

CITY OF
HIGHLAND PARK
ILLINOIS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2013

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF HIGHLAND PARK, ILLINOIS**
As of and for the Year Ended December 31, 2013

Prepared by Finance Department

Nicole Larson, 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 2, 2014

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, 2013.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of the information presented herein. To provide a reasonable basis for making these representations, the City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their anticipated benefits, the City's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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, 2013. 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. The MD&A complements 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 authorize the issuance of debt or to increase property taxes.

The City has operated under the council-manager form of government since 1955. Policy-making and legislative authority are vested in a seven-member Council composed of a mayor and six council members elected on an at-large basis for four year, staggered terms. The City Council appoints the City Manager, Treasurer, City Clerk, and Corporation Counsel. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

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

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City's Director of Finance so that a budget may be prepared. The City Manager then presents a proposed budget to the City Council for review in October. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than December 31, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. Also provided is a schedule of detailed expenditures comparing budget and actual information for the General Fund at the function, department, and object level.

Local economy

The impact of national economic conditions continued to impact the City in 2013, 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 an impact on City revenues such as sales tax, building permits and real estate transfer tax.

Construction and real estate activity remained well below pre-recession levels in 2007. However, building permit revenues were up 1.3% compared to calendar year 2012. Real estate transfer tax revenues posted a 22.0% increase over 2012, with the number of real estate transfer tax transactions decreasing by 1.7%, indicating an increase in housing prices in 2013. The City's assessed valuation decreased 4.6% from 2012 to 2013 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 2013 increased over the prior year for the fourth year in a row since 2006. Total sales tax revenue increased 4.1% over 2012, 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 5.53% over calendar year 2012. Increases were posted in the Drinking and Eating Places (.15%), Furniture, Household and Radio (11.94%), Lumber, Building and Hardware (8.76%) Agriculture (7.96%), Manufacturers (13.89%) and Auto (11.90%) sales categories, while declines were reported in the following categories: General Merchandise (-3.97%) and Apparel (-30.03%). The fourth quarter of 2013 showed even greater positive trends in consumer spending and consumer confidence.

Business spending has remained stable in 2013; retail/commercial vacancies decreased from 36 spaces at the start of the year to 34 at the close of 2013. This number is significantly less than 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 continues efforts to enhance the economic vitality of the City's Central Business District. In support of the Alliance's efforts, CBD property owners have opted to self impose a tax to fund the activities of the CBD Alliance by establishing a special service area. This special service area was renewed in 2013 for a second three-year term. The CBD Alliance launched several marketing efforts in 2013 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 2013 budget was developed under a revised comprehensive set of Financial and Budgetary Policies. While many of the previous policies were retained, additional budgetary policies were added to enhance the budget process and ensure long-term sustainability. Significant effort has been made to enhance transparency, clarity and financial sustainability, as well as to improve the connectivity between revenue sources and expenditures within the fund structure. These efforts resulted in several restructuring changes within the existing framework.

The City's long-term economic outlook remains favorable. The 2013 average unemployment rate for the City was 6.3% compared to the State of Illinois rate of 8.6% and Lake County rate of 8.3%. The per capita income of the City's labor force was \$67,267 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 2014. 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 \$3.4 million per year for street, bridge, sanitary sewer, ravine remediation and storm sewer improvements. An additional \$1.6 million in water revenues are pledged for capital improvements to the water production and distribution systems each year. These annual amounts increase annually by the Construction Cost Index to ensure that the funding commitments keep pace with inflationary construction cost increases. Incorporated within the annual budget preparation process is the development of a five-year capital improvement program to ensure adequate long-term financial planning.

Relevant financial policies

Unassigned fund balance in the general fund at December 31, 2013, is \$19,032,489, which represents 65% 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. In 2014, the City plans on drawing down fund balance reserves by \$1.9 million in accordance with the City's financial and budgetary policies.

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 \$5.2 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 began construction to improve its water treatment plant in 2013, which was originally constructed in 1929. The project calls for replacement of aging infrastructure as well as an increase in plant capacity and upgraded treatment technology. It is anticipated that this project will be fully completed by December 2014.

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.

Awards and Acknowledgements

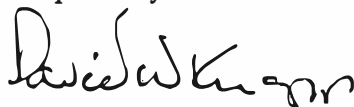
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Park for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the twenty-ninth consecutive year that 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, 2013. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire professional staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also goes to the Mayor and the City Council for their unwavering support for maintaining the highest standards of professionalism in the management of the City of Highland Park's finances.

Respectfully submitted,



David W. Knapp
City Manager



Nicole Larson
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Highland Park
Illinois**

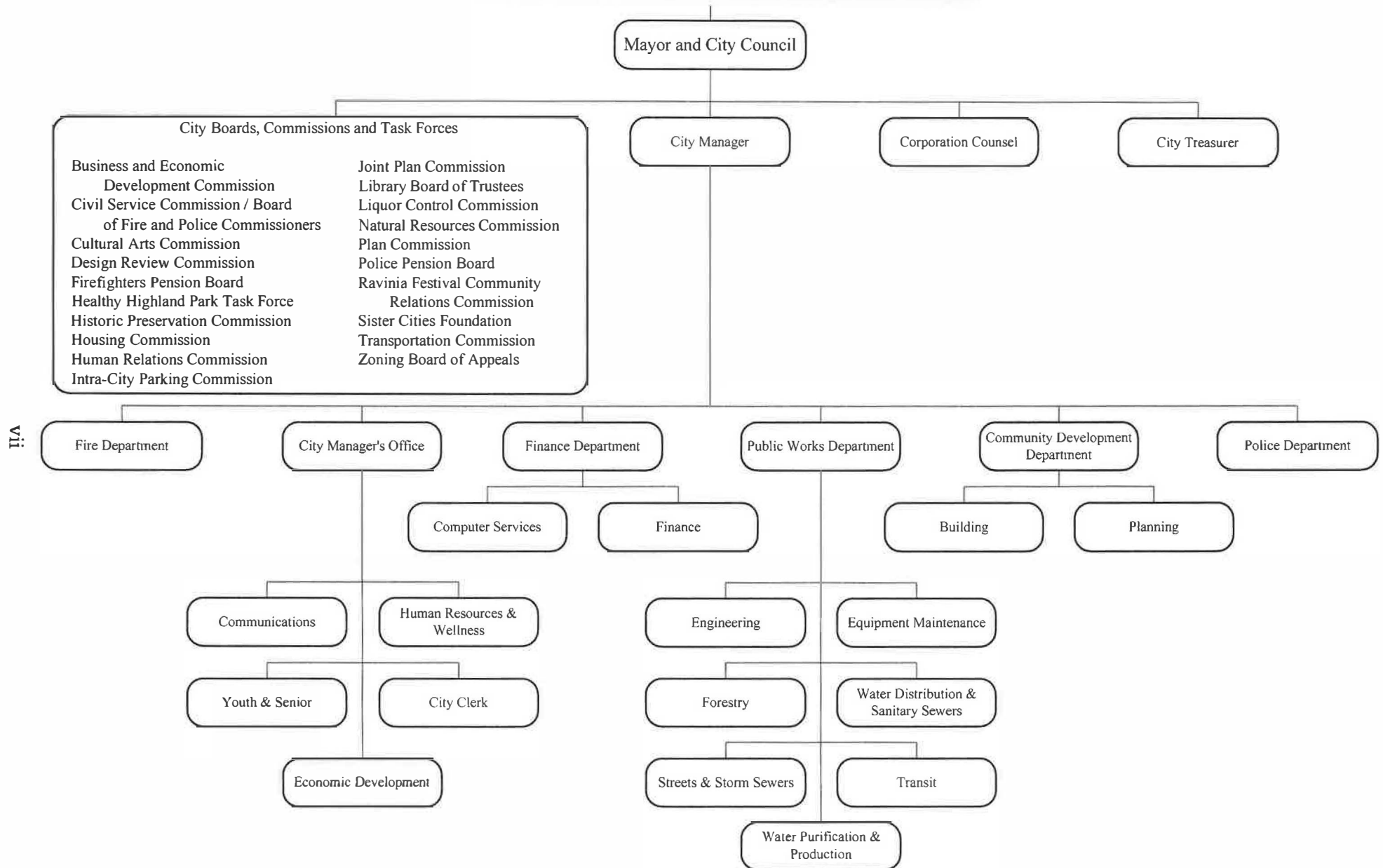
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

THE CITIZENS OF HIGHLAND PARK



CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2013

LEGISLATIVE

Nancy R. Rotering, Mayor

City Council

Anthony E. Blumberg

Alyssa Knobel

Paul Frank

Kim Stone

Daniel A. Kaufman

David Naftzger

ADMINISTRATIVE

David Knapp, City Manager

Nikki Larson, Finance Director

Ghida S. Neukirch, City Clerk



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INDEPENDENT AUDITORS' REPORT

To the Mayor and 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, 2013, 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, 2013 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 Matter

As discussed in Note I, the City of Highland Park adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information 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.

Supplementary Information

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 listed in the table of contents 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.

Mayor and City Council
City of Highland Park

Other Information

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.



Oak Brook, Illinois
June 2, 2014

Management's Discussion and Analysis (Unaudited)

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, 2013. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2013 by \$165.9 million (net position).
- The government's total net position increased by \$1,229,798 during the twelve months ended December 31, 2013. Business-type activities resulted in a \$596,553 decrease, while net position of governmental activities increased by \$1,826,351. These changes are primarily attributable to governmental activities revenues continuing to exceed expenses during the year.
- As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$48.5 million, an increase of \$1.0 million in comparison with the prior fiscal year. This increase is due mostly to increases in municipal sales tax and real estate transfer tax revenues.
- At the end of the current fiscal year, unrestricted and unassigned fund balance of the general fund was \$19,032,489, or 56.8% of 2014 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 16-18 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 2013. 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 104-108 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 19-27 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 123-126 in this report.

The basic proprietary fund financial statements can be found on pages 29-42 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 43-44 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 45-92 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 93-100 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 101-130 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$165.9 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (81.5%) 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 (1.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (17.4% 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, 2013 and 2012**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|
| | 12/31/2012 | 12/31/2013* | 12/31/2012 | 12/31/2013* | 12/31/2012 | 12/31/2013* |
| Current and Other Assets | \$71,543,702 | \$72,932,706 | \$15,156,330 | \$8,550,793 | \$86,700,032 | \$81,483,499 |
| Capital Assets | 85,496,626 | 83,567,729 | 63,205,524 | 81,867,535 | 148,702,150 | 165,435,264 |
| Total Assets | 157,040,328 | 156,500,435 | 78,361,854 | 90,418,328 | 235,402,182 | 246,918,763 |
| Deferred Outflows of Resources | 0 | 106,954 | 0 | 749,552 | 0 | 856,506 |
| Long-Term Liabilities Outstanding | 36,115,094 | 33,636,667 | 18,896,373 | 27,987,943 | 55,011,467 | 61,624,610 |
| Other Liabilities | 15,125,070 | 3,059,610 | 596,617 | 4,907,626 | 15,721,687 | 7,967,236 |
| Total Liabilities | 51,240,164 | 36,696,277 | 19,492,990 | 32,895,569 | 70,733,154 | 69,591,846 |
| Deferred Inflows of Resources | 0 | 12,284,597 | 0 | 0 | 0 | 12,284,597 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 73,059,813 | 74,393,563 | 48,582,193 | 60,756,229 | 121,642,006 | 135,149,792 |
| Restricted | 1,778,085 | 1,930,549 | 0 | 0 | 1,778,085 | 1,930,549 |
| Unrestricted | 30,962,266 | 31,302,403 | 10,286,671 | (2,483,918) | 41,248,937 | 28,818,485 |
| Total Net Position | 105,800,164 | 107,626,515 | 58,868,864 | 58,272,311 | 164,669,028 | 165,898,826 |

* In 2013, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which changed accounting policies related to reporting certain items previously reported as assets and liabilities.

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 (except for unrestricted net position). The negative unrestricted net position in business-type activities is the result of project work being completed which will be supported by future funding sources. 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 cash collections exceeding disbursements and increased receivables. "Capital Assets" decreased primarily as a result of depreciation.

A breakdown of the change in net position follows:

| | |
|-------------------------|------------------|
| Water Utility | \$ 672,187 |
| Sewer Utility | (800,092) |
| Parking System | (170,544) |
| Country Club | (298,104) |
| Governmental Activities | <u>1,826,351</u> |
| Change in Net Position | \$ 1,229,798 |

Changes in Net Position of the Water, Sewer, Parking and Country Club funds are discussed in more detail on page 12.

City of Highland Park's Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 12/31/2012 | 12/31/2013* | 12/31/2012 | 12/31/2013* | 12/31/2012 | 12/31/2013* |
| Program Revenues | | | | | | |
| Charges for Services | \$10,074,757 | \$9,450,442 | \$14,301,528 | \$13,988,487 | \$24,376,285 | \$23,438,929 |
| Operating Grants | 900,045 | 1,012,404 | 156,940 | 70,533 | 1,056,985 | 1,082,937 |
| Capital Grants | 0 | 0 | 0 | 121,000 | 0 | 121,000 |
| General Revenues | | | | | | |
| Property Taxes | 11,480,575 | 11,723,266 | 0 | 0 | 11,480,575 | 11,723,266 |
| Sales Taxes | 12,393,678 | 12,904,569 | 0 | 0 | 12,393,678 | 12,904,569 |
| Other Taxes | 10,992,557 | 12,027,533 | 0 | 0 | 10,992,557 | 12,027,533 |
| Payment in Lieu of Taxes | 559,173 | 804,573 | 0 | 0 | 559,173 | 804,573 |
| Other | 3,349,988 | 715,552 | 14,649 | 19,717 | 3,364,637 | 735,269 |
| TOTAL REVENUES | 49,750,773 | 48,638,339 | 14,473,117 | 14,199,737 | 64,223,890 | 62,838,076 |
| Expenses | | | | | | |
| General Government | 8,965,963 | 8,449,022 | 0 | 0 | 8,965,963 | 8,449,022 |
| Public Safety | 20,175,202 | 21,797,867 | 0 | 0 | 20,175,202 | 21,797,867 |
| Public Works | 6,361,328 | 6,297,452 | 0 | 0 | 6,361,328 | 6,297,452 |
| Economic/Physical Dev | 5,106,635 | 5,689,964 | 0 | 0 | 5,106,635 | 5,689,964 |
| Transit | 1,292,090 | 1,359,599 | 0 | 0 | 1,292,090 | 1,359,599 |
| Commissions | 407,388 | 327,835 | 0 | 0 | 407,388 | 327,835 |
| Interest | 1,252,423 | 1,070,849 | 0 | 0 | 1,252,423 | 1,070,849 |
| Parking | 0 | 0 | 1,006,413 | 922,176 | 1,006,413 | 922,176 |
| Water | 0 | 0 | 6,645,213 | 6,977,513 | 6,645,213 | 6,977,513 |
| Sewer | 0 | 0 | 4,385,887 | 4,182,723 | 4,385,887 | 4,182,723 |
| Country Club | 0 | 0 | 2,989,680 | 2,958,278 | 2,989,680 | 2,958,278 |
| Other | 0 | 1,575,000 | 0 | 0 | 0 | 1,575,000 |
| TOTAL EXPENSES | 43,561,029 | 46,567,588 | 15,027,193 | 15,040,690 | 58,588,222 | 61,608,278 |
| Increase in Net Position before Transfers, Special Items and Contributions | 6,189,744 | 2,070,751 | (554,076) | (840,953) | 5,635,668 | 1,229,798 |
| Transfers | (246,300) | (244,400) | 246,300 | 244,400 | 0 | 0 |
| Change in Net Position | 5,943,444 | 1,826,351 | (307,776) | (596,553) | 5,635,668 | 1,229,798 |

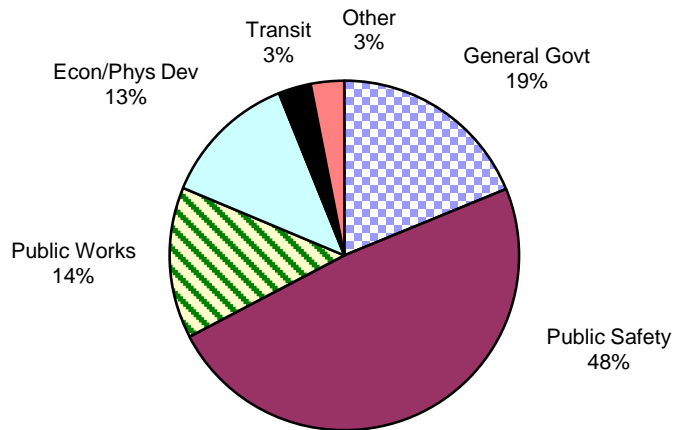
* In 2013, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which changed accounting policies related to reporting certain items previously reported as assets and liabilities.

- Property tax revenue increased by \$242,691 (2.1%) over the prior year, due to a small increase in the annual levy. The City is a home-rule municipality and not subject to property tax limitations.
- Sales tax revenue for calendar year 2013, compared to calendar year 2012, increased by \$510,891 (4.1%). Comparison of other taxes for the period ending December 31, 2013, compared to 2012, reveal an increase in property replacement taxes (10.86%), income

taxes (8.44%), real estate transfer taxes (21.96%) and utility taxes (8.57%). Declines were reported in franchise fees (4.64%), and investment income (2.18%).

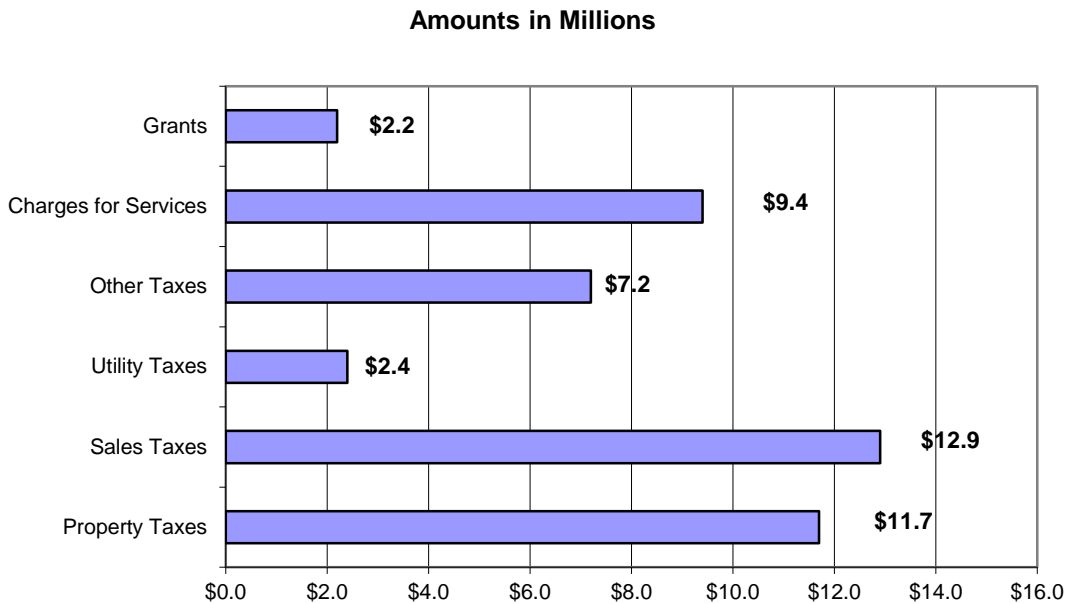
- The change in other revenues is attributable in large part to an unrealized gain of \$2,591,200 in 2012 to reflect General Fund investments at fair market value, as compared to a \$1,575,000 unrealized loss in 2013, which is reflected as an expense in the exhibit above.
- The transfer of \$244,400 is for the transfer of cash that was necessary from the General Fund to pay debt service for the Highland Park Country Club. The final payment on this debt service was made in December 2013.
- Expenses increased by \$3,020,056 due primarily to the unrealized loss on investments discussed above and adjustments in personnel, settlements of collective bargaining agreements and a deliberate acceleration on capital projects.

Expenses and Program Revenues – Governmental Activities



Public Safety expenses (police and fire) account for the greatest percent of governmental activities with 48%, followed by general government, public works and economic/physical development.

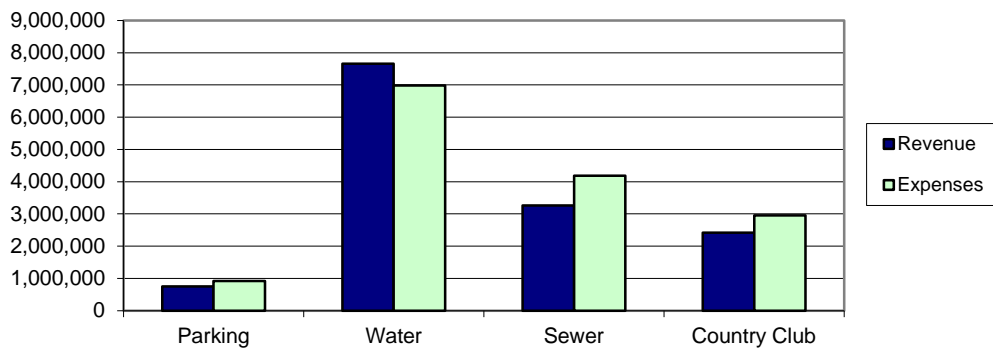
Revenues by Source – Governmental Activities



Sales taxes account for the greatest proportion of funding for governmental activities on an annualized basis, followed by property taxes and charges for services. 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 \$3.4 million annually in street, sewer and ravine improvements from governmental revenues.

Business-Type Activities

Business-type activities decreased the City's net position by (\$ 596,553). This decrease is primarily due to the acceleration of the City's five-year capital improvement program. 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 \$170,544 in the current fiscal year, the majority of which is due to depreciation.
- The water utility fund net position increased by \$672,187 which is attributable primarily to a strategic rise in water rates to fund current and future capital expenditures and debt related to the Water Treatment Plant upgrade construction project.
- The sewer utility fund was created in 2011. Net position in the sewer utility fund decreased by \$800,092, which is primarily attributable to capital expenditures in excess of revenues generated from charges for services. As part of the budget process, the City developed long term rate projections and elected to implement a plan that includes rate adjustments to be phased in over five years to ensure the sustainability of this fund.
- Net position of the country club fund decreased by \$298,104, the majority of which is due to a decrease in revenue from charges for services due to inclement weather and increase in the cost of goods sold due to market conditions in 2013.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal year, non-operating revenues/expenses totaled (\$833,079).

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, 2013, the City's governmental funds reported combined ending fund balances of \$48.5 million, an increase of \$1.0 million in comparison with the prior fiscal year. A large portion of this increase is the result of real estate transfer tax revenues that were \$660,763 more than anticipated, which is reported in the General Fund. Of the total fund balance, \$19.0 million constitutes *unassigned fund balance* in the General Fund, which is available for spending at the government's discretion. *Committed fund balance* totaling \$18.2 million is not available for discretionary spending because it has already been committed for police and fire pension obligations. The City also reports an *assigned fund balance* of \$5.2 million in the General Fund to meet future obligations for other post-employment benefits. Please refer to pages 21-22 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 \$19.0 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 56.8% of total general fund operating expenditures for the 2014 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 \$1,408,571, all of which is assigned for the payment of debt service. During the current fiscal year, the fund posted a \$371,427 increase in fund balance.

The capital projects fund has a fund balance of \$1,569,751 at December 31, 2013. During the current fiscal year, the fund posted a \$ 320,565 decrease in fund balance due to acceleration of capital improvements in accordance with the City's five-year capital improvement plan.

Nonmajor governmental funds combined for a total fund balance of \$3.1 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 \$4.3 million at December 31, 2013. Net position of the water utility fund amounted to \$23.5 million. Net position of the sewer utility fund amounted to \$21.3 million. Net position of the country club operation amounted to \$9.1 million. The total reduction in net position for all enterprise funds was \$ 596,553. 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 \$479,114, due primarily to real estate transfer tax revenues that were \$660,763 more than anticipated during the budget process. Positive variances of significance were also reported in permits, fines and forfeitures, state income tax, other taxes and reimbursements. Shortfalls were reported in property replacement taxes, payment in lieu of taxes and franchise fees. Total General Fund expenditures were 91% of budget, resulting in a budgetary savings of \$2.9 million. General fund transfers out totaled \$1.7 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, 2013, amounts to \$135.1 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 \$19.2 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 | |
|----------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
| | 12/31/2012 | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 | 12/31/2013 |
| Land | \$9,057,203 | \$9,057,203 | \$4,981,323 | \$4,981,323 | \$14,038,526 | \$14,038,526 |
| Buildings and improvements | 48,349,986 | 46,989,948 | 12,642,624 | 11,902,107 | 60,992,610 | 58,892,055 |
| Machinery and equipment | 3,240,854 | 3,441,820 | 524,753 | 392,004 | 3,765,607 | 3,833,824 |
| Infrastructure | 24,247,654 | 24,078,758 | 38,660,777 | 39,333,326 | 62,908,431 | 63,412,084 |
| Construction in progress | 600,929 | - | 6,396,047 | 25,258,775 | 6,996,976 | 25,258,775 |
| Total | \$85,496,626 | \$83,567,729 | \$63,205,524 | \$81,867,535 | \$148,702,150 | \$165,435,264 |

Additional information on the City's capital assets can be found in Note III C on pages 66-67 of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$50,647,143. Of this amount, \$23,827,143 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 | |
|-------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 12/31/2012 | 12/31/2013 | 12/31/2012 | 12/31/2013 | 12/31/2012 | 12/31/2013 |
| Total | \$27,228,991 | \$23,827,143 | \$18,095,000 | \$26,820,000 | \$45,323,991 | \$50,647,143 |

The City's total bonded debt increased by \$5.3 million during the current fiscal year. The City's general obligation bonds maintain a "Aaa" rating from Moody's Investors Service. In 2013, the City issued \$10 million in general obligation bonds to fund capital improvements at the City's Water Treatment Plant. General Obligation Bonds were used to obtain the lowest interest rate possible. The levy on these bonds will be abated and revenue from the water system will be used to pay off this debt. Additional detail of the issuance 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 \$50.6 million represents 2.45% 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 begin to stabilize, 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 2013 average unemployment rate for the City was 6.3%, compared to 8.3% 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 \$67,267 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 growing pension liabilities. 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 2014 budget, including the reduction of 3 full-time positions, targeted expenditure reductions, deferring non-essential expenditures and analyzing fees to achieve greater cost recovery.

As a result of conservative efforts, the City has been able to accumulate a General Fund Balance in excess of the City's policy of a 35% reserve. The Mayor and City Council have elected to use a portion of these excess reserves to complete one-time capital improvements. Included in this plan are investments into City facilities, reconstruction of a shelter over the train tracks and construction of a new staircase to allow residents access to the beach adjacent to Lake Michigan. The 2014 budget projects that general fund operating revenues will include a strategic drawdown of reserves of \$1.9 million.

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, 2013

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|-----------------------|------------------------------|
| | Governmental Activities | Business-Type Activities | Totals | Highland Park Public Library |
| ASSETS | | | | |
| Cash | \$ 28,473,859 | \$ 4,835,765 | \$ 33,309,624 | \$ 1,021,467 |
| Investments | 20,753,516 | 2,692,302 | 23,445,818 | 2,491,000 |
| Receivables (net) | | | | |
| Property taxes | 12,266,173 | - | 12,266,173 | 4,482,000 |
| Motor fuel tax allotments | 142,167 | - | 142,167 | - |
| Intergovernmental | 5,231,524 | 106,594 | 5,338,118 | - |
| Loans | 312,500 | - | 312,500 | - |
| Accounts | 870,414 | 1,663,205 | 2,533,619 | - |
| Accrued interest | 60,945 | - | 60,945 | - |
| Other | - | - | - | 702 |
| Prepaid items | 178,853 | 25,131 | 203,984 | 2,853 |
| Inventories | - | 48,387 | 48,387 | - |
| Internal balances | 820,591 | (820,591) | - | - |
| Net pension asset | 3,822,164 | - | 3,822,164 | - |
| Capital assets | | | | |
| Capital assets not being depreciated | 9,057,203 | 30,240,098 | 39,297,301 | 547,166 |
| Capital assets being depreciated, net of accumulated depreciation | 74,510,526 | 51,627,437 | 126,137,963 | 3,487,693 |
| Total Assets | <u>156,500,435</u> | <u>90,418,328</u> | <u>246,918,763</u> | <u>12,032,881</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Unamortized loss on refunding | 106,954 | 749,552 | 856,506 | - |
| Total Deferred Outflows of Resources | <u>106,954</u> | <u>749,552</u> | <u>856,506</u> | <u>-</u> |
| LIABILITIES | | | | |
| Accounts payable | 2,389,962 | 4,633,144 | 7,023,106 | 139,694 |
| Accrued payroll | 508,496 | 78,922 | 587,418 | 62,444 |
| Accrued interest payable | 59,958 | 2,428 | 62,386 | - |
| Unearned revenue | 41,882 | 193,132 | 235,014 | 5,000 |
| Deposits | 59,312 | - | 59,312 | - |
| Noncurrent liabilities | | | | |
| Due within one year | 3,519,587 | 881,774 | 4,401,361 | - |
| Due in more than one year | 30,117,080 | 27,106,169 | 57,223,249 | 309,255 |
| Total Liabilities | <u>36,696,277</u> | <u>32,895,569</u> | <u>69,591,846</u> | <u>516,393</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property taxes levied for future periods | 12,284,597 | - | 12,284,597 | 4,482,000 |
| Total Deferred Inflows of Resources | <u>12,284,597</u> | <u>-</u> | <u>12,284,597</u> | <u>4,482,000</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 74,393,563 | 60,756,229 | 135,149,792 | 4,034,859 |
| Restricted for | | | | |
| Economic development | 1,007,832 | - | 1,007,832 | - |
| Public safety | 625,571 | - | 625,571 | - |
| Streets | 297,146 | - | 297,146 | - |
| Library materials | - | - | - | 72,928 |
| Working cash | - | - | - | 375,000 |
| Unrestricted (deficit) | 31,302,403 | (2,483,918) | 28,818,485 | 2,551,701 |
| TOTAL NET POSITION | <u>\$ 107,626,515</u> | <u>\$ 58,272,311</u> | <u>\$ 165,898,826</u> | <u>\$ 7,034,488</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

| Functions/Programs | Expenses | Program Revenues | | |
|-----------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General government | \$ 8,449,022 | \$ 2,682,498 | \$ - | \$ - |
| Public safety | 21,797,867 | 3,082,011 | 141,533 | - |
| Public works | 6,297,452 | 1,081,656 | 870,871 | - |
| Transit | 1,359,599 | 1,367,708 | - | - |
| Commissions | 327,835 | - | - | - |
| Economic and physical development | 5,689,964 | 1,236,569 | - | - |
| Interest and fiscal charges | 1,070,849 | - | - | - |
| Total Governmental Activities | <u>44,992,588</u> | <u>9,450,442</u> | <u>1,012,404</u> | <u>-</u> |
| Business-type Activities | | | | |
| Water | 6,977,513 | 7,595,773 | 34,511 | - |
| Sewer | 4,182,723 | 3,225,609 | 36,022 | 121,000 |
| Highland Park Country Club | 2,958,278 | 2,415,774 | - | - |
| Motor Vehicle Parking System | 922,176 | 751,331 | - | - |
| Total Business-type Activities | <u>15,040,690</u> | <u>13,988,487</u> | <u>70,533</u> | <u>121,000</u> |
| Total Primary Government | <u>\$ 60,033,278</u> | <u>\$ 23,438,929</u> | <u>\$ 1,082,937</u> | <u>\$ 121,000</u> |
| Component Unit | | | | |
| Highland Park Public Library | <u>\$ 4,164,403</u> | <u>\$ 100,859</u> | <u>\$ 119,052</u> | <u>\$ 727,349</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
 Miscellaneous

Total General Revenues

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 | | | Component Unit |
| Governmental Activities | Business-type Activities | Totals | Highland Park Public Library |
| \$ (5,766,524) | \$ - | \$ (5,766,524) | \$ - |
| (18,574,323) | - | (18,574,323) | - |
| (4,344,925) | - | (4,344,925) | - |
| 8,109 | - | 8,109 | - |
| (327,835) | - | (327,835) | - |
| (4,453,395) | - | (4,453,395) | - |
| (1,070,849) | - | (1,070,849) | - |
| <u>(34,529,742)</u> | <u>-</u> | <u>(34,529,742)</u> | <u>-</u> |
| - | 652,771 | 652,771 | - |
| - | (800,092) | (800,092) | - |
| - | (542,504) | (542,504) | - |
| - | <u>(170,845)</u> | <u>(170,845)</u> | <u>-</u> |
| - | <u>(860,670)</u> | <u>(860,670)</u> | <u>-</u> |
| <u>(34,529,742)</u> | <u>(860,670)</u> | <u>(35,390,412)</u> | <u>-</u> |
| - | - | - | (3,217,143) |
| 11,723,266 | - | 11,723,266 | 4,125,748 |
| 8,567,033 | - | 8,567,033 | - |
| 4,337,536 | - | 4,337,536 | - |
| 2,448,175 | - | 2,448,175 | - |
| 2,336,838 | - | 2,336,838 | - |
| 1,778,247 | - | 1,778,247 | - |
| 2,321,215 | - | 2,321,215 | - |
| 2,835,830 | - | 2,835,830 | - |
| 307,228 | - | 307,228 | 43,229 |
| 804,573 | - | 804,573 | - |
| 715,552 | 26,664 | 742,216 | 3,739 |
| (1,575,000) | - | (1,575,000) | - |
| - | <u>(6,947)</u> | <u>(6,947)</u> | <u>-</u> |
| <u>36,600,493</u> | <u>19,717</u> | <u>36,620,210</u> | <u>4,172,716</u> |
| <u>(244,400)</u> | <u>244,400</u> | <u>-</u> | <u>-</u> |
| <u>36,356,093</u> | <u>264,117</u> | <u>36,620,210</u> | <u>4,172,716</u> |
| 1,826,351 | (596,553) | 1,229,798 | 955,573 |
| <u>105,800,164</u> | <u>58,868,864</u> | <u>164,669,028</u> | <u>6,078,915</u> |
| <u>\$ 107,626,515</u> | <u>\$ 58,272,311</u> | <u>\$ 165,898,826</u> | <u>\$ 7,034,488</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2013

| | <u>General</u> | <u>Public Safety Pension Levy</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|---------------------------|-----------------------------|---------------------------------------|----------------------------|-----------------------------|
| ASSETS | | | | |
| Cash | \$ 17,608,361 | \$ - | \$ 1,409,086 | \$ 1,461,384 |
| Investments | 20,753,516 | - | - | - |
| Receivables (net) | | | | |
| Property taxes | 2,310,083 | 4,749,486 | 3,731,867 | 163,737 |
| Motor fuel tax allotments | - | - | - | - |
| Intergovernmental | 5,225,199 | - | - | - |
| Loans | - | - | - | 312,500 |
| Accounts | 395,319 | - | - | 85,338 |
| Accrued interest | 60,945 | - | - | - |
| Prepaid items | - | - | - | 4,800 |
| Due from other funds | <u>872,586</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u><u>\$ 47,226,009</u></u> | <u><u>\$ 4,749,486</u></u> | <u><u>\$ 5,140,953</u></u> | <u><u>\$ 2,027,759</u></u> |

See accompanying notes to financial statements.

| Nonmajor Governmental Funds | Totals |
|-----------------------------------|----------------------|
| \$ 3,091,838 | \$ 23,570,669 |
| - | 20,753,516 |
| 1,311,000 | 12,266,173 |
| 142,167 | 142,167 |
| 6,325 | 5,231,524 |
| - | 312,500 |
| 90,857 | 571,514 |
| - | 60,945 |
| 1,608 | 6,408 |
| - | 872,586 |
| <u>\$ 4,643,795</u> | <u>\$ 63,788,002</u> |

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2013

| | <u>General</u> | <u>Public Safety Pension Levy</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|--|-----------------------------|---------------------------------------|----------------------------|-----------------------------|
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 1,744,670 | \$ - | \$ 515 | \$ 281,271 |
| Accrued liabilities | 441,713 | - | - | - |
| Due to other funds | - | - | - | - |
| Unearned revenue for other | 31,882 | - | - | 10,000 |
| Deposits | <u>56,312</u> | <u>-</u> | <u>-</u> | <u>3,000</u> |
| Total Liabilities | <u>2,274,577</u> | <u>-</u> | <u>515</u> | <u>294,271</u> |
| Deferred Inflows of Resources | | | | |
| Property taxes levied for future periods | 2,328,507 | 4,749,486 | 3,731,867 | 163,737 |
| Unavailable revenue for IRMA member reserve | 90,913 | - | - | - |
| Unavailable revenue for other | <u>90,028</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Deferred Inflows of Resources | <u>2,509,448</u> | <u>4,749,486</u> | <u>3,731,867</u> | <u>163,737</u> |
| Fund Balances | | | | |
| Nonspendable for prepaid items | - | - | - | 4,800 |
| Restricted for streets | - | - | - | - |
| Restricted for public safety | - | - | - | - |
| Restricted for economic development | - | - | - | - |
| Committed for employee retirement | 18,234,000 | - | - | - |
| Committed for sustainability initiatives | - | - | - | - |
| Committed for transportation | - | - | - | - |
| Assigned for capital projects | - | - | - | 1,564,951 |
| Assigned for other postemployment benefits | 5,175,495 | - | - | - |
| Assigned for debt service | - | - | 1,408,571 | - |
| Unassigned, general fund | 19,032,489 | - | - | - |
| Unassigned, special revenue funds (deficit) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>42,441,984</u> | <u>-</u> | <u>1,408,571</u> | <u>1,569,751</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u><u>\$ 47,226,009</u></u> | <u><u>\$ 4,749,486</u></u> | <u><u>\$ 5,140,953</u></u> | <u><u>\$ 2,027,759</u></u> |

See accompanying notes to financial statements.

| Nonmajor Governmental Funds | Totals |
|-----------------------------------|----------------------|
| \$ 164,023 | \$ 2,190,479 |
| 46,363 | 488,076 |
| 51,995 | 51,995 |
| - | 41,882 |
| - | 59,312 |
| <u>262,381</u> | <u>2,831,744</u> |
| 1,311,000 | 12,284,597 |
| - | 90,913 |
| - | 90,028 |
| <u>1,311,000</u> | <u>12,465,538</u> |
| 1,608 | 6,408 |
| 297,146 | 297,146 |
| 625,571 | 625,571 |
| 1,007,832 | 1,007,832 |
| - | 18,234,000 |
| 295,238 | 295,238 |
| 896,213 | 896,213 |
| - | 1,564,951 |
| - | 5,175,495 |
| - | 1,408,571 |
| - | 19,032,489 |
| <u>(53,194)</u> | <u>(53,194)</u> |
| <u>3,070,414</u> | <u>48,490,720</u> |
| <u>\$ 4,643,795</u> | <u>\$ 63,788,002</u> |

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, 2013

| | |
|--|------------------------------|
| Total Fund Balances - Governmental Funds | \$ 48,490,720 |
| 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 | 83,567,729 |
| Less amount reported in internal service funds below | (2,415,116) |
| Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. | 180,941 |
| Loss on refunding on bonds is reported as a deferred outflow on the statement of net position | 106,954 |
| Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position | (281,120) |
| Accrued interest on long-term liabilities is shown as a liability on the statement of net position | (59,958) |
| Net pension asset for the firefighters' and police pension funds is shown as an asset on the statement of net position | 3,822,164 |
| Net pension obligation for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position | (510,714) |
| Less amount reported in internal service funds below | 52,998 |
| The net other postemployment benefit obligation is shown as a liability on the statement of net position | (5,920,225) |
| 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 | (1,859,652) |
| Less amount reported in internal service funds below | 55,787 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds | |
| Bonds and notes payable | (23,827,143) |
| Claims payable | (1,237,813) |
| The net position of the internal service fund are included in the governmental activities in the statement of net position | <u>7,460,963</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 107,626,515</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, 2013

| | General | Public Safety Pension Levy | Debt Service | Capital Projects |
|--|-------------------|-------------------------------|------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 3,329,999 | \$ 3,330,453 | \$ 3,653,215 | \$ 184,461 |
| Personal property replacement tax | 307,228 | - | - | - |
| Licenses and permits | 1,451,573 | - | - | - |
| Public charges for services | 1,744,106 | - | - | - |
| Municipal sales tax | 12,284,556 | - | 185,000 | 435,013 |
| Utility taxes | 2,448,175 | - | - | - |
| Real estate transfer tax | 1,778,247 | - | - | - |
| Intergovernmental | 146,263 | - | - | - |
| State income tax | 2,835,830 | - | - | - |
| Franchise tax | 2,336,838 | - | - | - |
| Payments in lieu of taxes | 429,573 | - | - | 375,000 |
| Other Taxes | 1,541,543 | - | - | - |
| Reimbursements | 268,019 | - | - | 24,501 |
| Fines, forfeitures and penalties | 1,176,598 | - | - | - |
| Motor fuel tax | - | - | - | - |
| Investment income | | | | |
| Interest income | 714,532 | - | 569 | 929 |
| Net appreciation in fair value of investments | (1,575,000) | - | - | - |
| Miscellaneous | 448,400 | - | - | - |
| Total Revenues | <u>31,666,480</u> | <u>3,330,453</u> | <u>3,838,784</u> | <u>1,019,904</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 6,869,099 | - | - | - |
| Public safety | 16,660,243 | 3,330,453 | - | - |
| Public works | 2,431,446 | - | - | - |
| Transit | - | - | - | - |
| Commissions | 143,580 | - | - | - |
| Economic and physical development | 3,170,468 | - | - | - |
| Capital Outlay | - | - | - | 2,460,469 |
| Debt Service | | | | |
| Principal | - | - | 3,401,848 | - |
| Interest and fiscal charges | - | - | 1,088,749 | - |
| Total Expenditures | <u>29,274,836</u> | <u>3,330,453</u> | <u>4,490,597</u> | <u>2,460,469</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,391,644</u> | <u>-</u> | <u>(651,813)</u> | <u>(1,440,565)</u> |

See accompanying notes to financial statements.

| Nonmajor Governmental Funds | Totals |
|-----------------------------------|-------------------|
| \$ 1,225,138 | \$ 11,723,266 |
| - | 307,228 |
| 849,521 | 2,301,094 |
| 656,155 | 2,400,261 |
| - | 12,904,569 |
| - | 2,448,175 |
| - | 1,778,247 |
| 116,861 | 263,124 |
| - | 2,835,830 |
| - | 2,336,838 |
| - | 804,573 |
| 669,302 | 2,210,845 |
| 1,374,431 | 1,666,951 |
| 11,530 | 1,188,128 |
| 859,650 | 859,650 |
| (1,446) | 714,584 |
| - | (1,575,000) |
| <u>61,137</u> | <u>509,537</u> |
| <u>5,822,279</u> | <u>45,677,900</u> |
| - | 6,869,099 |
| 670,744 | 20,661,440 |
| 2,700,494 | 5,131,940 |
| 1,360,622 | 1,360,622 |
| - | 143,580 |
| 129,020 | 3,299,488 |
| - | 2,460,469 |
| - | 3,401,848 |
| - | <u>1,088,749</u> |
| <u>4,860,880</u> | <u>44,417,235</u> |
| <u>961,399</u> | <u>1,260,665</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, 2013

| | <u>General</u> | <u>Public Safety Pension Levy</u> | <u>Debt Service</u> | <u>Capital Projects</u> |
|---------------------------------------|----------------------|---------------------------------------|---------------------|-----------------------------|
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 1,023,240 | 1,120,000 |
| Transfers out | (1,667,640) | - | - | - |
| Sales of general capital assets | <u>21,054</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(1,646,586)</u> | <u>-</u> | <u>1,023,240</u> | <u>1,120,000</u> |
| Net Change in Fund Balances | 745,058 | - | 371,427 | (320,565) |
| FUND BALANCES - Beginning of Year | <u>41,696,926</u> | <u>-</u> | <u>1,037,144</u> | <u>1,890,316</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 42,441,984</u> | <u>\$ -</u> | <u>\$ 1,408,571</u> | <u>\$ 1,569,751</u> |

See accompanying notes to financial statements.

| Nonmajor Governmental Funds | Totals |
|-----------------------------------|----------------------|
| - | 2,143,240 |
| (720,000) | (2,387,640) |
| - | 21,054 |
| <u>(720,000)</u> | <u>(223,346)</u> |
| 241,399 | 1,037,319 |
| <u>2,829,015</u> | <u>47,453,401</u> |
| <u>\$ 3,070,414</u> | <u>\$ 48,490,720</u> |

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, 2013

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 1,037,319 |
|--|--------------|

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 | 791,207 |
| Depreciation is reported in the government-wide financial statements | (3,008,390) |

| | |
|---|-----------|
| 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. | (196,742) |
|---|-----------|

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.

| | |
|------------------|-----------|
| Principal repaid | 3,401,848 |
|------------------|-----------|

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are 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 | (3,911) |
| Bond premium | 96,142 |
| Deferred charge on refunding | (29,584) |
| 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 | 1,494 |
| Net pension asset | 141,945 |
| Net pension obligation | (8,689) |
| Other postemployment benefits obligation | (753,633) |
| Accrued interest on debt | 1,701 |

| | |
|---|-----------|
| The change in claims payable is shown as an expense on the statement of activities. | (123,920) |
|---|-----------|

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.

| |
|---------|
| 526,012 |
|---------|

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

| |
|---------------------|
| <u>\$ 1,826,351</u> |
|---------------------|

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|---------------------------------------|---|---------------------|-------------------------------|---|---------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 642,755 | \$ 2,881,642 | \$ 292,647 | \$ 1,018,721 | \$ 4,835,765 |
| Investments | 2,692,302 | - | - | - | 2,692,302 |
| Accounts receivable (net) | 1,108,939 | 538,421 | 15,845 | - | 1,663,205 |
| Due from other organizations | - | - | - | 106,594 | 106,594 |
| Due from other funds | - | - | 51,995 | - | 51,995 |
| Inventories | - | - | 48,387 | - | 48,387 |
| Prepaid items | - | - | 25,131 | - | 25,131 |
| Other | - | - | - | - | - |
| Total Current Assets | <u>4,443,996</u> | <u>3,420,063</u> | <u>434,005</u> | <u>1,125,315</u> | <u>9,423,379</u> |
| Noncurrent Assets | | | | | |
| Capital Assets | | | | | |
| Land | 66,958 | - | 3,595,200 | 1,319,165 | 4,981,323 |
| Construction in progress | 25,258,775 | - | - | - | 25,258,775 |
| Infrastructure | - | - | - | 32,196 | 32,196 |
| Parking facilities and equipment | - | - | - | 4,442,842 | 4,442,842 |
| Water and sewer plant and equipment | 48,538,495 | 67,662,660 | - | - | 116,201,155 |
| Country club facilities and equipment | - | - | 11,480,102 | - | 11,480,102 |
| Machinery, equipment and furnishings | - | - | - | - | - |
| Less: Accumulated depreciation | <u>(27,754,086)</u> | <u>(44,855,099)</u> | <u>(5,364,277)</u> | <u>(2,555,396)</u> | <u>(80,528,858)</u> |
| Total Noncurrent Assets | <u>46,110,142</u> | <u>22,807,561</u> | <u>9,711,025</u> | <u>3,238,807</u> | <u>81,867,535</u> |
| Total Assets | <u>50,554,138</u> | <u>26,227,624</u> | <u>10,145,030</u> | <u>4,364,122</u> | <u>91,290,914</u> |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ 4,903,190

-

32,096

-

-

-

172,445

266,804

5,374,535

-

-

-

-

-

-

11,993,830

(9,578,714)

2,415,116

7,789,651

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|--|---|----------------------|-------------------------------|---|----------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Unamortized loss on advanced refunding | \$ 749,552 | \$ - | \$ - | \$ - | \$ 749,552 |
| Total Deferred Outflows of Resources | <u>749,552</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>749,552</u> |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 4,534,387 | 31,050 | 19,639 | 48,068 | 4,633,144 |
| Accrued liabilities | 40,803 | 29,735 | 3,911 | 6,901 | 81,350 |
| Due to other funds | - | - | 872,586 | - | 872,586 |
| Unearned revenue | 88,548 | - | 104,584 | - | 193,132 |
| Long-term debt - due within one year | <u>599,340</u> | <u>282,434</u> | <u>-</u> | <u>-</u> | <u>881,774</u> |
| Total Current Liabilities | <u>5,263,078</u> | <u>343,219</u> | <u>1,000,720</u> | <u>54,969</u> | <u>6,661,986</u> |
| Noncurrent Liabilities | | | | | |
| Long-Term Debt | | | | | |
| Due in more than one year | <u>22,535,078</u> | <u>4,571,091</u> | <u>-</u> | <u>-</u> | <u>27,106,169</u> |
| Total Noncurrent Liabilities | <u>22,535,078</u> | <u>4,571,091</u> | <u>-</u> | <u>-</u> | <u>27,106,169</u> |
| Total Liabilities | <u>27,798,156</u> | <u>4,914,310</u> | <u>1,000,720</u> | <u>54,969</u> | <u>33,768,155</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 29,687,389 | 18,119,008 | 9,711,025 | 3,238,807 | 60,756,229 |
| Unrestricted | <u>(6,181,855)</u> | <u>3,194,306</u> | <u>(566,715)</u> | <u>1,070,346</u> | <u>(2,483,918)</u> |
| TOTAL NET POSITION | <u>\$ 23,505,534</u> | <u>\$ 21,313,314</u> | <u>\$ 9,144,310</u> | <u>\$ 4,309,153</u> | <u>\$ 58,272,311</u> |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ -

 -

199,483

20,420

-

-

11,157

231,060

97,628

97,628

328,688

2,415,116

5,045,847

\$ 7,460,963

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|---|---|------------------|-------------------------------|---|-------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| OPERATING REVENUES | | | | | |
| Water sales | \$ 7,440,915 | \$ - | \$ - | \$ - | \$ 7,440,915 |
| Sanitary sewer charges | - | 1,759,875 | - | - | 1,759,875 |
| Stormwater management fees | - | 1,386,189 | - | - | 1,386,189 |
| Water/sewer permit fees | 100,224 | 43,195 | - | - | 143,419 |
| Parking lot collections | - | - | - | 499,673 | 499,673 |
| Parking violations | - | - | - | 251,408 | 251,408 |
| Charges for goods and services | - | - | 2,365,774 | - | 2,365,774 |
| Miscellaneous | 54,634 | 36,350 | 50,000 | 250 | 141,234 |
| Total Operating Revenues | <u>7,595,773</u> | <u>3,225,609</u> | <u>2,415,774</u> | <u>751,331</u> | <u>13,988,487</u> |
| OPERATING EXPENSES | | | | | |
| Personal services | 2,071,791 | 1,312,385 | 1,351,288 | 331,134 | 5,066,598 |
| Contractual services | 1,247,235 | 546,385 | 686,883 | 216,326 | 2,696,829 |
| Materials and supplies | 405,163 | 86,145 | 553,685 | 16,029 | 1,061,022 |
| Small tools and equipment | 416,878 | 399,447 | 9,566 | 26,433 | 852,324 |
| Administrative reimbursements | 1,076,375 | - | - | 104,000 | 1,180,375 |
| Repairs and maintenance | - | - | - | - | - |
| Depreciation | <u>1,001,495</u> | <u>1,678,842</u> | <u>351,622</u> | <u>228,254</u> | <u>3,260,213</u> |
| Total Operating Expenses | <u>6,218,937</u> | <u>4,023,204</u> | <u>2,953,044</u> | <u>922,176</u> | <u>14,117,361</u> |
| Operating Income (Loss) | <u>1,376,836</u> | <u>(797,595)</u> | <u>(537,270)</u> | <u>(170,845)</u> | <u>(128,874)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 26,363 | - | - | 301 | 26,664 |
| Intergovernmental | 34,511 | 36,022 | - | - | 70,533 |
| Loss on sale of capital assets | (6,947) | - | - | - | (6,947) |
| Interest and fiscal charges | <u>(758,576)</u> | <u>(159,519)</u> | <u>(5,234)</u> | <u>-</u> | <u>(923,329)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(704,649)</u> | <u>(123,497)</u> | <u>(5,234)</u> | <u>301</u> | <u>(833,079)</u> |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ -
-
-
-
-

9,743,097
50,711

9,793,808

1,242,165
6,253,076
745,488
115,400

-
342,464
582,418

9,281,011

512,797

968
-

12,247
-

13,215

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|---|---|-----------------------------|-------------------------------|---|-----------------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| Income (Loss) Before Contributions and Transfers | <u>\$ 672,187</u> | <u>\$ (921,092)</u> | <u>\$ (542,504)</u> | <u>\$ (170,544)</u> | <u>\$ (961,953)</u> |
| CONTRIBUTIONS AND TRANSFERS | | | | | |
| Capital contributions | \$ - | \$ 121,000 | \$ - | \$ - | \$ 121,000 |
| Transfers in | - | - | 344,400 | - | 344,400 |
| Transfers out | <u>-</u> | <u>-</u> | <u>(100,000)</u> | <u>-</u> | <u>(100,000)</u> |
| Total Contributions and Transfers | <u>-</u> | <u>121,000</u> | <u>244,400</u> | <u>-</u> | <u>365,400</u> |
| Change in Net Position | 672,187 | (800,092) | (298,104) | (170,544) | (596,553) |
| NET POSITION - Beginning of Year | <u>22,833,347</u> | <u>22,113,406</u> | <u>9,442,414</u> | <u>4,479,697</u> | <u>58,868,864</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 23,505,534</u></u> | <u><u>\$ 21,313,314</u></u> | <u><u>\$ 9,144,310</u></u> | <u><u>\$ 4,309,153</u></u> | <u><u>\$ 58,272,311</u></u> |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ 526,012

\$ -
-
-
-

526,012

6,934,951

\$ 7,460,963

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|---|---|----------------|-------------------------------|---|------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Received from customers | \$ 7,448,620 | \$ 3,078,262 | \$ 2,444,928 | \$ 761,768 | \$ 13,733,578 |
| Paid to suppliers for goods and services | (3,235,588) | (952,284) | (1,254,378) | (352,714) | (5,794,964) |
| Paid to employees for services | (2,287,632) | (1,464,482) | (1,383,446) | (326,028) | (5,461,588) |
| Net Cash Flows From Operating Activities | <u>1,925,400</u> | <u>661,496</u> | <u>(192,896)</u> | <u>83,026</u> | <u>2,477,026</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investments sold and matured | 2,127,023 | - | - | - | 2,127,023 |
| Investment income | <u>26,363</u> | <u>-</u> | <u>-</u> | <u>301</u> | <u>26,664</u> |
| Net Cash Flows From Investing Activities | <u>2,153,386</u> | <u>-</u> | <u>-</u> | <u>301</u> | <u>2,153,687</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Operating transfers | - | - | 244,400 | - | 244,400 |
| Repayment (advance) to other funds | - | - | (28,550) | (46,403) | (74,953) |
| Intergovernmental reimbursements | <u>34,511</u> | <u>36,022</u> | <u>-</u> | <u>-</u> | <u>70,533</u> |
| Net Cash Flows From Noncapital Financing Activities | <u>34,511</u> | <u>36,022</u> | <u>215,850</u> | <u>(46,403)</u> | <u>239,980</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Debt issued | 9,960,000 | - | - | - | 9,960,000 |
| Debt retired | (730,000) | (270,000) | (235,000) | - | (1,235,000) |
| Interest paid | (811,190) | (139,227) | (12,210) | - | (962,627) |
| Acquisition and construction of capital assets | (13,805,135) | (1,274,808) | (26,200) | (8,501) | (15,114,644) |
| Bond amortization costs | 81,293 | - | 2,810 | - | 84,103 |
| Sale of capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ 9,702,498

(7,277,703)

(1,255,032)

1,169,763

-

968

968

-

-

-

-

-

-

-

(933,008)

-

74,550

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|--|---|---------------------|-------------------------------|---|---------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| Net Cash Flows From Capital and Related Financing Activities | <u>(5,305,032)</u> | <u>(1,684,035)</u> | <u>(270,600)</u> | <u>(8,501)</u> | <u>(7,268,168)</u> |
| Net Change in Cash and Cash Equivalents | \$ (1,191,735) | \$ (986,517) | \$ (247,646) | \$ 28,423 | \$ (2,397,475) |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>1,834,490</u> | <u>3,868,159</u> | <u>540,293</u> | <u>990,298</u> | <u>7,233,240</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 642,755</u> | <u>\$ 2,881,642</u> | <u>\$ 292,647</u> | <u>\$ 1,018,721</u> | <u>\$ 4,835,765</u> |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

(858,458)

\$ 312,273

4,590,917

\$ 4,903,190

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | Totals |
|--|---|-------------------|-------------------------------|---|---------------------|
| | Water | Sewer | Highland Park Country Club | Nonmajor Enterprise Fund - Parking | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 1,376,836 | \$ (797,595) | \$ (537,270) | \$ (170,845) | \$ (128,874) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | | |
| Depreciation | 1,001,495 | 1,678,842 | 351,622 | 228,254 | 3,260,213 |
| Gain (loss) on sale of capital assets | (6,947) | - | - | - | (6,947) |
| Changes in assets and liabilities | | | | | |
| Accounts receivable | (155,074) | (147,347) | 16,227 | 10,437 | (275,757) |
| Inventory | - | - | (7,599) | - | (7,599) |
| Prepaid expense | - | 68,693 | 1,239 | - | 69,932 |
| Accounts payable | (82,990) | 11,000 | 2,116 | 10,074 | (59,800) |
| Accrued salaries | (32,724) | (27,066) | (32,158) | 5,106 | (86,842) |
| Compensated absences | 4,187 | (4,666) | - | - | (479) |
| Unearned revenue | 7,921 | - | 12,927 | - | 20,848 |
| Other payroll liabilities | (187,304) | (120,365) | - | - | (307,669) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,925,400</u> | <u>\$ 661,496</u> | <u>\$ (192,896)</u> | <u>\$ 83,026</u> | <u>\$ 2,477,026</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Change in accounts payable related to capital activities | <u>\$ 4,436,077</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Capital contributions | <u>\$ -</u> | <u>\$ 121,000</u> | <u>\$ -</u> | <u>\$ -</u> | |

See accompanying notes to financial statements.

Governmental
Activities -
Internal
Service Funds

\$ 512,797

582,418

-

(91,310)

-

169,897

8,828

(7,233)

(6,638)

-

1,004

\$ 1,169,763

\$ -

\$ -

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2013

| | <u>Pension Trusts</u> | <u>Agency Funds</u> |
|--|-----------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,478,299 | \$ 1,958,441 |
| Investments | | |
| Corporate bonds | 3,711,094 | - |
| U.S. Government and agency obligations | 21,731,395 | - |
| Mutual funds | 28,326,772 | - |
| Stocks | 11,609,958 | - |
| Receivables (net) | | |
| Accounts | - | 12,661 |
| Accrued interest | 160,139 | - |
| Total Assets | <u>67,017,657</u> | <u>1,971,102</u> |
| LIABILITIES | | |
| Accounts payable | 37,369 | - |
| Accrued wages | - | 719 |
| Due to others | - | 833,857 |
| Deposits | - | 1,136,526 |
| Total Liabilities | <u>37,369</u> | <u>1,971,102</u> |
| NET POSITION | | |
| Held in trust for pension benefits (a schedule of funding progress is presented in the required supplementary information) | <u>\$ 66,980,288</u> | <u>\$ -</u> |

CITY OF HIGHLAND PARK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2013

| | <u>Pension Trusts</u> |
|---|---------------------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 3,387,303 |
| Plan members | <u>916,003</u> |
| Total Contributions | <u>4,303,306</u> |
| Investment income | |
| Investment income | 1,797,199 |
| Net appreciation in fair value of investments | <u>7,064,001</u> |
| Total Investment Income | 8,861,200 |
| Less Investment expense | <u>255,640</u> |
| Net Investment Income | <u>8,605,560</u> |
| Total Additions | <u>12,908,866</u> |
| DEDUCTIONS | |
| Benefits | 6,544,895 |
| Administration | <u>94,755</u> |
| Total Deductions | <u>6,639,650</u> |
| Change in Net Position | 6,269,216 |
| NET POSITION - Beginning of Year | <u>60,711,072</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 66,980,288</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, 2013

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, 2013. 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, 2013

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2010, the GASB issued statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013.

In March 2012, the GASB issued statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2013

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, 2013

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, 2013

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 deferred inflows. 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, 2013

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 inflows. 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 unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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.

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, 2013

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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, 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, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

2. Receivables

Property taxes for levy year 2013 attaches as an enforceable lien on January 1, 2013, 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 2013 are prepared by Lake County and issued in May 2014, and are payable in two installments, on June 5, 2014 and September 5, 2014.

The county collects such taxes and remits them periodically. The 2013 property tax levy is recognized as a receivable and deferral in fiscal 2013, 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, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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 of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation 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. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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 and displayed 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, 2013

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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%).

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

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

As of December 31, 2013, the following individual funds held a deficit balance:

| Fund | Amount | Reason |
|-----------------------|-----------|-----------------------------------|
| Highland Park Theater | \$ 51,586 | Excess expenditures over revenues |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 | \$ (449,513) | \$ 2,552,051 | Custodial credit risk - deposits |
| Money market - Illinois Funds | 32,001,756 | 30,001,756 | Credit risk |
| Money market - IMET | 4,357,256 | 4,357,256 | Credit risk |
| Money market - other | 831,396 | 831,396 | Credit risk, interest rate risk |
| Corporate bonds | 3,711,094 | 3,711,094 | Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk |
| U.S. Treasury obligations | 16,596,998 | 16,596,998 | Custodial credit risk - investments, interest rate risk |
| U.S. Agency obligations | 5,134,397 | 5,134,397 | Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk |
| Mutual funds - IMET | 5,211,817 | 5,208,458 | Credit risk, interest rate risk |
| Mutual funds - other | 28,326,771 | 28,326,771 | None |
| Local government bonds | 18,234,000 | 18,234,000 | Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk |
| Stocks | 11,609,958 | 11,609,958 | Custodial credit risk - investments, concentration of credit risk |
| Petty cash | 5,471 | - | N/A |
| Total Deposits and Investments | <u>\$125,571,401</u> | <u>\$126,564,135</u> | |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements

Per statement of net position

| | |
|-------------|---------------|
| Cash | \$ 33,309,624 |
| Investments | 23,445,818 |

Per statement of net position - fiduciary funds

| | |
|---|-------------------|
| Cash and cash equivalents - pension trust | 1,478,299 |
| Cash and cash equivalents - agency funds | 1,958,441 |
| Corporate bonds | 3,711,094 |
| U.S. government and agency obligations | 21,731,395 |
| Mutual funds | 28,326,772 |
| Stocks | <u>11,609,958</u> |

| | |
|--------------------------------|-----------------------------|
| Total Deposits and Investments | <u><u>\$125,571,401</u></u> |
|--------------------------------|-----------------------------|

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) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held at 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.

Credit Risk

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2013, 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 |
| Federal farm credit bank | AA+ | 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, 2013, 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, 2013, 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 |
| Mutual fund - IMET | \$ 5,211,817 | \$ - | \$ 5,211,817 | \$ - | \$ - |
| Local government bonds | 18,234,000 | 234,000 | 1,074,000 | 1,656,000 | 15,270,000 |
| Totals | <u>\$ 23,445,817</u> | <u>\$ 234,000</u> | <u>\$ 6,285,817</u> | <u>\$ 1,656,000</u> | <u>\$ 15,270,000</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 | \$ 1,974,303 | \$ 122,022 | \$ 1,301,114 | \$ 551,167 | \$ - |
| U.S. Treasury obligations | 6,661,175 | 975,845 | 3,839,643 | 1,845,687 | - |
| U.S. Agency obligations | <u>3,008,260</u> | <u>-</u> | <u>2,261,194</u> | <u>611,777</u> | <u>135,289</u> |
| Totals | <u>\$ 11,643,738</u> | <u>\$ 1,097,867</u> | <u>\$ 7,401,951</u> | <u>\$ 3,008,631</u> | <u>\$ 135,289</u> |

Firefighters' Pension Fund Investments

| Investment Type | Fair Value | Maturity (In Years) | | | |
|---------------------------|----------------------|---------------------|---------------------|---------------------|-------------------|
| | | Less than 1 | 1-5 | 6-10 | Greater than 10 |
| Corporate bonds | \$ 1,736,791 | \$ - | \$ 657,046 | \$ 1,079,745 | \$ - |
| U.S. Treasury obligations | 9,935,823 | 1,988,253 | 5,189,967 | 2,757,603 | - |
| U.S. Agency obligations | <u>2,126,137</u> | <u>2,442</u> | <u>1,329,371</u> | <u>282,168</u> | <u>512,156</u> |
| Totals | <u>\$ 13,798,751</u> | <u>\$ 1,990,695</u> | <u>\$ 7,176,384</u> | <u>\$ 4,119,516</u> | <u>\$ 512,156</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, 2013

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

B. RECEIVABLES

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

| | General Fund | Nonmajor and Other Funds |
|-------------------------------|---------------------|--------------------------------|
| Intergovernmental receivables | | |
| Sales tax | \$ 2,189,848 | \$ - |
| State income tax | 332,673 | - |
| Utility tax | 990,014 | - |
| Home rule sales tax | 1,125,647 | - |
| Local use tax | 126,851 | - |
| Circuit court fines | 460,166 | - |
| Grants | - | 6,325 |
| Total | <u>\$ 5,225,199</u> | <u>\$ 6,325</u> |

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

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

| | Unearned | Unavailable |
|---|----------------------|-------------------|
| Property taxes levied for future periods | \$ 12,284,597 | \$ - |
| IRMA member reserve | - | 90,913 |
| Other | <u>41,882</u> | <u>90,028</u> |
| Total Unearned/Unavailable Revenue for Governmental Funds | <u>\$ 12,326,479</u> | <u>\$ 180,941</u> |
| Unearned revenue included in liabilities | \$ 41,882 | |
| Unearned revenue included in deferred inflows | <u>12,284,597</u> | |
| Total Unearned Revenue for Governmental Funds | <u>\$ 12,326,479</u> | |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|-------------------|----------------|------------|----------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 8,797,013 | \$ - | \$ - | \$ 8,797,013 |
| Land right of way | 260,190 | - | - | 260,190 |
| Construction in progress | 600,929 | - | 600,929 | - |
| Total Capital Assets Not Being Depreciated | 9,658,132 | - | 600,929 | 9,057,203 |
| Capital assets being depreciated | | | | |
| Buildings and land improvements | \$ 72,368,962 | \$ 150,867 | \$ - | \$ 72,519,829 |
| Machinery and equipment | 15,840,704 | 1,054,460 | 420,234 | 16,474,930 |
| Infrastructure | 50,874,508 | 1,119,816 | - | 51,994,324 |
| Total Capital Assets Being Depreciated | 139,084,174 | 2,325,143 | 420,234 | 140,989,083 |
| Total Capital Assets | 148,742,306 | 2,325,143 | 1,021,163 | 150,046,286 |
| Less: Accumulated depreciation for | | | | |
| Buildings and land improvements | (24,018,976) | (1,510,905) | - | (25,529,881) |
| Machinery and equipment | (12,599,850) | (791,191) | 357,931 | (13,033,110) |
| Infrastructure | (26,626,854) | (1,288,712) | - | (27,915,566) |
| Total Accumulated Depreciation | (63,245,680) | (3,590,808) | 357,931 | (66,478,557) |
| Net Capital Assets Being Depreciated | 75,838,494 | (1,265,665) | 62,303 | 74,510,526 |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 85,496,626 | \$ (1,265,665) | \$ 663,232 | \$ 83,567,729 |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

| | |
|----------------------|----------------|
| General government | \$ 93,364 |
| Public safety | 815,412 |
| Public works | 2,244,748 |
| Economic development | 188,210 |
| Commission | <u>249,074</u> |

Total Governmental Activities Depreciation Expense \$ 3,590,808

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|-----------------------------|-----------------------------|--------------------------|-----------------------------|
| Business-type Activities | | | | |
| Capital assets not being depreciation | | | | |
| Land | \$ 4,981,323 | \$ - | \$ - | \$ 4,981,323 |
| Construction in progress | <u>6,396,047</u> | <u>19,242,170</u> | <u>379,442</u> | <u>25,258,775</u> |
| Total Capital Assets Not Being Depreciated | <u>11,377,370</u> | <u>19,242,170</u> | <u>379,442</u> | <u>30,240,098</u> |
| Capital assets being depreciated | | | | |
| Buildings and land improvements | \$ 27,412,285 | \$ 18,500 | \$ - | \$ 27,430,785 |
| Machinery and equipment | 5,386,810 | 33,410 | 438,543 | 4,981,677 |
| Infrastructure | <u>96,729,301</u> | <u>3,014,532</u> | <u>-</u> | <u>99,743,833</u> |
| Total Capital Assets Being Depreciated | <u>129,528,396</u> | <u>3,066,442</u> | <u>438,543</u> | <u>132,156,295</u> |
| Total Capital Assets | <u>140,905,766</u> | <u>22,308,612</u> | <u>817,985</u> | <u>162,396,393</u> |
| Less: Accumulated depreciation for | | | | |
| Buildings and land improvements | (14,769,661) | (759,017) | - | (15,528,678) |
| Machinery and equipment | (4,862,057) | (159,213) | 431,597 | (4,589,673) |
| Infrastructure | <u>(58,068,524)</u> | <u>(2,341,983)</u> | <u>-</u> | <u>(60,410,507)</u> |
| Total Accumulated Depreciation | <u>(77,700,242)</u> | <u>(3,260,213)</u> | <u>431,597</u> | <u>(80,528,858)</u> |
| Net Capital Assets Being Depreciated | <u>51,828,154</u> | <u>(193,771)</u> | <u>6,946</u> | <u>51,627,437</u> |
| Business-type Capital Assets, Net of Accumulated Depreciation | <u><u>\$ 63,205,524</u></u> | <u><u>\$ 19,048,399</u></u> | <u><u>\$ 386,388</u></u> | <u><u>\$ 81,867,535</u></u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 | \$ 872,586 |
| Highland Park Country Club | Highland Park Theater | <u>51,995</u> |
| Total - Fund Financial Statements | | <u>\$ 924,581</u> |
| Less: Government-wide eliminations | | <u>(103,990)</u> |
| Total Internal Balances - Government-Wide Statement of Net Position | | <u>\$ 820,591</u> |

The principal purpose of the interfunds are 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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> |
|---|------------------------------|--------------------|-------------------------------------|
| Capital Projects | General | \$ 400,000 | Fund future capital projects |
| Highland Park Country Club | General | 344,400 | Fund operating deficits |
| Debt Service | General | 923,240 | Pay debt service obligations |
| Capital Projects | Motor Fuel Tax | 720,000 | Fund street and bridge improvements |
| Debt Service | Highland Park Country Club | <u>100,000</u> | Pay debt service obligations |
| Total - Fund Financial Statements | | 2,487,640 | |
| Less: Fund eliminations | | <u>(2,243,240)</u> | |
| Total Transfers - Government-Wide Statement of Activities | | <u>\$ 244,400</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.

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013, was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|----------------------|---------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 27,228,991 | \$ - | \$ 3,401,848 | \$ 23,827,143 | \$ 3,147,657 |
| Add/(Subtract) Deferred Amounts For | | | | | |
| (Discounts)/Premiums | 373,351 | - | 92,231 | 281,120 | - |
| Other Liabilities | | | | | |
| Compensated absences | 1,867,784 | 1,392,706 | 1,400,838 | 1,859,652 | 371,930 |
| Other postemployment benefits | 5,166,592 | 753,633 | - | 5,920,225 | - |
| Net pension obligation | 501,021 | 9,693 | - | 510,714 | - |
| Claims payable | 1,113,893 | 123,920 | - | 1,237,813 | - |
| Total Other Liabilities | 8,649,290 | 2,279,952 | 1,400,838 | 9,528,404 | 371,930 |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 36,251,632</u> | <u>\$ 2,279,952</u> | <u>\$ 4,894,917</u> | <u>\$ 33,636,667</u> | <u>\$ 3,519,587</u> |
| Business-type Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General obligation debt | \$ 18,095,000 | \$ 9,960,000 | \$ 1,235,000 | \$ 26,820,000 | \$ 850,000 |
| Add/(Subtract) Deferred Amounts For | | | | | |
| (Discounts)/Premiums | 811,754 | (41,559) | 83,975 | 686,220 | - |
| Sub-totals | 18,906,754 | 9,918,441 | 1,318,975 | 27,506,220 | 850,000 |
| Other Liabilities | | | | | |
| Compensated absences | 159,348 | 119,034 | 119,513 | 158,869 | 31,774 |
| Other postemployment benefits | 465,091 | - | 310,869 | 154,222 | - |
| Net pension obligation | 165,432 | 3,200 | - | 168,632 | - |
| Total Other Liabilities | 789,871 | 122,234 | 430,382 | 481,723 | 31,774 |
| Total Business-type Activities Long-Term Liabilities | <u>\$ 19,696,625</u> | <u>\$ 10,040,675</u> | <u>\$ 1,749,357</u> | <u>\$ 27,987,943</u> | <u>\$ 881,774</u> |

Compensated absences, the other postemployment benefits, and the net pension obligation are paid out of the General Fund.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Governmental Activities

| General Obligation Debt | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2013 |
|--|---------------|----------------|----------------|-----------------------|---------------------------|
| 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 | \$ 14,827,143 |
| 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 | 2,420,000 |
| 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 | 580,000 |
| 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 | 2,590,000 |
| 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>\$ 23,827,143</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, 2013 |
|--|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| 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 | \$ 485,000 |
| 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 | 750,000 |
| 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 | 1,435,000 |
| 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, 2013

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, 2013 |
|--|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| 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 | 805,000 |
| 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 | 4,500,000 |
| Water Fund - 2013 General Obligation Bonds due in annual installments of \$385,000 to \$2,675,000 | 5/28/2013 | 12/30/2032 | 2.13% - 3.00% | 9,960,000 | <u>9,960,000</u> |
| Total Business-type Activities - General Obligation Debt | | | | | <u>\$ 26,820,000</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 |
| 2014 | \$ 3,147,657 | \$ 978,046 | \$ 850,000 | \$ 840,941 |
| 2015 | 3,033,305 | 881,563 | 880,000 | 818,496 |
| 2016 | 1,879,423 | 794,337 | 990,000 | 791,961 |
| 2017 | 1,020,596 | 718,104 | 675,000 | 760,859 |
| 2018 | 496,824 | 690,536 | 1,060,000 | 738,509 |
| 2019-2023 | 2,264,715 | 3,148,405 | 4,585,000 | 3,215,931 |
| 2024-2028 | 1,930,588 | 2,699,292 | 7,540,000 | 2,566,025 |
| 2029-2033 | 2,447,256 | 2,189,462 | 10,240,000 | 963,913 |
| 2034 | 7,606,779 | 365,125 | - | - |
| Totals | <u>\$ 23,827,143</u> | <u>\$ 12,464,870</u> | <u>\$ 26,820,000</u> | <u>\$ 10,696,635</u> |

Other Debt Information

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2013, \$6,685,000 of bonds outstanding are considered defeased. The bonds are callable on December 31, 2015.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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 | \$ 2,481,742 | \$ 2,529,777 | Custodial credit risk |
| Money Market Mutual Fund | 1,029,530 | 1,029,530 | Credit risk, interest rate risk |
| Illinois Funds | 629 | 629 | Credit risk |
| Petty cash | 566 | 566 | N/A |
| Total Deposits and Investments | <u>\$ 3,512,467</u> | <u>\$ 3,560,502</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, 2013

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

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.

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, 2013, the Library's investments were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|--------------------------|---------------------|--|
| Money Market Mutual Fund | <u>\$ 1,404,530</u> | 47.00 |

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, 2013

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

F. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

c. Capital Assets

| | Beginning Balance | Additions | Deletions | Ending Balance |
|--------------------------------|----------------------|---------------------|-------------------|---------------------|
| Land | \$ 500,000 | \$ - | \$ - | \$ 500,000 |
| Construction in progress | 847,651 | 47,166 | 847,651 | 47,166 |
| Land Improvements | 69,249 | - | - | 69,249 |
| Buildings and improvements | 4,251,183 | 1,173,959 | - | 5,425,142 |
| Machinery and equipment | 529,610 | 316,390 | - | 846,000 |
| Less: Accumulated depreciation | <u>(2,702,297)</u> | <u>(150,401)</u> | <u>-</u> | <u>(2,852,698)</u> |
| Totals | <u>\$ 3,495,396</u> | <u>\$ 1,387,114</u> | <u>\$ 847,651</u> | <u>\$ 4,034,859</u> |

d. Long-Term Obligations

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|-------------------------------|----------------------|-------------------|-------------------|-------------------|-----------------------------------|
| Vested compensated absences | \$ 113,373 | \$ 146,121 | \$ 152,155 | \$ 107,339 | \$ - |
| Other postemployment benefits | 215,088 | - | 143,217 | 71,871 | - |
| Net pension obligation | <u>129,833</u> | <u>212</u> | <u>-</u> | <u>130,045</u> | <u>-</u> |
| Totals | <u>\$ 458,294</u> | <u>\$ 146,333</u> | <u>\$ 295,372</u> | <u>\$ 309,255</u> | <u>\$ -</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION

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.

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 2013 was 12.34% of annual covered payroll. For 2013, the City's annual required contribution rate was 12.34%. 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At December 31, 2013, the Police Pension membership consisted of:

| | |
|--|-----------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 61 |
| Current employees: | |
| Vested | 38 |
| Non vested | 18 |
| | <hr/> |
| Total | <hr/> <hr/> 117 |

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

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, 2013, the City's contribution was 35.70% 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.

At December 31, 2013, the Firefighters' Pension Plan membership consisted of:

| | |
|--|-------------------|
| Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 57 |
| Current employees: | |
| Vested | 30 |
| Non vested | <u>20</u> |
| Total | <u><u>107</u></u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

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.

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2013, 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, 2013, the City's contribution was 36.83% 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

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, 2013 | December 31, 2013 | December 31, 2013 |
| Contribution rates: | | | |
| Employer | 12.34% | 35.70% | 36.83% |
| Employee | 4.50% | 9.91% | 9.46% |
| Annual required contribution | \$1,477,803 | \$1,675,278 | \$1,664,227 |
| Contributions made | \$1,481,840 | \$1,704,410 | \$1,682,861 |
| Actuarial cost method | Entry-age normal | Entry-age normal | Entry-age normal |
| Asset valuation method | 5 year smoothed market | Market | Market |
| Amortization method | Level percentage of payroll, closed | Level percentage of payroll | Level percentage of payroll |
| Amortization period | 30 years | 27 years, closed | 27 years, closed |
| Actuarial assumptions: | | | |
| Investment rate of return | 7.50% | 7.00% | 7.00% |
| | Compounded annually | Compounded annually | Compounded annually |
| Projected salary increases | 0.4 to 11.6% | 5.25% | 5.25% |
| Inflation rate included | 4.00% | 3.00% | 3.00% |
| Cost-of-living adjustments | 3.00% | Tier 1: 3.00% per year, compounded; Tier 2: 2.00% per year, simple | Tier 1: 3.00% per year, compounded; Tier 2: 2.00% per year, simple |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Obligation (asset)

The following, which includes information for the library, is the net pension obligation (asset) calculation from the December 31, 2013 actuarial reports:

| Net Pension Obligation (asset): | Illinois Municipal Retirement | Police Pension | Firefighters' Pension |
|---|----------------------------------|-----------------------|--------------------------|
| Annual required contribution | \$ 1,477,803 | \$ 1,675,278 | \$ 1,664,227 |
| Interest on net pension obligation | 59,722 | (125,571) | (136,760) |
| Adjustment to annual required contribution | <u>(42,582)</u> | <u>80,655</u> | <u>87,497</u> |
| Annual pension cost | 1,494,943 | 1,630,362 | 1,614,964 |
| Contributions made | <u>(1,481,840)</u> | <u>(1,704,410)</u> | <u>(1,682,861)</u> |
| Change in net pension obligation | 13,103 | (74,048) | (67,897) |
| Net pension obligation (asset), beginning of year | <u>796,288</u> | <u>(1,793,870)</u> | <u>(1,886,349)</u> |
| Net pension obligation (asset), end of year | <u>\$ 809,391</u> | <u>\$ (1,867,918)</u> | <u>\$ (1,954,246)</u> |

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) | 2013 | \$ 1,494,943 | \$ 1,630,362 | \$ 1,614,964 |
| | 2012 | 1,407,855 | 1,438,693 | 1,419,439 |
| | 2011 | 1,376,413 | 1,603,085 | 1,476,469 |
| Contributions made | 2013 | \$ 1,481,840 | \$ 1,704,410 | \$ 1,682,861 |
| | 2012 | 1,217,428 | 1,508,625 | 1,508,267 |
| | 2011 | 1,137,303 | 1,681,690 | 1,552,838 |
| Percentage of APC contributed | 2013 | 99.12% | 104.54% | 104.20% |
| | 2012 | 86.47% | 104.86% | 106.26% |
| | 2011 | 83.11% | 104.90% | 105.17% |
| Net pension obligation (asset) | 2013 | \$ 809,391 | \$ (1,867,918) | \$ (1,954,246) |
| | 2012 | 796,288 | (1,793,870) | (1,886,349) |
| | 2011 | 605,861 | (1,723,938) | (1,797,521) |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2013 | December 31, 2013 | December 31, 2013 |
| Actuarial Valuation Date | | | |
| Actuarial Valuation of Assets (a) | \$ 33,672,777 | \$ 33,109,514 | \$ 33,870,775 |
| Actuarial Accrued Liability (AAL) - Entry Age (b) | \$ 38,565,931 | \$ 66,130,213 | \$ 62,491,726 |
| Unfunded AAL (UAAL) (b - a) | \$ 4,893,154 | \$ 33,020,699 | \$ 28,620,951 |
| Funded Ratio (a/b) | 87.31 % | 50.07 % | 54.20 % |
| Covered Payroll (c) | 11,975,717 | 4,773,826 | 4,568,865 |
| UAAL as a Percentage of Covered Payroll ((b-a)/c) | 40.86 % | 691.70 % | 626.43 % |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

PENSION SEGMENT INFORMATION

Fiduciary Net Position

| | Pension Trust | | |
|------------------------------------|----------------------|--------------------------|----------------------|
| | Police Pension | Firefighters' Pension | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 1,043,033 | \$ 435,266 | \$ 1,478,299 |
| Investments | | | |
| U.S. government and agencies | 9,669,435 | 12,061,960 | 21,731,395 |
| Corporate bonds | 1,974,303 | 1,736,791 | 3,711,094 |
| Mutual funds | 19,231,174 | 9,095,598 | 28,326,772 |
| Stocks | 1,120,896 | 10,489,062 | 11,609,958 |
| Receivables | | | |
| Accrued interest | 76,178 | 83,961 | 160,139 |
| Total Assets | <u>33,115,019</u> | <u>33,902,638</u> | <u>67,017,657</u> |
| Liabilities | | | |
| Accounts payable | 5,506 | 31,863 | 37,369 |
| Total Liabilities | <u>5,506</u> | <u>31,863</u> | <u>37,369</u> |
| Net Position | | | |
| Held in trust for pension benefits | <u>\$ 33,109,513</u> | <u>\$ 33,870,775</u> | <u>\$ 66,980,288</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

| | Pension Trust | | |
|---|----------------------|--------------------------|----------------------|
| | Police Pension | Firefighters' Pension | Total |
| Additions | | | |
| Contributions | | | |
| Employer | \$ 1,704,410 | \$ 1,682,893 | \$ 3,387,303 |
| Plan members | <u>489,433</u> | <u>426,570</u> | <u>916,003</u> |
| Total Contributions | <u>2,193,843</u> | <u>2,109,463</u> | <u>4,303,306</u> |
| Investment Income | | | |
| Interest on investments | 945,778 | 851,421 | 1,797,199 |
| Net appreciation in fair value of investments | <u>3,590,618</u> | <u>3,473,383</u> | <u>7,064,001</u> |
| Total Investment income | 4,536,396 | 4,324,804 | 8,861,200 |
| Less investment income | <u>107,025</u> | <u>148,615</u> | <u>255,640</u> |
| Net investment income | <u>4,429,371</u> | <u>4,176,189</u> | <u>8,605,560</u> |
| Total Additions | <u>6,623,214</u> | <u>6,285,652</u> | <u>12,908,866</u> |
| Deductions | | | |
| Benefits | \$ 3,477,317 | \$ 3,067,578 | \$ 6,544,895 |
| Administration | <u>73,608</u> | <u>21,147</u> | <u>94,755</u> |
| Total Deductions | <u>3,550,925</u> | <u>3,088,725</u> | <u>6,639,650</u> |
| Change in net position | 3,072,289 | 3,196,927 | 6,269,216 |
| NET POSITION - Beginning of Year | <u>30,037,224</u> | <u>30,673,848</u> | <u>60,711,072</u> |
| NET POSITION - End of Year | <u>\$ 33,109,513</u> | <u>\$ 33,870,775</u> | <u>\$ 66,980,288</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, 2013

NOTE IV - OTHER INFORMATION (cont.)

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 | \$ 1,705,419 | \$ 1,113,893 |
| Current year claims and changes in estimates | 887,186 | 533,406 |
| Claim payments | <u>(1,478,712)</u> | <u>(409,486)</u> |
| Unpaid Claims - End of Year | <u>\$ 1,113,893</u> | <u>\$ 1,237,813</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

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, 2013, 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, 2013, the city contributed \$474,511. 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, 2013

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 | | 225,266 |
| Adjustment to annual required contribution | | <u>(187,723)</u> |
| Annual OPEB cost | | 989,146 |
| Contributions made | | <u>(474,511)</u> |
| Increase in net OPEB obligation (asset) | | 514,635 |
| Net OPEB Obligation (Asset) - Beginning of Year | | <u>5,631,683</u> |
| Net OPEB Obligation (Asset) - End of Year | \$ | <u><u>6,146,318</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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, 2011 | \$ 1,087,545 | 44% | \$ 5,017,731 |
| December 31, 2012 | 1,035,231 | 41% | 5,631,683 |
| December 31, 2013 | 989,146 | 48% | 6,146,318 |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of December 31, 2013, the most recent actuarial valuation date, was as follows:

| | |
|---|-----------------------------|
| Actuarial accrued liability (AAL) | \$ 10,570,354 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded Actuarial Accrued Liability (UAAL) | <u><u>\$ 10,570,354</u></u> |
| Funded ratio (actuarial value of plan assets/AAL) | -% |
| Covered payroll (active plan members) | \$ 17,597,637 |
| UAAL as a percentage of covered payroll | 60% |

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, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5.5%. 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, 2013, was 30 years.

D. SUBSEQUENT EVENT

On February 10, 2014, the City issued \$9,955,000 in General Obligation Bonds for the purpose of funding improvements to the City's water treatment plant. The bonds are due in installments of \$845,000 to \$1,700,000, with interest rates from 2.250% to 3.050%, and maturing on December 30, 2026.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

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 the following:

- Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 69, *Government Combinations and Disposals of Government Operations*
- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV - OTHER INFORMATION (cont.)

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 \$11,025,175, including interest through December 31, 2013. The total expenditures incurred to date in existing rebates as of December 31, 2013 is \$8,587,889.

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, 2013, these purchases amounted to \$2,142,983 or 28.8% and \$1,086,373 or 14.6%, 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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 3,110,000 | \$ 3,330,000 | \$ 3,329,999 | \$ (1) |
| Personal property replacement tax | 311,640 | 311,640 | 307,228 | (4,412) |
| Licenses and permits | 1,272,700 | 1,369,700 | 1,451,573 | 81,873 |
| Public charges for services | 1,473,638 | 1,474,638 | 1,744,106 | 269,468 |
| Municipal sales tax | 12,025,000 | 12,025,000 | 12,284,556 | 259,556 |
| Fines, forfeitures and penalties | 854,865 | 894,865 | 1,176,598 | 281,733 |
| Utility taxes | 2,331,395 | 2,331,395 | 2,448,175 | 116,780 |
| Real estate transfer tax | 1,100,000 | 1,717,182 | 1,778,247 | 61,065 |
| Intergovernmental | 14,454 | 177,933 | 146,263 | (31,670) |
| State income tax | 2,485,210 | 2,485,210 | 2,835,830 | 350,620 |
| Franchise tax | 2,453,115 | 2,453,115 | 2,336,838 | (116,277) |
| Payments in lieu of taxes | 658,000 | 658,000 | 429,573 | (228,427) |
| Other Taxes | 1,367,478 | 1,367,478 | 1,541,543 | 174,065 |
| Reimbursements | 185,100 | 189,960 | 268,019 | 78,059 |
| Investment income | | | | |
| Investment income | 28,000 | 28,000 | 714,532 | 686,532 |
| Net appreciation in fair value of investments | - | - | (1,575,000) | (1,575,000) |
| Miscellaneous | <u>373,250</u> | <u>373,250</u> | <u>448,400</u> | <u>75,150</u> |
| Total Revenues | <u>30,043,845</u> | <u>31,187,366</u> | <u>31,666,480</u> | <u>479,114</u> |
| EXPENDITURES | | | | |
| General government | 7,818,747 | 8,762,472 | 6,869,099 | 1,893,373 |
| Public safety | 16,135,244 | 16,728,360 | 16,660,243 | 68,117 |
| Public works | 2,995,105 | 3,036,205 | 2,431,446 | 604,759 |
| Economic and physical development | 3,446,040 | 3,471,723 | 3,170,468 | 301,255 |
| Commissions | <u>220,820</u> | <u>175,820</u> | <u>143,580</u> | <u>32,240</u> |
| Total Expenditures | <u>30,615,956</u> | <u>32,174,580</u> | <u>29,274,836</u> | <u>2,899,744</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(572,111)</u> | <u>(987,214)</u> | <u>2,391,644</u> | <u>3,378,858</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (744,400) | (744,400) | (1,667,640) | (923,240) |
| Proceeds from sale of assets | <u>-</u> | <u>-</u> | <u>21,054</u> | <u>21,054</u> |
| Total Other Financing Sources (Uses) | <u>(744,400)</u> | <u>(744,400)</u> | <u>(1,646,586)</u> | <u>(902,186)</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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Net Change in Fund Balance | <u>\$ (1,316,511)</u> | <u>\$ (1,731,614)</u> | 745,058 | <u>\$ 2,476,672</u> |
| FUND BALANCE - Beginning of Year | | | <u>41,696,926</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 42,441,984</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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 3,339,505 | \$ 3,339,505 | \$ 3,330,453 | \$ (9,052) |
| Total Revenues | <u>3,339,505</u> | <u>3,339,505</u> | <u>3,330,453</u> | <u>(9,052)</u> |
| EXPENDITURES | | | | |
| PUBLIC SAFETY | | | | |
| Pension contribution - police | 1,675,278 | 1,675,278 | 1,675,891 | (613) |
| Pension contribution - fire | <u>1,664,227</u> | <u>1,664,227</u> | <u>1,654,562</u> | <u>9,665</u> |
| Total Expenditures | <u>3,339,505</u> | <u>3,339,505</u> | <u>3,330,453</u> | <u>9,052</u> |
| Net Change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| FUND BALANCE - Beginning of Year | | | - | |
| FUND BALANCE - END OF YEAR | | | <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, 2013

| <u>Year Ended</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|---|--|-----------------------------------|
| 12/31/2013 | \$ 1,477,803 | 100.00% | \$ 809,391 |
| 12/31/2012 | 1,394,896 | 87.28% | 796,288 |
| 12/31/2011 | 1,368,413 | 83.11% | 605,861 |

| <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> |
|---|--|--|--------------------------------|-------------------------|----------------------------|--|
| 12/31/2013 | \$ 33,672,777 | \$ 38,565,931 | \$ 4,893,154 | 87.31% | \$11,975,717 | 40.86% |
| 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% |

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 | 12/31/2013 |
| 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, 2013

| <u>Year Ended</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|---|--|-----------------------------------|
| 12/31/2013 | \$ 1,675,278 | 101.74% | \$ (1,867,918) |
| 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 | 1,295,796 | 102.88% | (1,861,160) |
| 12/31/2008 | 1,187,508 | 105.60% | (1,780,336) |

| <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> |
|---|--|--|--------------------------------|-------------------------|----------------------------|--|
| 12/31/2013 | \$ 33,109,514 | \$ 66,130,213 | \$33,020,699 | 50.07% | \$ 4,773,826 | 691.70% |
| 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% |

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 | 12/31/2013 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 27 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 | Tier 1: 3.00% per year, compounded Tier 2: 2.00% per year, simple |

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2013

| <u>Year Ended</u> | <u>Annual Required Contribution (ARC)</u> | <u>Percentage of ARC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------|---|--|-----------------------------------|
| 12/31/2013 | \$ 1,664,227 | 101.12% | \$ (1,954,246) |
| 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) |

| <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> |
|---|--------------------------------------|--|--------------------------------|-------------------------|----------------------------|--|
| 12/31/2013 | \$ 33,870,775 | \$ 62,491,726 | \$ 28,620,951 | 54.20% | \$ 4,568,865 | 626.43% |
| 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% |

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 | 12/31/2013 |
| Actuarial cost method | Entry Age normal |
| Amortization method | Level percentage of pay, closed |
| Remaining amortization period | 27 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 | Tier 1: 3.00% per year, compounded Tier 2: 2.00% per year, simple |

CITY OF HIGHLAND PARK

OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2013

| <u>Year Ended</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|-------------------|---|-----------------------------------|
| 12/31/2013 | \$ 951,603 | 49.86 % |
| 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 |

| <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> |
|---|--------------------------------------|---|--------------------------------|-------------------------|----------------------------|--|
| 12/31/2013 | \$ - | \$ 10,570,354 | \$ 10,570,354 | 0.00% | \$ 17,597,637 | 60.07% |
| 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% |

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

CITY OF HIGHLAND PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2013

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is as amended by the City Council. All annual appropriations lapse at fiscal year end.

Prior to December 31, the City Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The appropriated budget is prepared by fund, function, and department. The City Finance Director is authorized to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund.

SUPPLEMENTARY INFORMATION

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2013

| | Budgeted Amounts | | | Variance with |
|------------------------------|------------------|------------------|------------------|-----------------|
| | Original | Final | Actual | Final Budget |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| City Council | | | | |
| Personal services | \$ 215,144 | \$ 215,144 | \$ 215,982 | \$ (838) |
| Contractual services | 32,267 | 32,267 | 31,785 | 482 |
| Materials and supplies | 28,940 | 28,940 | 16,636 | 12,304 |
| City Council - supplement to | | | | |
| Library | - | 727,349 | 727,349 | - |
| Total city council | <u>276,351</u> | <u>1,003,700</u> | <u>991,752</u> | <u>11,948</u> |
| Administration | | | | |
| Personal services | 549,041 | 549,041 | 557,879 | (8,838) |
| Contractual services | 29,480 | 31,797 | 32,026 | (229) |
| Materials and supplies | 34,150 | 34,150 | 26,750 | 7,400 |
| Total administration | <u>612,671</u> | <u>614,988</u> | <u>616,655</u> | <u>(1,667)</u> |
| Human resources | | | | |
| Personal services | 335,956 | 335,956 | 326,704 | 9,252 |
| Contractual services | 108,736 | 151,266 | 105,181 | 46,085 |
| Materials and supplies | 86,005 | 119,105 | 81,841 | 37,264 |
| Capital outlay | 9,750 | 19,750 | 29,532 | (9,782) |
| Total human resources | <u>540,447</u> | <u>626,077</u> | <u>543,258</u> | <u>82,819</u> |
| Communications | | | | |
| Personal services | 219,118 | 219,118 | 165,456 | 53,662 |
| Contractual services | 77,316 | 77,316 | 90,685 | (13,369) |
| Materials and supplies | 118,074 | 118,074 | 95,942 | 22,132 |
| Capital outlay | 250 | 250 | 80 | 170 |
| Total communications | <u>414,758</u> | <u>414,758</u> | <u>352,163</u> | <u>62,595</u> |
| City Clerk | | | | |
| Personal services | 208,141 | 208,141 | 166,145 | 41,996 |
| Contractual services | 11,448 | 11,448 | 8,998 | 2,450 |
| Materials and supplies | 1,395 | 1,395 | 881 | 514 |
| Total city clerk | <u>220,984</u> | <u>220,984</u> | <u>176,024</u> | <u>44,960</u> |
| Youth Services | | | | |
| Personal services | 96,426 | 96,426 | 99,031 | (2,605) |
| Contractual services | 46,767 | 46,767 | 41,790 | 4,977 |
| Materials and supplies | 13,150 | 13,150 | 6,689 | 6,461 |
| Total youth services | <u>156,343</u> | <u>156,343</u> | <u>147,510</u> | <u>8,833</u> |
| Senior services | | | | |
| Personal services | 292,046 | 292,046 | 313,723 | (21,677) |
| Contractual services | 28,011 | 28,011 | 27,681 | 330 |
| Materials and supplies | 104,876 | 104,876 | 83,968 | 20,908 |
| Capital outlay | - | - | 710 | (710) |
| Total senior services | <u>424,933</u> | <u>424,933</u> | <u>426,082</u> | <u>(1,149)</u> |
| Legal Department | | | | |
| Contractual services | 789,293 | 986,293 | 1,005,380 | (19,087) |
| Materials and supplies | 900 | 900 | 646 | 254 |
| Total legal department | <u>790,193</u> | <u>987,193</u> | <u>1,006,026</u> | <u>(18,833)</u> |

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------|-------------------|--------------------|-------------------------------|
| | Original | Final | | |
| Finance administration and accounting | | | | |
| Personal services | \$ 890,905 | \$ 797,741 | \$ 767,245 | \$ 30,496 |
| Contractual services | 1,691,160 | 1,784,324 | 1,521,352 | 262,972 |
| Materials and supplies | 96,175 | 101,035 | 91,714 | 9,321 |
| Reserve & contingency | 400,000 | 400,000 | - | 400,000 |
| Total finance administration and accounting | <u>3,078,240</u> | <u>3,083,100</u> | <u>2,380,311</u> | <u>702,789</u> |
| Facilities | | | | |
| Personal services | 286,662 | 288,231 | 251,016 | 37,215 |
| Contractual services | 952,874 | 877,874 | 749,694 | 128,180 |
| Materials and supplies | 149,400 | 149,400 | 115,718 | 33,682 |
| Capital outlay | 608,266 | 608,266 | 293,265 | 315,001 |
| Total facilities | <u>1,997,202</u> | <u>1,923,771</u> | <u>1,409,693</u> | <u>514,078</u> |
| Less administrative reimbursements | | | | |
| Administrative reimbursements | <u>(693,375)</u> | <u>(693,375)</u> | <u>(1,180,375)</u> | <u>487,000</u> |
| Total less administrative reimbursements | <u>(693,375)</u> | <u>(693,375)</u> | <u>(1,180,375)</u> | <u>487,000</u> |
| Total General Government | <u>7,818,747</u> | <u>8,762,472</u> | <u>6,869,099</u> | <u>1,893,373</u> |
| PUBLIC SAFETY | | | | |
| Police department - operations | | | | |
| Personal services | 8,201,809 | 8,396,813 | 8,491,908 | (95,095) |
| Contractual services | 806,323 | 812,882 | 754,106 | 58,776 |
| Materials and supplies | 316,294 | 323,777 | 294,088 | 29,689 |
| Capital outlay | 50,000 | 50,000 | 42,806 | 7,194 |
| Total police department - operations | <u>9,374,426</u> | <u>9,583,472</u> | <u>9,582,908</u> | <u>564</u> |
| Fire department - operations | | | | |
| Personal services | 6,016,659 | 6,235,057 | 6,228,003 | 7,054 |
| Contractual services | 471,903 | 471,903 | 455,461 | 16,442 |
| Materials and supplies | 238,256 | 403,928 | 366,813 | 37,115 |
| Capital outlay | 34,000 | 34,000 | 27,058 | 6,942 |
| Total fire department - operations | <u>6,760,818</u> | <u>7,144,888</u> | <u>7,077,335</u> | <u>67,553</u> |
| Total Public Safety | <u>16,135,244</u> | <u>16,728,360</u> | <u>16,660,243</u> | <u>68,117</u> |
| PUBLIC WORKS | | | | |
| Public works administration | | | | |
| Personal services | 530,480 | 530,480 | 533,229 | (2,749) |
| Contractual services | 45,476 | 45,476 | 45,145 | 331 |
| Materials and supplies | 16,025 | 16,025 | 17,816 | (1,791) |
| Total public works administration | <u>591,981</u> | <u>591,981</u> | <u>596,190</u> | <u>(4,209)</u> |

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|---------------|---------------|-------------------------------|
| | Original | Final | | |
| Facilities | | | | |
| Personal services | \$ - | \$ - | \$ 2,273 | \$ (2,273) |
| Contractual services | - | - | 51 | (51) |
| Facilities - capital outlay | 570,000 | 498,000 | 270,751 | 227,249 |
| Total facilities | 570,000 | 498,000 | 273,075 | 224,925 |
| Engineering | | | | |
| Personal services | 756,758 | 694,477 | 666,291 | 28,186 |
| Contractual services | 81,571 | 189,802 | 180,834 | 8,968 |
| Materials and supplies | 8,160 | 8,160 | 2,370 | 5,790 |
| Total engineering | 846,489 | 892,439 | 849,495 | 42,944 |
| Forestry | | | | |
| Personal services | 183,588 | 250,738 | 176,587 | 74,151 |
| Contractual services | 647,247 | 647,247 | 465,790 | 181,457 |
| Materials and supplies | 30,240 | 30,240 | 10,508 | 19,732 |
| Capital outlay | 125,560 | 125,560 | 59,801 | 65,759 |
| Total forestry | 986,635 | 1,053,785 | 712,686 | 341,099 |
| Total Public Works | 2,995,105 | 3,036,205 | 2,431,446 | 604,759 |
| ECONOMIC AND PHYSICAL DEVELOPMENT | | | | |
| Community development | | | | |
| Personal services | 2,158,662 | 2,158,662 | 2,111,159 | 47,503 |
| Contractual services | 361,330 | 366,330 | 308,926 | 57,404 |
| Materials and supplies | 75,667 | 70,667 | 43,684 | 26,983 |
| Total community development | 2,595,659 | 2,595,659 | 2,463,769 | 131,890 |
| Economic development | | | | |
| Personal services | 103,460 | 103,460 | 92,629 | 10,831 |
| Contractual services | 9,947 | 9,947 | 9,247 | 700 |
| Materials and supplies | 427,974 | 453,657 | 417,500 | 36,157 |
| Revenue sharing | 309,000 | 309,000 | 187,323 | 121,677 |
| Total economic development | 850,381 | 876,064 | 706,699 | 169,365 |
| Total Economic and physical development | 3,446,040 | 3,471,723 | 3,170,468 | 301,255 |
| COMMISSIONS | | | | |
| Contractual services | 96,800 | 56,800 | 49,746 | 7,054 |
| Materials and supplies | 124,020 | 119,020 | 93,834 | 25,186 |
| Total commissions | 220,820 | 175,820 | 143,580 | 32,240 |
| Total Expenditures | \$ 30,615,956 | \$ 32,174,580 | \$ 29,274,836 | \$ 2,899,744 |

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2013

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------------|-------------------------------|--------------------------|
| | Motor Fuel Tax | Emergency 911 System | Foreign Fire Insurance Tax | Highland Park Theater |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 222,669 | \$ 195,097 | \$ 369,989 | \$ - |
| Receivables (net) | | | | |
| Property taxes | - | - | - | - |
| Motor fuel tax allotments | 74,477 | 67,690 | - | - |
| Intergovernmental | - | - | - | - |
| Accounts | - | - | - | - |
| Prepaid items | - | - | - | 1,608 |
| TOTAL ASSETS | <u>297,146</u> | <u>262,787</u> | <u>369,989</u> | <u>1,608</u> |
| TOTAL ASSETS | <u>\$ 297,146</u> | <u>\$ 262,787</u> | <u>\$ 369,989</u> | <u>\$ 1,608</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 2,425 | \$ - | \$ 1,199 |
| Accrued wages | - | 4,780 | - | - |
| Due to other funds | - | - | - | 51,995 |
| Total Liabilities | <u>-</u> | <u>7,205</u> | <u>-</u> | <u>53,194</u> |
| Deferred Inflows of Resources | | | | |
| Property taxes levied for future periods | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances (Deficit) | | | | |
| Nonspendable for prepaid items | - | - | - | 1,608 |
| Restricted for streets | 297,146 | - | - | - |
| Restricted for public safety | - | 255,582 | 369,989 | - |
| Restricted for economic development | - | - | - | - |
| Committed for sustainability initiatives | - | - | - | - |
| Committed for transportation | - | - | - | - |
| Unassigned, special revenue funds | - | - | - | - |
| (deficit) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(53,194)</u> |
| Total Fund Balances (deficit) | <u>297,146</u> | <u>255,582</u> | <u>369,989</u> | <u>(51,586)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 297,146</u> | <u>\$ 262,787</u> | <u>\$ 369,989</u> | <u>\$ 1,608</u> |

| <u>Special Revenue Funds</u> | | <u>Capital Project Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
|-------------------------------------|-----------------------------------|--------------------------------|--|
| <u>Environmental Sustainability</u> | <u>Multi-Modal Transportation</u> | <u>Tax Increment Financing</u> | |
| \$ 280,613 | \$ 1,015,638 | \$ 1,007,832 | \$ 3,091,838 |
| - | 1,101,000 | 210,000 | 1,311,000 |
| - | - | - | 142,167 |
| 6,325 | - | - | 6,325 |
| 19,088 | 71,769 | - | 90,857 |
| - | - | - | 1,608 |
| <u>306,026</u> | <u>2,188,407</u> | <u>1,217,832</u> | <u>4,643,795</u> |
| <u>\$ 306,026</u> | <u>\$ 2,188,407</u> | <u>\$ 1,217,832</u> | <u>\$ 4,643,795</u> |
| | | | |
| \$ 10,448 | \$ 149,951 | \$ - | \$ 164,023 |
| 340 | 41,243 | - | 46,363 |
| - | - | - | 51,995 |
| <u>10,788</u> | <u>191,194</u> | <u>-</u> | <u>262,381</u> |
| | | | |
| - | 1,101,000 | 210,000 | 1,311,000 |
| - | 1,101,000 | 210,000 | 1,311,000 |
| | | | |
| - | - | - | 1,608 |
| - | - | - | 297,146 |
| - | - | - | 625,571 |
| - | - | 1,007,832 | 1,007,832 |
| 295,238 | - | - | 295,238 |
| - | 896,213 | - | 896,213 |
| - | - | - | (53,194) |
| <u>295,238</u> | <u>896,213</u> | <u>1,007,832</u> | <u>3,070,414</u> |
| | | | |
| <u>\$ 306,026</u> | <u>\$ 2,188,407</u> | <u>\$ 1,217,832</u> | <u>\$ 4,643,795</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2013

| | Special Revenue Funds | | | | |
|--|-----------------------|-------------------------|-------------------------------|--------------------------|---------------------------------|
| | Motor Fuel Tax | Emergency 911 System | Foreign Fire Insurance Tax | Highland Park Theater | Environmental Sustainability |
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other Taxes | - | - | - | - | - |
| Intergovernmental | - | - | 110,370 | - | - |
| Motor fuel tax | 859,650 | - | - | - | - |
| Licenses and permits | - | - | - | - | - |
| Fines, forfeitures and penalties | - | - | - | - | - |
| Public charges for services | - | 436,685 | - | 31,784 | 106,075 |
| Reimbursements | - | 1,089 | - | - | - |
| Investment income | 105 | - | 510 | - | - |
| Miscellaneous | - | - | - | - | - |
| Total Revenues | <u>859,755</u> | <u>437,774</u> | <u>110,880</u> | <u>31,784</u> | <u>106,075</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Public safety | - | 415,569 | 255,175 | - | - |
| Public works | - | - | - | - | - |
| Transit | - | - | - | - | - |
| Economic and physical development | - | - | - | 19,191 | 109,829 |
| Total Expenditures | <u>-</u> | <u>415,569</u> | <u>255,175</u> | <u>19,191</u> | <u>109,829</u> |
| Excess (deficiency) of revenues over expenditures | <u>859,755</u> | <u>22,205</u> | <u>(144,295)</u> | <u>12,593</u> | <u>(3,754)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | <u>(720,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(720,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 139,755 | 22,205 | (144,295) | 12,593 | (3,754) |
| FUND BALANCES (DEFICIT) | | | | | |
| - Beginning of Year | <u>157,391</u> | <u>233,377</u> | <u>514,284</u> | <u>(64,179)</u> | <u>298,992</u> |
| FUND BALANCES (DEFICIT) - END OF YEAR | <u>\$ 297,146</u> | <u>\$ 255,582</u> | <u>\$ 369,989</u> | <u>\$ (51,586)</u> | <u>\$ 295,238</u> |

| Special Revenue Funds | Capital Projects Fund | Total Nonmajor Governmental Funds |
|-------------------------------|----------------------------|--|
| Multi-Modal Transportation | Tax Increment Financing | |
| \$ 1,095,973 | \$ 129,165 | \$ 1,225,138 |
| 669,302 | - | 669,302 |
| 6,491 | - | 116,861 |
| - | - | 859,650 |
| 849,521 | - | 849,521 |
| 11,530 | - | 11,530 |
| 81,611 | - | 656,155 |
| 1,367,708 | 5,634 | 1,374,431 |
| (2,061) | - | (1,446) |
| 61,137 | - | 61,137 |
| <u>4,141,212</u> | <u>134,799</u> | <u>5,822,279</u> |
| - | - | 670,744 |
| 2,700,494 | - | 2,700,494 |
| 1,360,622 | - | 1,360,622 |
| - | - | 129,020 |
| <u>4,061,116</u> | <u>-</u> | <u>4,860,880</u> |
| <u>80,096</u> | <u>134,799</u> | <u>961,399</u> |
| - | - | (720,000) |
| - | - | (720,000) |
| 80,096 | 134,799 | 241,399 |
| <u>816,117</u> | <u>873,033</u> | <u>2,829,015</u> |
| <u>\$ 896,213</u> | <u>\$ 1,007,832</u> | <u>\$ 3,070,414</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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|---------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Motor fuel tax | \$ 720,000 | \$ 851,418 | \$ 859,650 | \$ 8,232 |
| Investment income | 200 | 200 | 105 | (95) |
| Total Revenues | <u>720,200</u> | <u>851,618</u> | <u>859,755</u> | <u>8,137</u> |
| EXPENDITURES | | | | |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>720,200</u> | <u>851,618</u> | <u>859,755</u> | <u>8,137</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(840,000)</u> | <u>(720,000)</u> | <u>(720,000)</u> | <u>-</u> |
| Total Other Financing Uses | <u>(840,000)</u> | <u>(720,000)</u> | <u>(720,000)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (119,800)</u> | <u>\$ 131,618</u> | 139,755 | <u>\$ 8,137</u> |
| FUND BALANCE - Beginning of Year | | | <u>157,391</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 297,146</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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|----------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Public charges for services | \$ 439,800 | \$ 439,800 | \$ 436,685 | \$ (3,115) |
| Reimbursements | <u>-</u> | <u>-</u> | <u>1,089</u> | <u>1,089</u> |
| Total Revenues | <u>439,800</u> | <u>439,800</u> | <u>437,774</u> | <u>(2,026)</u> |
| EXPENDITURES | | | | |
| Personal services | 243,057 | 243,057 | 231,476 | 11,581 |
| Contractual services | 72,460 | 72,460 | 68,085 | 4,375 |
| Materials and supplies | <u>123,800</u> | <u>123,800</u> | <u>116,008</u> | <u>7,792</u> |
| Total Expenditures | <u>439,317</u> | <u>439,317</u> | <u>415,569</u> | <u>23,748</u> |
| Net Change in Fund Balance | <u>\$ 483</u> | <u>\$ 483</u> | 22,205 | <u>\$ 21,722</u> |
| FUND BALANCE - Beginning of Year | | | <u>233,377</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 255,582</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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Public charges for services | \$ - | \$ - | \$ 31,784 | \$ 31,784 |
| Total Revenues | - | - | 31,784 | 31,784 |
| EXPENDITURES | | | | |
| Contractual services | 22,707 | 22,707 | 19,191 | 3,516 |
| Total Expenditures | 22,707 | 22,707 | 19,191 | 3,516 |
| Net Change in Fund Balance | <u>\$ (22,707)</u> | <u>\$ (22,707)</u> | 12,593 | <u>\$ 35,300</u> |
| FUND BALANCE (DEFICIT) - Beginning of Year | | | (64,179) | |
| FUND BALANCE (DEFICIT) - END OF YEAR | | | <u>\$ (51,586)</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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|--------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Public charges for services | \$ 140,000 | \$ 140,000 | \$ 106,075 | \$ (33,925) |
| Total Revenues | <u>140,000</u> | <u>140,000</u> | <u>106,075</u> | <u>(33,925)</u> |
| EXPENDITURES | | | | |
| Personal services | 14,447 | 22,155 | 14,658 | 7,497 |
| Contractual service | <u>85,812</u> | <u>132,012</u> | <u>95,171</u> | <u>36,841</u> |
| Total Expenditures | <u>100,259</u> | <u>154,167</u> | <u>109,829</u> | <u>44,338</u> |
| Net Change in Fund Balance | <u>\$ 39,741</u> | <u>\$ (14,167)</u> | (3,754) | <u>\$ 10,413</u> |
| FUND BALANCE - Beginning of Year | | | <u>298,992</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 295,238</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, 2013

| | Budgeted Amounts | | | Variance with |
|----------------------------------|------------------|--------------|--------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Property taxes | \$ 1,210,500 | \$ 1,210,500 | \$ 1,095,973 | \$ (114,527) |
| Other Taxes | 491,452 | 491,452 | 669,302 | 177,850 |
| Licenses and permits | 838,000 | 838,000 | 849,521 | 11,521 |
| Intergovernmental | - | - | 6,491 | 6,491 |
| Fines, forfeitures and penalties | 10,000 | 10,000 | 11,530 | 1,530 |
| Public charges for services | 61,000 | 61,000 | 81,611 | 20,611 |
| PACE RTA fare reimbursement | 1,318,000 | 1,433,000 | 1,367,708 | (65,292) |
| Investment income | (1,000) | (1,000) | (2,061) | (1,061) |
| Miscellaneous | 51,929 | 51,929 | 61,137 | 9,208 |
| Total Revenues | 3,979,881 | 4,094,881 | 4,141,212 | 46,331 |
| EXPENDITURES | | | | |
| PUBLIC WORKS | | | | |
| Personal services | 832,552 | 879,531 | 898,447 | (18,916) |
| Contractual services | 1,159,774 | 1,159,774 | 1,079,742 | 80,032 |
| Materials and supplies | 628,454 | 645,954 | 648,179 | (2,225) |
| Capital outlay | 80,000 | 80,000 | 74,126 | 5,874 |
| Total Public works | 2,700,780 | 2,765,259 | 2,700,494 | 64,765 |
| TRANSIT | | | | |
| Personal services | 1,096,276 | 1,191,016 | 1,248,576 | (57,560) |
| Contractual services | 37,651 | 40,151 | 39,574 | 577 |
| Materials and supplies | 47,600 | 75,600 | 72,472 | 3,128 |
| Total Transit | 1,181,527 | 1,306,767 | 1,360,622 | (53,855) |
| Total Expenditures | 3,882,307 | 4,072,026 | 4,061,116 | 10,910 |
| Net Change in Fund Balance | \$ 97,574 | \$ 22,855 | 80,096 | \$ 57,241 |
| FUND BALANCE - Beginning of Year | | | 816,117 | |
| FUND BALANCE - END OF YEAR | | | \$ 896,213 | |

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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|-------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 170,000 | \$ 170,000 | \$ 129,165 | \$ (40,835) |
| Reimbursements | <u>-</u> | <u>-</u> | <u>5,634</u> | <u>5,634</u> |
| Total Revenues | <u>170,000</u> | <u>170,000</u> | <u>134,799</u> | <u>(35,201)</u> |
| EXPENDITURES | | | | |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ 170,000</u> | <u>\$ 170,000</u> | 134,799 | <u>\$ (35,201)</u> |
| FUND BALANCE - Beginning of Year | | | <u>873,033</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 1,007,832</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, 2013

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 3,633,155 | \$ 3,633,155 | \$ 3,653,215 | \$ 20,060 |
| Municipal sales tax | 185,000 | 185,000 | 185,000 | - |
| Investment income | 600 | 600 | 569 | (31) |
| Total Revenues | <u>3,818,755</u> | <u>3,818,755</u> | <u>3,838,784</u> | <u>20,029</u> |
| EXPENDITURES | | | | |
| Principal | 3,400,000 | 3,400,000 | 3,401,848 | (1,848) |
| Interest and fiscal charges | <u>1,151,500</u> | <u>1,151,500</u> | <u>1,088,749</u> | <u>62,751</u> |
| Total Expenditures | <u>4,551,500</u> | <u>4,551,500</u> | <u>4,490,597</u> | <u>60,903</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(732,745)</u> | <u>(732,745)</u> | <u>(651,813)</u> | <u>80,932</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>100,000</u> | <u>100,000</u> | <u>1,023,240</u> | <u>923,240</u> |
| Total Other Financing Sources | <u>100,000</u> | <u>100,000</u> | <u>1,023,240</u> | <u>923,240</u> |
| Net Change in Fund Balance | <u>\$ (632,745)</u> | <u>\$ (632,745)</u> | 371,427 | <u>\$ 1,004,172</u> |
| FUND BALANCE - Beginning of Year | | | <u>1,037,144</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 1,408,571</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, 2013

| | Budgeted Amounts | | | Variance with |
|--|------------------|--------------|--------------|---------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Property taxes | \$ 180,996 | \$ 180,996 | \$ 184,461 | \$ 3,465 |
| Payments in lieu of taxes | 375,000 | 375,000 | 375,000 | - |
| Municipal sales tax | 455,000 | 455,000 | 435,013 | (19,987) |
| Reimbursements | 100 | 11,936 | 24,501 | 12,565 |
| Investment income | 1,450 | 1,450 | 929 | (521) |
| Total Revenues | 1,012,546 | 1,024,382 | 1,019,904 | (4,478) |
| EXPENDITURES | | | | |
| Capital Outlay | 2,934,439 | 2,946,275 | 2,460,469 | 485,806 |
| Total Expenditures | 2,934,439 | 2,946,275 | 2,460,469 | 485,806 |
| Excess (deficiency) of revenues over (under) expenditures | (1,921,893) | (1,921,893) | (1,440,565) | 481,328 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 1,120,000 | 1,120,000 | 1,120,000 | - |
| Total Other Financing Sources | 1,120,000 | 1,120,000 | 1,120,000 | - |
| Net Change in Fund Balance | \$ (801,893) | \$ (801,893) | (320,565) | \$ 481,328 |
| FUND BALANCE - Beginning of Year | | | 1,890,316 | |
| FUND BALANCE - END OF YEAR | | | \$ 1,569,751 | |

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2013

| | <u>Budgeted Amounts</u> | | | <u>Variance with</u> |
|--|-------------------------|---------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| OPERATING REVENUES | | | | |
| Water sales | \$ 6,900,000 | \$ 6,900,000 | \$ 7,440,915 | \$ 540,915 |
| Water/sewer permit fees | 50,000 | 50,000 | 100,224 | 50,224 |
| Miscellaneous | <u>40,600</u> | <u>40,600</u> | <u>54,634</u> | <u>14,034</u> |
| Total Operating Revenues | <u>6,990,600</u> | <u>6,990,600</u> | <u>7,595,773</u> | <u>605,173</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 2,241,799 | 2,347,732 | 2,071,791 | 275,941 |
| Contractual services | 1,296,539 | 1,296,539 | 1,247,235 | 49,304 |
| Materials and supplies | 420,910 | 420,910 | 405,163 | 15,747 |
| Small tools and equipment | 21,103,443 | 21,175,443 | 20,915,540 | 259,903 |
| Administrative reimbursements | <u>1,076,375</u> | <u>1,076,375</u> | <u>1,076,375</u> | <u>-</u> |
| Total Operating Expenses | <u>26,139,066</u> | <u>26,316,999</u> | <u>25,716,104</u> | <u>600,895</u> |
| Operating Income (Loss) | <u>(19,148,466)</u> | <u>(19,326,399)</u> | <u>(18,120,331)</u> | <u>1,206,068</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 20,750 | 20,750 | 26,363 | 5,613 |
| Intergovernmental | 75,600 | 75,600 | 34,511 | (41,089) |
| Principal | (1,070,000) | (1,070,000) | (730,000) | (340,000) |
| Interest and fiscal charges | (1,045,728) | (1,045,728) | (758,576) | 287,152 |
| Gain (loss) on sale of capital assets | - | - | (6,947) | (6,947) |
| Bond proceeds | <u>17,191,000</u> | <u>17,191,000</u> | <u>9,960,000</u> | <u>(7,231,000)</u> |
| Total Non-Operating Revenues (Expenses) | <u>15,171,622</u> | <u>15,171,622</u> | <u>8,525,351</u> | <u>(7,326,271)</u> |
| Net Income (Loss) - Budget Basis | <u>(3,976,844)</u> | <u>(4,154,777)</u> | <u>(9,594,980)</u> | <u>(6,120,203)</u> |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 20,498,662 | 20,498,662 |
| Accrual of bond proceeds | - | - | (9,960,000) | (9,960,000) |
| Depreciation | - | - | (1,001,495) | (1,001,495) |
| Principal paid | <u>-</u> | <u>-</u> | <u>730,000</u> | <u>730,000</u> |
| Total Adjustments to GAAP Basis | <u>-</u> | <u>-</u> | <u>10,267,167</u> | <u>10,267,167</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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-------------------------------------|-------------------------|-----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Change in net position | \$ <u>(3,976,844)</u> | \$ <u>(4,154,777)</u> | 672,187 | \$ <u>4,146,964</u> |
| NET POSITION - BEGINNING OF YEAR | | | <u>22,833,347</u> | |
| NET POSITION - END OF YEAR | | | <u>\$ 23,505,534</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, 2013

| | <u>Budgeted Amounts</u> | | | |
|--|-------------------------|--------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
| OPERATING REVENUES | | | | |
| Sanitary sewer charges | \$ 1,350,000 | \$ 1,350,000 | \$ 1,759,875 | \$ 409,875 |
| Stormwater management fees | 1,230,000 | 1,230,000 | 1,386,189 | 156,189 |
| Water/sewer permit fees | 33,000 | 33,000 | 43,195 | 10,195 |
| Miscellaneous | <u>33,400</u> | <u>33,400</u> | <u>36,350</u> | <u>2,950</u> |
| Total Operating Revenues | <u>2,646,400</u> | <u>2,646,400</u> | <u>3,225,609</u> | <u>579,209</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 1,403,761 | 1,478,456 | 1,312,385 | 166,071 |
| Contractual services | 580,894 | 580,894 | 546,385 | 34,509 |
| Materials and supplies | 114,500 | 114,500 | 86,145 | 28,355 |
| Small tools and equipment | <u>1,599,020</u> | <u>1,599,020</u> | <u>1,674,255</u> | <u>(75,235)</u> |
| Total Operating Expenses | <u>3,698,175</u> | <u>3,772,870</u> | <u>3,619,170</u> | <u>153,700</u> |
| Operating Loss | <u>(1,051,775)</u> | <u>(1,126,470)</u> | <u>(393,561)</u> | <u>732,909</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental revenue | 13,000 | 13,000 | 36,022 | 23,022 |
| Principal | (270,000) | (270,000) | (270,000) | - |
| Interest and fiscal charges | (138,713) | (138,713) | (159,519) | (20,806) |
| Capital contributions | <u>-</u> | <u>-</u> | <u>121,000</u> | <u>121,000</u> |
| Total Non-Operating Revenues (Expenses) | <u>(395,713)</u> | <u>(395,713)</u> | <u>(272,497)</u> | <u>123,216</u> |
| Net Income (Loss) - Budget Basis | <u>(1,447,488)</u> | <u>(1,522,183)</u> | <u>(666,058)</u> | <u>856,125</u> |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 1,274,808 | 1,274,808 |
| Depreciation | - | - | (1,678,842) | (1,678,842) |
| Principal paid | <u>-</u> | <u>-</u> | <u>270,000</u> | <u>270,000</u> |
| Total Adjustments to GAAP Basis | <u>-</u> | <u>-</u> | <u>(134,034)</u> | <u>(134,034)</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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-------------------------------------|-------------------------|-----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Change in net position | \$ <u>(1,447,488)</u> | \$ <u>(1,522,183)</u> | (800,092) | \$ <u>722,091</u> |
| NET POSITION - BEGINNING OF YEAR | | | <u>22,113,406</u> | |
| NET POSITION - END OF YEAR | | | <u>\$ 21,313,314</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, 2013

| | <u>Budgeted Amounts</u> | | | <u>Variance with</u> |
|--|-------------------------|------------------|------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| OPERATING REVENUES | | | | |
| Charges for goods and services | \$ 2,869,089 | \$ 2,869,089 | \$ 2,365,774 | \$ (503,315) |
| Miscellaneous | <u>44,000</u> | <u>44,000</u> | <u>50,000</u> | <u>6,000</u> |
| Total Operating Revenues | <u>2,913,089</u> | <u>2,913,089</u> | <u>2,415,774</u> | <u>(497,315)</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 1,424,478 | 1,424,478 | 1,351,288 | 73,190 |
| Contractual services | 633,317 | 640,157 | 686,883 | (46,726) |
| Materials and supplies | 633,847 | 633,847 | 553,685 | 80,162 |
| Small tools and equipment | <u>54,500</u> | <u>54,500</u> | <u>9,566</u> | <u>44,934</u> |
| Total Operating Expenses | <u>2,746,142</u> | <u>2,752,982</u> | <u>2,601,422</u> | <u>151,560</u> |
| Operating Income (Loss) | <u>166,947</u> | <u>160,107</u> | <u>(185,648)</u> | <u>(345,755)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Principal | (235,000) | (235,000) | (235,000) | - |
| Interest and fiscal charges | <u>(9,400)</u> | <u>(9,400)</u> | <u>(5,234)</u> | <u>4,166</u> |
| Total Non-Operating Revenues (Expenses) | <u>(244,400)</u> | <u>(244,400)</u> | <u>(240,234)</u> | <u>4,166</u> |
| Net Loss Before Transfers | <u>(77,453)</u> | <u>(84,293)</u> | <u>(425,882)</u> | <u>(341,589)</u> |
| TRANSFERS | | | | |
| Transfers in | 344,400 | 344,400 | 344,400 | - |
| Transfers out | <u>(100,000)</u> | <u>(100,000)</u> | <u>(100,000)</u> | <u>-</u> |
| Net Transfers | <u>244,400</u> | <u>244,400</u> | <u>244,400</u> | <u>-</u> |
| Net Income (Loss) - Budget Basis | <u>166,947</u> | <u>160,107</u> | <u>(181,482)</u> | <u>(341,589)</u> |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Depreciation | - | - | (351,622) | (351,622) |
| Principal paid | <u>-</u> | <u>-</u> | <u>235,000</u> | <u>235,000</u> |
| Total Adjustments to GAAP Basis | <u>-</u> | <u>-</u> | <u>(116,622)</u> | <u>(116,622)</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, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-------------------------------------|-------------------------|-------------------|----------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Change in net position | \$ <u>166,947</u> | \$ <u>160,107</u> | (298,104) | \$ <u>(458,211)</u> |
| NET POSITION - BEGINNING OF YEAR | | | <u>9,442,414</u> | |
| NET POSITION - END OF YEAR | | | \$ <u><u>9,144,310</u></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, 2013

| | <u>Budgeted Amounts</u> | | | |
|----------------------------------|-------------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Parking lot collections | \$ 563,500 | \$ 563,500 | \$ 499,673 | \$ (63,827) |
| Parking violations | 242,500 | 242,500 | 251,408 | 8,908 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>250</u> | <u>250</u> |
| Total Operating Revenues | <u>806,000</u> | <u>806,000</u> | <u>751,331</u> | <u>(54,669)</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 345,235 | 345,235 | 331,134 | 14,101 |
| Contractual services | 328,430 | 328,430 | 216,326 | 112,104 |
| Materials and supplies | 13,215 | 13,215 | 16,029 | (2,814) |
| Small tools and equipment | 421,000 | 421,000 | 34,933 | 386,067 |
| Administrative reimbursements | <u>104,000</u> | <u>104,000</u> | <u>104,000</u> | <u>-</u> |
| Total Operating Expenses | <u>1,211,880</u> | <u>1,211,880</u> | <u>702,422</u> | <u>509,458</u> |
| Operating Income (Loss) | <u>(405,880)</u> | <u>(405,880)</u> | <u>48,909</u> | <u>454,789</u> |
| NON-OPERATING REVENUES | | | | |
| Investment income | <u>-</u> | <u>-</u> | <u>301</u> | <u>301</u> |
| Total Non-Operating Revenues | <u>-</u> | <u>-</u> | <u>301</u> | <u>301</u> |
| Net Income (Loss) - Budget Basis | <u>(405,880)</u> | <u>(405,880)</u> | <u>49,210</u> | <u>455,090</u> |
| ADJUSTMENT TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 8,500 | 8,500 |
| Depreciation | <u>-</u> | <u>-</u> | <u>(228,254)</u> | <u>(228,254)</u> |
| Total Adjustment to GAAP Basis | <u>-</u> | <u>-</u> | <u>(219,754)</u> | <u>(219,754)</u> |
| Change in net position | <u>\$ (405,880)</u> | <u>\$ (405,880)</u> | <u>(170,544)</u> | <u>\$ 235,336</u> |
| NET POSITION - BEGINNING OF YEAR | | | <u>4,479,697</u> | |
| NET POSITION - END OF YEAR | | | <u>\$ 4,309,153</u> | |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2013

| | Equipment Maintenance and Replacement | Insurance | Totals |
|--|--|---------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 3,206,435 | \$ 1,696,755 | \$ 4,903,190 |
| Receivables | | | |
| Accounts receivable (net) | - | 32,096 | 32,096 |
| Prepaid items | 172,445 | - | 172,445 |
| Other | - | 266,804 | 266,804 |
| Total Current Assets | <u>3,378,880</u> | <u>1,995,655</u> | <u>5,374,535</u> |
| Noncurrent Assets | | | |
| Capital assets (net of accumulated depreciation) | | | |
| Machinery, equipment and furnishings | 11,993,830 | - | 11,993,830 |
| Accumulated depreciation | <u>(9,578,714)</u> | <u>-</u> | <u>(9,578,714)</u> |
| Total Noncurrent Assets | <u>2,415,116</u> | <u>-</u> | <u>2,415,116</u> |
| Total Assets | <u>5,793,996</u> | <u>1,995,655</u> | <u>7,789,651</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 196,326 | 3,157 | 199,483 |
| Accrued wages | <u>20,420</u> | <u>-</u> | <u>20,420</u> |
| Total Current Liabilities | <u>216,746</u> | <u>3,157</u> | <u>219,903</u> |
| Noncurrent Liabilities | | | |
| Due within one year | 10,587 | 570 | 11,157 |
| Due in more than one year | <u>95,347</u> | <u>2,281</u> | <u>97,628</u> |
| Total Noncurrent Liabilities | <u>105,934</u> | <u>2,851</u> | <u>108,785</u> |
| Total Liabilities | <u>322,680</u> | <u>6,008</u> | <u>328,688</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,415,116 | - | 2,415,116 |
| Unrestricted | <u>3,056,200</u> | <u>1,989,647</u> | <u>5,045,847</u> |
| TOTAL NET POSITION | <u>\$ 5,471,316</u> | <u>\$ 1,989,647</u> | <u>\$ 7,460,963</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, 2013

| | Equipment Maintenance and Replacement | Insurance | Totals |
|---|--|----------------------------|----------------------------|
| OPERATING REVENUES | | | |
| Charges for goods and services | \$ 3,507,133 | \$ 6,235,964 | \$ 9,743,097 |
| Miscellaneous | <u>50,711</u> | <u>-</u> | <u>50,711</u> |
| Total Operating Revenues | <u>3,557,844</u> | <u>6,235,964</u> | <u>9,793,808</u> |
| OPERATING EXPENSES | | | |
| Personal services | 1,240,339 | 1,826 | 1,242,165 |
| Contractual services | 299,851 | 5,953,225 | 6,253,076 |
| Materials and supplies | 744,418 | 1,070 | 745,488 |
| Repairs and maintenance | 342,464 | - | 342,464 |
| Small tools and equipment | 111,211 | 4,189 | 115,400 |
| Depreciation | <u>582,418</u> | <u>-</u> | <u>582,418</u> |
| Total Operating Expenses | <u>3,320,701</u> | <u>5,960,310</u> | <u>9,281,011</u> |
| Operating Income | <u>237,143</u> | <u>275,654</u> | <u>512,797</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 968 | - | 968 |
| Gain (loss) on sale of capital assets | <u>12,247</u> | <u>-</u> | <u>12,247</u> |
| Total Nonoperating Revenues (Expenses) | <u>13,215</u> | <u>-</u> | <u>13,215</u> |
| Change in net position | 250,358 | 275,654 | 526,012 |
| NET POSITION - Beginning of Year | <u>5,220,958</u> | <u>1,713,993</u> | <u>6,934,951</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 5,471,316</u></u> | <u><u>\$ 1,989,647</u></u> | <u><u>\$ 7,460,963</u></u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2013

| | Equipment Maintenance and Replacement | Insurance | Totals |
|---|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Received from customers | \$ 3,557,844 | \$ 6,144,654 | \$ 9,702,498 |
| Paid to suppliers for goods and services | (1,235,517) | (6,042,186) | (7,277,703) |
| Paid to employees for services | (1,252,317) | (2,715) | (1,255,032) |
| Net Cash Flows From Operating Activities | <u>1,070,010</u> | <u>99,753</u> | <u>1,169,763</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | <u>968</u> | - | <u>968</u> |
| Net Cash Flows From Investing Activities | <u>968</u> | - | <u>968</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (933,008) | - | (933,008) |
| Cash from sale of assets | <u>74,550</u> | - | <u>74,550</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(858,458)</u> | - | <u>(858,458)</u> |
| Net Change in Cash and Cash Equivalents | 212,520 | 99,753 | 312,273 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>2,993,915</u> | <u>1,597,002</u> | <u>4,590,917</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 3,206,435</u> | <u>\$ 1,696,755</u> | <u>\$ 4,903,190</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2013

| | Equipment Maintenance and Replacement | Insurance | Totals |
|---|--|-------------------------|----------------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income | \$ 237,143 | \$ 275,654 | \$ 512,797 |
| Adjustments to Reconcile Operating Income to Net Cash Flows From Operating Activities | | | |
| Depreciation | 582,418 | - | 582,418 |
| Changes in assets and liabilities | | | |
| Accounts receivable | - | (91,310) | (91,310) |
| Prepaid expense | 169,897 | - | 169,897 |
| Accounts payable | 92,530 | (83,702) | 8,828 |
| Accrued salaries | (6,849) | (384) | (7,233) |
| Other payroll liabilities | 1,004 | - | 1,004 |
| Compensated Absences | (6,133) | (505) | (6,638) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,070,010</u> | <u>\$ 99,753</u> | <u>\$ 1,169,763</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| 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, 2013

| | <u>Budgeted Amounts</u> | | | <u>Variance with</u> |
|---|-------------------------|---------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| OPERATING REVENUES | | | | |
| Charges for goods and services | \$ 3,505,443 | \$ 3,505,443 | \$ 3,507,133 | \$ 1,690 |
| Miscellaneous | <u>70,000</u> | <u>70,000</u> | <u>50,711</u> | <u>(19,289)</u> |
| Total Operating Revenues | <u>3,575,443</u> | <u>3,575,443</u> | <u>3,557,844</u> | <u>(17,599)</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 1,286,684 | 1,315,661 | 1,240,339 | 75,322 |
| Contractual services | 328,793 | 328,793 | 299,851 | 28,942 |
| Materials and supplies | 831,413 | 831,413 | 744,418 | 86,995 |
| Repairs and maintenance | 369,879 | 369,879 | 342,464 | 27,415 |
| Small tools and equipment | <u>1,092,901</u> | <u>1,092,901</u> | <u>841,253</u> | <u>251,648</u> |
| Total Operating Expenses | <u>3,909,670</u> | <u>3,938,647</u> | <u>3,468,325</u> | <u>470,322</u> |
| Operating Income | <u>(334,227)</u> | <u>(363,204)</u> | <u>89,519</u> | <u>452,723</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 1,000 | 1,000 | 968 | (32) |
| Gain (loss) on sale of capital assets | <u>-</u> | <u>-</u> | <u>12,247</u> | <u>12,247</u> |
| Total Non-Operating Revenues (Expenses) | <u>1,000</u> | <u>1,000</u> | <u>13,215</u> | <u>12,215</u> |
| Net Income Before Contribution and Transfers | <u>(333,227)</u> | <u>(362,204)</u> | <u>102,734</u> | <u>464,938</u> |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 730,042 | 730,042 |
| Depreciation | <u>-</u> | <u>-</u> | <u>(582,418)</u> | <u>(582,418)</u> |
| Total Adjustments to GAAP Basis | <u>-</u> | <u>-</u> | <u>147,624</u> | <u>147,624</u> |
| Change in net position | \$ <u>(333,227)</u> | \$ <u>(362,204)</u> | 250,358 | \$ <u>612,562</u> |
| NET POSITION - BEGINNING OF YEAR | | | <u>5,220,958</u> | |
| NET POSITION - END OF YEAR | | | <u>\$ 5,471,316</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, 2013

| | <u>Budgeted Amounts</u> | | | Variance with |
|-------------------------------------|-------------------------|---------------------|---------------------|---------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Charges for goods and services | \$ <u>6,639,741</u> | \$ <u>6,639,741</u> | \$ <u>6,235,964</u> | \$ <u>(403,777)</u> |
| Total Operating Revenues | <u>6,639,741</u> | <u>6,639,741</u> | <u>6,235,964</u> | <u>(403,777)</u> |
| OPERATING EXPENSES | | | | |
| Personal services | 42,464 | 9,789 | 1,826 | 7,963 |
| Contractual services | 6,543,257 | 6,524,757 | 5,953,225 | 571,532 |
| Materials and supplies | 2,725 | 20,225 | 1,070 | 19,155 |
| Repairs and maintenance | 2,500 | 2,500 | - | 2,500 |
| Small tools and equipment | <u>-</u> | <u>1,000</u> | <u>4,189</u> | <u>(3,189)</u> |
| Total Operating Expenses | <u>6,590,946</u> | <u>6,558,271</u> | <u>5,960,310</u> | <u>597,961</u> |
| Operating Income | \$ <u>48,795</u> | \$ <u>81,470</u> | <u>275,654</u> | \$ <u>194,184</u> |
| NET POSITION - BEGINNING OF YEAR | | | <u>1,713,993</u> | |
| NET POSITION - END OF YEAR | | | \$ <u>1,989,647</u> | |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2013

| | Police Pension | Firefighters' Pension | Total |
|--|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,043,033 | \$ 435,266 | \$ 1,478,299 |
| Investments | | | |
| U.S. Government and agency obligations | 9,669,435 | 12,061,960 | 21,731,395 |
| Corporate bonds | 1,974,303 | 1,736,791 | 3,711,094 |
| Mutual funds | 19,231,174 | 9,095,598 | 28,326,772 |
| Stocks | 1,120,896 | 10,489,062 | 11,609,958 |
| Receivables | | | |
| Accrued interest | <u>76,178</u> | <u>83,961</u> | <u>160,139</u> |
| Total Assets | <u>33,115,019</u> | <u>33,902,638</u> | <u>67,017,657</u> |
| LIABILITIES | | | |
| Accounts payable | <u>5,506</u> | <u>31,863</u> | <u>37,369</u> |
| Total Liabilities | <u>5,506</u> | <u>31,863</u> | <u>37,369</u> |
| NET POSITION | | | |
| Held in trust for pension benefits | <u>\$ 33,109,513</u> | <u>\$ 33,870,775</u> | <u>\$ 66,980,288</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS For the Year Ended December 31, 2013

| | Police Pension | Firefighters' Pension | Total |
|---|----------------------|-----------------------|----------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 1,704,410 | \$ 1,682,893 | \$ 3,387,303 |
| Plan members | 489,433 | 426,570 | 916,003 |
| Total Contributions | <u>2,193,843</u> | <u>2,109,463</u> | <u>4,303,306</u> |
| Investment income | | | |
| Investment income | 945,778 | 851,421 | 1,797,199 |
| Net appreciation in fair value of investments | <u>3,590,618</u> | <u>3,473,383</u> | <u>7,064,001</u> |
| Total Investment Income | 4,536,396 | 4,324,804 | 8,861,200 |
| Less Investment expenses | <u>107,025</u> | <u>148,615</u> | <u>255,640</u> |
| Net Investment Income | <u>4,429,371</u> | <u>4,176,189</u> | <u>8,605,560</u> |
| Total Additions | <u>6,623,214</u> | <u>6,285,652</u> | <u>12,908,866</u> |
| DEDUCTIONS | | | |
| Benefits | 3,477,317 | 3,067,578 | 6,544,895 |
| Administration | <u>73,608</u> | <u>21,147</u> | <u>94,755</u> |
| Total Deductions | <u>3,550,925</u> | <u>3,088,725</u> | <u>6,639,650</u> |
| Change in Net Position | 3,072,289 | 3,196,927 | 6,269,216 |
| NET ASSETS - Beginning of Year | <u>30,037,224</u> | <u>30,673,848</u> | <u>60,711,072</u> |
| NET ASSETS, END OF YEAR | <u>\$ 33,109,513</u> | <u>\$ 33,870,775</u> | <u>\$ 66,980,288</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2013

| | Balances January 1 | Additions | Deductions | Balances December 31 |
|-----------------------------|-----------------------|---------------------|---------------------|-------------------------|
| ALL FUNDS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 2,017,379 | \$ 1,726,920 | \$ 1,785,858 | \$ 1,958,441 |
| Accounts receivable | 24,038 | 1,406,806 | 1,418,183 | 12,661 |
| TOTAL ASSETS | <u>\$ 2,041,417</u> | <u>\$ 3,133,726</u> | <u>\$ 3,204,041</u> | <u>\$ 1,971,102</u> |
| LIABILITIES | | | | |
| Accrued payroll | \$ 176 | \$ 576 | \$ 33 | \$ 719 |
| Accounts payable | 305 | 155,109 | 155,414 | - |
| Due to others | 1,001,088 | - | 167,231 | 833,857 |
| Deposits payable | 1,039,848 | 857,024 | 760,346 | 1,136,526 |
| TOTAL LIABILITIES | <u>\$ 2,041,417</u> | <u>\$ 1,012,709</u> | <u>\$ 1,083,024</u> | <u>\$ 1,971,102</u> |
| GENERAL DEPOSIT FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,016,115 | \$ 1,299,014 | \$ 1,191,264 | \$ 1,123,865 |
| Accounts receivable | 24,038 | 1,406,806 | 1,418,183 | 12,661 |
| TOTAL ASSETS | <u>\$ 1,040,153</u> | <u>\$ 2,705,820</u> | <u>\$ 2,609,447</u> | <u>\$ 1,136,526</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 305 | \$ 155,109 | \$ 155,414 | \$ - |
| Deposits payable | 1,039,848 | 857,024 | 760,346 | 1,136,526 |
| TOTAL LIABILITIES | <u>\$ 1,040,153</u> | <u>\$ 1,012,133</u> | <u>\$ 915,760</u> | <u>\$ 1,136,526</u> |
| HOUSING TRUST FUND | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,001,264 | \$ 427,906 | \$ 594,593 | \$ 834,577 |
| TOTAL ASSETS | <u>\$ 1,001,264</u> | <u>\$ 427,906</u> | <u>\$ 594,593</u> | <u>\$ 834,577</u> |
| LIABILITIES | | | | |
| Accrued payroll | \$ 176 | \$ 576 | \$ 31 | \$ 719 |
| Due to others | 1,001,088 | - | 167,233 | 833,857 |
| TOTAL LIABILITIES | <u>\$ 1,001,264</u> | <u>\$ 576</u> | <u>\$ 167,264</u> | <u>\$ 834,576</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.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 132 - 138 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 139 - 144 |
| Debt Capacity 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. | 145 - 148 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place. | 149 - 150 |
| Operating Information 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. | 151 - 153 |



FINANCIAL TRENDS

CITY OF HIGHLAND PARK, ILLINOIS
STATEMENT OF NET POSITION BY COMPONENT
Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 74,393,563 |
| Restricted | 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 | 1,930,549 |
| Unrestricted | 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 | 31,302,403 |
| TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS | \$ 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 | \$ 107,626,515 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 60,756,229 |
| Unrestricted | 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 | (2,483,918) |
| TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS | \$ 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 | \$ 58,272,311 |
| PRIMARY GOVERNMENT | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 135,149,792 |
| Restricted | 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 | 1,930,549 |
| Unrestricted | 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 | 28,818,485 |
| TOTAL PRIMARY GOVERNMENT | \$ 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 | \$ 165,898,826 |

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, ILLINOIS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| Fiscal Year | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND | | | | | | | | | | |
| Reserved | \$ 17,793,436 | \$ 16,518,436 | \$ 16,340,000 | \$ 17,128,260 | \$ 22,309,500 | \$ 16,212,900 | \$ 16,831,100 | \$ - | \$ - | \$ - |
| Unreserved | 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 | 18,234,000 |
| Assigned | - | - | - | - | - | - | - | 4,375,495 | 4,775,495 | 5,175,495 |
| Unassigned | - | - | - | - | - | - | - | 15,762,287 | 14,111,753 | 19,032,489 |
| Subtotal general fund | 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 | 42,441,984 |
| % Change from prior year | 137.2% | 1.7% | 8.9% | 10.3% | 19.3% | -17.9% | 2.6% | 9.8% | 10.5% | 1.8% |
| ALL OTHER GOVERNMENTAL FUNDS | | | | | | | | | | |
| Reserved | 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 | - | - | - | 176,894 | 320,059 | - | - | - | - | - |
| Special Revenue Funds | (493,701) | - | - | - | - | (44,272) | (8,497) | - | - | - |
| Debt Service Funds | - | - | - | - | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | 349,985 | 106,738 | 6,408 |
| Restricted | - | - | - | - | - | - | - | 1,676,953 | 1,778,085 | 1,930,549 |
| Unrestricted | | | | | | | | | | |
| Committed | - | - | - | - | - | - | - | 570,002 | 1,115,109 | 1,191,451 |
| Assigned | - | - | - | - | - | - | - | 2,852,016 | 2,822,330 | 2,973,522 |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Special Revenue Funds (deficit) | - | - | - | - | - | - | - | (53,493) | (65,787) | (53,194) |
| Subtotal all other funds | 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 | 6,048,736 |
| TOTAL GOVERNMENTAL FUNDS | \$ 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 | \$ 48,490,720 |
| % Change from prior year | 74.8% | 12.4% | -5.0% | 13.9% | 10.6% | -20.0% | 4.2% | 7.3% | 10.1% | 2.2% |

* Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------|----------------|--------------|--------------|--------------|----------------|--------------|-----------------|--------------|--------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Program Revenues | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 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 | \$ 2,682,498 |
| Public safety | 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 | 3,082,011 |
| Public works | 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 | 1,081,656 |
| Economic/physical development | 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 | 1,236,569 |
| Transit | 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 | 1,367,708 |
| Operating grants | 884,766 | 872,489 | 891,528 | 652,180 | 796,375 | 1,020,613 | 938,199 | 1,007,110 | 900,045 | 1,012,404 |
| Capital grants | 551,346 | 537,489 | 2,450,790 | 408,052 | 780,469 | 658,069 | 95,485 | 565,452 | - | - |
| General Revenues | | | | | | | | | | |
| Property taxes | 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 | 11,723,266 |
| Sales taxes | 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 | 12,904,569 |
| Other taxes | 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 | 9,706,318 |
| Payment in lieu of taxes | - | - | - | - | - | 496,932 | 530,676 | 546,459 | 559,173 | 804,573 |
| Other | 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 | 1,461,767 |
| Total revenues | 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 | 47,063,339 |
| Expenses | | | | | | | | | | |
| General government | 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 | 8,449,022 |
| Public safety | 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 | 21,797,867 |
| Public works | 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 | 6,297,452 |
| Economic/physical development | 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 | 5,689,964 |
| Transit | 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 | 1,359,599 |
| Commissions | 640,026 | 1,050,967 | 650,680 | 354,650 | 432,611 | 432,148 | 413,921 | 331,347 | 407,388 | 327,835 |
| Interest | 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 | 1,070,849 |
| Total expenses | 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 | 44,992,588 |
| INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS AND SPECIAL ITEM | \$ (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 | \$ 2,070,751 |
| Transfers | 774,800 | 987,300 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | (25,677,141) | (246,300) | (244,400) |
| Special item | 4,079,569 | - | - | 1,306,489 | - | - | - | - | - | - |
| INCREASE (DECREASE) IN NET POSITION | \$ 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 | \$ 1,826,351 |

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Program Revenues | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Parking system | \$ 901,451 | \$ 898,751 | \$ 950,111 | \$ 599,376 | \$ 1,070,944 | \$ 916,139 | \$ 902,896 | \$ 805,363 | \$ 804,608 | \$ 751,331 |
| Water | 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 | 7,595,773 |
| Sewer | - | - | - | - | - | - | - | 2,477,341 | 2,984,243 | 3,225,609 |
| Country Club | 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 | 2,415,774 |
| Operating grants | - | - | - | - | - | - | 74,800 | 137,100 | 156,940 | 70,533 |
| Capital grants | - | - | 214,392 | 297,608 | 289,084 | 150,000 | - | 167,331 | - | 121,000 |
| Other | (20,818) | 2,120,460 | 337,866 | 127,500 | 393,686 | 294,151 | 192,935 | 41,652 | 14,649 | 19,717 |
| Total revenues | 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 | 14,199,737 |
| Expenses | | | | | | | | | | |
| Parking | 857,921 | 736,329 | 893,709 | 568,121 | 1,160,791 | 974,973 | 995,796 | 1,156,266 | 1,006,413 | 922,176 |
| Water | 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 | 6,977,513 |
| Sewer | - | - | - | - | - | - | - | 4,518,395 | 4,385,887 | 4,182,723 |
| Country Club | 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 | 2,958,278 |
| Total expenses | 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 | 15,040,690 |
| INCREASE IN NET POSITION BEFORE TRANSFERS AND CONTRIBUTIONS | 2,167,630 | 4,541,635 | 1,837,628 | 1,652,249 | 118,859 | (405,400) | (371,882) | (1,660,831) | (554,076) | (840,953) |
| Transfers | (774,800) | (987,300) | (100,000) | (100,000) | (100,000) | (100,000) | (100,000) | 25,677,141 | 246,300 | 244,400 |
| Contributions | - | - | - | 409,327 | - | - | - | - | - | - |
| CHANGE IN NET POSITION | \$ 1,392,830 | \$ 3,554,335 | \$ 1,737,628 | \$ 1,961,576 | \$ 18,859 | \$ (505,400) | \$ (471,882) | \$ 24,016,310 | \$ (307,776) | \$ (596,553) |

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|---------------------|---------------------|---------------------|---------------------|
| TOTAL NET POSITION | | | | | | | | | | |
| Program Revenues | | | | | | | | | | |
| Charges for services | \$ 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 | \$ 23,438,929 |
| Operating grants | 884,766 | 872,489 | 891,528 | 652,180 | 796,375 | 1,020,613 | 1,012,999 | 1,144,210 | 1,056,985 | 1,082,937 |
| Capital grants | 551,346 | 537,489 | 2,665,182 | 705,660 | 1,069,553 | 808,069 | 95,485 | 732,783 | - | 121,000 |
| General Revenues | | | | | | | | | | |
| Property taxes | 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 | 11,723,266 |
| Sales taxes | 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 | 12,904,569 |
| Other taxes | 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 | 9,706,318 |
| Payment in lieu of taxes | - | - | - | - | - | 496,932 | 530,676 | 546,459 | 559,173 | 804,573 |
| Other | 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 | 1,481,484 |
| Total revenues | 52,662,226 | 58,783,499 | 61,640,488 | 46,853,207 | 64,031,625 | 47,102,642 | 57,461,161 | 58,640,416 | 64,223,890 | 61,263,076 |
| Expenses | | | | | | | | | | |
| General government | 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 | 8,449,022 |
| Public safety | 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 | 21,797,867 |
| Public works | 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 | 6,297,452 |
| Economic/physical development | 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 | 5,689,964 |
| Transit | 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 | 1,359,599 |
| Commissions | 640,026 | 1,050,967 | 650,680 | 354,650 | 432,611 | 432,148 | 413,921 | 331,347 | 407,388 | 327,835 |
| Interest | 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 | 1,070,849 |
| Parking | 857,921 | 736,329 | 893,709 | 568,121 | 1,160,791 | 974,973 | 995,796 | 1,156,266 | 1,006,413 | 922,176 |
| Water | 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 | 6,977,513 |
| Sewer | - | - | - | - | - | - | - | 4,518,395 | 4,385,887 | 4,182,723 |
| Country Club | 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 | 2,958,278 |
| Total expenses | 51,476,139 | 55,656,102 | 55,339,370 | 39,315,571 | 60,361,220 | 57,275,259 | 58,260,558 | 55,513,305 | 58,588,222 | 60,033,278 |
| INCREASE (DECREASE) IN NET POSITION | \$ 5,265,656 | \$ 3,127,397 | \$ 6,301,118 | \$ 9,253,452 | \$ 3,670,405 | \$ (10,172,617) | \$ (799,397) | \$ 3,127,111 | \$ 5,635,668 | \$ 1,229,798 |
| NET (EXPENSE) REVENUE | | | | | | | | | | |
| Governmental Activities | 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 | 2,070,751 |
| Business Type Activities | 1,392,830 | 3,554,335 | 1,737,628 | 1,961,576 | 18,859 | (505,400) | (471,882) | 24,016,310 | (554,076) | (840,953) |
| TOTAL NET (EXPENSE) REVENUE | 5,265,656 | 3,127,397 | 6,301,118 | 9,253,452 | 3,670,405 | (10,172,617) | (799,397) | 3,127,111 | 5,635,668 | 1,229,798 |

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, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------------|--------------------|--------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 11,723,266 |
| Illinois state replacement taxes | 208,941 | 311,520 | 339,577 | 250,779 | 345,105 | 291,142 | 313,917 | 276,627 | 277,134 | 307,228 |
| Licenses and permits | 2,724,895 | 2,776,953 | 2,730,449 | 1,999,361 | 2,156,328 | 1,839,326 | 2,076,892 | 2,224,164 | 2,337,334 | 2,301,094 |
| Charges for current services | 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 | 2,400,261 |
| Municipal sales tax | 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 | 12,904,569 |
| Fines and forfeitures | 259,806 | 387,891 | 315,385 | 214,996 | 411,633 | 381,141 | 832,175 | 874,396 | 965,723 | 1,188,128 |
| Utility tax | 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 | 2,448,175 |
| Real estate transfer tax | 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 | 1,778,247 |
| Motor fuel tax allotment | 884,766 | 872,489 | 878,063 | 571,450 | 794,755 | 775,017 | 899,821 | 883,360 | 857,238 | 859,650 |
| Intergovernmental | 457,372 | 363,846 | 784,245 | 486,513 | 196,075 | 345,474 | 141,036 | 245,769 | 143,993 | 263,124 |
| Illinois state income tax | 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 | 2,835,830 |
| Regional Transportation Authority reimbursement | 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 | 1,367,708 |
| Franchise fees | 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 | 2,336,838 |
| Payment in lieu of taxes | - | - | - | - | - | 496,932 | 530,676 | 546,459 | 559,173 | 804,573 |
| Other taxes | 2,165 | 938,110 | 1,222,126 | 913,627 | 1,723,064 | 1,670,735 | 1,840,111 | 1,833,144 | 1,835,512 | 2,210,845 |
| Reimbursements-other agencies | 2,113,977 | 372,481 | 1,265,655 | 1,436,917 | 781,517 | 151,022 | 839,051 | 952,477 | 1,724,366 | 299,243 |
| Investment income | 329,106 | 960,347 | 1,911,974 | 2,609,552 | 1,153,313 | 793,992 | 748,755 | 715,602 | 757,419 | 714,584 |
| Net appreciation (depreciation) in fair value of investments | - | - | - | - | 5,571,520 | (5,863,860) | 868,839 | 964,461 | 2,591,200 | (1,575,000) |
| Miscellaneous | 614,389 | 1,106,491 | 1,004,510 | 481,553 | 2,332,267 | 954,326 | 963,825 | 826,413 | 529,170 | 509,537 |
| Total revenues | 41,996,305 | 45,141,454 | 48,345,296 | 37,830,791 | 52,830,387 | 37,195,734 | 46,527,956 | 45,939,425 | 47,749,844 | 45,677,900 |
| EXPENDITURES | | | | | | | | | | |
| General government | 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 | 6,869,099 |
| Public safety | 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 | 20,661,440 |
| Public works | 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 | 5,131,940 |
| Capital outlay | 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 | 2,460,469 |
| Economic and physical development | 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 | 3,299,488 |
| Transit | 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 | 1,360,622 |
| Bond issuance costs | - | - | - | - | - | - | - | - | - | - |
| Commissions | 280,372 | 263,188 | 402,459 | 190,504 | 179,815 | 181,066 | 157,802 | 94,225 | 158,314 | 143,580 |
| Debt service | | | | | | | | | | |
| 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 | 3,401,848 |
| 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 | 1,088,749 |
| Total expenditures | 44,701,882 | 51,917,863 | 49,418,869 | 35,103,908 | 48,300,912 | 47,262,416 | 45,195,301 | 42,487,323 | 43,219,380 | 44,417,235 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,705,577) | (6,776,409) | (1,073,573) | 2,726,883 | 4,529,475 | (10,066,682) | 1,332,655 | 3,452,102 | 4,530,464 | 1,260,665 |

CITY OF HIGHLAND PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Bonds issued | \$16,590,000 | \$11,000,000 | \$ - | \$ 2,500,000 | \$ - | \$ - | \$ 2,510,000 | \$ 3,705,000 | \$ 3,410,000 | \$ - |
| Proceeds from sale of capital assets | 492,061 | 8,200 | 455,788 | - | - | - | - | 135,194 | 14,555 | 21,054 |
| 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 | 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 | 2,143,240 |
| Transfers (out) | (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) | (2,387,640) |
| Total other financing sources (uses) | 17,856,861 | 10,994,991 | (944,212) | 2,600,000 | 100,000 | 100,000 | 274,018 | (513,891) | (193,108) | (223,346) |
| NET CHANGES IN FUND BALANCES | 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 | 1,037,319 |
| FUND BALANCES, BEGINNING 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 |
| Prior period adjustment | 182,296 | 234,209 | - | - | - | 315,287 | - | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR, RESTATED | 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 | 47,453,401 |
| Residual equity transfer in | - | - | - | - | - | - | - | - | - | - |
| Residual equity transfer (out) | - | - | - | - | - | - | - | - | - | - |
| FUND BALANCES, END OF YEAR | \$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 | \$48,490,720 |
| DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES | 8.6% | 8.8% | 10.5% | 14.2% | 10.1% | 10.5% | 10.7% | 11.4% | 11.8% | 10.3% |

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, ILLINOIS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Levy Years
(Cents per hundred dollars)

| Levy Year | Residential Property | Commercial Property | Industrial Property | Agricultural Property | Railroad Property | Less: Tax Exempt Property | Total Taxable Assessed Value | Tax Rate | Estimated Actual Value | Annual % Change | Ratio of Total Assessed Valuation to Estimated Actual Value of Real Property |
|--------------|-------------------------|------------------------|------------------------|--------------------------|----------------------|---------------------------------|---------------------------------|-------------|---------------------------|--------------------|---|
| 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% |
| 2013 | 1,874,011,718 | 186,978,939 | 447,194 | 603 | 2,171,296 | n/a | 2,063,609,750 | 0.785 | 6,190,829,250 | -4.6% | 33% |

Source: Lake County Clerk

CITY OF HIGHLAND PARK, ILLINOIS

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years
(Cents per hundred dollars)

| Tax Levy Year | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>CITY DIRECT RATE</u> | | | | | | | | | | |
| Bond | 0.150 | 0.134 | 0.127 | 0.125 | 0.123 | 0.127 | 0.140 | 0.156 | 0.170 | 0.183 |
| Corporate | 0.056 | 0.059 | 0.054 | 0.051 | 0.051 | 0.055 | 0.107 | 0.121 | 0.141 | 0.099 |
| Firefighters Pension | 0.042 | 0.043 | 0.042 | 0.040 | 0.041 | 0.046 | 0.060 | 0.064 | 0.077 | 0.116 |
| Library | 0.168 | 0.156 | 0.147 | 0.140 | 0.139 | 0.144 | 0.160 | 0.175 | 0.192 | 0.218 |
| Police Pension | 0.042 | 0.046 | 0.049 | 0.046 | 0.047 | 0.053 | 0.065 | 0.064 | 0.078 | 0.115 |
| Street and Bridge | 0.130 | 0.082 | 0.075 | 0.073 | 0.073 | 0.068 | 0.054 | 0.063 | 0.051 | 0.054 |
| Street Construction | 0.036 | 0.041 | 0.038 | 0.042 | 0.041 | 0.043 | - | - | - | - |
| IMRF | - | - | - | - | - | - | - | - | - | - |
| School Crossing Guard | - | - | - | - | - | - | - | - | - | - |
| Public Benefit | - | - | - | - | - | - | - | - | - | - |
| Audit | - | - | - | - | - | - | - | - | - | - |
| Total Direct Rate | 0.624 | 0.561 | 0.532 | 0.517 | 0.515 | 0.536 | 0.586 | 0.643 | 0.709 | 0.785 |
| <u>OVERLAPPING RATES</u> | | | | | | | | | | |
| County | 0.465 | 0.454 | 0.450 | 0.444 | 0.453 | 0.464 | 0.505 | 0.554 | 0.608 | 0.663 |
| Forest Preserve | 0.219 | 0.210 | 0.204 | 0.201 | 0.199 | 0.200 | 0.198 | 0.201 | 0.212 | 0.218 |
| Township | 0.047 | 0.045 | 0.044 | 0.044 | 0.045 | 0.047 | 0.052 | 0.059 | 0.066 | 0.070 |
| Sanitary | 0.139 | 0.132 | 0.125 | 0.120 | 0.121 | 0.124 | 0.136 | 0.150 | 0.150 | 0.164 |
| College of Lake County | 0.200 | 0.197 | 0.195 | 0.192 | 0.196 | 0.200 | 0.218 | 0.240 | 0.272 | 0.296 |
| High School | 1.758 | 1.686 | 1.635 | 1.619 | 1.660 | 1.748 | 1.921 | 2.167 | 2.178 | 2.364 |
| Elementary School | 2.457 | 2.312 | 2.225 | 2.186 | 2.215 | 2.313 | 2.437 | 2.818 | 2.957 | 3.076 |
| Mosquito Abatement | 0.012 | 0.012 | 0.012 | 0.011 | 0.011 | 0.012 | 0.013 | 0.014 | 0.150 | 0.007 |
| Park District | 0.422 | 0.397 | 0.378 | 0.377 | 0.380 | 0.394 | 0.379 | 0.410 | 0.445 | 0.497 |
| Total Overlapping Rate | 5.719 | 5.445 | 5.268 | 5.194 | 5.280 | 5.502 | 5.859 | 6.613 | 7.038 | 7.355 |
| Total Rate | 6.343 | 6.006 | 5.800 | 5.711 | 5.795 | 6.038 | 6.445 | 7.256 | 7.747 | 8.140 |

Source: Lake County Clerk

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL TAXPAYERS

Current Year and Nine Years Prior

| | | December 31, 2013 | |
|---------------------------------|---------------------------------|--------------------------------|--------------|
| | | (1) | |
| (2) | | Equalized | as a % of |
| Taxpayer | Business/Service | Assessed | Total EAV |
| | | Valuation | |
| Metzler I Renaissance Place LP | Retail Property | \$ 9,930,977 | 0.48% |
| Midwest Family Housing LLC | Real Property | 8,892,593 | 0.43% |
| Federal Realty Investment Trust | Business/Retail Center | 6,535,843 | 0.32% |
| Highland Park Associates II LLC | Real Property | 4,340,741 | 0.21% |
| Klairmont Family Associates | Business/Retail Center | 4,296,505 | 0.21% |
| Americana Apartments | Apartments | 3,921,248 | 0.19% |
| Sunset Food Mart, Inc. | Retail Property - Grocery Store | 3,599,737 | 0.17% |
| Ameritech-Illinois | Utility | 3,577,495 | 0.17% |
| Evergreen Real Estate Services | Real Property | 3,097,201 | 0.15% |
| RSV Partners | Real Property | 2,767,485 | 0.13% |
| | | <u>\$ 50,959,825</u> | <u>2.47%</u> |
| | 2013 Total EAV | \$ 2,063,609,750 | |
| | Percentage of Total | 2.47% | |
| | | (3) | |
| | | Fiscal year end April 30, 2004 | |
| | | Equalized | |
| (2) | | Assessed | as a % of |
| Taxpayer | Business/Service | Valuation | Total EAV |
| | | | |
| Renaissance Place, LLC | Business/Retail Center | \$ 8,753,500 | 0.43% |
| Federal Realty Investment Trust | Business/Retail Center | 5,733,300 | 0.28% |
| American NB Trust of Chicago | Real Property | 4,385,084 | 0.21% |
| Target Corporation | Retail Store | 3,823,888 | 0.19% |
| LaSalle Bank | Bank | 3,446,428 | 0.17% |
| American Stores Company | Business/Retail Center | 3,219,599 | 0.16% |
| Klairmont Enterprises, Inc. | Business/Retail Center | 2,570,514 | 0.13% |
| Toys R Us - Delaware Inc. | Retail Store | 2,497,083 | 0.12% |
| Dominick's | Retail Center | 2,468,977 | 0.12% |
| Michael and Juanita Jordan | Residence | 2,425,744 | 0.12% |
| | | <u>\$ 39,324,117</u> | <u>1.93%</u> |
| | 2004 Total EAV | \$ 2,042,643,752 | |
| | Percentage of Total | 1.93% | |

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 2013 EAV is the most current available for all taxpayers.

CITY OF HIGHLAND PARK, ILLINOIS
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

| Tax Levy Year | Tax Levy as Abated (2) | Current Taxes Collected | | Percent of Levy Collected | Delinquent Taxes Collected in Current Year (1) | Total Collections | Percent of Total Collections to Tax Levy |
|---------------------|------------------------------|-----------------------------|---------------|---------------------------------|--|----------------------|---|
| | | Fiscal Year Collected | Amount | | | | |
| 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% |
| 2012 | 15,337,825 | 2013 | 15,235,177 | 99.33% | - | 15,235,177 | 99.33% |

* 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, ILLINOIS

SALES TAX ANALYSIS BY SIC CODE

Last Ten Calendar Years

Municipal Sales Tax

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General merchandise | \$ 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 | \$ 468,255.13 |
| Food | 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 | 833,519.16 |
| Drinking and eating places | 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 | 568,130.53 |
| Apparel | 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 | 270,410.96 |
| Furniture and HH and radio | 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 | 200,024.07 |
| Lumber, building, and hardware | 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 | 288,982.99 |
| Automotive and filling stations | 2,907,331.85 | 3,045,355.39 | 3,466,798.13 | 3,345,996.52 | 2,897,031.58 | 2,592,225.61 | 2,935,635.27 | 3,146,579.85 | 3,524,876.22 | 3,944,282.51 |
| Drugs and misc retail | 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 | 1,247,724.06 |
| Agriculture and all others | 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 | 629,981.19 |
| Manufacturers | 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 | 115,722.74 |

| | | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| TOTAL | \$ 7,664,619.39 | \$ 8,022,987.31 | \$ 8,732,564.21 | \$ 8,612,207.58 | \$ 7,947,082.45 | \$ 7,142,047.84 | \$ 7,481,317.20 | \$ 7,674,594.28 | \$ 8,118,187.43 | \$ 8,567,033.34 |
| % increase/decrease from previous year | -0.40% | 4.68% | 8.84% | -1.38% | -7.72% | -10.13% | 4.75% | 2.58% | 5.78% | 5.53% |

Home Rule Sales Tax

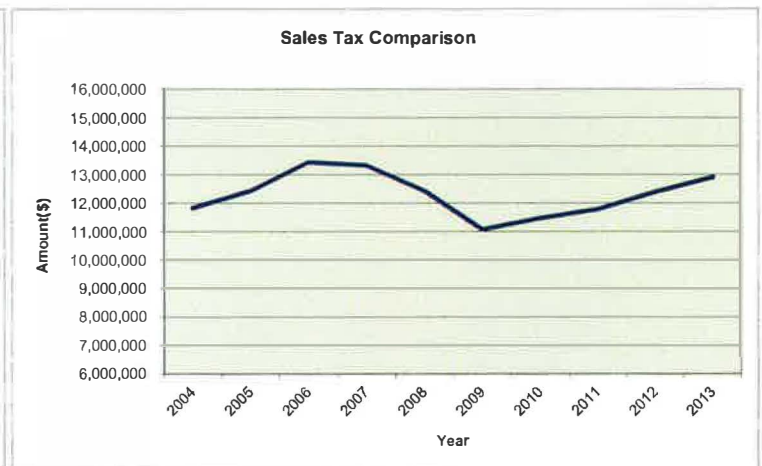
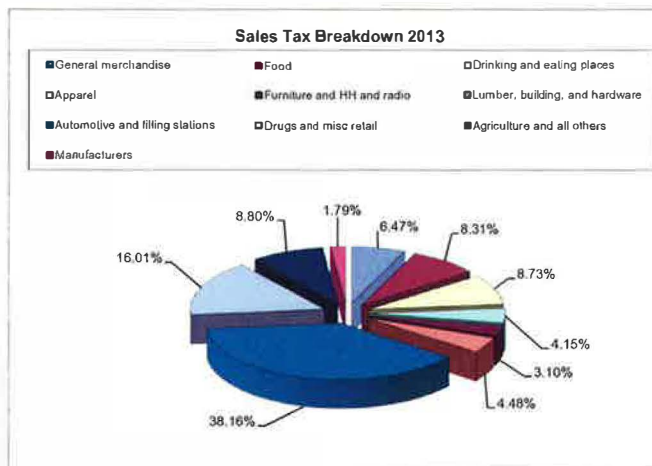
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General merchandise | \$ 442,089.88 | \$ 444,293.03 | \$ 507,279.50 | \$ 514,612.17 | \$ 457,733.57 | \$ 433,899.24 | \$ 377,378.31 | \$ 378,807.75 | \$ 386,287.84 | \$ 366,786.82 |
| Food | 229,527.48 | 237,389.05 | 300,356.54 | 286,502.27 | 275,568.13 | 250,607.05 | 219,534.73 | 208,930.57 | 202,292.46 | 238,546.98 |
| Drinking and eating places | 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 | 558,559.31 |
| Apparel | 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 | 264,977.41 |
| Furniture and HH and radio | 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 | 199,651.91 |
| Lumber, building, and hardware | 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 | 288,922.87 |
| Automotive and filling stations | 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 | 979,596.35 |
| Drugs and misc retail | 772,698.91 | 789,769.98 | 818,848.75 | 833,105.42 | 837,883.04 | 755,268.85 | 743,932.54 | 757,970.63 | 791,280.45 | 818,131.02 |
| Agriculture and all others | 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 | 505,780.64 |
| Manufacturers | 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 | 115,437.24 |

| | | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| TOTAL | \$ 4,157,133.66 | \$ 4,406,511.78 | \$ 4,703,349.79 | \$ 4,706,058.06 | \$ 4,488,824.26 | \$ 3,931,832.01 | \$ 3,988,715.98 | \$ 4,104,549.70 | \$ 4,274,073.35 | \$ 4,336,390.55 |
| % increase/decrease from previous year | 4.36% | 6.00% | 6.74% | 0.06% | -4.62% | -12.41% | 1.45% | 2.90% | 4.13% | 1.46% |

Total Sales Tax

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------------|---------------|---------------|-----------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General merchandise | \$ 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 | \$ 835,041.95 |
| Food | 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 | 1,072,066.14 |
| Drinking and eating places | 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 | 1,126,689.84 |
| Apparel | 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 | 535,388.37 |
| Furniture and HH and radio | 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 | 399,675.98 |
| Lumber, building, and hardware | 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 | 577,905.86 |
| Automotive and filling stations | 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 | 4,923,878.86 |
| Drugs and misc retail | 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 | 2,065,855.08 |
| Agriculture and all others | 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 | 1,135,761.83 |
| Manufacturers | 363,660.64 | 391,705.78 | 383,943.37 | 418,818.54 | 423,556.22 | 341,143.59 | 366,247.65 | 170,566.47 | 202,932.28 | 231,159.98 |

| | | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| TOTAL | \$11,821,753.05 | \$12,429,499.09 | \$13,435,914.00 | \$13,318,265.64 | \$12,435,906.71 | \$11,073,879.85 | \$11,470,033.18 | \$11,779,143.98 | \$12,392,260.78 | \$12,903,423.89 |
| % increase/decrease from previous year | 1.22% | 5.14% | 8.10% | -0.88% | -6.63% | -10.95% | 3.58% | 2.69% | 5.21% | 4.12% |



Source: Illinois Department of Revenue

CITY OF HIGHLAND PARK, ILLINOIS

SALES TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years
(Rates shown in %)

| Fiscal Year | Direct | | | Overlapping | | | Total Tax |
|----------------|-------------------|------|-----------------|----------------------|----------------|----------------------------------|--------------|
| | City Home Rule | City | Total Direct | State of Illinois | Lake County | Regional Transit Authority | |
| 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 |
| 2013 | 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, ILLINOIS

RATIO OF GENERAL BONDED DEBT TO EQUALIZED ASSESSED
VALUATION AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

Last Ten Fiscal Years

| Fiscal Year | (a) Estimated Population | (b) Equalized Assessed Valuation | (c) General Bonded Debt | Ratio of General Bonded Debt to Equalized Assessed Valuation | General Bonded Debt Per Capita |
|----------------|--------------------------------|---|----------------------------------|---|--------------------------------------|
| 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 |
| 2013 | 29,763 | 2,063,609,750 | 50,647,143 | 0.0245 | 1,701.68 |

Data Sources

(a) U.S. Census Bureau

(b) County Clerk

(c) City of Highland Park Finance Department

*Eight months ended December 31, 2007

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 | | | | | | | | |
| 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 | | 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 | | 45,323,991 | 2,024,003,052 | 2.24% | 2,163,303,908 | 0.0210 | 29,763 | 1,523 |
| 2013 | 23,827,143 | - | - | 26,820,000 | | 50,647,143 | 2,002,067,721 | 2.53% | 2,063,609,750 | 0.0245 | 29,763 | 1,702 |

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

(1) Note payable

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

*Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF DIRECT AND OVERLAPPING DEBT

December 31, 2013

| 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 | \$ 23,827,143 | 100.00% | \$ 23,827,143 |
| Lake County | 111,055,000 | 8.83% | 9,806,157 |
| Lake County Forest Preserve District | 288,495,000 | 8.83% | 25,474,109 |
| North Shore Sanitary District | - | 26.99% | - |
| Deerfield Park District | 3,875,000 | 0.005% | 194 |
| Park District of Highland Park | - | 98.56% | - |
| School Districts | | | |
| District No. 106 | - | 2.88% | - |
| District No. 109 | 15,890,000 | 4.26% | 676,914 |
| District No. 112 | 4,940,000 | 94.41% | 4,663,854 |
| District No. 113 | 81,740,000 | 54.88% | 44,858,912 |
| College of Lake County | 77,990,000 | 9.31% | 7,260,869 |
| | <u>583,985,000</u> | | <u>92,741,008</u> |
| | <u>\$ 607,812,143</u> | | <u>\$ 116,568,151</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

CITY OF HIGHLAND PARK, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2013

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



DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF HIGHLAND PARK, ILLINOIS

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year | (1) Population | (1) Per Capita Income | (2) School Enrollment | (3) Unemployment Rate | (4) Total Personal Income | (1) Median Age | (1) College Degree |
|-------------|-------------------|-----------------------------|-----------------------------|-----------------------------|---------------------------------|----------------------|--------------------------|
| 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% |
| 2013 | 29,763 | 67,267 | 6,351 | 6.3% | 2,002,067,721 | 45.4 | 68.2% |

Notes:

(1) U.S. Census Bureau

(2) Highland Park School Districts

(3) Illinois Department of Employment Security

(4) Population times Per Capita Income

*Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior

| Employer | 2013 | |
|---|--------------|--|
| | Employees | Percentage of Total Municipal Employment |
| Highland Park Hospital | 1,200 | 8.30% |
| School District No. 112 | 740 | 5.12% |
| Ravinia Festival | 690 (1) | 4.77% |
| North Suburban Special Education District | 506 | 3.50% |
| Township High School District No. 113 | 398 | 2.75% |
| City of Highland Park | 246 | 1.70% |
| Highland Park Public Library | 97 | 0.67% |
| Highland Park Post Office | 85 | 0.59% |
| First Bank of Highland Park | 84 | 0.58% |
| Mesirow Financial | 70 | 0.48% |
| | <u>4,116</u> | <u>28.48%</u> |

| | 2004 | |
|------------------------|--------------|--|
| | Employees | Percentage of Total Municipal Employment |
| Highland Park Hospital | 1,200 | 7.65% |
| Ravinia Festival | 690 (1) | 4.40% |
| School District 112 | 629 | 4.01% |
| Solo Cup Co | 600 | 3.83% |
| School District 113 | 550 | 3.51% |
| Opportunity Medical | 125 | 0.80% |
| Highland Park Library | 78 | 0.50% |
| Opportunity Medical | 125 | 0.80% |
| Bank One N.A. | 70 | 0.45% |
| Mesirow Financial | 70 | 0.45% |
| | <u>4,137</u> | <u>26.39%</u> |

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

Data Source

2013/2004 IL Manufacturers Directory, 2013/2004 IL Services Directory, City records



OPERATING INFORMATION

CITY OF HIGHLAND PARK, ILLINOIS
OPERATING INFORMATION AND INDICATORS

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| FIRE PROTECTION | | | | | | | | | | |
| Emergency responses | 4,432 | 4,419 | 3,098 | 1,764 | 4,673 | 4,542 | 4,480 | 4,777 | 4,832 | 4,657 |
| Fires extinguished | 42 | 24 | 26 | 29 | 34 | 25 | 31 | 47 | 46 | 43 |
| PUBLIC WORKS | | | | | | | | | | |
| Asphalt placed (square yards) | 1,467 | 1,996 | 1,500 | 2,608 | 1,963 | 3,438 | 7,608 | 3,033 | 2,035 | 2,154 |
| Crack sealing (street miles) | 5 | - | 5 | 7 | 5 | - | 7 | 3 | 3 | 3 |
| Street-sweeping (hours) | 1,664 | 1,894 | 2,000 | 1,650 | 2,109 | 1,802 | - | 39 | 79 | 57 |
| Number of mainbreaks repaired | 104 | 99 | 75 | 39 | 64 | 59 | 102 | 92 | 101 | 104 |
| POLICE PROTECTION | | | | | | | | | | |
| Parking violations | 15,345 | 14,059 | 13,894 | 8,403 | 12,643 | 12,173 | 11,032 | 6,192 | 8,730 | 8,060 |
| Number of arrests | 1,117 | 1,258 | 1,369 | 509 | 1,139 | 1,470 | 1,189 | 227 | 1,648 | 1,696 |
| Number of traffic citations | 6,867 | 7,331 | 7,098 | 2,589 | 9,442 | 5,430 | 4,348 | 3,980 | 4,725 | 4,626 |
| FINANCE | | | | | | | | | | |
| Number of water bills | 41,568 | 41,016 | 41,016 | 25,973 | 41,267 | 41,634 | 41,788 | 42,244 | 42,248 | 42,324 |
| Number of vendor checks | 7,645 | 7,697 | 7,700 | 5,087 | 6,809 | 6,256 | 7,229 | 6,000 | 5,741 | 5,578 |
| MUNICIPAL WATER SYSTEM | | | | | | | | | | |
| Number of customers | 10,392 | 10,254 | 10,254 | 10,254 | 10,300 | 10,300 | 10,300 | 10,434 | 10,436 | 10,445 |
| Average daily consumption (gallons) | 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 | 8,550,000 |
| 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 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 |
| Number of fire hydrants (approximate) | 1,650 | 1,680 | 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, ILLINOIS

CAPITAL ASSET STATISTICS

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 | 13 | 13 | 14 |
| PUBLIC WORKS | | | | | | | | | | |
| Miles of water mains (approximate) | 150 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 | 168 |
| Number of fire hydrants (approximate) | 1,650 | 1,680 | 1,680 | 1,680 | 1,680 | 1,680 | 1,680 | 1,680 | 1,680 | 1,680 |
| Miles of storm sewer (approximate) | 150 | 178 | 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 | 130 | 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, ILLINOIS
FULL-TIME EQUIVALENT EMPLOYEES

Last Ten Fiscal Years

| | 2005 | 2006 | 2007 | 2007* | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| GENERAL GOVERNMENT | 24.40 | 24.40 | 22.50 | 23.25 | 23.25 | 24.00 | 23.00 | 23.00 | 19.83 | 20.16 |
| COMMUNITY DEVELOPMENT | 29.25 | 29.75 | 29.75 | 29.50 | 29.50 | 28.10 | 23.50 | 20.50 | 20.50 | 20.75 |
| FINANCE | 14.00 | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 13.50 | 13.25 | 13.25 | 13.25 |
| FIRE | | | | | | | | | | |
| Firefighters and officers | 53.00 | 53.00 | 53.00 | 53.00 | 53.00 | 53.00 | 51.00 | 49.00 | 48.00 | 48.00 |
| Civilians | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.50 | 6.50 |
| POLICE | | | | | | | | | | |
| Sworn personnel | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 60.00 | 58.00 | 55.00 | 55.00 | 57.00 |
| Civilians | 33.75 | 33.75 | 33.75 | 30.25 | 30.25 | 28.00 | 28.00 | 25.00 | 26.00 | 26.50 |
| PUBLIC WORKS | | | | | | | | | | |
| Maintenance workers | 68.75 | 69.25 | 67.75 | 66.25 | 66.25 | 65.25 | 63.75 | 59.25 | 57.75 | 57.75 |
| Engineering | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Administration | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 28.00 | 26.00 | 26.00 | 26.00 | 26.00 |
| Total Employees | 320.15 | 320.65 | 317.25 | 312.75 | 312.75 | 308.85 | 293.75 | 278.00 | 273.83 | 277.91 |

Data Source
City budgets

* Eight months ended December 31, 2007