

CITY OF  
HIGHLAND PARK  
ILLINOIS



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR YEAR ENDED  
DECEMBER 31, 2012

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF HIGHLAND PARK, ILLINOIS**  
As of and for the Year Ended December 31, 2012

Prepared by Finance Department

Nicole Winikates, Finance Director  
Stephen Earnhardt, Deputy Finance Director

# CITY OF HIGHLAND PARK

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## CITY OF HIGHLAND PARK

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

June 28, 2013

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, 2012.

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 from 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.

Baker Tilly Virchow Krause, LLP, Independent Certified Public Accountants, have issued an unmodified opinion on the City's financial statements for the fiscal year ended December 31, 2012. 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 29,763. 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 issue of debt or 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 is the foundation for the City's financial planning and control. All departments 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 December 31, the close of the City's current 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 2012, although some improvement was realized over the prior year. Economic conditions over the past five years have impacted several sectors including construction and real estate, consumer spending and business spending. Trends in these sectors have had an impact on City sales tax, building permits and real estate transfer tax.

Construction and real estate activity remained below pre-recession levels in 2007. However, building permit revenues were up 12.0% compared to calendar year 2011. Real estate transfer tax revenues posted a 28% increase over 2011, with the number of real estate transfer tax transactions increasing by 14.3%, indicating an increase in housing prices and market activity in 2012. The City's assessed valuation decreased 6.9% from 2011 to 2012 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 2012 increased over the prior year for the third year in a row since 2006. Total sales tax revenue increased 5.16% over 2011, 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 5.78% over calendar year 2011. Increases were posted in the General Merchandise (2.31%), Drinking and Eating Places (7.0%), Drugs and Miscellaneous Retail (8.00%), Manufacturers (19.00%) and Auto (12.02%) sales categories, while continued declines were reported in the following categories: Food (-2.16%), Agriculture (-3.21%), Apparel (-5.68%), Furniture, Household and Radio (-2.58%), Lumber, Building and Hardware (-7.67%) and Manufacturers (-5.3%). The fourth quarter of 2012 showed even greater positive trends in consumer spending and consumer confidence.

Business spending has remained stable in 2012; retail/commercial vacancies increased from 37 spaces at the start of the year to 39 at the close of 2012. However, this number is down from the 65 retail/commercial vacancies that existed at the start of calendar year 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, referred to as the Alliance, continues efforts to enhance the economic vitality of the City's Central Business District (CBD). 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 2012 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 2012 budget was developed under a conservative and comprehensive set of Financial and Budgetary Policies. Significant effort has been made to enhance transparency, clarity and financial sustainability, as well as to improve the connectivity between revenue sources and expenditures within the budget document.

The City's long-term economic outlook remains favorable. The 2012 average unemployment rate for the City was 5.7% compared to the State of Illinois rate of 8.6% and Lake County rate of 8.5%. The per capita income of the City's labor force was \$68,004 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 2013. 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 \$3.9 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 in excess of \$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. As of January 1, 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.

As part of the 2013 Budget, an additional \$500,000 will be drawn from excess reserves to fund a facilities program to ensure the safety and security of City facilities. In addition, another \$270,000 from reserves will fund the City's Walk-Bike Plan 2030, which will ensure the continuity of sidewalks and ease of transportation throughout the City. 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*

Unassigned fund balance in the general fund at December 31, 2012, is \$19,187,248, which represents 67.3% of 2013 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, which includes the ongoing budget crisis at the State of Illinois and any potential legislation that would minimize or eliminate revenues that would otherwise be shared with local municipalities. In 2013, the City plans on drawing down fund balance reserves by approximately \$1 million in accordance with the City's financial and budgetary policies.

The planned drawdown of reserves in 2013 is to fund \$500,000 in capital improvements to City facilities, \$270,000 in the continuity and ease of transportation through the City and contributions to a shared project with the Park District of Highland Park to repair a public boardwalk on the Central Avenue beach.

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 \$4.8 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 to improve its water treatment plant, which was originally constructed in 1929. The project calls for replacement of aging infrastructure as well as other

plant improvements. The City completed a public bid process for the project in 2012 and broke ground on the project in February 2013.

The project will increase the plant's drinking water output from 21 million gallons per day (MGD) to 30 MGD using better treatment technology in the same footprint of the existing plant. The City chose Siemens Water Technologies Corporation to provide a Memcor submerged membrane filtration system, which will remove bacteria and contaminants from the water supply.

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, in anticipation of this project to ensure that these contracts are secured through the expected term of the bonds that will be used to fund this project. It is anticipated that two bond issues will be necessary to fund the improvements, which will occur in 2013 and 2014.

### *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, 2011. This was the twenty-eighth 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, 2012. 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.

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 W. Knapp  
City Manager



Nikki Winikates  
Finance Director

# 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, 2011

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.



*Christopher P. Morrell*

President

*Jeffrey R. Enen*

Executive Director



# THE CITIZENS OF HIGHLAND PARK

Mayor and City Council

## City Boards, Commissions and Task Forces

Business and Economic Development Commission	Joint Plan Commission
Civil Service Commission / Board of Fire and Police Commissioners	Library Board of Trustees
Cultural Arts Commission	Liquor Control Commission
Design Review Commission	Natural Resources Commission
Firefighters Pension Board	Plan Commission
Healthy Highland Park Task Force	Police Pension Board
Historic Preservation Commission	Ravinia Festival Community Relations Commission
Housing Commission	Sister Cities Foundation
Human Relations Commission	Transportation Commission
Intra-City Parking Commission	Zoning Board of Appeals

City Manager

Corporation Counsel

City Treasurer

Fire Department

City Manager's Office

Finance Department

Public Works Department

Community Development Department

Police Department

Computer Services

Finance

Building

Planning

Communications

Human Resources & Wellness

Engineering

Equipment Maintenance

Youth & Senior

City Clerk

Forestry

Water Distribution & Sanitary Sewers

Economic Development

Streets & Storm Sewers

Transit

Water Purification & Production

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2012

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LEGISLATIVE

Nancy R. Rotering, Mayor

City Council

Anthony E. Blumberg

James R. Kirsch

Paul Frank

Sally Higginson

Daniel A. Kaufman

David Naftzger

ADMINISTRATIVE

David Knapp, City Manager

Nikki Winikates, Finance Director

Shirley A. Fitzgerald, City Clerk

## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Highland Park  
Highland Park, Illinois

### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the City of Highland Park's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Highland Park's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Highland Park's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matters**

As discussed in Note I, the City of Highland Park adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund; Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Public Safety Pension Levy Fund; Illinois Municipal Retirement Fund Schedule of Employer's Contributions and Schedule of Funding Progress; Police Pension Fund Schedule of Employer's Contributions and Schedule of Funding Progress; Firefighters' Pension Fund Schedule of Employer's Contributions and Schedule of Funding Progress; and Other Postemployment Benefit Plan Schedule of Employer's Contributions and Schedule of Funding Progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland Park's basic financial statements. The combining statements and budget and actual schedules, as included in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and budget and actual schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

City Council  
City of Highland Park

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland Park's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Baker Tilly Viechow Krause LLP*

Oak Brook, Illinois  
June 28, 2013



## 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, 2012. 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, 2012 by \$164 million (net position).
- The government's total net position increased by \$5,635,668 during the twelve months ended December 31, 2012. Business-type activities resulted in a \$307,776 decrease, while net position of governmental activities increased by \$5,943,444. These changes are primarily attributable to receipts in the General Fund in excess of budgeted revenues and a unrealized gain in investments.
- As of December 31, 2012, the City's governmental funds reported combined ending fund balances of \$47.5 million, an increase of \$4.3 million in comparison with the prior fiscal year. This increase is due in part to a \$2,591,200 appreciation in the fair market value of investments in the general fund.
- At the end of the current fiscal year, unrestricted and unassigned fund balance of the general fund was \$14,111,753, or 48.85% of 2013 general fund projected operating expenditures, exceeding the City's policy to maintain a minimum balance of 35%.

### 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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, sewer 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 15 - 17 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 2012. 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, public safety pension levy 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 101 -112 in this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of the Foreign Fire Insurance Tax Fund. Budgetary comparisons have been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 18 - 26 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, sewer 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, sewer 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 120 - 125 in this report.

The basic proprietary fund financial statements can be found on pages 27 - 40 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 41 - 42 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 44 - 88 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 major special revenue funds 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 89 - 96 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 97 - 128 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$164 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (69.1%) 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 position (2.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*



(29.0% of total) may be used to meet the government's ongoing obligations to citizens and creditors.

**City of Highland Park's Net Position  
December 31, 2012**

	Governmental Activities		Business-Type Activities		Total	
	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Current and Other Assets	\$65,598,317	\$71,543,702	\$15,282,286	\$15,156,330	\$80,880,603	\$86,700,032
Capital Assets	87,546,651	85,496,626	64,390,942	63,205,524	151,937,593	148,702,150
<b>Total Assets</b>	<b>153,144,968</b>	<b>157,040,328</b>	<b>79,673,228</b>	<b>78,361,854</b>	<b>232,818,196</b>	<b>235,402,182</b>
Long-Term Liabilities Outstanding	39,438,911	36,115,094	19,736,105	18,896,373	59,175,016	55,011,467
Other Liabilities	13,849,337	15,125,070	760,483	596,617	14,609,820	15,721,687
<b>Total Liabilities</b>	<b>53,288,248</b>	<b>51,240,164</b>	<b>20,496,588</b>	<b>19,492,990</b>	<b>73,784,836</b>	<b>70,733,154</b>
Net Position:						
Net Investment in Capital Assets	71,825,055	73,059,813	54,109,919	48,582,193	125,934,974	121,642,006
Restricted	1,676,953	1,778,085	0	0	1,676,953	1,778,085
Unrestricted	26,354,712	30,962,266	5,066,721	10,286,671	31,421,433	41,248,937
<b>Total Net Position</b>	<b>99,856,720</b>	<b>105,800,164</b>	<b>59,176,640</b>	<b>58,868,864</b>	<b>159,033,360</b>	<b>164,669,028</b>

The City reports positive balances in all three categories of net position, 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 Position", 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 and reclassification of assets to the sewer utility fund.

A breakdown of the change in net position follows:

Water Utility	\$ 1,253,336
Sewer Utility	(1,382,341)
Parking System	(191,076)
Country Club	12,305
Governmental Activities	<u>5,943,444</u>
Change in Net Position	\$ 5,635,668

Changes in Net Position of the Water, Sewer, Parking and Country Club funds are discussed in more detail on page 10.

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

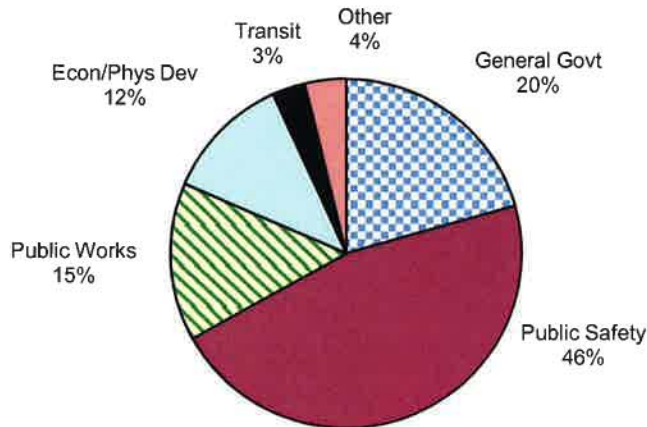
	Governmental Activities		Business-Type Activities		Total	
	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Program Revenues						
Charges for Services	\$8,374,511	\$10,074,757	\$12,852,413	\$14,301,528	\$21,226,924	\$24,376,285
Operating Grants	1,007,110	900,045	137,100	156,940	1,144,210	1,056,985
Capital Grants	565,452	0	167,331	0	732,783	0
General Revenues						
Property Taxes	11,478,560	11,480,575	0	0	11,478,560	11,480,575
Sales Taxes	11,785,806	12,393,678	0	0	11,785,806	12,393,678
Other Taxes	10,501,464	10,992,557	0	0	10,501,464	10,992,557
Payment in Lieu of Taxes	546,459	559,173	0	0	546,459	559,173
Other	1,182,558	3,349,988	41,652	14,649	1,224,210	3,364,637
<b>TOTAL REVENUES</b>	<b>45,441,920</b>	<b>49,750,773</b>	<b>13,198,496</b>	<b>14,473,117</b>	<b>58,640,416</b>	<b>64,223,890</b>
Expenses						
General Government	5,362,741	8,965,963	0	0	5,362,741	8,965,963
Public Safety	20,181,540	20,175,202	0	0	20,181,540	20,175,202
Public Works	8,377,575	6,361,328	0	0	8,377,575	6,361,328
Economic/Physical Dev	3,612,168	5,106,635	0	0	3,612,168	5,106,635
Transit	1,379,050	1,292,090	0	0	1,379,050	1,292,090
Commissions	331,347	407,388	0	0	331,347	407,388
Interest	1,409,557	1,252,423	0	0	1,409,557	1,252,423
Parking	0	0	1,156,266	1,006,413	1,156,266	1,006,413
Water	0	0	6,407,020	6,645,213	6,407,020	6,645,213
Sewer	0	0	4,518,395	4,385,887	4,518,395	4,385,887
Country Club	0	0	2,777,646	2,989,680	2,777,646	2,989,680
<b>TOTAL EXPENSES</b>	<b>40,653,978</b>	<b>43,561,029</b>	<b>14,859,327</b>	<b>15,027,193</b>	<b>55,513,305</b>	<b>58,588,222</b>
Increase in Net Position before Transfers, Special Items and Contributions	4,787,942	6,189,744	(1,660,831)	(554,076)	3,127,111	5,635,668
Transfers	(25,677,141)	(246,300)	25,677,141	246,300	0	0
<b>Increase in Net Position</b>	<b>(20,889,199)</b>	<b>5,943,444</b>	<b>24,016,310</b>	<b>(307,776)</b>	<b>3,127,111</b>	<b>5,635,668</b>

- Property tax revenue increased by \$2,015 (.02%) over the prior year, only a minor increase due to a zero percent increase in the annual operating levy. The City is a home-rule municipality and not subject to property tax limitations.
- Sales tax revenue for calendar year 2012, compared to calendar year 2011, increased by \$168,434 (1.08%). Comparison of other taxes for the period ending December 31, 2012, compared to 2011, reveal an increase in income taxes (11.07%), replacement taxes (.18%), hotel taxes (3.42%) and franchise fees (2.72%). Declines were reported in local use taxes (1.36%) and utility taxes (6.92%).
- The change in other revenues is attributable in large part to an unrealized gain of \$964,461 in 2011 to reflect General Fund investments at fair market value, as compared to a \$2,591,200, unrealized gain in 2012.

See independent auditors' report.

- Expenses decreased by \$2,907,051 due primarily to adjustments in personnel and other cost containment measures that have been implemented by the City to offset declining revenues.

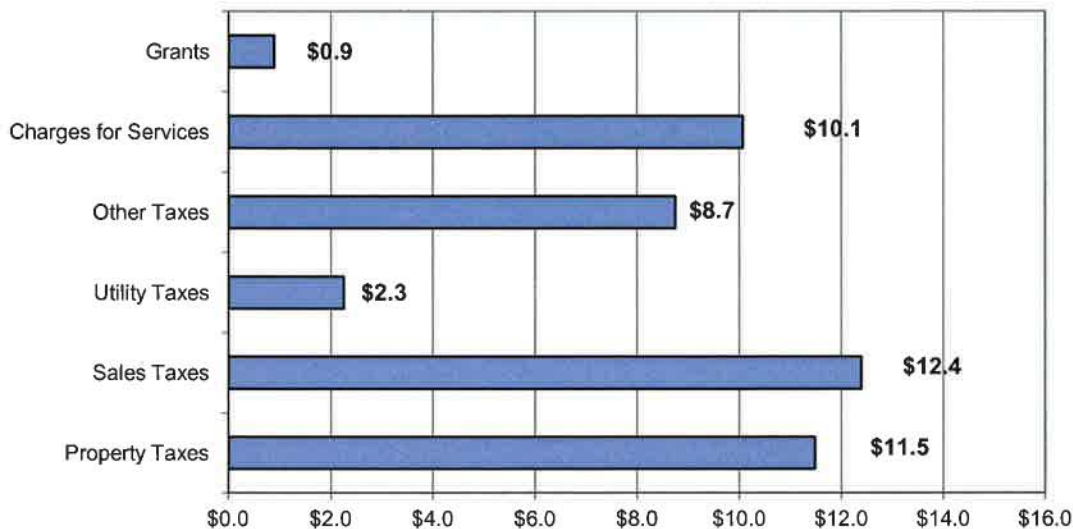
### Expenses and Program Revenues – Governmental Activities



Public Safety expenses (police and fire) account for the greatest percent of governmental activities with 46%, followed by general government, public works, and economic/physical development.

### Revenues by Source – Governmental Activities

Amounts in Millions

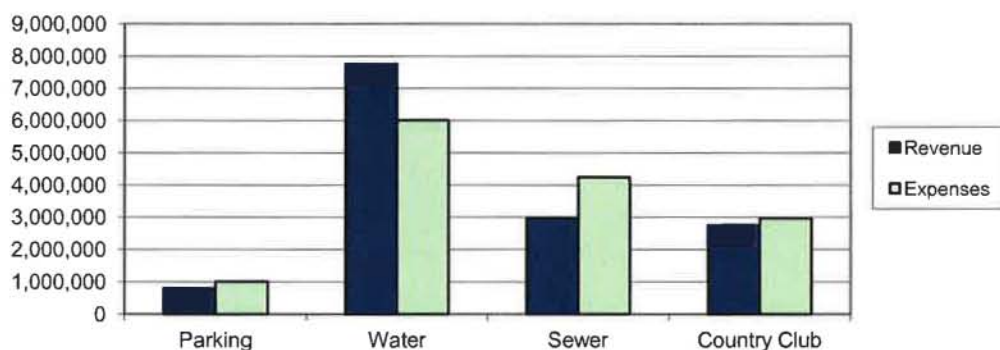


Sales taxes account for the greatest proportion of funding for governmental activities on an annualized basis, followed by property taxes, charges for services and other taxes. Growth in expenses has been closely monitored for twelve consecutive years, with operating departments mandated to contain non-personnel related operating costs. However, the City has continued an aggressive capital improvement plan, investing more than \$3.8 million annually in street, sewer and ravine improvements from governmental revenues.

See independent auditors' report.

## Business-Type Activities

Business-type activities decreased the City's net position by \$307,776. This decrease is primarily due to the operating losses of the Parking and Sewer Funds. 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 Sewer Fund contribution is excluded for the presentation below):



- Net position of the parking fund decreased by \$191,076 in the current fiscal year, the majority of which is due to personnel expenses and depreciation.
- The water utility fund net position increased by \$1,253,336, which is attributable primarily to a increase in water sales due to drought-like conditions in 2012.
- The sewer utility fund net position decreased by \$1,382,341, which is attributable primarily to an operating loss. The sewer utility fund was created in 2011. The operating loss was due in part to higher than anticipated personal services costs and lower than anticipated revenues from storm water management fees. As part of the 2013 budget process, the City developed long term rate projections and elected to implement a plan that includes rate adjustments to be phased in over the next four years to ensure the sustainability of this fund.
- Net position of the country club fund increased by \$12,305, the majority of which is due to an increase in revenue from charges for services and a transfer in from other funds of \$346,300.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal year, non-operating revenues/expenses totaled (\$616,013).

## 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, *unrestricted or unassigned 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, 2012, the City's governmental funds reported combined ending fund balances of \$47.5 million, an increase of \$4.4 million in comparison with the prior fiscal year. As noted previously, a portion of this increase is the result of an unrealized gain of \$2,591,200 included in investment income of the General Fund associated with the reporting of investments at fair market value. Of the total fund balance, \$14.1 million constitutes *unassigned fund balance* in the General Fund, which is available for spending at the government's discretion. *Committed fund balance* totaling \$22.8 million is not available for discretionary spending because it has already been committed for police and fire pension obligations. Please refer to page 18 - 19 for a detailed description and amounts of assigned and committed fund balance.

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18.9 million. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 48.85% of total general fund operating expenditures for the 2013 fiscal year.

The public safety pension levy fund has a total fund balance of \$0. This fund was created in 2011 for the purpose of tracking property tax revenues that are restricted to fund the City's public safety pension liability.

The debt service fund has a total fund balance of \$1,037,144, all of which is assigned for the payment of debt service. During the current fiscal year, the fund posted a \$9,078 increase in fund balance.

The capital projects fund has a fund balance of \$1,890,316 at December 31, 2012. During the current fiscal year, the fund posted a \$275,934 decrease in fund balance due primarily to a decreased allocation of property tax revenue.

Nonmajor governmental funds combined for a total fund balance of \$2.8 million at year end.

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

Net position of the parking system totaled \$4.48 million at December 31, 2012. Net position of the water utility fund amounted to \$21.6 million. Net position of the sewer utility fund amounted to \$22.8 million. Net position of the country club operation amounted to \$9.4 million. The total reduction in net position for all proprietary funds was \$307,776. 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 \$4,803,813, due primarily to a \$2,591,200 adjustment of the fair market value of investments, a financial reporting adjustment that is not budgeted and the receipt of sales taxes in excess of budget by \$293,677 and receipts of real estate transfer taxes in excess of budget by \$508,038. Positive variances of significance were reported in building permits, fines and forfeitures, and reimbursements. Shortfalls were reported in property taxes, utility taxes and red light fines. Total General Fund expenditures were 91% of budget, resulting in a budgetary savings of \$2.9 million. General fund transfers out totaled \$1.3 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, 2012, amounts to \$121.6 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 \$2.65 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	
	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Land	\$8,923,202	\$9,057,203	\$4,981,323	\$4,981,323	\$13,904,525	\$14,038,526
Buildings and improvements	49,782,955	48,349,986	13,401,836	12,642,624	63,184,791	60,992,610
Machinery and equipment	3,477,567	3,240,854	645,848	524,753	4,123,415	3,765,607
Infrastructure	25,251,927	24,247,654	39,301,330	38,660,777	64,553,257	62,908,431
Construction in progress	111,000	600,929	6,060,605	6,396,047	\$6,171,605	\$6,996,976
Total	\$87,546,651	\$85,496,626	\$64,390,942	\$63,205,524	\$151,937,593	\$148,702,150

Additional information on the City's capital assets can be found in Note III C. on pages 65 -66 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$45,323,991. Of this amount, \$27,228,991 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	
	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Total	\$30,920,488	\$27,228,991	\$18,895,000	\$18,095,000	\$49,815,488	\$45,323,991

The City's total bonded debt decreased by \$4.49 million during the current fiscal year. The City's general obligation bonds maintain a "Aaa" rating from Moody's Investors Service. In 2012, the City refunded a portion of its outstanding debt, achieving a cash flow savings of approximately \$793,000. Additional detail of the refunding can be found in note III (E).

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 \$45.3 million represents 2.10% 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 III E. 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 2012 average unemployment rate for the City was 5.7%, compared to 7.3% for Lake County and 8.6% 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 \$68,004 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.

The City is mindful of the ongoing budget crisis at the State of Illinois and its projected year end operating deficit. The Mayor and City Council continue to express opposition to potential legislation that would minimize or eliminate revenues that would otherwise be shared with local municipalities. The City has evaluated several budget scenarios to prepare for the potential loss of these revenues.

In response to national economic conditions, the City has taken several steps to ensure fiscal sustainability in preparing the 2013 budget, including the reduction of 5 full-time positions, targeted expenditure reductions, deferring non-essential capital expenditures and analyzing fees to achieve greater cost recovery. The 2013 budget projects that general fund operating revenues will exceed operating expenditures by \$1,577,289. Due to this anticipated surplus and the excess of current reserves over policy in the General Fund, a drawdown of reserves is planned in 2013 for one-time capital expenditures.

**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

## STATEMENT OF NET POSITION As of December 31, 2012

	Governmental Activities	Business- Type Activities	Totals	Highland Park Public Library
<b>ASSETS</b>				
Cash	\$ 25,229,679	\$ 7,233,240	\$ 32,462,919	\$ 1,498,980
Investments	22,559,678	4,819,325	27,379,003	1,750,843
Receivables (net)				
Property taxes	11,739,197	-	11,739,197	4,139,000
Motor fuel tax allotments	132,022	-	132,022	-
Intergovernmental	5,448,846	60,191	5,509,037	-
Loans	325,000	-	325,000	-
Accounts	1,022,872	1,387,448	2,410,320	-
Accrued interest	61,520	-	61,520	-
Other	-	-	-	554,926
Prepaid items	449,080	2,345,566	2,794,646	4,559
Inventories	-	40,788	40,788	-
Internal balances	849,141	(849,141)	-	-
Net pension asset	3,680,219	-	3,680,219	-
Unamortized debt issuance expense	46,448	118,913	165,361	-
Capital assets				
Capital assets not being depreciated	9,658,132	11,377,370	21,035,502	1,347,651
Capital assets being depreciated, net of accumulated depreciation	<u>75,838,494</u>	<u>51,828,154</u>	<u>127,666,648</u>	<u>2,147,745</u>
Total Assets	<u>157,040,328</u>	<u>78,361,854</u>	<u>235,402,182</u>	<u>11,443,704</u>
<b>LIABILITIES</b>				
Accounts payable	2,641,171	256,867	2,898,038	683,888
Accrued payroll	576,421	165,764	742,185	70,907
Accrued interest payable	61,660	1,702	63,362	-
Unearned revenue	11,787,350	172,284	11,959,634	4,151,700
Deposits	58,468	-	58,468	-
Noncurrent liabilities				
Due within one year	3,775,405	1,266,870	5,042,275	1,511
Due in more than one year	<u>32,339,689</u>	<u>17,629,503</u>	<u>49,969,192</u>	<u>456,783</u>
Total Liabilities	<u>51,240,164</u>	<u>19,492,990</u>	<u>70,733,154</u>	<u>5,364,789</u>
<b>NET POSITION</b>				
Net investment in capital assets	73,059,813	48,582,193	121,642,006	3,495,396
Restricted for				
Economic development	873,033	-	873,033	-
Public safety	747,661	-	747,661	-
Streets	157,391	-	157,391	-
Library materials	-	-	-	105,437
Working cash	-	-	-	375,000
Unrestricted	<u>30,962,266</u>	<u>10,286,671</u>	<u>41,248,937</u>	<u>2,103,082</u>
<b>TOTAL NET POSITION</b>	<u>\$105,800,164</u>	<u>\$ 58,868,864</u>	<u>\$164,669,028</u>	<u>\$ 6,078,915</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 8,965,963	\$ 3,560,882	\$ -	\$ -
Public safety	20,175,202	2,775,737	16,959	-
Public works	6,361,328	1,031,414	883,086	-
Transit	1,292,090	1,312,028	-	-
Commissions	407,388	-	-	-
Economic and physical development	5,106,635	1,394,696	-	-
Interest and fiscal charges	<u>1,252,423</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Governmental Activities</b>	<u>43,561,029</u>	<u>10,074,757</u>	<u>900,045</u>	<u>-</u>
<b>Business-type Activities</b>				
Water	6,645,213	7,756,992	127,200	-
Sewer	4,385,887	2,984,243	19,303	-
Highland Park Country Club	2,989,680	2,755,685	-	-
Motor Vehicle Parking System	<u>1,006,413</u>	<u>804,608</u>	<u>10,437</u>	<u>-</u>
<b>Total Business-type Activities</b>	<u>15,027,193</u>	<u>14,301,528</u>	<u>156,940</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 58,588,222</u>	<u>\$ 24,376,285</u>	<u>\$ 1,056,985</u>	<u>\$ -</u>
<b>Component Unit</b>				
Highland Park Public Library	<u>\$ 4,236,188</u>	<u>\$ 90,774</u>	<u>\$ 151,373</u>	<u>\$ 847,651</u>

### General Revenues

#### Taxes

Property taxes  
Sales taxes  
Home rule sales tax  
Utility taxes  
Franchise fees  
Real estate transfer tax  
Other taxes

#### Intergovernmental

Income taxes  
Personal property replacement taxes

#### Payment in lieu of taxes

#### Investment income

Interest income

Net appreciation in fair value of investments

#### Transfers

Total General Revenues and Transfers

### Change in net position

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Highland Park Public Library
\$ (5,405,081)	\$ -	\$ (5,405,081)	\$ -
(17,382,506)	-	(17,382,506)	-
(4,446,828)	-	(4,446,828)	-
19,938	-	19,938	-
(407,388)	-	(407,388)	-
(3,711,939)	-	(3,711,939)	-
(1,252,423)	-	(1,252,423)	-
<u>(32,586,227)</u>	<u>-</u>	<u>(32,586,227)</u>	<u>-</u>
-	1,238,979	1,238,979	-
-	(1,382,341)	(1,382,341)	-
-	(233,995)	(233,995)	-
-	(191,368)	(191,368)	-
<u>-</u>	<u>(568,725)</u>	<u>(568,725)</u>	<u>-</u>
<u>(32,586,227)</u>	<u>(568,725)</u>	<u>(33,154,952)</u>	<u>-</u>
-	-	-	(3,146,390)
11,480,575	-	11,480,575	4,048,827
8,118,187	-	8,118,187	-
4,275,491	-	4,275,491	-
2,254,875	-	2,254,875	-
2,450,617	-	2,450,617	-
1,458,037	-	1,458,037	-
1,936,697	-	1,936,697	-
2,615,197	-	2,615,197	-
277,134	-	277,134	38,994
559,173	-	559,173	-
758,788	14,649	773,437	6,113
<u>2,591,200</u>	<u>-</u>	<u>2,591,200</u>	<u>-</u>
<u>(246,300)</u>	<u>246,300</u>	<u>-</u>	<u>-</u>
<u>38,529,671</u>	<u>260,949</u>	<u>38,790,620</u>	<u>4,093,934</u>
5,943,444	(307,776)	5,635,668	947,544
<u>99,856,720</u>	<u>59,176,640</u>	<u>159,033,360</u>	<u>5,131,371</u>
<u>\$ 105,800,164</u>	<u>\$ 58,868,864</u>	<u>\$ 164,669,028</u>	<u>\$ 6,078,915</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2012

	General	Public Safety Pension Levy	Debt Service	Capital Projects
<b>ASSETS</b>				
Cash	\$ 15,375,788	\$ -	\$ 1,137,744	\$ 1,450,382
Investments	22,509,678	-	-	50,000
Receivables (net)				
Property taxes	3,311,576	3,339,505	3,633,155	184,461
Motor fuel tax allotments	-	-	-	-
Intergovernmental	5,448,846	-	-	-
Loans	-	-	-	325,000
Accounts	577,549	-	-	84,338
Accrued interest	61,520	-	-	-
Prepaid items	-	-	-	105,130
Due from other funds	849,141	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 48,134,098</u></b>	<b><u>\$ 3,339,505</u></b>	<b><u>\$ 4,770,899</u></b>	<b><u>\$ 2,199,311</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,147,607	\$ -	\$ 100,600	\$ 111,534
Accrued liabilities	506,685	-	-	-
Deferred revenues	3,727,412	3,339,505	3,633,155	194,461
Deposits	55,468	-	-	3,000
Total Liabilities	<u>6,437,172</u>	<u>3,339,505</u>	<u>3,733,755</u>	<u>308,995</u>
Fund Balances				
Nonspendable for prepaid items	-	-	-	105,130
Restricted for streets	-	-	-	-
Restricted for public safety	-	-	-	-
Restricted for economic development	-	-	-	-
Committed for employee retirement	22,509,678	-	-	-
Committed for sustainability initiatives	-	-	-	-
Committed for transportation	-	-	-	-
Committed for library capital projects	300,000	-	-	-
Assigned for capital projects	-	-	-	1,785,186
Assigned for other postemployment benefits	4,775,495	-	-	-
Assigned for debt service	-	-	1,037,144	-
Unassigned, general fund	14,111,753	-	-	-
Unassigned, special revenue funds (deficit)	-	-	-	-
Total Fund Balances	<u>41,696,926</u>	<u>-</u>	<u>1,037,144</u>	<u>1,890,316</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 48,134,098</u></b>	<b><u>\$ 3,339,505</u></b>	<b><u>\$ 4,770,899</u></b>	<b><u>\$ 2,199,311</u></b>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 2,674,848	\$ 20,638,762
-	22,559,678
1,270,500	11,739,197
132,022	132,022
-	5,448,846
-	325,000
153,395	815,282
-	61,520
1,608	106,738
-	849,141
<u>\$ 4,232,373</u>	<u>\$ 62,676,186</u>

\$ 90,775	\$ 2,450,516
42,083	548,768
1,270,500	12,165,033
-	58,468
<u>1,403,358</u>	<u>15,222,785</u>

1,608	106,738
157,391	157,391
747,661	747,661
873,033	873,033
-	22,509,678
298,992	298,992
816,117	816,117
-	300,000
-	1,785,186
-	4,775,495
-	1,037,144
-	14,111,753
<u>(65,787)</u>	<u>(65,787)</u>
<u>2,829,015</u>	<u>47,453,401</u>

<u>\$ 4,232,373</u>	<u>\$ 62,676,186</u>
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See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

### RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2012

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Total Fund Balances - Governmental Funds	\$ 47,453,401
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note III C.	85,496,626
Less amount reported in internal service funds below	(2,126,829)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(27,228,991)
Claims payable	(1,113,893)
Some receivables that are not currently available are reported as deferred revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements	377,683
Unamortized debt issuance expense is not reported as an asset in the governmental funds	46,448
Loss on refunding on bonds is reported as a liability on the statement of net position	136,538
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position	(373,351)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position	(61,660)
Net pension asset for the firefighters' and police pension funds is shown as an asset on the statement of net position	3,680,219
Net pension obligation for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	(501,021)
Less amount reported in internal service funds below	51,994
The net other postemployment benefit obligation is shown as a liability on the statement of net position	(5,166,592)
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	(1,867,784)
Less amount reported in internal service funds below	62,425
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>6,934,951</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 105,800,164</u></b>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2012

	General	Public Safety Pension Levy	Debt Service	Capital Projects
<b>REVENUES</b>				
Property taxes	\$ 3,099,392	\$ 2,960,060	\$ 3,608,915	\$ 180,814
Personal property replacement tax	277,134	-	-	-
Licenses and permits	1,489,618	-	-	-
Public charges for services	1,600,906	-	-	-
Municipal sales tax	11,786,934	-	175,000	431,744
Utility taxes	2,254,875	-	-	-
Real estate transfer tax	1,458,037	-	-	-
Intergovernmental	42,807	-	-	-
State income tax	2,615,197	-	-	-
Franchise tax	2,450,617	-	-	-
Payments in lieu of taxes	184,173	-	-	375,000
Other Taxes	1,305,728	-	-	-
Reimbursements	412,482	-	-	(144)
Fines, forfeitures and penalties	953,678	-	-	-
Motor fuel tax	-	-	-	-
Investment income				
Interest income	757,933	-	1,556	1,533
Net appreciation in fair value of investments	2,591,200	-	-	-
Miscellaneous	480,162	-	-	-
Total Revenues	<u>33,760,873</u>	<u>2,960,060</u>	<u>3,785,471</u>	<u>988,947</u>
<b>EXPENDITURES</b>				
Current				
General government	6,997,163	-	-	-
Public safety	15,911,968	2,960,060	-	-
Public works	2,393,501	-	-	-
Transit	-	-	-	-
Commissions	158,314	-	-	-
Economic and physical development	3,064,958	-	-	-
Capital Outlay	-	-	-	2,104,881
Debt Service				
Principal	-	-	3,576,497	-
Interest and fiscal charges	-	-	1,265,413	-
Total Expenditures	<u>28,525,904</u>	<u>2,960,060</u>	<u>4,841,910</u>	<u>2,104,881</u>
Excess (deficiency) of revenues over expenditures	<u>5,234,969</u>	<u>-</u>	<u>(1,056,439)</u>	<u>(1,115,934)</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
\$ 1,631,394	\$ 11,480,575
-	277,134
847,717	2,337,335
917,697	2,518,603
-	12,393,678
-	2,254,875
-	1,458,037
101,186	143,993
-	2,615,197
-	2,450,617
-	559,173
529,783	1,835,511
1,312,028	1,724,366
12,045	965,723
857,238	857,238
(3,603)	757,419
-	2,591,200
49,008	529,170
<u>6,254,493</u>	<u>47,749,844</u>
-	6,997,163
537,885	19,409,913
2,525,364	4,918,865
1,303,013	1,303,013
-	158,314
420,363	3,485,321
-	2,104,881
-	3,576,497
-	1,265,413
<u>4,786,625</u>	<u>43,219,380</u>
<u>1,467,868</u>	<u>4,530,464</u>

See accompanying notes to financial statements.



# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2012

	<u>General</u>	<u>Public Safety Pension Levy</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	-	-	3,410,000	-
Premium on refunding debt issued	-	-	256,780	-
Payment to refunded bonds escrow agent	-	-	(3,628,143)	-
Transfers in	-	-	1,026,880	840,000
Transfers out	(1,273,180)	-	-	-
Sales of general capital assets	14,555	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,258,625)</u>	<u>-</u>	<u>1,065,517</u>	<u>840,000</u>
<b>Net Change in Fund Balances</b>	3,976,344	-	9,078	(275,934)
<b>FUND BALANCES - Beginning of Year</b>	<u>37,720,582</u>	<u>-</u>	<u>1,028,066</u>	<u>2,166,250</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 41,696,926</u>	<u>\$ -</u>	<u>\$ 1,037,144</u>	<u>\$ 1,890,316</u>

See accompanying notes to financial statements.

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Nonmajor Governmental Funds	Totals
-	3,410,000
-	256,780
-	(3,628,143)
-	1,866,880
(840,000)	(2,113,180)
-	14,555
<u>(840,000)</u>	<u>(193,108)</u>
627,868	4,337,356
<u>2,201,147</u>	<u>43,116,045</u>
<u>\$ 2,829,015</u>	<u>\$ 47,453,401</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$ 4,337,356
Amounts reported for governmental activities in the statement of net position are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,350,491
Depreciation is reported in the government-wide financial statements	(3,103,563)
Net book value of assets retired	(6,267)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	(728,069)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Debt issued	(3,410,000)
Principal repaid	3,576,497
Advance refunding of bond issuances are reported as an other financing use in the governmental funds. However, advance refunding are considered a change in long-term liabilities in the Statement of Net Position.	3,525,000
Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	
Bond discount	(78,025)
Bond premium	(195,127)
Deferred charge on refunding	85,019
Debt issuance costs	46,448
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	28,622
Net pension asset	158,760
Net pension obligation	(137,359)
Other postemployment benefits obligation	(563,249)
Accrued interest on debt	1,038
The change in claims payable is shown as an expense on the statement of activities.	497,854

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2012

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Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service funds reported with governmental activities

\$ 558,018

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$ 5,943,444

# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 1,834,490	\$ 3,868,159	\$ 540,293	\$ 990,298	\$ 7,233,240
Investments	4,819,325	-	-	-	4,819,325
Accounts receivable (net)	953,865	391,074	32,072	10,437	1,387,448
Due from other organizations	-	-	-	60,191	60,191
Inventories	-	-	40,788	-	40,788
Prepaid items	2,250,503	68,693	26,370	-	2,345,566
Other	-	-	-	-	-
Total Current Assets	<u>9,858,183</u>	<u>4,327,926</u>	<u>639,523</u>	<u>1,060,926</u>	<u>15,886,558</u>
Noncurrent Assets					
Capital Assets					
Land	66,958	-	3,595,200	1,319,165	4,981,323
Construction in progress	6,016,605	379,442	-	-	6,396,047
Infrastructure	-	-	-	32,196	32,196
Parking facilities and equipment	-	-	-	4,434,342	4,434,342
Water and sewer plant and equipment	47,720,546	65,887,410	-	-	113,607,956
Country club facilities and equipment	-	-	11,453,902	-	11,453,902
Machinery, equipment and furnishings	-	-	-	-	-
Less: Accumulated depreciation	(27,184,187)	(43,176,257)	(5,012,655)	(2,327,143)	(77,700,242)
Other Assets					
Unamortized debt issuance expenses	<u>81,293</u>	<u>34,810</u>	<u>2,810</u>	<u>-</u>	<u>118,913</u>
Total Noncurrent Assets	<u>26,701,215</u>	<u>23,125,405</u>	<u>10,039,257</u>	<u>3,458,560</u>	<u>63,324,437</u>
Total Assets	<u>36,559,398</u>	<u>27,453,331</u>	<u>10,678,780</u>	<u>4,519,486</u>	<u>79,210,995</u>

See accompanying notes to financial statements.

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Governmental  
Activities -  
Internal  
Service Funds

\$ 4,590,917

-

16,647

-

-

342,342

190,943

5,140,849

-

-

-

-

-

-

11,481,057

(9,354,228)

-

2,126,829

7,267,678

See accompanying notes to financial statements.



# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 181,300	\$ 20,050	\$ 17,523	\$ 37,994	\$ 256,867
Accrued liabilities	72,761	56,815	36,095	1,795	167,466
Due to other funds	-	-	849,141	-	849,141
Unearned revenues	80,627	-	91,657	-	172,284
Total Current Liabilities	334,688	76,865	994,416	39,789	1,445,758
Noncurrent Liabilities					
Long-Term Debt					
Net pension obligation	99,259	66,173	-	-	165,432
Net other postemployment benefit obligation	283,099	181,992	-	-	465,091
Net General obligation bonds payable	12,891,495	4,973,057	241,950	-	18,106,502
Compensated absences	117,510	41,838	-	-	159,348
Total Noncurrent Liabilities	13,391,363	5,263,060	241,950	-	18,896,373
Total Liabilities	13,726,051	5,339,925	1,236,366	39,789	20,342,131
<b>NET POSITION</b>					
Net investment in capital assets	17,211,599	18,117,537	9,794,497	3,458,560	48,582,193
Unrestricted (deficit)	5,621,748	3,995,869	(352,083)	1,021,137	10,286,671
<b>TOTAL NET POSITION</b>	<b>\$ 22,833,347</b>	<b>\$ 22,113,406</b>	<b>\$ 9,442,414</b>	<b>\$ 4,479,697</b>	<b>\$ 58,868,864</b>

See accompanying notes to financial statements.

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Governmental  
Activities -  
Internal  
Service Funds

\$ 190,655  
27,653

-

-

218,308

51,994

-

-

62,425

114,419

332,727

-

6,934,951

\$ 6,934,951

# CITY OF HIGHLAND PARK

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>OPERATING REVENUES</b>					
Water sales	\$ 7,603,867	\$ -	\$ -	\$ -	\$ 7,603,867
Sanitary sewer charges	-	1,668,524	-	-	1,668,524
Stormwater management fees	-	1,242,583	-	-	1,242,583
Water/sewer permit fees	79,976	38,890	-	-	118,866
Parking lot collections	-	-	-	551,146	551,146
Parking violations	-	-	-	253,462	253,462
Charges for goods and services	-	-	2,696,685	-	2,696,685
Miscellaneous	73,149	34,246	59,000	-	166,395
Total Operating Revenues	<u>7,756,992</u>	<u>2,984,243</u>	<u>2,755,685</u>	<u>804,608</u>	<u>14,301,528</u>
<b>OPERATING EXPENSES</b>					
Personal services	2,208,063	1,476,727	1,336,618	298,455	5,319,863
Contractual services	1,244,737	569,298	650,356	243,858	2,708,249
Materials and supplies	388,262	94,318	628,573	18,258	1,129,411
Small tools and equipment	141,499	455,358	5,254	117,818	719,929
Administrative reimbursements	1,055,000	-	-	101,000	1,156,000
Repairs and maintenance	-	-	-	-	-
Depreciation	975,704	1,651,184	352,227	227,024	3,206,139
Total Operating Expenses	<u>6,013,265</u>	<u>4,246,885</u>	<u>2,973,028</u>	<u>1,006,413</u>	<u>14,239,591</u>
Operating Income (Loss)	<u>1,743,727</u>	<u>(1,262,642)</u>	<u>(217,343)</u>	<u>(201,805)</u>	<u>61,937</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	14,357	-	-	292	14,649
Intergovernmental	127,200	19,303	-	10,437	156,940
Loss on capital assets	-	-	(4,511)	-	(4,511)
Interest and fiscal charges	(631,948)	(139,002)	(12,141)	-	(783,091)
Total Nonoperating Revenues (Expenses)	<u>(490,391)</u>	<u>(119,699)</u>	<u>(16,652)</u>	<u>10,729</u>	<u>(616,013)</u>
Income (Loss) Before Transfers	<u>\$ 1,253,336</u>	<u>\$ (1,382,341)</u>	<u>\$ (233,995)</u>	<u>\$ (191,076)</u>	<u>\$ (554,076)</u>

See accompanying notes to financial statements.

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Governmental  
Activities -  
Internal  
Service Funds

\$ -  
-  
-  
-  
-

9,960,549  
54,655

10,015,204

1,274,198  
6,218,865  
727,445  
210,853

-  
363,881  
638,515

9,433,757

581,447

1,369  
-  
(24,798)

-  
(23,429)

\$ 558,018

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>TRANSFERS</b>					
Transfers in	\$ -	\$ -	\$ 346,300	\$ -	\$ 346,300
Transfers out	-	-	(100,000)	-	(100,000)
Total Transfers	-	-	246,300	-	246,300
 <b>Change in Net Position</b>	 1,253,336	 (1,382,341)	 12,305	 (191,076)	 (307,776)
 NET POSITION - Beginning of Year	 <u>21,580,011</u>	 <u>23,495,747</u>	 <u>9,430,109</u>	 <u>4,670,773</u>	 <u>59,176,640</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 22,833,347</u></u>	 <u><u>\$ 22,113,406</u></u>	 <u><u>\$ 9,442,414</u></u>	 <u><u>\$ 4,479,697</u></u>	 <u><u>\$ 58,868,864</u></u>

See accompanying notes to financial statements.

---

Governmental  
Activities -  
Internal  
Service Funds

\$ -  
-  
-

558,018

6,376,933

\$ 6,934,951



# CITY OF HIGHLAND PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 7,748,954	\$ 2,936,759	\$ 2,756,599	\$ 794,171	\$ 14,236,483
Paid to suppliers for goods and services	(4,684,879)	(1,208,952)	(1,286,942)	(543,221)	(7,723,994)
Paid to employees for services	(2,123,129)	(1,407,901)	(1,320,519)	(298,628)	(5,150,177)
Net Cash Flows From Operating Activities	<u>940,946</u>	<u>319,906</u>	<u>149,138</u>	<u>(47,678)</u>	<u>1,362,312</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	14,357	-	-	292	14,649
Purchase of investments	(4,819,325)	-	-	-	(4,819,325)
Net Cash Flows From Investing Activities	<u>(4,804,968)</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>(4,804,676)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating transfers	-	-	246,300	-	246,300
Repayment (advance) to other funds	-	-	299,141	(12,351)	286,790
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>545,441</u>	<u>(12,351)</u>	<u>533,090</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt issued	350,000	-	-	-	350,000
Debt retired	(690,000)	(230,000)	(230,000)	-	(1,150,000)
Interest paid	(914,266)	(151,071)	(16,301)	-	(1,081,638)
Acquisition and construction of capital assets	(1,094,914)	(898,122)	-	(32,196)	(2,025,232)
Cash received from capital grants	127,199	19,303	-	10,437	156,939
Sale of capital assets	-	-	-	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>(2,221,981)</u>	<u>(1,259,890)</u>	<u>(246,301)</u>	<u>(21,759)</u>	<u>(3,749,931)</u>

See accompanying notes to financial statements.

---

Governmental  
Activities -  
Internal  
Service Funds

\$ 9,832,315  
(7,646,667)  
(1,247,501)  
938,147

1,369  
-  
1,369

-  
-  
-

-  
-  
-

(381,128)  
-  
8,501

(372,627)

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>Net Change in Cash and Cash Equivalents</b>	\$ (6,086,003)	\$ (939,984)	\$ 448,278	\$ (81,496)	\$ (6,659,205)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,920,493</u>	<u>4,808,143</u>	<u>92,015</u>	<u>1,071,794</u>	<u>13,892,445</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,834,490</u></u>	<u><u>\$ 3,868,159</u></u>	<u><u>\$ 540,293</u></u>	<u><u>\$ 990,298</u></u>	<u><u>\$ 7,233,240</u></u>

See accompanying notes to financial statements.

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Governmental  
Activities -  
Internal  
Service Funds

\$ 566,889

4,024,028

\$ 4,590,917

# CITY OF HIGHLAND PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds				Totals
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 1,743,727	\$ (1,262,642)	\$ (217,343)	\$ (201,805)	\$ 61,937
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	975,704	1,651,184	352,227	227,024	3,206,139
Changes in assets and liabilities					
Accounts receivable	(23,757)	(47,484)	(23,754)	(10,437)	(105,432)
Inventory	-	-	(4,042)	-	(4,042)
Prepaid expense	(1,822,503)	(68,693)	(2,210)	-	(1,893,406)
Accounts payable	(32,880)	(21,285)	3,493	(62,288)	(112,960)
Accrued salaries	23,709	28,743	16,099	(172)	68,379
Unearned income	15,719	-	24,668	-	40,387
Other payroll liabilities	61,227	40,083	-	-	101,310
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 940,946</u>	<u>\$ 319,906</u>	<u>\$ 149,138</u>	<u>\$ (47,678)</u>	<u>\$ 1,362,312</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Issuance of refunding debt	<u>\$ 5,535,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to financial statements.

---

Governmental  
Activities -  
Internal  
Service Funds

\$ 581,447

638,515

8,054

-

(176,576)

(139,990)

10,791

-

15,906

\$ 938,147

\$ -



# CITY OF HIGHLAND PARK

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2012

	<u>Pension Trusts</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,177,000	\$ 2,017,379
Investments		
Corporate bonds	1,458,018	-
U.S. Government and agency obligations	26,069,415	-
Mutual funds	21,838,599	-
Stocks	8,980,596	-
Receivables (net)		
Accounts	-	24,038
Accrued interest	214,638	-
Prepaid items	250	-
Total Assets	<u>60,738,516</u>	<u>2,041,417</u>
<b>LIABILITIES</b>		
Accounts payable	27,444	305
Accrued wages	-	176
Due to others	-	1,001,088
Deposits	-	1,039,848
Total Liabilities	<u>27,444</u>	<u>2,041,417</u>
<b>NET POSITION</b>		
Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information)	<u>\$ 60,711,072</u>	<u>\$ -</u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

### STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the Year Ended December 31, 2012

	<u>Pension Trusts</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 3,016,892
Plan members	<u>978,763</u>
Total Contributions	<u>3,995,655</u>
Investment income	
Investment income	1,526,058
Net appreciation in fair value of investments	<u>3,799,660</u>
Total Investment Income	5,325,718
Less Investment expense	<u>165,954</u>
Net Investment Income	<u>5,159,764</u>
Total Additions	<u>9,155,419</u>
<b>DEDUCTIONS</b>	
Benefits	6,152,771
Administration	<u>147,690</u>
Total Deductions	<u>6,300,461</u>
 <b>Change in Net Position</b>	 2,854,958
NET POSITION - Beginning of Year	<u>57,856,114</u>
 <b>NET POSITION - END OF YEAR</b>	 <u><u>\$ 60,711,072</u></u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

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# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012**

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The City of Highland Park, Illinois (the city) was incorporated in 1869. The city is a home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. 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.

The accounting policies of the City of Highland Park, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the City of Highland Park. The reporting entity for the city consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

##### **A. REPORTING ENTITY (cont.)**

###### ***Component Units***

The Police Pension Employees Retirement System (PPERS) is established for the city's police employees. 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 the 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 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 and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the city's firefighters. 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 membership, and two firefighter employees elected by the membership constitute the pension board. The city and the 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 because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the component unit is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the FPERS.

###### ***Discretely Presented Component Unit***

###### ***Highland Park Public Library***

The government-wide financial statements include the Highland Park Public Library (Library) as a component unit. The Library is a legally separate organization. The nine-member board of the Library is appointed by the Mayor. Statutes provide for circumstances whereby the city can impose its will on the Library, and also create a potential financial benefit to or burden on the city. See Note III.F. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2012. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

In June 2011, the GASB issued statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities. The city made the decision to implement this standard effective January 1, 2012.

#### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The city does not allocate indirect expenses to functions in the statement of activities. 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the city believes is particularly important to financial statement users may be reported as a major fund.

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:

General Fund - accounts for the city's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Public Safety Pension Levy Fund - used to account for the portion of the property tax levy restricted to funding police and firefighters' pensions, which is transferred to the Police and Firefighters' Pension Funds.

Debt Service Fund - used to account for funds restricted, committed or assigned to 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 - used to account for funds restricted, committed, or assigned 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.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

The city reports the following major enterprise funds:

Water Fund - accounts for operations of 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.

Sewer Fund - accounts for operations of the sanitary sewer facilities and services owned and provided by the city to its residents. The activities are entirely or predominantly self-supported by user charges.

Highland Park Country Club Fund - accounts for operations of the activities of the golf course and country club owned by the city. These activities are predominantly self-supported by user charges.

The city reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax  
Foreign Fire Insurance Tax  
Environmental Sustainability

Emergency 911 System  
Highland Park Theater  
Multi-Modal Transportation

Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Increment Financing

Enterprise Fund - used to account for and report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Parking

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements (cont.)***

In addition, the city reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

Equipment Maintenance and Replacement  
Insurance

Pension trust funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

Police Pension  
Firefighters' Pension

Agency funds are used to account for and report assets held by the city in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

General Deposit

Housing Trust

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

---

### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the city is entitled the resources and the amounts are available. Amounts owed to the city which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The city reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the city has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the city has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS** **As of and for the Year Ended December 31, 2012**

---

### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, the city considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Illinois Statutes authorize the city to make deposits/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 agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net position in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements.

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 joining powers statutes, and other intergovernmental agreement legislation; and Illinois Funds.

The city has adopted an investment policy. 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.

# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS** **As of and for the Year Ended December 31, 2012**

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

#### **Interest Rate Risk**

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 of 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.

In accordance with its investment policy, the Police Pension Fund and Firefighters' Pension Fund limit 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 policies do not limit the maximum maturity length of investments in the funds. The Firefighters' Pension Fund's investment policy requires that the portfolio be structured to provide sufficient cash flows to avoid selling debt securities before maturity.

#### **Credit Risk**

The City, Police Pension Fund, and 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.

#### **Concentration of Credit Risk**

The city's investment policy preserves its capital by requiring the portfolio to be sufficiently diversified with respect to the types of securities held, the number of financial institutions utilized, and the maturities of the individual securities.

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.

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.



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

##### ***1. Deposits and Investments (cont.)***

#### **Custodial Credit Risk - Deposits**

The city's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the city or in safekeeping on behalf of the city. The 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 Fund.

#### **Custodial Credit Risk - Investments**

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 the outside party. The City's investment policy does not address custodial credit risk.

The Police Pension Fund's investment policy requires investments to be held by a separate third party custodian. The Firefighters' Pension Fund's 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.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

See Note III. A. for further information.

# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012**

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

##### ***2. Receivables***

Property taxes for levy year 2012 attaches as an enforceable lien on January 1, 2012, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). Tax bills for levy year 2012 are prepared by Lake County and issued in May 2013, and are payable in two installments, on June 6, 2013 and September 6, 2013.

The county collects such taxes and remits them periodically. The 2012 property tax levy is recognized as a receivable and deferral in fiscal 2012, net of an allowance for uncollectible of 0.5% to reflect actual collection experience. As the taxes become available to finance current expenditures, they are recognized as revenues.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventories, if material, are recorded at cost based on the average cost method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on average cost, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### ***4. Capital Assets***

###### ***Government-Wide Statements***

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 for general capital assets and \$50,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

##### ***4. Capital Assets (cont.)***

###### ***Government-Wide Statements (cont.)***

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

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

###### ***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

##### ***5. Other Assets***

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended December 31, 2012

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

##### ***6. 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.

##### ***7. Long-Term Obligations***

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

##### ***8. Claims and Judgments***

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note IV. B. on risk management.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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##### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

##### ***9. Equity Classifications***

##### ***Government-Wide Statements***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the city's policy to use restricted resources first, then unrestricted resources as they are needed.

##### ***Fund Statements***

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the city classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the city. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the city that originally created the commitment.



## **CITY OF HIGHLAND PARK**

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended December 31, 2012

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#### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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##### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)***

###### **Fund Statements (cont.)**

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The city has adopted a resolution authorizing the Budget Officer to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The city has not adopted a flow of funds and therefore applies the flow of funds from GASB Statement No. 54, which prescribes that the funds with the highest level of constraint are expended first. The city considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the city would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has established minimum fund balance targets for certain governmental funds which encompass both assigned and unassigned fund balance. The targets, expressed as percentages of operating expenditures as follows: General Fund (35%), Multi-Modal Transportation Fund (10%), Enhanced 911 Fund (10%), Environmental Sustainability (10%), and Debt Service Fund (15%).

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#### **NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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##### ***A. BUDGETARY INFORMATION***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Annual appropriated budgets are adopted (at the fund/department level) for the general, special revenue (except the Foreign Fire Insurance Tax Fund), debt service, 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 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.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

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##### A. BUDGETARY INFORMATION (cont.)

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.

##### B. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Public Safety Pension Levy	\$ 2,954,371	\$ 2,960,060	\$ 5,689

##### C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2012, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Highland Park Theater	\$ 64,179	Excess expenditures over revenues



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The city maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. The deposits and investments of the pension trust funds are held separately from those of other funds.

The city's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 6,013,597	\$ 6,498,138	Custodial credit risk - deposits
Money market - Illinois Funds	19,001,158	19,001,158	Credit risk, interest rate risk
Money market - IMET	10,127,984	10,127,984	Credit risk, interest rate risk
Money market - other	1,557,639	1,557,639	Credit risk, interest rate risk
Corporate bonds	1,458,018	1,458,018	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Treasury obligations	16,317,840	16,317,840	Custodial credit risk - investments, interest rate risk
U.S. Agency obligations	9,751,575	9,751,575	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - IMET	7,335,003	7,335,003	Credit risk, interest rate risk
Mutual funds - other	21,838,599	21,838,599	None
Local government bonds	19,994,000	19,994,000	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Stocks	8,980,596	8,980,596	Custodial credit risk - investments, concentration of credit risk
Petty cash	6,920	-	N/A
Total Deposits and Investments	<u>\$122,382,929</u>	<u>\$122,860,550</u>	

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### **A. DEPOSITS AND INVESTMENTS** (cont.)

###### Reconciliation to financial statements

###### Per statement of net position

Cash	\$ 32,462,919
Investments	27,379,003

###### Per statement of net position - fiduciary funds

Cash and cash equivalents - pension trust	2,177,000
Cash and cash equivalents - agency funds	2,017,379
Corporate bonds	1,458,018
U.S. government and agency obligations	26,069,415
Mutual Funds	21,838,599
Stocks	<u>8,980,596</u>

Total Deposits and Investments	<u><u>\$122,382,929</u></u>
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Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

##### ***Custodial Credit Risk***

###### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the city's deposits may not be returned to the city.

The city does not have any deposits exposed to custodial credit risk.

###### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The U.S. Treasury obligations are held in safekeeping at the bank where they are purchased.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2012, investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
IMET	N/A	Aaa/MR1
Illinois Funds	AAAm	N/A
Corporate bonds	A- - AA+	A2 - Aa3
Local government bonds	N/A	Aaa

##### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2012, there were no investments subject to concentration of credit risk.

##### ***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2012, the city's investments were as follows:

##### *City Investments*

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	Greater than 10
IMET	\$ 7,335,003	\$ -	\$ 7,335,003	\$ -	\$ -
Local government bonds	19,994,000	240,500	1,105,000	1,716,000	16,932,500
Totals	<u>\$ 27,329,003</u>	<u>\$ 240,500</u>	<u>\$ 8,440,003</u>	<u>\$ 1,716,000</u>	<u>\$ 16,932,500</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### Interest Rate Risk (cont.)

##### Police Pension Fund Investments

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	Greater than 10
Corporate bonds	\$ 1,458,018	\$ 60,017	\$ 795,868	\$ 602,133	\$ -
U.S. Treasury obligations	7,194,058	1,470,946	3,042,135	2,680,977	-
U.S. Agency obligations	<u>5,007,700</u>	<u>802,847</u>	<u>2,489,408</u>	<u>655,703</u>	<u>1,059,742</u>
Totals	<u>\$ 13,659,776</u>	<u>\$ 2,333,810</u>	<u>\$ 6,327,411</u>	<u>\$ 3,938,813</u>	<u>\$ 1,059,742</u>

##### Firefighters' Pension Fund Investments

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 9,123,782	\$ 1,581,744	\$ 1,784,910	\$ 3,186,527	\$ 2,570,601
U.S. Agency obligations	<u>4,743,875</u>	<u>1,638,638</u>	<u>1,353,207</u>	<u>542,518</u>	<u>1,209,512</u>
Totals	<u>\$ 13,867,657</u>	<u>\$ 3,220,382</u>	<u>\$ 3,138,117</u>	<u>\$ 3,729,045</u>	<u>\$ 3,780,113</u>

See Note I.D.1. for further information on deposit and investment policies.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### **B. RECEIVABLES**

Intergovernmental receivables as of year end for the General Fund in the aggregate are as follows:

	<u>General Fund</u>
Intergovernmental receivables	
Sales tax	\$ 2,070,731
State income tax	588,752
Utility tax	1,197,603
Home rule sales tax	1,082,413
Local use tax	124,067
Circuit court fines	<u>385,280</u>
Total	<u>\$ 5,448,846</u>

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 11,757,621	\$ 11,757,621
IRMA member reserve	339,120	-	339,120
Other	<u>38,563</u>	<u>29,729</u>	<u>68,292</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 377,683</u>	<u>\$ 11,787,350</u>	<u>\$ 12,165,033</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **C. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/ amortized				
Land	\$ 8,663,012	\$ 134,001	\$ -	\$ 8,797,013
Land right of way	260,190	-	-	260,190
Construction in progress	111,000	600,929	111,000	600,929
Total Capital Assets Not Being Depreciated/ Amortized	9,034,202	734,930	111,000	9,658,132
Capital assets being depreciated/ amortized				
Buildings and land improvements	\$ 72,292,347	\$ 76,615	\$ -	\$ 72,368,962
Machinery and equipment	15,241,558	763,106	163,960	15,840,704
Infrastructure	50,606,542	267,966	-	50,874,508
Total Capital Assets Being Depreciated/ Amortized	138,140,447	1,107,687	163,960	139,084,174
Total Capital Assets	147,174,649	1,842,617	274,960	148,742,306
Less: Accumulated depreciation/ amortization for				
Buildings and land improvements	(22,509,392)	(1,509,584)	-	(24,018,976)
Machinery and equipment	(11,763,991)	(960,255)	124,396	(12,599,850)
Infrastructure	(25,354,615)	(1,272,239)	-	(26,626,854)
Total Accumulated Depreciation/ Amortization	(59,627,998)	(3,742,078)	124,396	(63,245,680)
Net Capital Assets Being Depreciated/ Amortized	78,512,449	(2,634,391)	39,564	75,838,494
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/ Amortization	<u>\$ 87,546,651</u>	<u>\$ (1,899,461)</u>	<u>\$ 150,564</u>	<u>\$ 85,496,626</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **C. CAPITAL ASSETS (cont.)**

Depreciation/amortization expense was charged to functions as follows:

#### **Governmental Activities**

General government	\$ 101,378
Public safety	925,184
Public works	2,278,509
Economic development	187,933
Commission	<u>249,074</u>

Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 3,742,078</u></u>
-----------------------------------------------------------------	----------------------------

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 4,981,323	\$ -	\$ -	\$ 4,981,323
Construction in progress	<u>6,060,605</u>	<u>379,442</u>	<u>44,000</u>	<u>6,396,047</u>
Total Capital Assets Not Being Depreciated/ Amortized	<u>11,041,928</u>	<u>379,442</u>	<u>44,000</u>	<u>11,377,370</u>
Capital assets being depreciated				
Buildings and land improvements	\$ 27,412,285	\$ -	\$ -	\$ 27,412,285
Machinery and equipment	5,355,420	45,390	14,000	5,386,810
Infrastructure	<u>95,084,901</u>	<u>1,644,400</u>	<u>-</u>	<u>96,729,301</u>
Total Capital Assets Being Depreciated/Amortized	<u>127,852,606</u>	<u>1,689,790</u>	<u>14,000</u>	<u>129,528,396</u>
Total Capital Assets	<u>138,894,534</u>	<u>2,069,232</u>	<u>58,000</u>	<u>140,905,766</u>
Less: Accumulated depreciation for				
Buildings and land improvements	(14,010,449)	(759,212)	-	(14,769,661)
Machinery and equipment	(4,709,572)	(161,974)	9,489	(4,862,057)
Infrastructure	<u>(55,783,571)</u>	<u>(2,284,953)</u>	<u>-</u>	<u>(58,068,524)</u>
Total Accumulated Depreciation/Amortization	<u>(74,503,592)</u>	<u>(3,206,139)</u>	<u>9,489</u>	<u>(77,700,242)</u>
Net Capital Assets Being Depreciated	<u>53,349,014</u>	<u>(1,516,349)</u>	<u>4,511</u>	<u>51,828,154</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 64,390,942</u></u>	<u><u>\$ (1,136,907)</u></u>	<u><u>\$ 48,511</u></u>	<u><u>\$ 63,205,524</u></u>



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### **NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)**

#### ***D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS***

##### ***Interfund Receivables/Payables***

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Highland Park Country Club	\$ 849,141
Total		<u>\$ 849,141</u>

The principal purpose of the interfund is for short-term cash deficits. Repayment is expected within one year.

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

##### ***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service Highland Park Country Club	Highland Park Country Club	\$ 100,000	Pay debt service obligations
Debt Service	General	346,300	Fund operating deficits
Capital Projects	General	926,880	Pay debt service obligations
	Motor Fuel Tax	<u>840,000</u>	Fund street and bridge improvements
Total - Fund Financial Statements		2,213,180	
Less: Fund eliminations		<u>(1,966,880)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 246,300</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### *D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)*

##### *Transfers (cont.)*

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

#### *E. LONG-TERM OBLIGATIONS*

Long-term obligations activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>						
Bonds and Notes Payable						
General obligation debt	\$ 30,920,488	\$ (3,525,000)	\$ 3,410,000	\$ 3,576,497	\$ 27,228,991	\$ 3,401,848
Add/(Subtract) Deferred Amounts For						
(Discouts)/Premiums	173,115	-	256,780	56,544	373,351	-
Unamortized loss on refunding	(51,519)	-	(103,149)	(18,130)	(136,538)	-
Other Liabilities						
Compensated absences	1,897,675	-	1,214,935	1,244,826	1,867,784	373,557
Other postemployment benefits	4,603,343	-	563,249	-	5,166,592	-
Net pension obligation	347,756	-	153,265	-	501,021	-
Claims payable	1,705,419	-	-	591,526	1,113,893	-
Total Other Liabilities	8,554,193	-	1,931,449	1,836,352	8,649,290	373,557
Total Governmental Activities Long-Term Liabilities	<u>\$ 39,596,277</u>	<u>\$ (3,525,000)</u>	<u>\$ 5,495,080</u>	<u>\$ 5,451,263</u>	<u>\$ 36,115,094</u>	<u>\$ 3,775,405</u>
<b>Business-type Activities</b>						
Bonds and Notes Payable						
General obligation debt	\$ 18,895,000	\$ (5,535,000)	\$ 5,885,000	\$ 1,150,000	\$ 18,095,000	\$ 1,235,000
Add/(Subtract) Deferred Amounts For						
(Discouts)/Premiums	399,960	-	443,152	31,358	811,754	-
Unamortized loss on refunding	(50,171)	-	(764,779)	(14,698)	(800,252)	-
Sub-totals	19,244,789	(5,535,000)	5,563,373	1,166,660	18,106,502	1,235,000
Other Liabilities						
Compensated absences	177,640	-	159,348	177,640	159,348	31,870
Other postemployment benefits	162,152	-	302,939	-	465,091	-
Net pension obligation	114,825	-	50,607	-	165,432	-
Total Other Liabilities	454,617	-	512,894	177,640	789,871	31,870
Total Business-type Activities Long-Term Liabilities	<u>\$ 19,699,406</u>	<u>\$ (5,535,000)</u>	<u>\$ 6,076,267</u>	<u>\$ 1,344,300</u>	<u>\$ 18,896,373</u>	<u>\$ 1,266,870</u>

Adjustment column represents activity related to the advanced refunding. In governmental activities the liabilities for compensated absences, other postemployment benefits, net pension obligation and claims payable will be primarily repaid from the General Fund.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### *E. LONG-TERM OBLIGATIONS (cont.)*

##### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the city. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

##### **Governmental Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
2002 General Obligation Bonds due in annual installments of \$85,000 to \$1,090,000	12/15/2002	12/30/2013	3.00% - 4.00%	\$ 8,500,000	\$ 125,000
2004A Taxable General Obligation Pension Funding Bonds due in annual installments of \$70,000 to \$5,390,000	11/29/2004	12/01/2034	4.80%	16,590,000	15,028,991
2005A General Obligation Bonds due in annual installments of \$180,000 to \$1,425,000	12/15/2005	12/30/2015	3.50% - 3.75%	10,000,000	3,540,000
2007 General Obligation Bonds due in annual installments of \$25,000 to \$250,000	12/15/2007	12/30/2016	3.50% - 4.25%	2,500,000	760,000
2010 General Obligation Refunding Bonds due in annual installments of \$615,000 to \$660,000	4/15/2010	12/30/2013	1.00% - 4.00%	2,510,000	660,000
2011B General Obligation Refunding Bonds due in annual installments of \$1,115,000 to \$1,315,000	12/13/2011	12/30/2015	2.00%	3,705,000	3,705,000
2012 General Obligation Refunding Bonds due in annual installments of \$230,000 to \$1,435,000	12/27/2012	12/30/2021	2.00% - 4.00%	3,410,000	<u>3,410,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 27,228,991</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### E. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

##### Business-type Activities

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Water Fund - 2005B General Obligation Refunding Bonds due in annual installments of \$38,858 to \$142,478	12/15/2005	12/30/2018	3.75% - 4.05%	\$ 1,075,000	\$ 570,000
Water Fund - 2007 General Obligation Bonds due in annual installments of \$160,000 to \$485,000	12/15/2007	12/30/2016	3.50% - 4.25%	7,500,000	980,000
Water Fund - 2010 General Obligation Bonds due in annual installments of \$50,000 to \$325,000	4/15/2010	12/30/2021	1.00% - 4.00%	2,425,000	1,760,000
Water Fund - 2010A Taxable General Obligation Bonds due in annual installments of \$1,475,000 to \$1,525,000. 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%	5/10/2010	12/30/2031	5.60%	3,000,000	3,000,000

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### E. LONG-TERM OBLIGATIONS (cont.)

##### General Obligation Debt (cont.)

Business-type Activities General Obligation Debt (cont.)	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2012
Water Fund - 2011B General Obligation Refunding Bonds due in annual installments of \$90,000 to \$100,000	12/31/2011	12/30/2022	2.00% - 2.75%	895,000	895,000
Water Fund - 2012 General Obligation Refunding Bonds due in annual installments of \$70,000 to \$490,000	12/27/2012	12/30/2031	2.00% - 4.00%	5,885,000	5,885,000
Sewer Fund - 2011A General Obligation Bonds due in annual installments of \$230,000 to \$425,000	12/31/2011	12/30/2026	2.00% - 3.25%	5,000,000	4,770,000
Country Club Fund - 2010 General Obligation Refunding Bonds due in annual installments of \$170,000 to \$4235,000	4/15/2010	12/30/2013	1.00% - 4.00%	855,000	<u>235,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 18,095,000</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

#### **E. LONG-TERM OBLIGATIONS** (cont.)

##### **General Obligation Debt** (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2013	\$ 3,401,848	\$ 1,087,635	\$ 1,235,000	\$ 611,410
2014	3,047,657	978,045	850,000	569,073
2015	3,028,505	886,363	880,000	546,628
2016	1,874,393	799,367	990,000	520,093
2017	1,015,324	723,376	675,000	488,990
2018-2022	2,397,223	3,278,057	4,860,000	2,008,803
2023-2027	1,803,190	2,823,130	3,715,000	1,363,913
2028-2032	2,282,338	2,349,942	4,890,000	714,875
2033-2034	8,378,513	778,992	-	-
Totals	<u>\$ 27,228,991</u>	<u>\$ 13,704,907</u>	<u>\$ 18,095,000</u>	<u>\$ 6,823,785</u>

#### **Advance Refunding**

On December 27, 2012, the city issued \$9,295,000 in general obligation bonds with an interest rate of 2.00% to 4.00% to advance refund \$9,060,000 of outstanding bonds with an interest rate of 3.50% to 4.25%. The net proceeds of \$9,879,787 (after payment of \$115,145 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005A and 2007 bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$12,621,665 from 2013 through 2031. The cash flow requirements on the 2012 refunding bonds are \$11,780,137 from 2013 through 2031. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$793,203.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *F. COMPONENT UNIT*

##### **HIGHLAND PARK PUBLIC LIBRARY**

This report contains the Highland Park Public Library (Library), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

##### a. Basis of Accounting/Measurement Focus

The Library follows the modified accrual basis of accounting and the flow of economic resources measurement focus.

##### b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits with financial institutions	\$ 1,760,273	\$ 1,745,020	Custodial
Money Market Mutual Fund	1,483,693	1,483,693	Credit, Interest Rate
Illinois Funds	449	449	Credit
Equity Mutual Funds	4,842	4,842	N/A
Petty cash	566	566	N/A
	<u>566</u>	<u>566</u>	
Total Deposits and Investments	<u>\$ 3,249,823</u>	<u>\$ 3,234,570</u>	

##### ***Custodial Credit Risk***

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library.

The Library does not have any deposits exposed to custodial credit risk.



## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *F. COMPONENT UNIT (cont.)*

##### *HIGHLAND PARK PUBLIC LIBRARY (cont.)*

##### *b. Deposits and Investments (cont.)*

##### *Custodial Credit Risk (cont.)*

##### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library does not have any investments exposed to custodial credit risk.

See Note I.D.1. for further information on deposit and investment policies.

##### *c. Capital Assets*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Construction in Progress	-	847,651	-	847,651
Land Improvements	69,249	-	-	69,249
Buildings and improvements	4,251,183	-	-	4,251,183
Machinery and equipment	529,610	-	-	529,610
Less: Accumulated depreciation/ amortization	<u>(2,589,517)</u>	<u>(112,780)</u>	<u>-</u>	<u>(2,702,297)</u>
Totals	<u>\$ 2,760,525</u>	<u>\$ 734,871</u>	<u>\$ -</u>	<u>\$ 3,495,396</u>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

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##### *F. COMPONENT UNIT (cont.)*

##### *HIGHLAND PARK PUBLIC LIBRARY (cont.)*

##### *d. Long-Term Obligations*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Vested compensated absences	\$ 113,705	\$ 145,000	\$ 145,332	\$ 113,373	\$ 1,511
Other postemployment benefits	191,640	23,448	-	215,088	-
Net pension obligation	<u>143,277</u>	<u>-</u>	<u>13,444</u>	<u>129,833</u>	<u>-</u>
Totals	<u>\$ 448,622</u>	<u>\$ 168,448</u>	<u>\$ 158,776</u>	<u>\$ 458,294</u>	<u>\$ 1,511</u>

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#### NOTE IV - OTHER INFORMATION

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##### *A. EMPLOYEES' RETIREMENT SYSTEM*

##### *Plan Descriptions*

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 a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### NOTE IV - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Illinois Municipal Retirement Fund

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier for IMRF's Regular Plan. Effective January 1, 2011, IMRF assigns a benefit tier to a member when he or she is enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member first participated in IMRF before January 1, 2011, they participate in *Regular Tier 1*. If the member first participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3% of their final rate (average of the highest 48 consecutive months earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter. For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at or after age 67 with 10 years of service, or age 62 with 35 years of service are entitled to an annual retirement benefit as described above. 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 4.5% of their annual salary to IMRF. The city's contribution rate for 2012 was 10.29% of annual covered payroll. For 2012, the city's annual required contribution rate was 11.79%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

##### Police Pension

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The city accounts for the plan as a pension trust fund.

At December 31, 2012, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	59
Current employees:	
Vested	40
Non vested	14
	<hr/>
Total	113
	<hr/>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

##### **Police Pension (cont.)**

As provided for in the Illinois Compiled Statutes, the Police Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

*Tier 1* - 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 salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 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 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 paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police officer shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Covered employees are required 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 plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the city's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2012, the city's contribution was 34.11% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

##### **Firefighters' Pension**

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The city accounts for the plan as a pension trust fund.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Firefighters' Pension (cont.)

At December 31, 2012, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	54
Current employees:	
Vested	30
Non vested	<u>20</u>
Total	<u><u>104</u></u>

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Fund provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Fund as provided for in Illinois Compiled Statutes.

*Tier 1* - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 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 firefighter 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 at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS** **As of and for the Year Ended December 31, 2012**

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### **NOTE IV - OTHER INFORMATION (cont.)**

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#### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

##### **Firefighters' Pension (cont.)**

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2012, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The city is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the city's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2012, the city's contribution was 33.37% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

##### **Summary of Significant Accounting Policies**

###### ***Police and Firefighters' Pension Plans***

*Basis of Accounting.* The financial statements of the pension fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The city's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Annual Pension Cost

The city's and library's annual required contribution for the current year and related information for each plan is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2012	December 31, 2012	December 31, 2012
Contribution rates:			
Employer	10.29%	34.11%	33.37%
Employee	4.50%	9.91%	9.46%
Annual required contribution	\$1,394,896	\$1,485,807	\$1,468,564
Contributions made	\$1,217,428	\$1,508,625	\$1,508,267
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal	Entry-age normal
Asset valuation method	market	Market	Market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll	Level percentage of payroll
Amortization period	23 years	30 Years, Closed	30 Years, Closed
Actuarial assumptions:			
Investment rate of return	7.50%	7.00%	7.00%
	Compounded annually	Compounded annually	Compounded annually
Projected salary increases	.4 to 11.6%	5.25%	5.25%
Inflation rate included	4.00%	3.00%	3.00%
Cost-of-living adjustments	3.00%	3.00%	3.00%

##### Net Pension Obligation (asset)

The following, which includes information for the library, is the net pension obligation (asset) calculation from the December 31, 2012 actuarial reports:

Net Pension Obligation (asset):	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,394,896	\$ 1,485,807	\$ 1,468,564
Interest on net pension obligation	45,440	(124,986)	(130,320)
Adjustment to annual required contribution	(32,481)	77,872	81,195
Annual pension cost	1,407,855	1,438,693	1,419,439
Contributions made	(1,217,428)	(1,508,625)	(1,508,267)
Change in net pension obligation	190,427	(69,932)	(88,828)
Net pension obligation (asset), beginning of year	605,861	(1,723,938)	(1,797,521)
Net pension obligation (asset), end of year	<u>\$ 796,288</u>	<u>\$ (1,793,870)</u>	<u>\$ (1,886,349)</u>



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due.

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2012	\$ 1,407,855	\$ 1,438,693	\$ 1,419,439
	2011	1,376,413	1,603,085	1,476,469
	2010	1,446,029	1,671,906	1,489,177
Contributions made	2012	\$ 1,217,428	\$ 1,508,625	\$ 1,508,267
	2011	1,137,303	1,681,690	1,552,838
	2010	1,079,126	1,456,079	1,263,134
Percentage of APC contributed	2012	86.47%	104.86%	106.26%
	2011	83.11%	104.90%	105.17%
	2010	74.63%	87.09%	84.82%
Net pension obligation (asset)	2012	\$ 796,288	\$ (1,793,870)	\$ (1,886,349)
	2011	605,861	(1,723,938)	(1,797,521)
	2010	366,903	(1,645,333)	(1,721,152)

##### Funded Status and Funding Progress

The City's actuarial value of plan assets for the current year and related information is as follows:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
	December 31, 2012	December 31, 2012	December 31, 2012
Actuarial Valuation Date			
Actuarial Valuation of Assets (a)	\$ 29,489,121	\$ 30,024,998	\$ 30,652,203
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 37,178,695	\$ 63,133,481	\$ 60,417,142
Unfunded AAL (UAAL) (b - a)	\$ 7,689,574	\$ 33,108,483	\$ 29,764,939
Funded Ratio (a/b)	79.32 %	47.56 %	50.73 %
Covered Payroll (c)	11,831,175	4,422,555	4,519,476
UAAL as a Percentage of Covered Payroll ((b-a)/c)	64.99 %	748.63 %	658.59 %

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

#### PENSION SEGMENT INFORMATION

##### *Fiduciary Net Position*

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 993,538	\$ 1,183,462	\$ 2,177,000
Investments			
U.S. government and agencies	12,201,759	13,867,656	26,069,415
Corporate bonds	1,458,018	-	1,458,018
Mutual funds	14,551,829	7,286,770	21,838,599
Stocks	748,061	8,232,535	8,980,596
Prepaid items	250	-	250
Receivables - (net allowances for uncollectibles)			
Accrued interest	103,188	111,450	214,638
Total Assets	<u>30,056,643</u>	<u>30,681,873</u>	<u>60,738,516</u>
<b>Liabilities</b>			
Accounts payable	19,419	8,025	27,444
Total Liabilities	<u>19,419</u>	<u>8,025</u>	<u>27,444</u>
<b>Net Position</b>			
Held in trust for pension benefits	<u>\$ 30,037,224</u>	<u>\$ 30,673,848</u>	<u>\$ 60,711,072</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

##### Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions			
Employer	\$ 1,508,625	\$ 1,508,267	\$ 3,016,892
Plan members	<u>526,731</u>	<u>452,032</u>	<u>978,763</u>
Total Contributions	<u>2,035,356</u>	<u>1,960,299</u>	<u>3,995,655</u>
Investment Income			
Interest on investments	773,825	752,233	1,526,058
Net appreciation in fair value of investments	<u>1,815,908</u>	<u>1,983,752</u>	<u>3,799,660</u>
Total Investment income	<u>2,589,733</u>	<u>2,735,985</u>	<u>5,325,718</u>
Less investment income	<u>84,331</u>	<u>81,623</u>	<u>165,954</u>
Net investment income	<u>2,505,402</u>	<u>2,654,362</u>	<u>5,159,764</u>
Total Additions	<u>4,540,758</u>	<u>4,614,661</u>	<u>9,155,419</u>
<b>Deductions</b>			
Benefits	\$ 3,228,818	\$ 2,923,953	\$ 6,152,771
Administration	<u>116,218</u>	<u>31,472</u>	<u>147,690</u>
Total Deductions	<u>3,345,036</u>	<u>2,955,425</u>	<u>6,300,461</u>
Net change in net position	1,195,722	1,659,236	2,854,958
NET POSITION - Beginning of Year	<u>28,841,502</u>	<u>29,014,612</u>	<u>57,856,114</u>
NET POSITION - End of Year	<u>\$ 30,037,224</u>	<u>\$ 30,673,848</u>	<u>\$ 60,711,072</u>

#### B. RISK MANAGEMENT

The city is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The city participates in a public entity risk pool called Intergovernmental Personnel Benefit Cooperative to provide coverage for losses from health care of its employees. However, other risks, such as (liability and workers compensation) are accounted for and financed by the city in the general fund. The city has also 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.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### ***B. RISK MANAGEMENT (cont.)***

##### ***Self Insurance***

For liability claims, the uninsured risk of loss is \$25,000. The city has purchased commercial insurance for claims in excess of those amounts to \$10,000,000. The city's liability insurance carrier administers claims as directed by the city's Finance Director. Settled claims have not exceeded the commercial coverage in any of the past three years.

For workers' compensation claims, the uninsured risk of loss is \$250,000 per incident. The city has purchased commercial insurance for claims in excess of those amounts 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. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the city participate in the risk management program. Amounts payable to the General Fund are based on estimates of the amounts necessary to pay prior and current year claims.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The city does not allocate overhead costs or other nonincremental costs to the claims liability.

##### ***Claims Liability***

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 690,310	\$ 1,705,419
Current year claims and changes in estimates	1,514,569	887,186
Claim payments	<u>(499,460)</u>	<u>(1,478,712)</u>
Unpaid Claims - End of Year	<u>\$ 1,705,419</u>	<u>\$ 1,113,893</u>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### ***B. RISK MANAGEMENT (cont.)***

###### ***Public Entity Risk Pool***

###### **Intergovernmental Personnel Benefit Cooperative**

The city participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). 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.

##### ***C. OTHER POSTEMPLOYMENT BENEFITS***

The city administers a single-employer defined benefit healthcare plan ("the Other Post Employment Benefit Plan"). The plan provides health care and insurance contributions for eligible retirees through the city's self insurance plan which covers both active and retired members. Benefits, benefit levels, employee contributions, and employer contributions are established through Council resolution.

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.

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. The Retiree Health Plan does not issue a publicly available financial report.

Contribution requirements are established through annual resolution by the City Council. For the year ended December 31, 2012, 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. For the year ended December 31, 2012, retirees contributed \$907,820 and the city contributed \$421,279. Active employees do not contribute to the plan until retirement.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### NOTE IV - OTHER INFORMATION (cont.)

#### C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The city's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the city's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the city's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	951,603
Interest on net OPEB obligation		250,886
Adjustment to annual required contribution		<u>(167,258)</u>
Annual OPEB cost		1,035,231
Contributions made		<u>(421,279)</u>
Increase in net OPEB obligation (asset)		613,952
Net OPEB Obligation (Asset) - Beginning of Year		<u>5,017,731</u>
Net OPEB Obligation (Asset) - End of Year	\$	<u><u>5,631,683</u></u>

The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2010	\$ 1,141,648	42%	\$ 4,404,697
December 31, 2011	1,087,545	44%	5,017,731
December 31, 2012	1,035,231	41%	5,631,683



## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### **C. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

The funded status of the plan as of December 31, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 12,913,455
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 12,913,455</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 16,984,814
UAAL as a percentage of covered payroll	76%

Actuarial valuations of an ongoing plan involve estimates for 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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is 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 benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 6%. Both rates include a 3% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2012, was 30 years.

##### **D. SUBSEQUENT EVENT**

In May 2013, the City issued \$9.96 million in General Obligation Bonds for the purpose of improvements to the City's water treatment plant. The bonds had an interest rate of 2.785% and fully mature in 2032.



## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### NOTE IV - OTHER INFORMATION (cont.)

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##### ***E. RELATED PARTIES***

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 commitment of fund balance for employee retirement on behalf of the Police and Firefighters' Pension Funds.

##### ***F. TAX INCREMENT FINANCING DISTRICT***

The City of Highland Park has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the city and its surrounding areas. As part of the redevelopment plans, the city has made significant improvements to utilities, public parking, intersections, and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly, and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the city created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

##### ***G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

##### ***H. 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 \$12,286,830, including interest through December 31, 2012. The total expenditures incurred to date in existing rebates as of December 31, 2012 is \$3,043,478.

##### ***I. 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, 2012, these purchases amounted to \$2,060,648 or 27.1% and \$1,034,126 or 13.6%, respectively, of total water sales in the Water Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,110,000	\$ 3,110,000	\$ 3,099,392	\$ (10,608)
Personal property replacement tax	238,174	238,174	277,134	38,960
Licenses and permits	1,159,530	1,262,530	1,489,618	227,088
Public charges for services	1,565,629	1,582,727	1,600,906	18,179
Municipal sales tax	11,505,000	11,505,000	11,786,934	281,934
Fines, forfeitures and penalties	886,000	886,000	953,678	67,678
Utility taxes	2,666,176	2,666,176	2,254,875	(411,301)
Real estate transfer tax	950,000	950,000	1,458,037	508,037
Intergovernmental	5,500	47,493	42,807	(4,686)
State income tax	2,172,699	2,172,699	2,615,197	442,498
Franchise tax	2,264,174	2,264,174	2,450,617	186,443
Payments in lieu of taxes	651,000	651,000	184,173	(466,827)
Other Taxes	1,289,780	1,289,780	1,305,728	15,948
Reimbursements	230,500	367,888	412,482	44,594
Investment income				
Investment income	(1,000)	(1,000)	757,933	758,933
Net appreciation in fair value of investments	-	-	2,591,200	2,591,200
Miscellaneous	458,972	458,972	480,162	21,190
Total Revenues	<u>29,152,134</u>	<u>29,451,613</u>	<u>33,760,873</u>	<u>4,309,260</u>
<b>EXPENDITURES</b>				
General government	8,042,706	8,920,776	6,997,163	1,923,613
Public safety	15,917,407	16,260,612	15,911,968	348,644
Public works	2,293,501	2,628,320	2,393,501	234,819
Economic and physical development	3,342,853	3,366,213	3,064,958	301,255
Commissions	204,550	204,550	158,314	46,236
Total Expenditures	<u>29,801,017</u>	<u>31,380,471</u>	<u>28,525,904</u>	<u>2,854,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(648,883)</u>	<u>(1,928,858)</u>	<u>5,234,969</u>	<u>7,163,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,621,300)	(346,300)	(1,273,180)	(926,880)
Proceeds from sale of assets	-	-	14,555	14,555
Total Other Financing Sources (Uses)	<u>(1,621,300)</u>	<u>(346,300)</u>	<u>(1,258,625)</u>	<u>(912,325)</u>

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Net Change in Fund Balance</b>	<u>\$ (2,270,183)</u>	<u>\$ (2,275,158)</u>	3,976,344	<u>\$ 6,251,502</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>37,720,582</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 41,696,926</u>	

See independent auditors' report and accompanying notes to required supplementary information.

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY PENSION LEVY FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 2,954,371	\$ 2,954,371	\$ 2,960,060	\$ 5,689
Total Revenues	<u>2,954,371</u>	<u>2,954,371</u>	<u>2,960,060</u>	<u>5,689</u>
<b>EXPENDITURES</b>				
<b>PUBLIC SAFETY</b>				
Pension contribution - police	1,485,807	1,485,807	1,480,043	5,764
Pension contribution - fire	<u>1,468,564</u>	<u>1,468,564</u>	<u>1,480,017</u>	<u>(11,453)</u>
Total Expenditures	<u>2,954,371</u>	<u>2,954,371</u>	<u>2,960,060</u>	<u>(5,689)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE - Beginning of Year</b>			-	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ -</u>	

See accountants' report and accompanying notes to required supplementary information.

# CITY OF HIGHLAND PARK

## ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2012

<u>Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 1,394,896	87.28%	\$ 796,288
12/31/2011	1,368,413	83.11%	605,861
12/31/2010	1,446,029	74.63%	366,903

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2012	\$ 29,489,121	\$ 37,178,695	\$ 7,689,574	79.32%	\$11,831,175	64.99%
12/31/2011	29,615,053	37,748,245	8,133,192	78.45%	12,163,669	66.86%
12/31/2010	30,456,345	38,233,681	7,777,336	79.66%	12,690,418	61.29%
12/31/2009	31,242,787	38,069,741	6,826,954	82.07%	13,588,220	50.24%
12/31/2008	30,448,995	37,678,583	7,229,588	80.81%	13,561,301	53.31%
12/31/2007	37,354,706	35,603,461	(1,751,245)	104.92%	13,002,361	-%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	12/31/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 Years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4.00%
Inflation factor	4.00%
Cost of living adjustments	3.00%

# CITY OF HIGHLAND PARK

## POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2012

<u>Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 1,485,807	101.54%	\$ (1,793,870)
12/31/2011	1,654,070	101.67%	(1,723,938)
12/31/2010	1,714,250	84.94%	(1,645,333)
12/31/2009	1,295,763	102.88%	(1,861,160)
12/31/2008	1,187,508	105.60%	(1,780,336)
12/31/2007	1,211,426	101.00%	(1,616,514)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2012	\$ 30,024,998	\$ 63,133,481	\$ 33,108,483	47.56%	\$ 4,422,555	748.63%
12/31/2011	28,841,503	54,253,886	25,412,383	53.16%	4,405,140	576.88%
12/31/2010	29,249,363	51,562,936	22,313,573	56.73%	4,396,294	507.55%
12/31/2009	27,418,823	49,424,807	22,005,984	55.48%	4,510,522	487.88%
12/31/2008	25,042,270	48,447,430	23,405,160	51.69%	4,643,888	504.00%
12/31/2007	30,294,432	46,252,815	15,958,383	65.50%	4,637,171	344.14%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	12/31/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	28 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.25%
Inflation factor	3.00%
Cost of living adjustments	3.00%



# CITY OF HIGHLAND PARK

## FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2012

<u>Year Ended</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2012	\$ 1,468,564	102.70%	\$ (1,886,349)
12/31/2011	1,529,803	101.51%	(1,797,521)
12/31/2010	1,533,479	82.37%	(1,721,152)
12/31/2009	1,120,881	103.65%	(1,947,195)
12/31/2008	1,033,130	105.56%	(1,860,878)
12/31/2007	1,049,890	99.83%	(1,712,794)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2012	\$ 30,652,203	\$ 60,417,142	\$ 29,764,939	50.73%	\$ 4,519,476	658.59%
12/31/2011	29,014,611	51,197,173	22,182,562	56.67%	4,330,427	512.25%
12/31/2010	29,189,387	48,804,391	19,615,004	59.81%	4,007,213	489.49%
12/31/2009	27,475,530	45,784,009	18,308,479	60.01%	3,934,609	465.32%
12/31/2008	25,431,145	44,010,917	18,579,772	57.78%	4,214,709	440.83%
12/31/2007	30,321,512	42,254,697	11,933,185	71.76%	4,197,306	284.31%

The information presented in the above required supplementary schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the notes to basic financial statements.

Valuation date	12/31/2012
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	30 years, closed
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	7.00%
Projected salary increases	5.25%
Inflation factor	3.00%
Cost of living adjustments	3.00%

# CITY OF HIGHLAND PARK

## OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2012

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/2012	\$ 951,603	44.27 %
12/31/2011	973,749	48.80
12/31/2010	1,040,608	45.60
12/31/2009	1,103,224	43.16
12/31/2008	1,389,209	23.75
12/31/2007	941,623	17.86

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry-Age Normal</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2011	\$ -	\$ 12,913,455	\$ 12,913,455	0.00%	\$ 16,984,814	76.03%
12/31/2010	-	14,343,097	14,343,097	0.00%	18,015,248	79.62%
12/31/2009	-	14,565,078	14,565,078	0.00%	17,916,315	81.30%
12/31/2008	-	13,016,948	13,016,948	0.00%	17,709,384	73.50%
12/31/2007	-	14,825,979	14,825,979	0.00%	19,041,396	77.86%
04/30/2007	-	14,825,979	14,825,979	0.00%	18,999,500	78.03%

## CITY OF HIGHLAND PARK

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and For the Year Ended December 31, 2012

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#### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Public Safety Pension Levy	\$ 2,954,371	\$ 2,960,060	\$ 5,689

## **SUPPLEMENTARY INFORMATION**

# CITY OF HIGHLAND PARK

## DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council				
Personal services	\$ 213,500	\$ 213,500	\$ 214,073	\$ (573)
Contractual services	48,652	42,367	42,838	(471)
Materials and supplies	11,460	27,745	20,391	7,354
City Council - supplement to Library	<u>1,275,000</u>	<u>1,275,000</u>	<u>847,651</u>	<u>427,349</u>
Total city council	<u>1,548,612</u>	<u>1,558,612</u>	<u>1,124,953</u>	<u>433,659</u>
Administration				
Personal services	586,703	555,115	543,968	11,147
Contractual services	57,657	113,260	112,674	586
Materials and supplies	<u>3,075</u>	<u>31,260</u>	<u>22,704</u>	<u>8,556</u>
Total administration	<u>647,435</u>	<u>699,635</u>	<u>679,346</u>	<u>20,289</u>
Human resources				
Personal services	309,675	309,675	318,172	(8,497)
Contractual services	106,839	103,339	80,615	22,724
Materials and supplies	79,755	129,623	78,904	50,719
Capital outlay	<u>9,600</u>	<u>9,600</u>	<u>10,289</u>	<u>(689)</u>
Total human resources	<u>505,869</u>	<u>552,237</u>	<u>487,980</u>	<u>64,257</u>
Communications				
Personal services	210,392	187,378	172,523	14,855
Contractual services	65,033	108,527	106,496	2,031
Materials and supplies	94,870	155,330	132,089	23,241
Capital outlay	<u>700</u>	<u>700</u>	<u>671</u>	<u>29</u>
Total communications	<u>370,995</u>	<u>451,935</u>	<u>411,779</u>	<u>40,156</u>
City Clerk				
Personal services	203,210	203,210	208,651	(5,441)
Contractual services	11,448	11,448	6,365	5,083
Materials and supplies	1,475	1,475	503	972
Capital outlay	<u>29,500</u>	<u>29,500</u>	<u>-</u>	<u>29,500</u>
Total city clerk	<u>245,633</u>	<u>245,633</u>	<u>215,519</u>	<u>30,114</u>
Youth Services				
Personal services	90,882	90,882	86,382	4,500
Contractual services	42,767	46,127	44,329	1,798
Materials and supplies	<u>13,800</u>	<u>13,800</u>	<u>3,462</u>	<u>10,338</u>
Total youth services	<u>147,449</u>	<u>150,809</u>	<u>134,173</u>	<u>16,636</u>
Senior services				
Personal services	288,857	288,857	285,609	3,248
Contractual services	103,011	103,011	30,113	72,898
Materials and supplies	<u>116,487</u>	<u>116,487</u>	<u>93,531</u>	<u>22,956</u>
Total senior services	<u>508,355</u>	<u>508,355</u>	<u>409,253</u>	<u>99,102</u>
Facilities				
Materials and supplies	<u>-</u>	<u>-</u>	<u>(291)</u>	<u>291</u>
Total facilities	<u>-</u>	<u>-</u>	<u>(291)</u>	<u>291</u>

# CITY OF HIGHLAND PARK

## DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Legal Department				
Contractual services	\$ 781,293	\$ 1,195,293	\$ 1,195,948	\$ (655)
Materials and supplies	900	900	606	294
Total legal department	<u>782,193</u>	<u>1,196,193</u>	<u>1,196,554</u>	<u>(361)</u>
Finance administration and accounting				
Personal services	934,728	896,128	773,613	122,515
Contractual services	1,324,479	1,451,579	1,403,105	48,474
Materials and supplies	97,625	101,225	75,425	25,800
Reserve & contingency	400,000	400,000	-	400,000
Total finance administration and accounting	<u>2,756,832</u>	<u>2,848,932</u>	<u>2,252,143</u>	<u>596,789</u>
Facilities				
Personal services	268,098	268,098	248,552	19,546
Contractual services	683,269	653,771	568,133	85,638
Materials and supplies	66,900	130,500	113,092	17,408
Capital outlay	187,066	332,066	311,977	20,089
Total facilities	<u>1,205,333</u>	<u>1,384,435</u>	<u>1,241,754</u>	<u>142,681</u>
Less administrative reimbursements				
Administrative reimbursements	<u>(676,000)</u>	<u>(676,000)</u>	<u>(1,156,000)</u>	<u>480,000</u>
Total less administrative reimbursements	<u>(676,000)</u>	<u>(676,000)</u>	<u>(1,156,000)</u>	<u>480,000</u>
Total General Government	<u>8,042,706</u>	<u>8,920,776</u>	<u>6,997,163</u>	<u>1,923,613</u>
<b>PUBLIC SAFETY</b>				
Police department - operations				
Personal services	8,114,210	8,287,431	7,994,530	292,901
Contractual services	728,262	728,262	715,538	12,724
Materials and supplies	429,506	460,072	422,969	37,103
Total police department - operations	<u>9,271,978</u>	<u>9,475,765</u>	<u>9,133,037</u>	<u>342,728</u>
Fire department - operations				
Personal services	5,906,941	6,018,252	6,082,027	(63,775)
Contractual services	473,603	481,649	462,345	19,304
Materials and supplies	219,885	239,946	190,820	49,126
Capital outlay	45,000	45,000	43,739	1,261
Total fire department - operations	<u>6,645,429</u>	<u>6,784,847</u>	<u>6,778,931</u>	<u>5,916</u>
Total Public Safety	<u>15,917,407</u>	<u>16,260,612</u>	<u>15,911,968</u>	<u>348,644</u>

# CITY OF HIGHLAND PARK

## DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>PUBLIC WORKS</b>				
Public works administration				
Personal services	\$ 537,340	\$ 537,340	\$ 504,170	\$ 33,170
Contractual services	45,355	45,355	44,819	536
Materials and supplies	17,115	17,115	13,297	3,818
Total public works administration	599,810	599,810	562,286	37,524
Facilities				
Materials and supplies	-	-	(95)	95
Facilities - capital outlay	-	334,819	334,819	-
Total facilities	-	334,819	334,724	95
Engineering				
Personal services	735,536	715,536	671,097	44,439
Contractual services	85,371	105,371	100,195	5,176
Materials and supplies	9,410	9,410	4,634	4,776
Capital outlay	1,000	1,000	433	567
Total engineering	831,317	831,317	776,359	54,958
Forestry				
Personal services	173,687	173,687	167,129	6,558
Contractual services	566,747	566,747	491,363	75,384
Materials and supplies	23,740	23,740	6,932	16,808
Capital outlay	98,200	98,200	54,708	43,492
Total forestry	862,374	862,374	720,132	142,242
Total Public Works	2,293,501	2,628,320	2,393,501	234,819
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>				
Community development				
Personal services	2,102,452	2,074,812	2,019,482	55,330
Contractual services	304,654	355,654	324,529	31,125
Materials and supplies	81,087	81,087	47,983	33,104
Total community development	2,488,193	2,511,553	2,391,994	119,559
Economic development				
Personal services	99,508	99,508	96,831	2,677
Contractual services	9,597	9,597	9,388	209
Materials and supplies	423,555	423,555	378,616	44,939
Revenue sharing	322,000	322,000	188,129	133,871
Total economic development	854,660	854,660	672,964	181,696
Total Economic and physical development	3,342,853	3,366,213	3,064,958	301,255



## CITY OF HIGHLAND PARK

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>COMMISSIONS</b>				
Contractual services	\$ 82,900	\$ 82,900	\$ 70,886	\$ 12,014
Materials and supplies	<u>121,650</u>	<u>121,650</u>	<u>87,428</u>	<u>34,222</u>
Total commissions	<u>204,550</u>	<u>204,550</u>	<u>158,314</u>	<u>46,236</u>
Total Expenditures	<u>\$ 29,801,017</u>	<u>\$ 31,380,471</u>	<u>\$ 28,525,904</u>	<u>\$ 2,854,567</u>

# CITY OF HIGHLAND PARK

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2012

	Special Revenue Funds				
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater	Environmental Sustainability
<b>ASSETS</b>					
Cash and cash equivalents	\$ 95,781	\$ 165,769	\$ 514,284	\$ (61,938)	\$ 284,379
Receivables					
Property taxes	-	-	-	-	-
Other	-	-	-	-	19,089
Motor fuel tax allotments	61,610	70,412	-	-	-
Prepaid items	-	-	-	1,608	-
<b>TOTAL ASSETS</b>	<u>\$ 157,391</u>	<u>\$ 236,181</u>	<u>\$ 514,284</u>	<u>\$ (60,330)</u>	<u>\$ 303,468</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ -	\$ 1,517	\$ -	\$ 3,849	\$ 4,318
Other payables/Accrued expenses	-	-	-	-	-
Accrued wages	-	1,287	-	-	158
Deferred revenues	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,804</u>	<u>-</u>	<u>3,849</u>	<u>4,476</u>
Fund Balances (Deficit)					
Nonspendable for prepaid items	-	-	-	1,608	-
Restricted for streets	157,391	-	-	-	-
Restricted for public safety	-	233,377	514,284	-	-
Restricted for economic development	-	-	-	-	-
Committed for sustainability initiatives	-	-	-	-	298,992
Committed for transportation	-	-	-	-	-
Unassigned, special revenue funds (deficit)	-	-	-	(65,787)	-
Total Fund Balances (deficit)	<u>157,391</u>	<u>233,377</u>	<u>514,284</u>	<u>(64,179)</u>	<u>298,992</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 157,391</u>	<u>\$ 236,181</u>	<u>\$ 514,284</u>	<u>\$ (60,330)</u>	<u>\$ 303,468</u>

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Special Revenue Funds	Capital Project Fund	Total Nonmajor Governmental Funds
Multi-Modal Transportation	Tax Increment Financing	
\$ 772,807	\$ 903,766	\$ 2,674,848
1,100,500	170,000	1,270,500
134,306	-	153,395
-	-	132,022
-	-	1,608
<u>\$ 2,007,613</u>	<u>\$ 1,073,766</u>	<u>\$ 4,232,373</u>

\$ 49,243	\$ 30,733	\$ 89,660
1,115	-	1,115
40,638	-	42,083
<u>1,100,500</u>	<u>170,000</u>	<u>1,270,500</u>
<u>1,191,496</u>	<u>200,733</u>	<u>1,403,358</u>

-	-	1,608
-	-	157,391
-	-	747,661
-	873,033	873,033
-	-	298,992
816,117	-	816,117
-	-	(65,787)
<u>816,117</u>	<u>873,033</u>	<u>2,829,015</u>

<u>\$ 2,007,613</u>	<u>\$ 1,073,766</u>	<u>\$ 4,232,373</u>
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# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2012

	Special Revenue Funds				
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater	Environmental Sustainability
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-
Intergovernmental	-	-	101,186	-	-
Motor fuel tax	857,238	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Public charges for services	-	469,186	-	178,706	203,645
PACE RTA fare reimbursement	-	-	-	-	-
Investment income	413	-	828	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>857,651</u>	<u>469,186</u>	<u>102,014</u>	<u>178,706</u>	<u>203,645</u>
<b>EXPENDITURES</b>					
Current					
Public safety	-	405,292	132,593	-	-
Public works	-	-	-	-	-
Transit	-	-	-	-	-
Economic and physical development	-	-	-	197,077	99,491
Total Expenditures	<u>-</u>	<u>405,292</u>	<u>132,593</u>	<u>197,077</u>	<u>99,491</u>
Excess (deficiency) of revenues over expenditures	<u>857,651</u>	<u>63,894</u>	<u>(30,579)</u>	<u>(18,371)</u>	<u>104,154</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(840,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(840,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	17,651	63,894	(30,579)	(18,371)	104,154
<b>FUND BALANCES (DEFICIT)</b>					
- Beginning of Year	<u>139,740</u>	<u>169,483</u>	<u>544,863</u>	<u>(45,808)</u>	<u>194,838</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR (AS RESTATED)</b>	<u>\$ 157,391</u>	<u>\$ 233,377</u>	<u>\$ 514,284</u>	<u>\$ (64,179)</u>	<u>\$ 298,992</u>

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Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Multi-Modal Transportation	Tax Increment Financing	
\$ 1,457,433	\$ 173,961	\$ 1,631,394
529,783	-	529,783
-	-	101,186
-	-	857,238
847,717	-	847,717
12,045	-	12,045
66,160	-	917,697
1,312,028	-	1,312,028
(4,844)	-	(3,603)
49,008	-	49,008
<u>4,269,330</u>	<u>173,961</u>	<u>6,254,493</u>
-	-	537,885
2,525,364	-	2,525,364
1,303,013	-	1,303,013
-	123,795	420,363
<u>3,828,377</u>	<u>123,795</u>	<u>4,786,625</u>
<u>440,953</u>	<u>50,166</u>	<u>1,467,868</u>
-	-	(840,000)
-	-	(840,000)
440,953	50,166	627,868
<u>375,164</u>	<u>822,867</u>	<u>2,201,147</u>
<u>\$ 816,117</u>	<u>\$ 873,033</u>	<u>\$ 2,829,015</u>

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Motor fuel tax	\$ 710,000	\$ 883,363	\$ 857,238	\$ (26,125)
Investment income	150	150	413	263
Total Revenues	<u>710,150</u>	<u>883,513</u>	<u>857,651</u>	<u>(25,862)</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>710,150</u>	<u>883,513</u>	<u>857,651</u>	<u>(25,862)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(840,000)</u>	<u>(840,000)</u>	<u>(840,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(840,000)</u>	<u>(840,000)</u>	<u>(840,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (129,850)</u>	<u>\$ 43,513</u>	17,651	<u>\$ (25,862)</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>139,740</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 157,391</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY 911 SYSTEM FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Public charges for services	\$ 432,000	\$ 432,000	\$ 469,186	\$ 37,186
Total Revenues	<u>432,000</u>	<u>432,000</u>	<u>469,186</u>	<u>37,186</u>
<b>EXPENDITURES</b>				
Personal services	225,689	225,689	232,420	(6,731)
Contractual services	72,874	72,874	67,328	5,546
Materials and supplies	<u>113,350</u>	<u>113,350</u>	<u>105,544</u>	<u>7,806</u>
Total Expenditures	<u>411,913</u>	<u>411,913</u>	<u>405,292</u>	<u>6,621</u>
<b>Net Change in Fund Balance</b>	<u>\$ 20,087</u>	<u>\$ 20,087</u>	63,894	<u>\$ 43,807</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>169,483</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 233,377</u>	



# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - HIGHLAND PARK THEATER FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Public charges for services	\$ 491,794	\$ 491,794	\$ 178,706	\$ (313,088)
Total Revenues	<u>491,794</u>	<u>491,794</u>	<u>178,706</u>	<u>(313,088)</u>
<b>EXPENDITURES</b>				
Personal services	154,549	154,549	68,923	85,626
Contractual services	265,824	265,824	108,959	156,865
Materials and supplies	56,230	56,230	19,195	37,035
Capital outlay	7,000	7,000	-	7,000
Total Expenditures	<u>483,603</u>	<u>483,603</u>	<u>197,077</u>	<u>286,526</u>
<b>Net Change in Fund Balance</b>	<u>\$ 8,191</u>	<u>\$ 8,191</u>	(18,371)	<u>\$ (26,562)</u>
<b>FUND BALANCE (DEFICIT) - Beginning of Year</b>			(45,808)	
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>			<u>\$ (64,179)</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ENVIRONMENTAL SUSTAINABILITY FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Public charges for services	\$ 154,706	\$ 161,706	\$ 203,645	\$ 41,939
Total Revenues	<u>154,706</u>	<u>161,706</u>	<u>203,645</u>	<u>41,939</u>
<b>EXPENDITURES</b>				
Personal services	14,445	14,445	10,190	4,255
Contractual service	<u>86,062</u>	<u>133,062</u>	<u>89,301</u>	<u>43,761</u>
Total Expenditures	<u>100,507</u>	<u>147,507</u>	<u>99,491</u>	<u>48,016</u>
<b>Net Change in Fund Balance</b>	<u>\$ 54,199</u>	<u>\$ 14,199</u>	104,154	<u>\$ 89,955</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>194,838</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 298,992</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MULTI-MODAL TRANSPORTATION FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,460,000	\$ 1,460,000	\$ 1,457,433	\$ (2,567)
Other Taxes	466,665	466,665	529,783	63,118
Licenses and permits	840,000	840,000	847,717	7,717
Fines, forfeitures and penalties	13,000	13,000	12,045	(955)
Public charges for services	76,000	76,000	66,160	(9,840)
PACE RTA fare reimbursement	1,240,000	1,240,000	1,312,028	72,028
Investment income	(4,000)	(4,000)	(4,844)	(844)
Miscellaneous	53,083	53,083	49,008	(4,075)
Total Revenues	<u>4,144,748</u>	<u>4,144,748</u>	<u>4,269,330</u>	<u>124,582</u>
<b>EXPENDITURES</b>				
<b>PUBLIC WORKS</b>				
Personal services	817,357	817,357	815,844	1,513
Contractual services	1,176,414	1,176,414	1,100,187	76,227
Materials and supplies	622,160	622,160	559,702	62,458
Capital outlay	91,915	91,915	49,631	42,284
Total Public works	<u>2,707,846</u>	<u>2,707,846</u>	<u>2,525,364</u>	<u>182,482</u>
<b>TRANSIT</b>				
Personal services	1,124,593	1,147,786	1,189,995	(42,209)
Contractual services	35,451	35,451	40,031	(4,580)
Materials and supplies	37,800	37,800	72,987	(35,187)
Capital outlay	700	700	-	700
Total Transit	<u>1,198,544</u>	<u>1,221,737</u>	<u>1,303,013</u>	<u>(81,276)</u>
Total Expenditures	<u>3,906,390</u>	<u>3,929,583</u>	<u>3,828,377</u>	<u>101,206</u>
<b>Net Change in Fund Balance</b>	<u>\$ 238,358</u>	<u>\$ 215,165</u>	440,953	<u>\$ 225,788</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>375,164</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 816,117</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 175,000	\$ 175,000	\$ 173,961	\$ (1,039)
Total Revenues	<u>175,000</u>	<u>175,000</u>	<u>173,961</u>	<u>(1,039)</u>
<b>EXPENDITURES</b>				
Contractual services	<u>123,800</u>	<u>123,800</u>	<u>123,795</u>	<u>5</u>
Total Expenditures	<u>123,800</u>	<u>123,800</u>	<u>123,795</u>	<u>5</u>
<b>Net Change in Fund Balance</b>	<u>\$ 51,200</u>	<u>\$ 51,200</u>	50,166	<u>\$ (1,034)</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>822,867</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 873,033</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,580,245	\$ 3,580,245	\$ 3,608,915	\$ 28,670
Municipal sales tax	175,000	175,000	175,000	-
Investment income	500	500	1,556	1,056
Total Revenues	<u>3,755,745</u>	<u>3,755,745</u>	<u>3,785,471</u>	<u>29,726</u>
<b>EXPENDITURES</b>				
Principal	3,576,500	3,576,500	3,576,497	3
Interest and fiscal charges	<u>1,303,720</u>	<u>1,303,720</u>	<u>1,265,413</u>	<u>38,307</u>
Total Expenditures	<u>4,880,220</u>	<u>4,880,220</u>	<u>4,841,910</u>	<u>38,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,124,475)</u>	<u>(1,124,475)</u>	<u>(1,056,439)</u>	<u>68,036</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation debt issued	-	-	3,410,000	3,410,000
Premium on debt issued	-	-	256,780	256,780
Transfers in	100,000	100,000	1,026,880	926,880
Payments to refunding escrow	<u>-</u>	<u>-</u>	<u>(3,628,143)</u>	<u>(3,628,143)</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>1,065,517</u>	<u>965,517</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,024,475)</u>	<u>\$ (1,024,475)</u>	9,078	<u>\$ 1,033,553</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>1,028,066</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,037,144</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 180,813	\$ 180,813	\$ 180,814	\$ 1
Payments in lieu of taxes	375,000	375,000	375,000	-
Municipal sales tax	420,000	420,000	431,744	11,744
Reimbursements	100	100	(144)	(244)
Investment income	1,500	1,500	1,533	33
Total Revenues	<u>977,413</u>	<u>977,413</u>	<u>988,947</u>	<u>11,534</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>2,672,598</u>	<u>2,672,598</u>	<u>2,104,881</u>	<u>567,717</u>
Total Expenditures	<u>2,672,598</u>	<u>2,672,598</u>	<u>2,104,881</u>	<u>567,717</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,695,185)</u>	<u>(1,695,185)</u>	<u>(1,115,934)</u>	<u>579,251</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>840,000</u>	<u>840,000</u>	<u>840,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>840,000</u>	<u>840,000</u>	<u>840,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (855,185)</u>	<u>\$ (855,185)</u>	<u>(275,934)</u>	<u>\$ 579,251</u>
<b>FUND BALANCE - Beginning of Year</b>			<u>2,166,250</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,890,316</u>	

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>				
Water sales	\$ 7,149,110	\$ 7,244,000	\$ 7,603,867	\$ 359,867
Water/sewer permit fees	40,000	40,000	79,976	39,976
Miscellaneous	<u>33,100</u>	<u>33,100</u>	<u>73,149</u>	<u>40,049</u>
Total Operating Revenues	<u>7,222,210</u>	<u>7,317,100</u>	<u>7,756,992</u>	<u>439,892</u>
<b>OPERATING EXPENSES</b>				
Personal services	2,259,837	2,259,837	2,208,063	51,774
Contractual services	1,320,303	1,343,678	1,244,737	98,941
Materials and supplies	385,311	385,311	388,262	(2,951)
Small tools and equipment	2,386,826	3,364,826	1,236,413	2,128,413
Administrative reimbursements	<u>1,055,000</u>	<u>1,055,000</u>	<u>1,055,000</u>	<u>-</u>
Total Operating Expenses	<u>7,407,277</u>	<u>8,408,652</u>	<u>6,132,475</u>	<u>2,276,177</u>
Operating Income (Loss)	<u>(185,067)</u>	<u>(1,091,552)</u>	<u>1,624,517</u>	<u>2,716,069</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	30,500	30,500	14,357	(16,143)
Intergovernmental	75,600	89,400	127,200	37,800
Principal	-	(690,000)	(690,000)	-
Interest and fiscal charges	<u>(571,075)</u>	<u>(571,075)</u>	<u>(631,948)</u>	<u>(60,873)</u>
Total Non-Operating Revenues (Expenses)	<u>(464,975)</u>	<u>(1,141,175)</u>	<u>(1,180,391)</u>	<u>(39,216)</u>
Net Income (Loss) - Budget Basis	<u>(650,042)</u>	<u>(2,232,727)</u>	<u>444,126</u>	<u>2,676,853</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	1,094,914	1,094,914
Depreciation	-	-	(975,704)	(975,704)
Principal paid	<u>-</u>	<u>-</u>	<u>690,000</u>	<u>690,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>809,210</u>	<u>809,210</u>



## CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Change in net position	\$ <u>(650,042)</u>	\$ <u>(2,232,727)</u>	1,253,336	\$ <u>3,486,063</u>
NET POSITION - BEGINNING OF YEAR			<u>21,580,011</u>	
NET POSITION - END OF YEAR			\$ <u>22,833,347</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SEWER FUND

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OPERATING REVENUES</b>				
Sanitary sewer charges	\$ 1,420,000	\$ 1,420,000	\$ 1,668,524	\$ 248,524
Stormwater management fees	1,220,625	1,220,625	1,242,583	21,958
Water/sewer permit fees	33,000	33,000	38,890	5,890
Miscellaneous	<u>33,400</u>	<u>33,400</u>	<u>34,246</u>	<u>846</u>
Total Operating Revenues	<u>2,707,025</u>	<u>2,707,025</u>	<u>2,984,243</u>	<u>277,218</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,412,078	1,412,078	1,476,727	(64,649)
Contractual services	583,919	583,919	569,298	14,621
Materials and supplies	111,500	111,500	94,318	17,182
Small tools and equipment	<u>1,553,915</u>	<u>1,553,915</u>	<u>1,353,481</u>	<u>200,434</u>
Total Operating Expenses	<u>3,661,412</u>	<u>3,661,412</u>	<u>3,493,824</u>	<u>167,588</u>
Operating Loss	<u>(954,387)</u>	<u>(954,387)</u>	<u>(509,581)</u>	<u>444,806</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Intergovernmental revenue	11,200	11,200	19,303	8,103
Principal	(230,000)	(230,000)	(230,000)	-
Interest and fiscal charges	<u>(210,500)</u>	<u>(210,500)</u>	<u>(139,002)</u>	<u>71,498</u>
Total Non-Operating Revenues (Expenses)	<u>(429,300)</u>	<u>(429,300)</u>	<u>(349,699)</u>	<u>79,601</u>
Net Income (Loss) - Budget Basis	<u>(1,383,687)</u>	<u>(1,383,687)</u>	<u>(859,280)</u>	<u>524,407</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	898,123	898,123
Depreciation	-	-	(1,651,184)	(1,651,184)
Principal paid	<u>-</u>	<u>-</u>	<u>230,000</u>	<u>230,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(523,061)</u>	<u>(523,061)</u>

## CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Change in net position	\$ <u>(1,383,687)</u>	\$ <u>(1,383,687)</u>	(1,382,341)	\$ <u>1,346</u>
NET POSITION - BEGINNING OF YEAR			<u>23,495,747</u>	
NET POSITION - END OF YEAR			\$ <u>22,113,406</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL HIGHLAND PARK COUNTRY CLUB FUND For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING REVENUES</b>				
Charges for goods and services	\$ 2,658,812	\$ 2,749,943	\$ 2,696,685	\$ (53,258)
Miscellaneous	<u>54,500</u>	<u>54,500</u>	<u>59,000</u>	<u>4,500</u>
Total Operating Revenues	<u>2,713,312</u>	<u>2,804,443</u>	<u>2,755,685</u>	<u>(48,758)</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,293,410	1,293,410	1,336,618	(43,208)
Contractual services	611,515	611,515	650,356	(38,841)
Materials and supplies	592,890	740,442	628,573	111,869
Small tools and equipment	<u>5,500</u>	<u>5,500</u>	<u>5,254</u>	<u>246</u>
Total Operating Expenses	<u>2,503,315</u>	<u>2,650,867</u>	<u>2,620,801</u>	<u>30,066</u>
Operating Income (Loss)	<u>209,997</u>	<u>153,576</u>	<u>134,884</u>	<u>(18,692)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Gain (loss) on sale of capital assets	-	-	(4,511)	(4,511)
Principal	(230,000)	(230,000)	(230,000)	-
Interest and fiscal charges	<u>(16,300)</u>	<u>(16,300)</u>	<u>(12,141)</u>	<u>4,159</u>
Total Non-Operating Revenues (Expenses)	<u>(246,300)</u>	<u>(246,300)</u>	<u>(246,652)</u>	<u>(352)</u>
Net Loss Before Transfers	<u>(36,303)</u>	<u>(92,724)</u>	<u>(111,768)</u>	<u>(19,044)</u>
<b>TRANSFERS</b>				
Transfers in	346,300	346,300	346,300	-
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Transfers	<u>246,300</u>	<u>246,300</u>	<u>246,300</u>	<u>-</u>
Net Income (Loss) - Budget Basis	<u>209,997</u>	<u>153,576</u>	<u>134,532</u>	<u>(19,044)</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Depreciation	-	-	(352,227)	(352,227)
Principal paid	<u>-</u>	<u>-</u>	<u>230,000</u>	<u>230,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(122,227)</u>	<u>(122,227)</u>

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL HIGHLAND PARK COUNTRY CLUB FUND For the Year Ended December 31, 2012

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Change in net position	\$ <u>209,997</u>	\$ <u>153,576</u>	12,305	\$ <u>(141,271)</u>
NET POSITION - BEGINNING OF YEAR			<u>9,430,109</u>	
NET POSITION - END OF YEAR			\$ <u>9,442,414</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MOTOR VEHICLE PARKING SYSTEM FUND For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Charges for services				
Parking lot collections	\$ 556,000	\$ 556,000	\$ 551,146	\$ (4,854)
Parking violations	<u>228,000</u>	<u>228,000</u>	<u>253,462</u>	<u>25,462</u>
Total Operating Revenues	<u>784,000</u>	<u>784,000</u>	<u>804,608</u>	<u>20,608</u>
<b>OPERATING EXPENSES</b>				
Personal services	316,732	316,732	298,455	18,277
Contractual services	378,905	387,860	243,858	144,002
Materials and supplies	10,195	10,195	18,258	(8,063)
Small tools and equipment	200,000	232,345	150,014	82,331
Administrative reimbursements	<u>101,000</u>	<u>101,000</u>	<u>101,000</u>	<u>-</u>
Total Operating Expenses	<u>1,006,832</u>	<u>1,048,132</u>	<u>811,585</u>	<u>236,547</u>
Operating Income (Loss)	<u>(222,832)</u>	<u>(264,132)</u>	<u>(6,977)</u>	<u>257,155</u>
<b>NON-OPERATING REVENUES</b>				
Intergovernmental revenue	-	8,955	10,437	1,482
Investment income	<u>500</u>	<u>500</u>	<u>292</u>	<u>(208)</u>
Total Non-Operating Revenues	<u>500</u>	<u>9,455</u>	<u>10,729</u>	<u>1,274</u>
Net Income (Loss) - Budget Basis	<u>(222,332)</u>	<u>(254,677)</u>	<u>3,752</u>	<u>258,429</u>
<b>ADJUSTMENT TO GAAP BASIS</b>				
Capital assets capitalized	-	-	32,196	32,196
Depreciation	<u>-</u>	<u>-</u>	<u>(227,024)</u>	<u>(227,024)</u>
Total Adjustment to GAAP Basis	<u>-</u>	<u>-</u>	<u>(194,828)</u>	<u>(194,828)</u>
Change in net position	\$ <u>(222,332)</u>	\$ <u>(254,677)</u>	(191,076)	\$ <u>63,601</u>
NET POSITION - BEGINNING OF YEAR			<u>4,670,773</u>	
NET POSITION - END OF YEAR			<u>\$ 4,479,697</u>	

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2012

	Equipment Maintenance and Replacement	Insurance	Totals
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 2,993,915	\$ 1,597,002	\$ 4,590,917
Receivables			
Other	-	207,590	207,590
Prepaid items	342,342	-	342,342
Total Current Assets	<u>3,336,257</u>	<u>1,804,592</u>	<u>5,140,849</u>
Noncurrent assets			
Capital assets (net of accumulated depreciation)			
Machinery, equipment and furnishings	11,481,057	-	11,481,057
Accumulated depreciation	<u>(9,354,228)</u>	<u>-</u>	<u>(9,354,228)</u>
Total noncurrent assets	<u>2,126,829</u>	<u>-</u>	<u>2,126,829</u>
Total Assets	<u>5,463,086</u>	<u>1,804,592</u>	<u>7,267,678</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	103,796	86,859	190,655
Accrued wages	<u>27,269</u>	<u>384</u>	<u>27,653</u>
Total Current Liabilities	<u>131,065</u>	<u>87,243</u>	<u>218,308</u>
Non-Current Liabilities			
Compensated absences	59,069	3,356	62,425
Net pension obligation	<u>51,994</u>	<u>-</u>	<u>51,994</u>
Total noncurrent liabilities	<u>111,063</u>	<u>3,356</u>	<u>114,419</u>
Total liabilities	<u>242,128</u>	<u>90,599</u>	<u>332,727</u>
<b>NET POSITION</b>			
Unrestricted	<u>5,220,958</u>	<u>1,713,993</u>	<u>6,934,951</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,220,958</u>	<u>\$ 1,713,993</u>	<u>\$ 6,934,951</u>



# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2012

	Equipment Maintenance and Replacement	Insurance	Totals
<b>OPERATING REVENUES</b>			
Charges for goods and services	\$ 3,505,443	\$ 6,455,106	\$ 9,960,549
Miscellaneous	54,655	-	54,655
Total Operating Revenues	<u>3,560,098</u>	<u>6,455,106</u>	<u>10,015,204</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,245,194	29,004	1,274,198
Contractual services	311,552	5,907,313	6,218,865
Materials and supplies	727,187	258	727,445
Repairs and maintenance	362,524	1,357	363,881
Small tools and equipment	210,853	-	210,853
Depreciation	638,515	-	638,515
Total Operating Expenses	<u>3,495,825</u>	<u>5,937,932</u>	<u>9,433,757</u>
Operating Income	<u>64,273</u>	<u>517,174</u>	<u>581,447</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	1,369	-	1,369
Gain (loss) on sale of capital assets	(24,798)	-	(24,798)
Total Nonoperating Revenues (Expenses)	<u>(23,429)</u>	<u>-</u>	<u>(23,429)</u>
Change in net position	40,844	517,174	558,018
NET POSITION - Beginning of Year	<u>5,180,114</u>	<u>1,196,819</u>	<u>6,376,933</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,220,958</u>	<u>\$ 1,713,993</u>	<u>\$ 6,934,951</u>

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2012

	Equipment Maintenance and Replacement	Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 3,560,186	\$ 6,272,129	\$ 9,832,315
Paid to suppliers for goods and services	(1,816,896)	(5,829,771)	(7,646,667)
Paid to employees for services	(1,219,738)	(27,763)	(1,247,501)
Net Cash Flows From Operating Activities	<u>523,552</u>	<u>414,595</u>	<u>938,147</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>1,369</u>	<u>-</u>	<u>1,369</u>
Net Cash Flows From Investing Activities	<u>1,369</u>	<u>-</u>	<u>1,369</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(381,128)	-	(381,128)
Cash from sale of assets	<u>8,501</u>	<u>-</u>	<u>8,501</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(372,627)</u>	<u>-</u>	<u>(372,627)</u>
<b>Net Change in Cash and Cash Equivalents</b>	152,294	414,595	566,889
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>2,841,621</u>	<u>1,182,407</u>	<u>4,024,028</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 2,993,915</u></u>	<u><u>\$ 1,597,002</u></u>	<u><u>\$ 4,590,917</u></u>

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2012

	Equipment Maintenance and Replacement	Insurance	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 64,273	\$ 517,174	\$ 581,447
Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities			
Depreciation	638,515	-	638,515
Changes in assets and liabilities			
Accounts receivable	88	7,966	8,054
Prepaid expense	(176,576)	-	(176,576)
Accounts payable	(28,204)	(111,786)	(139,990)
Accrued salaries	9,550	1,241	10,791
Other payroll liabilities	<u>15,906</u>	<u>-</u>	<u>15,906</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 523,552</u></u>	<u><u>\$ 414,595</u></u>	<u><u>\$ 938,147</u></u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None			

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL EQUIPMENT MAINTENANCE AND REPLACEMENT FUND For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING REVENUES</b>				
Charges for goods and services	\$ 3,505,443	\$ 3,505,443	\$ 3,505,443	\$ -
Miscellaneous	<u>80,000</u>	<u>80,000</u>	<u>54,655</u>	<u>(25,345)</u>
Total Operating Revenues	<u>3,585,443</u>	<u>3,585,443</u>	<u>3,560,098</u>	<u>(25,345)</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,321,910	1,321,910	1,245,194	76,716
Contractual services	328,012	328,012	311,552	16,460
Materials and supplies	821,525	821,525	727,187	94,338
Repairs and maintenance	366,902	366,902	362,524	4,378
Small tools and equipment	<u>611,900</u>	<u>611,900</u>	<u>591,981</u>	<u>19,919</u>
Total Operating Expenses	<u>3,450,249</u>	<u>3,450,249</u>	<u>3,238,438</u>	<u>211,811</u>
Operating Income	<u>135,194</u>	<u>135,194</u>	<u>321,660</u>	<u>186,466</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	(400)	400	1,369	969
Gain (loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>(24,798)</u>	<u>(24,798)</u>
Total Non-Operating Revenues (Expenses)	<u>(400)</u>	<u>400</u>	<u>(23,429)</u>	<u>(23,829)</u>
Net Income Before Contribution and Transfers	<u>134,794</u>	<u>135,594</u>	<u>298,231</u>	<u>162,637</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	381,128	381,128
Depreciation	<u>-</u>	<u>-</u>	<u>(638,515)</u>	<u>(638,515)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(257,387)</u>	<u>(257,387)</u>
Change in net position	\$ <u>134,794</u>	\$ <u>135,594</u>	40,844	\$ <u>(94,750)</u>
NET POSITION - BEGINNING OF YEAR			<u>5,180,114</u>	
NET POSITION - END OF YEAR			<u>\$ 5,220,958</u>	

## CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING REVENUES</b>				
Charges for services				
Charges for goods and services	\$ <u>6,674,269</u>	\$ <u>6,674,269</u>	\$ <u>6,455,106</u>	\$ <u>(219,163)</u>
Total Operating Revenues	<u>6,674,269</u>	<u>6,674,269</u>	<u>6,455,106</u>	<u>(219,163)</u>
<b>OPERATING EXPENSES</b>				
Personal services	41,739	41,739	29,004	12,735
Contractual services	6,437,511	6,319,111	5,907,313	411,798
Materials and supplies	1,225	1,225	258	967
Repairs and maintenance	<u>2,500</u>	<u>2,500</u>	<u>1,357</u>	<u>1,143</u>
Total Operating Expenses	<u>6,482,975</u>	<u>6,364,575</u>	<u>5,937,932</u>	<u>426,643</u>
Operating Income	\$ <u>191,294</u>	\$ <u>309,694</u>	<u>517,174</u>	\$ <u>207,480</u>
NET POSITION - BEGINNING OF YEAR			<u>1,196,819</u>	
NET POSITION - END OF YEAR			\$ <u>1,713,993</u>	

## CITY OF HIGHLAND PARK

### COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2012

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	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 993,538	\$ 1,183,462	\$ 2,177,000
Investments			
U.S. Government and agency obligations	12,201,759	13,867,656	26,069,415
Corporate bonds	1,458,018	-	1,458,018
Mutual funds	14,551,829	7,286,770	21,838,599
Stocks	748,061	8,232,535	8,980,596
Receivables - (net of allowances for uncollectibles)			
Accrued interest	103,188	111,450	214,638
Prepaid items	250	-	250
Total Assets	<u>30,056,643</u>	<u>30,681,873</u>	<u>60,738,516</u>
<b>LIABILITIES</b>			
Accounts payable	<u>19,419</u>	<u>8,025</u>	<u>27,444</u>
Total Liabilities	<u>19,419</u>	<u>8,025</u>	<u>27,444</u>
<b>NET POSITION</b>			
Held in trust for pension benefits	<u>\$ 30,037,224</u>	<u>\$ 30,673,848</u>	<u>\$ 60,711,072</u>

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2012

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 1,508,625	\$ 1,508,267	\$ 3,016,892
Plan members	<u>526,731</u>	<u>452,032</u>	<u>978,763</u>
Total Contributions	<u>2,035,356</u>	<u>1,960,299</u>	<u>3,995,655</u>
Investment income			
Investment income	773,825	752,233	1,526,058
Net appreciation in fair value of investments	<u>1,815,908</u>	<u>1,983,752</u>	<u>3,799,660</u>
Total Investment Income	2,589,733	2,735,985	5,325,718
Less Investment expenses	<u>84,331</u>	<u>81,623</u>	<u>165,954</u>
Net Investment Income	<u>2,505,402</u>	<u>2,654,362</u>	<u>5,159,764</u>
Total Additions	<u>4,540,758</u>	<u>4,614,661</u>	<u>9,155,419</u>
<b>DEDUCTIONS</b>			
Benefits	3,228,818	2,923,953	6,152,771
Administration	<u>116,218</u>	<u>31,472</u>	<u>147,690</u>
Total Deductions	<u>3,345,036</u>	<u>2,955,425</u>	<u>6,300,461</u>
 <b>Change in Net Position</b>	 1,195,722	 1,659,236	 2,854,958
 NET ASSETS - Beginning of Year	 <u>28,841,502</u>	 <u>29,014,612</u>	 <u>57,856,114</u>
 <b>NET ASSETS, END OF YEAR</b>	 <u><u>\$ 30,037,224</u></u>	 <u><u>\$ 30,673,848</u></u>	 <u><u>\$ 60,711,072</u></u>



# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2012

	Balances January 1	Additions	Deductions	Balances December 31
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,916,889	\$ 3,869,921	\$ 3,769,431	\$ 2,017,379
Accounts receivable	4,637	1,390,352	1,370,951	24,038
<b>TOTAL ASSETS</b>	<u>\$ 1,921,526</u>	<u>\$ 5,260,273</u>	<u>\$ 5,140,382</u>	<u>\$ 2,041,417</u>
<b>LIABILITIES</b>				
Accrued payroll	\$ 308	\$ 133	\$ 265	\$ 176
Accounts payable	-	305	-	305
Due to others	1,091,261	129,890	220,063	1,001,088
Deposits payable	829,957	958,899	749,008	1,039,848
<b>TOTAL LIABILITIES</b>	<u>\$ 1,921,526</u>	<u>\$ 1,089,227</u>	<u>\$ 969,336</u>	<u>\$ 2,041,417</u>
<b>GENERAL DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 825,320	\$ 1,728,289	\$ 1,537,494	\$ 1,016,115
Accounts receivable	4,637	1,390,352	1,370,951	24,038
<b>TOTAL ASSETS</b>	<u>\$ 829,957</u>	<u>\$ 3,118,641</u>	<u>\$ 2,908,445</u>	<u>\$ 1,040,153</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 305	\$ -	\$ 305
Deposits payable	829,957	958,899	749,008	1,039,848
<b>TOTAL LIABILITIES</b>	<u>\$ 829,957</u>	<u>\$ 959,204</u>	<u>\$ 749,008</u>	<u>\$ 1,040,153</u>
<b>HOUSING TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,091,569	\$ 2,141,632	\$ 2,231,937	\$ 1,001,264
<b>TOTAL ASSETS</b>	<u>\$ 1,091,569</u>	<u>\$ 2,141,632</u>	<u>\$ 2,231,937</u>	<u>\$ 1,001,264</u>
<b>LIABILITIES</b>				
Accrued payroll	\$ 308	\$ 133	\$ 265	\$ 176
Due to others	1,091,261	129,890	220,063	1,001,088
<b>TOTAL LIABILITIES</b>	<u>\$ 1,091,569</u>	<u>\$ 130,023</u>	<u>\$ 220,328</u>	<u>\$ 1,001,264</u>



**CITY OF HIGHLAND PARK, ILLINOIS**  
***Statistical Section***  
***(Unaudited)***

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129 -135
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	136 -141
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the City's ability to issue additional debt in the future.	142 - 145
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take	146 -147
<b>Operating Information</b> These schedules contain information about the City's service and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	148 -150



## FINANCIAL TRENDS

# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION BY COMPONENT Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 34,615,233	\$ 94,907,427	\$ 90,605,742	\$ 93,387,691	\$ 96,339,097	\$ 96,490,406	\$ 97,194,831	\$ 95,361,548	\$ 71,825,055	\$ 73,059,813
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	1,676,953	1,778,085
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	26,354,712	30,962,266
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 51,876,212	\$ 115,068,561	\$ 114,875,832	\$ 119,439,322	\$ 126,773,818	\$ 130,425,364	\$ 121,073,434	\$ 120,745,919	\$ 99,856,720	\$ 105,800,164
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 32,604,103	\$ 24,967,935	\$ 27,575,451	\$ 28,707,758	\$ 22,598,750	\$ 30,126,135	\$ 29,453,502	\$ 29,534,781	\$ 54,109,919	\$ 48,582,193
Unrestricted	2,071,930	1,969,534	3,177,220	4,117,114	12,187,698	4,679,172	4,846,405	5,625,549	5,066,721	10,286,671
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	\$ 34,676,033	\$ 26,937,469	\$ 30,752,671	\$ 32,824,872	\$ 34,786,448	\$ 34,805,307	\$ 34,299,907	\$ 35,160,330	\$ 59,176,640	\$ 58,868,864
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 67,219,336	\$ 119,875,362	\$ 118,181,193	\$ 122,095,449	\$ 118,937,847	\$ 126,616,541	\$ 126,648,333	\$ 124,896,329	\$ 125,934,974	\$ 121,642,006
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	1,676,953	1,778,085
Unrestricted	16,783,462	11,423,790	16,027,714	19,707,588	33,396,675	31,506,920	23,585,807	25,263,632	31,421,433	41,248,937
TOTAL PRIMARY GOVERNMENT	\$ 86,552,245	\$ 142,006,030	\$ 145,628,503	\$ 152,264,194	\$ 161,560,266	\$ 165,230,671	\$ 155,373,341	\$ 155,906,249	\$ 159,033,360	\$ 164,669,028

### Notes:

(1) An enterprise fund was created in CY 2011 to account for activities relating to sewer facilities and maintenance, creating a substantial change in fund balance totals between Governmental and Business Type activities.

\* Eight months ended December 31, 2007

# CITY OF HIGHLAND PARK

## FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years

Fiscal Year	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
<b>GENERAL FUND</b>										
Reserved	\$ 43,436	\$ 17,793,436	\$ 16,518,436	\$ 16,340,000	\$ 17,128,260	\$ 22,309,500	\$ 16,212,900	\$ 16,831,100	\$ -	\$ -
Unreserved	11,751,196	10,188,720	11,945,951	14,652,292	17,062,183	18,485,787	17,263,332	17,529,356	-	-
Unrestricted										
Committed	-	-	-	-	-	-	-	-	17,582,800	22,809,678
Assigned	-	-	-	-	-	-	-	-	4,375,495	4,775,495
Unassigned	-	-	-	-	-	-	-	-	15,762,287	14,111,753
Subtotal general fund	11,794,632	27,982,156	28,464,387	30,992,292	34,190,443	40,795,287	33,476,232	34,360,456	37,720,582	41,696,926
% Change from prior year	36.5%	137.2%	1.7%	8.9%	10.3%	19.3%	-17.9%	2.6%	9.8%	10.5%
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	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	6,237,450	-	-	-	176,894	320,059	-	-	-	-
Special Revenue Funds	(508,917)	(493,701)	-	-	-	-	(44,272)	(8,497)	-	-
Nonspendable	-	-	-	-	-	-	-	-	349,985	106,738
Restricted	-	-	-	-	-	-	-	-	1,676,953	1,776,085
Unrestricted										
Committed	-	-	-	-	-	-	-	-	570,002	1,115,109
Assigned	-	-	-	-	-	-	-	-	2,852,016	2,822,330
Unassigned	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds (deficit)	-	-	-	-	-	-	-	-	(53,493)	(65,787)
Subtotal all other funds	8,702,980	7,849,036	11,819,596	7,273,906	9,402,638	7,427,269	5,094,929	5,817,378	5,395,463	5,756,475
<b>TOTAL GOVERNMENTAL FUNDS</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>	<b>\$ 43,116,045</b>	<b>\$ 47,453,401</b>
% Change from prior year	31.2%	74.8%	12.4%	-5.0%	13.9%	10.6%	-20.0%	4.2%	7.3%	10.1%

\* Eight months ended December 31, 2007

# CITY OF HIGHLAND PARK

## CHANGE IN NET POSITION Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
<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	\$ 1,558,688	\$ 3,560,882
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	2,714,368	2,775,737
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	1,009,252	1,031,414
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	1,868,519	1,394,696
Transit	920,879	951,361	1,069,354	1,055,305	778,569	1,077,078	1,137,630	1,130,398	1,223,684	1,312,028
Operating grants	858,067	884,766	872,489	891,528	652,180	796,375	1,020,613	938,199	1,007,110	900,045
Capital grants	556,361	551,346	537,489	2,450,790	408,052	780,469	658,069	95,485	565,452	-
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	11,478,560	11,480,575
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	11,785,806	12,393,678
Other taxes	9,415,910	9,887,466	12,062,977	13,089,692	8,011,821	11,959,642	10,459,051	11,107,857	8,576,032	9,055,860
Payment in lieu of taxes	-	-	-	-	-	-	496,932	530,676	546,459	559,173
Other	997,658	329,109	960,346	1,911,975	2,609,554	6,470,264	(5,838,409)	1,873,021	3,107,990	5,286,685
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	45,441,920	49,750,773
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	5,362,741	8,965,963
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	20,181,540	20,175,202
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	8,377,575	6,361,328
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	3,612,168	5,106,635
Transit	1,148,215	1,219,866	1,227,855	1,199,521	967,852	1,325,557	1,276,898	1,301,811	1,379,050	1,292,090
Commissions	1,450,664	640,026	1,050,967	650,680	354,650	432,611	432,148	413,921	331,347	407,388
Interest	676,833	858,741	1,629,285	1,874,859	1,161,404	1,764,586	1,658,678	1,491,630	1,409,557	1,252,423
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	40,653,978	43,561,029
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)	\$ 4,787,942	\$ 6,189,744
Transfers	491,097	774,800	987,300	100,000	100,000	100,000	100,000	100,000	(25,677,141)	(246,300)
Special item	-	4,079,569	-	-	1,306,489	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	\$ (534,669)	\$ 3,872,826	\$ (426,938)	\$ 4,563,490	\$ 7,291,876	\$ 3,651,546	\$ (9,667,217)	\$ (327,515)	\$ (20,889,199)	\$ 5,943,444

# CITY OF HIGHLAND PARK

## CHANGE IN NET POSITION (Continued) Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
<b>BUSINESS-TYPE ACTIVITIES</b>										
Program Revenues										
Charges for services										
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	\$ 7,033,638	\$ 7,756,992
Sewer	-	-	-	-	-	-	-	-	2,477,341	2,984,243
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	2,536,071	2,755,685
Parking system	741,581	901,451	898,751	950,111	599,376	1,070,944	916,139	902,896	805,363	804,608
Operating grants	-	-	-	-	-	-	-	74,800	137,100	156,940
Capital grants	-	-	-	214,392	297,608	289,084	150,000	-	167,331	-
Other	16,958	(20,818)	2,120,460	337,866	127,500	393,686	294,151	192,935	41,652	14,649
Total revenues	10,849,743	10,665,921	13,642,045	11,568,750	9,022,416	11,455,811	10,483,795	10,670,978	13,198,496	14,473,117
Expenses										
Parking	927,189	857,921	736,329	893,709	568,121	1,160,791	974,973	995,796	1,156,266	1,006,413
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	6,407,020	6,645,213
Sewer	-	-	-	-	-	-	-	-	4,518,395	4,385,887
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	2,777,646	2,989,680
Total expenses	8,753,573	8,498,291	9,100,410	9,731,122	7,370,167	11,336,952	10,889,195	11,042,860	14,859,327	15,027,193
<b>INCREASE IN NET ASSETS BEFORE TRANSFERS AND CONTRIBUTIONS</b>	2,096,170	2,167,630	4,541,635	1,837,628	1,652,249	118,859	(405,400)	(371,882)	(1,660,831)	(554,076)
Transfers	(491,097)	(774,800)	(987,300)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	25,677,141	246,300
Contributions	-	-	-	-	409,327	-	-	-	-	-
<b>INCREASE IN NET POSITION</b>	<b>\$ 1,605,073</b>	<b>\$ 1,392,830</b>	<b>\$ 3,554,335</b>	<b>\$ 1,737,628</b>	<b>\$ 1,961,576</b>	<b>\$ 18,859</b>	<b>\$ (505,400)</b>	<b>\$ (471,882)</b>	<b>\$ 24,016,310</b>	<b>\$ (307,776)</b>



# CITY OF HIGHLAND PARK

## CHANGE IN NET POSITION (Continued) Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
<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	\$ 21,226,924	\$ 24,376,285
Operating grants	858,067	884,766	872,489	891,528	652,180	796,375	1,020,613	1,012,999	1,144,210	1,056,985
Capital grants	556,361	551,346	537,489	2,665,182	705,660	1,069,553	808,069	95,485	732,783	-
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	11,478,560	11,480,575
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	11,785,806	12,393,678
Other taxes	9,415,910	9,887,466	12,062,977	13,089,692	8,011,821	11,959,642	10,459,051	11,107,857	8,576,032	9,055,860
Payment in lieu of taxes	-	-	-	-	-	-	496,932	530,676	546,459	559,173
Other	1,014,616	308,291	3,080,806	2,249,841	2,737,054	6,863,950	(5,544,258)	2,065,956	3,149,642	5,301,334
<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>	<b>58,640,416</b>	<b>64,223,890</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	5,362,741	8,965,963
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	20,181,540	20,175,202
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	8,377,575	6,361,328
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	3,612,168	5,106,635
Transit	1,148,215	1,219,866	1,227,855	1,199,521	967,852	1,325,557	1,276,898	1,301,811	1,379,050	1,292,090
Commissions	1,450,664	640,026	1,050,967	650,680	354,650	432,611	432,148	413,921	331,347	407,388
Interest	676,833	858,741	1,629,285	1,874,859	1,161,404	1,764,586	1,658,678	1,491,630	1,409,557	1,252,423
Parking	927,189	857,921	736,329	893,709	568,121	1,160,791	974,973	995,796	1,156,266	1,006,413
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	6,407,020	6,645,213
Sewer	-	-	-	-	-	-	-	-	4,518,395	4,385,887
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	2,777,646	2,989,680
<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>55,513,305</b>	<b>58,588,222</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 1,070,404</b>	<b>\$ 5,265,656</b>	<b>\$ 3,127,397</b>	<b>\$ 6,301,118</b>	<b>\$ 9,253,452</b>	<b>\$ 3,670,405</b>	<b>\$ (10,172,617)</b>	<b>\$ (799,397)</b>	<b>\$ 3,127,111</b>	<b>\$ 5,635,668</b>
<b>NET (EXPENSE) REVENUE</b>										
Governmental Activities	\$ (534,669)	\$ 3,872,826	\$ (426,938)	\$ 4,563,490	\$ 7,291,876	\$ 3,651,546	\$ (9,667,217)	\$ (327,515)	\$ (20,889,199)	\$ 6,189,744
Business Type Activities	1,605,073	1,392,830	3,554,335	1,737,628	1,961,576	18,859	(505,400)	(471,882)	24,016,310	(554,076)
<b>TOTAL NET (EXPENSE) REVENUE</b>	<b>\$ 1,070,404</b>	<b>\$ 5,265,656</b>	<b>\$ 3,127,397</b>	<b>\$ 6,301,118</b>	<b>\$ 9,253,452</b>	<b>\$ 3,670,405</b>	<b>\$ (10,172,617)</b>	<b>\$ (799,397)</b>	<b>\$ 3,127,111</b>	<b>\$ 5,635,668</b>

### Notes:

(1) An enterprise fund was created in CY 2011 to account for activities relating to sewer facilities and maintenance, creating a substantial change in fund balance totals between Governmental and Business Type activities.

\* Eight months ended December 31, 2007

# CITY OF HIGHLAND PARK

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Property taxes	\$ 9,887,448	\$ 10,001,506	\$ 10,207,240	\$ 9,376,024	\$ 9,952,746	\$ 10,628,575	\$ 11,047,743	\$ 11,209,517	\$ 11,478,560	\$ 11,480,575
Illinois state replacement taxes	212,981	208,941	311,520	339,577	250,779	345,105	291,142	313,917	276,627	277,134
Licenses and permits	3,080,069	2,724,895	2,776,953	2,730,449	1,999,361	2,156,328	1,839,326	2,076,892	2,224,164	2,337,335
Charges for current services	1,983,841	2,028,915	2,422,280	3,154,137	2,208,303	3,422,291	3,699,703	4,268,149	2,810,348	1,206,575
Municipal sales tax	12,038,527	12,092,027	12,790,251	13,335,043	9,397,327	12,451,204	11,077,114	11,471,636	11,785,806	12,393,678
Fines and forfeitures	360,475	259,806	387,891	315,385	214,996	411,633	381,141	832,175	874,396	965,723
Utility tax	3,469,014	2,785,652	3,114,634	3,120,499	1,684,513	3,106,464	2,595,912	2,495,100	2,422,569	2,254,875
Real estate transfer tax	2,174,270	2,420,485	2,919,960	2,809,795	1,267,630	1,202,395	812,399	1,133,803	1,136,595	1,458,037
Motor fuel tax allotment	858,067	884,766	872,489	878,063	571,450	794,755	775,017	899,821	883,360	857,238
Intergovernmental	498,679	457,372	363,846	784,245	486,513	196,075	345,474	141,036	245,769	143,993
Illinois state income tax	1,823,033	2,048,727	2,312,384	2,550,586	1,787,461	2,864,722	2,447,710	2,393,639	2,354,555	2,615,197
Regional Transportation Authority reimbursement	920,879	951,361	1,069,354	1,055,305	778,569	1,077,078	1,137,630	1,130,398	1,222,434	1,312,028
Franchise fees	836,675	2,072,215	2,215,223	2,491,923	1,789,494	2,612,081	2,542,276	2,370,616	2,385,686	2,450,617
Payment in lieu of taxes	-	-	-	-	-	-	496,932	530,676	546,459	559,173
Other taxes	572,140	2,165	938,110	1,222,126	913,627	1,723,064	1,670,735	1,840,111	1,833,144	1,835,511
Reimbursements-other agencies	383,390	2,113,977	372,481	1,265,655	1,436,917	781,517	151,022	839,051	952,477	1,724,366
Investment income	159,640	329,106	960,347	1,911,974	2,609,552	1,153,313	793,992	748,755	715,602	757,419
Net appreciation (depreciation) in fair value of investments	-	-	-	-	-	5,571,520	(5,863,860)	868,839	964,461	2,591,200
Miscellaneous	1,005,293	614,389	1,106,491	1,004,510	481,553	2,332,267	954,326	963,825	826,413	529,170
<b>Total revenues</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>45,939,425</b>	<b>47,749,844</b>
<b>EXPENDITURES</b>										
General government	6,308,791	7,027,043	7,591,557	5,625,763	3,087,130	5,456,559	4,821,067	5,738,520	5,084,358	6,997,163
Public safety	14,926,595	15,589,024	16,919,612	17,781,459	13,635,023	19,222,999	19,378,342	19,192,935	19,733,861	19,409,913
Public works	6,742,600	6,756,359	7,065,885	7,297,877	5,482,463	8,469,091	7,792,379	7,255,882	4,973,124	4,918,865
Capital outlay	10,969,429	6,790,817	11,206,922	8,851,103	4,678,095	5,028,153	5,833,163	3,087,474	2,778,501	2,104,881
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	3,610,662	3,485,321
Transit	1,128,989	1,212,533	1,185,939	1,210,370	962,584	1,340,683	1,269,275	1,303,843	1,403,907	1,303,013
Bond issuance costs	29,939	-	-	-	-	-	-	-	-	-
Commissions	271,750	280,372	263,188	402,459	190,504	179,815	181,066	157,802	94,225	158,314
Debt service	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	3,355,970	3,576,497
Interest and fiscal charges	-	898,711	1,326,275	1,845,057	1,760,555	1,758,795	1,652,888	1,528,452	1,452,715	1,265,413
<b>Total expenditures</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>42,487,323</b>	<b>43,219,380</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</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>	<b>3,452,102</b>	<b>4,530,464</b>

# CITY OF HIGHLAND PARK

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued) Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
OTHER FINANCING SOURCES (USES)										
Bonds issued	\$ 9,000,000	\$ 16,590,000	\$ 11,000,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 2,510,000	\$ 3,705,000	\$ 3,410,000
Proceeds from sale of capital assets	3,876,013	492,061	8,200	455,788	-	-	-	-	135,194	14,555
Premiums on Bonds Issued	-	-	-	-	-	-	-	137,757	115,335	256,780
Payments to escrow agent	-	-	(1,000,509)	-	-	-	-	(2,473,739)	(3,785,543)	(3,628,143)
Transfers in	5,560,657	6,928,355	3,691,254	3,070,800	2,978,550	3,606,660	3,257,774	2,777,568	1,910,040	1,866,880
Transfers (out)	(5,089,560)	(6,153,555)	(2,703,954)	(4,470,800)	(2,878,550)	(3,506,660)	(3,157,774)	(2,677,568)	(2,593,917)	(2,113,180)
Total other financing sources (uses)	13,367,110	17,856,861	10,994,991	(944,212)	2,600,000	100,000	100,000	274,018	(513,891)	(193,108)
NET CHANGES IN FUND BALANCES	5,494,046	15,151,284	4,218,582	(2,017,785)	5,326,883	4,629,475	(9,966,682)	1,606,673	2,938,211	4,337,356
FUND BALANCES, BEGINNING OF YEAR	15,593,666	20,497,612	35,831,192	40,283,983	38,266,198	43,593,081	48,222,556	38,571,161	40,177,834	43,116,045
Prior period adjustment	(590,100)	182,296	234,209	-	-	-	315,287	-	-	-
FUND BALANCES, BEGINNING OF YEAR, RESTATED	15,003,566	20,679,908	36,065,401	40,283,983	38,266,198	43,593,081	48,537,843	38,571,161	40,177,834	43,116,045
Residual equity transfer in	-	-	-	-	-	-	-	-	-	-
Residual equity transfer (out)	-	-	-	-	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 20,497,612	\$ 35,831,192	\$ 40,283,983	\$ 38,266,198	\$ 43,593,081	\$ 48,222,556	\$ 38,571,161	\$ 40,177,834	\$ 43,116,045	\$ 47,453,401
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES	10.6%	8.6%	8.8%	10.5%	14.2%	10.1%	10.5%	10.7%	11.4%	11.7%

Note: Ratio calculated 2004 and later years based on capitalized expenditures reflected in Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities schedule.

\* Eight months ended December 31, 2007



REVENUE CAPACITY

# CITY OF HIGHLAND PARK

## 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
2003	\$ 1,763,725,693	\$ 141,268,775	\$ 1,672,521	\$ 440,178	\$ 701,090	n/a	\$ 1,907,808,257	0.640	\$ 5,723,424,771	4.6%	33%
2004	1,889,593,213	149,974,820	1,803,869	482,657	789,193	n/a	2,042,643,752	0.624	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	0.561	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	0.532	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%
2011	2,115,645,944	205,558,934	476,191	499	1,417,358	n/a	2,323,098,926	0.643	6,969,296,778	-9.0%	33%
2012	1,967,614,286	193,428,436	464,616	549	1,796,021	n/a	2,163,303,908	0.709	6,489,911,724	-6.9%	33%

Source: Lake County Clerk

# CITY OF HIGHLAND PARK

## PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Levy Years (Cents per hundred dollars)

Tax Levy Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>CITY DIRECT RATE</u></b>										
Bond	0.161	0.150	0.134	0.127	0.125	0.123	0.127	0.140	0.156	0.170
Corporate	-	0.056	0.059	0.054	0.051	0.051	0.055	0.107	0.121	0.141
Firefighters Pension	0.045	0.042	0.043	0.042	0.040	0.041	0.046	0.060	0.064	0.077
Library	0.165	0.168	0.156	0.147	0.140	0.139	0.144	0.160	0.175	0.192
Police Pension	0.048	0.042	0.046	0.049	0.046	0.047	0.053	0.065	0.064	0.078
Street and Bridge	0.122	0.130	0.082	0.075	0.073	0.073	0.068	0.054	0.063	0.051
Street Construction	0.035	0.036	0.041	0.038	0.042	0.041	0.043	-	-	-
IMRF	0.064	-	-	-	-	-	-	-	-	-
School Crossing Guard	-	-	-	-	-	-	-	-	-	-
Public Benefit	-	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	-	-	-
Total Direct Rate	0.640	0.624	0.561	0.532	0.517	0.515	0.536	0.586	0.643	0.709
<b><u>OVERLAPPING RATES</u></b>										
County	0.490	0.465	0.454	0.450	0.444	0.453	0.464	0.505	0.554	0.608
Forest Preserve	0.225	0.219	0.210	0.204	0.201	0.199	0.200	0.198	0.201	0.212
Township	0.048	0.047	0.045	0.044	0.044	0.045	0.047	0.052	0.059	0.066
Sanitary	0.144	0.139	0.132	0.125	0.120	0.121	0.124	0.136	0.150	0.150
College of Lake County	0.201	0.200	0.197	0.195	0.192	0.196	0.200	0.218	0.240	0.272
High School	1.825	1.758	1.686	1.635	1.619	1.660	1.748	1.921	2.167	2.178
Elementary School	2.538	2.457	2.312	2.225	2.186	2.215	2.313	2.437	2.818	2.957
Mosquito Abatement	0.012	0.012	0.012	0.012	0.011	0.011	0.012	0.013	0.014	0.150
Park District	0.433	0.422	0.397	0.378	0.377	0.380	0.394	0.379	0.410	0.445
Total Overlapping Rate	5.916	5.719	5.445	5.268	5.194	5.280	5.502	5.859	6.613	7.038
Total Rate	6.556	6.343	6.006	5.800	5.711	5.795	6.038	6.445	7.256	7.747

Source: Lake County Clerk

# CITY OF HIGHLAND PARK

## PRINCIPAL TAXPAYERS Current Year and Nine Years Prior

		December 31, 2012	
		(1)	
(2)		Equalized	as a % of
Taxpayer	Business/Service	Assessed	Total EAV
		Valuation	
Metzler I Renaissance Place LP	Retail Property	\$ 12,232,787	0.57%
Midwest Family Housing LLC	Real Property	7,775,874	0.36%
Federal Realty Investment Trust	Business/Retail Center	6,790,504	0.31%
Highland Park Associates II LLC	Real Property	4,509,873	0.21%
Klaimont Family Associates	Business/Retail Center	4,298,118	0.20%
Americana Apartments	Apartments	4,074,035	0.19%
Sunset Food Mart, Inc.	Retail Property - Grocery Store	3,739,993	0.17%
Evergreen Real Estate Services	Real Property	3,188,922	0.15%
RSV Partners	Real Property	2,875,316	0.13%
LB & M Real Estate Management Inc	Real Property	2,869,621	0.13%
		<u>\$ 52,355,043</u>	<u>2.42%</u>
2012 Total EAV		\$ 2,163,303,908	
Percentage of Total			2.42%
		(3)	
		Fiscal year end April 30, 2003	
		Equalized	
(2)		Assessed	as a % of
Taxpayer	Business/Service	Valuation	Total EAV
Toys R Us - Delaware Inc.	Retail Store	5,782,188	0.30%
Renaissance Place, LLC	Real Property	4,993,498	0.26%
American NB Trust of Chicago	Real Property	4,448,690	0.23%
Dayton Hudson Corporation	Retail Store	4,205,207	0.22%
Port Clinton Associates	Business/Retail Center	3,794,046	0.20%
Federal Realty Investment Trust	Business/Retail Center	3,625,548	0.19%
Highland Park Hospital	Healthcare	3,134,457	0.16%
Illinois Bell	Utility	2,893,074	0.15%
Highland Park Convalescent Center Assoc.	Senior Care Facility	2,771,741	0.15%
Solo Cup Company	Business	2,548,701	0.13%
		<u>\$ 38,197,150</u>	<u>2.00%</u>
2003 Total EAV		\$ 1,907,808,257	
Percentage of Total			2.00%

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 2012 EAV is the most current available for all taxpayers.



# CITY OF HIGHLAND PARK

## 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				
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%
2010	14,953,404	2011	14,217,063	95.08%	-	14,217,063	95.08%
2011	14,937,526	2012	14,871,344	99.56%	-	14,871,344	99.56%

\* Eight months ended December 31, 2007

### Notes:

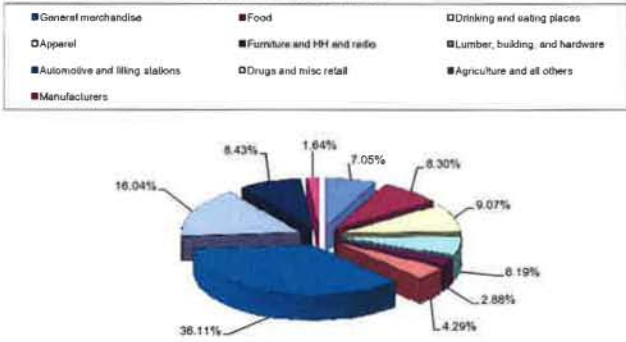
- (1) Lake County does not furnish information relating to delinquent taxes collected for the applicable levy year. Amounts shown in this column are collections in the year indicated of delinquent taxes applicable to prior years' tax levies.
- (2) Tax levy as abated represents total assessments extended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

# CITY OF HIGHLAND PARK

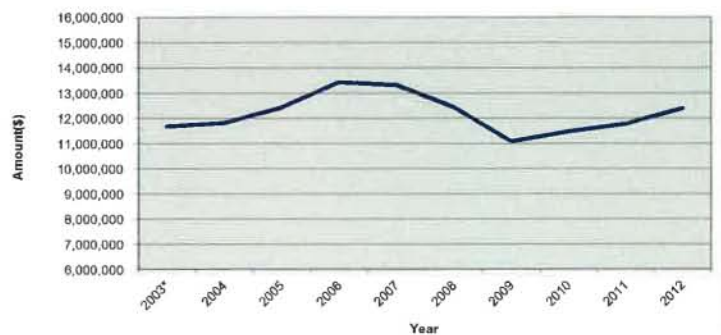
## SALES TAX ANALYSIS BY SIC CODE Last Ten Calendar Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Municipal Sales Tax</b>										
General merchandise	\$ 495,645.02	\$ 483,101.68	\$ 488,887.52	\$ 561,889.62	\$ 578,850.88	\$ 519,738.54	\$ 493,421.62	\$ 449,601.88	\$ 476,609.84	\$ 487,632.75
Food	996,333.95	908,731.12	900,575.70	968,252.22	975,243.48	998,425.45	939,233.86	868,115.65	844,136.67	825,884.43
Drinking and eating places	443,253.30	464,391.63	483,989.43	513,234.89	536,748.62	539,963.94	508,436.53	505,917.67	530,179.14	567,294.63
Apparel	449,310.31	428,544.43	459,303.72	446,822.39	427,183.57	367,146.15	316,747.68	403,224.08	409,753.11	386,459.57
Furniture and HH and radio	280,803.36	336,237.36	421,026.36	400,070.84	306,445.48	265,038.43	219,492.58	180,446.27	183,420.27	178,687.79
Lumber, building, and hardware	420,770.86	395,287.27	428,668.18	495,305.88	457,644.14	419,233.32	324,783.76	282,815.06	287,753.30	265,696.24
Automotive and filling stations	2,947,007.37	2,907,331.85	3,045,355.39	3,466,798.13	3,345,996.52	2,897,031.58	2,592,225.81	2,935,635.27	3,146,579.85	3,524,876.22
Drugs and misc retail	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	1,107,906.98	1,196,527.32
Agriculture and all others	512,833.13	514,686.22	514,611.38	551,571.92	582,260.19	523,773.28	447,584.24	631,630.55	602,864.67	583,516.33
Manufacturers	118,355.31	182,909.10	196,068.11	192,174.44	209,486.51	212,642.53	170,936.37	183,263.52	85,390.45	101,612.15
<b>TOTAL</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>	<b>\$ 7,674,594.28</b>	<b>\$ 8,118,187.43</b>
% increase/decrease from previous year	0.33%	-0.40%	4.68%	8.84%	-1.38%	-7.72%	-10.13%	4.75%	2.58%	5.78%
<b>Home Rule Sales Tax</b>										
General merchandise	\$ 451,891.46	\$ 442,089.88	\$ 444,293.03	\$ 507,279.50	\$ 514,612.17	\$ 457,733.57	\$ 433,899.24	\$ 377,378.31	\$ 378,807.75	\$ 386,287.84
Food	241,057.42	229,527.48	237,389.05	300,356.54	286,502.27	275,588.13	250,607.05	219,534.73	208,930.57	202,292.46
Drinking and eating places	425,754.98	448,153.40	471,251.05	500,828.97	519,602.47	529,679.63	500,032.63	497,698.70	521,368.52	557,105.95
Apparel	448,256.13	427,557.95	459,231.92	446,779.33	426,900.16	367,145.46	316,272.72	402,725.51	406,167.08	380,596.71
Furniture and HH and radio	279,444.74	335,499.50	421,246.27	399,675.94	305,964.82	265,027.54	219,497.79	180,449.19	183,251.24	178,506.38
Lumber, building, and hardware	414,049.24	395,136.23	428,066.60	495,189.16	457,616.68	418,345.40	324,686.45	282,766.98	287,713.43	265,637.79
Automotive and filling stations	385,171.45	440,118.24	471,626.60	527,071.86	596,428.55	626,500.77	540,178.73	621,417.55	803,846.44	949,691.93
Drugs and misc retail	740,058.43	772,698.91	789,769.98	810,848.75	833,105.42	837,883.04	755,268.85	743,932.54	757,970.63	791,280.45
Agriculture and all others	482,850.94	485,600.53	487,999.61	523,550.81	555,993.49	500,027.03	421,181.33	479,828.34	471,318.02	461,353.71
Manufacturers	114,880.46	180,751.54	195,637.67	191,768.93	209,332.03	210,913.69	170,207.22	182,984.13	85,176.02	101,320.13
<b>TOTAL</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>	<b>\$ 4,104,549.70</b>	<b>\$ 4,274,073.35</b>
% increase/decrease from previous year	99.21%	4.36%	6.00%	6.74%	0.06%	-4.62%	-12.41%	1.45%	2.90%	4.13%
<b>Total Sales Tax</b>										
General merchandise	\$ 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	\$ 855,417.59	\$ 873,920.59
Food	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	1,053,067.24	1,028,176.89
Drinking and eating places	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	1,051,547.66	1,124,400.58
Apparel	897,566.44	856,102.38	918,535.64	893,601.72	854,083.73	734,291.61	633,020.40	805,949.59	815,920.19	767,056.28
Furniture and HH and radio	560,248.10	671,736.86	842,272.63	799,746.78	612,410.30	530,065.97	438,990.37	360,895.46	366,671.51	357,194.17
Lumber, building, and hardware	834,820.10	790,423.50	856,734.78	990,495.04	915,260.82	837,578.72	649,470.21	565,582.04	575,466.73	531,334.03
Automotive and filling stations	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	3,950,426.29	4,474,568.15
Drugs and misc retail	1,771,084.24	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	1,865,877.61	1,987,807.77
Agriculture and all others	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	1,074,182.69	1,044,870.04
Manufacturers	233,235.77	363,660.64	391,705.78	383,943.37	418,818.54	423,558.22	341,143.59	366,247.65	170,566.47	202,932.28
<b>TOTAL</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>	<b>\$11,779,143.98</b>	<b>\$12,392,260.78</b>
% increase/decrease from previous year	20.78%	1.22%	5.14%	8.10%	-0.88%	-6.63%	-10.95%	3.58%	2.69%	5.21%

Sales Tax Breakdown 2012



Sales Tax Comparison



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

### 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	
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
2011	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2012	1.00	1.00	2.00	5.00	0.25	0.75	8.00

Source: City Records

\*Eight months ended December 31, 2007



DEBT CAPACITY

## CITY OF HIGHLAND PARK

### 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
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
2011	29,763	2,323,098,926	49,815,488	0.0214	1,673.74
2012	29,763	2,163,303,908	45,323,991	0.0210	1,522.83

#### 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

## OUTSTANDING DEBT BY TYPE AND RATIO OF TOTAL DEBT Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Debt	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								
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
2011	30,920,488	-	-	18,895,000 (2)		49,815,488	1,824,084,981	2.73%	2,323,098,926	0.0214	29,763	1,674
2012	27,228,991	-	-	18,095,000 (2)		45,323,991	2,024,003,052	2.24%	2,163,303,908	0.0210	29,763	1,523

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

## SCHEDULE OF DIRECT AND OVERLAPPING DEBT

December 31, 2012

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	\$ 24,940,000	100.00%	\$ 24,940,000
Lake County	84,330,000	8.69%	7,328,277
Lake County Forest Preserve District	295,270,000	8.69%	25,658,963
North Shore Sanitary District	518,002	26.67%	138,151
Deerfield Park District	4,870,000	0.005%	244
Park District of Highland Park	1,170,000	98.49%	1,152,333
School Districts			
District No. 106	445,000	2.81%	12,505
District No. 109	13,360,000	4.24%	566,464
District No. 112	14,270,000	94.35%	13,463,745
District No. 113	28,615,000	54.76%	15,669,574
College of Lake County	24,350,000	9.15%	2,228,025
	<u>467,198,002</u>		<u>66,218,280</u>
	<u>\$ 492,138,002</u>		<u>\$ 91,158,280</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, financial statements



## **CITY OF HIGHLAND PARK**

### **SCHEDULE OF LEGAL DEBT MARGIN**

December 31, 2012

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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

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	(1) Population	(1) Per Capita Income	(2) School Enrollment	(3) Unemployment Rate	(4) Total Personal Income	(1) Median Age	(1) College Degree
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%
2011	29,763	61,287	5,850	6.0%	1,824,084,981	40.6	61.6%
2012	29,763	68,004	6,526	5.7%	2,024,003,052	45.4	66.9%

### 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

## PRINCIPAL EMPLOYERS Current Year and Nine Years Prior

Employer	2012	
	Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	8.20%
School District No. 112	740	5.06%
Ravinia Festival	690 (1)	4.72%
North Suburban Special Education District	506	3.46%
Township High School District No. 113	398	2.72%
City of Highland Park	274	1.87%
Highland Park Public Library	97	0.66%
First Bank of Highland Park	94	0.64%
Highland Park Post Office	85	0.58%
Mesirow Financial	70	0.48%
	<u>4,154</u>	<u>28.40%</u>
Employer	2003	
	Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	7.65%
School District 112	723	4.61%
Solo Cup Co	600	3.83%
School District 113	559	3.57%
Ravinia Festival	550 (1)	3.51%
Sunset Food Mart	350	2.23%
City of Highland Park	319	2.03%
Opportunity Medical	125	0.80%
Mutual Building Materials	100	0.64%
Highland Park Library	78	0.50%
	<u>4,604</u>	<u>29.36%</u>

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

### Data Source

2012/2003 IL Manufacturers Directory, 2012/2003 IL Services Directory, City records



## OPERATING INFORMATION

# CITY OF HIGHLAND PARK

## OPERATING INFORMATION AND INDICATORS Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
<b>FIRE PROTECTION</b>										
Emergency responses	4,439	4,432	4,419	3,098	1,764	4,673	4,542	4,480	4,777	4,832
Fires extinguished	32	42	24	26	29	34	25	31	47	46
<b>PUBLIC WORKS</b>										
Asphalt placed (square yards)	951	1,467	1,996	1,500	2,608	1,963	3,438	7,608	3,033	2,035
Crack sealing (street miles)	-	5	-	5	7	5	-	7	3	3
Street-sweeping (hours)	1,061	1,664	1,894	2,000	1,650	2,109	1,802	-	39	79
Number of mainbreaks repaired	61	104	99	75	39	64	59	102	92	101
<b>POLICE PROTECTION</b>										
Parking violations	11,448	15,345	14,059	13,894	8,403	12,643	12,173	11,032	6,192	8,730
Number of arrests	1,152	1,117	1,258	1,369	509	1,139	1,470	1,189	227	1,648
Number of traffic citations	6,886	6,867	7,331	7,098	2,589	9,442	5,430	4,348	3,980	4,725
<b>FINANCE</b>										
Number of water bills	41,568	41,568	41,016	41,016	25,973	41,267	41,634	41,788	42,244	42,248
Number of vendor checks	7,500	7,645	7,697	7,700	5,087	6,809	6,256	7,229	6,000	5,741
<b>MUNICIPAL WATER SYSTEM</b>										
Number of customers	10,392	10,392	10,254	10,254	10,254	10,300	10,300	10,300	10,434	10,436
Average daily consumption (gallons)	10,000,000	10,000,000	11,856,000	11,856,000	11,856,000	9,618,000	9,194,000	9,800,000	9,570,000	9,031,000
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	168	168	168	168	168	168	168	168
Number of fire hydrants (approximate)	1,650	1,650	1,680	1,680	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

### CAPITAL ASSET STATISTICS Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
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	13	13
PUBLIC WORKS										
Miles of water mains (approximate)	150	150	168	168	168	168	168	168	168	168
Number of fire hydrants (approximate)	1,650	1,650	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680
Miles of storm sewer (approximate)	150	150	178	178	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	130	130	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

## FULL-TIME EQUIVALENT EMPLOYEES Last Ten Fiscal Years

	2004	2005	2006	2007	2007*	2008	2009	2010	2011	2012
GENERAL GOVERNMENT	20.40	24.40	24.40	22.50	23.25	23.25	24.00	23.00	23.00	19.83
COMMUNITY DEVELOPMENT	28.25	29.25	29.75	29.75	29.50	29.50	28.10	23.50	20.50	20.50
FINANCE	17.50	14.00	13.50	13.50	13.50	13.50	13.50	13.50	13.25	13.25
FIRE										
Firefighters and officers	53.00	53.00	53.00	53.00	53.00	53.00	53.00	51.00	49.00	48.00
Civilians	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50
POLICE										
Sworn personnel	60.00	60.00	60.00	60.00	60.00	60.00	60.00	58.00	55.00	55.00
Civilians	33.75	33.75	33.75	33.75	30.25	30.25	28.00	28.00	25.00	26.00
PUBLIC WORKS										
Maintenance workers	68.75	68.75	69.25	67.75	66.25	66.25	65.25	63.75	59.25	57.75
Engineering	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00	2.00	2.00
Administration	28.00	28.00	28.00	28.00	28.00	28.00	28.00	26.00	26.00	26.00
Total Employees	318.65	320.15	320.65	317.25	312.75	312.75	308.85	293.75	278.00	273.83

Data Source

City budgets

\* Eight months ended December 31, 2007