \$10.7 million. The total growth in net assets for all proprietary funds was \$1.9 million, almost entirely accounted for in the water fund. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The General Fund budget was amended during the fiscal period to transfer appropriations between operating departments and to provide for unanticipated expenditures. Actual revenues exceeded the budget by \$.3 million, with positive variances reported in investment income offset by shortfalls in sales tax, utility tax, real estate transfer tax and permits. Total

general fund expenditures were 93% of budget, resulting in a budgetary savings of nearly \$1.7 million, due primarily to a \$1.2 million budgeted reserve for other post-employment benefits that is reflected in the reserved fund balance rather than expenditures. The increase in fund balance of \$3.2 million compared favorably to the budget projection that fund balance would increase by \$1.2 million.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$119 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.

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

- Water system improvements totaling \$1.4 million, consisting primarily of the Moraine Road water main improvement project, but also including the Lincolnshire transmission main dedication and improvements at Hyacinth.
- Completion of the new Police Headquarters, with expenditures on this project totaling \$940,000 in the current fiscal period.
- Infrastructure improvements totaled \$1.5 million, including sewer improvements at Ridgewood Drive, Clifton Avenue, and Burton; Deerfield Road improvements; and Central Avenue bridge improvements.
- Braeside commuter parking lot improvements totaled \$552,418, funded in part from federal grant revenues.

City of Highland Park's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	12/31/2007	4/30/2007	12/31/2007	4/30/2007	12/31/2007	4/30/2007
Land	\$8,744,366	\$8,744,366	\$4,981,323	\$4,981,323	\$13,725,689	\$ 13,725,689
Buildings and improvements	53,614,192	43,203,376	16,180,092	16,134,189	69,794,284	59,337,565
Machinery and equipment	4,962,968	4,575,378	1,378,430	1,509,504	6,341,398	6,084,882
Infrastructure	57,169,276	57,508,519	14,118,905	13,267,742	71,288,181	70,776,261
Construction in progress	-	10,360,395	-	-	-	10,360,395
Total	\$124,490,802	\$124,392,034	\$36,658,750	\$35,892,758	\$161,149,552	\$160,284,792

Additional information on the City's capital assets can be found in note 5 on pages 32 - 33 of this report.

Long-term debt. At the end of the current fiscal period, the City had total general obligation bonded debt outstanding of \$57,526,444. Of this amount, \$43,466,444 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	
	12/31/2007	4/30/2007	12/31/2007	4/30/2007	12/31/2007	4/30/2007
Total	\$43,466,444	\$43,735,538	\$14,060,000	\$7,185,000	\$57,526,444	\$50,920,538

The City's total bonded debt increased by \$6.6 million during the current fiscal period. 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 \$57.5 million represents 2.15% 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 long term economic outlook remains strong as the City's stable tax base increased by 6.6% this year. With 92% of the tax base consisting of residential property, property tax revenue is exceedingly stable. If the current housing market conditions nationwide continue for a prolonged period, it is anticipated that the growth in the property tax base could slow over the next few years. Municipal sales tax revenue in the current fiscal period began to decline consistent with national economic conditions. With sales tax being the primary revenue source for general fund operations, the City is monitoring this revenue closely. Other economic factors impacting the City's budget are as follows:

- The unemployment rate for the City is currently 3.3%, which compares favorably to the 5.5% rate for Lake County and 5.0% rate for the State of Illinois.
- The total value of building permits in the City for fiscal year 2007 was \$149 million, more than double the \$69 million recorded in fiscal year 2003. However, this trend has recently slowed. In calendar year 2007, 5,499 building permits were issued, compared to 5,802 for the prior year, a decline of 5.2%.
- 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.

Due to the City's conversion to a calendar fiscal year effective December 31, 2007, a 20-month budget was adopted in April 2007, which encompasses the May 2007 - December 2007 shortened fiscal period as well as the calendar fiscal year 2008. Therefore, the 2008 budget was adopted prior to the decline in the national economy. The City is monitoring sales tax, building permit and real estate transfer tax revenue on a monthly basis, as these three revenue sources

have declined in the last twelve months. The 2007 property tax levy, which funds the 2008 budget, was adopted in December 2007 and reflects a 2.5% increase over the extended 2006 levy received in the current fiscal period.

Budgeted expenditures include increases for salary adjustments, estimated at 3.0%. Employee benefit expenditures continue to increase due to mandated pension costs and health and dental insurance. City operating departments were required to maintain a 0.00% increase in non-personnel costs for the current budget period.

The 2008 budget projects a \$20,863 increase in unreserved fund balance of the general fund. Due to the decline in sales tax, building permit and real estate transfer tax revenues, it is anticipated that the fund balance of the general fund will instead be reduced in 2008.

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.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Highland Park Public Library
ASSETS				
Cash	\$ 18,738,259	\$ 5,310,828	\$ 24,049,087	\$ 191,534
Investments	22,473,190	7,478,236	29,951,426	2,360,901
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	10,578,594	-	10,578,594	3,745,692
Motor fuel tax allotments	120,507	-	120,507	-
Intergovernmental	4,567,372	598	4,567,970	-
Loans	387,500	-	387,500	-
Accounts	2,245,196	980,494	3,225,690	21,623
Accrued interest	64,800	-	64,800	-
Prepaid expenses	-	9,528	9,528	4,251
Inventory	-	62,245	62,245	-
Due to/from other funds	1,100,000	(1,100,000)	-	-
Deferred charges	70,804	-	70,804	-
Net pension asset	3,329,308	-	3,329,308	-
Capital assets not being depreciated	8,744,366	4,981,323	13,725,689	500,000
Capital assets being depreciated, net of accumulated depreciation	115,746,432	31,677,427	147,423,859	2,600,074
Total assets	188,166,328	49,400,679	237,567,007	9,424,075
LIABILITIES				
Accounts payable	1,724,878	310,067	2,034,945	67,566
Accrued payroll	608,831	201,678	810,509	92,026
Claims payable	633,786	-	633,786	-
Accrued interest payable	69,973	11,294	81,267	-
Due to primary government	-	-	-	-
Unearned revenues	10,685,334	18,750	10,704,084	3,745,692
Refundable deposits	53,990	128,039	182,029	-
Noncurrent liabilities				
Due within one year	4,276,723	805,000	5,081,723	13,268
Due in more than one year	43,338,995	13,139,403	56,478,398	264,068
Total liabilities	61,392,510	14,614,231	76,006,741	4,182,620
NET ASSETS				
Invested in capital assets, net of related debt	96,339,097	22,483,153	118,822,250	3,100,074
Restricted for				
Debt service	1,212,062	-	1,212,062	-
Public safety	1,054,969	-	1,054,969	-
Public facilities	531,373	-	531,373	-
Highways and streets	6,427,340	-	6,427,340	-
Culture and recreation	-	-	-	488,006
Unrestricted	21,208,977	12,303,295	33,512,272	1,653,375
TOTAL NET ASSETS	\$ 126,773,818	\$ 34,786,448	\$ 161,560,266	\$ 5,241,455

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF ACTIVITIES

For the Eight Months Ended December 31, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 3,291,348	\$ 1,240,959	\$ -	\$ -
Public safety	13,931,034	1,050,636	80,730	394,766
Public works	9,309,655	2,786,680	571,450	13,286
Economic and physical development	2,929,461	942,267	-	-
Transit	967,852	778,569	-	-
Commissions	354,650	-	-	-
Interest	1,161,404	-	-	-
Total governmental activities	31,945,404	6,799,111	652,180	408,052
Business-Type Activities				
Parking system	568,121	599,376	-	297,608
Water	4,387,664	5,361,021	-	-
Country club	2,414,382	2,636,911	-	-
Total business-type activities	7,370,167	8,597,308	-	297,608
TOTAL PRIMARY GOVERNMENT	\$ 39,315,571	\$ 15,396,419	\$ 652,180	\$ 705,660
COMPONENT UNIT				
Highland Park Public Library	\$ 2,767,451	\$ 91,433	\$ 33,822	\$ -

	Net (Expense) Revenue and Change in Net Assets			
	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Highland Park Public Library
	\$ (2,050,389)	\$ -	\$ (2,050,389)	\$ -
	(12,404,902)	-	(12,404,902)	-
	(5,938,239)	-	(5,938,239)	-
	(1,987,194)	-	(1,987,194)	-
	(189,283)	-	(189,283)	-
	(354,650)	-	(354,650)	-
	(1,161,404)	-	(1,161,404)	-
	(24,086,061)	-	(24,086,061)	-
	-	328,863	328,863	-
	-	973,357	973,357	-
	-	222,529	222,529	-
	-	1,524,749	1,524,749	-
	(24,086,061)	1,524,749	(22,561,312)	-
	-	-	-	(2,642,196)
General Revenues				
Taxes				
Property	9,952,745	-	9,952,745	3,670,539
Replacement	250,779	-	250,779	-
Home rule sales	3,385,307	-	3,385,307	-
Sales	6,012,021	-	6,012,021	-
Utility	1,684,513	-	1,684,513	-
Franchise	1,789,494	-	1,789,494	-
Real estate transfer	1,267,630	-	1,267,630	-
Income	1,787,461	-	1,787,461	-
Other	1,231,944	-	1,231,944	-
Investment income	2,609,554	127,500	2,737,054	75,886
Transfers	100,000	(100,000)	-	-
Contributions	-	409,327	409,327	-
Special item	1,306,489	-	1,306,489	-
Total	31,377,937	436,827	31,814,764	3,746,425
CHANGE IN NET ASSETS	7,291,876	1,961,576	9,253,452	1,104,229
NET ASSETS, MAY 1	119,439,322	32,824,872	152,264,194	4,137,226
Prior period adjustment	42,620	-	42,620	-
NET ASSETS, MAY 1, RESTATED	119,481,942	32,824,872	152,306,814	4,137,226
NET ASSETS, DECEMBER 31	\$ 126,773,818	\$ 34,786,448	\$ 161,560,266	\$ 5,241,455

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2007

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 12,622,251	\$ 1,304,029	\$ 827,763	\$ 181,454	\$ 1,493,888	\$ 16,429,385
Investments	17,128,260	-	-	5,087,125	257,805	22,473,190
Receivables						
Property taxes	3,921,660	1,930,000	3,267,917	1,284,017	175,000	10,578,594
Motor fuel tax allotments	-	-	-	-	120,507	120,507
Intergovernmental	4,567,372	-	-	-	-	4,567,372
Loans	-	-	-	-	387,500	387,500
Accounts	1,730,860	218,669	-	102,331	-	2,051,860
Accrued interest	64,800	-	-	-	-	64,800
Due from other funds	1,100,000	-	-	-	-	1,100,000
TOTAL ASSETS	\$ 41,135,203	\$ 3,452,698	\$ 4,095,680	\$ 6,654,927	\$ 2,434,700	\$ 57,773,208

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,135,917	\$ 319,700	\$ -	\$ 177,993	\$ 3,450	\$ 1,637,060
Accrued payroll	450,387	54,976	-	-	7,399	512,762
Accrued interest payable	-	-	3,201	-	-	3,201
Deferred revenue	5,304,466	1,930,000	3,267,917	1,295,731	175,000	11,973,114
Refundable deposits	53,990	-	-	-	-	53,990
Total liabilities	6,944,760	2,304,676	3,271,118	1,473,724	185,849	14,180,127
FUND BALANCES						
Reserved for debt service	-	-	824,562	-	-	824,562
Reserved for loans	-	-	-	-	387,500	387,500
Reserved for public facilities	-	-	-	-	531,373	531,373
Reserved for employee retirement	17,128,260	-	-	-	-	17,128,260
Reserved for public safety	-	-	-	-	1,054,969	1,054,969
Reserved for streets	-	1,148,022	-	5,181,203	98,115	6,427,340
Unreserved						
Designated						
Other post-employment benefits	2,375,495	-	-	-	-	2,375,495
Undesignated						
General Fund	14,686,688	-	-	-	-	14,686,688
Capital Projects Fund	-	-	-	-	176,894	176,894
Total fund balances	34,190,443	1,148,022	824,562	5,181,203	2,248,851	43,593,081
TOTAL LIABILITIES AND FUND BALANCES	\$ 41,135,203	\$ 3,452,698	\$ 4,095,680	\$ 6,654,927	\$ 2,434,700	\$ 57,773,208

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

December 31, 2007

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 43,593,081
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	124,490,798
Less amount reported in internal service funds below	(3,169,415)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(43,466,444)
Deferred charges such as bond discounts, issue costs and losses on refundings are expenditures in the governmental funds but shown as an asset on the statement of net assets	70,804
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets	(66,772)
Net pension asset for the fire and police pension funds is shown as an asset on the statement of net assets	3,329,308
The net other post-employment benefit obligation is shown as a liability on the statement of net assets	(1,913,041)
The compensated absences liability for the City is not due and payable in the current period and, therefore, not reported in the governmental funds.	(2,217,544)
Certain revenues are deferred at the fund level on the modified accrual basis of accounting but not at the entity-wide level	1,306,489
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	<u>4,816,554</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 126,773,818</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 Eight Months Ended December 31, 2007

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 3,620,275	\$ 1,873,063	\$ 3,171,720	\$ 1,113,717	\$ 173,971	\$ 9,952,746
Illinois state replacement taxes	250,779	-	-	-	-	250,779
Licenses and permits	1,193,732	805,629	-	-	-	1,999,361
Charges for current services	1,013,803	1,194,500	-	-	-	2,208,303
Municipal sales tax	9,397,327	-	-	-	-	9,397,327
Fines and forfeitures	206,141	8,855	-	-	-	214,996
Utility tax	1,684,513	-	-	-	-	1,684,513
Cable television franchise tax	331,936	-	-	-	-	331,936
Real estate transfer tax	1,267,630	-	-	-	-	1,267,630
Motor fuel tax allotments	-	-	-	-	571,450	571,450
Intergovernmental	73,825	-	-	-	179,250	253,075
Illinois state income tax	1,787,461	-	-	-	-	1,787,461
Regional Transportation Authority reimbursement	778,569	-	-	-	-	778,569
Franchise tax	1,457,558	-	-	-	-	1,457,558
Other taxes	913,627	233,438	-	-	-	1,147,065
Reimbursements - other agencies	725,627	-	-	711,290	-	1,436,917
Investment income	2,371,906	35,143	54,144	91,522	56,837	2,609,552
Miscellaneous	103,158	78,001	-	-	300,394	481,553
Total revenues	27,177,867	4,228,629	3,225,864	1,916,529	1,281,902	37,830,791
EXPENDITURES						
Current						
General government	3,087,130	-	-	-	-	3,087,130
Public safety	13,313,048	-	-	-	321,975	13,635,023
Public works	1,309,440	3,578,023	-	-	595,000	5,482,463
Economic and physical development	2,538,460	-	-	-	-	2,538,460
Transit	962,584	-	-	-	-	962,584
Commissions	190,504	-	-	-	-	190,504

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES (Continued)						
Debt service						
Principal	\$ -	\$ -	\$ 2,769,094	\$ -	\$ -	\$ 2,769,094
Interest and fiscal charges	-	-	1,760,555	-	-	1,760,555
Capital outlay	-	91,391	-	4,180,985	405,719	4,678,095
Total expenditures	21,401,166	3,669,414	4,529,649	4,180,985	1,322,694	35,103,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,776,701	559,215	(1,303,785)	(2,264,456)	(40,792)	2,726,883
OTHER FINANCING SOURCES (USES)						
Bonds issued at par	-	-	-	2,500,000	-	2,500,000
Transfers in	-	-	1,428,550	1,550,000	-	2,978,550
Transfers (out)	(2,578,550)	(300,000)	-	-	-	(2,878,550)
Total other financing sources (uses)	(2,578,550)	(300,000)	1,428,550	4,050,000	-	2,600,000
NET CHANGES IN FUND BALANCES	3,198,151	259,215	124,765	1,785,544	(40,792)	5,326,883
FUND BALANCES, MAY 1	30,992,292	888,807	699,797	3,395,659	2,289,643	38,266,198
FUND BALANCES, DECEMBER 31	\$ 34,190,443	\$ 1,148,022	\$ 824,562	\$ 5,181,203	\$ 2,248,851	\$ 43,593,081

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 Eight Months Ended December 31, 2007

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 5,326,883
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, they are capitalized and depreciated in the statement of activities	3,188,696
Certain revenues are deferred in governmental funds but not in governmental activities	1,306,489
The issuance of long-term debt is reported as another financing source in governmental funds but as an increase of principal outstanding in the statement of activities	(2,500,000)
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	2,769,094
The increase in accrued interest payable is shown as an reduction of expense on the statement of activities	583,982
Some expenses in the statement of activities (e.g., depreciation and amortization) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	
Depreciation	\$ (2,937,148)
Amortization	<u>15,169</u>
	(2,921,979)
The change in compensated absences payable is shown as an expense on the statement of activities	149,866
The increase in net pension asset is reported as an decrease in expense on the statement of activities	142,057
The increase in net other post-employment benefits obligation is reported as an expense on the statement of activities	(773,459)
The change in net assets of certain activities of internal service funds is in governmental funds	<u>20,247</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 7,291,876</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

December 31, 2007

	Business-Type Activities				Governmental
	Motor Vehicle Parking System	Water	Highland Park Country Club	Totals	Internal Service
CURRENT ASSETS					
Cash	\$ 897,192	\$ 3,252,034	\$ 1,161,602	\$ 5,310,828	\$ 2,308,874
Investments	-	7,478,236	-	7,478,236	-
Receivables					
Billed	-	186,011	156,509	342,520	193,336
Unbilled	-	637,974	-	637,974	-
Due from other governments	598	-	-	598	-
Prepaid expenses	-	-	9,528	9,528	-
Inventories	-	-	62,245	62,245	-
Total current assets	897,790	11,554,255	1,389,884	13,841,929	2,502,210
CAPITAL ASSETS					
Land	1,319,165	66,958	3,595,200	4,981,323	-
Parking facilities and equipment	4,457,628	-	-	4,457,628	-
Water and sewer plant and equipment	-	42,906,072	-	42,906,072	-
Country club facilities and equipment	-	-	11,473,102	11,473,102	-
Equipment	-	-	-	-	10,536,036
Less accumulated depreciation	(1,398,755)	(22,530,512)	(3,230,108)	(27,159,375)	(7,366,621)
Net capital assets	4,378,038	20,442,518	11,838,194	36,658,750	3,169,415
Total assets	5,275,828	31,996,773	13,228,078	50,500,679	5,671,625
CURRENT LIABILITIES					
Accounts payable	18,252	239,561	52,254	310,067	87,818
Accrued payroll	6,429	176,292	18,957	201,678	96,069
Claims payable	-	-	-	-	633,786
Due to other funds	-	-	1,100,000	1,100,000	-
Refundable deposits	-	-	128,039	128,039	-
Interest payable	-	11,126	168	11,294	-
Unearned revenue	18,750	-	-	18,750	18,709
Capital lease payable - current	-	-	-	-	18,689
Bonds payable - current	-	635,000	170,000	805,000	-
Total current liabilities	43,431	1,061,979	1,469,418	2,574,828	855,071
LONG-TERM LIABILITIES					
Bond premium (discount)	-	(102,904)	(12,693)	(115,597)	-
General obligation bonds payable	-	12,190,000	1,065,000	13,255,000	-
Total long-term liabilities	-	12,087,096	1,052,307	13,139,403	-
Total liabilities	43,431	13,149,075	2,521,725	15,714,231	855,071
NET ASSETS					
Invested in capital assets, net of related debt	4,378,038	7,514,614	10,590,501	22,483,153	3,150,726
Unrestricted	854,359	11,333,084	115,852	12,303,295	1,665,828
TOTAL NET ASSETS	\$ 5,232,397	\$ 18,847,698	\$ 10,706,353	\$ 34,786,448	\$ 4,816,554

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Business-Type Activities			Totals	Governmental
	Motor Vehicle Parking System	Water	Highland Park Country Club		Internal Service
OPERATING REVENUES					
Charges for services					
Water sales	\$ -	\$ 5,190,273	\$ -	\$ 5,190,273	\$ -
Water permit fees	-	143,994	-	143,994	-
Parking lot collections	406,549	-	-	406,549	-
Parking violations	192,827	-	-	192,827	-
Charges for goods and services	-	-	2,513,842	2,513,842	6,159,382
Miscellaneous	-	26,754	123,069	149,823	58,753
Total operating revenues	599,376	5,361,021	2,636,911	8,597,308	6,218,135
OPERATING EXPENSES					
Personal services	187,124	1,473,012	-	1,660,136	890,473
Contractual services	147,507	751,365	2,111,348	3,010,220	4,075,676
Materials and supplies	16,604	298,469	-	315,073	527,640
Repairs and maintenance	4,204	63,887	-	68,091	86,455
Small tools and equipment	-	201,300	3,589	204,889	41,942
Administrative reimbursements	61,000	597,500	-	658,500	-
Total operating expenses	416,439	3,385,533	2,114,937	5,916,909	5,622,186
OPERATING INCOME BEFORE DEPRECIATION	182,937	1,975,488	521,974	2,680,399	595,949
Depreciation	151,682	838,491	251,220	1,241,393	650,874
OPERATING INCOME (LOSS)	31,255	1,136,997	270,754	1,439,006	(54,925)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	297,608	-	-	297,608	-
Investment income	19,021	106,267	2,212	127,500	62,471
Gain on sale of capital assets	-	-	-	-	12,700
Interest expense and fiscal charges	-	(163,640)	(48,225)	(211,865)	-
Total nonoperating revenues (expenses)	316,629	(57,373)	(46,013)	213,243	75,171

(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 Eight Months Ended December 31, 2007

	Business-Type Activities			Totals	Governmental
	Motor Vehicle Parking System	Water	Highland Park Country Club		Internal Service
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	\$ 347,884	\$ 1,079,624	\$ 224,741	\$ 1,652,249	\$ 20,246
TRANSFERS					
Transfers (out)	-	-	(100,000)	(100,000)	-
Total transfers	-	-	(100,000)	(100,000)	-
CONTRIBUTIONS	-	409,327	-	409,327	-
CHANGE IN NET ASSETS	347,884	1,488,951	124,741	1,961,576	20,246
NET ASSETS, MAY 1	4,884,513	17,358,747	10,581,612	32,824,872	4,850,831
Prior period adjustment	-	-	-	-	(54,523)
NET ASSETS, MAY 1, RESTATED	4,884,513	17,358,747	10,581,612	32,824,872	4,796,308
NET ASSETS, DECEMBER 31	\$ 5,232,397	\$ 18,847,698	\$ 10,706,353	\$ 34,786,448	\$ 4,816,554

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Eight Months Ended December 31, 2007

	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	\$ 366,828	\$ 5,439,023	\$ 2,661,348	\$ 8,467,199	\$ 838,089
Receipts from interfund services	-	-	-	-	5,211,427
Payments to suppliers	(168,315)	(1,933,121)	(1,159,676)	(3,261,112)	(4,633,633)
Payments to employees	(183,276)	(1,470,569)	(1,074,689)	(2,728,534)	(875,969)
Payments for interfund services	(61,000)	-	-	(61,000)	-
Net cash from operating activities	(45,763)	2,035,333	426,983	2,416,553	539,914
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due to/from other funds	-	-	215,000	215,000	-
Interfund transfers	-	-	(100,000)	(100,000)	-
Net cash from noncapital financing activities	-	-	115,000	115,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on capital lease obligation	-	-	-	-	(87,770)
Principal payments on bonds	-	(460,000)	(165,000)	(625,000)	-
Bonds issued at par	-	7,500,000	-	7,500,000	-
Intergovernmental grants	511,402	-	-	511,402	-
Interest paid	-	(303,246)	(68,389)	(371,635)	-
Sale of capital assets	-	-	-	-	12,700
Purchase of capital assets	(552,418)	(1,045,640)	-	(1,598,058)	(455,469)
Net cash from capital and related financing activities	(41,016)	5,691,114	(233,389)	5,416,709	(530,539)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	19,021	107,305	2,212	128,538	62,969
Purchase of investments	-	(7,081,350)	-	(7,081,350)	190,560
Net cash from investing activities	19,021	(6,974,045)	2,212	(6,952,812)	253,529
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
	(67,758)	752,402	310,806	995,450	262,904
CASH AND CASH EQUIVALENTS, MAY 1					
	964,950	2,499,632	850,796	4,315,378	2,045,970
CASH AND CASH EQUIVALENTS, DECEMBER 31					
	\$ 897,192	\$ 3,252,034	\$ 1,161,602	\$ 5,310,828	\$ 2,308,874

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Eight Months Ended December 31, 2007

	Business-Type Activities				Governmental
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	Internal Service
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 31,255	\$ 1,136,997	\$ 270,754	\$ 1,439,006	\$ (54,925)
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	151,682	838,491	251,220	1,241,393	650,874
Changes in assets and liabilities					
Accounts receivable	-	78,002	59,705	137,707	(187,328)
Prepaid expenses	-	-	(267)	(267)	-
Inventory	-	-	26,663	26,663	-
Accrued expenses	-	-	-	-	166,012
Accounts payable	(232,548)	(20,600)	(102,711)	(355,859)	(67,932)
Refundable deposits	-	-	(35,268)	(35,268)	-
Accrued payroll	3,848	2,443	(43,113)	(36,822)	14,504
Due to other funds	-	-	-	-	18,709
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (45,763)</u>	<u>\$ 2,035,333</u>	<u>\$ 426,983</u>	<u>\$ 2,416,553</u>	<u>\$ 539,914</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

December 31, 2007

	Pension Trust	Agency
ASSETS		
Cash and cash equivalents	\$ 4,100,671	\$ 5,656,502
Investments		
U.S. government and agency obligations	28,479,580	-
Mutual funds	19,083,502	-
Common stock	6,436,426	-
Insurance contracts	2,285,299	-
Receivables		
Accounts	-	13,791
Accrued interest	259,958	-
Total assets	60,645,436	5,670,293
LIABILITIES		
Accounts payable	29,494	433,297
Accrued payroll	-	112
Due to others	-	2,276,604
Deposits payable	-	2,960,280
Total liabilities	29,494	\$ 5,670,293
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 60,615,942	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

For the Eight Months Ended December 31, 2007

ADDITIONS

Contributions - employer	
Taxes	\$ 2,271,669
Contributions - plan members	571,029
Contributions - other	<u>1,305</u>
Total contributions	<u>2,844,003</u>

Investment income

Net appreciation in fair value of investments	(688,923)
Interest earned on investments	<u>2,906,305</u>

Total investment income	2,217,382
Less investment expenses	<u>(80,169)</u>

Net investment income	<u>2,137,213</u>
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Total additions	<u>4,981,216</u>
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DEDUCTIONS

Pension and refunds	2,824,251
Miscellaneous	<u>48,670</u>

Total deductions	<u>2,872,921</u>
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NET INCREASE	2,108,295
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NET ASSETS HELD IN TRUST FOR
PENSION BENEFITS

May 1	<u>58,507,647</u>
December 31	<u>\$ 60,615,942</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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. The City adopted Ordinance O67-06, which changed the fiscal year end of the City from April 30th to December 31st, effective December 31, 2007. Accordingly, these financial statements are for the eight month period from May 1, 2007 - December 31, 2007.

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 GAAP, 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, 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. PPERS is reported as a pension trust fund. PPERS does not issue a separate annual financial report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Firefighters' Pension Employees Retirement System

The City's firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two firefighter 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, 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. FPERS is reported as a pension trust fund. FPERS does not issue a separate annual financial report.

Highland Park Public Library (the Library)

This component unit has a nine-member board appointed by the City's Mayor 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 changes in financial position 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.

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, 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, other than interfund services, 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.

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

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 funds:

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.

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 for special assessments, deposits and the Housing Trust.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for the agency funds which do not have a measurement focus. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

Governmental fund financial statements are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary funds operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Agency funds use the full accrual basis of accounting, but have no measurement focus.

The modified accrual basis of accounting is used by all governmental 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 use 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 December 31 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.” Short-term interfund loans, if any, are classified as “interfund receivables/payables.”

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

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 with a cost 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 as they are earned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. 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. None of the City's net assets are restricted as a result of enabling legislation adopted by the City. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. GASB Pronouncements

The City has elected under the provisions of GASB Statement 20, *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.

n. Special Items

Significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence are reported as special items. As disclosed in note 6, the City has withdrawn its membership from the Intergovernmental Risk Management Agency (IRMA), effective December 31, 2007. In accordance with the IRMA bylaws, the City will be paid out its share of funds remaining with the IRMA over a number years as claims years are closed out. The City has recorded a receivable and special item of \$1,306,489 in the governmental activities as the amount it estimates to receive from the IRMA. In the fund financial statements, the receivable is recorded in the general fund, offset by deferred revenue, as the amount is measurable but not available.

2. LEGAL COMPLIANCE AND ACCOUNTABILITY

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 the 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 in certain restricted and special funds and pension trust funds. Each funds portion of this pool is displayed on the financial statements as cash and investments.

3. DEPOSITS AND INVESTMENTS (Continued)

a. Permitted Deposits and Investments

The City's investment policy authorizes the City to make deposits/invest in insured commercial banks; savings and loan institutions; obligations of the U.S. Treasury, U.S. Agency, and U.S. Instrumentality; money market mutual funds regulated by the SEC and whose portfolios consist only of domestic debt securities; investment-grade obligations of state, provincial, and local governments and public authorities; certificates of deposits and other evidences of deposit at financial institutions, bankers' acceptances and commercial paper, rated in the highest tier by a nationally recognized rating agency; local government investment pools, either state-administered or through joint powers statutes and other intergovernmental agreement legislation; and Illinois Funds.

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 Funds' share price (\$1), which is the price for which the investment could be sold.

Illinois Metropolitan Investment Fund (IMET) is a not-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.

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

b. City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the City or in safekeeping on behalf of the City. The City had uninsured and uncollateralized deposits of \$218,560 at one financial institution out of a total bank balance of \$2,035,587.

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

3. DEPOSITS AND INVESTMENTS (Continued)

c. City Investments

The following table presents the investments and maturities of the City's debt securities as of December 31, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 12,242,528	\$ -	\$ 12,242,528	\$ -	\$ -
Illinois Funds	23,203,604	23,203,604	-	-	-
TOTAL	\$ 35,446,132	\$ 23,203,604	\$ 12,242,528	\$ -	\$ -

In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature concurrent with cash needs. The investment policy limits the maximum maturity length of investments to three years from date of purchase, unless specific authority is given to exceed. Investments in reserve funds may be purchased with maturities to match future projects or liability requirements. In addition, the policy requires the City to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The City limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government and the other securities noted above. The IMET and Illinois Funds are rated AAA by Standard and Poor's.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. The City's investment policy does not address custodial credit risk. In addition, the U.S. Treasury obligations are held in safekeeping at the bank where they are purchased. Illinois Funds and IMET are not subject to custodial credit risk.

d. Police and Firefighters' Pension Funds Deposits with Financial Institutions

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

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

3. DEPOSITS AND INVESTMENTS (Continued)

e. Police Pension Fund Investments

The following table presents the investments and maturities of the Police Pension Fund's debt securities as of December 31, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 5,947,857	\$ 490,476	\$ 3,849,955	\$ 822,417	\$ 785,009
U.S. Agency obligations	8,775,495	479,042	3,033,349	3,606,462	1,656,642
Money market mutual funds	1,819,307	1,819,307	-	-	-
TOTAL	\$ 16,542,659	\$ 2,788,825	\$ 6,883,304	\$ 4,428,879	\$ 2,441,651

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

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Police Pension Fund's investment policy does not address custodial credit risk. However, the investments are held by a custodian separate from where they are purchased. The money market mutual funds are not subject to custodial credit risk.

At December 31, 2007, the Police Pension Fund had greater than 5% of its overall portfolio invested in U.S. Agency obligations (31%). The investment policy does not include any limitations on individual investment types other than setting the maximum of total equity investments at 45% of the plan's assets.

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

3. DEPOSITS AND INVESTMENTS (Continued)

f. Firefighters' Pension Fund Investments

The following table presents the investments and maturities of the Firefighters' Pension Fund's debt securities as of December 31, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 8,063,293	\$ 542,805	\$ 2,050,324	\$ 2,656,756	\$ 2,813,408
U.S. Agency obligations	5,692,935	1,482,937	603,024	362,313	3,244,661
Money market mutual funds	632,039	632,039	-	-	-
Illinois Funds	1,090,927	1,090,927	-	-	-
TOTAL	\$ 15,479,194	\$ 3,748,708	\$ 2,653,348	\$ 3,019,069	\$ 6,058,069

The Firefighters' Pension Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one year period. There is no investment policy providing guidance for interest rate risk.

The Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. Agency obligations securities are rated AAA and the money market funds are rated AAA. Illinois Funds is rated AAA by Standard and Poor's. There is no investment policy limiting exposure to custodial credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. There is no investment policy limiting exposure to custodial credit risk. The investments are held in safekeeping in the trust department of the bank where they are purchased. Illinois Funds, money market mutual funds, and mutual funds are not subject to custodial credit risk.

At December 31, 2007, the Firefighters' Pension Fund had greater than 5% of its overall portfolio invested in U.S. Agencies (20%) and insurance contracts (8%). There is no investment policy limiting exposure to concentration of credit risk.

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

4. RECEIVABLES - TAXES

Property taxes for 2007 attach as an enforceable lien on January 1, 2007 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, 2008 and August 1, 2008 and are payable in two installments, on June 1, 2008 and September 1, 2008. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 0.5% of the tax levy to reflect actual collection experience. The 2007 taxes are intended to finance the 2008 fiscal year and are not considered available for current operations and are, therefore, reported as deferred revenue.

5. CAPITAL ASSETS

Primary Government

	Beginning Balances, Restated	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 8,484,176	\$ -	\$ -	\$ 8,484,176
Land right of way	260,190	-	-	260,190
Construction in progress	10,360,395	939,802	(11,300,197)	-
Total capital assets not being depreciated	<u>19,104,761</u>	<u>939,802</u>	<u>(11,300,197)</u>	<u>8,744,366</u>
Capital assets being depreciated				
Buildings and land improvements	58,798,403	11,300,197	-	70,098,600
Machinery and equipment	13,243,619	1,186,299	(250,939)	14,178,979
Infrastructure	111,078,649	1,518,064	-	112,596,713
Total capital assets being depreciated	<u>183,120,671</u>	<u>14,004,560</u>	<u>(250,939)</u>	<u>196,874,292</u>
Less accumulated depreciation for				
Buildings and land improvements	15,595,027	889,381	-	16,484,408
Machinery and equipment	8,625,616	841,334	(250,939)	9,216,011
Infrastructure	53,570,130	1,857,307	-	55,427,437
Total accumulated depreciation	<u>77,790,773</u>	<u>3,588,022</u>	<u>(250,939)</u>	<u>81,127,856</u>
Total capital assets being depreciated, net	<u>105,329,898</u>	<u>10,416,538</u>	<u>-</u>	<u>115,746,436</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$124,434,659</u>	<u>\$ 11,356,340</u>	<u>\$ (11,300,197)</u>	<u>\$124,490,802</u>
GOVERNMENTAL ACTIVITIES				
General government				\$ 66,041
Public safety				364,879
Public works				1,945,540
Economic development				394,639
Commissions				166,049
Total depreciation expense before internal service funds				<u>2,937,148</u>

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

5. CAPITAL ASSETS (Continued)

Primary Government (Continued)

INTERNAL SERVICE FUNDS

General government	\$ 155,039
Public safety	151,499
Public works	344,336
Total depreciation expense for internal service funds	<u>650,874</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 3,588,022

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,981,323	\$ -	\$ -	\$ 4,981,323
Total capital assets not being depreciated	<u>4,981,323</u>	<u>-</u>	<u>-</u>	<u>4,981,323</u>
Capital assets being depreciated				
Building	26,605,922	552,418	-	27,158,340
Infrastructure	25,306,040	1,425,993	-	26,732,033
Machinery and equipment	4,917,455	28,974	-	4,946,429
Total capital assets being depreciated	<u>56,829,417</u>	<u>2,007,385</u>	<u>-</u>	<u>58,836,802</u>
Less accumulated depreciation for				
Building	10,471,733	506,515	-	10,978,248
Infrastructure	12,038,298	574,830	-	12,613,128
Machinery and equipment	3,407,951	160,048	-	3,567,999
Total accumulated depreciation	<u>25,917,982</u>	<u>1,241,393</u>	<u>-</u>	<u>27,159,375</u>
Total capital assets being depreciated, net	<u>30,911,435</u>	<u>765,992</u>	<u>-</u>	<u>31,677,427</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 35,892,758</u>	<u>\$ 765,992</u>	<u>\$ -</u>	<u>\$ 36,658,750</u>

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 through December 31, 2007. The City had established a risk financing fund, Insurance (the Fund) for various risks. It is accounted for as an internal service fund where assets are set aside for claim settlements. The City has purchased stop loss coverage to limit its exposure under this program, limiting specific claims to \$100,000 per member and aggregate annual claims to approximately \$8,172,350.

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

6. RISK MANAGEMENT (Continued)

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:

	April 30, 2007	Eight Months Ended December 31, 2007
CLAIMS PAYABLE, BEGINNING OF PERIOD	\$ 997,603	\$ 467,774
Add claims incurred	5,553,577	4,155,346
Less claims paid	(6,083,406)	(3,989,334)
CLAIMS PAYABLE, END OF PERIOD	<u>\$ 467,774</u>	<u>\$ 633,786</u>

Intergovernmental Risk Management Agency (IRMA)

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

The City's payments to IRMA are displayed on the financial statements as expenditures/expenses in appropriate funds. The City 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.

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

6. RISK MANAGEMENT (Continued)

Intergovernmental Risk Management Agency (IRMA) (Continued)

Effective December 31, 2007, the City has withdrawn its membership from IRMA and is instead purchasing third party indemnity coverage to limit its exposures to various risks of loss. In accordance with the IRMA bylaws, the City will be paid out its share of funds remaining with IRMA over a number of years as claims years are closed out. The City has recorded a receivable of \$1,306,489 as the amount it estimates to receive from IRMA.

Effective January 1, 2008, the City is no longer self-insured for health insurance. Instead, the City has joined the Intergovernmental Personnel Benefit Cooperative, a public entity risk pool.

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/funds. These bonds, therefore, are reported in the proprietary activities/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 December 31	Current
\$3,030,000, 1998 General Obligation Corporate Purpose Bonds, due in annual installments of \$50,000 to \$800,000 through December 30, 2008, interest at 4.000% to 4.125%	Debt Service	\$ 460,000	\$ -	\$ 255,000	\$ 205,000	\$ 205,000
\$6,285,000, 2001 General Obligation Refunding Bonds, due in annual installments of \$540,000 to \$1,765,000 through December 31, 2013, interest at 4.70% to 4.75%	Debt Service	3,980,000	-	490,000	3,490,000	515,000

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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances December 31	Current
\$8,500,000, 2002 General Obligation Bonds, due in annual installments of \$85,000 to \$1,090,000 through December 31, 2023, interest at 3.00% to 4.00%	Debt Service	\$ 5,490,000	\$ -	\$ 675,000	\$ 4,815,000	\$ 700,000
\$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	7,035,000	-	690,000	6,345,000	705,000
\$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	9,908,241	-	90,604	9,817,637	95,873
\$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	6,242,297	-	58,490	6,183,807	63,657
\$10,000,000, 2005A General Obligation Bonds due in annual installments of \$180,000 to \$1,425,000 through 2018, interest at 3.50% to 3.75%	Debt Service	9,820,000	-	310,000	9,510,000	385,000
\$1,000,000 2005B General Obligation Refunding Bonds due in annual installments of \$36,143 to \$132,523 through 2019, interest at 3.75% to 4.05%	Debt Service	800,000	-	200,000	600,000	200,000
\$2,500,000 2007 General Obligation Bonds due in annual installments of \$25,000 to \$250,000 through 2021, interest at 3.50% to 4.25%	Debt Service	-	2,500,000	-	2,500,000	90,000
TOTAL		\$ 43,735,538	\$ 2,500,000	\$ 2,769,094	\$ 43,466,444	\$ 2,959,530

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 December 31	Current
\$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	\$ 855,000	\$ -	\$ 35,000	\$ 820,000	\$ 35,000
\$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	865,000	-	20,000	845,000	20,000
\$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	1,270,000	-	65,000	1,205,000	70,000
\$3,715,000, 2001 General Obligation Refunding Bonds, due in annual installments of \$540,000 to \$1,765,000 through December 30, 2013, interest at 4.70% to 4.75%	Water Fund	420,000	-	205,000	215,000	215,000
\$1,500,000, 2002 General Obligation Bonds, due in annual installments of \$85,000 to \$1,090,000 through December 31, 2023, interest at 3.00% to 4.00%	Water Fund	1,360,000	-	65,000	1,295,000	65,000
\$1,075,000, 2005B General Obligation Refunding Bonds due in annual installments of \$38,858 to \$142,478 through 2019, interest at 3.75% to 4.05%	Water Fund	1,015,000	-	70,000	945,000	70,000

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 (Continued)

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances December 31	Current
\$7,500,000 2007 General Obligation Bonds due in annual installments of \$160,000 to \$485,000 through 2031, interest at 3.50% to 4.25%	Water Fund	\$ -	\$ 7,500,000	\$ -	\$ 7,500,000	\$ 160,000
TOTAL		\$ 5,785,000	\$ 7,500,000	\$ 460,000	\$ 12,825,000	\$ 635,000

Country Club Fund General Obligation Bonds

Issue	Fund Debt Retired by	Balances May 1	Issuances	Retirements	Balances December 31	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	\$ 135,000	\$ -	\$ 10,000	\$ 125,000	\$ 10,000
\$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	630,000	-	75,000	555,000	80,000
\$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	635,000	-	80,000	555,000	80,000
TOTAL		\$ 1,400,000	\$ -	\$ 165,000	\$ 1,235,000	\$ 170,000

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

7. LONG-TERM DEBT (Continued)

b. Debt Service Requirements to Maturity

Fiscal Year Ending	Governmental Activities			Business-Type Activities			Total Principal and Interest
	Principal	Interest	Total	Principal	Interest	Total	
2008	\$ 2,959,530	\$ 1,773,841	\$ 4,733,371	\$ 805,000	\$ 582,657	\$ 1,387,657	\$ 6,121,028
2009	2,989,988	1,670,154	4,660,142	765,000	532,187	1,297,187	5,957,329
2010	3,215,468	1,570,099	4,785,567	795,000	494,539	1,289,539	6,075,106
2011	3,345,970	1,460,743	4,806,713	845,000	455,009	1,300,009	6,106,722
2012	3,466,497	1,336,564	4,803,061	890,000	421,040	1,311,040	6,114,101
2013	3,392,048	1,205,320	4,597,368	935,000	385,214	1,320,214	5,917,582
2014	3,057,626	1,074,672	4,132,298	550,000	347,485	897,485	5,029,783
2015	3,188,233	957,810	4,146,043	575,000	329,059	904,059	5,050,102
2016	1,853,868	834,250	2,688,118	615,000	309,798	924,798	3,612,916
2017	1,029,534	759,537	1,789,071	640,000	288,730	928,730	2,717,801
2018	475,231	714,522	1,189,753	690,000	266,144	956,444	2,146,197
2019	495,962	689,878	1,185,840	610,000	242,357	852,357	2,038,197
2020	521,728	667,912	1,189,640	635,000	216,377	851,377	2,041,017
2021	542,531	644,789	1,187,320	530,000	190,057	720,057	1,907,377
2022	308,373	620,747	929,120	450,000	169,708	619,708	1,548,828
2023	319,255	605,945	925,200	350,000	152,857	502,857	1,428,057
2024	335,179	590,621	925,800	365,000	138,858	503,858	1,429,658
2025	356,148	574,532	930,680	380,000	124,257	504,257	1,434,937
2026	367,163	557,437	924,600	395,000	109,058	504,058	1,428,658
2027	383,227	539,813	923,040	410,000	93,257	503,257	1,426,297
2028	404,342	521,418	925,760	430,000	76,448	506,448	1,432,208
2029	425,510	502,010	927,520	450,000	58,817	508,817	1,436,337
2030	441,735	481,585	923,320	465,000	40,143	505,143	1,428,463
2031	468,017	460,383	928,400	485,000	20,612	505,612	1,434,012
2032	489,362	437,918	927,280	-	-	-	927,280
2033	515,772	414,428	930,200	-	-	-	930,200
2034	8,118,147	389,671	8,507,818	-	-	-	8,507,818
TOTAL	\$ 43,466,444	\$ 22,056,599	\$ 65,523,043	\$ 14,060,000	\$ 6,044,968	\$ 20,104,968	\$ 85,628,011

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

7. LONG-TERM DEBT (Continued)

c. Capital Leases

The City entered into 21 capital leases for vehicles.

	Fund Debt Retired By	Balances May 1	Additions	Reductions	Balances December 31	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	\$ 106,459	\$ -	\$ 87,770	\$ 18,689	\$ 18,689

d. Changes in Long-Term Liabilities

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

	Balances May 1	Additions	Reductions	Balances December 31	Current
<u>Primary Government</u>					
GOVERNMENTAL ACTIVITIES					
Compensated absences*	\$ 2,367,410	\$ 1,172,426	\$ 1,322,292	\$ 2,217,544	\$ 1,298,504
Net other post-employment benefit obligation*	1,139,582	773,458	-	1,913,040	-
Capital lease obligations	106,459	-	87,770	18,689	18,689
General obligation bonds	43,735,538	2,500,000	2,769,094	43,466,444	2,959,530
TOTAL GOVERNMENTAL ACTIVITIES	\$ 47,348,989	\$ 4,445,884	\$ 4,179,156	\$ 47,615,717	\$ 4,276,723
BUSINESS-TYPE ACTIVITIES					
General obligation bonds	\$ 7,185,000	\$ 7,500,000	\$ 625,000	\$ 14,060,000	\$ 805,000
Unamortized bond discount	(50,692)	(64,905)	-	(115,597)	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 7,134,308	\$ 7,435,095	\$ 625,000	\$ 13,944,403	\$ 805,000

* Retired primarily by the General Fund

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

7. LONG-TERM DEBT (Continued)

e. 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.

8. INTERFUND ACCOUNTS

Due From/To Other Funds

Fund	Due From	Due To
MAJOR GOVERNMENTAL		
General		
Highland Park Country Club	\$ 1,100,000	\$ -
BUSINESS-TYPE ACTIVITIES		
Highland Park Country Club		
General	-	1,100,000
TOTAL	\$ 1,100,000	\$ 1,100,000

The purpose of the significant due from/to other funds is as follows:

- \$1,100,000 owed to the General Fund by the Highland Park Country Club Fund for inter fund 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)
MAJOR GOVERNMENTAL		
General		
Debt Service	\$ -	\$ 1,328,550
Capital Projects	-	1,250,000
Total General	-	2,578,550
Street and Bridge		
Capital Projects	-	300,000
Debt Service		
General	1,328,550	-
Highland Park Country Club	100,000	-
Total Debt Service	1,428,550	-
Capital Projects		
General	1,250,000	-
Street and Bridge	300,000	-
Total Capital Projects	1,550,000	-
BUSINESS-TYPE ACTIVITIES		
Highland Park Country Club		
Debt Service	-	100,000
TOTAL	\$ 2,978,550	\$ 2,978,550

The purpose of the significant transfers is as follows:

- \$1,328,550 transferred from the General Fund to the Debt Service Fund to pay debt service obligations.
- \$1,250,000 and \$300,000 transferred from the General Fund and Street and Bridge Fund, respectively, to the Capital Projects Fund to fund operations.
- \$100,000 transferred from the Highland Park Country Club to the Debt Service Fund to pay debt service obligations.

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. Economic Incentive Agreements

The City has entered into economic development agreements with companies in the City to provide sales tax rebates. The agreements require the City to rebate to the companies different levels of additional sales tax generated by the facilities through the year 2019, with potential rebates totaling \$16,260,500, including interest through December 31, 2007. The total expenditures incurred to date in rebates as of December 31, 2007 is \$4,839,349.

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 (ILCS) and can only be amended by the Illinois General Assembly.

The Police and Firefighters' Pension Plans issue separate reports on the pension plans. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

10. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2007 was 8.46% 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 ILCS (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, 2007, 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	35
Nonvested	22
	<hr/>
TOTAL	107
	<hr/> <hr/>

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the 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, 2007, the City's contribution was 25.43% 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 ILCS (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, 2007, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	45
Terminated employees entitled to benefits but not yet receiving them	1
Current employees	
Vested	37
Nonvested	17
	<hr/>
TOTAL	<u>100</u>

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Covered employees are required to contribute 9.455% 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, 2007, the City's contribution was 24.45% of covered payroll.

b. Significant Investments

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

c. Annual Pension Costs

Employer contributions have been determined as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2005	April 30, 2006	April 30, 2006
Actuarial cost method	Entry-age Normal	Entry-age Normal	Entry-age Normal
Asset valuation method	5 Year Smoothed Market	Market	Market
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period	26 Years, Closed	26 Years, Closed	26 Years, Closed

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Significant actuarial assumptions			
a) Rate of return on present and future assets	7.50% Compounded Annually	7.50% Compounded Annually	7.50% Compounded Annually
b) Projected salary increase - attributable to inflation	4.00% Compounded Annually	5.50% Compounded Annually	5.50% Compounded Annually
c) Additional projected salary increases - seniority/merit	.40 to 11.60%	Not Available	Not Available

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

	Calendar Year	Illinois Municipal Retirement	Fiscal Period	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2005	\$ 1,027,032	*2005	\$ 862,940	\$ 798,070
	2006	1,036,901	*2006	799,419	799,800
	2007	1,100,000	*2007	1,008,341	936,100
Actual contribution	2005	\$ 1,027,032	*2005	\$ 905,379	\$ 872,952
	2006	1,036,901	*2006	873,533	854,298
	2007	1,100,000	*2007	1,078,760	1,007,738
Percentage of APC contributed	2005	100.00%	*2005	104.92%	109.38%
	2006	100.00	*2006	109.30	106.80
	2007	100.00	*2007	106.98	107.65
NPO (asset)	2005	\$ -	*2005	\$(1,471,981)	\$(1,586,658)
	2006	-	*2006	(1,546,095)	(1,641,156)
	2006	-	*2007	(1,616,514)	(1,712,794)

* - for the fiscal year ended April 30.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

c. Annual Pension Costs (Continued)

The NPO (asset) at April 30, 2007 has been calculated as follows:

	Police Pension	Firefighters' Pension
Annual required contributions	\$ 1,050,606	\$ 980,964
Interest on net pension obligation	(115,957)	(123,087)
Adjustment to annual required contribution	73,692	78,223
Annual pension cost	1,008,341	936,100
Contributions made	1,078,760	1,007,738
Increase (decrease) in net pension obligation (asset)	(70,419)	(71,638)
Net pension obligation (asset) beginning of year	(1,546,095)	(1,641,156)
NET PENSION OBLIGATION (ASSET) END OF YEAR	\$ (1,616,514)	\$ (1,712,794)

d. Summary Financial Information

Summary financial information at December 31, 2007 for the Police and Firefighters' Pension Plans is as follows:

Statement of Fiduciary Net Assets

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and short-term investments	\$ 2,187,102	\$ 1,913,569	\$ 4,100,671
Investments, at fair value			
U.S. Treasury and Agency securities	14,723,352	13,756,228	28,479,580
Mutual funds	6,817,698	12,265,804	19,083,502
Common stock	6,436,426	-	6,436,426
Insurance contracts	-	2,285,299	2,285,299
Receivables			
Accrued interest on investments	154,806	105,152	259,958
Total assets	30,319,384	30,326,052	60,645,436
LIABILITIES			
Accounts payable	24,953	4,541	29,494
Total liabilities	24,953	4,541	29,494
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 30,294,431	\$ 30,321,511	\$ 60,615,942

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

d. Summary Financial Information (Continued)

Statement of Changes in Plan Net Assets

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer	\$ 1,223,513	\$ 1,048,156	\$ 2,271,669
Employee	309,222	261,807	571,029
Other	-	1,305	1,305
Total Contributions	1,532,735	1,311,268	2,844,003
Investment income			
Net appreciation in fair value of investments	238,899	(927,822)	(688,923)
Interest	1,058,820	1,847,485	2,906,305
Total investment income	1,297,719	919,663	2,217,382
Less investment expenses	(70,033)	(10,136)	(80,169)
Net investment income	1,227,686	909,527	2,137,213
Total additions	2,760,421	2,220,795	4,981,216
DEDUCTIONS			
Pension benefits	1,538,595	1,285,656	2,824,251
Miscellaneous	35,723	12,947	48,670
Total deductions	1,574,318	1,298,603	2,872,921
NET INCREASE	1,186,103	922,192	2,108,295
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	29,108,328	29,399,319	58,507,647
December 31	\$ 30,294,431	\$ 30,321,511	\$ 60,615,942

11. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing the pension benefits described, the City provides post-employment health care and insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and approved annually by a City Council resolution. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. However, a designation of fund balance has been recorded in the General Fund, which represents resources earmarked by the City to fund the net OPEB obligation. The plan does not issue a separate report. The activity of the plan is reported in the City's Insurance Fund, an internal service fund.

Benefits Provided

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits of one year health care for each year of service on the City Council, at a selected commencement date upon completion of service as an elected official of the City. Elected officials are also eligible for one year of life insurance coverage at their outgoing salary level for each year of service on the City Council.

All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

Membership

At April 30, 2007, membership consisted of:

Retirees and beneficiaries currently receiving benefits	124
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>274</u>
TOTAL	<u><u>398</u></u>
Participating employers	<u><u>1</u></u>

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

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy

The City Council approves by an annual resolution the contribution percentage between the City and retirees. For the period ended December 31, 2007, retirees contributed 70-90% of the actuarially determined premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go). Since the City is self-insured, this amount fluctuates on an annual basis. For the period ended December 31, 2007, retirees contributed \$596,223 and the City contributed \$168,165. Active employees do not contribute to the plan until retirement.

Annual OPEB Costs and Net OPEB Obligation

The City first had an actuarial valuation performed for the plan as of April 30, 2006 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2007. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows (information for prior years is not available as an actuarial valuation was performed for the first time as of April 30, 2006):

Period Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2007	\$ 1,444,072	\$ 304,490	21.09%	\$ 1,139,582
December 31, 2007	941,623	168,165	17.86	1,913,040

The net OPEB obligation (NOPEBO) as December 31, 2007, was calculated as follows:

Annual required contribution	\$ 941,623
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	941,623
Contributions made	168,165
Increase (decrease) in net OPEB obligation	773,458
Net OPEB obligation beginning of year	1,139,582
NET OPEB OBLIGATION END OF YEAR	\$ 1,913,040

11. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2007 was as follows:

Actuarial accrued liability (AAL)	\$ 14,825,979
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	14,825,979
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 18,999,500
UAAL as a percentage of covered payroll	78.03%

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

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

In the April 30, 2007 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.00%. Both rates include a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advanced funded its obligation. The plan's UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at April 30, 2007 was thirty years.

12. HIGHLAND PARK COUNTRY CLUB FUND

The Highland Park Country Club Fund (the Club) 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.

12. HIGHLAND PARK COUNTRY CLUB FUND (Continued)

The City financed its purchase of the Club through the issuance of \$8,200,000 of general obligation bonds. As the debt service on the bonds is currently being met through a property tax levy, the liability for the bonds is 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.

13. MAJOR CUSTOMERS

The Village of Deerfield, Illinois and the Village of Lincolnshire, Illinois purchase water from the City's available supply. During the eight months ended December 31, 2007, these purchases amounted to \$1,427,747 or 27.5% and \$781,045 or 15.1%, respectively, of total water sales in the Water Fund.

14. PRIOR PERIOD ADJUSTMENT

The beginning balances of net assets for governmental activities and the Equipment Maintenance and Replacement Fund have been restated by \$42,620 and \$(54,523), respectively, to correct the recording of depreciation for machinery and equipment capital assets.

15. COMPONENT UNIT - HIGHLAND PARK LIBRARY

a. Financial Information

Financial statements for the Highland Park Public Library (the Library), including government-wide and fund financial statements, are available in the Library's separately audited financial statements as of December 31, 2007 which can be obtained by written request to Highland Park Public Library, 494 Laurel Avenue, Highland Park, Illinois 60035.

b. Deposits and Investments

Permitted Deposits and Investments

In accordance with the City's investment policy, the Library's monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments 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.

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 Funds' share price, which is the price for which the investment could be sold.

15. COMPONENT UNIT - HIGHLAND PARK LIBRARY (Continued)

b. Deposits and Investments (Continued)

Permitted Deposits and Investments (Continued)

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

Library Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Library’s deposits may not be returned to it. The Library’s investment policy is silent regarding collateral for all bank balances in excess of federal depository insurance. At December 31, 2007, \$43,242 of the bank balance of deposits was covered by collateral held by the pledging institution in safekeeping.

Library Investments

The following table presents the investments and maturities of the Library’s debt securities as of December 31, 2007:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money market mutual funds	\$ 923,546	\$ 923,546	\$ -	\$ -	\$ -
TOTAL	\$ 923,546	\$ 923,546	\$ -	\$ -	\$ -

In accordance with its investment policy, the Library limits its exposure to interest rate risk by structuring the portfolio so that securities mature concurrent with cash needs. The investment policy limits the maximum maturity length of investments to five years from date of purchase, unless specific authority is given to exceed. Investments in reserve funds other funds may be purchased with maturities to match future projects or liability requirements. In addition, the policy requires the Library to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

The Library limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The money market funds and Illinois Funds are rated AAA by Standard and Poor’s.

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

15. COMPONENT UNIT - HIGHLAND PARK LIBRARY (Continued)

b. Deposits and Investments (Continued)

Library Investments (Continued)

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

c. Capital Assets

Capital assets of the Library at December 31, 2007 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Total capital assets not being depreciated	500,000	-	-	500,000
Capital assets being depreciated				
Land improvements	69,249	-	-	69,249
Buildings and improvements	4,253,507	-	-	4,253,507
Machinery	430,570	-	-	430,570
Total capital assets being depreciated	4,753,326	-	-	4,753,326
Less accumulated depreciation for				
Land improvements	32,572	785	-	33,357
Buildings and improvements	1,773,672	57,747	-	1,831,419
Machinery	272,135	16,341	-	288,476
Total accumulated depreciation	2,078,379	74,873	-	2,153,252
Total capital assets being depreciated, net	2,674,947	(74,873)	-	2,600,074
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 3,174,947	\$ (74,873)	\$ -	\$ 3,100,074

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

GOVERNMENTAL ACTIVITIES	
Public Library	<u>\$ 74,873</u>

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 3,613,667	\$ 3,613,667	\$ 3,620,275
Illinois state replacement taxes	213,360	213,360	250,779
Licenses	223,600	223,600	218,526
Permits	1,395,080	1,395,080	975,206
Charges for current services	867,813	952,913	1,013,803
Municipal sales tax	9,720,615	9,720,615	9,397,327
Fines and forfeitures	193,000	193,000	206,141
Utility tax	2,075,000	2,075,000	1,684,513
Cable television franchise tax	330,000	330,000	331,936
Real estate transfer tax	1,975,000	1,975,000	1,267,630
Intergovernmental	146,091	146,091	73,825
Illinois state income tax	1,764,000	1,764,000	1,787,461
PACE R.T.A. fare reimbursement	725,000	779,000	778,569
Franchise tax	1,405,000	1,405,000	1,457,558
Other taxes	857,835	857,835	913,627
Reimbursements	160,367	160,367	725,627
Investment income	275,000	1,059,320	2,371,906
Miscellaneous			
Other	60,960	60,960	103,158
	<u>26,001,388</u>	<u>26,924,808</u>	<u>27,177,867</u>
EXPENDITURES			
Current			
General government	4,281,508	4,468,525	3,087,130
Public safety	13,064,551	13,387,056	13,313,048
Public works	1,335,584	1,335,583	1,309,440
Economic and physical development	2,334,789	2,691,425	2,538,460
Transit	900,205	967,345	962,584
Commissions	277,105	247,005	190,504
	<u>22,193,742</u>	<u>23,096,939</u>	<u>21,401,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>3,807,646</u>	<u>3,827,869</u>	<u>5,776,701</u>

(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 Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
OTHER FINANCING SOURCES (USES)			
Transfers (out)	\$ (1,654,230)	\$ (2,578,550)	\$ (2,578,550)
Total other financing sources (uses)	(1,654,230)	(2,578,550)	(2,578,550)
NET CHANGE IN FUND BALANCE	<u>\$ 2,153,416</u>	<u>\$ 1,249,319</u>	3,198,151
FUND BALANCE, MAY 1			<u>30,992,292</u>
FUND BALANCE, DECEMBER 31			<u>\$ 34,190,443</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 Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
REVENUES			
Property taxes	\$ 1,879,538	\$ 1,879,538	\$ 1,873,063
Vehicle licenses	800,000	800,000	805,629
Charges for current services	1,236,000	1,236,000	1,194,500
Fines and forfeitures	6,600	6,600	8,855
Other taxes	293,333	293,333	233,438
Investment income	-	10,550	35,143
Miscellaneous	35,183	35,183	78,001
Total revenues	4,250,654	4,261,204	4,228,629
EXPENDITURES			
Public works			
Personal services	1,927,342	1,927,342	1,875,093
Contractual services	918,509	918,509	1,020,792
Material and supplies	589,867	674,867	682,138
Capital outlay	161,200	161,200	91,391
Total expenditures	3,596,918	3,681,918	3,669,414
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	653,736	579,286	559,215
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(300,000)	(300,000)	(300,000)
NET CHANGE IN FUND BALANCE	\$ 353,736	\$ 279,286	259,215
FUND BALANCE, MAY 1			888,807
FUND BALANCE, DECEMBER 31			\$ 1,148,022

(See independent auditor's report.)

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

December 31, 2007

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)
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%)
2005	32,460,780	32,366,545	100.29%	(94,235)	12,285,076	(0.77%)
2006	34,082,425	32,596,794	104.56%	(1,485,631)	12,242,039	(12.14%)
2007	37,354,706	35,603,461	104.92%	(1,751,245)	13,002,361	(13.47%)

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
POLICE PENSION FUND

December 31, 2007

Actuarial Valuation Date April 30,	(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)
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%
2005	25,963,903	39,169,778	66.29%	13,205,875	3,941,448	335.05%
2006	27,264,859	42,270,819	64.50%	15,005,960	4,467,545	335.89%
2007	29,108,328	43,793,342	66.47%	14,685,014	4,242,439	346.15%

The actuarial value of assets shown above does not include \$9,351,140 of general obligation bonds currently held by the General Fund and pledged to the Pension Fund valued at par.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS
FIREFIGHTERS' PENSION FUND

December 31, 2007

Actuarial Valuation Date April 30,	(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)
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%
2005	24,713,720	35,801,064	69.03%	11,087,344	3,702,202	299.48%
2006	26,750,745	38,197,366	70.03%	11,446,621	4,062,139	281.79%
2007	29,399,319	40,154,765	73.22%	10,755,446	4,122,230	260.91%

The actuarial value of assets shown above does not include \$6,848,860 of general obligation bonds currently held by the General Fund and pledged to the Pension Fund valued at par.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST-EMPLOYMENT BENEFIT PLAN

December 31, 2007

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) / (5)
2007	\$ -	\$ 14,825,979	0.00%	\$ 14,825,979	\$ 18,999,500	78.03%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2007. Information for prior years is not available.

The City has designated \$2,375,495 in the general fund for other post-employment benefit obligations.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2007

Actuarial Valuation Date <u>December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2002	\$ 600,600	\$ 600,600	100.00%
2003	689,166	689,166	100.00%
2004	804,791	804,791	100.00%
2005	1,027,032	1,027,032	100.00%
2006	1,036,901	1,036,901	100.00%
2007	1,100,000	1,100,000	100.00%

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND

December 31, 2007

<u>Actuarial Valuation Date</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
April 30, 2003	\$ 408,430	\$ 376,377	108.52%
April 30, 2004	817,102	795,690	102.69%
April 30, 2005	905,379	914,463	99.01%
April 30, 2006	873,533	841,581	103.80%
April 30, 2007	1,078,760	1,050,606	102.68%
December 31, 2007	1,223,513	N/A	N/A

Note: The City changed it's fiscal year to December 31 in 2007.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND

December 31, 2007

Actuarial Valuation Date	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
April 30, 2003	\$ 953,777	\$ 684,233	139.39%
April 30, 2004	870,890	854,462	101.92%
April 30, 2005	872,952	852,558	102.39%
April 30, 2006	854,298	845,246	101.07%
April 30, 2007	1,007,738	980,964	102.73%
December 31, 2007	1,048,156	N/A	N/A

Note: The City changed it's fiscal year to December 31 in 2007.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFIT PLAN

December 31, 2007

Actuarial Valuation Date	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
April 30, 2007	\$ 304,490	\$ 1,444,072	21.09%
December 31, 2007	168,165	941,623	17.86%

The City implemented GASB Statement No. 45 for the fiscal year ended April 30, 2007. Information for prior years is not available.

Note: The City changed it's fiscal year to December 31 in 2007.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2007

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 (except the Foreign Fire Insurance Tax Fund), 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 several budget amendments were necessary.

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.

Capital Projects - to account for costs incurred to alleviate storm drainage problems, finance street improvements, and provide other facility and infrastructure improvements.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

For the Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT			
City Council			
Personal services	\$ 143,010	\$ 143,010	\$ 142,090
Contractual services	21,111	21,111	21,111
Materials and supplies	15,655	15,655	18,202
Total City Council	179,776	179,776	181,403
Administration			
Personal services	430,412	430,412	426,262
Contractual services	19,840	19,840	20,105
Materials and supplies	34,007	34,007	34,574
Total administration	484,259	484,259	480,941
Human resources			
Personal services	136,345	136,345	139,103
Contractual services	43,428	43,428	57,613
Materials and supplies	55,810	55,810	67,387
Capital outlay	6,072	6,072	6,248
Total human resources	241,655	241,655	270,351
Communications			
Personal services	182,387	182,387	158,141
Contractual services	35,711	40,161	40,703
Materials and supplies	110,137	110,137	101,990
Total communications	328,235	332,685	300,834
City Clerk			
Personal services	119,805	119,805	122,049
Contractual services	10,231	10,231	8,209
Materials and supplies	1,925	1,925	2,432
Total City Clerk	131,961	131,961	132,690
Youth and senior services			
Youth			
Operations			
Personal services	176,085	176,085	165,600
Contractual services	21,500	21,500	21,293
Materials and supplies	25,630	25,630	24,255
Total youth operations	223,215	223,215	211,148

(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 Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Youth and senior services (Continued)			
Senior			
Operations			
Personal services	\$ 316,460	\$ 316,460	\$ 309,134
Contractual services	21,521	21,521	21,524
Materials and supplies	91,591	91,591	101,946
Capital outlay	3,333	3,333	2,895
Total senior operations	432,905	432,905	435,499
Facilities			
Personal services	39,873	39,873	46,343
Contractual services	13,436	13,436	11,592
Materials and supplies	2,400	2,400	2,530
Capital outlay	8,000	8,000	14,946
Total facilities	63,709	63,709	75,411
Total youth and senior services	719,829	719,829	722,058
Legal department			
Contractual services	629,931	777,343	729,383
Materials and supplies	925	925	826
Total legal department	630,856	778,268	730,209
Finance administration and accounting			
Personal services	580,251	560,251	515,665
Contractual services	1,429,373	1,429,373	169,302
Materials and supplies	63,250	63,250	52,223
Total finance administration and accounting	2,072,874	2,052,874	737,190
Facilities			
Personal services	34,269	75,424	64,353
Contractual services	55,200	55,200	41,497
Materials and supplies	35,094	35,094	44,467
Capital outlay	8,000	22,000	22,409
Total facilities	132,563	187,718	172,726

(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 Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
GENERAL GOVERNMENT (Continued)			
Other charges			
Contractual services	\$ 8,000	\$ 8,000	\$ 6,964
Capital outlay	10,000	10,000	10,264
Total other charges	18,000	18,000	17,228
Subtotal general government	4,940,008	5,127,025	3,745,630
Less administrative reimbursements	(658,500)	(658,500)	(658,500)
TOTAL GENERAL GOVERNMENT	\$ 4,281,508	\$ 4,468,525	\$ 3,087,130
PUBLIC SAFETY			
Police department			
Operations			
Personal services	\$ 6,463,966	\$ 6,709,194	\$ 6,689,410
Contractual services	513,276	440,276	435,485
Materials and supplies	298,555	303,859	297,763
Capital outlay	2,500	3,020	3,020
Total operations	7,278,297	7,456,349	7,425,678
Facilities			
Personal services	69,601	69,601	29,570
Contractual services	36,000	36,000	37,705
Materials and supplies	19,200	34,200	36,624
Capital outlay	-	-	1,915
Total facilities	124,801	139,801	105,814
Total police department	7,403,098	7,596,150	7,531,492
Fire department			
Operations			
Personal services	4,995,634	5,072,174	5,068,427
Contractual services	305,633	334,677	333,993
Materials and supplies	180,178	185,047	191,712
Capital outlay	50,500	50,500	45,357
Total operations	5,531,945	5,642,398	5,639,489

(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 Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Facilities			
Personal services	\$ 9,893	\$ 9,893	\$ 9,501
Contractual services	21,265	21,265	31,675
Materials and supplies	48,550	48,550	31,479
Capital outlay	49,800	68,800	69,412
Total facilities	<u>129,508</u>	<u>148,508</u>	<u>142,067</u>
Total fire department	<u>5,661,453</u>	<u>5,790,906</u>	<u>5,781,556</u>
TOTAL PUBLIC SAFETY	<u><u>\$ 13,064,551</u></u>	<u><u>\$ 13,387,056</u></u>	<u><u>\$ 13,313,048</u></u>
PUBLIC WORKS			
Public works administration			
Personal services	\$ 317,041	\$ 317,040	\$ 259,394
Contractual services	30,001	30,001	30,369
Materials and supplies	20,117	20,117	20,937
Total public works administration	<u>367,159</u>	<u>367,158</u>	<u>310,700</u>
Facilities			
Personal services	37,398	37,398	82,525
Contractual services	73,566	73,566	73,636
Materials and supplies	34,500	34,500	31,048
Capital outlay	27,500	27,500	26,938
Total facilities	<u>172,964</u>	<u>172,964</u>	<u>214,147</u>
Engineering			
Personal services	722,532	722,532	715,453
Contractual services	65,332	65,332	64,506
Materials and supplies	7,197	7,197	4,634
Capital outlay	400	400	-
Total engineering	<u>795,461</u>	<u>795,461</u>	<u>784,593</u>
TOTAL PUBLIC WORKS	<u><u>\$ 1,335,584</u></u>	<u><u>\$ 1,335,583</u></u>	<u><u>\$ 1,309,440</u></u>

(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 Eight Months Ended December 31, 2007

	Original Budget	Final Budget	Actual
ECONOMIC AND PHYSICAL DEVELOPMENT			
Community development department			
Personal services	\$ 1,725,725	\$ 1,725,725	\$ 1,621,683
Contractual services	178,760	201,159	188,589
Materials and supplies	61,688	55,128	42,798
Total community development department	<u>1,966,173</u>	<u>1,982,012</u>	<u>1,853,070</u>
Economic development			
Personal services	25,385	25,385	27,889
Contractual services	13,231	13,231	5,942
Materials and supplies	60,000	60,000	40,762
Revenue sharing	270,000	610,797	610,797
Total economic development	<u>368,616</u>	<u>709,413</u>	<u>685,390</u>
TOTAL ECONOMIC AND PHYSICAL DEVELOPMENT	<u>\$ 2,334,789</u>	<u>\$ 2,691,425</u>	<u>\$ 2,538,460</u>
TRANSIT			
Operations			
Personal services	\$ 724,692	\$ 791,832	\$ 806,972
Contractual services	40,871	40,871	40,468
Materials and supplies	21,700	21,700	6,964
Total operations	<u>787,263</u>	<u>854,403</u>	<u>854,404</u>
Facilities			
Personal services	9,898	9,898	9,501
Contractual services	23,044	23,044	16,949
Materials and supplies	1,000	1,000	4,481
Capital outlay	79,000	79,000	77,249
Total facilities	<u>112,942</u>	<u>112,942</u>	<u>108,180</u>
TOTAL TRANSIT	<u>\$ 900,205</u>	<u>\$ 967,345</u>	<u>\$ 962,584</u>
COMMISSIONS			
Contractual services	\$ 169,795	\$ 144,695	\$ 102,565
Materials and supplies	107,310	102,310	87,939
TOTAL COMMISSIONS	<u>\$ 277,105</u>	<u>\$ 247,005</u>	<u>\$ 190,504</u>

(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 Eight Months Ended December 31, 2007

	Final Budget	Actual
REVENUES		
Property taxes	\$ 3,102,000	\$ 3,171,720
Investment income	48,000	54,144
Total revenues	<u>3,150,000</u>	<u>3,225,864</u>
EXPENDITURES		
Debt service		
Principal	2,769,095	2,769,094
Interest and fiscal charges	1,761,455	1,760,555
Total expenditures	<u>4,530,550</u>	<u>4,529,649</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,380,550)</u>	<u>(1,303,785)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	<u>1,428,550</u>	<u>1,428,550</u>
Total other financing sources (uses)	<u>1,428,550</u>	<u>1,428,550</u>
NET CHANGE IN FUND BALANCE	<u>\$ 48,000</u>	124,765
FUND BALANCE, MAY 1		<u>699,797</u>
FUND BALANCE, DECEMBER 31		<u>\$ 824,562</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Final Budget	Actual
REVENUES		
Property taxes	\$ 1,133,536	\$ 1,113,717
Reimbursements	205,000	711,290
Investment income	5,000	91,522
Total revenues	<u>1,343,536</u>	<u>1,916,529</u>
EXPENDITURES		
Capital outlay	<u>4,557,691</u>	<u>4,180,985</u>
Total expenditures	<u>4,557,691</u>	<u>4,180,985</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,214,155)</u>	<u>(2,264,456)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued at par	2,170,000	2,500,000
Transfers in	<u>1,850,000</u>	<u>1,550,000</u>
Total other financing sources (uses)	<u>4,020,000</u>	<u>4,050,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ 805,845</u>	1,785,544
FUND BALANCES, MAY 1		<u>3,395,659</u>
FUND BALANCES, DECEMBER 31		<u>\$ 5,181,203</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.

Foreign Fire Insurance Tax - to account for the receipts and expenditures of this specific tax by the Board.

Tax Increment Financing - to account for tax increment financing (TIF) property tax revenues and expenditures in accordance with redevelopment plans approved for each applicable TIF district.

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

December 31, 2007

	Special Revenue			Capital Projects		Totals
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Tax Increment Financing	Working Capital Public	
					Facility and Improvement	
ASSETS						
Cash and cash equivalents	\$ 27,751	\$ 617,639	\$ 190,231	\$ 176,894	\$ 481,373	\$ 1,493,888
Investments	-	-	207,805	-	50,000	257,805
Receivables						
Property tax	-	-	-	175,000	-	175,000
Intergovernmental	70,364	50,143	-	-	-	120,507
Loans	-	-	-	-	387,500	387,500
TOTAL ASSETS	\$ 98,115	\$ 667,782	\$ 398,036	\$ 351,894	\$ 918,873	\$ 2,434,700
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 3,450	\$ -	\$ -	\$ -	\$ 3,450
Accrued payroll	-	7,399	-	-	-	7,399
Deferred revenue	-	-	-	175,000	-	175,000
Total liabilities	-	10,849	-	175,000	-	185,849
FUND BALANCES						
Reserved for loans receivable	-	-	-	-	387,500	387,500
Reserved for public facilities	-	-	-	-	531,373	531,373
Reserved for public safety	-	656,933	398,036	-	-	1,054,969
Reserved for streets	98,115	-	-	-	-	98,115
Unreserved						
Undesignated	-	-	-	176,894	-	176,894
Total fund balances	98,115	656,933	398,036	176,894	918,873	2,248,851
TOTAL LIABILITIES AND FUND BALANCES	\$ 98,115	\$ 667,782	\$ 398,036	\$ 351,894	\$ 918,873	\$ 2,434,700

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Special Revenue			Capital Projects		Totals
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Working Capital Public Facility and Improvement		
				Tax Increment Financing		
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 173,971	\$ -	\$ 173,971
Intergovernmental	-	94,371	84,879	-	-	179,250
Motor fuel tax allotments	571,450	-	-	-	-	571,450
Investment income	10,372	19,307	10,365	2,923	13,870	56,837
Miscellaneous	-	300,394	-	-	-	300,394
Total revenues	581,822	414,072	95,244	176,894	13,870	1,281,902
EXPENDITURES						
Current						
Public safety	-	308,636	13,339	-	-	321,975
Public works	595,000	-	-	-	-	595,000
Capital outlay	-	399,340	6,379	-	-	405,719
Total expenditures	595,000	707,976	19,718	-	-	1,322,694
NET CHANGE IN FUND BALANCES	(13,178)	(293,904)	75,526	176,894	13,870	(40,792)
FUND BALANCES, MAY 1	111,293	950,837	322,510	-	905,003	2,289,643
FUND BALANCES, DECEMBER 31	\$ 98,115	\$ 656,933	\$ 398,036	\$ 176,894	\$ 918,873	\$ 2,248,851

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Final Budget	Actual
REVENUES		
Motor fuel tax allotments	\$ 580,000	\$ 571,450
Investment income	15,000	10,372
Total revenues	<u>595,000</u>	<u>581,822</u>
EXPENDITURES		
Contractual services	<u>595,000</u>	<u>595,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>595,000</u>	<u>595,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	(13,178)
FUND BALANCE, MAY 1		<u>111,293</u>
FUND BALANCE, DECEMBER 31		<u>\$ 98,115</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 Eight Months Ended December 31, 2007

	Final Budget	Actual
REVENUES		
Intergovernmental	\$ 178,039	\$ 94,371
Investment income	12,750	19,307
Miscellaneous	280,000	300,394
Total revenues	470,789	414,072
EXPENDITURES		
Public safety		
Personal services	227,655	213,038
Contractual services	174,836	95,598
Capital outlay	402,630	399,340
Total expenditures	805,121	707,976
NET CHANGE IN FUND BALANCE	\$ (334,332)	(293,904)
FUND BALANCE, MAY 1		950,837
FUND BALANCE, DECEMBER 31		\$ 656,933

(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 FUND

For the Eight Months Ended December 31, 2007

	Final Budget	Actual
REVENUES		
Property taxes	\$ 45,000	\$ 173,971
Investment income	-	2,923
	<u>45,000</u>	<u>176,894</u>
Total revenues	45,000	176,894
EXPENDITURES		
Contractual services	45,000	-
	<u>45,000</u>	<u>-</u>
Total expenditures	45,000	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	176,894
FUND BALANCE, MAY 1		<u>-</u>
FUND BALANCE, DECEMBER 31		<u>\$ 176,894</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 Eight Months Ended December 31, 2007

	Final Budget	Actual
REVENUES		
Investment income	\$ -	\$ 13,870
Total revenues	-	13,870
EXPENDITURES		
None	-	-
Total expenditures	-	-
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	13,870
FUND BALANCE, MAY 1		<u>905,003</u>
FUND BALANCE, DECEMBER 31		<u>\$ 918,873</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 Eight Months Ended December 31, 2007

	Final Budget	Actual
OPERATING REVENUES		
Parking collections	\$ 473,000	\$ 406,549
Parking violations	200,000	192,827
Total operating revenues	<u>673,000</u>	<u>599,376</u>
OPERATING EXPENSES		
Personal services	199,253	187,124
Contractual services	235,750	147,507
Materials and supplies	11,400	16,604
Repairs and maintenance	5,000	4,204
Small tools and equipment	754,000	552,418
Administrative reimbursements	61,000	61,000
Total operating expenses	<u>1,266,403</u>	<u>968,857</u>
OPERATING INCOME (LOSS)	<u>(593,403)</u>	<u>(369,481)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	512,000	297,608
Investment income	60,000	19,021
Total nonoperating revenues (expenses)	<u>572,000</u>	<u>316,629</u>
NET INCOME (LOSS) - BUDGET BASIS	(21,403)	(52,852)
ADJUSTMENTS TO GAAP BASIS		
Capital assets capitalized	-	552,418
Depreciation	-	(151,682)
Total adjustments to GAAP basis	<u>-</u>	<u>400,736</u>
CHANGE IN NET ASSETS	<u>\$ (21,403)</u>	347,884
NET ASSETS, MAY 1		<u>4,884,513</u>
NET ASSETS, DECEMBER 31		<u>\$ 5,232,397</u>

(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 Eight Months Ended December 31, 2007

	<u>Final</u>	<u>Actual</u>
	Budget	Actual
OPERATING REVENUES		
Water sales	\$ 4,900,000	\$ 5,190,273
Water permit fees	130,500	143,994
Miscellaneous	14,420	26,754
	<u>5,044,920</u>	<u>5,361,021</u>
OPERATING EXPENSES		
Personal services	1,526,239	1,473,012
Contractual services	821,635	751,365
Materials and supplies	387,098	298,469
Repairs and maintenance	71,100	63,887
Capital outlay	2,268,400	1,246,940
Administrative reimbursements	597,500	597,500
	<u>5,671,972</u>	<u>4,431,173</u>
OPERATING INCOME (LOSS)	<u>(627,052)</u>	<u>929,848</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	272,000	106,267
Bonds issued at par	6,750,000	7,500,000
Debt service		
Principal	(460,000)	(460,000)
Interest and fiscal charges	(251,089)	(163,640)
	<u>6,310,911</u>	<u>6,982,627</u>
NET INCOME BEFORE CONTRIBUTIONS	<u>5,683,859</u>	<u>7,912,475</u>
CONTRIBUTIONS		
Developer contributions	-	409,327
NET INCOME - BUDGET BASIS	<u>5,683,859</u>	<u>8,321,802</u>
ADJUSTMENTS TO GAAP BASIS		
Capital assets capitalized	-	1,045,640
Depreciation	-	(838,491)
Principal paid	-	460,000
Bonds issued at par	-	(7,500,000)
	<u>-</u>	<u>(6,832,851)</u>
CHANGE IN NET ASSETS	<u>\$ 5,683,859</u>	1,488,951
NET ASSETS, MAY 1		<u>17,358,747</u>
NET ASSETS, DECEMBER 31		<u>\$ 18,847,698</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Final Budget	Actual
OPERATING REVENUES		
Charges for goods and services	\$ 2,535,557	\$ 2,513,842
Other	25,000	123,069
Total operating revenues	<u>2,560,557</u>	<u>2,636,911</u>
OPERATING EXPENSES		
Contractual services	2,096,404	2,111,348
Small tools and equipment	-	3,589
Total operating expenses	<u>2,096,404</u>	<u>2,114,937</u>
OPERATING INCOME	<u>464,153</u>	<u>521,974</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	-	2,212
Debt service		
Principal	(165,000)	(165,000)
Interest expense and fiscal charges	(68,391)	(48,225)
Total nonoperating revenues (expenses)	<u>(233,391)</u>	<u>(211,013)</u>
NET INCOME BEFORE TRANSFERS	<u>230,762</u>	<u>310,961</u>
TRANSFERS		
Transfers (out)	(100,000)	(100,000)
Total transfers	<u>(100,000)</u>	<u>(100,000)</u>
NET INCOME - BUDGET BASIS	<u>130,762</u>	<u>210,961</u>
ADJUSTMENTS TO GAAP BASIS		
Depreciation	-	(251,220)
Principal paid	-	165,000
Total adjustments to GAAP basis	<u>-</u>	<u>(86,220)</u>
CHANGE IN NET ASSETS	<u>\$ 130,762</u>	124,741
NET ASSETS, MAY 1		<u>10,581,612</u>
NET ASSETS, DECEMBER 31		<u>\$ 10,706,353</u>

(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

December 31, 2007

	Equipment Maintenance and Replacement	Insurance	Totals
CURRENT ASSETS			
Cash	\$ 1,288,189	\$ 1,020,685	\$ 2,308,874
Accounts receivable	1,679	191,657	193,336
Total current assets	1,289,868	1,212,342	2,502,210
CAPITAL ASSETS			
Equipment	10,536,036	-	10,536,036
Accumulated depreciation	(7,366,621)	-	(7,366,621)
Net capital assets	3,169,415	-	3,169,415
Total assets	4,459,283	1,212,342	5,671,625
CURRENT LIABILITIES			
Accounts payable	79,655	8,163	87,818
Accrued payroll	82,697	13,372	96,069
Unearned revenue	-	18,709	18,709
Claims payable	-	633,786	633,786
Capital lease payable - current	18,689	-	18,689
Total current liabilities	181,041	674,030	855,071
LONG-TERM LIABILITIES			
None	-	-	-
Total liabilities	181,041	674,030	855,071
NET ASSETS			
Invested in capital assets, net of related debt	3,150,726	-	3,150,726
Unrestricted	1,127,516	538,312	1,665,828
TOTAL NET ASSETS	\$ 4,278,242	\$ 538,312	\$ 4,816,554

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Equipment Maintenance and Replacement	Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 2,230,873	\$ 3,928,509	\$ 6,159,382
Miscellaneous	58,753	-	58,753
Total operating revenues	<u>2,289,626</u>	<u>3,928,509</u>	<u>6,218,135</u>
OPERATING EXPENSES			
Personal services	809,345	81,128	890,473
Contractual services	180,626	3,895,050	4,075,676
Materials and supplies	523,758	3,882	527,640
Repairs and maintenance	86,455	-	86,455
Small tools and equipment	41,942	-	41,942
Total operating expenses	<u>1,642,126</u>	<u>3,980,060</u>	<u>5,622,186</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	647,500	(51,551)	595,949
Depreciation	650,874	-	650,874
OPERATING INCOME (LOSS)	<u>(3,374)</u>	<u>(51,551)</u>	<u>(54,925)</u>
NONOPERATING REVENUES (EXPENSES)			
Gain on sale of capital assets	12,700	-	12,700
Investment income	35,178	27,293	62,471
Total nonoperating revenues (expenses)	<u>47,878</u>	<u>27,293</u>	<u>75,171</u>
CHANGE IN NET ASSETS	<u>44,504</u>	<u>(24,258)</u>	<u>20,246</u>
NET ASSETS, MAY 1	4,288,261	562,570	4,850,831
Prior period adjustment	(54,523)	-	(54,523)
NET ASSETS, MAY 1, RESTATED	<u>4,233,738</u>	<u>562,570</u>	<u>4,796,308</u>
NET ASSETS, DECEMBER 31	<u>\$ 4,278,242</u>	<u>\$ 538,312</u>	<u>\$ 4,816,554</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Eight Months Ended December 31, 2007

	Equipment Maintenance and Replacement	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 57,074	\$ 781,015	\$ 838,089
Receipts from interfund services	2,230,873	2,980,554	5,211,427
Payments to suppliers	(839,714)	(3,793,919)	(4,633,633)
Payments to employees	(797,346)	(78,623)	(875,969)
Net cash from operating activities	<u>650,887</u>	<u>(110,973)</u>	<u>539,914</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on capital lease obligation	(87,770)	-	(87,770)
Sale of capital assets	12,700	-	12,700
Purchase of capital assets	(455,469)	-	(455,469)
Net cash from capital and related financing activities	<u>(530,539)</u>	<u>-</u>	<u>(530,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	35,633	27,336	62,969
Sale of investments	174,119	16,441	190,560
Net cash from investing activities	<u>209,752</u>	<u>43,777</u>	<u>253,529</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	330,100	(67,196)	262,904
CASH AND CASH EQUIVALENTS, MAY 1	958,089	1,087,881	2,045,970
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 1,288,189	\$ 1,020,685	\$ 2,308,874
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,374)	\$ (51,551)	\$ (54,925)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation	650,874	-	650,874
Changes in assets and liabilities			
Accounts receivable	(1,679)	(185,649)	(187,328)
Accrued expenses	-	166,012	166,012
Accounts payable	(6,933)	(60,999)	(67,932)
Accrued payroll	11,999	2,505	14,504
Unearned revenue	-	18,709	18,709
NET CASH FROM OPERATING ACTIVITIES	\$ 650,887	\$ (110,973)	\$ 539,914

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 2,230,876	\$ 2,230,873
Miscellaneous	-	58,753
Total operating revenues	<u>2,230,876</u>	<u>2,289,626</u>
OPERATING EXPENSES		
Personal services	846,351	809,345
Contractual services	183,340	180,626
Materials and supplies	480,727	523,758
Repairs and maintenance	91,215	86,455
Capital outlay	514,082	497,411
Total operating expenses	<u>2,115,715</u>	<u>2,097,595</u>
OPERATING INCOME	<u>115,161</u>	<u>192,031</u>
NONOPERATING REVENUE (EXPENSES)		
Gain on sale of capital assets	-	12,700
Investment income	25,000	35,178
Total nonoperating revenues (expenses)	<u>25,000</u>	<u>47,878</u>
NET INCOME - BUDGET BASIS	140,161	239,909
ADJUSTMENTS TO GAAP BASIS		
Capital assets capitalized	-	455,469
Depreciation	-	(650,874)
Total adjustments to GAAP basis	<u>-</u>	<u>(195,405)</u>
CHANGE IN NET ASSETS	<u>\$ 140,161</u>	<u>44,504</u>
NET ASSETS, MAY 1		4,288,261
Prior period adjustment		<u>(54,523)</u>
NET ASSETS, MAY 1, RESTATED		<u>4,233,738</u>
NET ASSETS, DECEMBER 31		<u>\$ 4,278,242</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 Eight Months Ended December 31, 2007

	Final Budget	Actual
OPERATING REVENUES		
Charges for current services	\$ 3,880,285	\$ 3,928,509
Total operating revenues	<u>3,880,285</u>	<u>3,928,509</u>
OPERATING EXPENSES		
Personal services	88,140	81,128
Contractual services	4,063,802	3,895,050
Materials and supplies	14,370	3,882
Small tools and equipment	2,900	-
Total operating expenses	<u>4,169,212</u>	<u>3,980,060</u>
OPERATING INCOME (LOSS)	<u>(288,927)</u>	<u>(51,551)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	<u>75</u>	<u>27,293</u>
Total nonoperating revenues (expenses)	<u>75</u>	<u>27,293</u>
CHANGE IN NET ASSETS	<u>\$ (288,852)</u>	(24,258)
NET ASSETS, MAY 1		<u>562,570</u>
NET ASSETS, DECEMBER 31		<u>\$ 538,312</u>

(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

December 31, 2007

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and cash equivalents	\$ 2,187,102	\$ 1,913,569	\$ 4,100,671
Investments, at fair value			
U.S. government obligations	14,723,352	13,756,228	28,479,580
Mutual funds	6,817,698	12,265,804	19,083,502
Common stock	6,436,426	-	6,436,426
Insurance contracts	-	2,285,299	2,285,299
Total investments	27,977,476	28,307,331	56,284,807
Receivables			
Accrued interest	154,806	105,152	259,958
Total receivables	154,806	105,152	259,958
Total assets	30,319,384	30,326,052	60,645,436
LIABILITIES			
Accounts payable	24,953	4,541	29,494
Total liabilities	24,953	4,541	29,494
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 30,294,431	\$ 30,321,511	\$ 60,615,942

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUNDS

For the Eight Months Ended December 31, 2007

	Police Pension	Firefighters' Pension	Totals
ADDITIONS			
Contributions - employer			
Property taxes	\$ 1,223,513	\$ 1,048,156	\$ 2,271,669
Contributions - plan members	309,222	261,807	571,029
Contributions - other	-	1,305	1,305
Total contributions	1,532,735	1,311,268	2,844,003
Investment income			
Net appreciation (depreciation) in fair value of investments	238,899	(927,822)	(688,923)
Interest earned on investments	1,058,820	1,847,485	2,906,305
Total investment income	1,297,719	919,663	2,217,382
Less investment expense	(70,033)	(10,136)	(80,169)
Net investment income	1,227,686	909,527	2,137,213
Total additions	2,760,421	2,220,795	4,981,216
DEDUCTIONS			
Pensions and refunds	1,538,595	1,285,656	2,824,251
Miscellaneous			
Contractual professional services	35,723	12,947	48,670
Total deductions	1,574,318	1,298,603	2,872,921
NET INCREASE	1,186,103	922,192	2,108,295
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
May 1	29,108,328	29,399,319	58,507,647
December 31	\$ 30,294,431	\$ 30,321,511	\$ 60,615,942

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Eight Months Ended December 31, 2007

	Balances May 1	Additions	Deductions	Balances December 31
ALL FUNDS				
ASSETS				
Cash and cash equivalents	\$ 5,684,757	\$ 414,144	\$ 442,399	\$ 5,656,502
Accounts receivable	14,091	-	300	13,791
Accrued interest	378	-	378	-
TOTAL ASSETS	\$ 5,699,226	\$ 414,144	\$ 443,077	\$ 5,670,293
LIABILITIES				
Accounts payable	\$ 432,621	\$ 11,176	\$ 10,500	\$ 433,297
Accrued payroll	596	-	484	112
Due to others	1,863,030	440,519	26,945	2,276,604
Deposits payable	3,402,979	46,290	488,989	2,960,280
TOTAL LIABILITIES	\$ 5,699,226	\$ 497,985	\$ 526,918	\$ 5,670,293
GENERAL DEPOSIT FUND				
ASSETS				
Cash	\$ 3,388,888	\$ -	\$ 442,399	\$ 2,946,489
Accounts receivable	14,091	-	300	13,791
TOTAL ASSETS	\$ 3,402,979	\$ -	\$ 442,699	\$ 2,960,280
LIABILITIES				
Deposits payable	\$ 3,402,979	\$ 46,290	\$ 488,989	\$ 2,960,280
TOTAL LIABILITIES	\$ 3,402,979	\$ 46,290	\$ 488,989	\$ 2,960,280

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Eight Months Ended December 31, 2007

	Balances May 1	Additions	Deductions	Balances December 31
SPECIAL ASSESSMENT FUND				
ASSETS				
Cash and cash equivalents	\$ 422,121	\$ 11,176	\$ -	\$ 433,297
TOTAL ASSETS	\$ 422,121	\$ 11,176	\$ -	\$ 433,297
LIABILITIES				
Accounts payable	\$ 422,121	\$ 11,176	\$ -	\$ 433,297
TOTAL LIABILITIES	\$ 422,121	\$ 11,176	\$ -	\$ 433,297
HOUSING TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 1,873,748	\$ 402,968	\$ -	\$ 2,276,716
Accrued interest	378	-	378	-
TOTAL ASSETS	\$ 1,874,126	\$ 402,968	\$ 378	\$ 2,276,716
LIABILITIES				
Accounts payable	\$ 10,500	\$ -	\$ 10,500	\$ -
Accrued payroll	596	-	484	112
Due to others	1,863,030	440,519	26,945	2,276,604
TOTAL LIABILITIES	\$ 1,874,126	\$ 440,519	\$ 37,929	\$ 2,276,716

(See independent auditor's report.)



City of Highland Park, Illinois
Statistical Section
(Unaudited)

This part of the City of Highland Park, Illinois' Comprehensive Annual Financial Report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This section includes data for the City only and does not include the City's component units except where noted. In 2007, the City changed its fiscal year end to December 31. Where applicable the tables will only contain data for the eight months ending December 31, 2007. This information has not been audited by independent auditors.

Contents

Financial Trends

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in a historical prospective.

Revenue Capacity

These tables contain information that may assist the reader in understanding and assessing the City's two most significant sources of "own-source" revenue, property tax, and sales tax.

Debt Capacity

These tables contain information intended to assist the reader in understanding and assessing the City's debt burden and ability to issue additional debt.

Demographic and Economic

These tables are intended to provide the reader an understanding of the environment within which the City operates, and provide comparisons of information over time.

Operating Information

These tables are intended to provide information on the City's operations and resources to assist the reader in using the financial statements to understand and assess the City's economic condition.



Financial Trends

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS BY COMPONENT

Last Five Fiscal Years

	2004	2005	2006	2007	2007*
GOVERNMENTAL ACTIVITIES					
Invested in capital assets, net of related debt	\$ 34,615,233	\$ 94,907,427	\$ 90,605,742	\$ 93,387,691	\$ 96,339,097
Restricted	2,549,447	10,706,878	11,419,596	10,461,157	9,225,744
Unrestricted	14,711,532	9,454,256	12,850,494	15,590,474	21,208,977
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 51,876,212	\$ 115,068,561	\$ 114,875,832	\$ 119,439,322	\$ 126,773,818
BUSINESS-TYPE ACTIVITIES					
Invested in capital assets, net of related debt	\$ 32,604,103	\$ 24,967,935	\$ 27,575,451	\$ 28,707,758	\$ 22,483,153
Unrestricted	2,071,930	1,969,534	3,177,220	4,117,114	12,303,295
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	\$ 34,676,033	\$ 26,937,469	\$ 30,752,671	\$ 32,824,872	\$ 34,786,448
PRIMARY GOVERNMENT					
Invested in capital assets, net of related debt	\$ 67,219,336	\$ 119,875,362	\$ 118,181,193	\$ 122,095,449	\$ 118,822,250
Restricted	2,549,447	10,706,878	11,419,596	10,461,157	9,225,744
Unrestricted	16,783,462	11,423,790	16,027,714	19,707,588	33,512,272
TOTAL PRIMARY GOVERNMENT	\$ 86,552,245	\$ 142,006,030	\$ 145,628,503	\$ 152,264,194	\$ 161,560,266

Note: Information not available for years prior to 2004.

* Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Fiscal Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007*
GENERAL FUND										
Reserved	\$ 754,675	\$ 607,787	\$ 579,676	\$ 300,000	\$ -	\$ 43,436	\$ 17,793,436	\$ 16,518,436	\$ 16,340,000	\$ 17,128,260
Unreserved	7,879,463	7,884,620	6,287,134	6,334,700	8,638,274	11,751,196	10,188,720	11,945,951	14,652,292	17,062,183
Subtotal general fund	8,634,138	8,492,407	6,866,810	6,634,700	8,638,274	11,794,632	27,982,156	28,464,387	30,992,292	34,190,443
% Change from prior year	15.6%	-1.6%	-19.1%	-3.4%	30.2%	36.5%	137.2%	1.7%	8.9%	10.3%
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	481,008	92,631	1,037,714	-	1,752,438	2,974,447	8,342,737	11,819,596	7,273,906	9,225,744
Unreserved, reported in										
Capital Projects Fund	5,817,648	3,043,724	3,482,397	2,242,190	4,868,117	6,237,450	-	-	-	176,894
Special Revenue Funds	1,732,573	932,445	725,768	898,624	361,738	(508,917)	(493,701)	-	-	-
Debt Service Funds	-	-	-	(62,041)	-	-	-	-	-	-
Subtotal all other funds	8,031,229	4,068,800	5,245,879	3,078,773	6,982,293	8,702,980	7,849,036	11,819,596	7,273,906	9,402,638
TOTAL GOVERNMENTAL FUNDS	\$ 16,665,367	\$ 12,561,207	\$ 12,112,689	\$ 9,713,473	\$ 15,620,567	\$ 20,497,612	\$ 35,831,192	\$ 40,283,983	\$ 38,266,198	\$ 43,593,081
% Change from prior year	14.8%	-24.6%	-3.6%	-19.8%	60.8%	31.2%	74.8%	12.4%	-5.0%	13.9%

* Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET ASSETS

Last Five Fiscal Years

	2004	2005	2006	2007	2007*
GOVERNMENTAL ACTIVITIES					
Program Revenues					
Charges for services					
General government	\$ 940,539	\$ 949,822	\$ 983,609	\$ 1,742,176	\$ 1,240,959
Public safety	1,160,238	1,112,236	1,359,838	1,408,280	1,050,636
Public works	1,967,664	3,577,575	2,484,809	2,980,597	2,786,680
Economic/physical development	2,359,148	1,659,090	1,813,053	1,830,329	942,267
Transit	920,879	951,361	1,069,354	1,055,305	778,569
Operating grants	858,067	884,766	872,489	891,528	652,180
Capital grants	556,361	551,346	537,489	2,450,790	408,052
General Revenues					
Property taxes	9,887,448	10,001,506	10,207,239	9,376,023	9,952,745
Sales taxes	12,038,527	12,092,028	12,790,251	13,335,043	9,397,328
Other taxes	9,575,549	9,887,466	12,062,977	13,089,692	8,011,821
Other	838,019	329,109	960,346	1,911,975	2,609,554
Total revenues	41,102,439	41,996,305	45,141,454	50,071,738	37,830,791
Expenses					
General government	6,841,255	7,709,170	9,423,178	5,430,237	3,291,348
Public safety	18,632,313	16,671,814	18,056,277	19,286,651	13,931,034
Public works	7,489,204	11,784,555	10,133,409	12,824,653	9,309,655
Economic/physical development	5,889,721	4,093,676	5,034,721	4,341,647	2,929,461
Transit	1,148,215	1,219,866	1,227,855	1,199,521	967,852
Commissions	1,450,664	640,026	1,050,967	650,680	354,650
Interest	676,833	858,741	1,629,285	1,874,859	1,161,404
Total expenses	42,128,205	42,977,848	46,555,692	45,608,248	31,945,404
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND SPECIAL ITEM	(1,025,766)	(981,543)	(1,414,238)	4,463,490	5,885,387
Transfers	491,097	774,800	987,300	100,000	100,000
Special item	-	-	-	-	1,306,489
INCREASE (DECREASE) IN NET ASSETS	\$ (534,669)	\$ (206,743)	\$ (426,938)	\$ 4,563,490	\$ 7,291,876
BUSINESS-TYPE ACTIVITIES					
Program Revenues					
Charges for services					
Parking system	\$ 741,581	\$ 901,451	\$ 898,751	\$ 950,111	\$ 599,376
Water	6,768,646	6,737,818	7,753,939	7,016,692	5,361,021
Country Club	3,322,558	3,047,470	2,868,895	3,049,689	2,636,911
Capital grants	-	-	-	214,392	297,608
Other	16,958	(20,818)	2,120,460	337,866	127,500
Total revenues	10,849,743	10,665,921	13,642,045	11,568,750	9,022,416
Expenses					
Parking	927,189	857,921	736,329	893,709	568,121
Water	5,285,414	4,533,636	5,111,901	5,613,619	4,387,664
Country Club	2,540,970	3,106,734	3,252,180	3,223,794	2,414,382
Total expenses	8,753,573	8,498,291	9,100,410	9,731,122	7,370,167
INCREASE IN NET ASSETS BEFORE TRANSFERS AND CONTRIBUTIONS	2,096,170	2,167,630	4,541,635	1,837,628	1,652,249
Transfers	(491,097)	(774,800)	(987,300)	(100,000)	(100,000)
Contributions	-	-	-	-	409,327
INCREASE IN NET ASSETS	\$ 1,605,073	\$ 1,392,830	\$ 3,554,335	\$ 1,737,628	\$ 1,552,249

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET ASSETS (Continued)

Last Five Fiscal Years

	2004	2005	2006	2007	2007*
TOTAL NET ASSETS					
Program Revenues					
Charges for services	\$ 18,181,253	\$ 18,936,823	\$ 19,232,248	\$ 20,033,179	\$ 15,396,419
Operating grants	858,067	884,766	872,489	891,528	652,180
Capital grants	556,361	551,346	537,489	2,665,182	705,660
General Revenues					
Property taxes	9,887,448	10,001,506	10,207,239	9,376,023	9,952,745
Sales taxes	12,038,527	12,092,028	12,790,251	13,335,043	9,397,328
Other taxes	9,575,549	9,887,466	12,062,977	13,089,692	8,011,821
Other	854,977	308,291	3,080,806	2,249,841	2,737,054
Total revenues	51,952,182	52,662,226	58,783,499	61,640,488	46,853,207
Expenses					
General government	6,841,255	7,709,170	9,423,178	5,430,237	3,291,348
Public safety	18,632,313	16,671,814	18,056,277	19,286,651	13,931,034
Public works	7,489,204	11,784,555	10,133,409	12,824,653	9,309,655
Economic/physical development	5,889,721	4,093,676	5,034,721	4,341,647	2,929,461
Transit	1,148,215	1,219,866	1,227,855	1,199,521	967,852
Commissions	1,450,664	640,026	1,050,967	650,680	354,650
interest	676,833	858,741	1,629,285	1,874,859	1,161,404
Parking	927,189	857,921	736,329	893,709	568,121
Water	5,285,414	4,533,636	5,111,901	5,613,619	4,387,664
Country Club	2,540,970	3,106,734	3,252,180	3,223,794	2,414,382
Total expenses	50,881,778	51,476,139	55,656,102	55,339,370	39,315,571
INCREASE (DECREASE) IN NET ASSETS	\$ 1,070,404	\$ 1,186,087	\$ 3,127,397	\$ 6,301,118	\$ 7,537,636

Note: Information not available for years prior to 2004.

* Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007*
REVENUES										
Property taxes	\$ 11,423,014	\$ 11,514,538	\$ 9,277,927	\$ 9,467,517	\$ 9,864,155	\$ 9,887,448	\$ 10,001,506	\$ 10,207,240	\$ 9,376,024	\$ 9,952,746
Illinois state replacement taxes	204,330	220,690	202,102	197,481	147,631	212,981	208,941	311,520	339,577	250,779
Licenses and permits	1,975,501	2,996,934	2,288,820	2,122,644	2,264,264	3,080,069	2,724,895	2,776,953	2,730,449	1,999,361
Charges for current services	1,587,969	1,665,892	1,580,716	1,809,531	1,914,404	1,983,841	2,028,915	2,422,280	3,154,137	2,208,303
Municipal sales tax	8,692,201	10,060,364	10,492,993	10,706,499	10,014,358	12,038,527	12,092,027	12,790,251	13,335,043	9,397,327
Fines and forfeitures	309,603	324,101	250,070	265,609	346,179	360,475	259,806	387,891	315,385	214,996
Utility tax	3,051,006	3,301,140	3,648,778	3,921,731	3,743,805	3,469,014	2,785,652	3,114,634	3,120,499	1,684,513
Cable television franchise tax	239,813	267,931	319,456	376,300	359,946	333,133	369,172	407,637	451,132	331,936
Real estate transfer tax	1,624,035	1,734,500	1,938,210	1,787,298	2,000,860	2,174,270	2,420,485	2,919,960	2,809,795	1,267,630
Motor fuel tax allotment	732,313	830,957	890,950	863,746	974,586	858,067	884,766	872,489	878,063	571,450
Intergovernmental	-	-	-	-	-	498,679	457,372	363,846	784,245	253,075
Illinois state income tax	2,519,150	2,260,531	2,420,065	1,872,494	1,913,363	1,823,033	2,048,727	2,312,384	2,550,586	1,787,461
Regional Transportation Authority reimbursement	710,766	768,874	839,264	813,974	892,506	920,879	951,361	1,069,354	1,055,305	778,569
Franchise tax	365,130	123,532	128,218	114,529	44,385	503,542	1,703,043	1,807,586	2,040,791	1,457,558
Other taxes	-	-	-	-	-	572,140	2,165	938,110	1,222,126	1,147,065
Fire insurance tax	45,194	45,855	-	-	-	-	-	-	-	-
Grants	-	-	-	-	3,251,623	-	-	-	-	-
Reimbursements-other agencies	558,117	184,446	165,505	4,052	-	383,390	2,113,977	372,481	1,265,655	1,436,917
Investment income	1,057,618	1,317,693	1,265,945	769,792	518,514	159,640	329,106	960,347	1,911,974	2,609,552
Miscellaneous	2,268,938	2,876,689	1,224,027	1,431,870	1,572,770	1,005,293	614,389	1,106,491	1,004,510	481,553
Total revenues	37,364,698	40,494,667	36,933,046	36,525,067	39,823,349	40,264,421	41,996,305	45,141,454	48,345,296	37,830,791
EXPENDITURES										
General government	7,199,292	6,329,254	7,475,502	7,803,267	8,338,055	6,308,791	7,027,043	7,591,557	5,625,763	3,087,130
Public safety	11,107,541	12,452,890	11,699,586	12,155,248	12,849,750	14,926,595	15,589,024	16,919,612	17,781,459	13,635,023
Public works	5,747,901	6,755,788	8,570,979	7,212,971	7,758,732	6,742,600	6,756,359	7,065,885	7,297,877	5,482,463
Employee retirement benefits	1,522,283	1,358,117	1,561,815	1,807,131	1,618,747	-	-	-	-	-
Other	805,864	2,405,133	937,909	1,682,339	1,078,801	-	-	-	-	-
Capital outlay	7,445,174	15,058,101	4,600,374	5,487,318	10,961,100	10,969,429	6,790,817	11,206,922	8,851,103	4,678,095
Economic and physical development	-	-	-	-	-	3,339,672	3,467,023	3,862,701	3,786,103	2,538,460
Transit	-	-	-	-	-	1,128,989	1,212,533	1,185,939	1,210,370	962,584
Bond issuance costs	-	-	-	-	-	29,939	-	-	-	-
Commissions	-	-	-	-	-	271,750	280,372	263,188	402,459	190,504
Reserves and contingencies	-	9,525	-	-	-	-	-	-	-	-
Debt service	3,414,607	3,642,742	3,175,152	4,107,476	4,464,514	4,419,720	-	-	-	-
Principal	-	-	-	-	-	-	2,680,000	2,495,784	2,618,678	2,769,094
Interest and fiscal charges	-	-	-	-	-	-	898,711	1,326,275	1,845,057	1,760,555
Total expenditures	37,242,662	48,011,550	38,021,317	40,255,750	47,069,699	48,137,485	44,701,882	51,917,863	49,418,869	35,103,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	122,036	(7,516,883)	(1,088,271)	(3,730,683)	(7,246,350)	(7,873,064)	(2,705,577)	(6,776,409)	(1,073,573)	2,726,883

CITY OF HIGHLAND PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007*
OTHER FINANCING SOURCES (USES)										
Bonds issued	\$ 3,016,543	\$ 2,977,500	\$ -	\$ 6,295,733	\$ 8,413,730	\$ 9,000,000	\$ 16,590,000	\$ 11,000,000	\$ -	\$ 2,500,000
Proceeds from sale of capital assets	-	-	-	-	-	3,876,013	492,061	8,200	455,788	-
Payments to escrow agent	(1,938,778)	-	-	(6,291,679)	7,078,471	-	-	(1,000,509)	-	-
Transfers in	3,966,414	5,578,377	6,903,683	3,621,796	(6,031,075)	5,560,657	6,928,355	3,691,254	3,070,800	2,978,550
Transfers (out)	(3,014,859)	(5,143,154)	(6,263,930)	(2,772,902)	-	(5,069,560)	(6,153,555)	(2,703,954)	(4,470,800)	(2,878,550)
Total other financing sources (uses)	2,029,320	3,412,723	639,753	852,948	9,461,126	13,367,110	17,856,861	10,994,991	(944,212)	2,600,000
NET CHANGES IN FUND BALANCES	2,151,356	(4,104,160)	(448,518)	(2,877,735)	2,214,776	5,494,046	15,151,284	4,218,582	(2,017,785)	5,326,883
FUND BALANCES, MAY 1	14,514,011	16,665,367	12,561,207	12,112,689	9,713,473	15,593,666	20,497,612	35,831,192	40,283,983	38,266,198
Prior period adjustment	-	-	-	478,519	3,852,295	(590,100)	182,296	234,209	-	-
FUND BALANCES, MAY 1, RESTATED	14,514,011	16,665,367	12,561,207	12,591,208	13,565,768	15,003,566	20,679,908	36,065,401	40,283,983	38,266,198
Residual equity transfer in	-	-	1,309,289	41,633	151,729	-	-	-	-	-
Residual equity transfer (out)	-	-	(1,309,289)	(41,633)	(311,706)	-	-	-	-	-
FUND BALANCES, DECEMBER 31	\$ 16,665,367	\$ 12,561,207	\$ 12,112,689	\$ 9,713,473	\$ 15,620,567	\$ 20,497,612	\$ 35,831,192	\$ 40,283,983	\$ 38,266,198	\$ 43,593,081
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES	7.6%	8.4%	10.2%	9.5%	9.2%	8.0%	7.4%	9.0%	9.0%	12.9%

* Eight months ended December 31, 2007



Revenue Capacity

CITY OF HIGHLAND PARK, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years
(Cents per hundred dollars)

Levy Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Railroad Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Tax Rate	Estimated Actual Value	Annual % Change	Ratio of Total Assessed Valuation to Estimated Actual Value of Real Property
1998	\$ 1,167,800,283	\$ 90,834,062	\$ 1,894,130	\$ 937,150	\$ 546,614	n/a	\$ 1,262,012,239	0.913	\$ 3,786,036,717	3.6%	33%
1999	1,233,581,123	136,971,426	1,990,160	980,639	506,220	n/a	1,374,029,568	0.885	4,122,088,704	8.9%	33%
2000	1,328,590,213	143,475,204	2,127,005	1,070,829	524,343	n/a	1,475,787,594	0.812	4,427,362,782	7.4%	33%
2001	1,510,686,423	158,582,154	2,533,031	1,169,589	547,054	n/a	1,673,518,251	0.776	5,020,554,753	13.4%	33%
2002	1,579,524,820	165,789,879	2,607,170	1,207,347	649,027	n/a	1,749,778,243	0.701	5,249,334,729	4.6%	33%
2003	1,763,725,693	141,268,775	1,672,521	440,178	701,090	n/a	1,907,808,257	0.681	5,723,424,771	9.0%	33%
2004	1,889,593,213	149,974,820	1,803,869	482,657	789,193	n/a	2,042,643,752	0.640	6,127,931,256	7.1%	33%
2005	2,108,875,142	181,409,394	8,230	1,083,297	743,528	n/a	2,292,119,591	0.624	6,876,358,773	12.2%	33%
2006	2,304,476,442	203,809,524	8,984	1,172,950	934,925	n/a	2,510,402,825	0.561	7,531,208,475	9.5%	33%
2007	n/a	n/a	n/a	n/a	1,007,223	n/a	2,675,494,212	0.517	8,026,482,636	6.6%	33%

Source: Lake County Clerk

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
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
2007	2005	0.454	0.210	0.045	0.132	0.197	1.686	2.312	0.012	0.561	0.397	6.006
2007*	2006	0.450	0.204	0.044	0.125	0.195	1.635	2.225	0.012	0.517	0.378	5.785

* Eight months ended December 31, 2007

Source: Lake County Clerk

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL TAXPAYERS

Current Year and Nine Years Prior

(2) Taxpayer	Business/Service	Eight months ended	
		(1) Equalized Assessed Valuation	as a % of Total EAV
Renaissance Place, LLC	Business/Retail Center	\$ 16,566,010	0.62%
Federal Realty Investment Trust	Business/Retail Center	8,063,177	0.30%
Solo Cup Company	Business	5,630,284	0.21%
Klairmont Family Associates	Business/Retail Center	5,226,915	0.20%
Sunset Food Mart, Inc.	Retail Store	5,061,218	0.19%
Highland Park Associates II LLC	Business	4,639,122	0.17%
Americana Apartments	Real Property	4,474,385	0.17%
Target Corporation	Retail Store	3,980,310	0.15%
Leonardi Enterprises	Real Estate	3,669,190	0.14%
American Stores Company	Business/Retail Center	3,320,586	0.12%
Hillco Realty Management	Property Management	3,291,240	0.12%
		<u>\$ 63,922,437</u>	<u>2.39%</u>
2007 Total EAV		\$ 2,675,494,212	
Percentage of Total			2.39%

(2) Taxpayer	Business/Service	Fiscal year end April 30, 1999	
		Equalized Assessed Valuation	as a % of Total EAV
Federal Realty Investment Trust	Business/Retail Center	\$ 4,531,533	0.36%
Americana Apartments	Real Property	4,175,214	0.33%
Dayton Hudson Corporation	Retail Store	3,903,220	0.31%
Port Clinton Associates	Business/Retail Center	3,698,894	0.29%
American National Bank & Trust	Real Property	3,147,113	0.25%
Toys R Us - Delaware Inc.	Retail Store	2,572,328	0.20%
Highland Park Convalescent Center Assoc.	Senior Care Facility	2,512,996	0.20%
Lucky Stores Properties, Inc.	Retail Store	1,926,534	0.15%
First Street Associates	Business/Retail Center	1,740,656	0.14%
NBD Bank	Financial Institution	1,890,822	0.15%
		<u>\$ 30,099,310</u>	<u>2.38%</u>
1999 Total EAV		\$ 1,262,012,239	
Percentage of Total			2.39%

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 2007 EAV is the most current available for all taxpayers.

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				
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	12,598,581	98.84%	-	12,598,581	98.84%
2005	12,858,791	2007	12,800,096	99.54%	-	12,800,096	99.54%
2006	13,355,343	2007*	13,284,616	99.47%	1,543	13,286,159	99.48%

* Eight months ended December 31, 2007

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 2006 tax levy has not been collected as of the report date.

CITY OF HIGHLAND PARK, ILLINOIS

SALES TAX ANALYSIS BY SIC CODE

Last Ten Calendar Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Municipal Sales Tax										
General merchandise	102,159.82	284,148.61	319,813.57	425,279.15	449,665.88	495,645.02	483,101.68	488,887.52	561,889.62	578,850.88
Food	901,045.12	1,037,729.29	1,045,214.00	1,057,093.91	1,049,456.64	996,333.95	908,731.12	900,575.70	968,252.22	975,243.48
Drinking and eating places	349,392.70	370,684.71	393,596.89	438,213.34	428,680.96	443,253.30	464,391.63	483,989.43	513,234.89	536,748.62
Apparel	329,376.47	360,994.90	485,948.21	463,386.91	448,783.05	449,310.31	428,544.43	459,303.72	446,822.39	427,183.57
Furniture and HH and radio	388,993.25	384,588.36	413,226.26	397,260.15	361,498.57	280,803.36	336,237.36	421,026.36	400,070.84	306,445.48
Lumber, building, and hardware	324,746.53	372,854.36	388,495.82	392,682.99	414,207.09	420,770.86	395,287.27	428,668.18	495,305.88	457,644.14
Automotive and filling stations	3,138,723.64	3,285,288.71	3,287,445.77	3,400,502.06	2,870,392.68	2,947,007.37	2,907,331.85	3,045,355.39	3,466,798.13	3,345,996.52
Drugs and misc retail	823,032.64	915,980.70	956,981.32	986,440.34	1,000,857.24	1,031,035.81	1,043,398.73	1,084,501.52	1,136,443.88	1,192,348.19
Agriculture and all others	550,483.14	552,370.12	565,944.76	545,330.56	542,659.56	512,833.13	514,686.22	514,611.38	551,571.92	582,260.19
Manufacturers	91,000.44	150,737.19	127,566.57	119,841.36	103,825.57	118,355.31	182,909.10	196,068.11	192,174.44	209,486.51

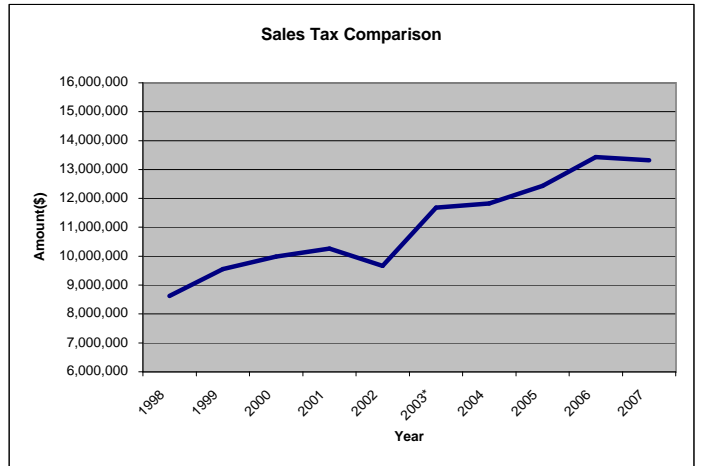
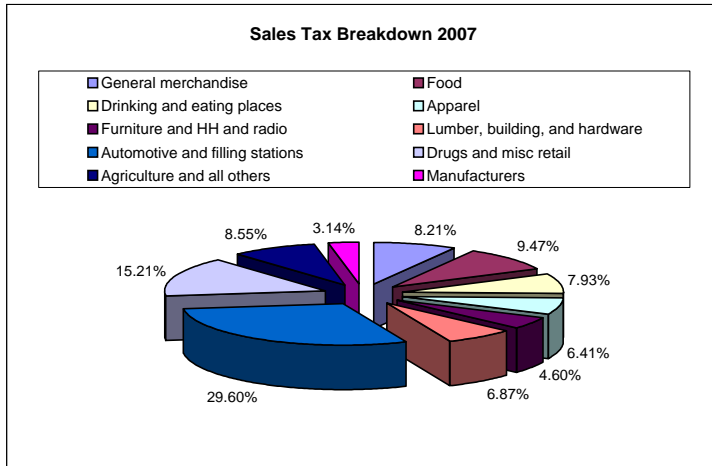
TOTAL	6,998,953.75	7,715,376.95	7,984,233.17	8,226,030.77	7,670,027.24	7,695,348.42	7,664,619.39	8,022,987.31	8,732,564.21	8,612,207.58
% increase/decrease from previous year	10.85%	10.24%	3.48%	3.03%	-6.76%	0.33%	-0.40%	4.68%	8.84%	-1.38%

	1998	1999	2000	2001	2002	2003*	2004	2005	2006	2007
Home Rule Sales Tax										
General merchandise	46,247.72	124,809.01	141,096.08	191,973.30	206,227.76	451,891.46	442,089.88	444,293.03	507,279.50	514,612.17
Food	96,296.28	110,136.61	121,815.34	119,120.40	124,776.93	241,057.42	229,527.48	237,389.05	300,356.54	286,502.27
Drinking and eating places	170,734.59	180,368.35	191,486.39	213,169.16	207,363.35	425,754.98	448,153.40	471,251.05	500,828.97	519,602.47
Apparel	160,838.96	176,381.85	238,848.75	227,107.09	220,713.52	448,256.13	427,557.95	459,231.92	446,779.33	426,900.16
Furniture and HH and radio	194,380.51	192,070.30	206,295.03	198,573.04	180,728.09	279,444.74	335,499.50	421,246.27	399,675.94	305,964.82
Lumber, building, and hardware	161,108.60	184,575.30	193,761.67	196,272.11	207,071.50	414,049.24	395,136.23	428,066.60	495,189.16	457,616.68
Automotive and filling stations	157,539.85	176,193.19	201,325.17	204,120.24	188,510.92	385,171.45	440,118.24	471,626.60	527,071.86	596,428.55
Drugs and misc retail	331,682.42	358,912.85	371,839.24	369,634.45	366,992.07	740,058.43	772,698.91	789,769.98	810,848.75	833,105.42
Agriculture and all others	266,219.46	266,352.06	274,553.59	260,570.32	246,684.21	482,850.94	485,600.53	487,999.61	523,550.81	555,993.49
Manufacturers	42,782.72	73,169.46	62,441.52	56,174.62	50,514.93	114,880.46	180,751.54	195,637.67	191,768.93	209,332.03

TOTAL	1,627,831.11	1,842,968.98	2,003,462.78	2,036,714.73	1,999,583.28	3,983,415.25	4,157,133.66	4,406,511.78	4,703,349.79	4,706,058.06
% increase/decrease from previous year	14.68%	13.22%	8.71%	1.66%	-1.82%	99.21%	4.36%	6.00%	6.74%	0.06%

	1998	1999	2000	2001	2002	2003*	2004	2005	2006	2007
Total Sales Tax										
General merchandise	148,407.54	408,957.62	460,909.65	617,252.45	655,893.64	947,536.48	925,191.56	933,180.55	1,069,169.12	1,093,463.05
Food	997,341.40	1,147,865.90	1,167,029.34	1,176,214.31	1,174,233.57	1,237,391.37	1,138,258.60	1,137,964.75	1,268,608.76	1,261,745.75
Drinking and eating places	520,127.29	551,053.06	585,083.28	651,382.50	636,044.31	869,008.28	912,545.03	955,240.48	1,014,063.86	1,056,351.09
Apparel	490,215.43	537,376.75	724,796.96	690,494.00	669,496.57	897,566.44	856,102.38	918,535.64	893,601.72	854,083.73
Furniture and HH and radio	583,373.76	576,658.66	619,521.29	595,833.19	542,226.66	560,248.10	671,736.86	842,272.63	799,746.78	612,410.30
Lumber, building, and hardware	485,855.13	557,429.66	582,257.49	588,955.10	621,278.59	834,820.10	790,423.50	856,734.78	990,495.04	915,260.82
Automotive and filling stations	3,296,263.49	3,461,481.90	3,488,770.94	3,604,622.30	3,058,903.60	3,332,178.82	3,347,450.09	3,516,981.99	3,993,869.99	3,942,425.07
Drugs and misc retail	1,154,715.06	1,274,893.55	1,328,820.56	1,356,074.79	1,367,849.31	1,771,094.24	1,816,097.64	1,874,271.50	1,947,292.63	2,025,453.61
Agriculture and all others	816,702.60	818,722.18	840,498.35	805,900.88	789,343.77	995,684.07	1,000,286.75	1,002,610.99	1,075,122.73	1,138,253.68
Manufacturers	133,783.16	223,906.65	190,008.09	176,015.98	154,340.50	233,235.77	363,660.64	391,705.78	383,943.37	418,818.54

TOTAL	8,626,784.86	9,558,345.93	9,987,695.95	10,262,745.50	9,669,610.52	11,678,763.67	11,821,753.05	12,429,499.09	13,435,914.00	13,318,265.64
% increase/decrease from previous year	11.56%	10.80%	4.49%	2.75%	-5.78%	20.78%	1.22%	5.14%	8.10%	-0.88%



Source: Illinois Department of Revenue

* Note: Home Rule Sales Tax Rate increased from .50% to 1.00% effective January 1, 2003

CITY OF HIGHLAND PARK, ILLINOIS

SALES TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years
(Rates shown in %)

Fiscal Year	Direct			Overlapping			Total Tax
	City Home Rule	City	Total Direct	State of Illinois	Lake County	Regional Transit Authority	
1999	0.50%	1.00%	1.50%	5.00%	0.25%	0.25%	7.00%
2000	0.50	1.00	1.50	5.00	0.25	0.25	7.00
2001	0.50	1.00	1.50	5.00	0.25	0.25	7.00
2002	0.50	1.00	1.50	5.00	0.25	0.25	7.00
2003 (1)	1.00	1.00	2.00	5.00	0.25	0.25	7.50
2004	1.00	1.00	2.00	5.00	0.25	0.25	7.50
2005	1.00	1.00	2.00	5.00	0.25	0.25	7.50
2006	1.00	1.00	2.00	5.00	0.25	0.25	7.50
2007	1.00	1.00	2.00	5.00	0.25	0.25	7.50
2007*	1.00	1.00	2.00	5.00	0.25	0.25	7.50

*Eight months ended December 31, 2007

(1) Increase in home rule tax rate effective January 1, 2003



Debt Capacity

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
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
2006	30,262	(2)	2,292,119,591	46,354,216	0.0202	1,531.76
2007	30,262	(2)	2,510,402,825	43,735,538	0.0174	1,445.23
2007*	30,262	(2)	2,675,494,212	43,466,444	0.0162	1,436.34

*Eight months ended December 31, 2007

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

OUTSTANDING DEBT BY TYPE AND RATIO OF TOTAL DEBT

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities		Component Unit		Total Debt	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	General Obligation Bonds	Other Payable	Capital Leases	Net Other Post Employment Benefit Obligation	Compensated Absences	General Obligation Bonds	Library						
1999	\$ 20,071,480	\$ 110,000 (1)	\$ -	\$ -	\$ 1,240,727	\$ 8,858,520	\$ 609,131 (2)	\$ 30,889,858	\$ 1,262,012,239	0.0245	30,575	\$ 1,010	
2000	20,506,480	55,000 (1)	-	-	1,345,771	9,808,520	522,266 (2)	32,238,037	1,374,029,568	0.0235	30,575	1,054	
2001	18,316,480	-	-	-	1,254,680	11,573,520	313,813 (2)	31,458,493	1,475,787,574	0.0213	30,262	1,040	
2002	15,013,477	-	-	-	1,294,347	10,615,000	187,278 (2)	27,110,102	1,673,518,251	0.0162	30,262	896	
2003	19,625,635	189,515 (4)	-	-	1,232,985	11,150,000	69,661 (2)	32,267,796	1,749,778,243	0.0184	30,262	1,066	
2004	24,940,000	1,282,276 (4)	-	-	2,129,307	10,115,000	74,187 (3)	38,540,770	1,907,808,257	0.0202	30,262	1,274	
2005	38,850,000	1,160,000 (2)	369,779	-	2,517,684	8,926,573	85,744 (3)	51,909,780	2,042,643,752	0.0254	30,262	1,715	
2006	46,354,216	1,160,000 (2)	238,114	-	2,243,874	7,726,778	92,749 (3)	57,815,731	2,292,119,591	0.0252	30,262	1,911	
2007	43,735,538	-	106,459	1,139,582	2,367,410	7,134,308	199,028 (5)	54,682,325	2,510,402,825	0.0218	30,262	1,807	
2007*	43,466,444	-	18,689	1,913,041	2,217,544	13,944,403	277,336 (5)	61,837,457	2,675,494,212	0.0231	30,262	2,043	

Note: Details of the City's debt can be found in the notes to the financial statements.

- (1) Special service area bonds
- (2) Note payable
- (3) Compensated absences
- (4) Net pension obligations
- (5) Compensated absences and net other post employment benefit obligation

*Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

December 31, 2007

Governmental Unit	General Bonded Debt	Percentage Debt Applicable to the City of Highland Park (1)	City of Highland Park Share of Debt
City of Highland Park	\$ 43,466,444	100.00%	\$ 43,466,444
Lake County	5,481,000	10.04%	550,292
Lake County Forest Preserve District	300,470,000	10.04%	30,167,188
North Shore Sanitary District	7,211,835	26.88%	1,938,541
Deerfield Park District	6,990,000	0.005%	350
Park District of Highland Park	1,270,000	98.68%	1,253,236
School Districts			
District No. 106	2,405,000	3.50%	84,175
District No. 109	19,420,000	4.72%	916,624
District No. 112	63,260,000	94.17%	59,571,942
District No. 113	54,135,000	57.36%	31,051,836
College of Lake County	9,962,475	9.59%	955,401
	<u>470,605,310</u>		<u>126,489,585</u>
	<u>\$ 514,071,754</u>		<u>\$ 169,956,029</u>

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

Data Source

Lake County Clerk's office, phone survey

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2007

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



Demographic and Economic Information

CITY OF HIGHLAND PARK, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Per Capita Income	(2) School Enrollment	(3) Unemployment Rate	(1) Median Age	(1) College Degree
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	55,331	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	6,270	3.2%	40.6	61.6%
2006	30,262	55,331	6,256	3.9%	40.6	61.6%
2007	30,262	55,331	6,256	2.9%	40.6	61.6%
2007*	30,262	55,331	6,212	3.3%	40.6	61.6%

Notes:

- (1) U.S. Census Bureau
- (2) Highland Park School Districts
- (3) Illinois Department of Employment Security

*Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior

<u>Employer</u>	<u>2007*</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Highland Park Hospital	1,200	7.15%
Solo Cup Co	844	5.03%
School District 112	740 (1)	4.41%
Ravinia Festival	690	4.11%
Northern Suburban Special Education District	506	3.01%
School District 113	398 (1)	2.37%
City of Highland Park	317	1.89%
Manor Care of Highland Park	120	0.71%
Guy Scopelliti Landscaping	90 (1)	0.54%
Highland Park Post Office	85	0.51%
	<u>4,990</u>	<u>29.73%</u>
	<u>1999</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Highland Park Hospital	1,200	7.02%
Solo Cup Co	600	3.51%
Ravinia Festival	540 (1)	3.16%
City of Highland Park	316	1.85%
Sunset Food Mart	350	2.05%
Opportunity Inc.	200	1.17%
Mutual Building Materials	70	0.41%
Columbia Audio/Video	65	0.38%
Highland Park Volvo	60	0.35%
	<u>3,401</u>	<u>19.90%</u>

* Eight months ended December 31, 2007

Note: (1) Includes full-time and seasonal employees

Data Source

1998 IL Manufacturers Directory, 1998 IL Services Directory, City records, and phone survey



Operating Information

CITY OF HIGHLAND PARK, ILLINOIS

OPERATING INFORMATION AND INDICATORS

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007*
FIRE PROTECTION										
Emergency responses	n/a	n/a	4,699	4,449	4,464	4,439	4,432	4,419	3,098	1,764
Fires extinguished	n/a	n/a	64	40	50	32	42	24	26	29
PUBLIC WORKS										
Asphalt placed (square yards)	1,206	1,206	1,038	1,010	880	951	1,467	1,996	1,500	2,608
Crack sealing (street miles)	24	24	12	12	21	-	5	-	5	7
Street-sweeping (hours)	n/a	n/a	n/a	790	1,113	1,061	1,664	1,894	2,000	1,650
Number of mainbreaks repaired	54	83	89	71	89	61	104	99	75	39
POLICE PROTECTION										
Parking violations	n/a	n/a	n/a	n/a	6,562	11,448	15,345	14,059	13,894	8,403
Number of arrests	1083	1084	1069	1274	1298	1152	1117	1258	1369	509
Number of traffic citations	5677	6089	6420	6,925	7,876	6,886	6,867	7,331	7,098	2,589
FINANCE										
Number of water bills	40,976	41,368	41,568	41,568	41,568	41,568	41,568	41,016	41,016	25,973
Number of vendor checks	6,995	7,311	7,736	7,049	7,085	7,500	7,645	7,697	7,700	5,087
MUNICIPAL WATER SYSTEM										
Number of customers	10,244	10,342	10,392	10,392	10,392	10,392	10,392	10,254	10,254	10,254
Average daily consumption (gallons)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	11,856,000	11,856,000	11,856,000
Plant capacity (rated) - per day (gallons)	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Miles of water mains (approximate)	150	150	150	150	150	150	150	168	168	168
Number of fire hydrants (approximate)	1,780	1,900	1,900	1,650	1,650	1,650	1,650	1,680	1,680	1,680

*Eight months ended December 31, 2007

Data Source

U.S. Census Bureau and City records

CITY OF HIGHLAND PARK, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007*
AREA - SQUARE MILES	12	12	12	12	12	12	12	12	12	12
FIRE PROTECTION										
Number of stations	3	3	3	3	3	3	3	3	3	3
Fire engines	3	3	3	3	3	3	3	3	3	3
Ambulances	3	3	3	3	3	3	3	3	3	3
POLICE PROTECTION										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	14	14	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	150	150	150	150	150	150	150	168	168	168
Number of fire hydrants (approximate)	1,780	1,900	1,900	1,650	1,650	1,650	1,650	1,680	1,680	1,680
Miles of storm sewer (approximate)	150	150	150	150	150	150	150	178	178	178
Number of street lights	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420	1,420
Miles of sanitary sewer (approximate)	117	117	117	117	117	117	117	130	130	130
MILES OF STREET										
Paved	154	154	154	154	154	154	154	154	154	154
Graded	2	2	2	2	2	2	2	2	2	2
TOTAL	156	156	156	156	156	156	156	156	156	156

Data Source

U.S. Census Bureau and City records

CITY OF HIGHLAND PARK, ILLINOIS
 FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2007*
GENERAL GOVERNMENT	20.94	20.80	20.25	20.25	21.25	20.40	24.40	24.40	22.50	23.25
COMMUNITY DEVELOPMENT	26.60	26.65	27.50	26.50	27.75	28.25	29.25	29.75	29.75	29.50
FINANCE	18.10	18.10	15.50	15.50	15.50	17.50	14.00	13.50	13.50	13.50
FIRE										
Firefighters and officers	51.50	52.50	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00
Civilians	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
POLICE										
Sworn personnel	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00
Civilians	27.30	28.30	28.75	32.75	33.75	33.75	33.75	33.75	33.75	30.25
PUBLIC WORKS										
Maintenance workers	65.75	59.05	62.75	62.75	68.25	68.75	68.75	69.25	67.75	66.25
Engineering	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Administration	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00

* Eight months ended December 31, 2007

Data Source

City budgets