

**City of  
Highland Park  
Illinois**



**Comprehensive Annual  
Financial Report**  
For year ended  
December 31, 2010

CITY OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

For the Year Ended  
December 31, 2010

CITY OF HIGHLAND PARK, ILLINOIS  
TABLE OF CONTENTS

---

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Principal Officials .....	i
Organization Chart.....	ii
Certificate of Achievement for Excellence in Financial Reporting.....	iii
Letter of Transmittal .....	iv-viii
FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT .....	1-2
GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS	
Management’s Discussion and Analysis.....	MD&A 1-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets.....	3
Statement of Activities .....	4-5
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	6-7
Reconciliation of Fund Balances of Governmental Funds to the Governmental Activities in the Statement of Net Assets .....	8
Statement of Revenues, Expenditures, and Changes in Fund Balances ..	9-10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities .....	11

CITY OF HIGHLAND PARK, ILLINOIS  
TABLE OF CONTENTS (Continued)

---

Page(s)

FINANCIAL SECTION (Continued)

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS (Continued)

Basic Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Funds

Statement of Net Assets .....	12-13
Statement of Revenues, Expenses, and Changes in Net Assets .....	14-15
Statement of Cash Flows .....	16-17

Fiduciary Funds

Statement of Fiduciary Net Assets .....	18
Statement of Changes in Fiduciary Net Assets.....	19

Notes to Financial Statements .....	20-58
-------------------------------------	-------

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual

General Fund .....	59-60
Street and Bridge Fund .....	61

Schedule of Funding Progress

Illinois Municipal Retirement Fund .....	62
Police Pension Fund .....	63
Firefighters' Pension Fund .....	64
Other Postemployment Benefit Plan .....	65

Schedule of Employer Contributions

Illinois Municipal Retirement Fund .....	66
Police Pension Fund .....	67
Firefighters' Pension Fund .....	68
Other Postemployment Benefit Plan .....	69

Notes to Required Supplementary Information .....	70
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CITY OF HIGHLAND PARK, ILLINOIS  
TABLE OF CONTENTS (Continued)

---

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

Schedule of Detailed Expenditures - Budget and Actual	
General Fund .....	71-75
Schedule of Revenues, Expenditures, and Changes	
in Fund Balance - Budget and Actual	
Debt Service Fund .....	76
Capital Projects Fund .....	77

NONMAJOR GOVERNMENTAL FUNDS

Combining Balance Sheet .....	78
Combining Statement of Revenues, Expenditures,	
and Changes in Fund Balances.....	79
Schedule of Revenues, Expenditures,	
and Changes in Fund Balance - Budget and Actual	
Motor Fuel Tax Fund.....	80
Emergency 911 System Fund.....	81
Highland Park Theater Fund .....	80
Tax Increment Financing Fund .....	83
Working Capital Public Facility and Improvement Fund .....	84

MAJOR ENTERPRISE FUNDS

Schedule of Revenues, Expenses, and Changes	
in Net Assets - Budget and Actual	
Motor Vehicle Parking System Fund .....	85
Water Fund .....	86
Highland Park Country Club Fund.....	87

INTERNAL SERVICE FUNDS

Combining Statement of Net Assets .....	88
Combining Statement of Revenues, Expenses,	
and Changes in Net Assets .....	89
Combining Statement of Cash Flows.....	90
Schedule of Revenues, Expenses, and Changes in	
Net Assets - Budget and Actual	
Equipment Maintenance and Replacement Fund .....	91
Insurance Fund .....	92

CITY OF HIGHLAND PARK, ILLINOIS  
TABLE OF CONTENTS (Continued)

---

Page(s)

FINANCIAL SECTION (Continued)

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES (Continued)

FIDUCIARY FUNDS

Combining Statement of Plan Net Assets - Pension Trust Funds .....	93
Combining Statement of Changes in Plan Net Assets - Pension Trust Funds ..	94
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	95-96

STATISTICAL SECTION

Financial Trends

Statement of Net Assets by Component .....	97
Fund Balances of Governmental Funds .....	98
Change in Net Assets .....	99-101
Changes in Fund Balances of Governmental Funds .....	102-103

Revenue Capacity

Assessed Value and Actual Value of Taxable Property .....	104
Property Tax Rates - All Direct and Overlapping Governments .....	105
Principal Taxpayers .....	106
Property Tax Levies and Collections.....	107
Sales Tax Analysis by SIC Code .....	108
Sales Tax Rates - All Direct and Overlapping Governments .....	109

Debt Capacity

Ratio of General Bonded Debt to Equalized Assessed Valuation and Net General Obligation Bonded Debt Per Capita .....	110
Outstanding Debt by Type and Ratio of Total Debt .....	111
Schedule of Direct and Overlapping Debt .....	112
Schedule of Legal Debt Margin .....	113

Demographic and Economic Information

Demographic Statistics .....	114
Principal Employers.....	115

Operating Information

Operating Information and Indicators.....	116
Capital Asset Statistics.....	117
Full-Time Equivalent Employees .....	118

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2010

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LEGISLATIVE

Michael D. Belsky, Mayor

City Council

James R. Kirsch

Terri R. Olian

Scott Levenfeld

Nancy R. Roterling

Steven W. Mandel

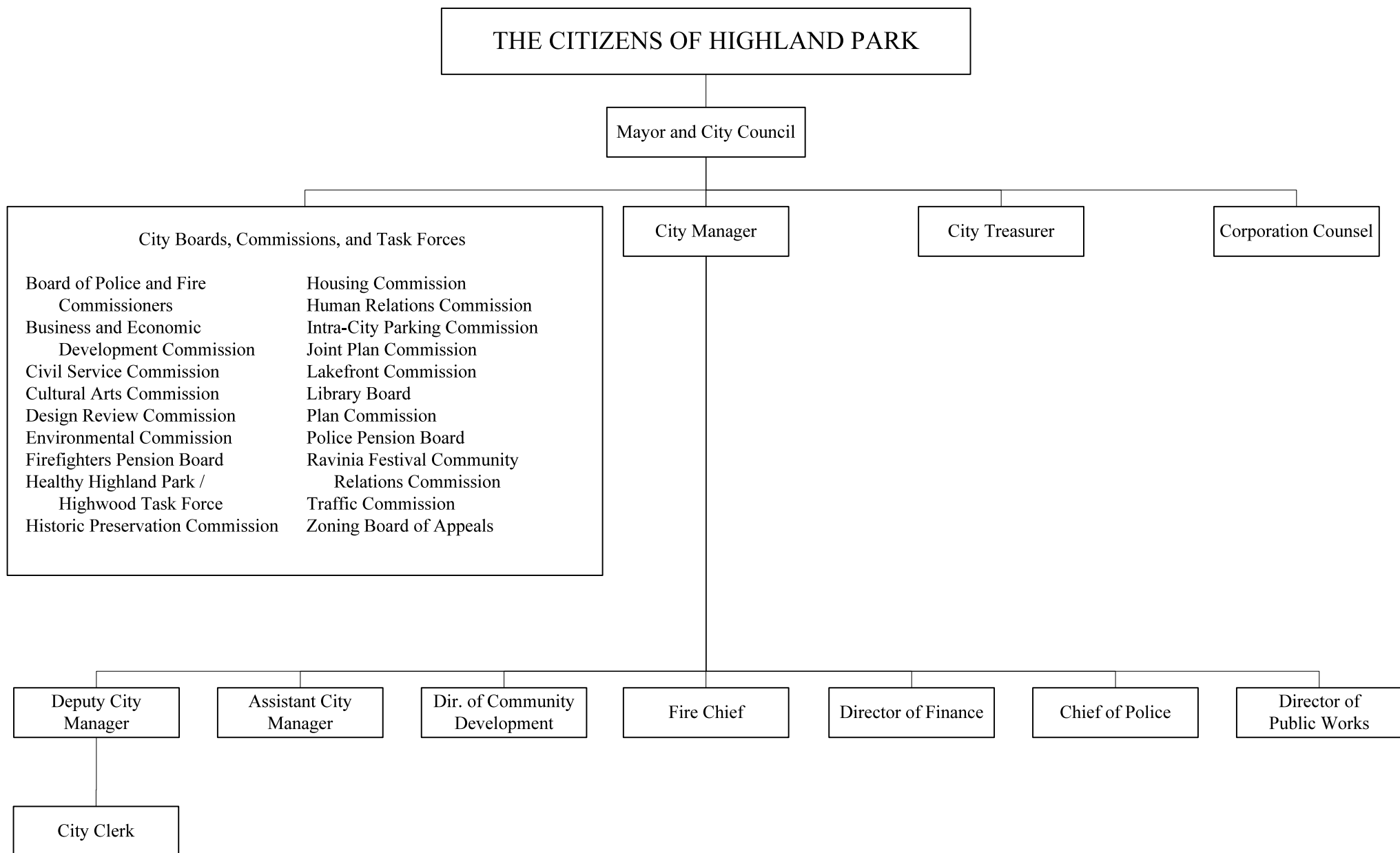
Lawrence D. Silberman

ADMINISTRATIVE

David M. Limardi, City Manager

Elizabeth A. Holleb, Finance Director

Shirley A. Fitzgerald, City Clerk





# 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  
December 31, 2009

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



President

Executive Director



## CITY OF HIGHLAND PARK

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

June 3, 2011

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 fiscal year ended December 31, 2010.

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 fiscal year ended December 31, 2010. 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 31,457. 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 1955. 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 October. 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 within departments of any fund. Any revisions that alter the total expenditures of any department 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 impact of national economic conditions continued to impact the City in 2010, although some improvement was realized over the prior year. Economic conditions over the past three years have impacted several sectors including construction and real estate, consumer spending and business spending. Trends in these sectors have an impact on City revenues such as sales tax, building permits and real estate transfer tax.

Construction and real estate activity remained well below pre-recession levels in 2007. However, building permit revenues were up 33.5% compared to calendar year 2009. Real estate transfer tax revenues posted a 40% increase over 2009, with the number of real estate transfer tax transactions increasing by 17%, indicating an increase in housing prices in 2010. The City's assessed valuation decreased 5.6% from 2009 to 2010 as the impacts of the County's triennial

reassessments reflect lower property values for a greater proportion of properties within the City's tax base.

Retail sales for 2010 increased over the prior year for the first time in four years. Total sales tax revenue increased 3.6% over 2009, with the resurgence of the auto market contributing the greatest dollar increase over the prior year. Municipal sales tax revenue, exclusive of home rule sales tax revenue, provides a better measure of the change in total retail sales in the City and increased 4.75% over calendar year 2009. Increases were posted in the Apparel (27.3%) and Auto (13.6%) sales categories, while continued declines were reported in the following categories: Food (-8.6%); Drinking and Eating Places (-.5%); Lumber, Building and Hardware (-12.9%); Manufacturers (-5.9%); and Furniture, Household and Radio (-17.8%). The fourth quarter of 2010 showed even greater positive trends in consumer spending and consumer confidence.

Business spending also improved in 2010, as retail/commercial vacancies declined from 65 spaces at the start of the year to 40 at the close of 2010. Commercial property inquiries remain strong and the City's economic development office is working to attract and retain businesses in all of the City's business districts. A 2008 partnership of the downtown Property Owners Association, the Highland Park Chamber of Commerce, and the City of Highland Park continues efforts to enhance the economic vitality of the City's Central Business District. In support of the Alliance's efforts, CBD property owners have opted to self impose a tax to fund the activities of the CBD Alliance by establishing a special service area. The CBD Alliance launched several marketing efforts in 2010 to promote retail business in the Central Business District.

Deliberate action by the City's elected and appointed officials in times of economic growth have ensured adequate reserves to sustain service levels during this period of economic decline. With a clear emphasis on maintaining healthy reserves and a desire to ensure that operating expenditures can be sustained at the current level of revenues, the 2011 budget was developed under a revised comprehensive set of Financial and Budgetary Policies. While many of the previous policies were retained, additional budgetary policies were added to enhance the budget process and ensure long-term sustainability. Significant effort has been made to redesign the fund structure for 2011 to enhance transparency, clarity and financial sustainability, as well as to improve the connectivity between revenue sources and expenditures within the fund structure.

The City's long-term economic outlook remains favorable. The 2010 average unemployment rate for the City was 6.7% compared to the State of Illinois rate of 10.3% and Lake County rate of 10.5%. 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.

Economic trends are being monitored closely to gauge the potential impact on the City's budget in 2011. Expenditures are being reduced and deferred whenever possible, and privatization of services is being considered when a cost savings and consistent level of service can be achieved.

### *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 approximately \$2 million in additional sales tax revenue per year, and has been used to fund infrastructure improvements and the abatement of the debt service property tax levy planned for various capital projects.

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. Beginning in 2011, these annual amounts are scheduled to be increased annually by the Construction Cost Index to ensure that the funding commitments keep pace with inflationary construction cost increases. 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 at December 31, 2010, is \$13,153,861, which represents 45.6% of 2011 general fund operating expenditures, exceeding the City's policy guidelines set by the Council for budgetary and planning purposes. These reserves are vital to ensuring the City's ability to weather the current national economic conditions, address growing pension funding requirements and maintain services in the event of unanticipated revenue shortfalls.

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 \$4.4 million to meet future requirements associated with other postemployment benefits. Please refer to the notes to the financial statements for additional information.

### *Major initiatives*

The City is continuing efforts on a \$23 million project to improve its water treatment plant, which was originally constructed in 1929. The project includes replacement of aging infrastructure and other improvements to address regulatory requirements, improve reliability, and increase the capacity of the water plant from 21 million gallons per day to 30 million gallons. Design of the project is nearing completion, with construction anticipated to begin in the third quarter of 2011. Due to the significant portion of water revenues received from contract customers, the City successfully re-negotiated 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*

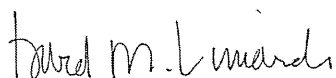
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Park for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2009. This was the twenty-sixth consecutive year that 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 for the fiscal year beginning January 1, 2010. 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 professional 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

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 year ended December 31, 2010, 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 basic 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 15, 2011

A handwritten signature in dark ink, appearing to read "All 22P", is written in a cursive style.



## 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 twelve months ended December 31, 2010. 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, 2010 by \$155.9 million (net assets).
- The government's total net assets increased by \$532,908 during the twelve months ended December 31, 2010. Business-type activities resulted in an \$860,423 increase, attributable primarily to a \$1,332,305 prior period adjustment, while net assets of governmental activities decreased by \$327,515.
- As of December 31, 2010, the City's governmental funds reported combined ending fund balances of \$40.2 million, an increase of \$1.6 million in comparison with the prior fiscal year. This increase is due in large part to an \$783,200 appreciation in the fair market value of investments.
- At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$13,153,861, or 45.6% of 2011 general fund projected operating expenditures, exceeding the City's policy to maintain a minimum balance of 25%.

### 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 reports eleven individual governmental funds in 2010. 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 78 - 84 in this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of the Foreign Fire Insurance Tax Fund and the Environmental Sustainability 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 88 - 92 in this report.

The basic proprietary fund financial statements can be found on pages 12 - 17 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 18 - 19 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 20 - 58 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 59 - 70 of this report.

The combining statements and schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71 - 96 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 \$155.9 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (80.1%) is its investment in capital assets – land, buildings, machinery, and equipment – less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*

(16.2% 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, 2010**

	Governmental Activities		Business-Type Activities		Total	
	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010
Current and Other Assets	\$58,913,590	\$61,840,238	12,345,835	13,155,761	71,259,425	74,995,999
Capital Assets	119,012,062	114,247,731	35,197,554	37,840,509	154,209,616	152,088,240
<b>Total Assets</b>	<b>177,925,652</b>	<b>176,087,969</b>	<b>47,543,389</b>	<b>50,996,270</b>	<b>225,469,041</b>	<b>227,084,239</b>
Long-Term Liabilities Outstanding	43,141,090	40,919,711	12,649,581	15,149,329	55,790,671	56,069,040
Other Liabilities	13,711,128	14,422,339	593,901	686,611	14,305,029	15,108,950
<b>Total Liabilities</b>	<b>56,852,218</b>	<b>55,342,050</b>	<b>13,243,482</b>	<b>15,835,940</b>	<b>70,095,700</b>	<b>71,177,990</b>
Net Assets:						
Capital Assets, net of Debt	97,194,831	95,361,548	29,453,502	29,534,781	126,648,333	124,896,329
Restricted	5,139,201	5,746,288	0	0	5,139,201	5,746,288
Unrestricted	18,739,402	19,638,083	4,846,405	5,625,549	23,585,807	25,263,632
<b>Total Net Assets</b>	<b>121,073,434</b>	<b>120,745,919</b>	<b>34,299,907</b>	<b>35,160,330</b>	<b>155,373,341</b>	<b>155,906,249</b>

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

Within the governmental activities, the City increased "Current and Other Assets" and "Unrestricted Net Assets", primarily as a result of the appreciation in fair market value of investments and increased receivables. "Capital Assets" decreased primarily as a result of depreciation.

A breakdown of the change in net assets follows:

Water Utility	\$ (29,276)
Parking System	(100,193)
Country Club	(342,413)
Governmental Activities	<u>(327,515)</u>
Change in Net Assets	\$ (799,397)

Changes in Net Assets of the Water, Parking and Country Club funds are discussed in more detail on page MD&A-7.

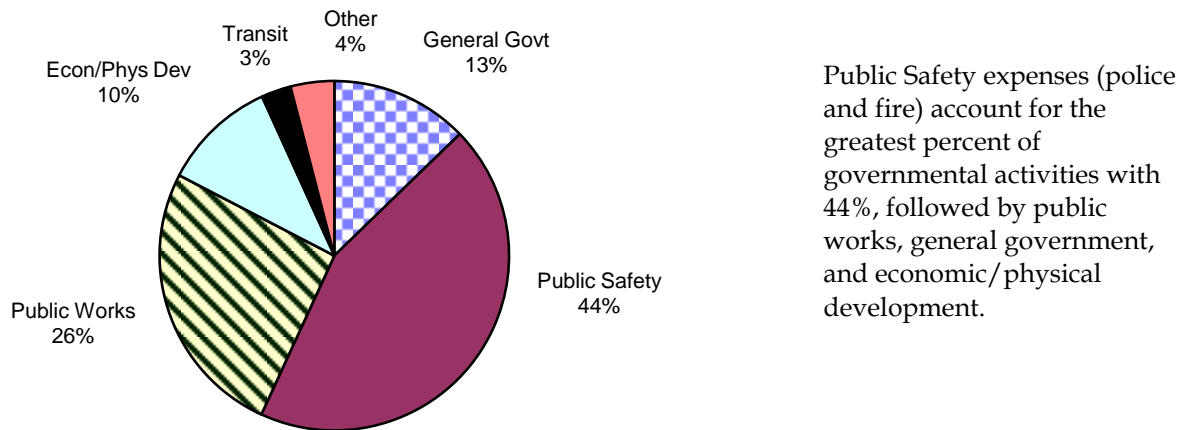
### City of Highland Park's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010
Program Revenues						
Charges for Services	\$7,697,732	\$9,120,909	10,039,644	10,403,243	17,737,376	19,524,152
Operating Grants	1,020,613	938,199	0	74,800	1,020,613	1,012,999
Capital Grants	658,069	538,369	150,000	0	808,069	538,369
General Revenues						
Property Taxes	11,047,744	11,209,516	0	0	11,047,744	11,209,516
Sales Taxes	11,077,115	11,471,636	0	0	11,077,115	11,471,636
Other Taxes	10,459,051	11,107,857	0	0	10,459,051	11,107,857
Payment in Lieu of Taxes	496,932	530,676	0	0	496,932	530,676
Other	(5,838,409)	1,873,021	294,151	192,935	(5,544,258)	2,065,956
<b>TOTAL REVENUES</b>	<b>36,618,847</b>	<b>46,790,183</b>	<b>10,483,795</b>	<b>10,670,978</b>	<b>47,102,642</b>	<b>57,461,161</b>
Expenses						
General Government	4,835,221	6,022,181	0	0	4,835,221	6,022,181
Public Safety	20,411,508	20,825,900	0	0	20,411,508	20,825,900
Public Works	14,075,727	12,159,891	0	0	14,075,727	12,159,891
Economic/Physical Dev	3,695,884	5,002,364	0	0	3,695,884	5,002,364
Transit	1,276,898	1,301,811	0	0	1,276,898	1,301,811
Commissions	432,148	413,921	0	0	432,148	413,921
Interest	1,658,678	1,491,630	0	0	1,658,678	1,491,630
Parking	0	0	974,973	995,796	974,973	995,796
Water	0	0	6,843,685	7,232,335	6,843,685	7,232,335
Country Club	0	0	3,070,537	2,814,729	3,070,537	2,814,729
<b>TOTAL EXPENSES</b>	<b>46,386,064</b>	<b>47,217,698</b>	<b>10,889,195</b>	<b>11,042,860</b>	<b>57,275,259</b>	<b>58,260,558</b>
Increase in Net Assets before Transfers, Special Items and Contributions						
Contributions	(9,767,217)	(427,515)	(405,400)	(371,882)	(10,172,617)	(799,397)
Transfers	100,000	100,000	(100,000)	(100,000)	0	0
<b>Increase in Net Assets</b>	<b>(9,667,217)</b>	<b>(327,515)</b>	<b>(505,400)</b>	<b>(471,882)</b>	<b>(10,172,617)</b>	<b>(799,397)</b>

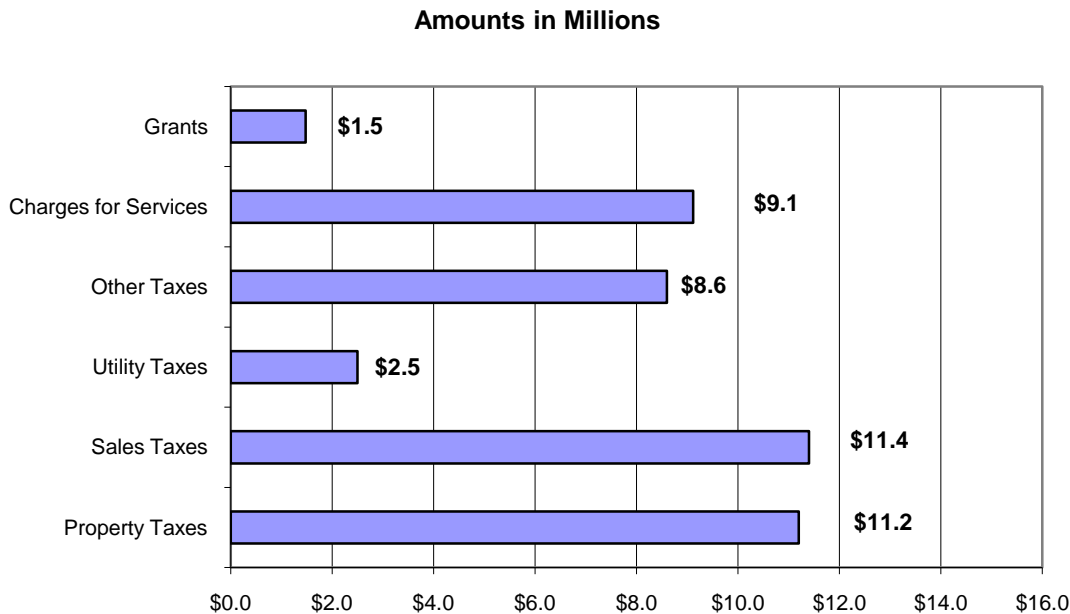
- Property tax revenue increased by \$161,772 (1.46%) over the prior year, due to a .85% increase in the annual levy and additional tax increment revenues resulting from increased assessed valuation in the Tax Increment Financing district. The City is a home-rule municipality and not subject to property tax limitations.
- Sales tax revenue for calendar year 2010, compared to calendar year 2009, increased by \$394,521 (3.56%), the first increase reported in four years. Comparison of other taxes for the period ending December 31, 2010, compared to 2009, reveal an increase in real estate transfer tax (40%), cable television franchise fees (4.8%), local use taxes (6.5%), and replacement tax (7.8%). Declines were reported in utility taxes (3.9%), hotel taxes (6.1%), and income tax (2.2%).

- The change in other revenues is attributable in large part to an unrealized loss of \$6,632,401 in 2009 to reflect General Fund investments at fair market value, offset by a \$783,200 unrealized gain in 2010.
- Expenses increased by \$831,634 due primarily to the addition of the Highland Park Theater operations to the City's financial report. Adjustments in personnel and other cost containment measures have been implemented by the City to offset declining revenues.

### Expenses and Program Revenues – Governmental Activities



### Revenues by Source – Governmental Activities

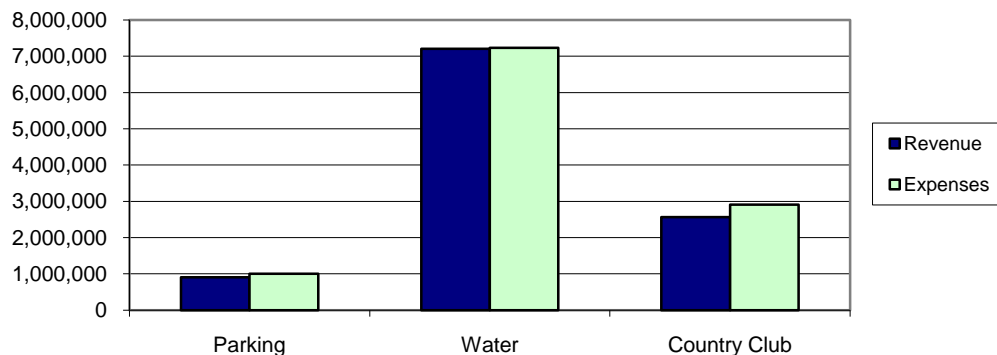


Sales taxes account for the greatest proportion of funding for governmental activities on an annualized basis, followed by property taxes and other taxes. Growth in expenses has been closely monitored for ten consecutive years, with operating departments mandated to contain

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.

### Business-Type Activities

Business-type activities increased the City's net assets by \$860,423. 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 (the Water Fund prior period adjustment is excluded for the presentation below):



- Net assets of the parking fund decreased by \$100,193 in the current fiscal year, the majority of which is due to depreciation.
- The water utility fund net assets increased by \$1,303,029, which is attributable primarily to a prior period adjustment related to accumulated depreciation of infrastructure. With the prior period adjustment excluded, net assets decreased by \$29,276.
- Net assets of the country club fund decreased by \$342,413, the majority of which is due to depreciation.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal year, non-operating revenues/expenses totaled (\$279,317).

### 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, 2010, the City's governmental funds reported combined ending fund balances of \$40.2 million, an increase of \$1.6 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 \$783,200 included in investment income of the General Fund associated with the reporting of investments at fair market value. Of the total fund balance, \$13.2 million constitutes *unreserved, undesignated fund balance* in the General Fund, which is available for spending at the

government's discretion. *Reserved fund balance* totaling \$22.6 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 \$4.4 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 year, unreserved and undesignated fund balance of the general fund was \$13.2 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 43% of total general fund expenditures for the 2010 fiscal year. The unreserved, undesignated fund balance of the general fund decreased by \$134,000 during the current fiscal year. The decrease in fund balance was anticipated to maintain service levels as national economic conditions negatively impacted City revenue sources.

The street and bridge fund has a total fund balance of \$729,239. For the current fiscal year, fund balance increased by \$398,334, which was due to higher than anticipated motor fuel tax receipts and successful cost containment.

The debt service fund has a total fund balance of \$992,144, all of which is reserved for the payment of debt service. During the current fiscal year, the fund posted a \$15,698 increase in fund balance.

The capital projects fund has a fund balance of \$2.56 million at December 31, 2010. During the current fiscal year, the fund posted a \$358,750 increase in fund balance due primarily to the closure of the Working Capital Public Facility and Improvement Fund and transfer of remaining assets to this fund.

Nonmajor governmental funds combined for a total fund balance of \$1.53 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 \$5.0 million at December 31, 2010. Net assets of the water utility fund amounted to \$20.7 million. Net assets of the country club operation amounted to \$9.4 million. The total reduction in net assets for all proprietary funds was \$471,882, before the impact of the \$1,332,305 prior period adjustment in the Water Fund. 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 year to transfer appropriations between operating departments and to provide for unanticipated expenditures. Actual revenues exceeded budget by \$655,000, due primarily to a \$783,200 adjustment of the fair market value of investments, a financial reporting adjustment that is not budgeted. Positive variances of significance were reported in permits, fines and forfeitures, real estate transfer tax and reimbursements. Shortfalls were reported in utility tax, income tax and franchise fees. Total General Fund expenditures were 93% of budget, resulting in a budgetary savings of \$2.2 million. General fund transfers out totaled \$2.2 million. Due to the impact of national economic



conditions the City projected a drawdown of general fund balance of \$1.1 million, but achieved a favorable budget variance in reporting an increase in fund balance of nearly \$.9 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, 2010, amounts to \$124.9 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:

- Construction in Progress of \$2.5 million pertaining to the Water Treatment Plant improvement project.

### City of Highland Park's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010
Land	\$8,923,202	\$8,923,202	\$4,981,323	\$4,981,323	\$13,904,525	\$13,904,525
Buildings and improvements	52,752,590	51,300,045	14,653,609	13,903,894	67,406,199	65,203,939
Machinery and equipment	4,354,104	3,630,128	968,983	792,464	5,323,087	4,422,592
Infrastructure	52,982,166	50,394,356	13,747,346	14,799,964	66,729,512	65,194,320
Construction in progress	-	-	846,293	3,362,864	846,293	3,362,864
Total	\$119,012,062	\$114,247,731	\$35,197,554	\$37,840,509	\$154,209,616	\$152,088,240

Additional information on the City's capital assets can be found in note 5 on pages 33 - 34 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$49,146,458. Of this amount, \$34,326,458 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	
	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010
Total	\$37,516,926	\$34,326,458	\$12,490,000	\$14,820,000	\$50,006,926	\$49,146,458

The City's total bonded debt decreased by \$.86 million during the current fiscal year. The City's general obligation bonds maintain a "Aaa" rating from Moody's Investors Service. In 2010, the City refunded a portion of its outstanding debt, achieving a cash flow savings of approximately \$338,000. Additional detail of the refunding can be found in note 7.

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 \$49 million represents 1.93% of the City's equalized assessed valuation.

Additional information on the City's long-term debt can be found in the Notes to Financial Statements 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 property tax base consists of 92% residential property. Economic trends in the second half of 2009 began to stabilize, and the City began to see slight increases in revenues driven by the economic climate. As predicted, the City has experienced measurable growth in sales tax, building permit and real estate transfer tax revenues. Due to the County's triennial cycle of property assessments, it is anticipated that assessed valuations will decline for at least one additional year, which has increased the property tax rate but not impacted property tax revenues for the City. With sales tax being the primary revenue source for general fund operations, the City continues to monitor this revenue closely and take further steps to promote retail sales in the City. Other economic factors impacting the City's budget are as follows:

- The unemployment rate for the City is consistently lower than that of Lake County and the State of Illinois. The 2010 average unemployment rate for the City was 6.7%, compared to 10.5% for Lake County and 10.3% for the State of Illinois.
- Sales taxes continue to show monthly growth over the same period in the prior year, indicating sustained growth in retail sales within the City.
- 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 monitors sales tax, building permit and real estate transfer tax revenue on a monthly basis, as these three revenue sources are impacted by national economic conditions. This practice allows the City to continually assess the need for reduced expenditures to offset revenue shortfalls.

In response to national economic conditions, the City has taken several steps to ensure fiscal sustainability in preparing the 2011 budget, including the reduction of 14 full-time positions, targeted expenditure reductions, deferring non-essential capital expenditures and analyzing fees to achieve greater cost recovery. The 2011 budget projects that general fund operating revenues will exceed operating expenditures by \$64,362.

### **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, 2010

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Highland Park Public Library
<b>ASSETS</b>				
Cash	\$ 18,754,013	\$ 4,777,326	\$ 23,531,339	\$ 607,174
Investments	19,280,396	7,383,358	26,663,754	2,147,877
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	11,460,685	-	11,460,685	4,059,000
Motor fuel tax allotments	120,552	-	120,552	-
Intergovernmental	5,342,162	46,363	5,388,525	-
Loans	350,000	-	350,000	-
Accounts	2,060,331	1,012,214	3,072,545	241
Accrued interest	62,006	-	62,006	-
Prepaid expenses	328,282	428,000	756,282	3,271
Inventory	-	40,910	40,910	-
Due to/from other funds	660,000	(660,000)	-	-
Deferred charges	55,326	127,590	182,916	-
Net pension asset	3,366,485	-	3,366,485	-
Capital assets not being depreciated	8,923,202	8,344,187	17,267,389	500,000
Capital assets being depreciated, net of accumulated depreciation	105,324,529	29,496,322	134,820,851	2,369,435
Total assets	176,087,969	50,996,270	227,084,239	9,686,998
<b>LIABILITIES</b>				
Accounts payable	2,542,572	426,193	2,968,765	111,710
Accrued payroll	254,032	175,999	430,031	44,513
Accrued interest payable	63,887	1,716	65,603	-
Unearned revenues	11,506,309	12,405	11,518,714	4,059,000
Refundable deposits	55,539	70,298	125,837	-
Noncurrent liabilities				
Due within one year	4,449,590	875,000	5,324,590	18,098
Due in more than one year	36,470,121	14,274,329	50,744,450	310,612
Total liabilities	55,342,050	15,835,940	71,177,990	4,543,933
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	95,361,548	29,534,781	124,896,329	2,869,435
Restricted for				
Debt service	992,144	-	992,144	-
Public safety	676,290	-	676,290	-
Highways and streets	3,433,167	-	3,433,167	-
Economic development	644,687	-	644,687	-
Culture and recreation	-	-	-	466,114
Unrestricted	19,638,083	5,625,549	25,263,632	1,807,516
TOTAL NET ASSETS	\$ 120,745,919	\$ 35,160,330	\$ 155,906,249	\$ 5,143,065

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 6,022,181	\$ 1,343,270	\$ -	\$ -
Public safety	20,825,900	2,587,093	38,378	-
Public works	12,159,891	3,012,443	899,821	95,485
Economic and physical development	5,002,364	1,490,589	-	-
Transit	1,301,811	1,130,398	-	-
Commissions	413,921	-	-	-
Interest	1,491,630	-	-	-
Total governmental activities	47,217,698	9,563,793	938,199	95,485
Business-Type Activities				
Parking system	995,796	902,896	-	-
Water	7,232,335	6,935,697	74,800	-
Country club	2,814,729	2,564,650	-	-
Total business-type activities	11,042,860	10,403,243	74,800	-
TOTAL PRIMARY GOVERNMENT	\$ 58,260,558	\$ 19,967,036	\$ 1,012,999	\$ 95,485
COMPONENT UNIT				
Highland Park Public Library	\$ 4,280,176	\$ 96,715	\$ 327,158	\$ -

Net (Expense) Revenue and Change in Net Assets				
Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Highland Park Public Library	
\$ (4,678,911)	\$ -	\$ (4,678,911)	\$ -	-
(18,200,429)	-	(18,200,429)	-	-
(8,152,142)	-	(8,152,142)	-	-
(3,511,775)	-	(3,511,775)	-	-
(171,413)	-	(171,413)	-	-
(413,921)	-	(413,921)	-	-
(1,491,630)	-	(1,491,630)	-	-
(36,620,221)	-	(36,620,221)	-	-
-	(92,900)	(92,900)	-	-
-	(221,838)	(221,838)	-	-
-	(250,079)	(250,079)	-	-
-	(564,817)	(564,817)	-	-
(36,620,221)	(564,817)	(37,185,038)	-	-
-	-	-	(3,856,303)	-
General Revenues				
Taxes				
Property	11,209,516	-	11,209,516	3,871,062
Replacement	313,917	-	313,917	44,170
Home rule sales	3,990,319	-	3,990,319	-
Sales	7,481,317	-	7,481,317	-
Utility	2,495,100	-	2,495,100	-
Franchise	2,370,616	-	2,370,616	-
Real estate transfer	1,133,803	-	1,133,803	-
Income	2,393,639	-	2,393,639	-
Other	2,400,782	-	2,400,782	-
Payment in lieu of taxes	530,676	-	530,676	-
Investment income				
Interest income	748,755	5,715	754,470	4,692
Net appreciation in fair value of investments	1,124,266	187,220	1,311,486	-
Transfers	100,000	(100,000)	-	-
Total	36,292,706	92,935	36,385,641	3,919,924
CHANGE IN NET ASSETS	(327,515)	(471,882)	(799,397)	63,621
NET ASSETS, JANUARY 1	121,073,434	34,299,907	155,373,341	5,079,444
Prior period adjustment	-	1,332,305	1,332,305	-
NET ASSETS, JANUARY 1, RESTATED	121,073,434	35,632,212	156,705,646	5,079,444
NET ASSETS, DECEMBER 31	\$ 120,745,919	\$ 35,160,330	\$ 155,906,249	\$ 5,143,065

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2010

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 12,298,639	\$ 604,997	\$ 241,084	\$ 721,621	\$ 1,429,118	\$ 15,295,459
Investments	16,831,100	-	751,060	1,698,236	-	19,280,396
Receivables						
Property taxes	6,186,084	1,369,000	3,527,335	178,266	200,000	11,460,685
Motor fuel tax allotments	-	-	-	-	120,552	120,552
Intergovernmental	5,298,736	-	-	43,426	-	5,342,162
Loans	-	-	-	350,000	-	350,000
Accounts	1,553,232	343,974	-	123,200	-	2,020,406
Accrued interest	62,006	-	-	-	-	62,006
Due from other funds	660,000	-	-	-	-	660,000
<b>TOTAL ASSETS</b>	<b>\$ 42,889,797</b>	<b>\$ 2,317,971</b>	<b>\$ 4,519,479</b>	<b>\$ 3,114,749</b>	<b>\$ 1,749,670</b>	<b>\$ 54,591,666</b>

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 1,554,388	\$ 197,720	\$ -	\$ 370,723	\$ 13,819	\$ 2,136,650
Accrued payroll	151,903	22,012	-	-	2,616	176,531
Deferred revenue	6,770,511	1,369,000	3,527,335	178,266	200,000	12,045,112
Refundable deposits	52,539	-	-	3,000	-	55,539
Total liabilities	8,529,341	1,588,732	3,527,335	551,989	216,435	14,413,832
<b>FUND BALANCES</b>						
Reserved for debt service	-	-	992,144	-	-	992,144
Reserved for loans	-	-	-	350,000	-	350,000
Reserved for employee retirement	16,831,100	-	-	-	-	16,831,100
Reserved for public safety	-	-	-	-	676,290	676,290
Reserved for streets	-	729,239	-	2,212,760	141,168	3,083,167
Reserved for sustainability initiatives	-	-	-	-	79,587	79,587
Reserved for economic development	-	-	-	-	644,687	644,687
Unreserved						
Designated						
Other postemployment benefits	4,375,495	-	-	-	-	4,375,495
Undesignated						
General Fund	13,153,861	-	-	-	-	13,153,861
Special Revenue Fund	-	-	-	-	(8,497)	(8,497)
Total fund balances	34,360,456	729,239	992,144	2,562,760	1,533,235	40,177,834
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 42,889,797</b>	<b>\$ 2,317,971</b>	<b>\$ 4,519,479</b>	<b>\$ 3,114,749</b>	<b>\$ 1,749,670</b>	<b>\$ 54,591,666</b>

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, 2010

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FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 40,177,834
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	114,247,731
Less amount reported in internal service funds below	(2,310,068)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	(34,326,458)
Deferred charges is reported as an asset on the statement of net assets.	55,326
Loss on refunding on bonds is reported as a liability on the statement of net assets.	31,463
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net assets.	(92,646)
Accrued interest on long-term liabilities is shown as a liability on the statement of net assets	(63,887)
Net pension asset for the fire and police pension funds is shown as an asset on the statement of net assets	3,366,485
Net pension obligation for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net assets	(241,652)
The net other postemployment benefit obligation is shown as a liability on the statement of net assets	(4,251,406)
The compensated absences liability for the City and certain claims payable are not due and payable in the current period and, therefore, not reported in the governmental funds	(2,515,277)
Certain revenues are deferred at the fund level on the modified accrual basis of accounting but not at the entity-wide level	1,038,803
The net assets of the internal service fund are included in the governmental activities in the statement of net assets	<u>5,629,671</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 120,745,919</u>

See accompanying notes to financial statements.



## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 4,439,304	\$ 1,827,883	\$ 3,413,783	\$ 1,330,626	\$ 197,921	\$ 11,209,517
Illinois state replacement taxes	313,917	-	-	-	-	313,917
Licenses and permits	1,256,986	819,906	-	-	-	2,076,892
Charges for current services	1,657,228	2,038,691	-	2,638	1,032,446	4,731,003
Municipal sales tax	11,471,636	-	-	-	-	11,471,636
Fines and forfeitures	820,015	12,160	-	-	-	832,175
Utility tax	2,495,100	-	-	-	-	2,495,100
Real estate transfer tax	1,133,803	-	-	-	-	1,133,803
Motor fuel tax allotments	-	-	-	-	899,821	899,821
Intergovernmental	43,742	-	-	-	97,294	141,036
Illinois state income tax	2,393,639	-	-	-	-	2,393,639
Regional Transportation Authority reimbursement	1,130,398	-	-	-	-	1,130,398
Franchise fees	2,370,616	-	-	-	-	2,370,616
Payment in lieu of taxes	155,676	-	-	375,000	-	530,676
Other taxes	1,299,634	540,477	-	-	-	1,840,111
Reimbursements - other agencies	705,312	-	-	133,739	-	839,051
Investment income						
Interest income	737,926	160	1,354	1,590	7,725	748,755
Net appreciation in fair value of investments	868,839	-	-	-	-	868,839
Miscellaneous	415,089	85,882	-	-	-	500,971
Total revenues	33,708,860	5,325,159	3,415,137	1,843,593	2,235,207	46,527,956

	General	Street and Bridge	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>EXPENDITURES</b>						
Current						
General government	\$ 5,738,520	\$ -	\$ -	\$ -	\$ -	\$ 5,738,520
Public safety	18,564,669	-	-	-	628,266	19,192,935
Public works	1,648,897	4,881,299	-	-	725,686	7,255,882
Economic and physical development	3,166,423	-	-	-	498,502	3,664,925
Transit	1,303,843	-	-	-	-	1,303,843
Commissions	157,802	-	-	-	-	157,802
Debt service						
Principal	-	-	3,265,468	-	-	3,265,468
Interest and fiscal charges	-	-	1,528,452	-	-	1,528,452
Capital outlay	-	45,526	-	3,041,948	-	3,087,474
Total expenditures	30,580,154	4,926,825	4,793,920	3,041,948	1,852,454	45,195,301
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,128,706	398,334	(1,378,783)	(1,198,355)	382,753	1,332,655
<b>OTHER FINANCING SOURCES (USES)</b>						
Bonds issued	-	-	2,368,981	141,019	-	2,510,000
Premium on bonds issued	-	-	137,757	-	-	137,757
Payment to escrow agent	-	-	(2,473,739)	-	-	(2,473,739)
Transfers in	-	-	1,361,482	1,416,086	-	2,777,568
Transfers (out)	(2,244,482)	-	-	-	(433,086)	(2,677,568)
Total other financing sources (uses)	(2,244,482)	-	1,394,481	1,557,105	(433,086)	274,018
NET CHANGES IN FUND BALANCES	884,224	398,334	15,698	358,750	(50,333)	1,606,673
FUND BALANCES, JANUARY 1	33,476,232	330,905	976,446	2,204,010	1,583,568	38,571,161
FUND BALANCES, DECEMBER 31	\$ 34,360,456	\$ 729,239	\$ 992,144	\$ 2,562,760	\$ 1,533,235	\$ 40,177,834

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

NET CHANGE IN FUND BALANCES -		
TOTAL GOVERNMENTAL FUNDS	\$	1,606,673
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		387,270
Certain revenues are deferred in governmental funds but not in governmental activities		255,427
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		(2,510,000)
The premium on issuance of long-term debt is reported as an other financing use in governmental funds but as an increase of principal outstanding in the statement of activities		(137,757)
The payment to escrow agent is reported as an other financing use in governmental funds but as a decrease in principal outstanding in the statement of activities		2,473,739
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities		3,265,468
The issuance costs on long-term debt are reported as an expenditure in governmental funds but as a deferred charge on the statement of net assets		30,246
The decrease in accrued interest payable is shown as an addition to expense on the statement of activities		741
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	\$ (4,802,317)	
Amortization	<u>5,835</u>	(4,796,482)
The change in compensated absences payable is shown as an expense on the statement of activities		24,014
The decrease in net pension asset is reported as an increase in expense on the statement of activities		(441,870)
The increase in net pension obligation is reported as an increase in expense on the statement of activities		(241,652)
The increase in net other postemployment benefits obligation is reported as an expense on the statement of activities		(666,533)
The change in net assets of certain activities of internal service funds is in governmental funds		<u>423,201</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(327,515)</u></u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
<b>CURRENT ASSETS</b>					
Cash	\$ 1,322,840	\$ 3,403,485	\$ 51,001	\$ 4,777,326	\$ 3,458,554
Investments	-	7,383,358	-	7,383,358	-
Receivables					
Billed	-	252,998	68,409	321,407	39,925
Unbilled	-	690,807	-	690,807	-
Due from other governments	46,363	-	-	46,363	-
Prepaid expenses	-	428,000	-	428,000	328,282
Inventories	-	-	40,910	40,910	-
<b>Total current assets</b>	<b>1,369,203</b>	<b>12,158,648</b>	<b>160,320</b>	<b>13,688,171</b>	<b>3,826,761</b>
<b>NONCURRENT ASSETS</b>					
Capital Assets					
Land	1,319,165	66,958	3,595,200	4,981,323	-
Construction in progress	-	3,362,864	-	3,362,864	-
Parking facilities and equipment	4,476,685	-	-	4,476,685	-
Water plant and equipment	-	44,700,730	-	44,700,730	-
Country club facilities and equipment	-	-	11,473,102	11,473,102	-
Equipment	-	-	-	-	10,851,363
Less accumulated depreciation	(2,115,321)	(24,718,335)	(4,320,539)	(31,154,195)	(8,541,295)
<b>Net capital assets</b>	<b>3,680,529</b>	<b>23,412,217</b>	<b>10,747,763</b>	<b>37,840,509</b>	<b>2,310,068</b>
Deferred charges	-	119,160	8,430	127,590	-
<b>Total noncurrent assets</b>	<b>3,680,529</b>	<b>23,531,377</b>	<b>10,756,193</b>	<b>37,968,099</b>	<b>2,310,068</b>
<b>Total assets</b>	<b>5,049,732</b>	<b>35,690,025</b>	<b>10,916,513</b>	<b>51,656,270</b>	<b>6,136,829</b>

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS  
STATEMENT OF NET ASSETS (Continued)  
PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 48,443	\$ 357,466	\$ 20,284	\$ 426,193	\$ 405,922
Accrued payroll	2,304	152,674	21,021	175,999	77,501
Due to other funds	-	-	660,000	660,000	-
Unearned revenues	-	-	12,405	12,405	-
Refundable deposits	-	-	70,298	70,298	-
Interest payable	-	1,646	70	1,716	-
Bonds payable - current	-	655,000	220,000	875,000	-
Total current liabilities	50,747	1,166,786	1,004,078	2,221,611	483,423
<b>LONG-TERM LIABILITIES</b>					
Bond premium (discount)	-	70,086	20,851	90,937	-
Net pension obligation	-	45,310	-	45,310	23,735
Net other postemployment benefit obligation	-	193,082	-	193,082	-
General obligation bonds payable	-	13,480,000	465,000	13,945,000	-
Total long-term liabilities	-	13,788,478	485,851	14,274,329	23,735
Total liabilities	50,747	14,955,264	1,489,929	16,495,940	507,158
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	3,680,529	15,812,340	10,041,912	29,534,781	2,310,068
Unrestricted	1,318,456	4,922,421	(615,328)	5,625,549	3,319,603
<b>TOTAL NET ASSETS</b>	\$ 4,998,985	\$ 20,734,761	\$ 9,426,584	\$ 35,160,330	\$ 5,629,671

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
OPERATING REVENUES					
Charges for services					
Water sales	\$ -	\$ 6,850,918	\$ -	\$ 6,850,918	\$ -
Water permit fees	-	63,254	-	63,254	-
Parking lot collections	606,113	-	-	606,113	-
Parking violations	296,783	-	-	296,783	-
Charges for goods and services	-	-	2,463,630	2,463,630	9,949,034
Miscellaneous	-	21,525	101,020	122,545	57,526
Total operating revenues	902,896	6,935,697	2,564,650	10,403,243	10,006,560
OPERATING EXPENSES					
Personal services	317,820	2,321,215	1,232,077	3,871,112	1,320,151
Contractual services	327,161	1,101,809	563,358	1,992,328	6,628,682
Materials and supplies	15,388	437,506	-	452,894	667,707
Repairs and maintenance	-	32,744	-	32,744	351,607
Small tools and equipment	(2,631)	881,788	640,416	1,519,573	-
Administrative reimbursements	96,100	1,000,000	-	1,096,100	-
Total operating expenses	753,838	5,775,062	2,435,851	8,964,751	8,968,147
OPERATING INCOME BEFORE DEPRECIATION	149,058	1,160,635	128,799	1,438,492	1,038,413
Depreciation	241,958	934,239	354,860	1,531,057	599,615
OPERATING INCOME (LOSS)	(92,900)	226,396	(226,061)	(92,565)	438,798
NONOPERATING REVENUES (EXPENSES)					
Investment income					
Interest income	432	5,342	(59)	5,715	2,305
Net appreciation in fair value of investments	-	187,220	-	187,220	-
Intergovernmental revenue	-	74,800	-	74,800	-
(Loss) on sale of capital assets	(7,725)	-	-	(7,725)	(17,902)
Interest expense and fiscal charges	-	(523,034)	(16,293)	(539,327)	-
Total nonoperating revenues (expenses)	(7,293)	(255,672)	(16,352)	(279,317)	(15,597)

(This statement is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
NET INCOME (LOSS) BEFORE TRANSFERS	\$ (100,193)	\$ (29,276)	\$ (242,413)	\$ (371,882)	\$ 423,201
TRANSFERS					
Transfers (out)	-	-	(100,000)	(100,000)	-
Total transfers	-	-	(100,000)	(100,000)	-
CHANGE IN NET ASSETS	(100,193)	(29,276)	(342,413)	(471,882)	423,201
NET ASSETS, JANUARY 1	5,099,178	19,431,732	9,768,997	34,299,907	5,206,470
Prior period adjustment	-	1,332,305	-	1,332,305	-
NET ASSETS, JANUARY 1, RESTATED	5,099,178	20,764,037	9,768,997	35,632,212	5,206,470
NET ASSETS, DECEMBER 31	\$ 4,998,985	\$ 20,734,761	\$ 9,426,584	\$ 35,160,330	\$ 5,629,671

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	Business-Type Activities				Governmental Activities Internal Service
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 902,896	\$ 6,897,697	\$ 2,557,055	\$ 10,357,648	\$ 1,599,677
Receipts from interfund services	-	-	-	-	8,418,925
Payments to suppliers	(332,171)	(2,846,986)	(1,214,666)	(4,393,823)	(8,013,607)
Payments to employees	(317,414)	(2,267,074)	(1,235,303)	(3,819,791)	(1,289,009)
Payments for interfund services	(96,100)	(895,000)	-	(991,100)	-
Net cash from operating activities	157,211	888,637	107,086	1,152,934	715,986
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Due to/from other funds	-	-	10,000	10,000	-
Interfund transfers	-	-	(100,000)	(100,000)	-
Net cash from noncapital financing activities	-	-	(90,000)	(90,000)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments on bonds	-	(2,905,000)	(190,000)	(3,095,000)	-
Proceeds from bonds issued	-	5,425,000	-	5,425,000	-
Intergovernmental grants	(39,513)	74,800	-	35,287	-
Interest paid	-	(481,771)	3,842	(477,929)	-
Sale of capital assets	499	-	-	499	23,213
Purchase of capital assets	(20,318)	(2,829,613)	-	(2,849,931)	(291,446)
Net cash from capital and related financing activities	(59,332)	(716,584)	(186,158)	(962,074)	(268,233)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	432	5,342	(59)	5,715	2,305
Sale of investments	-	149,480	-	149,480	-
Net cash from investing activities	432	154,822	(59)	155,195	2,305
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	98,311	326,875	(169,131)	256,055	450,058
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	1,224,529	3,076,610	220,132	4,521,271	3,008,496
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 1,322,840</u>	<u>\$ 3,403,485</u>	<u>\$ 51,001</u>	<u>\$ 4,777,326</u>	<u>\$ 3,458,554</u>

(This statement is continued on the following page.)



## CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	Business-Type Activities				Governmental Activities
	Motor Vehicle Parking System	Water	Highland Park Country Club	Total	Internal Service
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (92,900)	\$ 226,396	\$ (226,061)	\$ (92,565)	\$ 438,798
Adjustments to reconcile operating income (loss) to net cash from operating activities					
Depreciation	241,958	934,239	354,860	1,531,057	599,615
Changes in assets and liabilities					
Accounts receivable	-	(38,000)	4,564	(33,436)	12,042
Prepaid expenses	-	(428,000)	31,884	(396,116)	(171,629)
Inventory	-	-	427	427	-
Accounts payable	7,747	139,861	(43,203)	104,405	(193,982)
Net other postemployment benefit obligation	-	5,823	-	5,823	-
Unearned revenues	-	-	12,405	12,405	-
Refundable deposits	-	-	(24,564)	(24,564)	-
Net pension obligation	-	45,310	-	45,310	23,735
Accrued payroll	406	3,008	(3,226)	188	7,407
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 157,211</u>	<u>\$ 888,637</u>	<u>\$ 107,086</u>	<u>\$ 1,152,934</u>	<u>\$ 715,986</u>
NONCASH TRANSACTIONS					
Net appreciation in fair value of investments	<u>\$ -</u>	<u>\$ 187,220</u>	<u>\$ -</u>	<u>\$ 187,220</u>	<u>\$ -</u>
TOTAL NONCASH TRANSACTIONS	<u>\$ -</u>	<u>\$ 187,220</u>	<u>\$ -</u>	<u>\$ 187,220</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

December 31, 2010

	Pension Trust	Agency
<hr/>		
ASSETS		
Cash and cash equivalents	\$ 2,310,440	\$ 2,641,489
Investments		
U.S. Government and agency obligations	28,034,645	-
Mutual funds	15,548,536	-
Common stock	12,371,683	-
Receivables		
Accounts	-	878
Accrued interest	218,682	-
	<hr/>	
Total assets	58,483,986	\$ 2,642,367
	<hr/>	
LIABILITIES		
Accounts payable	45,235	\$ -
Accrued payroll	-	233
Due to others	-	1,254,534
Deposits payable	-	1,387,600
	<hr/>	
Total liabilities	45,235	\$ 2,642,367
	<hr/>	
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 58,438,751</u>	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended December 31, 2010

ADDITIONS

Contributions - employer	
Taxes	\$ 2,719,213
Contributions - plan members	886,531
Contributions - other	348
	<u>          </u>
Total contributions	<u>3,606,092</u>
Investment income	
Net appreciation in fair value of investments	4,204,704
Interest earned on investments	<u>1,458,204</u>
Total investment income	5,662,908
Less investment expenses	<u>(201,833)</u>
Net investment income	<u>5,461,075</u>
Total additions	<u>9,067,167</u>

DEDUCTIONS

Pension and refunds	5,451,434
Miscellaneous	<u>71,335</u>
Total deductions	<u>5,522,769</u>

NET INCREASE 3,544,398

NET ASSETS HELD IN TRUST FOR  
PENSION BENEFITS

January 1	<u>54,894,353</u>
December 31	<u>\$ 58,438,751</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK, ILLINOIS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a. Reporting Entity

The City was incorporated in 1869. The City is a municipal corporation governed by an elected seven-member council. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; health, social, and cultural services; water and sanitation; public improvements; planning and zoning; and general administrative services. As required by 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 to support operations.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

The General 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, street maintenance, maintenance of storm and sanitary sewers, forestry, 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 has chosen to report this fund as a major fund.

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 City has chosen to report this fund as a major fund.

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. These activities are predominantly self-supported by user charges.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following funds:

Internal Service Funds account for health, dental, and life insurance and equipment replacement services that are provided to other departments of the City on a cost reimbursement basis.

Pension Trust Funds account for the accumulation of retirement and disability benefits for the 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Those revenues susceptible to accrual include property taxes, utility 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Cash and Investments (Continued)

Investments

Investments with a maturity of one year or less when purchased and nonnegotiable 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.”

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets (Continued)

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

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

i. Compensated Absences

The City's policy for vacation pay states that vacation time is earned each pay period. Vacation credits carryover 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 or 457 deferred compensation account. 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

#### 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 of \$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.

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

3. DEPOSITS AND INVESTMENTS (Continued)

b. City Deposits with Financial Institutions (Continued)

The City, via the Foreign Fire Insurance Board, had \$33,197 in uninsured and uncollateralized deposits at one financial institution as of December 31, 2010.

c. City Investments

The following table presents the investments and maturities of the City's debt securities as of December 31, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 19,947,337	\$ 10,066,958	\$ 9,880,379	\$ -	\$ -
Illinois Funds	13,474,393	13,474,393	-	-	-
Local government bonds	16,831,000	181,900	818,550	1,289,350	14,541,300
Money market mutual funds	3,429,480	3,429,480	-	-	-
<b>TOTAL</b>	<b>\$ 53,682,310</b>	<b>\$ 27,152,731</b>	<b>\$ 10,698,929</b>	<b>\$ 1,289,350</b>	<b>\$ 14,541,300</b>

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. IMET, Illinois Funds, and local government bonds 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.

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

3. DEPOSITS AND INVESTMENTS (Continued)

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 and Firefighters' Pension Funds' investment policies require 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 Police and Firefighters' Pension Funds or their respective agents in the name of the Police and Firefighters' Pension Funds.

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, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 8,055,255	\$ -	\$ 5,871,496	\$ 2,183,759	\$ -
U.S. agency obligations	5,917,522	315,200	3,420,330	403,511	1,778,481
Money market mutual funds	1,105,356	1,105,356	-	-	-
<b>TOTAL</b>	<b>\$ 15,078,133</b>	<b>\$ 1,420,556</b>	<b>\$ 9,291,826</b>	<b>\$ 2,587,270</b>	<b>\$ 1,778,481</b>

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

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency obligations and 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 requires investments to be held by a separate third-party custodian. The money market mutual funds are not subject to custodial credit risk.

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

3. DEPOSITS AND INVESTMENTS (Continued)

e. Police Pension Fund Investments (Continued)

At December 31, 2010, the Police Pension Fund had greater than 5% of its overall portfolio invested in U.S Treasury obligations (29%) and U.S. agency obligations (21%). To limit the Police Pension Fund's exposure to concentration of credit risk, the investment policy requires that no more than 20% of the portfolio be invested in any single issuer, excluding U.S. Treasury or U.S. agency securities. In addition, the investment policy requires a limitation that sets the maximum of total equity investments at 45% of the plan's assets.

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, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 5,402,749	\$ -	\$ 849,714	\$ 3,070,702	\$ 1,482,333
U.S. agency obligations	8,659,119	125,824	4,342,003	1,157,538	3,033,754
Money market mutual funds	541,678	541,678	-	-	-
<b>TOTAL</b>	<b>\$ 14,603,546</b>	<b>\$ 667,502</b>	<b>\$ 5,191,717</b>	<b>\$ 4,228,240</b>	<b>\$ 4,516,087</b>

In accordance with its investment policy, 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. The investment policy does not limit the maximum maturity length of investments in the Firefighters' Pension Fund, but does require that the portfolio be structured to provide sufficient cash flows to avoid selling debt securities before maturity.

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 and the money market funds are rated AAA. Illinois Funds is 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 Firefighters' Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The investment policy requires that all security transactions that are exposed to custodial credit risk are processed on a delivery versus payment (DVP) basis with the underlying investment held by a third-party acting as the Firefighters' Pension Fund's agent separate from where the investment was purchased. Illinois Funds, money market mutual funds, and mutual funds are not subject to custodial credit risk.



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

3. DEPOSITS AND INVESTMENTS (Continued)

f. Firefighters' Pension Fund Investments (Continued)

At December 31, 2010, the Firefighters' Pension Fund had greater than 5% of its overall portfolio invested in U.S. Treasury obligations (19%) and U.S. agency obligations (31%). To limit the Firefighters' Pension Fund's exposure to concentration of credit risk, the investment policy requires that no more than 20% of the portfolio be invested in any single issuer, excluding U.S. Treasury or U.S. agency securities. In addition, the investment policy requires that investments in Illinois Funds or brokered certificates of deposit not exceed 5% of the portfolio.

4. RECEIVABLES - TAXES

Property taxes for 2010 attach as an enforceable lien on January 1, 2010 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 in May 2011 and are payable in two installments, on June 6, 2011 and September 6, 2011. 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 2010 taxes are intended to finance the 2011 fiscal year and are not considered available for current operations and are, therefore, reported as deferred revenue.

5. CAPITAL ASSETS

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital assets not being depreciated				
Land	\$ 8,663,012	\$ -	\$ -	\$ 8,663,012
Land right of way	260,190	-	-	260,190
Total capital assets not being depreciated	8,923,202	-	-	8,923,202
Capital assets being depreciated				
Buildings and land improvements	72,220,768	71,579	-	72,292,347
Machinery and equipment	15,178,578	349,355	343,576	15,184,357
Infrastructure	114,116,221	257,783	-	114,374,004
Total capital assets being depreciated	201,515,567	678,717	343,576	201,850,708
Less accumulated depreciation for				
Buildings and land improvements	19,468,179	1,524,123	-	20,992,302
Machinery and equipment	10,824,478	1,032,211	302,460	11,554,229
Infrastructure	61,134,050	2,845,598	-	63,979,648
Total accumulated depreciation	91,426,707	5,401,932	302,460	96,526,179
Total capital assets being depreciated, net	110,088,860	(4,723,215)	41,116	105,324,529
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<b>\$119,012,062</b>	<b>\$ (4,723,215)</b>	<b>\$ 41,116</b>	<b>\$114,247,731</b>

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

5. CAPITAL ASSETS (Continued)

GOVERNMENTAL ACTIVITIES

General government	\$ 96,998
Public safety	826,192
Public works	3,575,192
Economic development	50,061
Commissions	253,874
Total depreciation expense before internal service funds	<u>4,802,317</u>

INTERNAL SERVICE FUNDS

General government	14,096
Public safety	189,991
Public works	372,018
Economic development	23,510
Total depreciation expense for internal service funds	<u>599,615</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 5,401,932</u>
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	Beginning Balances, Restated	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 4,981,323	\$ -	\$ -	\$ 4,981,323
Construction in progress	846,293	2,516,571	-	3,362,864
Total capital assets not being depreciated	<u>5,827,616</u>	<u>2,516,571</u>	<u>-</u>	<u>8,344,187</u>
Capital assets being depreciated				
Building	27,158,340	-	-	27,158,340
Infrastructure	28,176,065	313,042	-	28,489,107
Machinery and equipment	4,999,793	20,318	17,041	5,003,070
Total capital assets being depreciated	<u>60,334,198</u>	<u>333,360</u>	<u>17,041</u>	<u>60,650,517</u>
Less accumulated depreciation for				
Building	12,504,693	749,753	-	13,254,446
Infrastructure	13,096,413	592,730	-	13,689,143
Machinery and equipment	4,030,849	188,573	8,816	4,210,606
Total accumulated depreciation	<u>29,631,955</u>	<u>1,531,056</u>	<u>8,816</u>	<u>31,154,195</u>
Total capital assets being depreciated, net	<u>30,702,243</u>	<u>(1,197,696)</u>	<u>8,225</u>	<u>29,496,322</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 36,529,859</u>	<u>\$ 1,318,875</u>	<u>\$ 8,225</u>	<u>\$ 37,840,509</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. Effective December 31, 2007, the City withdrew from its participation in a public entity risk pool. Effective January 1, 2008, the City is self-insured for general liability and workers' compensation and has recorded the self-insurance liability in the General Fund if matured or in the governmental activities if unmatured for those risks.

Property Insurance

The City has purchased third-party indemnity coverage for property and casualty losses. The City is covered up to 100% of cash value for property, with a self-insured retention of \$100,000 per occurrence for flood and quake and \$10,000 for all other losses.

Liability Insurance

The City is self-insured for general liability insurance up to \$25,000. The City has purchased specific stop-loss coverage for claims to \$10,000,000. The City's liability insurance carrier administers claims as directed by the City's Finance Director.

Workers' Compensation

The City is self-insured for workers' compensation. In order to limit its exposure to losses, the City has purchased specific stop-loss coverage limiting its exposure to \$250,000 per occurrence with specific excess coverage providing insurance above \$250,000 per occurrence up to the statutory maximum. The City has hired a third-party administrator to review, process, and pay claims as directed by the City's Deputy City Manager.

The Parking and Water Funds of the City participate and make payments to the General Fund based upon estimates of the amounts needed to pay prior and current year claims. Liabilities 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 fiscal year are as follows:

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

6. RISK MANAGEMENT (Continued)

Workers' Compensation (Continued)

A reconciliation of the claims liability is as follows:

	December 31, 2010	December 31, 2009
CLAIMS PAYABLE, BEGINNING OF YEAR	\$ 248,751	\$ 304,142
Add claims incurred	1,568,107	104,255
Less claims paid	(1,126,548)	(159,646)
CLAIMS PAYABLE, END OF YEAR	\$ 690,310	\$ 248,751

Effective December 31, 2007, the City has withdrawn its membership from the Intergovernmental Risk Management Agency (IRMA) and is instead purchasing third-party indemnity coverage to limit its exposures to various risks of loss. In accordance with IRMA by-laws, the City will be paid out its share of funds remaining with IRMA over a number of years as claim years are closed out. The City has recorded a receivable of \$538,803 as the amount it estimates to receive from IRMA.

Intergovernmental Personnel Benefit Cooperative

The City participates in the Intergovernmental Personnel Benefit Cooperative (IPBC) effective January 1, 2008. IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental, and nonprofit public service entities.

IPBC receives, processes, and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Benefit Administrator and a Treasurer. The City does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors.

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

7. LONG-TERM DEBT

a. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds 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 January 1	Issuances	Retirements	Balances December 31	Current
\$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	\$ 2,435,000	\$ -	\$ 2,435,000	\$ -	\$ -
\$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	3,400,000	-	775,000	2,625,000	770,000
\$9,000,000, 2003 General Obligation Corporate Purpose Bonds, due in annual installments of \$615,000 to \$900,000 through 2016, interest at 1.60% to 3.60%	Debt Service	4,915,000	-	750,000	4,165,000	770,000
\$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 4.80%	Debt Service	9,620,609	-	106,451	9,514,158	111,760

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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Debt Service General Obligation Bonds (Continued)

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current
\$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	\$ 6,056,317	\$ -	\$ 69,017	\$ 5,987,300	\$ 69,210
\$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	8,505,000	-	610,000	7,895,000	870,000
\$1,000,000, 2005B General Obligation Refunding Bonds, due in annual installments of \$36,143 to \$200,000 through 2019, interest at 3.75% to 4.05%	Debt Service	200,000	-	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	2,385,000	-	140,000	2,245,000	165,000
\$2,510,000, 2010 General Obligation Refunding Bonds, due in annual installments of \$615,000 to \$660,000 through 2013, interest at 1.00% to 4.00%	Debt Service	-	2,510,000	615,000	1,895,000	600,000
TOTAL		\$37,516,926	\$ 2,510,000	\$ 5,700,468	\$ 34,326,458	\$ 3,355,970

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 January 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 31, 2021, interest at 4.00% to 4.25%	Water Fund	\$ 755,000	\$ -	\$ 755,000	\$ -	\$ -
\$1,000,000, 1999 General Obligation Corporate Purpose Bonds, due in annual installments of \$55,000 to \$155,000 through 2013, interest at 4.80% to 5.00%	Water Fund	690,000	-	690,000	-	-
\$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	1,065,000	-	1,065,000	-	-
\$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	1,160,000	-	70,000	1,090,000	70,000
\$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	800,000	-	75,000	725,000	75,000
\$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	7,145,000	-	200,000	6,945,000	210,000

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 January 1	Issuances	Retirements	Balances December 31	Current
\$2,425,000, 2010 General Obligation Refunding Bonds, due in annual installments of \$50,000 to \$325,000 through 2021, interest at 1.00% to 4.00%	Water Fund	\$ -	\$ 2,425,000	\$ 50,000	\$ 2,375,000	\$ 300,000
\$3,000,000, 2010A Taxable General Obligation Bonds, due in annual installments of \$1,475,000 to \$1,525,000 through 2031, interest at 5.60%. Pursuant to the American Recovery and Reinvestment Act, the City is eligible to receive a rebate from the U.S. Treasury Department of 45% of the interest paid each year. The net interest rate for the 2010A Recovery Zone Economic Development Bonds, after rebate, is 3.08%	Water Fund	-	3,000,000	-	3,000,000	-
TOTAL		\$ 11,615,000	\$ 5,425,000	\$ 2,905,000	\$ 14,135,000	\$ 655,000

Country Club Fund General Obligation Bonds

Issue	Fund Debt Retired by	Balances January 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 31, 2013, interest at 4.100% to 4.125%	Country Club Fund	\$ 95,000	\$ -	\$ 95,000	\$ -	\$ -
\$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	390,000	-	390,000	-	-



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

7. LONG-TERM DEBT (Continued)

a. General Obligation Bonds (Continued)

Country Club Fund General Obligation Bonds

Issue	Fund Debt Retired by	Balances January 1	Issuances	Retirements	Balances December 31	Current
\$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	\$ 390,000	\$ -	\$ 390,000	\$ -	\$ -
\$855,000, 2010 General Obligation Refunding Bonds, due in annual installments of \$170,000 to \$235,000 through 2013, interest at 1.00% to 4.00%	Country Club Fund	-	855,000	170,000	685,000	220,000
TOTAL		\$ 875,000	\$ 855,000	\$ 1,045,000	\$ 685,000	\$ 220,000

b. Debt Service Requirements to Maturity

Fiscal Year Ending	Governmental Activities			Business-Type Activities			Total Principal and Interest
	Principal	Interest	Total	Principal	Interest	Total	
2011	\$ 3,355,970	\$ 1,421,410	\$ 4,777,380	\$ 875,000	\$ 617,546	\$ 1,492,546	\$ 6,269,926
2012	3,476,497	1,300,716	4,777,213	920,000	583,876	1,503,876	6,281,089
2013	3,397,048	1,180,184	4,577,232	955,000	553,851	1,508,851	6,086,083
2014	3,057,626	1,055,029	4,112,655	565,000	516,921	1,081,921	5,194,576
2015	3,188,233	941,812	4,130,045	585,000	498,576	1,083,576	5,213,621
2016	1,853,868	822,100	2,675,968	625,000	479,091	1,104,091	3,780,059
2017	1,029,534	751,234	1,780,768	645,000	457,988	1,102,988	2,883,756
2018	475,231	710,269	1,185,500	695,000	433,084	1,128,084	2,313,584
2019	495,962	689,878	1,185,840	610,000	406,307	1,016,307	2,202,147
2020	521,728	667,912	1,189,640	635,000	382,158	1,017,158	2,206,798
2021	542,531	644,789	1,187,320	530,000	357,807	887,807	2,075,127
2022	308,373	620,747	929,120	450,000	337,708	787,708	1,716,828
2023	319,255	605,945	925,200	350,000	320,857	670,857	1,596,057
2024	335,179	590,621	925,800	365,000	306,858	671,858	1,597,658
2025	356,148	574,532	930,680	380,000	292,257	672,257	1,602,937
2026	367,163	557,437	924,600	395,000	277,058	672,058	1,596,658
2027	383,227	539,813	923,040	410,000	261,257	671,257	1,594,297
2028	404,342	521,418	925,760	430,000	244,448	674,448	1,600,208
2029	425,510	502,010	927,520	450,000	226,817	676,817	1,604,337
2030	441,735	481,585	923,320	1,940,000	208,143	2,148,143	3,071,463
2031	468,017	460,383	928,400	2,010,000	106,012	2,116,012	3,044,412
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	\$ 34,326,458	\$ 16,881,841	\$ 51,208,299	\$ 14,820,000	\$ 7,868,620	\$ 22,688,620	\$ 73,896,919

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

7. LONG-TERM DEBT (Continued)

c. Changes in Long-Term Liabilities

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

	Balances January 1	Additions	Reductions	Balances December 31	Current
<u>Primary Government</u>					
GOVERNMENTAL ACTIVITIES					
Compensated absences*	\$ 2,039,291	\$ 1,180,360	\$ 1,204,374	\$ 2,015,277	\$ 1,093,620
Net other postemployment benefit obligation*	3,584,875	666,531	-	4,251,406	-
Net pension obligation*	-	265,387	-	265,387	-
General obligation bonds Unamortized bond (discount) premium	37,516,926	2,510,000	5,700,468	34,326,458	3,355,970
Unamortized loss on refunding	(22,769)	137,757	22,342	92,646	-
	-	(38,455)	(6,992)	(31,463)	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 43,118,323	\$ 4,721,580	\$ 6,920,192	\$ 40,919,711	\$ 4,449,590
BUSINESS-TYPE ACTIVITIES					
Net other postemployment benefit obligation	\$ 187,259	\$ 5,823	\$ -	\$ 193,082	\$ -
Net pension obligation	-	45,310	-	45,310	-
General obligation bonds Unamortized bond (discount) premium	12,490,000	6,280,000	3,950,000	14,820,000	875,000
Unamortized loss on refunding	(27,678)	210,680	5,945	177,057	-
	-	(94,502)	(8,382)	(86,120)	-
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 12,649,581	\$ 6,447,311	\$ 3,947,563	\$ 15,149,329	\$ 875,000

\* Retired primarily by the General Fund

d. Advance Refunding

On April 15, 2010, the City issued \$5,790,000 general obligation refunding bonds, the proceeds (net of \$141,019 used for capital projects) of which were placed in an irrevocable escrow, to advance refund \$850,000 of the outstanding 1998 General Obligation bonds, \$1,080,000 of the outstanding 1999 General Obligation bonds, \$1,455,000 of the outstanding 2000 General Obligation bonds, and \$2,435,000 of the outstanding 2001 General Obligation refunding bonds. As a result of the refunding, the City realized a cash flow savings of approximately \$338,751 and an economic gain of approximately \$334,139. The refunded bonds were called and retired on May 17, 2010.

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

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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 AND INDIVIDUAL FUND DISCLOSURES

Due From/To Other Funds

Fund	Due From	Due To
<b>MAJOR GOVERNMENTAL</b>		
General		
Highland Park Country Club	\$ 660,000	\$ -
<b>BUSINESS-TYPE ACTIVITIES</b>		
Highland Park Country Club		
General	-	660,000
<b>TOTAL</b>	<b>\$ 660,000</b>	<b>\$ 660,000</b>

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

- \$660,000 owed to the General Fund by the Highland Park Country Club Fund for short-term cash deficit. Repayment is expected within one year.

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

8. INTERFUND ACCOUNTS AND INDIVIDUAL FUND DISCLOSURES (Continued)

Transfers

	Transfers In	Transfers (Out)
<b>MAJOR GOVERNMENTAL</b>		
General		
Debt Service	\$ -	\$ 1,261,482
Capital Projects	-	983,000
Total General	-	2,244,482
Debt Service		
General	1,261,482	-
Highland Park Country Club	100,000	-
Total Debt Service	1,361,482	-
Capital Projects		
General	983,000	-
Nonmajor governmental	433,086	-
Total Capital Projects	1,416,086	-
<b>NONMAJOR GOVERNMENTAL</b>		
Working Capital Public Facility and Improvement		
Capital Projects	-	433,086
<b>BUSINESS-TYPE ACTIVITIES</b>		
Highland Park Country Club		
Debt Service	-	100,000
<b>TOTAL</b>	<b>\$ 2,777,568</b>	<b>\$ 2,777,568</b>

The purpose of the significant transfers is as follows:

- \$1,261,482 transferred from the General Fund to the Debt Service Fund to pay debt service obligations.
- \$983,000 transferred from the General Fund to the Capital Projects Fund to fund capital outlay and capital projects.
- \$433,086 transferred to the Capital Projects Fund to close the Working Capital Public Facility and Improvement Fund.
- \$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 City is unaware of and anticipates no expenditures to be disallowed.

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 \$11,912,848, including interest through December 31, 2010. The total expenditures incurred to date in existing rebates as of December 31, 2010 is \$2,696,653.

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' Pension 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 IMRF as specified by statute. The employer required annual contribution rate for the calendar year 2010 was 11.39% of covered payroll. The City's contribution for the calendar year 2010 was 8.50% 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 December 31, 2010, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	55
Terminated employees entitled to benefits but not yet receiving them	-
Current employees	
Vested	36
Nonvested	16
	<hr/>
TOTAL	107
	<hr/>

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

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 December 31, 2010, the City's contribution was 33.12% 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 December 31, 2010, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	54
Terminated employees entitled to benefits but not yet receiving them	2
Current employees	
Vested	31
Nonvested	16
	<hr/>
TOTAL	<u>103</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 December 31, 2010, the City's contribution was 31.52% 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, except as disclosed in Notes 3e and 3f. Information for 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, 2008	December 31, 2009	December 31, 2009
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	30 Years, Open	23 Years, Closed	23 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 10.00%	Not Applicable	Not Applicable

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	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2008	\$ 1,033,371	\$ 1,144,194	\$ 987,552
	2009	1,024,552	1,252,315	1,075,467
	2010	1,446,029	1,671,906	1,489,177
Actual contribution	2008	\$ 1,033,371	\$ 1,254,016	\$ 1,090,547
	2009	1,024,552	1,333,139	1,161,784
	2010	1,079,126	1,456,079	1,263,134
Percentage of APC contributed	2008	100.00%	109.60%	110.40%
	2009	100.00%	106.50%	108.00%
	2010	74.63%	87.09%	84.82%
NPO (asset)	2008	\$ -	\$ (1,780,336)	\$ (1,860,878)
	2009	-	(1,861,160)	(1,947,195)
	2010	366,903	(1,645,333)	(1,721,152)

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 December 31, 2010 has been calculated as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contributions	\$ 1,446,029	\$ 1,714,250	\$ 1,533,479
Interest on net pension obligation	-	(139,587)	(146,040)
Adjustment to annual required contribution	-	97,243	101,738
Annual pension cost	1,446,029	1,671,906	1,489,177
Contributions made	1,079,126	1,456,079	1,263,134
Increase (decrease) in net pension obligation (asset)	366,903	215,827	226,043
Net pension obligation (asset), beginning of year	-	(1,861,160)	(1,947,195)
NET PENSION OBLIGATION (ASSET), END OF YEAR	\$ 366,903	\$ (1,645,333)	\$ (1,721,152)

d. Summary Financial Information

Summary financial information at December 31, 2010 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	\$ 1,358,960	\$ 951,480	\$ 2,310,440
Investments, at fair value			
U.S. Treasury and agency securities	13,972,777	14,061,868	28,034,645
Mutual funds	8,719,440	6,829,096	15,548,536
Common stock	5,114,941	7,256,742	12,371,683
Receivables			
Accrued interest on investments	101,018	117,664	218,682
Total assets	29,267,136	29,216,850	58,483,986
LIABILITIES			
Accounts payable	17,772	27,463	45,235
Total liabilities	17,772	27,463	45,235
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 29,249,364	\$ 29,189,387	\$ 58,438,751

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		
	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer	\$ 1,456,079	\$ 1,263,134	\$ 2,719,213
Employee	475,091	411,440	886,531
Other	241	107	348
Total contributions	1,931,411	1,674,681	3,606,092
Investment income			
Net appreciation in fair value of investments	2,144,509	2,060,195	4,204,704
Interest	705,400	752,804	1,458,204
Total investment income	2,849,909	2,812,999	5,662,908
Less investment expenses	(105,252)	(96,581)	(201,833)
Net investment income	2,744,657	2,716,418	5,461,075
Total additions	4,676,068	4,391,099	9,067,167
DEDUCTIONS			
Pension benefits	2,807,612	2,643,822	5,451,434
Miscellaneous	37,915	33,420	71,335
Total deductions	2,845,527	2,677,242	5,522,769
NET INCREASE	1,830,541	1,713,857	3,544,398
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
January 1	27,418,823	27,475,530	54,894,353
December 31	\$ 29,249,364	\$ 29,189,387	\$ 58,438,751

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

e. Funded Status

The funded status of the plans as of December 31, 2010, based on actuarial valuations performed as of December 31, 2010 is as follows. The actuarial assumptions used to determine the funded status of the plans are the same actuarial assumptions used to determine the employer APC of the plans as disclosed in Note 10c:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial accrued liability (AAL)	\$ 38,233,681	\$ 51,562,936	\$ 48,804,391
Actuarial value of plan assets	30,456,345	29,249,363	29,189,387
Unfunded actuarial accrued liability (UAAL)	7,777,336	22,313,573	19,615,004
Funded ratio (actuarial value of plan assets/AAL)	79.66%	56.73%	59.81%
Covered payroll (active plan members)	\$ 12,690,418	\$ 4,396,294	\$ 4,007,213
UAAL as a percentage of covered payroll	61.29%	507.55%	489.49%

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

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to providing the pension benefits described, the City provides postemployment 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 postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. 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.

# 11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

## Benefits Provided (Continued)

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 December 31, 2010, membership consisted of:

Retirees and beneficiaries currently receiving benefits	109
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>277</u>
<b>TOTAL</b>	<b><u>386</u></b>
Participating employers	<u>1</u>

## Funding Policy

The City Council approves by an annual resolution the contribution percentage between the City and retirees. For the year ended December 31, 2010, 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 year ended December 31, 2010, retirees contributed \$907,820 and the City contributed \$474,511. Active employees do not contribute to the plan until retirement.

## Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows:

Period Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 1,427,915	\$ 329,904	22.29%	\$ 3,011,051
December 31, 2009	1,237,943	476,140	38.46%	3,772,134
December 31, 2010	1,146,865	474,511	41.56%	4,444,488

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

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11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation (NOPEBO) as December 31, 2010 was calculated as follows:

Annual required contribution	\$ 1,040,608
Interest on net OPEB obligation	189,970
Adjustment to annual required contribution	<u>(83,713)</u>
Annual OPEB cost	1,146,865
Contributions made	<u>474,511</u>
Increase in net OPEB obligation	672,354
Net OPEB obligation, beginning of year	<u>3,772,134</u>
NET OPEB OBLIGATION, END OF YEAR	<u>\$ 4,444,488</u>

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2010 was as follows:

Actuarial accrued liability (AAL)	\$ 14,343,097
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	14,343,097
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 18,015,248
UAAL as a percentage of covered payroll	79.62%

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 financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the 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.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

In the December 31, 2010 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 initial annual healthcare cost trend rate of 8.00% with an incremental reduction each year to arrive at an ultimate healthcare cost trend rate of 6.00%. The investment rate of return includes a 3.00% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years. The City has set aside \$4,375,495 as designated in the General Fund to meet future obligations.

12. HIGHLAND PARK COUNTRY CLUB FUND

The Highland Park Country Club Fund (the Fund) was created in fiscal 1993 pursuant to city ordinance and classified as an enterprise fund. The 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.

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 Fund. 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 year ended December 31, 2010, these purchases amounted to \$1,867,673 or 27.2% and \$967,812 or 14.1%, respectively, of total water sales in the Water Fund.

14. PRIOR PERIOD ADJUSTMENT

The City restated the balance of net assets of business-type activities January 1, 2010 by \$1,332,305 to correct the balance of accumulated depreciation on infrastructure 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, 2010 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.

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.



15. COMPONENT UNIT - HIGHLAND PARK LIBRARY (Continued)

b. Deposits and Investments (Continued)

Library Investments

The following table presents the investments and maturities of the Library's debt securities as of December 31, 2010:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
Money market mutual funds	\$ 755,791	\$ 755,791	\$ -	\$ -	\$ -
TOTAL	\$ 755,791	\$ 755,791	\$ -	\$ -	\$ -

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.

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.

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

15. COMPONENT UNIT - HIGHLAND PARK LIBRARY (Continued)

c. Capital Assets

Capital assets of the Library at December 31, 2010 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	4,235,733	30,000	-	4,265,733
Machinery	490,952	34,345	5,000	520,297
Total capital assets being depreciated	4,795,934	64,345	5,000	4,855,279
Less accumulated depreciation for				
Land improvements	37,670	2,156	-	39,826
Buildings and improvements	2,004,564	80,823	-	2,085,387
Machinery	336,055	28,618	4,042	360,631
Total accumulated depreciation	2,378,289	111,597	4,042	2,485,844
Total capital assets being depreciated, net	2,417,645	(47,252)	958	2,369,435
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 2,917,645	\$ (47,252)	\$ 958	\$ 2,869,435

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

GOVERNMENTAL ACTIVITIES

Public Library \$ 111,597

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 4,422,522	\$ 4,422,522	\$ 4,439,304
Illinois state replacement taxes	270,079	270,079	313,917
Licenses	281,075	281,075	285,299
Permits	783,000	838,000	971,687
Charges for current services	1,620,054	1,672,929	1,657,228
Municipal sales tax	11,602,900	11,602,900	11,471,636
Fines and forfeitures	450,954	450,954	820,015
Utility tax	3,100,000	3,100,000	2,495,100
Real estate transfer tax	900,000	900,000	1,133,803
Intergovernmental	13,600	54,839	43,742
Illinois state income tax	2,846,859	2,846,859	2,393,639
PACE RTA fare reimbursement	1,080,000	1,080,000	1,130,398
Franchise fees	2,515,000	2,515,000	2,370,616
Payment in lieu of taxes	153,500	153,500	155,676
Other taxes	1,326,491	1,326,491	1,299,634
Reimbursements	495,000	590,000	705,312
Investment income			
Interest income	(15,000)	(15,000)	737,926
Net appreciation in fair value of investments	70,000	70,000	868,839
Miscellaneous			
Other	442,844	442,844	415,089
Total revenues	32,358,878	32,602,992	33,708,860
<b>EXPENDITURES</b>			
Current			
General government	6,082,434	6,666,839	5,738,520
Public safety	18,924,493	18,957,055	18,564,669
Public works	1,771,081	1,771,081	1,648,897
Economic and physical development	3,515,997	3,382,997	3,166,423
Transit	1,248,438	1,278,438	1,303,843
Commissions	298,607	298,607	157,802
Total expenditures	31,841,050	32,355,017	30,580,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	517,828	247,975	3,128,706

(This schedule is continued on the following page.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
OTHER FINANCING SOURCES (USES)			
Transfers (out)	\$ (1,316,522)	\$ (1,396,109)	\$ (2,244,482)
Total other financing sources (uses)	(1,316,522)	(1,396,109)	(2,244,482)
NET CHANGE IN FUND BALANCE	\$ (798,694)	\$ (1,148,134)	884,224
FUND BALANCE, JANUARY 1			33,476,232
FUND BALANCE, DECEMBER 31			\$ 34,360,456

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>REVENUES</b>			
Property taxes	\$ 1,829,000	\$ 1,829,000	\$ 1,827,883
Vehicle licenses	830,000	830,000	819,906
Charges for current services	2,075,000	2,075,000	2,038,691
Fines and forfeitures	6,000	6,000	12,160
Other taxes	463,332	463,332	540,477
Investment income	1,000	1,000	160
Miscellaneous	70,386	70,386	85,882
Total revenues	5,274,718	5,274,718	5,325,159
<b>EXPENDITURES</b>			
Public works			
Personal services	2,604,909	2,540,982	2,464,544
Contractual services	1,189,665	1,253,592	1,448,038
Material and supplies	1,077,580	1,077,580	968,717
Capital outlay	146,200	146,200	45,526
Total expenditures	5,018,354	5,018,354	4,926,825
NET CHANGE IN FUND BALANCE	<u>\$ 256,364</u>	<u>\$ 256,364</u>	398,334
FUND BALANCE, JANUARY 1			<u>330,905</u>
FUND BALANCE, DECEMBER 31			<u>\$ 729,239</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2010

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Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) Unfunded (Overfunded) AAL (UAAL) as a Percentage of Covered Payroll (4) / (5)
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%)
2008	30,448,995	37,678,583	80.81%	7,229,588	13,561,301	53.31%
2009	31,242,787	38,069,741	82.07%	6,826,954	13,588,220	50.24%
2010	30,456,345	38,233,681	79.66%	7,777,336	12,690,418	61.29%

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
POLICE PENSION FUND

December 31, 2010

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) Unfunded (Overfunded) AAL (UAAL) as a Percentage of Covered Payroll (4) / (5)
April 30, 2006	\$ 27,264,859	\$ 42,270,819	64.50%	\$ 15,005,960	\$ 4,467,545	335.89%
April 30, 2007	29,108,328	43,793,342	66.47%	14,685,014	4,242,439	346.15%
December 31, 2007	30,294,432	46,252,815	65.50%	15,958,383	4,637,171	344.14%
December 31, 2008	25,042,270	48,447,430	51.69%	23,405,160	4,643,888	504.00%
December 31, 2009	27,418,823	49,424,807	55.48%	22,005,984	4,510,522	487.88%
December 31, 2010	29,249,363	51,562,936	56.73%	22,313,573	4,396,294	507.55%

The actuarial value of assets shown above does not include \$9,655,000 of general obligation bonds currently held by the General Fund and pledged to the Pension Fund valued at par.

Note: The City changed its fiscal year to December 31 in 2007.

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
FIREFIGHTERS' PENSION FUND

December 31, 2010

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded (Overfunded) AAL (UAAL) (2) - (1)	(5) Covered Payroll	(6) Unfunded (Overfunded) AAL (UAAL) as a Percentage of Covered Payroll (4) / (5)
April 30, 2006	\$ 26,750,745	\$ 38,197,366	70.03%	\$ 11,446,621	\$ 4,062,139	281.79%
April 30, 2007	29,399,319	40,154,765	73.22%	10,755,446	4,122,230	260.91%
December 31, 2007	30,321,512	42,254,697	71.76%	11,933,185	4,197,306	284.31%
December 31, 2008	25,431,145	44,010,917	57.78%	18,579,772	4,214,709	440.83%
December 31, 2009	27,475,530	45,784,009	60.01%	18,308,479	3,934,609	465.32%
December 31, 2010	29,189,387	48,804,391	59.81%	19,615,004	4,007,213	489.49%

The actuarial value of assets shown above does not include \$6,075,000 of general obligation bonds currently held by the General Fund and pledged to the Pension Fund valued at par.

Note: The City changed its fiscal year to December 31 in 2007.

(See independent auditor's report.)



CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2010

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Actuarial Valuation Date	(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)
April 30, 2007	\$ -	\$ 14,825,979	0.00%	\$ 14,825,979	\$ 18,999,500	78.03%
December 31, 2007	-	14,825,979	0.00%	14,825,979	19,041,396	77.86%
December 31, 2008	-	13,016,948	0.00%	13,016,948	17,709,384	73.50%
December 31, 2009	-	14,565,078	0.00%	14,565,078	17,916,315	81.30%
December 31, 2010	-	14,343,097	0.00%	14,343,097	18,015,248	79.62%

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 \$4,375,495 in the General Fund for other postemployment benefit obligations.

Note: The City changed its fiscal year to December 31 in 2007.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND

December 31, 2010

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Actuarial Valuation Date <u>December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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%
2008	1,033,371	1,033,371	100.00%
2009	1,024,552	1,024,552	100.00%
2010	1,079,126	1,446,029	74.63%

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION FUND

December 31, 2010

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<u>Actuarial Valuation Date</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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	1,211,426	101.00%
December 31, 2008	1,254,016	1,187,508	105.60%
December 31, 2009	1,333,139	1,295,763	102.88%
December 31, 2010	1,456,079	1,714,250	84.94%

Note: The City changed its fiscal year to December 31 in 2007.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FIREFIGHTERS' PENSION FUND

December 31, 2010

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<u>Actuarial Valuation Date</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
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	1,049,890	99.83%
December 31, 2008	1,090,547	1,033,130	105.56%
December 31, 2009	1,161,784	1,120,881	103.65%
December 31, 2010	1,263,134	1,533,479	82.37%

Note: The City changed its fiscal year to December 31 in 2007.

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN

December 31, 2010

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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%
December 31, 2008	329,904	1,389,209	23.75%
December 31, 2009	476,140	1,103,224	43.16%
December 31, 2010	474,511	1,040,608	45.60%

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 its fiscal year to December 31 in 2007.

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

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BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund/department level) for the general corporate, special revenue (except the Foreign Fire Insurance Tax Fund and the Environmental Sustainability 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 line items within any fund; however, any revisions that alter the total expenditures of any department and/or fund must be approved by the governing body.

Expenditures may not legally exceed budgeted appropriations at the fund/department level. During the year, several budget amendments were necessary.

## MAJOR GOVERNMENTAL FUNDS

**General Fund** - 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 Fund** - 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 Fund** - 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 Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT</b>			
City Council			
Personal services	\$ 232,175	\$ 232,175	\$ 228,574
Contractual services	32,667	32,667	35,380
Materials and supplies	31,556	31,556	25,989
Total City Council	296,398	296,398	289,943
Administration			
Personal services	637,630	637,630	619,744
Contractual services	29,938	29,938	30,248
Materials and supplies	32,389	32,389	30,238
Total administration	699,957	699,957	680,230
Human resources			
Personal services	257,603	206,603	165,228
Contractual services	120,289	171,289	121,345
Materials and supplies	98,870	98,870	62,791
Capital outlay	13,600	13,600	752
Total human resources	490,362	490,362	350,116
Communications			
Personal services	303,095	326,622	324,750
Contractual services	68,886	73,844	69,857
Materials and supplies	114,929	191,122	198,694
Total communications	486,910	591,588	593,301
City Clerk			
Personal services	192,885	192,885	192,727
Contractual services	11,548	11,548	5,552
Materials and supplies	1,540	1,540	739
Total City Clerk	205,973	205,973	199,018
Youth and senior services			
Youth			
Operations			
Personal services	205,363	205,363	183,309
Contractual services	32,694	32,694	31,920
Materials and supplies	45,500	38,634	53,793
Total youth operations	283,557	276,691	269,022

(This schedule is continued on the following pages.)



## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>GENERAL GOVERNMENT (Continued)</b>			
Youth and senior services (Continued)			
Senior			
Operations			
Personal services	\$ 407,598	\$ 407,598	\$ 402,352
Contractual services	32,288	32,288	32,288
Materials and supplies	134,640	128,291	115,491
Capital outlay	1,000	1,000	1,014
Total senior operations	575,526	569,177	551,145
Facilities			
Personal services	60,008	60,008	53,146
Contractual services	16,804	16,804	32,142
Materials and supplies	2,500	2,500	953
Capital outlay	-	-	3,556
Total facilities	79,312	79,312	89,797
Total youth and senior services	938,395	925,180	909,964
Legal department			
Contractual services	927,491	927,491	817,814
Materials and supplies	900	900	685
Total legal department	928,391	928,391	818,499
Finance administration and accounting			
Personal services	883,149	883,149	878,614
Contractual services	1,750,210	2,150,210	1,624,630
Materials and supplies	91,500	91,500	78,756
Total finance administration and accounting	2,724,859	3,124,859	2,582,000
Facilities			
Personal services	99,039	99,039	41,917
Contractual services	116,650	116,650	101,039
Materials and supplies	61,600	61,600	49,880
Capital outlay	130,000	140,000	135,771
Total facilities	407,289	417,289	328,607

(This schedule is continued on the following pages.)

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<hr/>			
GENERAL GOVERNMENT (Continued)			
Other charges			
Contractual services	\$ -	\$ 82,942	\$ 82,942
Total other charges	-	82,942	82,942
Subtotal general government	7,178,534	7,762,939	6,834,620
Less administrative reimbursements	(1,096,100)	(1,096,100)	(1,096,100)
TOTAL GENERAL GOVERNMENT	<u>\$ 6,082,434</u>	<u>\$ 6,666,839</u>	<u>\$ 5,738,520</u>
<hr/>			
PUBLIC SAFETY			
Police department			
Operations			
Personal services	\$ 9,579,427	\$ 9,514,514	\$ 9,421,605
Contractual services	725,010	725,010	717,908
Materials and supplies	417,624	432,099	344,631
Capital outlay	10,700	10,700	12,489
Total operations	10,732,761	10,682,323	10,496,633
Facilities			
Personal services	111,876	111,876	73,624
Contractual services	51,072	51,072	88,983
Materials and supplies	25,700	25,700	21,183
Total facilities	188,648	188,648	183,790
Total police department	10,921,409	10,870,971	10,680,423
Fire department			
Operations			
Personal services	7,218,099	7,218,099	7,065,361
Contractual services	478,488	508,488	503,797
Materials and supplies	194,221	232,221	201,029
Capital outlay	46,500	46,500	45,877
Total operations	7,937,308	8,005,308	7,816,064

(This schedule is continued on the following pages.)

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
PUBLIC SAFETY (Continued)			
Fire department (Continued)			
Facilities			
Personal services	\$ 13,211	\$ 13,211	\$ 12,701
Contractual services	29,925	29,925	26,101
Materials and supplies	12,640	12,640	13,837
Capital outlay	10,000	25,000	15,543
Total facilities	65,776	80,776	68,182
Total fire department	8,003,084	8,086,084	7,884,246
TOTAL PUBLIC SAFETY	\$ 18,924,493	\$ 18,957,055	\$ 18,564,669
PUBLIC WORKS			
Public works administration			
Personal services	\$ 498,764	\$ 498,764	\$ 494,669
Contractual services	45,379	45,379	45,552
Materials and supplies	20,711	20,711	14,547
Total public works administration	564,854	564,854	554,768
Facilities			
Personal services	41,261	41,261	46,775
Contractual services	92,783	92,783	82,146
Materials and supplies	38,900	38,900	35,541
Capital outlay	100,000	100,000	95,523
Total facilities	272,944	272,944	259,985
Engineering			
Personal services	832,885	832,885	744,874
Contractual services	89,718	89,718	79,956
Materials and supplies	5,730	5,730	4,519
Capital outlay	4,950	4,950	4,795
Total engineering	933,283	933,283	834,144
TOTAL PUBLIC WORKS	\$ 1,771,081	\$ 1,771,081	\$ 1,648,897

(This schedule is continued on the following page.)

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>			
Community development department			
Personal services	\$ 2,303,745	\$ 2,303,745	\$ 2,112,903
Contractual services	264,335	289,335	251,426
Materials and supplies	106,240	106,240	65,149
Total community development department	2,674,320	2,699,320	2,429,478
Economic development			
Personal services	76,380	83,380	83,965
Contractual services	9,597	9,597	9,596
Materials and supplies	390,700	390,700	377,553
Revenue sharing	365,000	200,000	265,831
Total economic development	841,677	683,677	736,945
<b>TOTAL ECONOMIC AND PHYSICAL DEVELOPMENT</b>	<u>\$ 3,515,997</u>	<u>\$ 3,382,997</u>	<u>\$ 3,166,423</u>
<b>TRANSIT</b>			
Operations			
Personal services	\$ 1,114,820	\$ 1,144,820	\$ 1,173,596
Contractual services	61,207	61,207	62,457
Materials and supplies	30,900	30,900	31,391
Total operations	1,206,927	1,236,927	1,267,444
Facilities			
Personal services	13,211	13,211	12,701
Contractual services	26,800	26,800	22,645
Materials and supplies	1,500	1,500	1,053
Total facilities	41,511	41,511	36,399
<b>TOTAL TRANSIT</b>	<u>\$ 1,248,438</u>	<u>\$ 1,278,438</u>	<u>\$ 1,303,843</u>
<b>COMMISSIONS</b>			
Personal services	\$ 10,995	\$ 10,995	\$ 10,009
Contractual services	192,042	192,042	76,682
Materials and supplies	95,570	95,570	71,111
<b>TOTAL COMMISSIONS</b>	<u>\$ 298,607</u>	<u>\$ 298,607</u>	<u>\$ 157,802</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 Year Ended December 31, 2010

	Final Budget	Actual
REVENUES		
Property taxes	\$ 3,399,945	\$ 3,413,783
Investment income	3,000	1,354
Total revenues	3,402,945	3,415,137
EXPENDITURES		
Debt service		
Principal	3,215,468	3,265,468
Interest and fiscal charges	1,548,953	1,528,452
Total expenditures	4,764,421	4,793,920
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,361,476)	(1,378,783)
OTHER FINANCING SOURCES (USES)		
Bonds issued	2,508,000	2,368,981
Premium on bonds issued	-	137,757
Payment to escrow agent	(2,508,000)	(2,473,739)
Transfers in	1,361,482	1,361,482
Total other financing sources (uses)	1,361,482	1,394,481
NET CHANGE IN FUND BALANCE	<u>\$ 6</u>	15,698
FUND BALANCE, JANUARY 1		976,446
FUND BALANCE, DECEMBER 31		<u>\$ 992,144</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 Year Ended December 31, 2010

	Final Budget	Actual
REVENUES		
Property taxes	\$ 1,312,081	\$ 1,330,626
Charges for current services	88,000	2,638
Payment in lieu of taxes	375,000	375,000
Reimbursements	118,400	133,739
Investment income		
Interest income	3,500	1,590
Total revenues	<u>1,896,981</u>	<u>1,843,593</u>
EXPENDITURES		
Capital outlay	<u>3,336,400</u>	<u>3,041,948</u>
Total expenditures	<u>3,336,400</u>	<u>3,041,948</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,439,419)</u>	<u>(1,198,355)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	-	141,019
Transfers in	<u>983,000</u>	<u>1,416,086</u>
Total other financing sources (uses)	<u>983,000</u>	<u>1,557,105</u>
NET CHANGE IN FUND BALANCES	<u>\$ (456,419)</u>	358,750
FUND BALANCES, JANUARY 1		<u>2,204,010</u>
FUND BALANCES, DECEMBER 31		<u>\$ 2,562,760</u>

(See independent auditor's report.)

## NONMAJOR GOVERNMENTAL FUNDS

**Motor Fuel Tax Fund** - 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 Fund** - to pay for the City's 911 emergency telephone service.

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

**Highland Park Theater Fund** - to account for the operations of the Highland Park Theater movie house.

**Environmental Sustainability Fund** - to account for specific revenue sources dedicated to implementation of the City's Sustainability Strategic Plan.

**Tax Increment Financing Fund** - 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 Fund** - 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, 2010

	Special Revenue					Capital Projects		Totals
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater	Environmental Sustainability	Tax Increment Financing	Working Capital Public Facility and Improvement	
ASSETS								
Cash and cash equivalents	\$ 75,996	\$ 85,813	\$ 539,870	\$ 3,165	\$ 79,587	\$ 644,687	\$ -	\$ 1,429,118
Receivables								
Property tax	-	-	-	-	-	200,000	-	200,000
Intergovernmental	65,172	55,380	-	-	-	-	-	120,552
<b>TOTAL ASSETS</b>	<b>\$ 141,168</b>	<b>\$ 141,193</b>	<b>\$ 539,870</b>	<b>\$ 3,165</b>	<b>\$ 79,587</b>	<b>\$ 844,687</b>	<b>\$ -</b>	<b>\$ 1,749,670</b>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ -	\$ 2,157	\$ -	\$ 11,662	\$ -	\$ -	\$ -	\$ 13,819
Accrued payroll	-	2,616	-	-	-	-	-	2,616
Deferred revenue	-	-	-	-	-	200,000	-	200,000
<b>Total liabilities</b>	<b>-</b>	<b>4,773</b>	<b>-</b>	<b>11,662</b>	<b>-</b>	<b>200,000</b>	<b>-</b>	<b>216,435</b>
FUND BALANCES								
Reserved for streets	141,168	-	-	-	-	-	-	141,168
Reserved for public safety	-	136,420	539,870	-	-	-	-	676,290
Reserved for sustainability initiatives	-	-	-	-	79,587	-	-	79,587
Reserved for economic development	-	-	-	-	-	644,687	-	644,687
Unreserved								
Undesignated (deficit)	-	-	-	(8,497)	-	-	-	(8,497)
<b>Total fund balances (deficit)</b>	<b>141,168</b>	<b>136,420</b>	<b>539,870</b>	<b>(8,497)</b>	<b>79,587</b>	<b>644,687</b>	<b>-</b>	<b>1,533,235</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 141,168</b>	<b>\$ 141,193</b>	<b>\$ 539,870</b>	<b>\$ 3,165</b>	<b>\$ 79,587</b>	<b>\$ 844,687</b>	<b>\$ -</b>	<b>\$ 1,749,670</b>

(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 Year Ended December 31, 2010

	Special Revenue					Capital Projects		
						Working Capital		
						Public		
						Facility and		
						Improvement		
	Motor Fuel	Emergency	Foreign	Highland	Environmental	Tax		Totals
	Tax	911 System	Fire Insurance Tax	Park Theater	Sustainability	Increment Financing		
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,921	\$ -	\$ 197,921
Charges for current services	-	462,854	-	490,005	79,587	-	-	1,032,446
Intergovernmental	-	-	97,294	-	-	-	-	97,294
Motor fuel tax allotments	899,821	-	-	-	-	-	-	899,821
Investment income	619	10	5,195	-	-	79	1,822	7,725
Total revenues	900,440	462,864	102,489	490,005	79,587	198,000	1,822	2,235,207
EXPENDITURES								
Current								
Public safety	-	574,846	53,420	-	-	-	-	628,266
Public works	715,000	-	-	-	-	10,686	-	725,686
Economic and physical development	-	-	-	498,502	-	-	-	498,502
Total expenditures	715,000	574,846	53,420	498,502	-	10,686	-	1,852,454
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	185,440	(111,982)	49,069	(8,497)	79,587	187,314	1,822	382,753
OTHER FINANCING SOURCES (USES)								
Transfers (out)	-	-	-	-	-	-	(433,086)	(433,086)
Total other financing sources (uses)	-	-	-	-	-	-	(433,086)	(433,086)
NET CHANGE IN FUND BALANCES	185,440	(111,982)	49,069	(8,497)	79,587	187,314	(431,264)	(50,333)
FUND BALANCES (DEFICIT), JANUARY 1	(44,272)	248,402	490,801	-	-	457,373	431,264	1,583,568
FUND BALANCES (DEFICIT), DECEMBER 31	\$ 141,168	\$ 136,420	\$ 539,870	\$ (8,497)	\$ 79,587	\$ 644,687	\$ -	\$ 1,533,235

(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 Year Ended December 31, 2010

	Final Budget	Actual
REVENUES		
Motor fuel tax allotments	\$ 830,000	\$ 899,821
Investment income	500	619
Total revenues	830,500	900,440
EXPENDITURES		
Contractual services	830,000	715,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	830,000	715,000
NET CHANGE IN FUND BALANCE	<u>\$ 500</u>	185,440
FUND BALANCE (DEFICIT), JANUARY 1		<u>(44,272)</u>
FUND BALANCE, DECEMBER 31		<u>\$ 141,168</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Final Budget	Actual
REVENUES		
Charges for services	\$ 480,000	\$ 462,854
Investment income	-	10
Total revenues	480,000	462,864
EXPENDITURES		
Public safety		
Personal services	383,253	376,305
Contractual services	204,207	178,599
Capital outlay	28,500	19,942
Total expenditures	615,960	574,846
NET CHANGE IN FUND BALANCE	<u>\$ (135,960)</u>	(111,982)
FUND BALANCE, JANUARY 1		<u>248,402</u>
FUND BALANCE, DECEMBER 31		<u>\$ 136,420</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
HIGHLAND PARK THEATER FUND

For the Year Ended December 31, 2010

	Final Budget	Actual
REVENUES		
Charges for services	\$ 499,410	\$ 490,005
Total revenues	499,410	490,005
EXPENDITURES		
Economic and physical development		
Personal services	162,728	165,162
Contractual services	313,165	311,569
Materials and supplies	22,630	21,771
Total expenditures	498,523	498,502
NET CHANGE IN FUND BALANCE	\$ 887	(8,497)
FUND BALANCE, JANUARY 1		-
FUND BALANCE (DEFICIT), DECEMBER 31		\$ (8,497)

(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 Year Ended December 31, 2010

---

	Final Budget	Actual
REVENUES		
Property taxes	\$ 150,000	\$ 197,921
Investment income	300	79
Total revenues	150,300	198,000
EXPENDITURES		
Contractual services	10,728	10,686
Total expenditures	10,728	10,686
NET CHANGE IN FUND BALANCE	<u>\$ 139,572</u>	187,314
FUND BALANCE, JANUARY 1		<u>457,373</u>
FUND BALANCE, DECEMBER 31		<u>\$ 644,687</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Final Budget	Actual
REVENUES		
Investment income	\$ -	\$ 1,822
Total revenues	-	1,822
EXPENDITURES		
None	-	-
Total expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	1,822
OTHER FINANCING SOURCES (USES)		
Transfers (out)	(70,000)	(433,086)
Total other financing sources (uses)	(70,000)	(433,086)
NET CHANGE IN FUND BALANCE	<u>\$ (70,000)</u>	(431,264)
FUND BALANCE, JANUARY 1		<u>431,264</u>
FUND BALANCE, DECEMBER 31		<u>\$ -</u>

(See independent auditor's report.)

## MAJOR ENTERPRISE FUNDS

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

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Final Budget	Actual
OPERATING REVENUES		
Parking collections	\$ 600,000	\$ 606,113
Parking violations	298,104	296,783
Total operating revenues	898,104	902,896
OPERATING EXPENSES		
Personal services	322,667	317,820
Contractual services	367,530	327,161
Materials and supplies	9,102	15,388
Small tools and equipment	78,000	17,687
Administrative reimbursements	96,100	96,100
Total operating expenses	873,399	774,156
OPERATING INCOME	24,705	128,740
NONOPERATING REVENUES (EXPENSES)		
Investment income	100	432
Intergovernmental	18,000	-
Gain (loss) on sale of capital assets	-	(7,725)
Total nonoperating revenues (expenses)	18,100	(7,293)
NET INCOME - BUDGET BASIS	42,805	121,447
ADJUSTMENTS TO GAAP BASIS		
Capital assets capitalized	-	20,318
Depreciation	-	(241,958)
Total adjustments to GAAP basis	-	(221,640)
CHANGE IN NET ASSETS	\$ 42,805	(100,193)
NET ASSETS, JANUARY 1		5,099,178
NET ASSETS, DECEMBER 31		\$ 4,998,985

(See independent auditor's report.)



CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Final Budget	Actual
OPERATING REVENUES		
Water sales	\$ 6,750,000	\$ 6,850,918
Water permit fees	50,000	63,254
Miscellaneous	22,700	21,525
Total operating revenues	6,822,700	6,935,697
OPERATING EXPENSES		
Personal services	2,313,866	2,321,215
Contractual services	1,179,609	1,101,809
Materials and supplies	496,812	437,506
Repairs and maintenance	58,381	32,744
Capital outlay	4,743,500	3,711,401
Administrative reimbursements	1,000,000	1,000,000
Total operating expenses	9,792,168	8,604,675
OPERATING INCOME (LOSS)	(2,969,468)	(1,668,978)
NONOPERATING REVENUES (EXPENSES)		
Investment income		
Interest income	8,000	5,342
Net appreciation in fair value of investments	75,000	187,220
Intergovernmental revenue	45,000	74,800
Debt service		
Principal	(595,000)	(395,000)
Interest and fiscal charges	(477,093)	(523,034)
Total nonoperating revenues (expenses)	(944,093)	(650,672)
NET INCOME (LOSS) - BUDGET BASIS	(3,913,561)	(2,319,650)
ADJUSTMENTS TO GAAP BASIS		
Capital assets capitalized	-	2,829,613
Depreciation	-	(934,239)
Principal paid	-	395,000
Total adjustments to GAAP basis	-	2,290,374
CHANGE IN NET ASSETS	\$ (3,913,561)	(29,276)
NET ASSETS, JANUARY 1		19,431,732
Prior period adjustment		1,332,305
NET ASSETS, JANUARY 1, RESTATED		20,764,037
NET ASSETS, DECEMBER 31		\$ 20,734,761

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Final Budget	Actual
OPERATING REVENUES		
Charges for goods and services	\$ 2,596,215	\$ 2,463,630
Other	140,000	101,020
Total operating revenues	2,736,215	2,564,650
OPERATING EXPENSES		
Personal services	1,136,689	1,232,077
Contractual services	589,307	563,358
Small tools and equipment	582,907	640,416
Total operating expenses	2,308,903	2,435,851
OPERATING INCOME	427,312	128,799
NONOPERATING REVENUES (EXPENSES)		
Investment income	-	(59)
Debt service		
Principal	(200,000)	(170,000)
Interest expense and fiscal charges	(42,990)	(16,293)
Total nonoperating revenues (expenses)	(242,990)	(186,352)
NET INCOME (LOSS) BEFORE TRANSFERS	184,322	(57,553)
TRANSFERS		
Transfers (out)	(100,000)	(100,000)
Total transfers	(100,000)	(100,000)
NET INCOME (LOSS) - BUDGET BASIS	84,322	(157,553)
ADJUSTMENTS TO GAAP BASIS		
Depreciation	-	(354,860)
Principal paid	-	170,000
Total adjustments to GAAP basis	-	(184,860)
CHANGE IN NET ASSETS	\$ 84,322	(342,413)
NET ASSETS, JANUARY 1		9,768,997
NET ASSETS, DECEMBER 31		\$ 9,426,584

(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, 2010

	Equipment Maintenance and Replacement	Insurance	Totals
<b>CURRENT ASSETS</b>			
Cash	\$ 2,464,963	\$ 993,591	\$ 3,458,554
Accounts receivable	8,664	31,261	39,925
Prepaid expenses	328,282	-	328,282
Total current assets	2,801,909	1,024,852	3,826,761
<b>CAPITAL ASSETS</b>			
Equipment	10,851,363	-	10,851,363
Accumulated depreciation	(8,541,295)	-	(8,541,295)
Net capital assets	2,310,068	-	2,310,068
Total assets	5,111,977	1,024,852	6,136,829
<b>CURRENT LIABILITIES</b>			
Accounts payable	83,845	322,077	405,922
Accrued payroll	74,403	3,098	77,501
Total current liabilities	158,248	325,175	483,423
<b>LONG-TERM LIABILITIES</b>			
Net pension obligation	23,735	-	23,735
Total liabilities	181,983	325,175	507,158
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,310,068	-	2,310,068
Unrestricted	2,619,926	699,677	3,319,603
<b>TOTAL NET ASSETS</b>	<b>\$ 4,929,994</b>	<b>\$ 699,677</b>	<b>\$ 5,629,671</b>

(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 Year Ended December 31, 2010

	Equipment Maintenance and Replacement	Insurance	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,506,380	\$ 6,442,654	\$ 9,949,034
Miscellaneous	57,526	-	57,526
Total operating revenues	3,563,906	6,442,654	10,006,560
<b>OPERATING EXPENSES</b>			
Personal services	1,279,279	40,872	1,320,151
Contractual services	268,098	6,360,584	6,628,682
Materials and supplies	666,971	736	667,707
Repairs and maintenance	351,607	-	351,607
Total operating expenses	2,565,955	6,402,192	8,968,147
<b>OPERATING INCOME BEFORE DEPRECIATION</b>			
	997,951	40,462	1,038,413
Depreciation	599,615	-	599,615
<b>OPERATING INCOME</b>	398,336	40,462	438,798
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Gain (loss) on sale of capital assets	(17,902)	-	(17,902)
Investment income	2,132	173	2,305
Total nonoperating revenues (expenses)	(15,770)	173	(15,597)
<b>CHANGE IN NET ASSETS</b>	382,566	40,635	423,201
<b>NET ASSETS, JANUARY 1</b>	4,547,428	659,042	5,206,470
<b>NET ASSETS, DECEMBER 31</b>	\$ 4,929,994	\$ 699,677	\$ 5,629,671

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2010

	Equipment Maintenance and Replacement	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 48,862	\$ 1,550,815	\$ 1,599,677
Receipts from interfund services	3,506,380	4,912,545	8,418,925
Payments to suppliers	(1,436,636)	(6,576,971)	(8,013,607)
Payments to employees	(1,250,084)	(38,925)	(1,289,009)
Net cash from operating activities	868,522	(152,536)	715,986
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
None	-	-	-
Net cash from noncapital financing activities	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Sale of capital assets	23,213	-	23,213
Purchase of capital assets	(291,446)	-	(291,446)
Net cash from capital and related financing activities	(268,233)	-	(268,233)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	2,132	173	2,305
Net cash from investing activities	2,132	173	2,305
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	602,421	(152,363)	450,058
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	1,862,542	1,145,954	3,008,496
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 2,464,963</u>	<u>\$ 993,591</u>	<u>\$ 3,458,554</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 398,336	\$ 40,462	\$ 438,798
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation	599,615	-	599,615
Changes in assets and liabilities			
Accounts receivable	(8,664)	20,706	12,042
Prepaid expenses	(171,629)	-	(171,629)
Accounts payable	21,669	(215,651)	(193,982)
Accrued payroll	5,460	1,947	7,407
Net pension obligation	23,735	-	23,735
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 868,522</u>	<u>\$ (152,536)</u>	<u>\$ 715,986</u>

(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 Year Ended December 31, 2010

	Final Budget	Actual
OPERATING REVENUES		
Charges for services	\$ 3,505,378	\$ 3,506,380
Miscellaneous	60,000	57,526
Total operating revenues	3,565,378	3,563,906
OPERATING EXPENSES		
Personal services	1,316,888	1,279,279
Contractual services	278,898	268,098
Materials and supplies	717,625	666,971
Repairs and maintenance	318,256	284,676
Capital outlay	521,373	358,377
Total operating expenses	3,153,040	2,857,401
OPERATING INCOME	412,338	706,505
NONOPERATING REVENUE (EXPENSES)		
Gain (loss) on sale of capital assets	-	(17,902)
Investment income	2,500	2,132
Total nonoperating revenues (expenses)	2,500	(15,770)
NET INCOME - BUDGET BASIS	414,838	690,735
ADJUSTMENTS TO GAAP BASIS		
Capital assets capitalized	-	291,446
Depreciation	-	(599,615)
Total adjustments to GAAP basis	-	(308,169)
CHANGE IN NET ASSETS	<u>\$ 414,838</u>	382,566
NET ASSETS, JANUARY 1		<u>4,547,428</u>
NET ASSETS, DECEMBER 31		<u>\$ 4,929,994</u>

(See independent auditor's report.)

CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Final Budget	Actual
OPERATING REVENUES		
Charges for current services	\$ 6,439,772	\$ 6,442,654
Total operating revenues	6,439,772	6,442,654
OPERATING EXPENSES		
Personal services	39,745	40,872
Contractual services	6,441,198	6,360,584
Materials and supplies	3,725	736
Small tools and equipment	3,000	-
Total operating expenses	6,487,668	6,402,192
OPERATING INCOME (LOSS)	(47,896)	40,462
NONOPERATING REVENUES (EXPENSES)		
Investment income	-	173
Total nonoperating revenues (expenses)	-	173
CHANGE IN NET ASSETS	\$ (47,896)	40,635
NET ASSETS, JANUARY 1		659,042
NET ASSETS, DECEMBER 31		\$ 699,677

(See independent auditor's report.)



## FIDUCIARY FUNDS

### **Pension Trust Fund**

**Police and Firefighters' Pension Funds** - provides for payment of retirement benefits. Funding comes from property taxes, City contributions, and employee contributions.

### **Agency Fund**

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

**Special Assessment Fund** - 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 Fund** - 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, 2010

	Police Pension	Firefighters' Pension	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,358,960	\$ 951,480	\$ 2,310,440
Investments, at fair value			
U.S. Government obligations	13,972,777	14,061,868	28,034,645
Mutual funds	8,719,440	6,829,096	15,548,536
Common stock	5,114,941	7,256,742	12,371,683
Total investments	27,807,158	28,147,706	55,954,864
Receivables			
Accrued interest	101,018	117,664	218,682
Total receivables	101,018	117,664	218,682
Total assets	29,267,136	29,216,850	58,483,986
<b>LIABILITIES</b>			
Accounts payable	17,772	27,463	45,235
Total liabilities	17,772	27,463	45,235
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>	<b>\$ 29,249,364</b>	<b>\$ 29,189,387</b>	<b>\$ 58,438,751</b>

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUNDS

For the Year Ended December 31, 2010

	Police Pension	Firefighters' Pension	Totals
<b>ADDITIONS</b>			
Contributions - employer			
Property and replacement taxes	\$ 1,456,079	\$ 1,263,134	\$ 2,719,213
Contributions - plan members	475,091	411,440	886,531
Contributions - other	241	107	348
Total contributions	1,931,411	1,674,681	3,606,092
<b>Investment income</b>			
Net appreciation in fair value of investments	2,144,509	2,060,195	4,204,704
Interest earned on investments	705,400	752,804	1,458,204
Total investment income	2,849,909	2,812,999	5,662,908
Less investment expense	(105,252)	(96,581)	(201,833)
Net investment income	2,744,657	2,716,418	5,461,075
Total additions	4,676,068	4,391,099	9,067,167
<b>DEDUCTIONS</b>			
Pensions and refunds	2,807,612	2,643,822	5,451,434
Miscellaneous			
Contractual professional services	37,915	33,420	71,335
Total deductions	2,845,527	2,677,242	5,522,769
<b>NET INCREASE</b>	1,830,541	1,713,857	3,544,398
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>			
January 1	27,418,823	27,475,530	54,894,353
December 31	\$ 29,249,364	\$ 29,189,387	\$ 58,438,751

(See independent auditor's report.)

## CITY OF HIGHLAND PARK, ILLINOIS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2010

	Balances January 1	Additions	Deductions	Balances December 31
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,845,287	\$ 1,455,285	\$ 1,659,083	\$ 2,641,489
Accounts receivable	13,473	977,760	990,355	878
<b>TOTAL ASSETS</b>	<b>\$ 2,858,760</b>	<b>\$ 2,433,045</b>	<b>\$ 2,649,438</b>	<b>\$ 2,642,367</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 438,042	\$ 101,153	\$ 539,195	\$ -
Accrued payroll	169	64	-	233
Due to others	1,281,879	-	27,345	1,254,534
Deposits payable	1,138,670	743,727	494,797	1,387,600
<b>TOTAL LIABILITIES</b>	<b>\$ 2,858,760</b>	<b>\$ 844,944</b>	<b>\$ 1,061,337</b>	<b>\$ 2,642,367</b>
<b>GENERAL DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash	\$ 1,125,197	\$ 1,251,328	\$ 989,803	\$ 1,386,722
Accounts receivable	13,473	977,760	990,355	878
<b>TOTAL ASSETS</b>	<b>\$ 1,138,670</b>	<b>\$ 2,229,088</b>	<b>\$ 1,980,158</b>	<b>\$ 1,387,600</b>
<b>LIABILITIES</b>				
Deposits payable	\$ 1,138,670	\$ 743,727	\$ 494,797	\$ 1,387,600
<b>TOTAL LIABILITIES</b>	<b>\$ 1,138,670</b>	<b>\$ 743,727</b>	<b>\$ 494,797</b>	<b>\$ 1,387,600</b>

(This statement is continued on the following page.)

## CITY OF HIGHLAND PARK, ILLINOIS

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

For the Year Ended December 31, 2010

	Balances January 1	Additions	Deductions	Balances December 31
<b>SPECIAL ASSESSMENT FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 438,042	\$ 48	\$ 438,090	\$ -
<b>TOTAL ASSETS</b>	<b>\$ 438,042</b>	<b>\$ 48</b>	<b>\$ 438,090</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 438,042	\$ 48	\$ 438,090	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 438,042</b>	<b>\$ 48</b>	<b>\$ 438,090</b>	<b>\$ -</b>
<b>HOUSING TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,282,048	\$ 203,909	\$ 231,190	\$ 1,254,767
<b>TOTAL ASSETS</b>	<b>\$ 1,282,048</b>	<b>\$ 203,909</b>	<b>\$ 231,190</b>	<b>\$ 1,254,767</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 101,105	\$ 101,105	\$ -
Accrued payroll	169	64	-	233
Due to others	1,281,879	-	27,345	1,254,534
<b>TOTAL LIABILITIES</b>	<b>\$ 1,282,048</b>	<b>\$ 101,169</b>	<b>\$ 128,450</b>	<b>\$ 1,254,767</b>

(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 Information**

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 Eight Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010
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	\$ 96,490,406	\$ 97,194,831	\$ 95,361,548
Restricted	2,549,447	10,706,878	11,419,596	10,461,157	9,225,744	7,107,210	5,139,201	5,746,288
Unrestricted	14,711,532	9,454,256	12,850,494	15,590,474	21,208,977	26,827,748	18,739,402	19,638,083
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	<u>\$ 51,876,212</u>	<u>\$ 115,068,561</u>	<u>\$ 114,875,832</u>	<u>\$ 119,439,322</u>	<u>\$ 126,773,818</u>	<u>\$ 130,425,364</u>	<u>\$ 121,073,434</u>	<u>\$ 120,745,919</u>
BUSINESS-TYPE ACTIVITIES								
Invested in capital assets, net of related debt	\$ 32,604,103	\$ 24,967,935	\$ 27,575,451	\$ 28,707,758	\$ 29,931,296	\$ 30,126,135	\$ 29,453,502	\$ 29,534,781
Unrestricted	2,071,930	1,969,534	3,177,220	4,117,114	4,855,152	4,679,172	4,846,405	5,625,549
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	<u>\$ 34,676,033</u>	<u>\$ 26,937,469</u>	<u>\$ 30,752,671</u>	<u>\$ 32,824,872</u>	<u>\$ 34,786,448</u>	<u>\$ 34,805,307</u>	<u>\$ 34,299,907</u>	<u>\$ 35,160,330</u>
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	\$ 126,616,541	\$ 126,648,333	\$ 124,896,329
Restricted	2,549,447	10,706,878	11,419,596	10,461,157	9,225,744	7,107,210	5,139,201	5,746,288
Unrestricted	16,783,462	11,423,790	16,027,714	19,707,588	33,512,272	31,506,920	23,585,807	25,263,632
TOTAL PRIMARY GOVERNMENT	<u>\$ 86,552,245</u>	<u>\$ 142,006,030</u>	<u>\$ 145,628,503</u>	<u>\$ 152,264,194</u>	<u>\$ 161,560,266</u>	<u>\$ 165,230,671</u>	<u>\$ 155,373,341</u>	<u>\$ 155,906,249</u>

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	2002	2003	2004	2005	2006	2007	2007*	2008	2009	2010
<b>GENERAL FUND</b>										
Reserved	\$ 300,000	\$ -	\$ 43,436	\$ 17,793,436	\$ 16,518,436	\$ 16,340,000	\$ 17,128,260	\$ 22,309,500	\$ 16,212,900	\$ 16,831,100
Unreserved	6,334,700	8,638,274	11,751,196	10,188,720	11,945,951	14,652,292	17,062,183	18,485,787	17,263,332	17,529,356
Subtotal general fund	6,634,700	8,638,274	11,794,632	27,982,156	28,464,387	30,992,292	34,190,443	40,795,287	33,476,232	34,360,456
% Change from prior year	-3.4%	30.2%	36.5%	137.2%	1.7%	8.9%	10.3%	19.3%	-17.9%	2.6%
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	-	1,752,438	2,974,447	8,342,737	11,819,596	7,273,906	9,225,744	7,107,210	5,139,201	5,825,875
Unreserved, reported in										
Capital Projects Fund	2,242,190	4,868,117	6,237,450	-	-	-	176,894	320,059	-	-
Special Revenue Funds	898,624	361,738	(508,917)	(493,701)	-	-	-	-	(44,272)	(8,497)
Debt Service Funds	(62,041)	-	-	-	-	-	-	-	-	-
Subtotal all other funds	3,078,773	6,982,293	8,702,980	7,849,036	11,819,596	7,273,906	9,402,638	7,427,269	5,094,929	5,817,378
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 9,713,473</b>	<b>\$ 15,620,567</b>	<b>\$ 20,497,612</b>	<b>\$ 35,831,192</b>	<b>\$ 40,283,983</b>	<b>\$ 38,266,198</b>	<b>\$ 43,593,081</b>	<b>\$ 48,222,556</b>	<b>\$ 38,571,161</b>	<b>\$ 40,177,834</b>
% Change from prior year	-19.8%	60.8%	31.2%	74.8%	12.4%	-5.0%	13.9%	10.6%	-20.0%	4.2%

\* Eight months ended December 31, 2007

## CITY OF HIGHLAND PARK, ILLINOIS

## CHANGE IN NET ASSETS

Last Eight Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010
<b>GOVERNMENTAL ACTIVITIES</b>								
Program revenues								
Charges for services								
General government	\$ 940,539	\$ 949,822	\$ 983,609	\$ 1,742,176	\$ 1,240,959	\$ 1,394,081	\$ 1,181,576	\$ 1,343,270
Public safety	1,160,238	1,112,236	1,359,838	1,408,280	1,050,636	1,678,097	1,788,480	2,587,093
Public works	1,967,664	3,577,575	2,484,809	2,980,597	2,786,680	3,099,321	2,832,744	3,012,443
Economic/physical development	2,359,148	1,659,090	1,813,053	1,830,329	942,267	2,240,709	757,302	1,490,589
Transit	920,879	951,361	1,069,354	1,055,305	778,569	1,077,078	1,137,630	1,130,398
Operating grants	858,067	884,766	872,489	891,528	652,180	796,375	1,020,613	938,199
Capital grants	556,361	551,346	537,489	2,450,790	408,052	780,469	658,069	95,485
General revenues								
Property taxes	9,887,448	10,001,506	10,207,239	9,376,023	9,952,745	10,628,574	11,047,744	11,209,516
Sales taxes	12,038,527	12,092,028	12,790,251	13,335,043	9,397,328	12,451,204	11,077,115	11,471,636
Other taxes	9,575,549	9,887,466	12,062,977	13,089,692	8,011,821	11,959,642	10,459,051	11,107,857
Payment in lieu of taxes	-	-	-	-	-	-	496,932	530,676
Other	838,019	329,109	960,346	1,911,975	2,609,554	6,470,264	(5,838,409)	1,873,021
Total revenues	41,102,439	41,996,305	45,141,454	50,071,738	37,830,791	52,575,814	36,618,847	46,790,183
Expenses								
General government	6,841,255	7,709,170	9,423,178	5,430,237	3,291,348	5,682,525	4,835,221	6,022,181
Public safety	18,632,313	16,671,814	18,056,277	19,286,651	13,931,034	20,358,646	20,411,508	20,825,900
Public works	7,489,204	11,784,555	10,133,409	12,824,653	9,309,655	15,695,342	14,075,727	12,159,891
Economic/physical development	5,889,721	4,093,676	5,034,721	4,341,647	2,929,461	3,765,001	3,695,884	5,002,364
Transit	1,148,215	1,219,866	1,227,855	1,199,521	967,852	1,325,557	1,276,898	1,301,811
Commissions	1,450,664	640,026	1,050,967	650,680	354,650	432,611	432,148	413,921
Interest	676,833	858,741	1,629,285	1,874,859	1,161,404	1,764,586	1,658,678	1,491,630
Total expenses	42,128,205	42,977,848	46,555,692	45,608,248	31,945,404	49,024,268	46,386,064	47,217,698

	2004	2005	2006	2007	2007*	2008	2009	2010
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND SPECIAL ITEM	\$ (1,025,766)	\$ (981,543)	\$ (1,414,238)	\$ 4,463,490	\$ 5,885,387	\$ 3,551,546	\$ (9,767,217)	\$ (427,515)
Transfers	491,097	774,800	987,300	100,000	100,000	100,000	100,000	100,000
Special item	-	-	-	-	1,306,489	-	-	-
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (534,669)</u>	<u>\$ (206,743)</u>	<u>\$ (426,938)</u>	<u>\$ 4,563,490</u>	<u>\$ 7,291,876</u>	<u>\$ 3,651,546</u>	<u>\$ (9,667,217)</u>	<u>\$ (327,515)</u>
BUSINESS-TYPE ACTIVITIES								
Program revenues								
Charges for services								
Parking system	\$ 741,581	\$ 901,451	\$ 898,751	\$ 950,111	\$ 599,376	\$ 1,070,944	\$ 916,139	\$ 902,896
Water	6,768,646	6,737,818	7,753,939	7,016,692	5,361,021	6,756,248	6,557,023	6,935,697
Country Club	3,322,558	3,047,470	2,868,895	3,049,689	2,636,911	2,945,849	2,566,482	2,564,650
Operating grants	-	-	-	-	-	-	-	74,800
Capital grants	-	-	-	214,392	297,608	289,084	150,000	-
Other	16,958	(20,818)	2,120,460	337,866	127,500	393,686	294,151	192,935
Total revenues	<u>10,849,743</u>	<u>10,665,921</u>	<u>13,642,045</u>	<u>11,568,750</u>	<u>9,022,416</u>	<u>11,455,811</u>	<u>10,483,795</u>	<u>10,670,978</u>
Expenses								
Parking	927,189	857,921	736,329	893,709	568,121	1,160,791	974,973	995,796
Water	5,285,414	4,533,636	5,111,901	5,613,619	4,387,664	6,993,813	6,843,685	7,232,335
Country Club	2,540,970	3,106,734	3,252,180	3,223,794	2,414,382	3,182,348	3,070,537	2,814,729
Total expenses	<u>8,753,573</u>	<u>8,498,291</u>	<u>9,100,410</u>	<u>9,731,122</u>	<u>7,370,167</u>	<u>11,336,952</u>	<u>10,889,195</u>	<u>11,042,860</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND CONTRIBUTIONS	2,096,170	2,167,630	4,541,635	1,837,628	1,652,249	118,859	(405,400)	(371,882)
Transfers	(491,097)	(774,800)	(987,300)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Contributions	-	-	-	-	409,327	-	-	-
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 1,605,073</u>	<u>\$ 1,392,830</u>	<u>\$ 3,554,335</u>	<u>\$ 1,737,628</u>	<u>\$ 1,961,576</u>	<u>\$ 18,859</u>	<u>\$ (505,400)</u>	<u>\$ (471,882)</u>

## CITY OF HIGHLAND PARK, ILLINOIS

## CHANGE IN NET ASSETS (Continued)

Last Eight Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010
<b>TOTAL NET ASSETS</b>								
Program revenues								
Charges for services	\$ 18,181,253	\$ 18,936,823	\$ 19,232,248	\$ 20,033,179	\$ 15,396,419	\$ 20,262,327	\$ 17,737,376	\$ 19,967,036
Operating grants	858,067	884,766	872,489	891,528	652,180	796,375	1,020,613	1,012,999
Capital grants	556,361	551,346	537,489	2,665,182	705,660	1,069,553	808,069	95,485
General revenues								
Property taxes	9,887,448	10,001,506	10,207,239	9,376,023	9,952,745	10,628,574	11,047,744	11,209,516
Sales taxes	12,038,527	12,092,028	12,790,251	13,335,043	9,397,328	12,451,204	11,077,115	11,471,636
Other taxes	9,575,549	9,887,466	12,062,977	13,089,692	8,011,821	11,959,642	10,459,051	11,107,857
Payment in lieu of taxes	-	-	-	-	-	-	496,932	530,676
Other	854,977	308,291	3,080,806	2,249,841	2,737,054	6,863,950	(5,544,258)	2,065,956
<b>Total revenues</b>	<b>51,952,182</b>	<b>52,662,226</b>	<b>58,783,499</b>	<b>61,640,488</b>	<b>46,853,207</b>	<b>64,031,625</b>	<b>47,102,642</b>	<b>57,461,161</b>
Expenses								
General government	6,841,255	7,709,170	9,423,178	5,430,237	3,291,348	5,682,525	4,835,221	6,022,181
Public safety	18,632,313	16,671,814	18,056,277	19,286,651	13,931,034	20,358,646	20,411,508	20,825,900
Public works	7,489,204	11,784,555	10,133,409	12,824,653	9,309,655	15,695,342	14,075,727	12,159,891
Economic/physical development	5,889,721	4,093,676	5,034,721	4,341,647	2,929,461	3,765,001	3,695,884	5,002,364
Transit	1,148,215	1,219,866	1,227,855	1,199,521	967,852	1,325,557	1,276,898	1,301,811
Commissions	1,450,664	640,026	1,050,967	650,680	354,650	432,611	432,148	413,921
interest	676,833	858,741	1,629,285	1,874,859	1,161,404	1,764,586	1,658,678	1,491,630
Parking	927,189	857,921	736,329	893,709	568,121	1,160,791	974,973	995,796
Water	5,285,414	4,533,636	5,111,901	5,613,619	4,387,664	6,993,813	6,843,685	7,232,335
Country Club	2,540,970	3,106,734	3,252,180	3,223,794	2,414,382	3,182,348	3,070,537	2,814,729
<b>Total expenses</b>	<b>50,881,778</b>	<b>51,476,139</b>	<b>55,656,102</b>	<b>55,339,370</b>	<b>39,315,571</b>	<b>60,361,220</b>	<b>57,275,259</b>	<b>58,260,558</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 1,070,404</b>	<b>\$ 1,186,087</b>	<b>\$ 3,127,397</b>	<b>\$ 6,301,118</b>	<b>\$ 7,537,636</b>	<b>\$ 3,670,405</b>	<b>\$ (10,172,617)</b>	<b>\$ (799,397)</b>
<b>NET (EXPENSE) REVENUE</b>								
Governmental Activities	\$ (1,025,766)	\$ (981,543)	\$ (1,414,238)	\$ 4,463,490	\$ 5,885,387	\$ 3,551,546	\$ (9,767,217)	\$ (427,515)
Business Type Activities	2,096,170	2,167,630	4,541,635	1,837,628	1,652,249	118,859	(405,400)	(371,882)
<b>TOTAL NET (EXPENSE) REVENUE</b>	<b>\$ 1,070,404</b>	<b>\$ 1,186,087</b>	<b>\$ 3,127,397</b>	<b>\$ 6,301,118</b>	<b>\$ 7,537,636</b>	<b>\$ 3,670,405</b>	<b>\$ (10,172,617)</b>	<b>\$ (799,397)</b>

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

	2002	2003	2004	2005	2006	2007	2007*	2008	2009	2010
<b>REVENUES</b>										
Property taxes	\$ 9,467,517	\$ 9,864,155	\$ 9,887,448	\$ 10,001,506	\$ 10,207,240	\$ 9,376,024	\$ 9,952,746	\$ 10,628,575	\$ 11,047,743	\$ 11,209,517
Illinois state replacement taxes	197,481	147,631	212,981	208,941	311,520	339,577	250,779	345,105	291,142	313,917
Licenses and permits	2,122,644	2,264,264	3,080,069	2,724,895	2,776,953	2,730,449	1,999,361	2,156,328	1,839,326	2,076,892
Charges for current services	1,809,531	1,914,404	1,983,841	2,028,915	2,422,280	3,154,137	2,208,303	3,422,291	3,699,703	4,731,003
Municipal sales tax	10,706,499	10,014,358	12,038,527	12,092,027	12,790,251	13,335,043	9,397,327	12,451,204	11,077,114	11,471,636
Fines and forfeitures	265,609	346,179	360,475	259,806	387,891	315,385	214,996	411,633	381,141	832,175
Utility tax	3,921,731	3,743,805	3,469,014	2,785,652	3,114,634	3,120,499	1,684,513	3,106,464	2,595,912	2,495,100
Real estate transfer tax	1,787,298	2,000,860	2,174,270	2,420,485	2,919,960	2,809,795	1,267,630	1,202,395	812,399	1,133,803
Motor fuel tax allotment	863,746	974,586	858,067	884,766	872,489	878,063	571,450	794,755	775,017	899,821
Intergovernmental	-	-	498,679	457,372	363,846	784,245	486,513	196,075	345,474	141,036
Illinois state income tax	1,872,494	1,913,363	1,823,033	2,048,727	2,312,384	2,550,586	1,787,461	2,864,722	2,447,710	2,393,639
Regional Transportation Authority reimbursement	813,974	892,506	920,879	951,361	1,069,354	1,055,305	778,569	1,077,078	1,137,630	1,130,398
Franchise fees	490,829	404,331	836,675	2,072,215	2,215,223	2,491,923	1,789,494	2,612,081	2,542,276	2,370,616
Payment in lieu of taxes	-	-	-	-	-	-	-	-	496,932	530,676
Other taxes	-	-	572,140	2,165	938,110	1,222,126	913,627	1,723,064	1,670,735	1,840,111
Fire insurance tax	-	-	-	-	-	-	-	-	-	-
Grants	-	3,251,623	-	-	-	-	-	-	-	-
Reimbursements - other agencies	4,052	-	383,390	2,113,977	372,481	1,265,655	1,436,917	781,517	151,022	839,051
Investment income	769,792	518,514	159,640	329,106	960,347	1,911,974	2,609,552	1,153,313	793,992	748,755
Net appreciation in fair value of investments	-	-	-	-	-	-	-	5,571,520	(5,863,860)	868,839
Miscellaneous	1,431,870	1,572,770	1,005,293	614,389	1,106,491	1,004,510	481,553	2,332,267	954,326	500,971
<b>Total revenues</b>	<b>36,525,067</b>	<b>39,823,349</b>	<b>40,264,421</b>	<b>41,996,305</b>	<b>45,141,454</b>	<b>48,345,296</b>	<b>37,830,791</b>	<b>52,830,387</b>	<b>37,195,734</b>	<b>46,527,956</b>
<b>EXPENDITURES</b>										
General government	7,803,267	8,338,055	6,308,791	7,027,043	7,591,557	5,625,763	3,087,130	5,456,559	4,821,067	5,738,520
Public safety	12,155,248	12,849,750	14,926,595	15,589,024	16,919,612	17,781,459	13,635,023	19,222,999	19,378,342	19,192,935
Public works	7,212,971	7,758,732	6,742,600	6,756,359	7,065,885	7,297,877	5,482,463	8,469,091	7,792,379	7,255,882
Employee retirement benefits	1,807,131	1,618,747	-	-	-	-	-	-	-	-
Other	1,682,339	1,078,801	-	-	-	-	-	-	-	-
Capital outlay	5,487,318	10,961,100	10,969,429	6,790,817	11,206,922	8,851,103	4,678,095	5,028,153	5,833,163	3,087,474
Economic and physical development	-	-	3,339,672	3,467,023	3,862,701	3,786,103	2,538,460	3,885,286	3,344,248	3,664,925
Transit	-	-	1,128,989	1,212,533	1,185,939	1,210,370	962,584	1,340,683	1,269,275	1,303,843
Bond issuance costs	-	-	29,939	-	-	-	-	-	-	-
Commissions	-	-	271,750	280,372	263,188	402,459	190,504	179,815	181,066	157,802
Debt service	4,107,476	4,464,514	4,419,720	-	-	-	-	-	-	-
Principal	-	-	-	2,680,000	2,495,784	2,618,678	2,769,094	2,959,531	2,989,988	3,265,468
Interest and fiscal charges	-	-	-	898,711	1,326,275	1,845,057	1,760,555	1,758,795	1,652,888	1,528,452
<b>Total expenditures</b>	<b>40,255,750</b>	<b>47,069,699</b>	<b>48,137,485</b>	<b>44,701,882</b>	<b>51,917,863</b>	<b>49,418,869</b>	<b>35,103,908</b>	<b>48,300,912</b>	<b>47,262,416</b>	<b>45,195,301</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,730,683)</b>	<b>(7,246,350)</b>	<b>(7,873,064)</b>	<b>(2,705,577)</b>	<b>(6,776,409)</b>	<b>(1,073,573)</b>	<b>2,726,883</b>	<b>4,529,475</b>	<b>(10,066,682)</b>	<b>1,332,655</b>

	2002	2003	2004	2005	2006	2007	2007*	2008	2009	2010
OTHER FINANCING SOURCES (USES)										
Bonds issued	\$ 6,295,733	\$ 8,413,730	\$ 9,000,000	\$ 16,590,000	\$ 11,000,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 2,510,000
Premium on bonds issued										137,757
Proceeds from sale of capital assets	-	-	3,876,013	492,061	8,200	455,788	-	-	-	-
Payments to escrow agent	(6,291,679)	7,078,471	-	-	(1,000,509)	-	-	-	-	(2,473,739)
Transfers in	3,621,796	(6,031,075)	5,560,657	6,928,355	3,691,254	3,070,800	2,978,550	3,606,660	3,257,774	2,777,568
Transfers (out)	(2,772,902)	-	(5,069,560)	(6,153,555)	(2,703,954)	(4,470,800)	(2,878,550)	(3,506,660)	(3,157,774)	(2,677,568)
Total other financing sources (uses)	852,948	9,461,126	13,367,110	17,856,861	10,994,991	(944,212)	2,600,000	100,000	100,000	274,018
NET CHANGES IN FUND BALANCES	(2,877,735)	2,214,776	5,494,046	15,151,284	4,218,582	(2,017,785)	5,326,883	4,629,475	(9,966,682)	1,606,673
FUND BALANCES, BEGINNING OF YEAR	12,112,689	9,713,473	15,593,666	20,497,612	35,831,192	40,283,983	38,266,198	43,593,081	48,222,556	38,571,161
Prior period adjustment	478,519	3,852,295	(590,100)	182,296	234,209	-	-	-	315,287	-
FUND BALANCES, BEGINNING OF YEAR, RESTATED	12,591,208	13,565,768	15,003,566	20,679,908	36,065,401	40,283,983	38,266,198	43,593,081	48,537,843	38,571,161
Residual equity transfer in	41,633	151,729	-	-	-	-	-	-	-	-
Residual equity transfer (out)	(41,633)	(311,706)	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 9,713,473	\$ 15,620,567	\$ 20,497,612	\$ 35,831,192	\$ 40,283,983	\$ 38,266,198	\$ 43,593,081	\$ 48,222,556	\$ 38,571,161	\$ 40,177,834
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES	11.8%	12.4%	10.6%	8.6%	8.8%	10.5%	14.2%	10.1%	10.5%	10.7%

\* 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
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	2,441,739,607	232,316,880	430,159	343	1,007,223	n/a	2,675,494,212	0.517	8,026,482,636	6.6%	33%
2008	2,541,673,622	237,246,008	470,017	7,820	1,082,378	n/a	2,780,479,845	0.515	8,341,439,535	3.9%	33%
2009	2,476,244,375	226,335,788	567,093	413	1,262,442	n/a	2,704,410,111	0.536	8,113,230,333	-2.7%	33%
2010	2,336,636,829	213,064,426	545,760	454	1,527,986	n/a	2,551,775,455	0.586	7,655,326,365	-5.6%	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)

Tax Levy Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>CITY DIRECT RATE</b>										
Bond	0.183	0.175	0.161	0.150	0.134	0.127	0.125	0.123	0.127	0.140
Corporate	-	-	-	0.056	0.059	0.054	0.051	0.051	0.055	0.107
Firefighters Pension	0.056	0.049	0.045	0.042	0.043	0.042	0.040	0.041	0.046	0.060
Library	0.175	0.176	0.165	0.168	0.156	0.147	0.140	0.139	0.144	0.160
Police Pension	0.024	0.046	0.048	0.042	0.046	0.049	0.046	0.047	0.053	0.065
Street and Bridge	0.138	0.132	0.122	0.130	0.082	0.075	0.073	0.073	0.068	0.054
Street Construction	0.048	0.038	0.035	0.036	0.041	0.038	0.042	0.041	0.043	-
IMRF	0.066	0.065	-	-	-	-	-	-	-	-
School Crossing Guard	0.006	-	-	-	-	-	-	-	-	-
Public Benefit	0.003	-	-	-	-	-	-	-	-	-
Audit	0.002	-	-	-	-	-	-	-	-	-
<b>Total Direct Rate</b>	<b>0.701</b>	<b>0.681</b>	<b>0.576</b>	<b>0.624</b>	<b>0.561</b>	<b>0.532</b>	<b>0.517</b>	<b>0.515</b>	<b>0.536</b>	<b>0.586</b>
<b>OVERLAPPING RATES</b>										
County	0.516	0.502	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505
Forest Preserve	0.221	0.232	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198
Township	0.048	0.050	0.048	0.047	0.045	0.044	0.044	0.045	0.047	0.052
Sanitary	0.160	0.152	0.144	0.139	0.132	0.125	0.120	0.121	0.124	0.136
College of Lake County	0.211	0.208	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218
High School	1.957	1.908	1.825	1.758	1.686	1.635	1.619	1.660	1.748	1.921
Elementary School	2.624	2.658	2.538	2.457	2.312	2.225	2.186	2.215	2.313	2.437
Mosquito Abatement	0.012	0.012	0.012	0.012	0.012	0.012	0.011	0.011	0.012	0.013
Park District	0.355	0.359	0.433	0.422	0.397	0.378	0.377	0.380	0.394	0.379
<b>Total Overlapping Rate</b>	<b>6.104</b>	<b>6.081</b>	<b>5.916</b>	<b>5.719</b>	<b>5.445</b>	<b>5.268</b>	<b>5.194</b>	<b>5.280</b>	<b>5.502</b>	<b>5.859</b>
<b>TOTAL RATE</b>	<b>6.805</b>	<b>6.762</b>	<b>6.492</b>	<b>6.343</b>	<b>6.006</b>	<b>5.800</b>	<b>5.711</b>	<b>5.795</b>	<b>6.038</b>	<b>6.445</b>

Source: Lake County Clerk

## CITY OF HIGHLAND PARK, ILLINOIS

## PRINCIPAL TAXPAYERS

Current Year and Nine Years Prior

(2) Taxpayer	Business/Service	December 31, 2010	
		(1) Equalized Assessed Valuation	as a % of Total EAV
Metzler I Renaissance Place LP	Business/Retail Center	\$ 14,196,290	0.55%
Federal Realty Investment Trust	Business/Retail Center	8,180,142	0.31%
Midwest Family Housing LLC	Real Property	8,125,291	0.32%
Klaimont Family Associates	Business/Retail Center	5,108,370	0.20%
Highland Park Associates II LLC	Business	4,629,890	0.18%
Americana Apartments	Real Property	4,307,637	0.17%
Sunset Food Mart, Inc.	Retail Store	4,129,975	0.16%
Solo Cup Company	Business	3,493,639	0.14%
LB & M Real Estate Management Inc	Business/Retail Center	3,202,367	0.13%
American Stores Company, LLC	Retail Store	3,174,830	0.12%
		<u>\$ 58,548,431</u>	<u>2.29%</u>
2010 Total EAV		\$ 2,551,775,455	
Percentage of Total			2.29%

(2) Taxpayer	Business/Service	Fiscal year end April 30, 2001	
		Equalized Assessed Valuation	as a % of Total EAV
American NB Trust of Chicago	Real Property	\$ 13,093,548	0.79%
Toys R Us - Delaware Inc.	Retail Store	5,818,164	0.35%
Federal Realty Investment Trust	Business/Retail Center	4,768,543	0.28%
Dayton Hudson Corporation	Retail Store	4,131,597	0.25%
Am	Real Property	3,539,108	0.21%
Renaissance Place, LLC	Business/Retail Center	3,073,598	0.18%
Highland Park Convalescent Center Assoc.	Senior Care Facility	2,605,210	0.16%
NBD Bank	Financial Institution	2,068,120	0.12%
Klaimont Enterprises	Retail Store	1,993,503	0.12%
Highland Park Hospital	Healthcare	1,765,803	0.11%
		<u>\$ 42,857,194</u>	<u>2.56%</u>
2001 Total EAV		\$ 1,673,518,251	
Percentage of Total			2.56%

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 2010 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				
2000	\$ 12,304,475	2002	\$ 12,261,276	99.65%	\$ -	\$ 12,261,276	99.65%
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%
2007	13,832,305	2008	13,733,907	99.29%	-	13,733,907	99.29%
2008	14,319,471	2009	14,257,416	99.57%	-	14,257,416	99.57%
2009	14,495,638	2010	14,406,632	99.39%	-	14,406,632	99.39%

\* 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.

## CITY OF HIGHLAND PARK, ILLINOIS

## SALES TAX ANALYSIS BY SIC CODE

Last Ten Calendar Years

**Municipal Sales Tax**

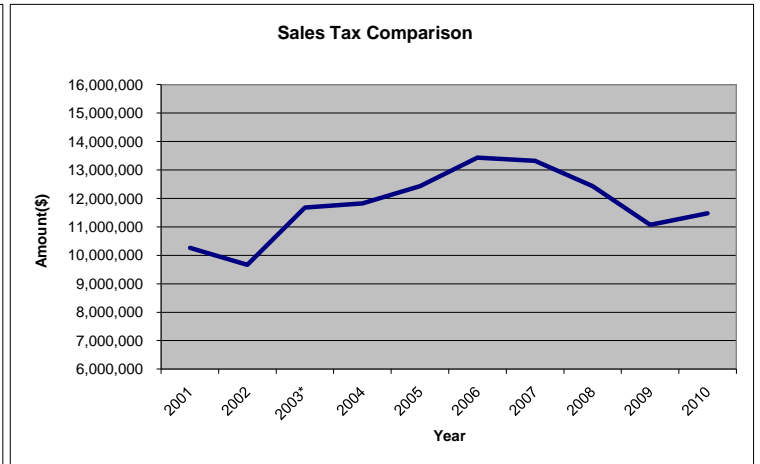
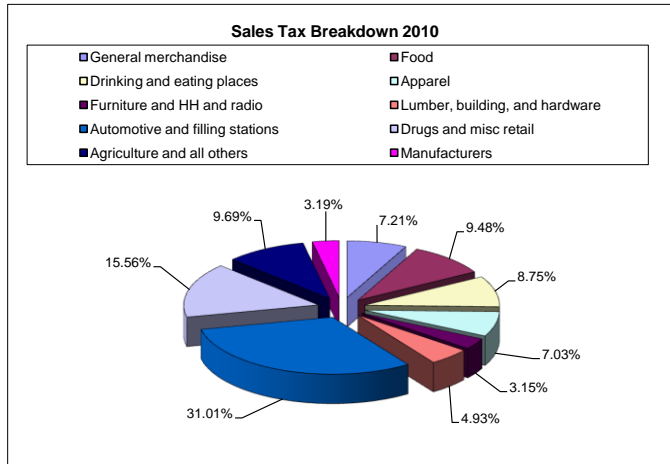
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General merchandise	425,279.15	449,665.88	495,645.02	483,101.68	488,887.52	561,889.62	578,850.88	519,738.54	493,421.62	449,601.88
Food	1,057,093.91	1,049,456.64	996,333.95	908,731.12	900,575.70	968,252.22	975,243.48	998,425.45	939,233.86	868,115.65
Drinking and eating places	438,213.34	428,680.96	443,253.30	464,391.63	483,989.43	513,234.89	536,748.62	539,963.94	508,436.53	505,917.67
Apparel	463,386.91	448,783.05	449,310.31	428,544.43	459,303.72	446,822.39	427,183.57	367,146.15	316,747.68	403,224.08
Furniture and HH and radio	397,260.15	361,498.57	280,803.36	336,237.36	421,026.36	400,070.84	306,445.48	265,038.43	219,492.58	180,446.27
Lumber, building, and hardware	392,682.99	414,207.09	420,770.86	395,287.27	428,668.18	495,305.88	457,644.14	419,233.32	324,783.76	282,815.06
Automotive and filling stations	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	2,897,031.58	2,592,225.61	2,935,635.27
Drugs and misc retail	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	1,204,089.23	1,129,185.59	1,040,667.25
Agriculture and all others	545,330.56	542,659.56	512,833.13	514,686.22	514,611.38	551,571.92	582,260.19	523,773.28	447,584.24	631,630.55
Manufacturers	119,841.36	103,825.57	118,355.31	182,909.10	196,068.11	192,174.44	209,486.51	212,642.53	170,936.37	183,263.52
<b>TOTAL</b>	<b>8,226,030.77</b>	<b>7,670,027.24</b>	<b>7,695,348.42</b>	<b>7,664,619.39</b>	<b>8,022,987.31</b>	<b>8,732,564.21</b>	<b>8,612,207.58</b>	<b>7,947,082.45</b>	<b>7,142,047.84</b>	<b>7,481,317.20</b>
% increase/decrease from previous year	3.03%	-6.76%	0.33%	-0.40%	4.68%	8.84%	-1.38%	-7.72%	-10.13%	4.75%

**Home Rule Sales Tax**

	<u>2001</u>	<u>2002</u>	<u>2003*</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General merchandise	191,973.30	206,227.76	451,891.46	442,089.88	444,293.03	507,279.50	514,612.17	457,733.57	433,899.24	377,378.31
Food	119,120.40	124,776.93	241,057.42	229,527.48	237,389.05	300,356.54	286,502.27	275,568.13	250,607.05	219,534.73
Drinking and eating places	213,169.16	207,363.35	425,754.98	448,153.40	471,251.05	500,828.97	519,602.47	529,679.63	500,032.63	497,698.70
Apparel	227,107.09	220,713.52	448,256.13	427,557.95	459,231.92	446,779.33	426,900.16	367,145.46	316,272.72	402,725.51
Furniture and HH and radio	198,573.04	180,728.09	279,444.74	335,499.50	421,246.27	399,675.94	305,964.82	265,027.54	219,497.79	180,449.19
Lumber, building, and hardware	196,272.11	207,071.50	414,049.24	395,136.23	428,066.60	495,189.16	457,616.68	418,345.40	324,686.45	282,766.98
Automotive and filling stations	204,120.24	188,510.92	385,171.45	440,118.24	471,626.60	527,071.86	596,428.55	626,500.77	540,178.73	621,417.55
Drugs and misc retail	369,634.45	366,992.07	740,058.43	772,698.91	789,769.98	810,848.75	833,105.42	837,883.04	755,268.85	743,932.54
Agriculture and all others	260,570.32	246,684.21	482,850.94	485,600.53	487,999.61	523,550.81	555,993.49	500,027.03	421,181.33	479,828.34
Manufacturers	56,174.62	50,514.93	114,880.46	180,751.54	195,637.67	191,768.93	209,332.03	210,913.69	170,207.22	182,984.13
<b>TOTAL</b>	<b>2,036,714.73</b>	<b>1,999,583.28</b>	<b>3,983,415.25</b>	<b>4,157,133.66</b>	<b>4,406,511.78</b>	<b>4,703,349.79</b>	<b>4,706,058.06</b>	<b>4,488,824.26</b>	<b>3,931,832.01</b>	<b>3,988,715.98</b>
% increase/decrease from previous year	1.66%	-1.82%	99.21%	4.36%	6.00%	6.74%	0.06%	-4.62%	-12.41%	1.45%

**Total Sales Tax**

	<u>2001</u>	<u>2002</u>	<u>2003*</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General merchandise	617,252.45	655,893.64	947,536.48	925,191.56	933,180.55	1,069,169.12	1,093,463.05	977,472.11	927,320.86	826,980.19
Food	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	1,273,993.58	1,189,840.91	1,087,650.38
Drinking and eating places	651,382.50	636,044.31	869,008.28	912,545.03	955,240.48	1,014,063.86	1,056,351.09	1,069,643.57	1,008,469.16	1,003,616.37
Apparel	690,494.00	669,496.57	897,566.44	856,102.38	918,535.64	893,601.72	854,083.73	734,291.61	633,020.40	805,949.59
Furniture and HH and radio	595,833.19	542,226.66	560,248.10	671,736.86	842,272.63	799,746.78	612,410.30	530,065.97	438,990.37	360,895.46
Lumber, building, and hardware	588,955.10	621,278.59	834,820.10	790,423.50	856,734.78	990,495.04	915,260.82	837,578.72	649,470.21	565,582.04
Automotive and filling stations	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	3,523,532.35	3,132,404.34	3,557,052.82
Drugs and misc retail	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	2,041,972.27	1,884,454.44	1,784,599.79
Agriculture and all others	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	1,023,800.31	868,765.57	1,111,458.89
Manufacturers	176,015.98	154,340.50	233,235.77	363,660.64	391,705.78	383,943.37	418,818.54	423,556.22	341,143.59	366,247.65
<b>TOTAL</b>	<b>10,262,745.50</b>	<b>9,669,610.52</b>	<b>11,678,763.67</b>	<b>11,821,753.05</b>	<b>12,429,499.09</b>	<b>13,435,914.00</b>	<b>13,318,265.64</b>	<b>12,435,906.71</b>	<b>11,073,879.85</b>	<b>11,470,033.18</b>
% increase/decrease from previous year	2.75%	-5.78%	20.78%	1.22%	5.14%	8.10%	-0.88%	-6.63%	-10.95%	3.58%



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	
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
2008	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2009	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2010	1.00	1.00	2.00	5.00	0.25	0.75	8.00

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

\*Eight months ended December 31, 2007



## **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

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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
2002	30,262	\$ 1,673,518,251	\$ 25,815,755	0.0154	\$ 853.07
2003	30,262	1,749,778,243	30,775,635	0.0176	1,016.97
2004	30,262	1,907,808,257	35,055,000	0.0184	1,158.38
2005	30,262	2,042,643,752	47,776,573	0.0234	1,578.76
2006	30,262	2,292,119,591	54,080,994	0.0236	1,787.09
2007	30,262	2,510,402,825	50,869,846	0.0203	1,680.98
2007*	30,262	2,675,494,212	57,410,847	0.0215	1,897.13
2008	31,457	2,780,479,845	53,732,162	0.0193	1,708.11
2009	31,457	2,704,410,111	49,979,248	0.0185	1,588.81
2010	31,457	2,551,775,455	49,237,395	0.0193	1,565.23

Data Sources

(a) U.S. Census Bureau

(b) County Clerk

(c) City of Highland Park Finance Department

\*Eight months ended December 31, 2007

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		Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	General Obligation Bonds	Other Payable	Capital Leases		General Obligation Bonds	Total Debt						
2002	\$ 15,013,477	\$ -	\$ -		\$ 10,615,000	\$ 25,628,477	\$ 1,674,426,722	1.53%	\$ 1,673,518,251	0.0153	30,262	847
2003	19,625,635				11,150,000	30,775,635	1,674,426,722	1.84%	1,749,778,243	0.0176	30,262	1,017
2004	24,940,000				10,115,000	35,055,000	1,674,426,722	2.09%	1,907,808,257	0.0184	30,262	1,158
2005	38,850,000	1,160,000 (1)	369,779		8,926,573 (2)	49,306,352	1,674,426,722	2.94%	2,042,643,752	0.0241	30,262	1,629
2006	46,354,216	1,160,000 (1)	238,114		7,726,778 (2)	55,479,108	1,674,426,722	3.31%	2,292,119,591	0.0242	30,262	1,833
2007	43,735,538	-	106,459		7,134,308 (2)	50,976,305	1,674,426,722	3.04%	2,510,402,825	0.0203	30,262	1,684
2007*	43,466,444	-	18,689		13,944,403 (2)	57,429,536	1,674,426,722	3.43%	2,675,494,212	0.0215	30,262	1,898
2008	40,506,914	-	-		13,225,248 (2)	53,732,162	1,740,547,267	3.09%	2,780,479,845	0.0193	31,457	1,708
2009	37,516,926	-	-		12,462,322 (2)	49,979,248	1,740,547,267	2.87%	2,704,410,111	0.0185	31,457	1,589
2010	34,326,458	-	-		14,910,937 (2)	49,237,395	1,740,547,267	2.83%	2,551,775,455	0.0193	31,457	1,565

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

(1) Note payable

(2) Includes unamortized bond premium/discount and unamortized loss on refunding

\*Eight months ended December 31, 2007



## CITY OF HIGHLAND PARK, ILLINOIS

## SCHEDULE OF DIRECT AND OVERLAPPING DEBT

December 31, 2010

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	\$ 49,237,395	100.00%	\$ 49,237,395
Lake County	35,105,000	9.12%	3,201,576
Lake County Forest Preserve District	286,145,000	9.12%	26,096,424
North Shore Sanitary District	3,463,280	27.00%	935,085
Deerfield Park District	3,280,000	0.005%	164
Park District of Highland Park	-	98.47%	-
School Districts			
District No. 106	-	3.07%	-
District No. 109	12,295,000	4.68%	575,406
District No. 112	19,820,000	94.66%	18,761,612
District No. 113	49,290,000	56.76%	27,977,004
College of Lake County	7,000,000	9.59%	671,300
	<u>416,398,280</u>		<u>78,218,571</u>
	<u>\$ 465,635,675</u>		<u>\$ 127,455,966</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, 2010

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



## **Demographic and Economic Information**

## CITY OF HIGHLAND PARK, ILLINOIS

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

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Fiscal Year	(1) Population	(1) Per Capita Income	(2) School Enrollment	(3) Unemployment Rate	(4) Total Personal Income	(1) Median Age	(1) College Degree
2002	30,262	\$ 55,331	6,034	3.3%	\$ 1,674,426,722	40.6	61.6%
2003	30,262	55,331	6,198	3.5%	1,674,426,722	40.6	61.6%
2004	30,262	55,331	6,304	3.9%	1,674,426,722	40.6	61.6%
2005	30,262	55,331	6,270	3.2%	1,674,426,722	40.6	61.6%
2006	30,262	55,331	6,256	3.9%	1,674,426,722	40.6	61.6%
2007	30,262	55,331	6,256	2.9%	1,674,426,722	40.6	61.6%
2007*	30,262	55,331	6,212	3.3%	1,674,426,722	40.6	61.6%
2008	31,457	55,331	6,259	4.4%	1,740,547,267	40.6	61.6%
2009	31,457	55,331	6,091	6.9%	1,740,547,267	40.6	61.6%
2010	31,457	55,331	6,134	5.6%	1,740,547,267	40.6	61.6%

## Notes:

- (1) U.S. Census Bureau
- (2) Highland Park School Districts
- (3) Illinois Department of Employment Security
- (4) Population times Per Capita Income

\*Eight months ended December 31, 2007

## CITY OF HIGHLAND PARK, ILLINOIS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior

Employer	2010	
	Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	7.15%
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	278 (1)	1.66%
The Picus Cos	100	0.60%
Highland Park Public Library	97 (1)	0.58%
Highland Park Post Office	85	0.51%
	<u>4,094</u>	<u>24.40%</u>
Employer	2001	
	Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	7.02%
Solo Cup Co	600	3.51%
Ravinia Festival	550 (1)	3.22%
School District 112	500	2.92%
Sunset Food Mart	350	2.05%
Opportunity Inc.	100	0.58%
Bank One. N.A	70	0.41%
Mesirow Financial	70	0.41%
Mutual Building Materials	65	0.38%
Columbia Audio/Video	65	0.38%
Highland Park Library	65	0.38%
Highland Park Lincoln Mercury Inc	65	0.38%
	<u>3,700</u>	<u>21.64%</u>

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

Data Source

2010/2001 IL Manufacturers Directory, 2010/2001 IL Services Directory, City records



## **Operating Information**

CITY OF HIGHLAND PARK, ILLINOIS

OPERATING INFORMATION AND INDICATORS

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2007*	2008	2009	2010
<b>FIRE PROTECTION</b>										
Emergency responses	4,449	4,464	4,439	4,432	4,419	3,098	1,764	4,673	4,542	4,480
Fires extinguished	40	50	32	42	24	26	29	34	25	31
<b>PUBLIC WORKS</b>										
Asphalt placed (square yards)	1,010	880	951	1,467	1,996	1,500	2,608	1,963	3,438	7,608
Crack sealing (street miles)	12	21	-	5	-	5	7	5	-	7
Street-sweeping (hours)	790	1,113	1,061	1,664	1,894	2,000	1,650	2,109	1,802	-
Number of mainbreaks repaired	71	89	61	104	99	75	39	64	59	102
<b>POLICE PROTECTION</b>										
Parking violations	n/a	6,562	11,448	15,345	14,059	13,894	8,403	12,643	12,173	11,032
Number of arrests	1,274	1,298	1,152	1,117	1,258	1,369	509	1,139	1,470	1,189
Number of traffic citations	6,925	7,876	6,886	6,867	7,331	7,098	2,589	9,442	5,430	4,348
<b>FINANCE</b>										
Number of water bills	41,568	41,568	41,568	41,568	41,016	41,016	25,973	41,267	41,634	41,788
Number of vendor checks	7,049	7,085	7,500	7,645	7,697	7,700	5,087	6,809	6,256	7,229
<b>MUNICIPAL WATER SYSTEM</b>										
Number of customers	10,392	10,392	10,392	10,392	10,254	10,254	10,254	10,300	10,300	10,300
Average daily consumption (gallons)	10,000,000	10,000,000	10,000,000	10,000,000	11,856,000	11,856,000	11,856,000	9,618,000	9,194,000	9,577,000
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	168	168	168	168	168	168
Number of fire hydrants (approximate)	1,650	1,650	1,650	1,650	1,680	1,680	1,680	1,680	1,680	1,680

Note: Beginning in 2010, street sweeping provided by contractor

Data Source

U.S. Census Bureau and City records

\*Eight months ended December 31, 2007

## CITY OF HIGHLAND PARK, ILLINOIS

## CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

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	2002	2003	2004	2005	2006	2007	2007*	2008	2009	2010
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	168	168	168	168	168	168
Number of fire hydrants (approximate)	1,650	1,650	1,650	1,650	1,680	1,680	1,680	1,680	1,680	1,680
Miles of storm sewer (approximate)	150	150	150	150	178	178	178	178	178	178
Number of street lights (approximate)	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	130	130	130	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

\* Eight months ended December 31, 2007



CITY OF HIGHLAND PARK, ILLINOIS  
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2007*	2008	2009	2010
GENERAL GOVERNMENT	20.25	21.25	20.40	24.40	24.40	22.50	23.25	23.25	24.00	23.00
COMMUNITY DEVELOPMENT	26.50	27.75	28.25	29.25	29.75	29.75	29.50	29.50	28.10	23.50
FINANCE	15.50	15.50	17.50	14.00	13.50	13.50	13.50	13.50	13.50	13.50
FIRE										
Firefighters and officers	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	53.00	51.00
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	58.00
Civilians	32.75	33.75	33.75	33.75	33.75	33.75	30.25	30.25	28.00	28.00
PUBLIC WORKS										
Maintenance workers	62.75	68.25	68.75	68.75	69.25	67.75	66.25	66.25	65.25	63.75
Engineering	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00
Administration	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	26.00
Total Employees	307.75	316.50	318.65	320.15	320.65	317.25	312.75	312.75	308.85	293.75

Data Source

City budgets

\* Eight months ended December 31, 2007